IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN AND IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") PROVIDED BY RULE 144A UNDER THE SECURITIES ACT OR ANOTHER EXEMPTION THEREFROM OR (2) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S").

IMPORTANT: You must read the following before continuing. The following applies to the attached offering circular (the "**Offering Circular**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from TAV Havalimanları Holding A.Ş. (the "**Issuer**"), each of Havaalanları Yer Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş. and Aviator Netherlands B.V. (the "**Guarantors**"), BNP Paribas, Citigroup Global Markets Limited and Merrill Lynch International (the "**Joint Bookrunners**") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER UNITED STATES JURISDICTION, AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES.

CONFIRMATION OF YOUR REPRESENTATION: By accessing the attached Offering Circular you will be deemed to represent to the Issuer, the Guarantors and the Joint Bookrunners that: (1) you or any customers you represent are a QIB, or (2) you or any customers you represent are purchasing the securities described in the attached Offering Circular outside the United States in offshore transactions in reliance on Regulation S and the electronic mail address to which the attached Offering Circular has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (3) (in either case) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Offering Circular to any other person.

The materials relating to the offering of the securities described in the attached Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Joint Bookrunners, the Issuer or the Guarantors that would or is intended to permit a public offering of such securities, or possession or distribution of the attached Offering Circular or any other offering or publicity material relating to such securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and one or more of the Joint Bookrunners is/are or

any affiliate of one or more of the Joint Bookrunners is/are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunner(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction.

In the United Kingdom, the attached Offering Circular is being distributed only to and directed only at (i) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Order**"), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, or (iii) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on the attached Offering Circular or any of its contents, and should return the attached Offering Circular as soon as possible and take no other action. Any investment or investment activity to which the attached Offering Circular relates is only available to, and the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the securities described in the attached Offering Circular will be engaged in only with, relevant persons.

The attached Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantors and the Joint Bookrunners, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

(incorporated in and operating under the laws of the Republic of Türkiye)

Legal entity identifier (LEI): 789000PBM9TT5D88M597
(unconditionally and irrevocable guaranteed by certain subsidiaries of TAV Havalimanları Holding A.Ş.)
U.S.$400,000,000 8.500 per cent. Senior Guaranteed Notes due 2028

Issue Price: 100.000%

TAV Havalimanları Holding A.Ş. (the "**Issuer**" or "**TAV Airports**"), a company incorporated and operating under the laws of the Republic of Türkiye with registration number 590256-0, is offering U.S.$400,000,000 8.500 per cent. Senior Guaranteed Notes due 2028 (the "**Notes**") (the "**Offering**"). Each of the Havaalanları Yer Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş. and Aviator Netherlands B.V. (together, the "**Original Guarantors**") together with any other Subsidiary (as defined below) appointed as a guarantor under and as further described in the Trust Deed, but excluding any entity released as a guarantor in accordance with the terms and conditions of the Notes (the "**Conditions**") are together referred to as the "**Guarantors**" and each a "**Guarantor**" will, pursuant to the guarantee contained in the trust deed to be dated on or about 7 December 2023 (the "**Issue Date**") between the Issuer, the Original Guarantors and Citibank, N.A., London Branch (the "**Trustee**") (the "**Trust Deed**"), fully, unconditionally and irrevocably, jointly and severally with every other Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed, guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed (the "**Guarantee**") as a guarantee of third person's obligations (*üçüncü kişinin fiilini üstlenme*) stipulated under Article 128 of the Turkish Code of Obligations, and not a surety (*kefalet*).

The Notes will be constituted by the Trust Deed. The Notes and the Guarantee constitute direct, unconditional, unsubordinated and (subject to the Conditions) unsecured obligations of the Issuer and the Guarantors respectively and will rank *pari passu* in right of payment, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer and the Guarantors respectively, present and future, save only for such obligations as may be preferred by mandatory provisions of applicable law. The Notes and Guarantee will be effectively subordinated to any existing and future secured indebtedness of each of the Issuer and the Guarantors that is secured by property and assets that does not also secure the Notes and the Guarantee, as applicable, to the extent of the value of the property and assets securing such indebtedness. The Notes and the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of any current or future subsidiaries of the Issuer that do not provide a Guarantee in respect of the Notes.

Interest on the Notes will be payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year beginning on 7 June 2024. Payments on the Notes and under the Guarantee will be made without deduction for or on account of taxes of certain jurisdictions to the extent described under Condition 8 (*Taxation*). The Notes will mature on 7 December 2028 at their principal amount together with accrued and unpaid interest (if any).

The Issuer may redeem all or part of the Notes by paying the redemption prices set forth in this Offering Circular. The Issuer may on one or more occasions, at its option, redeem the Notes in whole or in part at any time prior to 7 December 2025 at a redemption price equal to 100 per cent. of their principal amount, plus accrued and unpaid interest, if any, plus a "make-whole" premium. If the Issuer undergoes a change of control, it may be required to make an offer to purchase the Notes at a price of 101 per cent. of their principal amount, plus accrued and unpaid interest, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not some only, of the Notes. If, at any time, 80 per cent. or more in principal amount of the Notes originally issued have been redeemed or purchased, the Issuer may redeem all of the remaining outstanding Notes at their principal amount, plus accrued and unpaid interest if any.

There is currently no established trading market for the Notes and there is no assurance that a trading market in the Notes will develop or be maintained. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list of Euronext Dublin (the "**Official List**") and to trading on its Global Exchange Market (the "**GEM**"), which is the exchange regulated market of Euronext Dublin. The GEM is not a regulated market for the purposes of Directive 2014/65/EU ("**MiFID II**"). This Offering Circular constitutes the listing particulars in respect of the Notes to be admitted to the Official List and to trading on the GEM of Euronext Dublin and has been approved by Euronext Dublin. References in this Offering Circular to the Notes being "listed" (and all related references) will mean that the Notes have been admitted to the Official List and have been admitted to trading on the GEM. This Offering Circular does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Offering Circular has not been approved or reviewed by any regulator which is a competent authority under the Prospectus Regulation.

The Notes may not be sold outside Türkiye before the issuance is approved by the Capital Markets Board of Türkiye (the "**CMB**") in its capacity as competent authority under the Capital Markets Law of the Republic of Türkiye, Law No. 6362 dated 6 December 2012 (the "**Capital Markets Law**") for the issuance and sale of the Notes by the Issuer outside Türkiye. Application was made to the CMB and the issuance certificate (*ihraç belgesi*) relating to the Notes was approved by the CMB on 22 November 2023, and a written approval of the CMB relating to the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*) or in any other form required under the applicable legislation) will be required to be obtained from the CMB on or before the Issue Date. The withholding tax rate on interest payments in respect of bonds issued by Türkiye resident corporations outside of Türkiye varies depending on the maturity of such bonds as specified under decrees numbered 2010/1182 published on 29 December 2010 and numbered 2011/1854 published on 29 June 2011, and Presidential Decree No. 842 published on 21 March 2019 (the "**Tax Decrees**"). Pursuant to the Tax Decrees the withholding tax rate on interest is 0 per cent. with respect to bonds with a maturity of three years or more. Accordingly, the withholding tax rate on interest on the Notes will be 0 per cent. See "*Taxation—Certain Turkish Tax Considerations.*"

The Issuer expects the Notes to be rated B+ by S&P Global Ratings Europe Limited, ("**S&P**") and BB by Fitch Ratings Limited ("**Fitch**"). As at the date of this Offering Circular, S&P is established in the European Union (the "**EU**") and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**"). Fitch is not established or registered in

the EU under the CRA Regulation, but credit ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited, which is established in the EU and included in the list of registered credit rating agencies published by the ESMA. This list is available on the ESMA website (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs) (last updated 27 March 2023). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 26.

NEITHER THE NOTES NOR THE GUARANTEE HAVE BEEN, NOR WILL THEY BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE NOTES ARE BEING OFFERED AND SOLD (I) IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") AS DEFINED IN, AND IN RELIANCE ON, RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR ON ANOTHER EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND (II) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "TRANSFER RESTRICTIONS".

The Notes will be issued in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes offered and sold in reliance on Regulation S (the "**Regulation S Notes**") will upon issue be represented by a single global note certificate (the "**Regulation S Global Note**") in registered form, which will be deposited with a common depositary (the "**Common Depositary**"), and registered in the name of a nominee of the Common Depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date for the accounts of their respective accountholders. The Rule 144A Notes will be evidenced by a global note certificate (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**"), which will be registered in the name of a nominee of, and deposited with a custodian for, The Depository Trust Company (the "**DTC**", and together with Euroclear and Clearstream, Luxembourg, the "**Clearing Systems**"). Ownership interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable) and their respective participants.

Joint Bookrunners

BofA Securities	**BNP PARIBAS**	**Citigroup**

The date of this Offering Circular is 5 December 2023.

IMPORTANT NOTICES

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantors, having taken all reasonable care to ensure that such is the case, the information in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

None of BNP Paribas, Citigroup Global Markets Limited and Merrill Lynch International (together, the "**Joint Bookrunners**") nor any of their respective directors, affiliates, advisers or agents makes any representation or warranty, express or implied with respect to the accuracy or completeness of the information contained in this Offering Circular. No responsibility is accepted by the Joint Bookrunners or any of their respective directors, affiliates, advisers or agents for any act or omission of the Issuer, the Guarantors or any other person (other than the relevant Joint Bookrunner) in connection with the issue and offering of the Notes. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantors during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Nothing contained in this Offering Circular is, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Joint Bookrunners or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Offering Circular are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in this Offering Circular in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Guarantors, the Joint Bookrunners, the Trustee or any of their respective directors, affiliates, advisers or agents. The delivery of this Offering Circular does not and shall not under any circumstances imply that there has been no change in the business and affairs of the Issuer, the Guarantors or the Group since the date hereof or that the information herein is correct as of any time subsequent to its date.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Offering Circular may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful. In particular, this Offering Circular does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently this Offering Circular is being distributed only to, and is directed at (i) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Order**"), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, and (iii) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. Persons into whose possession this Offering Circular may come are required by the Issuer, the Guarantors and the Joint Bookrunners to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Offering Circular and other offering material relating to the Notes is set out under "*Subscription and Sale*" and "*Form of the Notes and Transfer Restrictions*".

The Notes and the Guarantee have not been and will not be registered under the Securities Act or under the securities laws of any State of the United States or any other U.S. jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may only be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "*Form of the Notes and Transfer Restrictions.*" Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

This Offering Circular has been prepared solely for use in connection with the Offering. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any other disclosure of any of its contents, without the prior written consent of the Issuer, the Guarantors and the Joint Bookrunners is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

The Issuer has obtained the CMB Approval dated 23 November 2023 and numbered 371/BA-1586 (the "**CMB Approval**") required for the issuance of the Notes. In addition, the required tranche issuance certificate (*tertip ihraç belgesi*) relating to the Notes is expected to be obtained from the CMB on or prior to the Issue Date.

Pursuant to the CMB Approval, the offering of the Notes has been authorised by the CMB only for the purpose of the sale of the Notes outside of Türkiye in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "**Decree 32,**" the Capital Markets Law No. 6362 and Communiqué Serial VII, No 128.8 on Debt Instruments (the "**Communiqué on Debt Instruments**").

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Türkiye in accordance with the CMB Approval. Under the CMB Approval, the CMB has authorised the offering, sale and issue of any Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made by way of public offering or private placement in Türkiye. Pursuant to Article 15(d)(ii) of Decree 32, residents of Türkiye may purchase or sell Notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis, provided that such purchase or sale is made in the financial markets outside of Türkiye through licensed banks and/or licensed brokerage institutions authorised pursuant to the Banking Regulation and Supervision Agency (the "**BRSA**") and/or CMB regulations and the purchase price is transferred through licensed banks authorised under the BRSA regulations.

Pursuant to the Communiqué on Debt Instruments, the Issuer is required to notify the Central Securities Depository (*Merkezi Kayıt Kuruluşu A.Ş.*) (the "**CSD**"), within three Business Days from the Issue Date, of the amount, issue date, ISIN, term commencement date, maturity date, interest rate, name of the custodian, currency of the Notes and the country of issuance. In case of any change to this information, including early redemption, the Issuer is required to notify the CSD, within three Business Day from the date of the relevant change.

Each of the Issuer and Guarantors confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

NOTICE TO U.S. INVESTORS

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For the Offering, the Issuer, the Guarantors and the Joint Bookrunners are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the Securities Act and applicable U.S. State securities laws. See "*Transfer Restrictions.*"

The Notes have not been approved or disapproved by the SEC or any other securities commission or regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

Unless otherwise specified or the context requires, references to "**dollars**", "**U.S. dollars**", "**USD**", "**$**" and "**US$**" are to United States dollars, references to "**euro**", "**Euro**", "**EUR**" and "**€**"are to the lawful currency of the Member States of the European Union that have adopted the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, references to "**Omani rial**" and "**OMR**" are to the lawful currency of Oman, references to "**Tunisian dinar**" and "**TND**" are to the lawful currency of Tunisia, references to "**Macedonian denar**" and "**MKD**" are to the lawful currency of Macedonia, references to "**Saudi riyal**" and "**SAR**" are to the lawful currency of Saudi Arabia, references to "**Croatian kuna**" and "**HRK**" are to the lawful currency of Croatia, references to "**Kenyan shilling**" and "**KES**" are to the lawful currency of Kenya, references to "**Chilean peso**" and "**CLP**" are to the lawful currency of Chile, references to "**Turkish lira**", "**TRY**" and "**TRL**" are to the lawful currency of Türkiye, references to "**Mexican peso**" and "**MXN**" are to the lawful currency of Mexico, references to "**Kazakhstani tenge**" and "**KZT**" are to the lawful currency of Kazakhstan, references to "**Malagasy ariary**" and "**MDG**" are to the lawful currency of Madagascar and references to "**£**", "**Sterling**", "**pounds**" or "**pence**" are to the lawful currency of the United Kingdom.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**"), and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive (as defined below), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation (as defined below) as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner in each case upon the request of such holder, beneficial owner, prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

STABILISATION

In connection with the Offering, the Issuer may appoint a stabilisation manager which may (or may appoint persons acting on its behalf to) over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

SUITABILITY OF INVESTMENT

Neither this Offering Circular nor any other information supplied in connection with the Offering (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantors or any of the Joint Bookrunners that any recipient of this Offering Circular or any other information supplied in connection with the offer or sale of the Notes should purchase the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and the Guarantors and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and profit payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer, the Guarantors, the Joint Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Notes (or beneficial interests therein) regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. **Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.**

In connection with the offering of the Notes, the Joint Bookrunners are acting exclusively for the Issuer and no one else. Accordingly, in connection with the Offering of the Notes, the Joint Bookrunners will not be responsible to anyone other than the Issuer for providing the protections (regulatory or otherwise) afforded to their clients or for the giving of advice in relation to the Offering of the Notes.

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FORWARD LOOKING STATEMENTS

This Offering Circular contains "forward-looking statements" which relate, without limitation, to any of the Issuer's or the Guarantors' plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial performance and future operations and development, business strategy and the trends in the industry and the political and legal environment in which the Issuer and its subsidiaries taken as a whole (the "**Group**") operates and other information that is not historical information. The words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", "seek", "potential", "forecast" and any similar expressions to identify forward-looking statements may be used herein. Prospective investors of the Notes are cautioned that actual results could differ materially from those anticipated in forward-looking statements. The forward-looking statements contained in this Offering Circular are largely based on the Group's expectations, which reflect estimates and assumptions made by the Group's management. These estimates and assumptions reflect the Group's best judgement based on currently known market conditions and other factors, some of which are discussed below. Although the Group believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group's control. In addition, assumptions about future events may prove to be inaccurate. The Group cautions prospective purchasers of the Notes that the forward-looking statements contained in this Offering Circular are not guarantees of outcomes of future performance and the Group cannot assure any prospective purchasers of the Notes that such statements will be realised or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Group's control and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those described in the section headed "*Risk Factors*", as well as those included elsewhere in this Offering Circular. Prospective purchasers of the Notes should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, prospective purchasers of the Notes should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. The Group does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Group or persons acting on its behalf.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Fiscal Periods and Dates

The Group has presented financial information as of and for the nine months ended 30 September 2023 and 2022, and the years ended 31 December 2022, 2021 and 2020 in this Offering Circular.

IFRS Financial Statements

The financial information relating to the Group included in the Offering Circular is from the Group's audited consolidated financial statements for the year ended 31 December 2022, including the notes thereto and the accompanying audit report thereon (the "**2022 Financial Statements**"), the Group's audited consolidated financial statements for the year ended 31 December 2021, including the notes thereto and the accompanying audit report thereon (the "**2021 Financial Statements**"), the Group's audited consolidated financial statements for the year ended 31 December 2020, including the notes thereto and the accompanying audit report thereon (the "**2020 Financial Statements**") and the Group's unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2023 and 2022, including the notes thereto and the accompanying review report thereon (the "**2023 Interim Financial Statements**" and together with the 2020 Financial Statements, the 2021 Financial Statements and the 2022 Financial Statements, the "**Financial Statements**"). The Financial Statements relate to the Issuer and its consolidated subsidiaries taken as a whole (which includes the Guarantors). The Financial Statements have been presented in EUR and prepared in accordance with the International Financial Reporting Standards ("**IFRS**"), issued by the International Accounting Standards Board ("**IASB**"). The significant IFRS accounting policies applied in the financial information of the Issuer are applied consistently in the financial information in this Offering Circular. In making an investment decision, prospective investors must rely on their own examination of the information regarding the Issuer, the terms of the Offering and the financial and other information in this Offering Circular.

The financial information as of and for the nine months ended 30 September 2023 and 2022 has been derived from the 2023 Interim Financial Statements. The financial information as of and for the years ended 31 December 2022, 2021 and 2020 has been derived from the 2022 Financial Statements, the 2021 Financial Statements and the 2020 Financial Statements, respectively.

The 2022 Financial Statements and 2021 Financial Statements have been audited by DRT Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Deloitte Touche Tohmatsu Limited) ("**Deloitte**"), independent auditors, as stated in their audit reports and review reports included elsewhere in this Offering Circular. The 2020 Financial Statements have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst & Young Global Limited) ("**Ernst & Young**"), independent auditors, as stated in their audit reports included elsewhere in this Offering Circular. Unless otherwise indicated, the financial information presented in this Offering Circular is extracted or derived from the Financial Statements.

Information is provided in this Offering Circular for the twelve months ended 30 September 2023 ("**the twelve months ended 30 September 2023**" or "**LTM**"). The unaudited combined statement of profit and loss and comprehensive income information and the other financial information presented for the twelve months ended 30 September 2023 have been derived by subtracting from the financial information of the audited consolidated financial statements for the year ended 31 December 2022, the comparative financial information of the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2022, and adding the financial information of the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2023.

The unaudited condensed combined statement of profit and loss and comprehensive income information and the other financial information presented for the twelve months ended 30 September 2023 have been prepared

for illustrative purposes only and are not necessarily representative of the Group's results of operations for any future period or the Group's financial condition at any future date. This data has been prepared solely for the purpose of this Offering Circular, is not prepared in the ordinary course of the Group's financial reporting.

Non-IFRS Financial Measures

The Group has included certain measures in this Offering Circular that are not measures of performance under IFRS or any other generally accepted accounting principles. Certain of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include, among others, EBITDA, EBITDA Margin, Net Debt, Net Debt / EBITDA and Adjusted Capital Expenditure, each as defined below. The non-IFRS financial measures included in this Offering Circular are unaudited and unreviewed supplementary measures that are not required by, or presented in accordance with, IFRS.

These measures are used by the Group's management to monitor the underlying performance of the Group's business and operations, in presentations to the Board of Directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of the Group's operating cash flow and liquidity. The Group believes that these and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. See "*Selected Consolidated Financial Data—Other Financial Data*," which includes reconciliations for certain of these non-IFRS measures to the relevant figures in the Financial Statements.

Prospective investors should not place undue reliance on the non-IFRS measures presented herein and should not consider them as an alternative to:

- operating revenue or operating profit as determined in accordance with IFRS, or as measures of operating performance;
- cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or as a measure of the Group's ability to meet liquidity needs; or
- any other measures of performance under IFRS.

Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. These measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. As a result, prospective investors should not place undue reliance on this data.

EBITDA

The Group calculates EBITDA as operating revenue less cost of sales (catering, fuel and services), personnel expenses, concession and rent expenses, and other operating expenses plus other operating income.

EBITDA Margin

The Group calculates EBITDA margin as a measure of EBITDA as a proportion of operating revenue in the measurement period.

Net Debt

The Group calculates net debt as a measure of the total amount of debt if the company uses all its cash and cash equivalents and restricted bank balances to pay down the loans and borrowings and bank overdrafts on the balance sheet. Net debt includes shareholder loans from Tank ÖWA alpha GmbH (a subsidiary of Groupe ADP), Almaty put and Almaty earn-out. Net debt does not include commitments and contingencies. See Note 34 of the 2022 Financial Statements.

Net Debt / EBITDA

The Group calculates net debt / EBITDA as a measure of financial leverage and the company's ability to pay off its debt.

Adjusted Capital Expenditure

The Group calculates adjusted capital expenditure as a measure of investments made either with cash or credit to purchase long term tangible or intangible assets (including airport operation right) used in a business's operations, adjusted for working capital.

OVERVIEW

This overview of the Offering must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. For a more complete understanding of the Notes and the Guarantee, please refer to the sections of this Offering Circular entitled "Terms and Conditions of the Notes."

Unless otherwise indicated, the capitalised terms used in this overview of the terms of the Notes but not defined herein have the meanings ascribed to them in the Terms and Conditions.

Overview of the Group

TAV Airports is a leading airport operator in Türkiye and is the holding company of a group of subsidiaries operating in the airport industry who provide aviation and non-aviation services across the Middle East and North Africa ("**MENA**"), Central and Eastern Europe ("**CEE**") and the Commonwealth of Independent States ("**CIS**") regions.

The Group's services are divided into five main segments: terminal and airport operations, ground handling operations, catering operations, duty free operations and other services including CIP lounge operations and IT services. Terminal and airport operations, the Group's core activity, includes the operation of 15 airports across eight countries. The Group's service companies operate in 108 airports across 31 countries and provide CIP, lounge operations, IT services, catering operations, ground handling operations and duty-free operations. Ground handling operations include providing passenger, ramp, flight coordination and general aviation services as well as cargo handling services for domestic and international flights. Catering operations include managing all catering services for passengers and terminal personnel. Duty free operations include the sale of duty-free goods to arriving and departing passengers as well as transit passengers. Other services mainly comprise of CIP lounge operations, IT services and security services.

- ***Terminal and Airport Operations:*** The Group's operations in the aviation sector consist of five airports in Türkiye (Antalya Airport, Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Milas-Bodrum Airport and Gazipaşa-Alanya Airport), one airport in Kazakhstan (Almaty Airport), two airports in Georgia (Tbilisi International Airport and Batumi Airport), two airports in Tunisia (Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport), two airports in North Macedonia (Skopje International Airport and Ohrid St. Paul the Apostle Airport), commercial spaces in one airport in Latvia (Riga Airport), one airport in Saudi Arabia (Madinah Airport) and one airport in Croatia (Zagreb Airport). Airport and terminal operations represented 56 per cent. of the Group's revenue in 2022.

- ***Ground Handling Operations:*** The Group conducts its ground handling operations mainly through Havaş and TGS. Ground handling services include all the services required by an airline while its plane is on the ground at an airport. Havaş provides ground handling services at 29 airports in Türkiye, Riga Airport in Latvia, and Zagreb Airport in Croatia. TGS provides ground handling services at ten airports in Türkiye. Ground handling services provided by Havaş represented 15 per cent. of the Group's revenue in 2022.

- ***Catering Operations:*** The Group conducts its catering operations mainly through BTA, which handles the catering operations for TAV Airports in Türkiye, Georgia, North Macedonia, Tunisia, Latvia, Oman and Croatia. Catering operations conducted through BTA represented 10 per cent. of the Group's revenue in 2022.

- ***Duty Free Operations:*** The Group earns commission from duty free operations through duty free operations ("**ATÜ**"). ATÜ offers duty free shopping in 20 airports across Türkiye, Georgia, Tunisia,

Oman, North Macedonia and Latvia. Commissions from duty free operations represented 5 per cent. of the Group's revenue in 2022, as ATÜ is a joint venture of the Group and its revenue is equity consolidated.

- ***Other Services:*** The Group's other services mainly comprises of CIP lounge operations, IT services and security services. Other services constituted 19 per cent. of the Group's revenue in 2022.

In the year ended 31 December 2022 and as of and for the twelve months ended 30 September 2023, the Group had revenue of €1,051.4 million and €1,281.4 million, respectively, net profit of €122 million and €169.3 million, respectively, and EBITDA of €322.1 million and €376.5 million, respectively.

As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations.

In the year ended 31 December 2022, the contribution of the Issuer, the Guarantors and the Issuer's other subsidiaries to the Group's net assets and EBITDA is set out below:

	Net assets (Before elimination of share capital)[1]		**Net assets (After elimination of share capital)[1]**		**EBITDA**	
	(€ '000)	*% of the Group*	*(€ '000)*	*% of the Group*	*(€ '000)*	*% of the Group*
TAV Havalimanları Holding A.Ş.	2,017	44	2,017	167	(1)	—
Havaalanları Yer Hizmetleri A.Ş.[2]	385	8	118	10	45	14
TAV İşletme Hizmetleri A.Ş.[2]	10	—	(29)	(2)	7	2
TAV Bilişim Hizmetleri A.Ş.[2]	42	1	26	2	11	3
Aviator Netherlands B.V.[2]	406	9	(1)	—	—	—
Other subsidiaries of TAV Havalimanları Holding A.Ş.[2]	1,758	38	(927)	(77)	260	81
Total	**4,618**	**100**	**1,205**	**100**	**322**	**100**

Note:

(1) The Group's consolidated financial statements eliminate the share capital of subsidiaries and joint ventures from net assets. However net assets are also presented before elimination of share capital for illustrative purposes Havaalanları Yer Hizmetleri A.Ş, TAV İşletme Hizmetleri A.Ş. and TAV Bilişim Hizmetleri A.Ş. are presented with their consolidated figures.

(2) Havaalanları Yer Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş. and Aviator Netherlands B.V. are subsidiaries of TAV Havalimanları Holding A.Ş.

Overview of the Offering

Issuer	TAV Havalimanları Holding A.Ş.
Legal Entity Identifier (LEI) of the Issuer	789000PBM9TT5D88M597
Guarantors	Havaalanları Yer Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş. and Aviator Netherlands B.V. ("**Aviator Netherlands**") (together, the "**Guarantors**"). Each Guarantor is a wholly owned Subsidiary of the Issuer.
Joint Bookrunners	BNP Paribas, Citigroup Global Markets Limited and Merrill Lynch International
Notes	U.S.$400,000,000 million per cent. Senior Guaranteed Notes due 2028
Issue Date	7 December 2023
Issue Price	100.000 per cent.
Maturity Date	7 December 2028
Interest Rate and Payment Dates	The Notes will bear interest from and including the Issue Date at a rate of 8.500 per cent. per annum payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year, beginning on 7 June 2024.
Form and Denomination	The Notes will be issued in registered form in minimum denominations of $200,000 and any integral multiple of $1,000 in excess thereof. Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be delivered to a Common Depositary, and registered in the name of a nominee of the Common Depositary for, Euroclear and Clearstream, Luxembourg. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note, in registered form, without interest coupons attached, which will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Notes. See "*Terms and Conditions*" and "*The Global Notes.*"
Ranking of the Notes and the Guarantee	The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and will (subject as provided above) rank *pari passu* in right of payment, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save only for such obligations as may be preferred by mandatory provisions of applicable law.

	In respect of each Guarantor, the Guarantee to be granted by such Guarantor will be direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of such Guarantor and will (subject as provided above) *rank pari passu* with all other obligations of the Guarantors, present and future, save only for such obligations as may be preferred by mandatory provisions of law. The Notes and Guarantee will be effectively subordinated to any existing and future secured indebtedness of each of the Issuer and the Guarantors that is secured by property and assets that do not also secure the Notes and the Guarantee, as applicable, to the extent of the value of the property and assets securing such indebtedness. The Notes and the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of any current or future subsidiaries of the Issuer that do not provide Guarantee in respect of the Notes. Any Guarantee by a Guarantor may be limited by applicable law or subject to certain defences that may limit its validity and enforceability. For more information, see "*Certain Insolvency and Enforceability Considerations*". As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations.
Optional Redemption by the Issuer	Prior to 7 December 2025, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100 per cent. of the principal amount of the Notes plus the applicable "make whole" premium (as set out in Condition 7.3 (*Redemption at the Option of the Issuer*)) and accrued and unpaid interest to, but excluding, the Redemption Date. On or after 7 December 2025, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the applicable redemption prices as set out in Condition 7.3 (*Redemption at the Option of the Issuer*) plus accrued and unpaid interest to, but excluding, the Redemption Date.
Redemption for Taxation Reasons	The Issuer may redeem the Notes, in whole but not in part, at their principal amount plus accrued interest, in the event of certain changes affecting taxation in any Relevant Jurisdiction. See Condition 7.2 (*Redemption for Taxation Reasons*).
Redemption at the Option of Noteholders (Change of Control)	Upon the occurrence of a Change of Control Put Event, the Issuer shall, at the option of the holder of any Note, redeem such Note on the Redemption Date at 101 per cent. of its principal amount together with any interest accrued to (but

	excluding) the Redemption Date. See Condition 7.4 (*Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option)*)
Clean up call option	If, at any time, 80 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes) have been redeemed or purchased, the Issuer may, redeem or purchase or procure the purchase of all, but not some only, of the remaining outstanding Notes at 100 per cent. of their principal amount together with any interest accrued to (but excluding) the date fixed for redemption or purchase (as applicable). See Condition 7.5 (*Clean up call option*).
Events of Default	The Notes will be subject to certain Events of Default including (among others): (i) non-payment of principal due in respect of the Notes or any of them or interest due under the Notes and the default continues for a period of 30 days in the case of interest; or (ii) failure by the Issuer or any of its Subsidiaries to perform or observe certain of its obligations under the Notes or the Trust Deed; or (iii) cross-acceleration by the Issuer or any of the Issuer's Subsidiaries (exceeding €50,000,000 (or its equivalent in any other currency) and except for Exempt Non-Recourse Indebtedness (as defined in Condition 10.2)); or (iv) judgments, orders or arbitration awards against the Issuer or any of its Subsidiaries (exceeding €50,000,000 (or its equivalent in any other currency)); or (v) if the Issuer or any of the Issuer's Subsidiaries that is a Principal Subsidiary is subject to liquidation, insolvency or other similar proceedings save in connection with a Permitted Reorganisation; or (vi) if any event occurs which under the laws of the Republic of Türkiye, the Netherlands or any applicable jurisdiction has an analogous effect to any of the events mentioned above, in each case subject to customary exceptions and cure periods (as applicable). Notwithstanding the foregoing, certain events that occur or arise in respect of TAV Tunisie as a result of or a consequence

	of any default under TAV Tunisie Indebtedness shall be deemed not to be an Event of Default or Potential Event of Default, as set out in Condition 10 (*Events of Default*)
Withholding Tax	All payments of principal, premium and interest in respect of the Notes by or on behalf of the Issuer and all payments by any Guarantor under the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges (including related interest and penalties) of whatever nature ("**Taxes**") imposed, assessed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of Taxes is required by law. Subject to certain limited exceptions, in that event, the Issuer or, as the case may be, the relevant Guarantor, will pay such additional amounts as will result in the receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required. See Condition 8 (*Taxation*). Under current Turkish law, withholding tax at the rate of 0 per cent. applies on interest on notes with a maturity of three years and more. See "*Taxation—Certain Turkish Tax Considerations.*"
Certain Covenants	The Issuer and the Guarantors will agree to certain covenants, including: (i) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to secure any Indebtedness by any Security Interest, other than a Permitted Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of the Issuer's Subsidiaries (ii) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to, directly or indirectly, incur any Indebtedness; (iii) requiring the Issuer to publish on its website its audited and unaudited consolidated financial statements together with the review report of the Auditors thereon (if any); (iv) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to effect a merger or consolidation of, or sell, all or substantially all of their assets taken as a whole; (v) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to sell, lease or transfer certain assets;

(vi) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to make certain payments, including dividends and other distributions, with respect to outstanding share capital; and

(vii) limiting the Issuer's or any of the Issuer's Subsidiaries' ability to guarantee (whether directly or indirectly) any Indebtedness.

See Condition 4 (*Covenants*) for further information, including the important limitations and exceptions that relate to each covenant.

Use of Proceeds

The proceeds of the issue of the Notes will be used by the Issuer to refinance existing indebtedness (including shareholder loans). See "*Use of Proceeds*".

Listing and Clearing

Application has been made to Euronext Dublin for the Notes to be admitted to listing on the Official List and to trading on GEM.

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg with the following ISIN, Common Code and CUSIP:

Rule 144A Notes:

ISIN: US87216EAA47

Common Code: 273078371

CUSIP: 87216E AA4

Regulation S Notes:

ISIN: XS2729164462

Common Code: 272916446

Ratings

The Notes are expected to be assigned a rating of "B+" by S&P and "BB" by Fitch.

A credit rating is not a recommendation to buy, sell or hold the Notes (or the beneficial interests therein). Ratings may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

Selling Restrictions

The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom, the EEA and Türkiye. See "*Subscription and Sale*".

Transfer Restrictions

The Notes have not been and will not be registered under the Securities Act or any State securities laws and beneficial interests therein may not be offered or sold within the United States except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

	Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*." Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg, in the case of Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes.
Governing Law	The Notes, the Guarantee, the Trust Deed, the Agency Agreement and any non-contractual obligations arising out of or in connection with any of them, are governed by, and will be construed in accordance with, English law.
Trustee, Principal Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch
Listing Agent	Arthur Cox Listing Services Limited
Risk Factors	An investment in the Notes involves a high degree of risk. See "*Risk Factors*" for a description of certain of the risks investors should carefully consider before investing in the Notes.

Summary Financial and Other Information

Results of Operations

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	**2021**	**2022**	**2022**	**2023**	**2023**
		(€ '000)			*(€ '000) (Unaudited)*	
Operating revenue	301,406	522,064	1,051,358	752,481	981,968	1,280,845
Cost of catering inventory sold	(12,122)	(19,115)	(34,385)	(24,997)	(34,465)	(43,853)
Cost of fuel sold	—	(46,004)	(176,595)	(115,777)	(164,382)	(225,200)
Cost of services rendered	(37,779)	(49,438)	(104,903)	(67,513)	(95,199)	(132,589)
Personnel expenses	(145,280)	(162,925)	(242,414)	(161,036)	(233,280)	(314,658)
Concession and rent expenses	—	—	(1,292)	(992)	(1,383)	(1,683)
Depreciation, amortisation and impairment expenses	(96,227)[1]	(76,645)	(95,568)	(70,431)	(99,339)	(124,476)
Other operating income	11,394	523	7,319	2,034	1,219	6,504
Other operating expenses	(94,996)	(95,564)	(176,953)	(117,255)	(133,215)	(192,913)
Share of profit of equity-accounted investments, net of tax	(76,788)	(22,748)	52,880	47,175	77,576	83,281
Operating profit/ (loss)	**(150,392)**	**50,148**	**279,447**	**243,689**	**299,500**	**335,258**
Finance income	11,162	167,150	26,001	20,724	68,706	73,983
Finance costs	(135,413)	(134,558)	(163,729)	(118,687)	(146,636)	(191,678)
Net finance (costs)/ income	**(124,251)**	**32,592**	**(137,728)**	**(97,963)**	**(77,930)**	**(117,695)**
Net monetary position gains	—	—	15,599	14,216	6,419	7,802
Profit/(loss) before tax	**(274,643)**	**82,740**	**157,318**	**159,942**	**227,989**	**225,365**
Tax expenses	(3,495)	(31,465)	(25,770)	(23,366)	(44,302)	(46,706)
Profit/ (loss) from continuing operations	(278,138)	51,275	131,548	136,576	183,687	178,659
Loss from discontinued operations	(6,783)	(1,321)	(941)	(717)	(159)	(383)
Profit/ (loss) for the period after discontinued operations	(284,921)	49,954	130,607	135,859	183,528	178,276
Defined benefit obligation actuarial differences	337	145	(13,198)	(1,565)	(5,398)	(17,031)
Defined benefit obligation actuarial differences from equity accounted investments	72	(1,284)	(5,563)	(2,900)	(9,199)	(11,862)
Tax on defined benefit obligation actuarial differences	(68)	(29)	2,641	315	2,356	4,682
Tax on defined benefit obligation actuarial differences from equity accounted investments	(29)	(15)	27	31	1,556	1,552
Total items that will not be reclassified to profit or loss	312	(1,183)	(16,093)	(4,119)	(10,685)	(22,659)
Effective portion of changes in fair value of cash flow hedges	14,015	74,743	85,372	81,922	8,241	11,691
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	(1,598)	6,959	1,316	1,185	356	487

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
Portion of cash flow hedges charged to profit or loss	(8,101)	(36,207)	(6,410)	(5,013)	5,343	3,946
Foreign currency translation differences for foreign operations	(23,355)	21,835	40,492	91,159	(2,915)	(53,582)
Foreign currency translation differences for foreign operations from equity accounted investments	(9,761)	(17,891)	(10,538)	(8,975)	(18,019)	(19,582)
Tax on cash flow hedge reserves	(223)	(2,082)	(15,498)	(15,105)	(3,344)	(3,737)
Tax on cash flow hedge reserves from equity accounted investments	379	(696)	—	—	—	–
Total items that are or may be reclassified subsequently to profit or loss	**(28,644)**	**46,661**	**94,734**	**145,173**	**(10,338)**	**(60,777)**
Other comprehensive income/ (loss) for the period, net of tax	**(28,332)**	**45,478**	**78,641**	**141,054**	**(21,023)**	**(83,436)**
Total comprehensive income/ (loss) for the period	**(313,253)**	**95,432**	**209,248**	**276,913**	**162,505**	**94,840**

Note:

(1) This was called “Concession Expenses” in the 2020 Financial Statements.

Statement of Financial Position

	As at 31 December			As at 30 September
	2020	2021	2022	2023
		(€ ‘000)		*(€ ‘000) (Unaudited)*
Assets				
Property and equipment	182,370	370,958	487,345	636,854
Intangible assets	11,692	12,193	19,888	19,300
Airport operation right	1,569,138	1,680,901	1,652,220	1,600,196
Right of use assets	65,942	58,293	56,754	69,347
Equity-accounted investments	337,129	319,197	755,853	702,139
Goodwill	137,055	213,441	219,206	219,913
Derivative financial instruments	—	—	53,613	67,813
Trade receivables	31,224	9,683	—	—
Non-current due from related parties	2,351	204,265	144,016	80,241
Other non-current assets	101,300	110,089	107,913	248,133
Deferred tax assets	32,216	18,468	28,593	31,817
Total non-current assets	**2,470,417**	**2,997,488**	**3,525,401**	**3,675,753**
Inventories	7,127	20,740	50,169	29,445
Financial assets	50,000	—	45,466	88,003
Trade receivables	73,464	85,471	113,771	168,709
Due from related parties	29,987	34,441	20,078	28,196
Other receivables and current assets	295,174	131,439	159,264	164,420
Cash and cash equivalents	604,298	92,939	258,015	448,500

	As at 31 December			As at 30 September
	2020	2021	2022	2023
		(€ '000)		*(€ '000) (Unaudited)*
Restricted bank balances	24,656	82,211	105,569	95,810
	1,084,706	**447,241**	**752,332**	**1,023,083**
Assets classified as held for sale	—	—	—	**1,031**
Total current assets	**1,084,706**	**447,241**	**752,332**	**1,024,114**
Total assets	**3,555,123**	**3,444,729**	**4,277,733**	**4,699,867**
Equity				
Share capital	162,384	162,384	162,384	162,384
Share premium	220,286	220,286	220,286	220,286
Legal reserves	121,975	121,975	121,975	121,975
Other reserves	(29,645)	(52,523)	(74,341)	(70,058)
Treasury reserves	(4,282)	(4,282)	—	—
Purchase of shares of entities under common control	40,064	40,064	40,064	40,064
Cash flow hedge reserve	(60,612)	(17,895)	46,885	57,481
Translation reserves	(66,964)	(64,975)	(38,431)	(59,743)
Retained earnings	539,583	590,668	725,838	914,244
Total equity attributable to equity holders of the Company	**922,789**	**995,702**	**1,204,660**	**1,386,633**
Non-controlling interests	11,906	14,951	19,998	18,655
Total equity	**934,695**	**1,010,653**	**1,224,658**	**1,405,288**
Liabilities				
Loans and borrowings	619,999	847,600	1,007,692	1,201,610
Reserve for employee severance indemnity	15,601	10,973	24,029	23,165
Due to related parties	—	153,623	465,279	460,218
Derivative financial instruments	35,381	24,521	—	—
Deferred income	15,264	13,204	11,724	13,637
Other payables	588,526	732,089	709,987	627,015
Liabilities from equity-accounted investments	50,211	90,076	9,542	10,019
Deferred tax liabilities	13,303	74,627	93,595	98,697
Total non-current liabilities	**1,338,285**	**1,946,713**	**2,321,848**	**2,434,361**
Bank overdraft	387	424	378	401
Loans and borrowings	712,363	344,067	387,677	501,956
Trade payables	45,768	41,931	70,415	66,404
Due to related parties	307,265	590	735	936
Derivative financial instruments	—	—	173	—
Current tax liabilities	3,024	3,296	10,820	17,504
Other payables	198,942	88,572	208,231	245,470
Provisions	4,345	5,147	6,936	8,154
Deferred income	10,049	3,336	45,862	18,999
	1,282,143	**487,363**	**731,227**	**859,824**
Liabilities classified as held for sale	—	—	—	**394**
Total current liabilities	**1,282,143**	**487,363**	**731,227**	**860,218**
Total liabilities	**2,620,428**	**2,434,076**	**3,053,075**	**3,294,579**
Total equity and liabilities	**3,555,123**	**3,444,729**	**4,277,733**	**4,699,867**

Summary of Cash Flows

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	**2021**	**2022**	**2022**	**2023**	**2023**
		(€ '000)			*(€ '000) (Unaudited)*	
Net cash provided from/(used in) operating activities	3,184	238,113	278,378	204,092	(15,617)	58,669
Net cash provided from/(used in) investing activities	(67,407)	(445,467)	(525,841)	(456,370)	3,936	(65,535)
Net cash flow from/(used in) financing activities	85,705	(304,042)	412,585	420,698	202,143	194,030
Net/(decrease) increase in cash and cash equivalents	21,482	(511,396)	165,122	168,420	190,462	187,164
Cash and cash equivalents at the beginning of period	582,429	603,911	92,515	92,515	257,637	260,935
Cash and cash equivalents at the end of period[(1)]	**603,911**	**92,515**	**257,637**	**260,935**	**448,099**	**448,099**

Note:

(1) These figures exclude bank overdrafts as detailed in Note 21 in the Financial Statements.

Other Financial Information

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	**2021**	**2022**	**2022**	**2023**	**2023**
		(€ millions)			*(€ millions) (Unaudited)*	
EBITDA[(1)]	22.6	149.5	322.1	266.9	321.3	376.5
Türkiye	34.6	93.8	125.7	114.7	135.8	146.8
Kazakhstan	—	19.6	85.8	67.1	72.5	91.2
Georgia	6.7	36.1	64.7	50.4	59.4	73.7
Macedonia	(2.2)	6.6	13.4	11.2	17.6	19.8
Tunisia	(11.5)	(8.1)	12.8	7.5	16.7	22.0
Other	(5.0)	1.6	19.7	15.9	19.3	23.1
EBITDA Margin (%)[(2)]	7.5%	28.6%	30.6%	35.5%	32.7%	29.4%
Net Debt[(3)]	1,010	1,247	1,604	1,609	1,674	1,674
Net Debt / EBITDA[(4)]	44.7	8.3	5.0	—	—	4.4
Adjusted Capital Expenditures[(5)]	37.2	22.4	174.7	99.4	166.6	241.9

Note:

(1) EBITDA is a measure of operating revenue less cost of sales (cost of catering inventory sold, cost of fuel sold and cost of services rendered), personnel expenses, concession and rent expenses, and other operating expenses plus other operating income. In presenting information on the basis of geographical segments, segment EBITDA is based on the geographical location of EBITDA (excluding Joint Ventures).

(2) EBITDA margin is a measure of EBITDA as a proportion of operating revenue in the measurement period.

(3) Net debt is a measure of the total amount of debt if the company uses all its cash and liquid assets to pay down the debts on the balance sheet. Net debt includes shareholder loans. Net debt does not include commitments and contingencies. See Note 34 of the 2022 Financial Statements.

(4) Net debt / EBITDA is a measure of financial leverage and the company's ability to pay off its debt.

(5) Adjusted capital expenditures is a measure of investments made either with cash or credit to purchase long term tangible or intangible assets used in a business's operations, adjusted for investments that are classified as working capital in North Macedonia.

Reconciliation of Other Financial Information

	As of and for the year ended 31 December			As of and for the nine months ended 30 September		Twelve months ended 30 September
	2020	**2021**	**2022**	**2022**	**2023**	**2023**
		(€ '000)			*(€ '000) (Unaudited)*	
Operating revenue	301,406	522,064	1,051,358	752,481	981,968	1,280,845
Cost of catering inventory sold	(12,122)	(19,115)	(34,385)	(24,997)	(34,465)	(43,853)
Cost of fuel sold	—	(46,004)	(176,595)	(115,777)	(164,382)	(225,200)
Cost of services rendered	(37,779)	(49,438)	(104,903)	(67,513)	(95,199)	(132,589)
Gross profit	251,505	407,507	735,475	544,194	687,922	879,203
Personnel expenses	(145,280)	(162,925)	(242,414)	(161,036)	(233,280)	(314,658)
Concession and rent expenses	—	—	(1,292)	(992)	(1,383)	(1,683)
Other operating expenses	(94,996)	(95,564)	(176,953)	(117,255)	(133,215)	(192,913)
Other operating income	11,394	523	7,319	2,034	1,219	6,504
EBITDA	**22,623**	**149,541**	**322,135**	**266,945**	**321,263**	**376,453**
EBITDA margin (%)	**7.5%**	**28.6%**	**30.6%**	**35.5%**	**32.7%**	**29.4%**
Holding debt	392,258	451,425	772,854	710,299	753,799	753,799
Bank loans	86,326	297,331	307,346	250,207	293,368	293,368
Shareholder loans	305,893	153,623	465,279	459,799	460,218	460,218
IFRS 16 liabilities	39	471	229	293	213	213
Subsidiary debt	1,246,384	970,539	1,194,947	1,271,610	1,464,621	1,464,621
Bank loans	1,178,664	810,406	1,004,748	1,098,072	1,314,699	1,314,699
IFRS 16 Liabilities	67,720	60,289	58,257	57,836	70,157	70,157
Financial liabilities at fair value through profit or loss	—	23,756	25,390	23,232	25,529	25,529
Put Liability	—	34,828	58,146	40,043	54,236	54,236
Earn-out Liability	—	41,260	48,406	52,427	—	—
Total debt	**1,638,642**	**1,421,964**	**1,967,801**	**1,981,909**	**2,218,420**	**2,218,420**
Cash and cash equivalents	604,298	92,939	258,015	261,214	448,500	448,500
Restricted bank balances	24,656	82,211	105,569	111,847	95,810	95,810
Net debt	**1,009,688**	**1,246,814**	**1,604,217**	**1,608,848**	**1,674,110**	**1,674,110**
Net debt/EBITDA	**44.6x**	**8.3x**	**5.0x**	**—**	**—**	**4.4x**
Acquisition of property and equipment	30.2	21.3	132.6	98.7	161.0	194.9
Additions to airport operation rights	5.7	0.1	0.5	0.1	—	0.3
Acquisition of intangible assets	1.3	1.0	1.7	0.6	1.1	2.1
Total capital expenditure per cash flow	**37.2**	**22.4**	**134.7**	**99.4**	**162.1**	**197.4**
Working capital adjustment	—	—	40.0	—	4.5	44.5
Adjusted capital expenditure	**37.2**	**22.4**	**174.7**	**99.4**	**166.6**	**241.9**

As Adjusted Financial Information

	As at and for the twelve months ended 30 September 2023
	(€ '000) *(Unaudited)*
As adjusted financial data[1]	
As adjusted gross debt	2,222,966
As adjusted net debt	1,678,656
As adjusted gross leverage[2]	5.9x
As adjusted net leverage[3]	4.5x

Note:

(1) The unaudited as adjusted financial information presented herein has been derived from or developed by applying adjustments to the Group's historical results as of and for the twelve months ended 30 September 2023, to give effect to the Offering and the use of proceeds thereunder as if they had occurred on 30 September 2023 with respect to the Group's consolidated statement of financial position. The unaudited adjustments are based upon available information and certain assumptions that the Group believes are reasonable under the circumstances. The unaudited as adjusted financial information is presented for informational purposes only. The unaudited as adjusted financial information does not purport to represent what the Group's results of operations or financial position would have been had the Offering and the use of proceeds thereunder, actually occurred at the beginning of the period or on the date indicated, and such information does not purport to project the results of operations or financial position for any future period or as of a future date. The unaudited as adjusted financial information should be read in conjunction with the information contained in "*Selected Financial Information of the Group*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements and related notes thereto appearing elsewhere in this Offering Circular. The unaudited as adjusted financial information is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements or IFRS.

(2) Gross leverage is calculated as gross debt divided by EBITDA.

(3) Net leverage is calculated as net debt divided by EBITDA.

Combined Revenue, EBITDA, Cash Balances and Gross Debt by Entity

	As of and for the twelve months ended 30 September 2023			
	Combined Revenue	**EBITDA**	**Cash and cash equivalents[1]**	**Gross Debt**
		(€ '000) *(Unaudited)*		
TAV Holding	25,741	(3,057)	96,881	753,799
Havaş	220,542	49,932	16,511	97,746
Aviator Netherlands	—	(206)	144,378	54,236
TAV Operation Services	94,539	12,184	13,552	39,002
TAV Technologies	79,333	12,113	15,275	28
TAV Macedonia	42,058	18,024	34,561	70,214
TAV Kazakhstan	403,141	88,761	53,672	425,627
TAV Tunisie	34,448	20,622	13,066	263,822
BTA	140,396	12,670	24,517	56,007
TAV Ege	88,427	50,710	32,608	187,441

	As of and for the twelve months ended 30 September 2023			
TAV Bodrum	39,420	24,810	25,983	111,283
TAV Ankara	46,452	13,672	40,252	157,838
TAV Georgia	104,853	70,389	18,309	888
Others	52,810	5,848	14,741	490
Elimination	(91,303)	—	—	—
Total for consolidated entities	**1,280,857**	**376,472**	**544,310**	**2,218,420**
Selected Equity Consolidated Joint Ventures[2]				
Tibah Development and Tibah Op	88,400	21,200	30,215	260,131
Fraport TAV Antalya 1	221,600	124,900	64,558	42,635
Fraport TAV Antalya 2	—	(4,568)	33,460	902,518
ATÜ	252,600	39,400	17,265	6,014

Note:

(1) Includes restricted bank balances.

(2) These figures are proportionate to the Group's share in the joint ventures.

Selected Operational Data

	For the year ended 31 December			For the nine-month ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
International passengers	12,636,999	28,511,294	50,276,578	39,207,405	49,982,409
Domestic passengers	14,384,160	23,291,770	28,181,067	20,927,393	24,641,695
Total passengers	**27,021,159**	**51,803,064**	**78,457,645**	**60,134,798**	**74,624,104**
EBITDA/ weighted concession duration[1] (*years*)	8	30	30	—	—

Note:

(1) EBITDA weighted concession duration is the average of remaining airport concession durations weighted by 2019 EBITDA including the EBITDA's of joint ventures (such as Antalya Airport and Madinah Airport) in proportion to the Group's shareholding in them. Almaty Airport, which is not a concession, is used as 99 years in all years of the calculation starting with 2021.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Group may be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Group becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors, as the Group may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of future events which the Group does not have knowledge of as at the date of this Offering Circular. The Group has identified in this Offering Circular a number of factors which could materially adversely affect its business and ability to make payments due on the Notes.

In addition, factors identified by the Group which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should note that the Group's business is significantly impacted by the condition of the Turkish economy. The category of risk factors within the section entitled "Risks Related to Türkiye" describes the material risks relating to Türkiye that the Group's management has identified as potentially having a material impact on the Group, including those impacting materially on its business, financial condition and results of operations and thus on its ability to make payments due in respect of the Notes. In addition to the macroeconomic conditions relating to Türkiye, the Group's business, financial condition and results of operations, and its ability to make payments due in respect of the Notes, are also subject to significant risks specific to the Group, including the ones discussed in the category of risk factors entitled "Risks Related to the Group and its Business" below. Prospective investors in the Notes should also consider risks relating to the structure of, and market for, the Notes, the material ones of which that have been identified by the Group's management are described in the category of risk factors entitled "Risks Related to the Notes".

It is important to note that the exposure of the Group's business to a market downturn in Türkiye or the other markets in which it operates, or any other risks, may exacerbate or trigger other risks that the Group faces. As such, the below risks should be understood in the context that more than one may apply concurrently and compound any adverse effects on the Group's business, financial condition or results of operations.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Capitalised terms used but not defined herein have the meanings given to them elsewhere in this Offering Circular.

Risks Related to the Group and its Business

A decrease in passenger numbers or other factors outside the Group's control could reduce the Group's results of operations

A key factor affecting the financial performance and business prospects of the Group is the number and type of passengers and aircraft using its airports and the level of demand for air travel, which affect the level of revenue generated by each of the Group's business segments, which includes aviation as well as non-aviation business segments (such as retail income and real estate income). Travel volumes, type and level of demand vary depending on several factors, many of which are beyond the Group's control, including domestic and global macroeconomic developments, inflation, demographic developments, socio-economic developments such as increasing nationalism, economic protectionism, health scares, epidemics or pandemics (such as the COVID-19 pandemic) across the globe, global terrorism threat, geopolitical events (such as the Russian invasion of Ukraine) as well as the associated sanctions, developments in the airline industry (such as the creation of new transfer hubs and more point-to-point flights decreasing the importance of transfer hubs), airline bankruptcies, accidents with aircraft, fluctuations in oil prices, increase in airfares, taxation (including but not limited to

aviation taxes) and environmental regulations (resulting in, amongst other things, the reduction of air transport movements), increased focus on sustainability, climate change (as climate change appears to result in more volatile weather, such as a greater frequency and intensity of storms, this could disrupt an airport's operations by reducing handling capacity and ground transport access, and any increase in delayed or cancelled flights would increase disruption costs and reduce revenue), decisions by airlines as to the size of aircraft used on certain routes and the destinations to be served from the Group's airports, and competition from other airports and modes of transportation.

For example, the ongoing conflict between Russia and Ukraine has contributed to a significant reduction in the number of the Group's international passengers that originate from Russia, including as a result of the consequential economic and other sanctions that were placed on Russia and Russian entities and individuals. In the first nine months of 2019, Russian passengers constituted 23.9 per cent. of the Group's total international passengers. In the first nine months of 2023, Russian passengers constituted 12.6 per cent. of the Group's total international passengers, representing a 45 per cent. decrease from the equivalent period of 2019.

The global and macroeconomic factors discussed above could all adversely affect demand for air travel and here can be no assurance that future passenger numbers and aircraft movements at the Group's airports will be at levels comparable to those achieved in the past. A decline in air travel would adversely affect the Group's business, prospects, results of operation and financial condition.

Certain violations of the terms of the concession agreements between the Group Companies and the airports it operates could result in the termination of the relevant concession agreements

The Group Companies enter into and are party to a number of concession agreements where certain violations of the terms of the concession agreements could result in termination of the relevant concession agreement. For example, under the Lease Agreements at Antalya Airport (managed by Fraport TAV Antalya) and Ankara Esenboğa Airport (to be managed by TAV Ankara under the new concession agreement), the General Directorate of State Airports Authority ("**DHMİ**") could terminate the Lease Agreements (i) if TAV Ankara or Fraport TAV Antalya breach their obligations under the Lease Agreements and fails to remedy such breach, (ii) if TAV Ankara or Fraport TAV Antalya suspends the construction of the airport for more than 180 days, (iii) in the case of bankruptcy, concordat or insolvency of TAV Ankara or Fraport TAV Antalya, or (iv) if TAV Ankara or Fraport TAV Antalya fail to operate the facility for more than 180 days due to force majeure events. Similarly, under the BOT Agreement the Government of Georgia could terminate the agreement following the occurrence of an event of default (such as a material breach in airport operations, evidence of corruption or bribes) by TAV Georgia. TAV Georgia is also entitled to terminate the Tblissi BOT Agreement if there is a material breach by the Government of Georgia such as expropriation or material adverse government action.

At the Madinah Al-Munawarah Airport, if an event of force majeure occurs and continues for an aggregate period of at least 180 days within any 24-month period TIBAH or the guarantor could terminate the agreement. Further the following events allow the guarantor to terminate the agreement: failure to pay the annual concession charge or maintain the reserve account, failure to perform airport and construction services during specific periods, bankruptcy, dissolution and/or liquidation of TAV Madinah, and a material breach or default in the Madinah BOT Agreement's relevant financing agreement. TAV Madinah is entitled to terminate the agreement upon the occurrence of certain events, such as a material breach or default by the guarantor or as a result of political events. See "*–Business of the Group—History—Airport Terminal Operations.*"

In particular, these concession agreements require fees to be paid by the Group or the Group Companies on an annual basis, which are important to ensure the continuation of operations and require dedicated cashflow to be applied thereto. Depending on the concession agreement, the fee is either fixed or is based on a percentage of the Group's gross revenue. See "*–Business of the Group—History—Airport Terminal Operations.*" For the year ended 31 December 2022, the Group did not pay any concession fees, other than in North Macedonia, under

any of its concession agreements due to the COVID-19 pandemic relief provided by the various state authorities in the jurisdictions where the Group operates. If there were to be an industry downturn and the Group were to not be able to make these payments by utilising its usual cashflow, the Group's ability to pay under the Notes may be affected.

If the Group were to breach the terms of these concession agreements and/or if these concession agreements were to be terminated, the Group could lose income from operations of the relevant airports, which would adversely affect the Group's business, prospects, results of operations and financial condition.

Certain of the concession agreements between the Group Companies and the airports it operates, including the Tbilisi and Batumi BOT Agreements, will end prior to the Notes' maturity date

Some concession agreements between the Group Companies and the airports it operates will end prior to the Notes' maturity date, and there can be no guarantee that the Group will win those concessions again in the future. There is also no guarantee that the Group will be able to win other concessions to replace those that have ended, or that any future concessions the Group Companies enter into will be similarly as profitable or under similar terms as the existing concession agreements.

In particular, the Tbilisi and Batumi BOT Agreements will end in 2027, prior to the maturity date of the Notes. As at 30 September 2023, these concession agreements represent 17.6 per cent. of the Group's EBITDA. There can be no guarantee that the Group will be able to win these concessions again, or that any new concession with Tbilisi and Batumi BOT Agreements will contain similar terms.

If the Group is awarded to win these concession agreements again once they have ended, or if the Group is not awarded new concession agreements to replace the revenue generated under the prior concession agreements, there could be a material adverse impact on the Group's business, prospects, results of operation and financial condition. Additionally, any loss of these revenue streams prior to the Notes' maturity date may negatively impact the Group's ability to make payments when due under the Notes.

The Group's strategy of international activities and expansion may not be successful

As of the date of this Offering Circular, the Group operates airports in Türkiye, Kazakhstan, Georgia, North Macedonia, Tunisia, Croatia, Latvia (only commercial areas of the airport) and Saudi Arabia. In considering international expansion opportunities, the Group is focused on strengthening its position as an airport operator and its financial position. For example, the Group is currently considering expansion opportunities in Montenegro. See "*Business of the Group—Key strengths and Strategy—Strategy—Expand the Business within the Group's Core Geography*".

As part of its strategy, the Group is also focused on consolidating and improving existing airports in which it operates. The Group implements this strategy through various construction projects, some of which are ongoing, to further develop its existing operations internationally, as well as through the expansion of services available at the airports it operates internationally, including duty free, lounge, retail and catering services. See "*Business of the Group—Key strengths and Strategy—Strategy— Enhance the Global Position of the Group's Service Companies By Delivering High Quality Operations to Clients and Passengers*".

While the Group has been successful in implementing its strategy to date, there can be no assurance that going forward the Group will be able to implement its strategy for international activities as such implementation depends, to a certain extent, on the cooperation of third parties, such as financial lenders, labour and material suppliers and project partners. International activities may expose the Group to a number of risks, including legal, political, accounting, financial, and economic risks in countries in which it might invest, and potential disruption to its ongoing operations if its management is required to expend significant time and effort in supporting its international interests. International activities could therefore have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group's results of operations have been, and may in the future be adversely affected by, global pandemics

The COVID-19 global pandemic resulted in significant restrictions on travel globally, and a material drop in travel volumes across the world. The Group was significantly impacted by the effects of COVID-19 and related lockdowns and mobility restrictions, including its aviation and non-aviation business segments (such as retail, catering, duty free, lounge and real estate income). In 2020 and 2021, the Group experienced lower passenger numbers by 69.7 per cent. and 41.6 per cent., respectively, compared to passenger numbers in 2019. While most COVID-19 mitigation measures and travel restrictions have now been lifted, the impact of any future strains of COVID-19 or other pandemics remains unknown and could adversely affect the Group's business, prospects, results of operation and financial condition.

Additionally, COVID-19 has had lasting impacts on overall trends in air travel. For example, many companies have either eliminated travel for business purposes, or only permit business travel in limited circumstances. A further decrease in passengers traveling for business could adversely affect the Group's business, prospects, results of operation and financial condition.

Increased geopolitical instability and wars could result in a decline in global and regional travel

Geopolitical events or developments greatly affect the aviation sector and can be major sources of uncertainty and concern. On 24 February 2022, Russia invaded Ukraine, leading the international community to impose far reaching sanctions. See "*—The Turkish economy is subject to geo-political risks based on its relationships with other countries and international organisations which could have a material adverse effect on the Group's results of operations—Russia and the war in Ukraine*" below. Currently, the European airspace is closed for Russian airlines and Russian airspace is closed for European airlines. While the Group does not service Russian airlines, Türkiye, Georgia and Kazakhstan remain accessible to Russian airlines and airports in these countries continue service to and from Russia. Any further change in flight patterns or airspace regulations may have a material adverse effect on the Group. However, as the geopolitical climate becomes increasingly volatile, there can be no assurance that future events will not result in a decline in travel volumes through the Group's airports. For example, if the conflict spreads beyond the borders of Ukraine into other parts of Europe, this could lead to the closing of all or parts of the European airspace for commercial traffic, which would have a significant negative impact on the overall travel volumes. Additionally, in Almaty Airport purchased jet fuel is sometimes brought through the Russian border when prices are favourable. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Aviation Revenue*". While the Group is not dependent on this fuel supply, were there to be any further restrictions imposed on goods being transported through Russia, it could have a negative impact on the jet fuel sales operation of Almaty Airport.

In addition, indirect impacts of the Russia-Ukraine conflict and the resulting geopolitical instability have resulted in an increased volatility in the Caucasus region, and in particular in renewed military conflict between Armenia and Azerbaijan. On 19 September 2023, following weeks of increasing tensions between the countries, Azerbaijan began a military operation in Nagorno-Karabakh region. Although the Nagorno-Karabakh conflict proved to be short in duration, there can be no assurances that further tensions between Armenia and Azerbaijan will not escalate, which could also result in a wider regional conflict with the involvement of Türkiye and/or Iran as these countries seek to protect their own regional interests. Any such developments could materially and adversely impact travel in the region.

Furthermore, on 7 October 2023, Hamas launched an attack on a number of Israeli cities, killing a significant number of members of the Israeli defence forces and civilians. In response, the government of Israel announced that the country is in the state of war, mobilised Israeli defence forces, and began a large-scale military operation against Hamas militants within Israel, as well as against the Gaza Strip. There have since been limited skirmishes around the Lebanon-Israel border and Houthi rebels in Yemen have claimed to have launched at least three drone and missile attacks against Israel. The scale, duration, and impact of this conflict on the region

and any global effects are currently unclear and cannot be predicted with any certainty. A wider regional conflict could have a material adverse impact on travel, including in the regions where the Group operates.

These and other geopolitical events, such as the Syrian conflict, are particularly relevant to the Group due to Türkiye being the Group's largest market. Any further developments in Türkiye's involvement in these conflicts, or any increase in domestic instability in Türkiye and/or the surrounding region, could have a negative effect on regions in which the Group operates and on the Group's business, prospects, results of operations and financial condition. See "*—Risks Related to Türkiye*".

Additionally, global inflationary pressures have continued to impact the Group's financial position during the periods under review. For example, as a result of inflation, the minimum monthly wage in Türkiye has increased several times over the last two years. Most recently, the minimum monthly wage was increased by 34 per cent. from TL 8,507.8 to TL 11,402.3, effective 1 July 2023. Accordingly, labour costs have also increased due to an increase in employers' social security and unemployment contributions. Continued inflationary pressures, and any resulting increases to wages in Türkiye or other markets in which the Group operates may adversely affect the Group's business, prospects, results of operations and financial condition.

Events and developments such as those mentioned above could have a negative effect on the development of the number and type of passengers and aircraft using the Group's airports, passenger spending behaviour at the Group's airports, the attractiveness of aviation and related commercial real estate at the airport premises, and the Group's business, results of operations, prospects and financial condition.

The aviation sector is significantly affected by jet fuel prices, which can be volatile

Fluctuations in jet fuel prices could affect the passenger numbers at the Group's airports. Jet fuel costs typically represent 20 per cent. to 30 per cent. of an airline's operating costs. Jet fuel prices fluctuate widely depending on many factors, including international market conditions, geopolitical events (such as the Russian invasion of Ukraine conflict) and exchange rates. While many airlines, including Turkish Airlines and Pegasus Airlines, have in the past hedged for increases in jet fuel prices, if prices increase significantly above current levels, airlines may seek to pass on this increase in jet fuel prices to their customers by increasing ticket prices. If ticket prices rise significantly above current levels, this may have a materially adverse impact on passenger numbers and air transport movements at the Group's airports, which would adversely affect the Group's business, prospects, results of operation and financial condition.

The Group's operations are impacted by seasonal demand

The Group experiences seasonal fluctuations, due primarily to weather and holiday seasons. Although weather patterns affect the Group's results of operations throughout the year, cold and wet weather during the winter months has historically reduced air traffic to some of the airports the Group operates. In contrast, the Group's highest volume of operating revenue historically occurs in the second and third quarter due to warmer weather and the holiday season. Public holidays and vacation, particularly in the months of June and July, also have seasonality effects, because of the increase in air traffic due to leisure travel. As a result, the Group's results of operations may vary significantly from quarter to quarter.

The Group is materially dependent on Turkish Airlines and any disruption of this relationship may adversely affect the Group's results of operations, prospects and financial condition

Turkish Airlines carried approximately 24 per cent. of all passengers arriving in, and departing passengers from, the Group's airports and is currently the main passenger seat capacity provider for both domestic and international scheduled services at the airport terminals the Group operates in Türkiye. The prospects for future passenger traffic development at the airport terminals the Group operates in Türkiye are largely dependent on the future strategies that Turkish Airlines adopts. While in recent years Pegasus and Sunexpress airlines have helped the Group reduce its dependence on Turkish Airlines, any disruption of the Group's relationship with

Turkish Airlines (for example, if Turkish Airlines were to transfer a large portion of its operations to another airport or airports in Türkiye, decrease its fleet size materially or become insolvent), would result in a significant decline in the Group's total operating income. Turkish Airlines constituted 10 per cent. of the Group's consolidated revenue in 2022. Thus, a disruption in the Group's business relationship with Turkish Airlines or the insolvency of Turkish Airlines could have a material adverse effect on the Group's business activity, financial condition and results of operations.

The successful implementation of the Group's capital expenditure programme at its airports, including at Ankara Esenboğa Airport, Almaty Airport and Antalya Airport is dependent on a number of factors

The Group currently makes, and is expected to make, significant budgeted capital expenditures over the next few years with regard to its airports, including, in particular, Ankara Esenboğa Airport. For example, the Group's existing contract to operate Ankara Esenboğa Airport, Antalya Airport and Almaty Airport is valid until May 2025, and in December 2022, the Group secured a concession extension to operate the airport for another 25 years, until May 2050. Various large-scale infrastructure projects are being undertaken at Ankara Esenboğa Airport, including the construction of a new runway and the expansion of the terminal.

In 2018, TAV Airports purchased 50 per cent. of the shares of IC Fraport and started operating Antalya Airport in a joint venture with IC Fraport. The lease agreement was set to expire in 2024 but was later extended by DHMİ to 2026 as a result of the COVID-19 pandemic. In 2021, the Group successfully renewed its concession and the operational agreement is now set to expire in December 2051. At Almaty Airport, the Group has been investing U.S.$200 million to build a new international terminal which is expected to be inaugurated in the second half of 2024 and will double the airport's capacity to more than 14 million passengers. The expansion and redevelopment of Ankara Esenboğa Airport, Antalya Airport and Almaty Airport will continue in the coming years to expand physical capacity, improve quality and further optimise processes.

However, completion risks and other unexpected risks (such as safety issues, delays in construction, cost increases or difficulty in obtaining the requisite permits/licenses or adverse natural events), could have a material adverse effect on the Group's business, results of operations, prospects and financial condition. In the case of Antalya Airport, risks associated with the joint venture, such as termination of the agreement by IC Fraport or counterparty default, could also have a material adverse effect on the Group's business, results of operations, prospects and financial condition. As such, there is no assurance that the Group's capital expenditure programme at its airports, including its ongoing investments into Ankara Esenboğa Airport, Almaty Airport and Antalya Airport will result in a corresponding increase in passenger travel volumes.

Adverse operational incidents could occur at the Group's airports and this may adversely affect the Group's results of operations, prospects and financial condition

The Group's operations are subject to operational risks, such as fires, bird strikes, drone incursions, interruptions to power supplies, human errors, safety incidents, technical failures, loss, corruption or interruption of data, and explosions. Each of the Group's airports are also subject to business interruption risks as a result of the closure of air space or grounding of aircraft by local and international authorities and the closing of ground access to the airports by local authorities. Some of these risks and hazards could result in damage or harm to, or destruction of, infrastructure, properties, people and the environment. Any or all of these hazards, as well as possible legal liability of the Group arising thereof, could have a material adverse effect on the Group's business, results of operations, prospects and financial condition. There is also the risk that a governmental inquiry may be held into the causes of an accident which may result in the Group being required to modify its operations, incurring investments and/or expenses that could be significant. Although the Group has taken out insurance against property damage, business interruption and third-party liability, such insurance may not fully cover the consequences of all damage, business interruptions and other liabilities.

Natural disasters could occur at the Group's airports or in regions where the Group operates

The Group's operations are subject to operational risks stemming from natural and environmental disasters, such as earthquakes, flooding, wind, extreme weather, or other natural disasters or events. Any or all of these hazards, could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

In particular, as the Group has a large presence in Türkiye, earthquakes, natural disasters and other catastrophic events that could harm the Turkish economy may also materially disrupt the Group's operations. A significant portion of Türkiye's population and most of its economic resources are located in a first-degree earthquake risk zone and Türkiye has experienced a large number of earthquakes in recent years, some quite significant in magnitude. Most recently, on 6 February 2023, two earthquakes with a magnitude of 7.7 and 7.6 (respectively) on the Richter scale occurred in Kahramanmaraş, which caused catastrophic loss of life and destruction of numerous buildings. The Turkish government declared a Level 4 state of emergency, which includes a call for international assistance as well as the mobilisation of all national forces.

Major earthquakes and other natural disasters have effects due to the direct impact of such events on the Group and its employees, operational systems and property. Furthermore, the Turkish or other relevant governments could take measures in response to any future natural or other disasters (such as the imposition of additional taxes, as occurred in 2023 with the introduction of the earthquake tax following the earthquakes in Kahramanmaraş, resulting in €12.8 million in additional tax liability for the Group in the 2022 tax year), that have a material adverse effect on the Group's profitability. Any of these events could materially adversely affect the Group's business, financial condition and results of operations.

Terrorism or accidents could occur at the Group's airports

There is the risk of an accident or act of terrorism occurring at or near one of the Group's airports or operating locations. If an accident or act of terrorism occurs, operations at the airport may be disrupted for a period of time while the accident or act of terrorism is investigated and any ensuing damage is repaired. The event could affect traffic levels for a longer period as well, which could also be (further) fuelled by the dissuasive effect of an act of terrorism causing passengers to avoid using the relevant airport(s). In addition, there is a risk that one or more parties who have suffered loss as a result of an accident seek compensation from the Group, and that a governmental enquiry is held into the causes of the accident. The Group may be required to incur costs and spend management time defending such a claim or participating in such an enquiry. If a claim is successful, the Group could be ordered to pay significant sums of money to claimants to compensate them for losses they have suffered. A governmental enquiry may result in the Group being required to modify its operations and to incur expense in doing so. New legislation may result in the Group being required to take additional safety measures which may require significant investments.

An accident or act of terrorism at or near one of the Group's airports or activities, could therefore have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group is subject to risks associated with doing business in emerging markets

Many of the jurisdictions in which the Group operates, including Türkiye, are still considered by international investors to be emerging markets. Emerging markets are subject to greater risks than more developed markets and financial turmoil in any emerging market (or global markets generally) could disproportionately disrupt business in other emerging markets as well as causing a decline in the price of an investment in the Notes.

Investors' interest in emerging markets in which the Group operates may be negatively affected by events in other emerging markets or the global economy in general. For example, developments or economic conditions in one or more other emerging market(s) have at times adversely affected the prices of securities from, and the availability of credit to, other emerging market countries as investors move their money to countries that are

perceived to be more stable and economically developed. An increase in the perceived risks associated with investing in emerging economies could adversely affect the economies of the emerging markets in which the Group operates, and the Notes may be subject to fluctuations in price that may not necessarily be related to economic conditions in the countries in which the Group operates or the financial performance of the Group. In addition, because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavoured by international investors, emerging markets in which the Group operates could be adversely affected by negative economic or financial developments in other emerging market countries. These developments can be expected to affect the emerging market economies in which the Group operates in the future, which could, in turn, have an adverse impact on prices of investments in the Notes.

The Group could be negatively impacted by cybersecurity threats and information security incidents

The Group's operations are dependent on information and its own information technology systems and those of its third party service providers. The Group could be negatively impacted by cyber-attacks on any of these. The risk of cyber-crime has increased and is expected to increase further, especially as infiltrating technology is becoming increasingly sophisticated, and there can be no assurance that the Group will be able to prevent all threats. This could result in material losses of client or customer information, damage the Group's reputation and lead to regulatory penalties and financial losses incurred by the Group.

The Group holds a limited amount of passenger data and personal data of employees. While as at the date of this Offering Circular there has been no material breaches, the Group is subject to the risk of sensitive information being leaked or provided unintentionally (to the competition), unauthorised access to data, virus infection of information systems and the loss of information. Also, there is a risk that the Group fails to implement or update technologies, processes and practices designed to protect networks, computers, programmes and data from attack, damage or unauthorised access. The Group is subject to significant obligations in respect of data protection legislation and failure to comply with such obligations may subject the Group to regulatory action (including administrative fines) or civil claims, which could be substantial. These risks, actions and claims, should they materialise, may have a material adverse effect on the Group's business and reputation, competitive position, results of operations, prospects and financial condition. If the Group is required to modify its operations (including its information security systems) it may incur investments and/or expenses that could be significant.

Unplanned repairs and maintenance could have a material adverse effect

The Group needs to carry out regular maintenance at its airports, of, among others, terminals, taxiways and runways. Taxiways and runways are typically shut down during periods of extensive maintenance and as a consequence this affects the allocation of air traffic movements. Planned maintenance may have to be delayed due to unforeseen circumstances such as unsuitable weather conditions possibly resulting in runway closures for maintenance during periods of high usage resulting in operational capacity restrictions. Operational hazards, damage to assets, the ageing terminal complex and a backlog of deferred maintenance could result in asset failures, which may require unplanned repairs and maintenance which could impact operational capacity and could therefore have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

Deteriorating labour relations, absenteeism, strikes and staff shortages may adversely affect the Group's businesses, results of operations, prospects and financial condition

The Group relies on its own workforce but also (i) on the employees of third parties to which it contracts out essential parts of its operations such as maintenance contractors, security companies, building cleaners, and assistance to passengers with reduced mobility, (ii) on other third parties over whose performance it does not

control such as air traffic control authorities, airlines, ground handling companies, retailers, caterers and transport providers, and (iii) on public bodies such as customs and immigration authorities and airport police.

If labour relations in these sectors deteriorate, the Group may experience strikes or other significant work stoppages which could, for example, impact the quality and range of services offered to both passengers and airlines and have a material adverse effect on the Group's business, results of operations, prospects and financial condition if they last for a prolonged period, in particular as it could result in passengers choosing other airports for future travel and airlines suspending business at the Group's airports.

Working conditions for employees and for workers in the broader aviation sector are an important aspect of sustainability and have been the subject of considerable media coverage in 2022, including with regard to understaffing, the continuation of COVID-19 pay cuts and poor working conditions, which could negatively affect the Group's reputation. Additionally, the Group is subject to various labour regulations which it must adhere to in its operations. If the Group were to violate these regulations, the Group could be subject to fines or litigation, and the Group's reputation could be negatively impacted.

The above factors could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

Operations and passenger experience at the Group's airports depend upon third parties, whose performance the Group does not control

The operation of the Group's airports is largely dependent on the services of third parties, such as air traffic control authorities, airlines, ground handling companies, retailers, caterers and transport providers, and on public bodies such as customs and immigration authorities and airport police. Neither the Group nor the Group Companies are responsible for, and can only exercise limited control over, the services provided by these parties, either because these parties are retained and contracted by the airlines or other institutions, or because they are representatives of local or governmental authorities acting pursuant to applicable laws and regulations.

Any disruption in the operations, default in the performance, including a failure to provide adequate resources such as personnel by these parties, or adverse consequences resulting from their activities may affect passenger experience, have a material adverse effect on the accessibility and operation of the Group's airports and on the Group's business, results of operations, prospects and financial condition.

The Group is exposed to competition risks based on competition between airport operators

Competition among airports is increasing. In particular, the Group's airports may face competition for transfer passengers and Almaty Airport has faced competition for cargo transfer flights from other nearby airports, as well as from the emergence of niche and (fast growing) newly developed mega hub airports in other countries and regions. The Group only serves international transfer passengers at Ankara Esenboğa Airport which represented 5.5 per cent. of international traffic passengers at Ankara Esenboğa Airport in 2022 (Source: TAV Airports). Furthermore, new concepts such as self-connect or self-hubbing (whereby travellers buy separate tickets from different airlines to build their own connection instead of having it arranged by airline(s)) supported by activities of increasingly influential low-cost carriers put pressure on the business model of the hub operations of major carriers. In the case of short-haul travel and domestic travel, it also faces competition from other modes of transport.

For example, in the case of Bodrum Airport, there is another airport in the Muğla region, Dalaman Airport, which caters to largely the same leisure passengers staying in the region. Choice of airport is largely dependent on distance from the passenger's accommodations and availability of flights from the passenger's origin. Increases in the number of accommodations in certain areas of the region or changes in flight availability may impact the number of passengers choosing to fly into Bodrum Airport.

Further, retail operators at the Group's airports face competition from online retailers, requiring them to adapt to sometimes rapidly changing purchasing behaviour displayed by consumers to prevent retail business opportunities from being missed. The Group's parking activities also face increased competition from local car park offerings in the vicinity of its airports.

There can be no assurance that the Group's airports will be able to maintain or increase their competitive position. This could have a negative effect on the development of the number and type of passengers and aircrafts using the airports and, as a result, on the Group's business, results of operations, prospects and financial condition.

The Group's insurance coverage might not be adequate or available in all circumstances

The Group seeks to insure all reasonable risks, including the risk arising from business interruption resulting from physical loss or damage to its assets. There can be no assurance, however, that its insurance policies provide adequate and sufficient cover for all events and incidents affecting the Group. An event or incident could therefore have a material adverse effect on the Group's business, results of operations, prospects and financial condition. In addition, the insurance policies of the Group do not protect the Group against reputational harm that may arise as a result of an event or an incident. The market for airport insurance is limited, as a result of which the Group may have difficulties obtaining insurance coverage in the future. Also, any extension or replacement of existing insurance policies may be for reduced coverage only, at less favourable terms, or against higher premiums. These circumstances, including any failure to obtain insurance or to collect under relevant insurance policies, could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group is dependent on key personnel and failure to attract, develop and retain talented staff with the required capabilities could result in material adverse effects on the Group's results of operations

The Group relies on the skills and experience of certain key personnel (including but not limited to the members of the Group's Management Board and the Group's Executive Team) working at the Group and/or the Group Companies. The loss of services of any of these key individuals, even though relevant information and experience is shared with a larger group of individuals on a regular basis, and other personnel, including but not limited to personnel responsible for essential parts of the Group's operations, also in circumstances where the Group or its participations would not be successful in attracting, developing and retaining diverse and talented people and key personnel with the required capabilities, could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

As stated above under "*—Deteriorating labour relations, absenteeism, strike and staff shortages may adversely affect the Group's businesses, results of operations, prospects and financial condition*", besides its own personnel, the Group also depends on the personnel of third parties to which it contracts out essential parts of its operations, such as maintenance contractors, security companies, building cleaners, and assistance to passengers with reduced mobility. A failure to attract and retain such staff could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group is subject to environmental regulations which are subject to change, which may impact the Group's business

Operations at the Group's airports are restricted by environmental limits and rules. The Group also follows international environmental and social standards set by the International Labour Organization ("**ILO**"), International Finance Corporation ("**IRC**"), European Bank for Reconstruction and Development ("**EBRD**") and the Equator Principles. The Group's ability to comply with applicable environmental limits and rules is affected by traffic demand and other factors, such as weather and climate conditions, aircraft types and actions by air traffic control authorities that are beyond the Group's control. In the event of a breach of certain

environmental limits, the Group may face fines, litigation, regulatory proceedings or other adverse consequences.

The above factors could have a material adverse effect on the Group's business, results of operations, prospects and financial condition. The Group's freedom to operate its business is therefore subject to a number of factors beyond its control, and dependent on the level of societal and political support towards the aviation industry. Changes in, or adverse applications of, such regulations or lack of support could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group is subject to regulations regarding the setting of airport charges at its airports which are subject to change, which may impact the Group's business and results

The 'aviation' activities of the airports operated by the Group are subject to regulations based on the national regulatory bodies in the countries in which the Group operates. These regulations, often updated annually, exist for the Group's airports in Türkiye (governed by the Public Private Partnership Project Tariff), Croatia (governed by the Croatian Civil Aviation Agency), Georgia (governed by United Airports of Georgia), Tunisia (governed by the Tunisian Civil Aviation and Airports Authority), North Macedonia (governed by the Civil Aviation Authority), Kazakhstan (governed by the Civil Aviation Committee of the Ministry of Industry and Infrastructure Development) and the Kingdom of Saudi Arabia (governed by the General Authority of Civil Aviation).

In certain markets in which the Group operates, including, for example, Türkiye, regulatory price caps are placed on domestic flight fares. In Türkiye, these regulatory price caps are set by the Transport and Infrastructure Ministry and re-evaluated in June of each year. The Group's airports, and the airlines that operate within them, must adhere to these regulatory price caps for domestic flights in Türkiye. Any changes to these regulatory price caps, or expansion of the caps to international travel or other markets, could have a material adverse impact on the Group's business, results of operations, prospects and financial condition, including through a decrease in passenger volumes if the price caps were to continue to increase.

Any further changes to the regulations detailed above, or other regulations applicable to the Group and the airports it operates, could have a material adverse impact on the Group's business, results of operations, prospects and financial condition. Furthermore, the risk cannot be excluded that current or future price regulation systems applicable to the Group will be amended or any set airport charges may be required to be adjusted in a manner unfavourable to the Group, which may have a negative impact on the results of operations of the Group.

If the Group fails to comply with security regulations this could lead to (legal) liabilities

Operations at the Group's airports are subject to security regulations. Airport security is aimed at preventing malicious acts intended to harm passengers, employees, visitors and the airport itself. New or adjusted security regulations may restrict the ability of the Group to maintain or increase traffic growth rates and its business results of operations, prospects and financial condition. Failure to carry out its security activities in accordance with the applicable rules and regulations could lead to incidents or accidents causing harm to passengers, employees, visitors or airport property, which could result in legal liability for the Group, the assessment of damages and liability to pay penalties. Any such liabilities could have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

The Group is subject to various types of regulations and agreements with governments of the countries in which it operates, which are subject to change and may impact the Group's business

Operations at the Group's airports are subject to various types of regulations and agreements with the governments of the countries in which the Group operates airports. Existing regulations and agreements may change or new regulations or agreements may be introduced requiring the Group to make investments or modify

its operational processes. This may restrict the ability of the Group to maintain or increase traffic growth rates and affect its business results from operations, prospects and financial condition.

These include, in particular, the Group's relationship and agreement with the government of Kazakhstan with regard to Almaty Airport. While the Group owns the majority (85 per cent.) of Almaty Airport, the Group's operations at Almaty Airport depend on a number of agreements with the government of Kazakhstan. These include the government support agreement between the Group, the government of Kazakhstan and investors in Almaty Airport which provides certain government guarantees to investors, an investment agreement between the Group and the government of Kazakhstan which provides certain tax incentives to the Group for purposes of its investment in Almaty Airport (which can be terminated by agreement of the parties or unilaterally by giving notice to the other party) and a terminal agreement which validates the privatisation of the Almaty Airport (which can be terminated by the government of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan in case of violation of the conditions specified in the agreement).

Were any governments of the countries in which the Group operates to violate or terminate any agreements with the Group, the Group's operations, prospects and financial condition may be negatively affected.

Insufficient awareness of environmental issues and of the impact of climate change could negatively affect the Group's activity and growth outlook and lead to a decline in air traffic

The Group's activities may have an environmental, economic and social impact on the territories and surroundings where it operates. The Group's activities may generate, in the absence of prevention, reduction and/or compensation measures, specific pollution risks (i.e. noise, emissions to air, water and soil) and waste management, resource use (i.e. water, energy) and sustainable development issues, or even an unfavourable climate impact.

In addition, depending on the country in which they are located, the activities of the Group may be disrupted by the occurrence of environmental events of an extreme nature (i.e. high winds, floods, etc.). Failure to take sufficient account of environmental, regional and social issues, or the perception that the Group's actions are insufficient, could hinder the Group's business and growth prospects, lead to an increase in financing and insurance costs, increase the number of disputes and legal proceedings, ultimately devalue the Group's assets, have a negative impact on the Group's image and reputation, and lead to recruitment difficulties, which could in turn have a material adverse effect on the Group's business, results of operations, prospects and financial condition.

Risks Related to Türkiye

As a substantial amount of the Group's revenue is derived from airports located in Türkiye, the Group is particularly exposed to risks related to Türkiye, its economy and political environment.

Political developments in Türkiye may negatively affect the Turkish economy, which could have a material adverse effect on the Group's business, financial condition and results of operations

Negative changes in Türkiye's government and political environment, including the failure of the Turkish government to devise or implement appropriate economic programmes, may adversely affect the stability of the Turkish economy and, in turn, the Group's business, financial condition or results of operations and prospects. Unstable coalition governments have been common and in the more than 90 years since its formation Türkiye has had numerous short-lived governments, with political disagreements frequently resulting in early elections. Furthermore, although its role has diminished in recent years, the Turkish military establishment has historically played a significant role in Turkish government and politics, intervening in the political process in 1960, 1971, 1980 and most recently in July 2016.

In recent years, Turkish politics have been particularly volatile. On 15 July 2016, the Turkish government was subject to an attempted coup by a group within the Turkish army. The Turkish government and the Turkish security forces (including the Turkish army) took control of the situation and the Turkish government remained in control. As a result of this attempted coup, the Turkish government imposed a nationwide state of emergency, which lasted until July 2018.

Following the coup attempt, on 16 April 2017, a majority of Turkish voters approved a referendum amending certain articles of the Turkish Constitution, including replacing the existing parliamentary system of government with an executive presidency. In the most recent presidential election, which consisted of a first round held on 14 May 2023 and a second round held on 28 May 2023, President Erdoğan was re-elected for another five-year term in the presidential election with approximately 52.18 per cent. of the vote, while in the parliamentary elections, the People's Alliance (an electoral alliance between the Justice and Development Party (Adalet ve Kalkınma Partisi, the "**AKP**"), the Nationalist Movement Party (the "**MHP**") and the New Welfare Party (the "**YRP**")) secured a majority with 323 seats out of 600 (with the AKP winning 268 seats, MHP winning 50 seats and YRP winning 5 seats). The next Turkish general election is scheduled to take place in May 2028, although a snap election could be called earlier.

As illustrated by these events, significant uncertainty remains regarding the economic agenda of the government and whether reform plans will be accomplished, all of which could significantly impact investors' perceptions of Türkiye and its future growth.

For further information, see *"The Turkish economy is subject to macroeconomic risks" and "Türkiye's economy has been subject to significant inflationary pressures in the past and may become subject to significant inflationary pressures in the future"*.

Political developments have in the past had a negative effect on investors' perceptions of Türkiye and on the strength of the Turkish economy and have resulted in downgrades by the ratings agencies. Since 2016, Moody's has downgraded Türkiye from Baa3 (negative outlook) to B3 (stable outlook) and Fitch has downgraded Türkiye from BBB- (stable outlook) to B (stable outlook). During the same period, Standard & Poor's unsolicited rating for Türkiye declined from BB+ (stable outlook) to B (stable outlook). If new political developments emerge that further contribute to political instability in Türkiye, the ratings agencies could take further rating action against the Turkish sovereign credit rating, which could have a material adverse impact on the value of the Notes. In addition, the events surrounding any future political developments could contribute to the volatility of Turkish financial markets or have an adverse effect on investors' perception of Türkiye, including Türkiye's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Türkiye is subject to internal and external unrest and the threat of future terrorist acts, which could adversely affect the Turkish economy and air travel in Türkiye, and therefore the Group's results of operations

Türkiye is in a region that has been subject to ongoing political and security concerns. Political uncertainty within Türkiye and in certain neighbouring countries, such as Iran, Iraq, Armenia and Syria, has historically been one of the potential risks associated with an investment in Turkish securities. Regional instability has also resulted in an influx of displaced persons into Türkiye, and thus the displaced person population has increased and is expected to increase further. In recent years, political instability has at times increased markedly in several countries in the Middle East, North Africa and Eastern Europe. Unrest in those countries may have political implications in Türkiye or otherwise have a negative impact on the Turkish economy, including through both financial markets and the real economy.

The ongoing conflict in Syria has been the subject of significant international attention and its impact and resolution are difficult to predict. Given Türkiye's proximity to the conflict zone, Türkiye continues to deploy troops near the Syrian border, and conducted several military operations in Syria in 2019 and 2020. Although the Government maintained that the 2019 offensive was undertaken in full compliance with international law, EU countries signed an agreement to limit arms exports to Türkiye on 14 October 2019. On the same day, the U.S. announced sanctions on Türkiye's Ministry of National Defence, the Ministry of Energy and Natural Resources and three senior government officials (Minister of National Defence Hulusi Akar, Minister of Energy and Natural Resources Fatih Dönmez and Interior Minister Süleyman Soylu).

While Türkiye has entered into separate agreements with the United States and Russia that aim to achieve multi-party agreement on a "safe-zone" in northern Syria in an effort to enhance Türkiye's border security, the parties may disagree about the implementation of these agreements or the parties' adherence to their terms, which may lead to further tensions or other actions that negatively impact Türkiye or its economy or may have political repercussions within Türkiye or on its relationship with the United States, Russia, Syria, Iran or other countries.

Türkiye has also experienced problems with domestic terrorist and ethnic separatist groups as well as other political unrest within its territory. In particular, Türkiye has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by various states and organisations including Türkiye, the EU and the United States).

Türkiye has from time to time been the subject of terrorist attacks, including bombings in recent years in its tourist and commercial centres in İstanbul, Ankara and various coastal towns and (especially in the southeast of Türkiye) attacks against its armed forces. On 13 November 2022, six people were killed and 81 others were injured by a terrorist attack in Istanbul. If additional attacks occur in the future, Türkiye's capital markets, levels of tourism in Türkiye and foreign investment in Türkiye, among other things, may suffer, or may suffer further. Such circumstances have had and could continue to have a material adverse effect on the Turkish economy or the Group's business, financial condition and results of operations.

The Turkish economy is subject to geo-political risks based on its relationships with other countries and international organisations which could have a material adverse effect on the Group's results of operations

Türkiye has experienced increasingly turbulent relations with the U.S., Russia, members of the EU, Iran and other countries bordering Türkiye in recent years.

Azerbaijan, Armenia and Nagorno-Karabakh conflict

In October 2020, conflict broke out between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh. Türkiye has supported the efforts by Azerbaijan, which at the time put it in conflict with Russian interests. Active conflict subsided following a Russia-brokered peace accord; however, following the weakening of Russia's regional presence as a result of Russia diverting its military and peacekeeping forces to the war in Ukraine, tensions increased again in 2022-2023. On 19 September 2023, following weeks of increasing tensions between the countries, Azerbaijan began a military operation in Nagorno-Karabakh region, the full scale, duration and impact of which remains unclear. A large-scale military conflict between Armenia and Azerbaijan could in result in a direct or indirect involvement of Türkiye and/or Iran as these countries seek to protect their own regional interests from spill-over effects. Any future impact of this ongoing conflict on Türkiye remains unclear at the date of this Offering Circular.

Russia and the war in Ukraine

Heightened tensions between Türkiye and Russia over Syria or events in Ukraine could materially negatively affect the Turkish economy, including through any negative impact on Türkiye's tourism revenues or its access to Russian energy supplies. Russia has become Türkiye's second largest trading partner and the largest supplier

of natural gas to Türkiye. Any further disruption to the relationship with Russia might have a material adverse effect on the Turkish economy.

Most recently, Russia's invasion of Ukraine on 24 February 2022 has triggered significant geopolitical tension. As a result, the United States, the United Kingdom, the EU and other jurisdictions have imposed significant and broad economic and other sanctions upon Russia, parts of Russian-controlled Ukraine and various designated entities and individuals, including those that have contributed military and other supplies to Ukraine. Among other things, the sanctions include restrictions on the import of Russian oil and transactions with the Central Bank of Russia and sanctions on a number of Russian banks. Certain countries have frozen the assets of the Russian central bank and the United States barred U.S. agents and other financial intermediaries from processing Russian debt payments, making it harder for Russia to repay its international debts. Furthermore, some Russian banks were removed from the international financial messaging system, SWIFT, and many international companies have suspended or limited their businesses in Russia. This has already had, and likely will continue to have, a material impact on (a) global economic and market conditions, including increasing inflation (particularly for food, energy and shipping costs), contributing to volatility in interest and exchange rates and exacerbating already difficult global supply chain challenges (including through limitations on imports to and exports from Russia), and (b) geopolitical relationships and militarisation. According to the International Monetary Fund's April 2022 World Economic Outlook report, the direct impact of the war on Ukraine and sanctions on Russia is expected to slow global economic growth and increase inflation, with projections that Ukraine and Russia will experience drops in GDP of 35 per cent. and 8.5 per cent., respectively, and growth for the EU being reduced to 2.9 per cent. from a pre-war prediction of 4.0 per cent. Projections for global growth in 2022 were also reduced to 3.6 per cent. from January 2022's prediction of 4.4 per cent. It is also possible that this war could lead to further military conflicts, particularly involving Eastern Europe, and extension or escalations in the conflict could lead to additional sanctions being imposed on Russia, thereby leading to more economic disruption.

Following the imposition of sanctions against Russia, thousands of Russians and Ukrainians have fled to Türkiye to stay, invest, and hold assets since Türkiye has not been imposing any sanctions on Russia except the closure of the Bosphorus and Dardanelles straits to warships as required by the Montreux Convention. Türkiye has not been following the wave of sanctions imposed by many countries, and Türkiye's policy stance with respect to sanctions cannot be predicted with certainty.

While, as of the date of this Offering Circular, the Turkish government has indicated that it seeks to maintain functioning relationships with all parties, there can be no certainty as to how events might develop and their impact on Türkiye. In addition, Türkiye's policy stance may increase its tension with other North Atlantic Treaty Organisation ("**NATO**") members, including the U.S.

In 2021, Türkiye received 4.7 million and 2.0 million tourists from Russia and Ukraine, respectively, representing 27 per cent. of all international tourists during the year. The total exports to these two countries were U.S.$8.7 billion in 2021, whereas imports were U.S.$33.5 billion, representing 3.9 per cent. and 12.3 per cent. of Türkiye's exports and imports, respectively, during the year. While Türkiye may be able shift its imports and exports to other regions, there can be no assurance that it will be able to do so, and exports to, and imports from Russia and Ukraine as a result of the war in Ukraine may have a significant effect on the Turkish economy, including on its balance of payments and inflation. In addition, as Türkiye is a net energy importer, higher global oil and natural gas prices might result in higher energy costs for consumers and companies. For example, in March 2022, Brent crude oil prices increased to the highest level since 2008, and prices might increase further as a result of the conflict in Ukraine and related sanctions, particularly if Russian energy supplies are subjected to additional sanctions. These increases in the current account deficit, particularly when combined with monetary tightening in developed economies, may contribute to further depreciation pressure on the Turkish Lira, which could result in further increased inflation in Türkiye.

United States and NATO

With respect to the United States and NATO, various past events have impacted the relationship. For example:

- In December 2017, Türkiye entered into an agreement with Russia for the purchase of S-400 missile defence systems independent of NATO, prompting the U.S. to threaten possible sanctions against Türkiye unless Türkiye cancelled the purchase. In July 2019, Türkiye accepted the first shipment of the S-400 missile defence system and as a result, the U.S. suspended Türkiye's subcontracting work on the F-35 fighter programme. In December 2020, the U.S. also imposed sanctions pursuant to Section 231 of the Countering America's Adversaries Through Sanctions Act ("**CAATSA**") on Türkiye's Presidency of Defence Industries ("**SSB**") for procuring the S-400 system from JSC Rosoboronexport, Russia's main arms export entity. These sanctions include a ban on all U.S. export licences and authorisations to SSB. At the same time, the U.S. imposed full asset blocking sanctions and visa restrictions on SSB's president and three other SSB officers. Discussions between the U.S. and Türkiye pertaining to the sale to Türkiye of F-16 fighter jets continue, and it remains unclear how they will be resolved, including given the context of Russia's war against Ukraine. In the week of 2 November 2018, certain U.S. sanctions on Iranian financial and energy sectors and on certain other imports from Iran, were re-imposed. Nevertheless, the United States granted Türkiye a partial exemption allowing it to import limited amounts of oil from Iran for six months. The United States government did not renew this exemption after the end of the allotted six-month period. As a result, Türkiye stopped purchasing Iranian oil as of July 2019. It remains uncertain whether Türkiye will be able to continue to comply with such U.S. sanctions against Iran.

- In response to the operations in northern Syria, the U.S. House of Representatives on 29 October 2019 passed a bill by a majority of 403 votes to 16, envisaging the imposition of potential sanctions on Türkiye, including on any foreign financial institution that the U.S. State Department determines has knowingly enabled significant transactions on behalf of the Turkish Armed Forces or Türkiye's defence industry concerning military operations by the Turkish Air Force in northern Syria.

Geopolitical tensions with the U.S. and NATO, if they are not resolved, as well as Türkiye's continued trading relationships with Iran and Russia amid heightening tensions between these countries on the one hand and NATO on the other hand, could contribute to a worsening of Türkiye's economic relationship with the U.S. and Europe as well as risk the imposition of additional sanctions against Türkiye. Any such sanctions could have a material adverse effect on the Turkish economy and the market price of the Notes, and could potentially impair the ability of some investors to hold or transfer the Notes or receive payments made into and processed through the clearing systems. Political instability in Türkiye (whether perceived or actual), increasing political and diplomatic tensions with the U.S. or other countries, and other political conditions could have a material adverse effect on the Group's business, financial condition and results of operations.

European Union

Türkiye has had a long-term relationship with the EU since it signed an association agreement with the EU in 1963 and a supplementary agreement, which provided for a transitional second stage of Türkiye's integration into the EU, in 1970. On 17 December 2004, the EU commenced accession negotiations with Türkiye and affirmed that Türkiye's candidacy to join the EU would be judged by the same 28 criteria (or "**Chapters**") applied to other candidates whereby Türkiye would be required to implement a range of political, legislative and economic reforms. Despite Türkiye's implementation of various of these reforms, the relationship between Türkiye and the EU has become strained. Since 2016, accession negotiations have stalled. On February 2019, a European parliament committee voted to suspend the accession talks. Türkiye's accession negotiations have therefore effectively come to a standstill. On 15 July 2019, the EU adopted certain measures against Türkiye, including a reduction of certain funding (including loans from the European Investment Bank), a suspension of

high-level communication and a suspension of the negotiation for a comprehensive air transport agreement due to Türkiye's involvement in the drilling for gas in waters off the coast of Cyprus. On 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities. In February 2020, the EU instituted sanctions against two executives of the Turkish drilling company (by Council Decision of 8 November 2022, the EU extended these sanctions until 12 November 2023). In July 2020, Türkiye deployed a vessel to the Eastern Mediterranean which led to further disputes over oil and gas exploration in the waters off the coast of Cyprus. As a result, certain members of the EU, including Greece and Cyprus, have encouraged the EU to impose sanctions against Türkiye. Although tensions over energy resources have intensified and have broadened to involve other Mediterranean countries due to the recent drilling activities by neighbouring countries, as of September 2020, Türkiye and Greece have been keen to resume exploratory talks to address the issue of economic rights over gas reserves in the Eastern Mediterranean. In December 2020, the EU decided to impose sanctions on Türkiye over its drilling activities and general foreign policy. In January 2021, Greece and Türkiye resumed their talks on maritime and other concerns, ending a five-year pause. However, in May 2022, Türkiye communicated that it was halting talks with Greece, especially in view of new disputes with Greece. On 2 October 2022, the Greek foreign minister said Greece was open to resume talks with Türkiye under certain conditions.

In addition, Türkiye entered into an agreement with the EU in March 2016 in an attempt to establish control over the irregular transit of refugees from Türkiye to the EU, many of whom came from Syria. This agreement has not yet been fully implemented and Turkish officials have stated that they believe the EU has not yet fulfilled its undertakings under the agreement. Following the European Council of 24-25 June 2021, which asked for the continuation EU support to refugees and host communities in Türkiye for 2021-2023, the European Commission proposed in July 2021 an additional €3 billion as part of a wider €5.7 billion package to support refugees in the region. An initial €860 million of this additional envelope was already adopted in 2021, with the remainder to be committed in 2023.

Türkiye is among the countries that have taken a significant number of Syrian refugees, which had a large social and economic impact on the country and its relationship with the EU. In addition, the withdrawal of US and NATO forces from Afghanistan in 2021 has exacerbated the flow of refugees from Afghanistan to Türkiye. Potential social and economic implications of the recent Afghan conflict and influx of Afghan, Syrian or other refugees into Türkiye may impact Türkiye's economy or its relationship with the EU.

Any decision by the EU to finally end Türkiye's EU accession bid or to impose additional sanctions on Türkiye, Turkish individuals or Turkish entities may further strain or result in (or contribute to) a further deterioration in the relationship between Türkiye and the EU or certain of its member states. There can be no assurance that the EU or Türkiye will resume an open approach to Türkiye's EU membership and, if so, that Türkiye will be able to meet the criteria required to become an EU member state which could adversely affect the Group's business, financial condition and results of operations.

The above-mentioned events and other political circumstances may: (a) result in the volatility of Turkish financial markets, have an adverse effect on investors' perception of Türkiye or have an adverse effect on Türkiye's ability to support economic growth and manage domestic social conditions, (b) result in (or contribute to) a deterioration of the relationship between Türkiye and the EU, certain members of the EU, the United States, Russia or other countries or (c) have an adverse impact on the Turkish economy or Turkish institutions, any of which in turn may have a material adverse effect on the Group's business, financial condition and results of operations or on the market price of an investment in the Notes.

Macroeconomic risks affecting the Turkish economy could adversely affect air travel in Türkiye, which could have a material adverse effect on the Group's results of operations

In the recent past, the Turkish economy has from time-to-time experienced severe macroeconomic imbalances, including significant current account deficits, and a considerable level of unemployment. In addition, the Turkish economy remains vulnerable to both external and internal shocks, including changes in the economic policies of the U.S., the EU and other major economies, volatility in oil prices, changing investor sentiment, outbreaks of disease (e.g., SARS and COVID-19) and natural events such as earthquakes. In recent years, Turkish economic policy has undergone several changes in direction. Seeking to improve economic growth, in October 2020, Türkiye announced its three-year medium-term economic programme for the years 2021 to 2023, setting growth targets of 0.3 per cent., 5.8 per cent., 5 per cent. and 5 per cent. for each of 2020, 2021, 2022 and 2023, respectively, and inflation rates of 10.5 per cent., 8 per cent. and 6 per cent. and 4.9 per cent. for 2020, 2021, 2022 and 2023, respectively. In September 2021, a new programme was announced where the government forecasted GDP growth of 9 per cent. in 2021, 5 per cent. in 2022 and 5.5 per cent. for both 2023 and 2024. Consumer inflation was anticipated to remain above the inflation target of 5 per cent. through the programme period. On 4 September 2022, the Turkish government announced its medium-term programme for 2023 to 2025, and pursuant to this programme the government forecasted GDP growth to be 5 per cent. for 2023, and 5.5 per cent. for both 2024 and 2025. At the end of the programme, the annual consumer inflation increase rate is targeted to reach 9.9 per cent. On 6 September 2023, the Turkish government announced its medium-term programme for 2024 to 2026, and pursuant to this programme the government revised its forecasted GDP growth to be 4.4 per cent. for 2023 and 4 per cent. for 2024. At the end of the programme, the annual consumer inflation increase rate is targeted to reach 8.5 per cent. Inflation, however, has been considerably higher than targeted. See "*Türkiye's economy is subject to significant inflationary pressures*" below). There is no guarantee, however, that the government will be able to successfully implement its current and proposed economic and fiscal policies, and should Türkiye's economy continue to experience macroeconomic imbalances, it could have a material adverse impact on the Group's business, financial condition and/or results of operations.

Future policies by the CBRT and the BRSA are subject to a number of uncertainties, and Turkish economy, inflation rates and foreign exchange rates may continue to experience difficult and volatile conditions in the future. The impact of these circumstances, including changes in the exchange rates of the Turkish Lira, could have a material adverse effect on the Group, including through borrower defaults, increased NPLs, reduced loan volumes and reduced earnings, the revaluation of assets and liabilities (including increases in the Turkish Lira-equivalent value of the Group's obligations in other currencies), a decline in capital and/or rapid changes in the economic and legal environment.

Furthermore, Turkish economy is vulnerable to external shocks, such as the monetary policy tightening of the U.S. Federal Reserve, the Bank of Japan and/or the ECB, which in 2022 have resulted in significant outflows of investor funds from the emerging markets and due to rising interest rates and widening credit spreads. Continued increases in market interest rates, particularly if they are more accelerated than expected, may have an adverse impact on Türkiye, including on Türkiye's external financing needs, and may reduce the availability of and/or increase the cost of funding to Turkish corporates.

As a result of these factors, Türkiye may experience a further significant economic crisis in the future, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Türkiye's economy is subject to significant inflationary pressures which could adversely impact the Group's results of operations

Inflation in Türkiye has increased in recent years, with significant increases in 2021 and 2022. CPI was 64.27 per cent., 36.08 per cent. and 14.60 per cent. in 2022, 2021 and 2020, respectively. PPI was 97.72 per cent.,

79.89 per cent. and 25.15 per cent. in 2022, 2021 and 2020, respectively. As at 31 March 2023, CPI has decreased to 50.51 per cent., primarily driven by pass-through effects from the depreciation of the Turkish Lira, rising food and durable goods prices. In response to high inflation and the depreciating Turkish Lira, the CBRT implemented a number of stabilising measures and adopted a tighter monetary policy, increasing its main policy rate to 19.0 per cent. on 18 March 2021. This rate was last lowered to 8.5 per cent. on 23 February 2023 then raised to 15 per cent. on 21 June 2022. In the twelve months to December 2022, Türkiye's CPI and PPI increased by 64.3 per cent. and 97.7 per cent., respectively, as compared to the twelve months to December 2021. On 27 October 2022, the CBRT released the fourth Inflation Report of 2022 which stated that inflation was projected to be 65.2 per cent. at the end of 2022 and expected to fall to 22.3 per cent. by the end of 2023 and 8.8 per cent. by the end of 2024. On 4 May 2023, the CBRT published an inflation report indicating an inflation forecast of 22.3 per cent., 8.8 per cent. and 5.0 per cent. at the end of 2023, 2024 and 2025, respectively. On 6 September 2023, the CBRT published an inflation report indicating an inflation forecast of 65 per cent., 33 per cent. and 15.2 per cent. at the end of 2023, 2024 and 2025, respectively. The decreasing inflation path implied by the forecasts assumes that commodity prices will gradually converge to their historical averages due to slowing global demand amid tight financial conditions, and therefore foreign currency denominated import prices will decline.

On 22 June 2023, the Monetary Policy Committee announced that it has decided to increase the policy rate (one-week repo auction rate) from 8.5 per cent. to 15 per cent. In the press release on interest rates published on the same day, it was stated that while the inflation in the world has been declining, it remains well above the long-term averages. As a result, the Monetary Policy Committee has decided to begin the monetary tightening process in order to establish the disinflation course as soon as possible. On 20 July 2023, the policy rate was increased to 17.5 per cent. On 24 August 2023, the policy rate was further increased to 25 per cent. On 21 September 2023, the policy rate was increased to 30 per cent. and to 35 per cent. on 26 October 2023. The CBRT's policies are subject to further change and revision at any time and there can be no assurance that these measures will not result in further volatility. If the recent high level of inflation in Türkiye were to persist or increase further, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The state of Türkiye's high current account deficit may result in governmental efforts which could adversely affect the Group's business, results of operations and financial condition

In recent years, Türkiye has had a significant current account deficit, which could leave its economy susceptible to declines in capital inflows and vulnerable to macroeconomic shocks. Moreover, Turkish policymakers may also take measures to limit the current account deficit, which could have a negative impact on the Turkish economy and therefore the Group's customers and business.

On a 12-month basis, Türkiye's yearly current account deficit was U.S.$14.9 billion in 2021 and U.S.$48.8 billion in 2022. In addition to strong export performance following the post-pandemic era, the ongoing recovery in tourism and transportation services revenues led Türkiye's current account balance to improve and to decline in 2021. Although Türkiye's growth dynamics depend to some extent upon domestic demand, Türkiye is also dependent on trade with Europe. A decline in the economic growth of any of Türkiye's major trading partners, such as the EU, is likely to have an adverse impact on Türkiye's balance of trade and adversely affect Türkiye's economic growth. Türkiye has diversified its export markets in recent years, but the EU remains Türkiye's largest export market. A decline in demand for imports into the EU could have a material adverse effect on Turkish exports and on Türkiye's economic growth, resulting in an increase in Türkiye's current account deficit. To a lesser extent, Türkiye also exports to markets in the Middle East. Continuing political turmoil in certain of those markets, economic challenges arising from depressed crude oil prices and decreased tourist numbers due to unrest, and wars and terrorism threats in the Middle East could lead to a decline in demand for imports, with

a similar negative effect on Turkish economic growth and Türkiye's current account deficit as described immediately above.

Türkiye is an energy-dependent country and recorded U.S.$96.5 billion of energy imports in 2022. In 2021, Türkiye recorded U.S.$50.7 billion of energy imports which increased from U.S.$29.8 billion of energy imports in 2020. Any geopolitical development impacting energy security could have a material impact on Türkiye's current account balance, in particular, Türkiye's reliance on Russian energy supplies and the current ongoing conflict between Russia and Ukraine. See "*The Turkish economy is subject to geo-political risks – Russia.*" Volatile oil and natural gas prices (including as a result of agreements among the members of the Organisation of the Petroleum Exporting Countries and/or other oil-exporting nations to cut output or any geopolitical development concerning energy security and prices, such as the United States' withdrawal from the Joint Comprehensive Plan of Action and re-imposing previously suspended secondary sanctions on Iran or the decision of the United States to impose sanctions on the Government of Venezuela), together with the Turkish Lira's depreciation against the U.S. dollar (in which most of Türkiye's energy imports are priced), may have a negative impact on Türkiye's current account deficit.

If the current account deficit widens more than anticipated, financial stability in Türkiye may deteriorate. Financing the high current account deficit may be difficult in the event of a global liquidity crisis and/or declining interest or confidence of foreign investors in Türkiye, and a failure to reduce the current account deficit could have a negative impact on Türkiye's sovereign credit ratings. Any such difficulties may lead the Turkish government to seek to raise additional revenue to finance the current account deficit or to seek to stabilise the Turkish financial system, and any such measures may adversely affect the Group's business, financial condition and/or results of operations.

Changes in Turkish tax laws may have an adverse impact on the taxes applicable to the Group

The Turkish Government may introduce tax changes that may affect the Group. These changes could include changes in prevailing tax rates and, occasionally, the introduction of temporary taxes to finance designated governmental projects.

For instance, recently, amendments to the Corporate Income Tax Law (Law 5520) were introduced to be effective as of 15 July 2023 which provided that the corporate income tax rate in Türkiye for 2023 is: (a) 30 per cent. for banks, financial leasing, factoring and financing companies, e-money and payment services institutions, authorised foreign exchange currency-related entities, asset management companies (*varlık yönetim şirketleri*), securities intermediaries and other capital markets institutions, insurance and reinsurance companies and pension companies; and (b) 25 per cent. for other corporate entities.

In addition, as of 7 July 2023 VAT rates applicable on certain deliveries have been increased. The general VAT rate has increased to 20 per cent. from 18 per cent. while the reduced VAT increased to 10 per cent. from 8 per cent. Further, on 12 March 2023 a supplementary, one-off tax of 5 per cent. or 10 per cent. for corporate taxpayers was implemented. The supplementary tax is payable on the deductions and exemptions claimed on 2022 annual corporate tax returns and on the tax bases is subject to a reduced tax rate.

Risks Related to the Group's Financial Position

The Company is a holding company and is dependent on intercompany cash flow to generate funds to pay dividends

The Company is a holding company and its only principal assets are the shares of its subsidiaries (the "**Group Companies**"). The Company is dependent on the holding fee, interest, dividends, loan repayments, share sales and other cash flows received from its subsidiaries to generate funds. The ability of the Group Companies to make funds available to the Company is dependent, in part, on their ability to generate positive cash flow. The

ability of the Group Companies to pay dividends and to make payments on intercompany debt owed to the Company is subject to statutory, tax and other restrictions, their earnings, level of statutory reserves and capitalisation, and various business considerations.

The Group may encounter difficulties in refinancing or extending its funding, and such funding may become more challenging and/or costly to secure. Certain of the project companies within the Group, including those which operate the airports in Almaty, Macedonia, Madinah, Zagreb, Tunisia, Antalya, İzmir and Bodrum, have financing arrangements with distribution lock-up tests. If these required ratios are not met, dividends may not be distributed to the respective Group Company. As a consequence, the funding requirements and distribution lock-up conditions of the Group Companies may limit the availability of dividends received by the respective Group Company.

Certain of the Group Companies may, from time to time, be subject to restrictions on their ability to make distributions to the Company, including as a result of restrictive covenants contained in loan agreements, including in non-default provisions and other regulatory restrictions.

The Group's substantial leverage and debt service obligations may make it difficult for it to fulfil its obligations under the Notes and operate the Group's business

Upon the consummation of the Offering, the Group will have a substantial amount of outstanding indebtedness with significant debt service requirements. The Group's total gross debt amounted to €2,218 million as of 30 September 2023.

The Group's significant leverage could have important consequences for holders of the Notes, including, but not limited to:

- making it more difficult for the Issuer to satisfy the Group's obligations with respect to the Notes and its other debt and liabilities;
- requiring the Group to dedicate a substantial portion of its cash flow to payments on its debt instead of operations, thus reducing the availability of the Group's cash flow to fund internal growth through working capital, capital expenditures, acquisitions, joint ventures, product research and development, and other general corporate purposes;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, a downturn in its business, or generally adverse economic or industry conditions;
- placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged as the Group is;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive environment and industry;
- restricting the Group from pursuing strategic acquisitions or exploiting certain business opportunities;
- limiting, among other things, the Company and its subsidiaries' ability to borrow additional funds, or raise equity capital in the future and increasing the costs of such additional financings;
- exposing the Group to risks that are inherent in interest rate fluctuations because certain of its indebtedness bears variable rates of interest; and
- subjecting the Group to restrictive covenants, including financial covenants, the non-compliance with which could result in an event of default under, or acceleration of, the Group's indebtedness.

The Group primarily expects to use cash flow from operations to finance its operations, service its indebtedness and fund capital expenditures. In the nine months ended 30 September 2023, interest expense on borrowings in profit or loss was €92.2 million. In the year ended 31 December 2022, interest expense on borrowings in profit or loss was €83.5 million. The Group's ability to service its indebtedness in the future depends on its future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which it cannot control. The Group's business may not generate sufficient cash flow from operations in the future, which could result in it being unable to service or repay indebtedness or fund other liquidity needs. If the Group cannot service its indebtedness and meet its other obligations and commitments, the Group might be required to refinance its debt or dispose of assets to obtain funds for such purpose. The Group cannot assure potential investors that such refinancings or asset disposals could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of its debt instruments.

The Group Companies have a substantial amount of outstanding secured indebtedness and may be unable to renew or refinance any such indebtedness as it matures, and Noteholders' rights to receive payments on the Notes is effectively junior to the lenders of the Group Companies

The Group Companies have a substantial amount of debt service obligations. As of 30 September 2023, the Group Companies' consolidated total gross debt (not including commitment and contingencies but including the ADP Shareholder Loan) was €2,218 million, including €513 million of short-term gross debt. As of 30 September 2023, the Group's total commitments and contingencies was €1.3 billion. The total gross debt is comprised of €1,264 million secured bank loans which mainly consist of project finance loans secured by pledges. The Group has €513 million due within the next year, €750 million due in the next year to three years, €533 million due in the next three to five years and €423 million due after five or more years. There can be no assurance that the Group Companies will have sufficient liquidity resources to repay their outstanding indebtedness when it matures or that refinancing such indebtedness will be available on commercially acceptable terms or at all.

Further, the Group Companies are subject to significant risks in relation to their ability to renew, extend or refinance loans and other obligations as they mature. While the Group Companies aim to actively manage their debt portfolio and begin discussions with lenders well in advance of loan maturities, their ability to renew or refinance loans and other obligations and to do so on commercially reasonable terms depends on the level and stability of cash flows and market environment as well as many other factors beyond the Group Companies' control.

Since the Company is a holding company and its only principal assets are the shares of the Group Companies, Noteholders' rights to receive payments on the Notes is effectively junior to any current or future indebtedness of the Group Companies. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of a Group Company, lenders to the Group Company will have prior claims to the Group Companies' assets/concessions that constitute the collateral for such secured indebtedness over the Noteholders. In such a scenario, there could be a material adverse effect on the Group's business, results of operations, financial condition and the Group's ability to make scheduled payments on the Notes.

In addition, Aviator Netherlands is an intermediate holding company within the Group, with no independent business operations and no significant assets, other than the equity interests it holds in its subsidiaries. Aviator Netherlands is therefore dependent upon the cash flows from its subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes and the Guarantee, respectively.

The Issuer does not present stand-alone financial information for individual Guarantors and audited consolidated financial statements for the Issuer included in this Offering Circular may be of limited use in assessing the financial position of individual Guarantors

As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations. The 2022 Financial Statements and the 2021 Financial Statements are consolidated at the Issuer level and do not include standalone financial information of individual Guarantors. As the non-Guarantor subsidiaries of the Issuer represent 80 per cent. of the consolidated Group EBITDA and 37 per cent. of the consolidated net assets as at and for the nine months ended 30 September 2023, such financial information may be of limited use in assessing the financial position of individual Guarantors. The 2022 Financial Statements and the 2021 Financial Statements include financial information of both Guarantor and non-Guarantor subsidiaries of the Issuer.

The Group must comply with financial ratios and other covenants under the terms of its indebtedness

All of the Group's major credit facilities contain restrictive covenants that require the Group to comply with certain financial ratios and other positive and negative covenants. Upon completion of the Offering, the Group will also be subject to restrictive covenants under the Trust Deed. The financial covenants include requirements to maintain minimum debt service coverage ratios, net asset values and shareholders' equity levels. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*" for a detailed description of the key financial ratios and covenants of the Group indebtedness.

In Tunisia, TAV Tunisie S.A. ("**TAV Tunisie**") a Subsidiary in the Group which operates Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport is currently in breach of its financial ratios and restrictive covenants. The total amount current outstanding on the relevant loan is €238 million as of 30 September 2023. While TAV Tunisie has requested a waiver from the lenders and asked to amend the relevant covenants for future periods, there can be no assurance that the lenders will agree to grant such waiver. Even though the debt facilities of TAV Tunisie are without recourse to the Issuer, the Guarantors or the other Group Companies, there can be no assurance that the Group will not need to contribute additional capital to TAV Tunisie to maintain its operations in Tunisia. In addition, there can be no assurance that the Group will continue to be able to comply with the covenants in its other financings. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*" for information on the Group's existing debt.

The need to observe the financial ratios and covenants in the Group's debt agreements could hinder its ability to incur additional debt and to grow the Group's business. In addition, a failure to meet the Group's debt service obligations, obtain waivers of covenant breaches or to refinance the Group's debt on commercially acceptable terms in such a situation could lead to serious negative consequences for the Group. Any deterioration in the Group's operating performance, including due to any worsening of prevailing economic conditions, or any financial, business or other factors, many of which are beyond the Group's control, may materially adversely affect the Group's cash flows, hinder the Group's ability to service its indebtedness and result in covenant breaches under its credit facilities. Additionally, a failure to meet the Group's debt service obligations or obtain the relevant waivers could make it difficult for the Group to access funding in the future, which would make it difficult for the Group to progress its plans for expansion and may delay existing projects if additional funding is needed.

If, in the future, the Group does not generate sufficient cash flow from operations in order to meet its debt service obligations or have covenant breaches that are not waived by its lenders, the Group may have to refinance or restructure its debt, reduce or delay its planned development activities in order to avoid default and acceleration of the Group's debt by its lenders. Waivers by the Group's lenders may require that the Group pay

higher interest rates or one-time waiver fees. There can be no assurance that any refinancing or additional financing would be available at all or on acceptable terms in such a situation. In addition, certain of the Group's financing arrangements contain cross-default and cross-acceleration provisions. Failure to meet the Group's obligations under its financing agreements may result in a default, which could increase the cost of securing additional capital and lead to the acceleration of its loans.

The Issuer guarantees the debt of some of its subsidiaries and such guarantees are more likely to become due in circumstances when an enforcement action may be taken against the Issuer's subsidiaries which may reduce such subsidiaries' assets

In the ordinary course of business, any amounts due under any guarantee granted by the Issuer in respect of indebtedness incurred by its subsidiaries are likely to operate on a contingent basis, as opposed to requiring immediate repayment. In a circumstance where any such guarantee becomes enforceable, including (without limitation) following the occurrence of a payment default or an insolvency-related default under the relevant Subsidiary's indebtedness, the contingent claims against the Issuer are more likely to crystallise and become due and payable at a time at which the Subsidiary's project and assets are less valuable and it is therefore in a financially vulnerable position. If the reasons for the underlying default are not isolated to one Subsidiary, but instead are present across a number of subsidiaries and their projects, this may result in multiple contingent claims against the Issuer crystallising at any one time.

Despite the Group's high level of indebtedness and restrictive covenants, the Group will still be able to incur significant additional amounts of debt or make certain restricted payments, which could further exacerbate the risks associated with its substantial leverage

The Group may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. Moreover, some of the debt the Group may incur in the future could be effectively and structurally senior to the Notes and may be secured by collateral that does not secure the Notes. The incurrence of additional debt would increase the leverage-related risks described in this Offering Circular. The Group is also permitted to invest in joint ventures and acquisitions, which may increase its indebtedness. Adding new debt to the Group's existing debt levels or making restricted payments could exacerbate the risks associated with its substantial leverage described above, including the Group's possible inability to service its debt.

The Notes will be structurally subordinated to the liabilities of non-Guarantor members of the Group

Some, but not all, of the members of the Group will guarantee the Notes. As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations. On an as-adjusted basis (after giving effect to the Offering) as of 30 September 2023, the Group Companies that will not guarantee the Notes would have had €1,238 million of outstanding external financial indebtedness. Unless a Group Company is a Guarantor, such entity will not have any obligations to pay amounts due under the Notes or to otherwise make funds available for that purpose. The Conditions will, subject to some limitations, permit non-Guarantor subsidiaries to incur substantial amounts of additional indebtedness and will not restrict the amount of other liabilities that may be incurred by these subsidiaries. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such non-Guarantor subsidiaries before their assets are made for distribution to the Issuer or any Guarantor (as a direct or indirect shareholder).

Accordingly, in the event that any non-Guarantor Subsidiary becomes insolvent, is liquidated, reorganised or dissolved or is otherwise wound up, other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such company; and
- the creditors of such non-guarantor Subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such Subsidiary.

As such, the Notes and the Guarantee will be structurally subordinated to the creditors (including trade creditors).

The Group may not be able to generate sufficient cash to service its indebtedness, including due to factors outside its control, and the Group may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful

The Group's ability to service its indebtedness will depend on its future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Some of these factors are beyond the Group's control. In addition, the Group's ability to borrow funds in the future to make payments on the Group's debt will depend on the satisfaction of the covenants in its debt agreements and other agreements the Group may enter into in the future. The Group cannot assure potential investors that its business will generate sufficient cash flows from operations or that future borrowings will be available to the Group in an amount sufficient to enable it to make interest and principal payments on its debt, including the Notes, or to fund its other liquidity needs.

If the Group's cash flows from operations and capital resources are insufficient to fund its debt obligations, the Group may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, forego opportunities, or seek to restructure or refinance its indebtedness, including the Notes. These alternative measures may not be successful and may not be sufficient to enable the Group to meet its scheduled debt obligations. In the absence of such cash flows and resources, the Group could face substantial liquidity problems and could be required to sell material assets to attempt to meet its debt service and other obligations. The Group may not be able to consummate those asset sales to raise capital or sell assets at prices and on terms that the Group believes are fair, and any proceeds that it receives may not be adequate to meet any debt obligations then due. If the Group cannot meet its debt obligations, the holders of the Group's debt may accelerate its debt. In such an event, the Group may not have sufficient assets to repay all of its debt.

In addition, any failure to make payments of interest or principal on the Group's outstanding indebtedness on a timely basis would likely result in a reduction of its credit rating, which could harm its ability to incur additional indebtedness. For a discussion of the Group's cash flows and liquidity, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Liquidity and Capital Resources.*"

Risk that credit rating can be lowered or withdrawn

The Group's credit ratings are an important factor in determining the Group's cost of borrowing funds. As at the date of this Offering Circular, the Issuer is expected to be assigned a corporate rating of BB- by S&P and BB by Fitch and has been assigned a long-term issuer default rating of A-- (Trk) (stable), a J1+ (Trk) (stable) on short-term default rating and a BBB+ long-term international foreign and local currency rating (stable) by JCR Eurasia. Any of the rating agencies rating the Group have the ability to downgrade its assigned ratings based on their assessment of the Group's current or future business, financial condition, operational performance or other factors. There is no assurance that a credit rating will remain in place for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. The Group could for instance be confronted with one or multiple rating

downgrade(s) if its operating cash flow would significantly decrease. A decision by a rating agency to downgrade or withdraw the Group's credit rating could for instance limit the Group's access to the capital markets and thereby significantly limit its funding options. Furthermore, a downgrade would most likely result in an increase of the Group's borrowing costs and adversely affect its results. Such rating events may also negatively affect the value of the Notes.

The Group is subject to liquidity risk

The Group's approach to managing its liquidity is to ensure, insofar as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both usual and stressed conditions, without incurring excessive losses or risking damage to the Group's reputation. The Group cash management is semi-centralised, with each Group Company being responsible for their own cash position but subject to monitoring by the relevant Group-level departments. The Group has a centralised approach to intercompany balances, which are managed centrally at the Group treasury in order to minimise working capital requirement.

The Group may encounter difficulty in meeting its obligations associated with its operational and financial liabilities due to a deterioration in cash inflow or a mismanagement of its liquidity planning. Were this to be the case, the Group's business, financial condition and/or results of operations may be negatively affected.

The Group is subject to currency risk

The Group operates in a multicurrency environment. The Group's functional currency is the EUR, and the Group has balances that are denominated in a currency other than the respective functional currencies of Group entities. This is primarily the EUR, but also includes USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL, OMR, MXN, KZT and MDG. Hard currency revenue provides a natural hedge against devaluation of the Turkish Lira versus EUR and USD where borrowing is made. For the year ended 31 December 2022, 72 per cent. of revenues (including EUR indexed TRY revenue (duty free and partially food and beverage) and currencies pegged to USD (OMR and SAR)) and 35 per cent. of operating expenses were in hard currency.

Due to the above factors, the Group may become exposed to the adverse effects of currency exchange rate fluctuation in both its cash flows and on its balance sheet, the latter of which may result as adverse effects such as increased tax payments due to foreign exchange revenues. Should this occur, it could result in a negative effect on the Group's business, financial condition and/or results of operations.

The Group is subject to interest rate risk

Total sum of fixed and hedged bank loans and shareholder loans represent 67 per cent. of the Group's total consolidated bank loans and shareholder loans as of 30 September 2023. When including the Group's unconsolidated joint ventures, the residual risk exposure that the Group carries at floating interest rates increases, as the Group may be exposed to higher interest rates in the current macroeconomic environment.

Additionally, the Group is a party to several loan agreements, including agreements which relate the ongoing projects at Ankara Esenboğa Airport and Antalya Airport, which may have to be refinanced in the near term. The transition from short-term bridge loan to long-term project finance loan may be costly for the relevant Group Companies, due to the current high interest rate environment globally. Were the interest rates for these loan agreements to increase, the Group may have difficulty servicing its debt and/or the economic feasibility of the relevant projects may deteriorate.

Were the above impacts of rising interest rates to manifest for the Group, its business, financial condition and/or results of operations may be negatively affected.

The Group is subject to risks relating to its hedging arrangements

In accordance with its risk policy, the Group may, from time to time, use hedging instruments related to both currency and interest rate risk. Hedging instruments used for interest rate risks include hedging from floating

to fixed interest rates in order to mitigate any potential adverse effects of interest rate risk. The use of these hedging instruments could lead to increased liquidity or refinancing risks for the Group, as the liability of the Group may increase, as compared to a non-hedging scenario, depending on market conditions. Were this to be the case, the Group's business, financial condition and/or results of operations may be negatively affected.

Risks Relating to the Notes and the Guarantee

The value of the Guarantee may be limited by applicable laws or subject to certain limitations or defences that may adversely affect its validity or enforceability

The Guarantee will be senior obligations of the Guarantors and will generally rank equal in right of payment with all senior obligations of the Guarantors.

The Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, rules of group of companies or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. As a result, the Guarantors' liability under their respective Guarantee could be reduced to zero, depending upon the amount of its other obligations.

The Guarantors, other than Aviator Netherlands B.V., are organised under the laws of Türkiye and some of their assets are located in Türkiye. The granting of the Guarantee may be subject to legal challenge and review under fraudulent transfer and conveyance laws or other laws, that have been enacted for the protection of creditors in Türkiye.

These laws, among other things, limit the ability of subsidiaries to guarantee and secure the debt of a related company. Although laws differ among jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or a court or a creditor could void a Guarantee or the security interests in respect thereof if it is found that a Guarantor granting such Guarantee:

- knew or should have known that the transaction was to the detriment of the creditors;
- intended to hinder, delay or defraud creditors; or
- did not receive fair consideration or reasonably equivalent value for incurring such indebtedness and such Guarantor (i) was insolvent or rendered insolvent because it incurred such indebtedness, (ii) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measure of insolvency for purposes of fraudulent transfer laws varies, depending on the law applied. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not or would not pay its debts as they become due.

If a court or a creditor were to find that the granting of a Guarantee was a fraudulent conveyance, the court or a creditor could void or declare unenforceable the payment obligations under such Guarantee, or subordinate

such Guarantee to presently existing and future indebtedness of the Guarantors or require the holders of the Notes to repay any amounts received with respect to the Guarantee.

There are circumstances other than repayment or discharge of the Notes under which the Guarantee will be released automatically without Noteholders' consent or the consent of the Trustee

A Guarantor will be automatically and unconditionally released and discharged from its Guarantee:

- upon any sale, exchange, transfer or other disposition of equity interests of such Guarantor or any holding company of such Guarantor to a person that is not the Issuer or a Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions) and the Guarantor ceases to be a Subsidiary as a result of the sale, exchange, transfer or other disposition;
- upon any sale, exchange, transfer or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not the Issuer or a Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by the Conditions); or
- upon the payment in full of principal, interest and all other obligations on the Notes (or the Notes have otherwise been purchased and cancelled in whole, and not in part, in accordance with these Conditions).

See "*Terms and Conditions of the Notes—Status of the Notes and the Guarantee—Release of Guarantor*"

The Notes may be effectively subordinated to claims of the Issuer's and the Guarantors' future secured creditors, up to the value of the assets securing such indebtedness.

The Notes and the Guarantee are unsecured and unsubordinated obligations of the Issuer and the Guarantors, respectively. The Notes will rank equally with all of the Issuer's other unsecured and unsubordinated indebtedness, and the Guarantee will rank equally with all of the Guarantors' unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to the Issuer's or the Guarantors' secured indebtedness, if any, and will be effectively subordinated to any additional secured indebtedness the Issuer or the Guarantors may incur in the future, in each case to the extent of the value of the assets securing such indebtedness. Accordingly, in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganisation or similar proceeding affecting the Issuer or the Guarantors, the rights of holders of the Notes to receive payment will effectively be subordinated to those of secured creditors up to the value of the assets securing such indebtedness. In any of the foregoing events, the Issuer and the Guarantors cannot assure investors that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of the Notes may receive less, rateably, than holders of secured indebtedness.

Many of the covenants in the Conditions will be suspended if the Notes have Investment Grade Status

Many of the covenants contained in the Conditions will be suspended if the Notes achieve Investment Grade Status, i.e. the Notes are rated "Baa3" or "BBB-", or better, by at least two of the rating agencies, provided at such time no Event of Default or Potential Event of Default under the Conditions has occurred and is continuing. These covenants will be suspended for the duration of the period during which the Notes maintain an investment grade rating, however, there can be no assurance that the Notes will ever achieve Investment Grade Status, or that if they do achieve Investment Grade Status, the Notes will maintain such status. Suspension of these covenants, however, would allow the Issuer and its Subsidiaries to engage in certain transactions that would not be permitted while these covenants were in force. See Condition 4 (Covenants).

The Notes' optional redemption features are likely to limit their market value

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally may not rise substantially

above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes having taken into account the cost of redeeming the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Potential investors should also note that in certain circumstances the Issuer has the ability to exercise a "clean-up" call in relation to the Notes. If, at any time, 80 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes) have been redeemed or purchased, the Issuer may, redeem or purchase or procure the purchase of all, but not some only, of the remaining outstanding Notes at 100 per cent. of their principal amount together with any interest accrued to (but excluding) the date fixed for redemption or purchase (as applicable).

The Issuer may not be able to finance a redemption at the option of the Noteholders upon a Change of Control Put Event

Upon the occurrence of a Change of Control (as defined in the Terms and Conditions), the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101 per cent. of the principal amount thereof on the date of purchase plus accrued and unpaid interest to, but excluding, the date of purchase, if any.

If a Change of Control were to occur, there can be no assurance that the Issuer would have sufficient funds available at such time, or that the Group would have sufficient funds to provide to the Issuer and/or the Guarantors to pay the purchase price of the outstanding Notes or that the restrictions in the Notes or the Group's other existing contractual obligations would allow the Group to make such required repurchases. A Change of Control may result in an obligation to mandatorily prepay certain other indebtedness. The repurchase of the Notes upon the occurrence of a Change of Control could cause a default under such other indebtedness, even if the Change of Control itself does not. The ability of the Issuer to receive cash from its Subsidiaries to allow them to pay cash to the Noteholders following the occurrence of a Change of Control, may be limited by the Group's then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control occurs at a time when the Group is prohibited under its other financing arrangements from providing funds to the Issuer for the purpose of repurchasing the Notes, the Group may need to seek the consent of the lenders under such other financing arrangements to purchase the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, the Group may require third-party financing to make an offer to repurchase the Notes, upon a Change of Control. There can be no assurance that the Group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Notes, which would, in turn, constitute a default under certain other indebtedness.

The Change of Control provisions contained in the Terms and Conditions may not necessarily afford Noteholders protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Group that may adversely affect Noteholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described in the Terms and Conditions, the Notes will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

Redemption prior to maturity for tax reasons

The Issuer may redeem all, but not some only, of the outstanding Notes in accordance with the Conditions in the event that: (i) the Issuer or any Guarantor would be required to pay additional amounts in respect of the Notes due to any changes in or amendments to the laws or regulations of any Relevant Jurisdiction or any changes in the application or official interpretation or administration of such laws or regulations; and (ii) such obligation cannot be avoided by the Issuer and/or the relevant Guarantor taking reasonable measures available to them.

On any such redemption for tax reasons, Noteholders would receive the principal amount of the Notes that they hold, together with interest accrued on those Notes up to, but excluding, the date fixed for redemption and all additional amounts (if any) then due and that will become due on the date fixed for redemption. If the Issuer were to redeem the Notes early, it might not be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes. See Condition 7.2 (*Redemption for Taxation Reasons*).

The market value of the Notes could decrease if the Group's creditworthiness worsens

The market value of the Notes will suffer if the market perceives the Issuer and the Guarantors to be less likely to fully perform their respective obligations under the Notes, the Trust Deed when they fall due. This could occur, for example, because of the materialisation of any of the risks described in this "Risk Factors" section. Even if the Issuer's and the Guarantors' ability to fully perform their respective obligations under the Notes and the Trust Deed when they fall due did not actually decrease, market participants could nevertheless have a different perception. In addition, market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change, causing the market value of the Notes to fall. If any of these events occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of these risks. Under these circumstances, the market value of the Notes would be likely to decrease.

As the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg and DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantors and to exercise any rights and remedies

The Notes will be represented by the Global Notes except in certain limited circumstances described therein. The Regulation S Global Note will be deposited with the Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be registered in the name of a nominee of, and deposited with a custodian for, DTC. Except in certain limited circumstances described in the Global Notes, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Notes. While the relevant Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg and/or DTC, as applicable.

Unless and until the Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The Issuer and the Guarantors will discharge their payment obligations under the Notes by making payments through DTC or to the Common Depositary for Euroclear and Clearstream, Luxembourg (as the case may be) for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg (as the case may be) to receive payments under the Notes. The Issuer and the Guarantors have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Accordingly, if investors own a book-entry interest directly or through a participant in DTC, Euroclear or Clearstream, Luxembourg, as applicable, investors must rely on the procedures of DTC, Euroclear and/or

Clearstream, Luxembourg, and if investors are not participants in DTC, Euroclear and/or Clearstream, Luxembourg, on the procedures of the participant through which investors own the interest, to exercise any rights and obligations of a holder of the Notes. See "*Clearing and Settlement*". Such procedures may limit the rights of holders of book-entry interest in a number of respects.

Unlike holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if investors own a book-entry interest, investors will be permitted to act only to the extent investors have received appropriate proxies to do so from DTC, Euroclear and/or Clearstream Luxembourg or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable investors to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Notes, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own a book-entry interest investors will be restricted to acting through DTC, Euroclear and/or Clearstream, Luxembourg and if investors are not participants in DTC, Euroclear and/or Clearstream, Luxembourg, through the relevant participant. The Issuer cannot assure prospective investors that the procedures to be implemented through DTC, Euroclear and/or Clearstream, Luxembourg will be adequate to ensure exercise of rights under the Notes on a timely basis or at all.

Transfer of investments in the Notes and Guarantee will be subject to certain restrictions

The Notes and the Guarantee have not been and will not be registered under the Securities Act or under any other national, state or local securities laws of the United States. Prospective investors may not offer or sell the Notes and the Guarantee, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other national, state or local securities laws of the United States. Similar restrictions will apply in other jurisdictions. Prospective investors should read the discussion under "Transfer Restrictions" for further information about these transfer restrictions. It is Noteholders' obligation to ensure that their offers and sales of the Notes and the Guarantee within the United States and other countries comply with any applicable securities laws.

The Terms and Conditions and the Trust Deed contain provisions which may permit their modification without the consent of all, or even a majority of, Noteholders and in certain limited circumstances without the consent of any Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (which, under certain circumstances, may even amount to a minority of holders of the face amount of the Notes for the time being outstanding) to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority (or, as the case may be, in certain circumstances, the minority).

The Terms and Conditions and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders, agree to: (i) any modification of any of the provisions of the documentation relating to the Notes (including, without limitation, the Trust Deed and the Terms and Conditions) which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification (other than as mentioned in the Trust Deed) of the Terms and Conditions or the documentation relating to the Notes, or the waiver or authorisation of any breach or proposed breach of, any of the Terms and Conditions or any of the provisions of the documentation relating to the Notes or determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders would not be materially prejudiced thereby, provided that the Trustee shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 10 (*Events of Default*).

The Issuer may create and issue further Notes

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

Credit ratings may not reflect all risks and changes to Türkiye's credit ratings may affect the Group's ability to obtain funding

The Notes are expected to be assigned a rating of "B+" by S&P and a rating of "BB" by Fitch.

The foregoing credit ratings do not mean that the Notes are a suitable investment. The credit ratings assigned to the Notes at any time may not reflect the potential impact of all risks related to structure, market, the factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating organisation at any time. A credit rating reflects only the views of the assigning rating organisation. Investors must conduct their own assessments of the Group and its business, operations, assets and financial position, and are strongly cautioned not to place undue emphasis on any particular rating that has been assigned to the Notes.

Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by S&P and Fitch will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating. Moreover, a downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the Group's ratings. See "*—Political developments in Türkiye may have a material adverse effect on the Group's business, financial condition and results of operations*" for a discussion of the Turkish sovereign credit rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the CRA Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates

continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of any rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

There is no public trading market for the Notes and an active trading market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. Although an application has been made to Euronext Dublin for the Notes to be admitted to listing on the Official List and to trading on its GEM, there can be no assurance that such applications will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

The market price of the Notes is subject to a high degree of volatility

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale by the Issuer of other debt securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Issuer's financial condition or results of operations.

The market price of investments in the Notes is also influenced by economic and market conditions in Türkiye and, to varying degrees, economic and market conditions in emerging markets generally. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Türkiye. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including the Issuer's, which could adversely affect the market price of investments in the Notes.

Investors whose financial activities are denominated in a currency or currency unit other than USD may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls

The Issuer will pay principal and interest on the Notes in USD. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than USD. These include the risk that exchange rates may significantly change (including changes due to devaluation of the USD or revaluation of the Investor's Currency) and the risk that

authorities with jurisdiction over the Issuer's currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to USD would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Changes in the value of the Investor's Currency relative to USD could be caused by a variety of factors, including changes to the monetary policies maintained in the relevant central banks and vacillating demand for various currencies in the global marketplace. As a result, investors may receive less interest or principal than expected, or no interest or principal on the Notes.

Risks Relating to Enforcement

It may not be possible for investors to enforce foreign judgments against the Issuer or its management in certain circumstances

The Issuer is a public joint stock company (*halka açık anonim şirket*) and some of the Guarantors are incorporated as a joint stock company (*anonim şirket*) under the laws of Türkiye. Certain of the directors and officers of the Issuer reside inside Türkiye and all or a substantial portion of the assets of such persons may be, and substantially all of the assets of the Issuer are, located in Türkiye. As a result, it may not be possible for investors to effect service of process upon such persons outside Türkiye or to enforce against them in the courts of jurisdictions other than Türkiye any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under the Turkish International Private and Procedure Law No. 5718, a judgment of a court established in a country other than the Republic of Türkiye may not be enforced in Turkish courts in certain circumstances. Although Turkish courts generally recognise enforceable judgments of English courts on the basis that there is de facto reciprocity between the United Kingdom and Türkiye with respect to the enforcement of judgments of their respective courts, there is no treaty between the United Kingdom and Türkiye providing for reciprocal enforcement of judgments. For further information, see "*Certain Insolvency and Enforceability Considerations.*"

The Terms and Conditions of the Notes are governed by English law and the terms are specified with reference to that law as in effect as at the date of this Offering Circular. Similarly, the enforcement rights of the Noteholders against the Issuer and its assets in Türkiye assume the application of Turkish law as presently in effect. Any possible judicial decision or change to English or Turkish law or administrative practice after the date of this Offering Circular may impact the Notes.

Furthermore, any claim against the Issuer or Turkish Guarantor which is denominated in a foreign currency would, upon pronouncement of bankruptcy of the Issuer, only be payable in Turkish Lira, thereby shifting the currency exchange risk from the Issuer or such Guarantor(s) to the Noteholders. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency, which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

The Guarantee provided by Aviator Netherlands may be limited by the laws of the Netherlands or subject to certain limitations or defences that may adversely affect its validity and enforceability.

The obligations of Aviator Netherlands and the enforcement of the Guarantee provided by Aviator Netherlands will be limited under the laws of the Netherlands in certain circumstances. For further information, see "*Certain Insolvency and Enforceability Considerations - The Netherlands – Limitations on Enforcement.*"

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations. The Terms and Conditions of the Notes provide that the Notes, the Trust Deed and any non-contractual obligations arising out of or in connection therewith, are governed by, and will be construed in accordance with, English law.

However, the Turkish International Private and Procedure Law No. 5718 imposes certain restrictions in relation to the choice of law for certain non-contractual obligations. In particular, the Turkish International Private and Procedure Law No. 5718 provides that parties are permitted to choose the law applicable to claims relating to tort and/or unjust enrichment only after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment. As a result, a Turkish court may refuse to apply English law to any such non-contractual obligations arising out of or in connection with the Notes, and the Trust Deed and may decide to apply Turkish law in respect of such obligations. For further information, see "*Certain Insolvency and Enforceability Considerations*".

USE OF PROCEEDS

The proceeds of the issue of the Notes will amount to U.S.$400 million (prior to any deduction of fees and/or expenses in connection with the issue and offering of the Notes) and will be used by the Issuer, to refinance existing indebtedness (including shareholder loans), and to pay all fees, discounts and commissions related to the Offering.

The following table sets forth the estimated sources and uses for the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from the Group's estimates of fees, discounts and commissions.

Source of Funds		**Use of Funds**[(1)]	
	(U.S.$ millions)		*(U.S.$ millions)*
Notes offered hereby	400.0	Repayment of holding bank debt and interest[(2)]	322.7
		Repayment of ADP shareholder loan	72.3
		Transaction cost	5.0
Total sources of funds	**400.0**	**Total uses of funds**	**400.0**

Note:

(1) €1.00 = U.S.$1.10.

(2) All regular term bank loans of TAV Holding will be paid.

CAPITALISATION

The following table sets forth the Group's consolidated cash and cash equivalents, restricted bank balances and capitalisation as at 30 September 2023 (i) on an actual basis derived from the Interim Unaudited Financial Statements included elsewhere in this Offering Circular and (ii) as adjusted to give effect to the Offering and the use of proceeds thereof as if they had occurred on 30 September 2023. Potential investors should read this table in conjunction with "*Selected Consolidated Financial and Operating Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Group's IFRS Financial Statements included elsewhere in this Offering Circular.

	As at nine months ended 30 September 2023	
	Actual	**As adjusted**
	(€ '000)	
Cash and cash equivalents	448,500	448,500
Restricted bank balances[(1)]	95,810	95,810
Bank loans:		
TAV Holding	293,368	—[(2)]
TAV Kazakhstan	425,627	425,627
TAV Tunisie	238,293	238,293
TAV Ege	187,441	187,441
TAV Ankara	157,838	157,838
TAV Milas Bodrum	111,283	111,283
Havaş	52,976	52,976
BTA	46,489	46,489
TAV Operation Services	23,648	23,648
TAV Security	490	490
TAV Macedonia	70,214	70,214
Total bank loans	**1,607,667**	**1,314,299**
Shareholder loans	460,218	394,495[(2)]
Bank overdraft	401	401
Finance Lease Liabilities	70,370	70,370
Deferred Payment Liabilities	54,236	54,236
Financial liabilities at fair value through profit or loss	25,529	25,529
Notes offered hereby[(5)]	—	363,636
Total debt	**2,218,420**	**2,222,966**
Total equity	**1,405,288**	**1,405,288**
Total capitalisation	**3,623,708**	**3,628,254**

Note:

(1) Restricted bank balances are comprised of project reserve and funding accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders and other purposes.

(2) The proceeds of the issue of the Notes will in part be used to pay U.S.$322.7 million of the Group's bank loans.

(3) The proceeds of the issue of the Notes will in part be used to repay U.S.$72.3 million of the ADP shareholder loan.

(4) The proceeds of the issue of the Notes will in part be used to pay U.S.$5 million of transaction costs.

(5) €1.00 = U.S.$1.10.

SELECTED HISTORICAL FINANCIAL AND OPERATIONAL DATA

The following tables summarise the Group's historical consolidated financial data. The selected historical consolidated financial data as at and for the years ended 31 December 2020, 2021 and 2022 and as at 30 September 2023 and for the nine month periods ended 30 September 2022 and 2023 have been derived from the Group's Financial Statements that are included elsewhere in this Offering Circular. The Group's results for the nine-month period ended 30 September 2023 should not be regarded as indicative of the results that may be expected for the entire year.

The unaudited consolidated statement of profit and loss and comprehensive income information and the other financial information presented for the twelve months ended 30 September 2023 have been derived by subtracting from the financial information of the audited consolidated financial statements for the year ended 31 December 2022 the comparative financial information of the unaudited interim condensed consolidated financial statements and for the nine months ended 30 September 2022, and adding the financial information of the unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2023. The unaudited condensed consolidated statement of profit and loss and comprehensive income information and the other financial information presented for the twelve months ended 30 September 2023 have been prepared for illustrative purposes only and are not necessarily representative of the Group's results of operations for any future period or the Group's financial condition at any future date. This data has been prepared solely for the purpose of this Offering Circular, is not prepared in the ordinary course of the Group's financial reporting.

Potential investors should read the following information in conjunction with "*Presentation of Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the IFRS Financial Statements included elsewhere in this Offering Circular.

Results of Operations

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	**2021**	**2022**	**2022**	**2023**	**2023**
		(€ '000)			*(€ '000) (Unaudited)*	
Operating revenue	301,406	522,064	1,051,358	752,481	981,968	1,280,845
Cost of catering inventory sold	(12,122)	(19,115)	(34,385)	(24,997)	(34,465)	(43,853)
Cost of fuel sold	—	(46,004)	(176,595)	(115,777)	(164,382)	(225,200)
Cost of services rendered	(37,779)	(49,438)	(104,903)	(67,513)	(95,199)	(132,589)
Personnel expenses	(145,280)	(162,925)	(242,414)	(161,036)	(233,280)	(314,658)
Concession and rent expenses	—	—	(1,292)	(992)	(1,383)	(1,683)
Depreciation, amortisation and impairment expenses	(96,227)	(76,645)	(95,568)	(70,431)	(99,339)	(124,476)
Other operating income	11,394	523	7,319	2,034	1,219	6,504
Other operating expenses	(94,996)	(95,564)	(176,953)	(117,255)	(133,215)	(192,913)
Share of profit of equity-accounted investments, net of tax	(76,788)	(22,748)	52,880	47,175	77,576	83,281
Operating profit/ (loss)	**(150,392)**	**50,148**	**279,447**	**243,689**	**299,500**	**335,258**
Finance income	11,162	167,150	26,001	20,724	68,706	73,983
Finance costs	(135,413)	(134,558)	(163,729)	(118,687)	(146,636)	(191,678)

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
Net finance (costs)/ income	**(124,251)**	**32,592**	**(137,728)**	**(97,963)**	**(77,930)**	**(117,695)**
Net monetary position gains	—	—	15,599	14,216	6,419	7,802
Profit / (loss) before tax	**(274,643)**	**82,740**	**157,318**	**159,942**	**227,989**	**225,365**
Tax expenses	(3,495)	(31,465)	(25,770)	(23,366)	(44,302)	(46,706)
Profit/ (loss) from continuing operations	(278,138)	51,275	131,548	136,576	183,687	178,659
Loss from discontinued operations	(6,783)	(1,321)	(941)	(717)	(159)	(383)
Profit/ (loss) for the period after discontinued operations	(284,921)	49,954	130,607	135,859	183,528	178,276
Defined benefit obligation actuarial differences	337	145	(13,198)	(1,565)	(5,398)	(17,031)
Defined benefit obligation actuarial differences from equity accounted investments	72	(1,284)	(5,563)	(2,900)	(9,199)	(11,862)
Tax on defined benefit obligation actuarial differences	(68)	(29)	2,641	315	2,356	4,682
Tax on defined benefit obligation actuarial differences from equity accounted investments	(29)	(15)	27	31	1,556	1,552
Total items that will not be reclassified to profit or loss	312	(1,183)	(16,093)	(4,119)	(10,685)	(22,659)
Effective portion of changes in fair value of cash flow hedges	14,015	74,743	85,372	81,922	8,241	11,691
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	(1,598)	6,959	1,316	1,185	356	487
Portion of cash flow hedges charged to profit or loss	(8,101)	(36,207)	(6,410)	(5,013)	5,343	3,946
Foreign currency translation differences for foreign operations	(23,355)	21,835	40,492	91,159	(2,915)	(53,582)
Foreign currency translation differences for foreign operations from equity accounted investments	(9,761)	(17,891)	(10,538)	(8,975)	(18,019)	(19,582)
Tax on cash flow hedge reserves	(223)	(2,082)	(15,498)	(15,105)	(3,344)	(3,737)
Tax on cash flow hedge reserves from equity accounted investments	379	(696)	—	—	—	–
Total items that are or may be reclassified subsequently to profit or loss	**(28,644)**	**46,661**	**94,734**	**145,173**	**(10,338)**	**(60,777)**
Other comprehensive income/ (loss) for the period, net of tax	**(28,332)**	**45,478**	**78,641**	**141,054**	**(21,023)**	**(83,436)**
Total comprehensive income/ (loss) for the period	**(313,253)**	**95,432**	**209,248**	**276,913**	**162,505**	**94,840**

Statement of Financial Position

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
		(€ '000)		*(€ '000) (Unaudited)*
Assets				
Property and equipment	182,370	370,958	487,345	636,854
Intangible assets	11,692	12,193	19,888	19,300

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
		(€ '000)		*(€ '000) (Unaudited)*
Airport operation right	1,569,138	1,680,901	1,652,220	1,600,196
Right of use assets	65,942	58,293	56,754	69,347
Equity-accounted investments	337,129	319,197	755,853	702,139
Goodwill	137,055	213,441	219,206	219,913
Derivative financial instruments	—	—	53,613	67,813
Trade receivables	31,224	9,683	—	—
Non-current due from related parties	2,351	204,265	144,016	80,241
Other non-current assets	101,300	110,089	107,913	248,133
Deferred tax assets	32,216	18,468	28,593	31,817
Total non-current assets	**2,470,417**	**2,997,488**	**3,525,401**	**3,675,753**
Inventories	7,127	20,740	50,169	29,445
Financial assets	50,000	—	45,466	88,003
Trade receivables	73,464	85,471	113,771	168,709
Due from related parties	29,987	34,441	20,078	28,196
Other receivables and current assets	295,174	131,439	159,264	164,420
Cash and cash equivalents	604,298	92,939	258,015	448,500
Restricted bank balances	24,656	82,211	105,569	95,810
	1,084,706	**447,241**	**752,332**	**1,023,083**
Assets classified as held for sale	—	—	—	**1,031**
Total current assets	**1,084,706**	**447,241**	**752,332**	**1,024,114**
Total assets	**3,555,123**	**3,444,729**	**4,277,733**	**4,699,867**
Equity				
Share capital	162,384	162,384	162,384	162,384
Share premium	220,286	220,286	220,286	220,286
Legal reserves	121,975	121,975	121,975	121,975
Other reserves	(29,645)	(52,523)	(74,341)	(70,058)
Treasury reserves	(4,282)	(4,282)	—	—
Purchase of shares of entities under common control	40,064	40,064	40,064	40,064
Cash flow hedge reserve	(60,612)	(17,895)	46,885	57,481
Translation reserves	(66,964)	(64,975)	(38,431)	(59,743)
Retained earnings	539,583	590,668	725,838	914,244
Total equity attributable to equity holders of the Company	**922,789**	**995,702**	**1,204,660**	**1,386,633**
Non-controlling interests	11,906	14,951	19,998	18,655
Total equity	**934,695**	**1,010,653**	**1,224,658**	**1,405,288**
Liabilities				
Loans and borrowings	619,999	847,600	1,007,692	1,201,610
Reserve for employee severance indemnity	15,601	10,973	24,029	23,165
Due to related parties	—	153,623	465,279	460,218
Derivative financial instruments	35,381	24,521	—	—
Deferred income	15,264	13,204	11,724	13,637
Other payables	588,526	732,089	709,987	627,015
Liabilities from equity-accounted investments	50,211	90,076	9,542	10,019

	As at 31 December			As at 30 September
	2020	2021	2022	2023
		(€ '000)		*(€ '000) (Unaudited)*
Deferred tax liabilities	13,303	74,627	93,595	98,697
Total non-current liabilities	**1,338,285**	**1,946,713**	**2,321,848**	**2,434,361**
Bank overdraft	387	424	378	401
Loans and borrowings	712,363	344,067	387,677	501,956
Trade payables	45,768	41,931	70,415	66,404
Due to related parties	307,265	590	735	936
Derivative financial instruments	—	—	173	—
Current tax liabilities	3,024	3,296	10,820	17,504
Other payables	198,942	88,572	208,231	245,470
Provisions	4,345	5,147	6,936	8,154
Deferred income	10,049	3,336	45,862	18,999
	1,282,143	**487,363**	**731,227**	**859,824**
Liabilities classified as held for sale	—	—	—	**394**
Total current liabilities	**1,282,143**	**487,363**	**731,227**	**860,218**
Total liabilities	**2,620,428**	**2,434,076**	**3,053,075**	**3,294,579**
Total equity and liabilities	**3,555,123**	**3,444,729**	**4,277,733**	**4,699,867**

Summary of Cash Flows

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	2021	2022	2022	2023	2023
		(€ '000)			*(€ '000) (Unaudited)*	
Net cash provided from/(used in) operating activities	3,184	238,113	278,378	204,092	(15,617)	58,669
Net cash provided from/(used in) investing activities	(67,407)	(445,467)	(525,841)	(456,370)	3,936	(65,535)
Net cash flow from/(used in) financing activities	85,705	(304,042)	412,585	420,698	202,143	194,030
Net/(decrease) increase in cash and cash equivalents	21,482	(511,396)	165,122	168,420	190,462	187,164
Cash and cash equivalents at the beginning of period	582,429	603,911	92,515	92,515	257,637	260,935
Cash and cash equivalents at the end of period[(1)]	**603,911**	**92,515**	**257,637**	**260,935**	**448,099**	**448,099**

Note:

(1) These figures exclude bank overdrafts as detailed in Note 21 in the Financial Statements.

Other Financial Information

	For the year ended 31 December			For the nine months ended 30 September		Twelve months ended 30 September
	2020	2021	2022	2022	2023	2023
		(€ millions)			*(€ millions) (Unaudited)*	
EBITDA[(1)]	22.6	149.5	322.1	266.9	321.3	376.5
Türkiye	34.6	93.8	125.7	114.7	135.8	146.8
Kazakhstan	—	19.6	85.8	67.1	72.5	91.2
Georgia	6.7	36.1	64.7	50.4	59.4	73.7
Macedonia	(2.2)	6.6	13.4	11.2	17.6	19.8
Tunisia	(11.5)	(8.1)	12.8	7.5	16.7	22.0
Other	(5.0)	1.6	19.7	15.9	19.3	23.1
EBITDA Margin (%)[(2)]	7.5%	28.6%	30.6%	35.5%	32.7%	29.4%
Net Debt[(3)]	1,010	1,247	1,604	1,609	1,674	1,674
Net Debt / EBITDA[(4)]	44.7	8.3	5.0	—	—	4.4
Adjusted Capital Expenditures[(5)]	37.2	22.4	174.7	99.4	166.6	241.9

Note:

(1) EBITDA is a measure of operating revenue less cost of sales (cost of catering inventory sold, cost of fuel sold and cost of services rendered), personnel expenses, concession and rent expenses, and other operating expenses plus other operating income. In presenting information on the basis of geographical segments, segment EBITDA is based on the geographical location of EBITDA (excluding Joint Ventures).

(2) EBITDA margin is a measure of EBITDA as a proportion of operating revenue in the measurement period.

(3) The Group calculates net debt as a measure of the total amount of debt if the company uses all its cash and liquid assets to pay down the debts on the balance sheet. Net debt includes shareholder loans. Net debt does not include commitments and contingencies. See Note 34 of the 2022 Financial Statements.

(4) Net debt / EBITDA is a measure of financial leverage and the company's ability to pay off its debt.

(5) Adjusted capital expenditures is a measure of investments made either with cash or credit to purchase long term tangible or intangible assets used in a business's operations, adjusted for investments that are classified as working capital in North Macedonia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Group's financial condition and results of operations should be read in conjunction with the consolidated information in "Selected Financial Information of the Group", "Business of the Group" and the "Financial Statements" of the Group appearing in this Offering Circular. Prospective investors should read the entire Offering Circular and not rely solely on the information set out below.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular.

Overview of the Group's Business

TAV Airports is a leading airport operator in Türkiye and is the holding company of a group of subsidiaries operating in the airport industry who provide aviation and non-aviation services across the MENA, CEE and CIS regions.

The Group's services are divided into five main segments: terminal and airport operations, ground handling operations, catering operations, duty free operations and other services including CIP lounge operations and IT services. Terminal and airport operations, the Group's core activity, includes the operation of 15 airports across eight countries. The Group's service companies operate in 108 airports across 31 countries and provide CIP, lounge operations, IT services, catering operations, ground handling operations and duty-free operations. Ground handling operations include providing passenger, ramp, flight coordination and general aviation services as well as cargo handling services for domestic and international flights. Catering operations include managing all catering services for passengers and terminal personnel. Duty free operations include the sale of duty-free goods to arriving and departing passengers as well as transit passengers. Other services mainly comprise of CIP lounge operations, IT services and security services.

- ***Terminal and Airport Operations:*** The Group's operations in the aviation sector consist of five airports in Türkiye (Antalya Airport, Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Milas-Bodrum Airport and Gazipaşa-Alanya Airport), one airport in Kazakhstan (Almaty Airport), two airports in Georgia (Tbilisi International Airport and Batumi Airport), two airports in Tunisia (Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport), two airports in North Macedonia (Skopje International Airport and Ohrid St. Paul the Apostle Airport), commercial spaces in one airport in Latvia (Riga Airport), one airport in Saudi Arabia (Madinah Airport) and one airport in Croatia (Zagreb Airport). Airport and terminal operations represented 56 per cent. of the Group's revenue in 2022.
- ***Ground Handling Operations:*** The Group conducts its ground handling operations mainly through Havaş and TGS. Ground handling services include all the services required by an airline while its plane is on the ground at an airport. Havaş provides ground handling services at 29 airports in Türkiye, Riga Airport in Latvia, and Zagreb Airport in Croatia. TGS provides ground handling services at ten airports in Türkiye. Ground handling services provided by Havaş represented 15 per cent. of the Group's revenue in 2022.
- ***Catering Operations:*** The Group conducts its catering operations mainly through BTA, which handles the catering operations for TAV Airports in Türkiye, Georgia, North Macedonia, Tunisia, Latvia, Oman and Croatia. Catering operations conducted through BTA represented 10 per cent. of the Group's revenue in 2022.

- ***Duty Free Operations:*** The Group earns commission from duty free operations through ATÜ. ATÜ offers duty free shopping in 20 airports across Türkiye, Georgia, Tunisia, Oman, North Macedonia and Latvia. Commissions from duty free operations represented 5 per cent. of the Group's revenue in 2022, as ATÜ is a joint venture of the Group and its revenue is equity consolidated.
- ***Other Services:*** The Group's other services mainly comprises of CIP lounge operations, IT services and security services. Other services constituted 19 per cent. of the Group's revenue in 2022.

In the year ended 31 December 2022 and as of and for the twelve months ended 30 September 2023, the Group had revenue of €1,051.4 million and €1,281.4 million, respectively, net profit of €122 million and €169.3 million, respectively, and EBITDA of €322.1 million and €376.5 million, respectively.

As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations.

In the year ended 31 December 2022, the contribution of the Issuer, the Guarantors and the Issuer's other subsidiaries to the Group's net assets and EBITDA is set out below:

	Net assets (Before elimination of share capital)[1]		**Net assets (After elimination of share capital)[1]**		**EBITDA**	
	(€ '000)	*% of the Group*	*(€ '000)*	*% of the Group*	*(€ '000)*	*% of the Group*
TAV Havalimanları Holding A.Ş.	2,017	44	2,017	167	(1)	—
Havaalanları Yer Hizmetleri A.Ş.	385	8	118	10	45	14
TAV İşletme Hizmetleri A.Ş.	10	—	(29)	(2)	7	2
TAV Bilişim Hizmetleri A.Ş.	42	1	26	2	11	3
Aviator Netherlands B.V.	406	9	(1)	—	—	—
Other subsidiaries of TAV Havalimanları Holding A.Ş.	1,758	38	(927)	(77)	260	81
Total.....	**4,618**	**100**	**1,205**	**100**	**322**	**100**

Note:

(1) The Group's consolidated financial statements eliminate the share capital of subsidiaries and joint ventures from net assets. However net assets are also presented before elimination of share capital for illustrative purposes Havaalanları Yer Hizmetleri A.Ş, TAV İşletme Hizmetleri A.Ş. and TAV Bilişim Hizmetleri A.Ş. are presented with their consolidated figures.

Principal Factors Affecting the Group's Results of Operations

The following are the principal factors affecting the Group's results of operations.

Macroeconomic Conditions

The Group's results are sensitive to economic and geopolitical conditions that can have a significant impact on the demand for air transportation. Demand for air transportation at the airports the Group operates depends largely on favourable economic conditions both locally and globally, low unemployment levels, strong

consumer confidence levels and the availability of consumer and business credit. A downturn in economic growth in the economies in which the Group operates its airports, as well as geopolitical instability in various areas of the world, would reduce demand for air transportation at the Group's airports, which, in turn, would affect the Group's results of operations. For example, the Group was significantly impacted by the sudden drop in air traffic as a result of the COVID-19 pandemic which was reflected in the Group's total operating revenue in 2020 of €301,406 compared to €749,233 in 2019. In 2022, the Group's operating profit was also impacted by the increase in minimum wages in Türkiye which resulted in a €79 million increase in personnel expenses from €163 million in 2021 compared to €242 million in 2022. While a portion of this increase is due to minimum wage increases, it is also due in part to an 8 per cent. increase in the number of employees between 2021 and 2022, as well as the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022.

Additionally, the Group may be impacted by inflationary pressures and related foreign exchange rate movements. For example, because most of the Group's operating expenditures are in Turkish Lira, while most of its revenues are in hard currency, when devaluation of the Turkish Lira against hard currency is less than inflation, there may be a negative effect on the Group's financial results.

Passenger Volumes at the Airports

Revenue from airport and terminal operations, which constitutes the Group's most significant source of revenue, is directly related to passenger numbers, and aircraft movements including both international and domestic passengers who travel through the airports the Group operates. International passenger traffic and aircraft movements have increased in recent years and the Group expects the overall growth to continue. International traffic affects the Group's financial results much more than domestic traffic because international charges are higher and international passengers are eligible for duty free shopping. The number of passengers and aircraft movements travelling through the airports which the Group operates also directly affects the Group's ground handling, jet fuel, catering and duty-free operations revenues. For example, in 2022, the average duty free spend per passenger was €8.9, and this number has remained stable over the periods under review, illustrating that the amount of revenue from duty free concessions is primarily the result of overall passenger volumes, rather than changes in spend per passenger. The Group has agreements in place which govern the amount of concession fees payable to the Group for the catering operations through BTA and duty-free operations for ATÜ.

Passenger numbers and aircraft movements are generally influenced by a variety of macroeconomic factors that are out of the Group's control, including consumer spending patterns, business confidence, pandemics, weather and political events, including terrorism. See "*Risks Related to the Group and its Business—A decrease in passenger numbers or other factors outside the Group's control could reduce the Group's results of operations*".

The following table outlines passenger volumes at the Group's airports for the periods under review.

	For the year ended 31 December			For the nine-month ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
International passengers	12,636,999	28,511,294	50,276,578	39,207,405	49,982,409
Domestic passengers	14,384,160	23,291,770	28,181,067	20,927,393	24,641,695
Total passengers	**27,021,159**	**51,803,064**	**78,457,645**	**60,134,798**	**74,624,104**
EBITDA/ weighted concession duration (*years*)	8	30	30	—	—

Regulated Tariffs

The Group's results are impacted by the regulatory regime where the Group operates. For example, in Türkiye DHMİ sets a fixed tariff for all international flights of €15 and €3 for domestic flights departing from the İzmir Adnan Menderes Airport, while these figures are €20 and €3 for IGA Istanbul Airport, for 2023. Operators are compensated by DHMİ for any increases or decreases in these passenger fee tariffs. DHMİ unilaterally sets a

fixed tariff for “passenger service fee”, or commonly known as "airport tax", which is collected from each departing passenger and determined differently for each airport. The airports collect all relevant fees from airlines who in turn pass the cost on to passenger ticket fares. DHMİ also sets other aviation tariffs, in Türkiye, and reviews these tariffs at least annually depending on macroeconomic factors. See “*—Business of the Group—Turkish Aviation Industry*”.

Aviation Revenue

As noted above, passenger service charges (“**PSCs**”) constitute a material source of revenue (14 per cent. for the nine months ended 30 September 2023) at the terminals and airports at which the Group operates. The table below sets out the fee per passenger for international and domestic flights at the terminals and airports where the Group operates.

	Fee/ Passenger International	**Fee / Passenger Domestic**	**Security Fee/ Passenger International**
Ankara Esenboğa Airport	€15 (€2.5 Transfer)	€3	€1.5
New Ankara Esenboğa Airport	€17 (€5.0 Transfer)	€3	€3
İzmir Adnan Menderes Airport	€15 (€2.5 Transfer)	€3	€3
Gazipaşa-Alanya Airport	€12	TL 24.8	€1.0
Milas-Bodrum Airport	€15	€3	€1.5
Antalya Airport	€15 (€2.5 Transfer)	€3	€1.50
New Antalya Airport (Starts in 2027)	€17 (€5.0 Transfer)	€3	€3
Almaty Airport	$8.9 for non-Kazakhstan airlines	Charges vary[1]	—
Tbilisi International Airport	$25	$6	—
Batumi Airport	$12	$7	—
Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport	€13	€1	€0.8
Skopje International Airport and Ohrid St. Paul the Apostle Airport	€13 in Skopje, €10.2 in Ohrid	—	€6.5 in Skopje, €6.5 in Ohrid
Madinah Airport (TIBAH)	SAR 94.3	SAR 10.6	—
Zagreb Airport (MZLZ)	€19.7 (€4.5 Transfer)	€8.4	€ 6.5 international,

	Fee/ Passenger International	Fee / Passenger Domestic	Security Fee/ Passenger International
			domestic and transfer passengers

Source: TAV Airports

Note:

(1) Charges at Almaty Airport vary based on the resident status of the passenger and whether the flight is scheduled or non-scheduled.

The Group also has airside operations in Gazipaşa Türkiye and at its airport operations outside of Türkiye, which include runway and apron operations that provide additional revenue streams linked to aircraft movements.

The Group has aviation revenue sources which are positively linked to aircraft movement, such as passenger boarding bridge revenue, 400 Hz power and PCA system revenue and check-in counter revenue for all the airports at which the Group operate with the exception of Latvia (in which the Group only operates commercial areas).

- The Group receives revenue from jet fuel sales at Almaty Airport.
- The Group receives revenue from check-in counters based on the number of departing aircraft and the number of counters used per flight (which is passenger number dependent) and also receive fees per counter per hour according to tariffs set by the local authority, as applicable.
- 400 Hz electricity is charged on an hourly basis according to a tariff set by DHMİ in Türkiye.
- Passenger boarding bridge revenue and PCA system income are determined in Türkiye by the number of, and size of, aircraft landing at the airports where the Group operates according to a tariff set by DHMİ in Türkiye.

As of 30 September 2023, Non-PSC aviation revenue (including jet fuel sales) represented 28 per cent. of operating revenue.

Other Tariffs

The Group's results of operations are impacted by tariffs in the jurisdictions where the Group operates. For example, in Türkiye passenger and lease fees are fixed for each airport separately at the time of the tender, with the exception of Gazipaşa (which has fixed and variable components). In contrast, passenger and lease fees are variable in Georgia, Tunisia, North Macedonia, Saudi Arabia and Croatia as a percentage of revenue or some component of revenue.

Concession Fees

Concession fees received from the Group's duty-free operations constitute another source of revenue. As of 30 September 2023, concession fees represented 5 per cent. of operating revenue.

Under the agreements with ATÜ, concession fee paid by airports differs. The Group is paid a weighted average concession fee of 40 per cent. of ATÜ's income derived from sales of duty-free goods in TAV operated airports in Türkiye. Weighted average concession fee for TAV operated airports outside of Türkiye is around 32 percent.

Under agreements with BTA, concession fee paid by airports differs. The Group is paid a weighted average concession fee of 35 per cent. of BTA's Türkiye catering operations in airports operated by TAV.

Under agreements with TAV Operation Services, concession fee paid by airports differs. The Group is paid a weighted average concession fee of 35 per cent. of TAV Operation Services' abroad operations in Georgia & Kazakhstan. For the operations in Türkiye and the remaining abroad operations, agreement based fixed fees are being paid.

See *"Business — ATÜ Operating Agreements"*.

Number of Airports the Group Operates

The Group's results of operations are significantly impacted by concession fees and the number of the airports the Group operates. The Group routinely bids for new concessions and looks to expand its portfolio. When the Group wins a new concession or adds a new airport to its portfolio, the Group's capital expenditures increase as the Group ramps up operations at the facility which is followed by an increase in revenue following the completion of the Group's investment at the facility. Under the periods under review, the Group added Almaty Airport to its portfolio in May 2021 which impacted the Group's results of operations in 2021 and 2022 and extended the operating periods of Antalya Airport and Ankara Esenboğa Airport.

Investments and Capital Expenditures

The Group is currently undertaking, and has future plans to undertake, various investments in the infrastructure of the airports and terminals it operates. This includes a planned U.S.$200 million investment in Almaty Airport to build a new terminal, a €210 million investment in Ankara Esenboğa Airport to build a new runway, control tower and cargo service unit and a €750 million investment in Antalya Airport to build a new terminal. As the Group continues to expand its operations and develop its existing airports and terminals, it plans to continue to undertake various new investments in order to increase capacity, grow its service businesses and improve the quality of its airports. See "*Risk Factors—Risks Related to the Group and its Business—The Group's strategy of international activities and expansion may not be successful*".

The Group seeks to acquire new service business opportunities outside the Group's existing ecosystem and to enlarge its global footprint, which has reached 108 airports in 31 countries as of 30 September 2023. New operations or contracts in lounge services, IT services, food and beverage services and duty free operations are actively followed and acquired if found to be profitable. As the Group obtains new concessions and/or seeks to expand existing service operations at its current airports, it will often also be required to commit new capital expenditure as part of these agreements.

The table below shows the committed capital expenditure for expansion and other growth opportunities as at 30 September 2023.

Project	**Amount of committed capital as at 30 September 2023**
	(millions)
Almaty Airport (*USD*)	200
Ankara Esenboğa Airport (*Euro*)	210

Project	Amount of committed capital as at 30 September 2023
Antalya Airport (*Euro*)	750

Seasonality

The Group's operating revenue and costs are impacted by seasonal demand for air traffic at some of the airports it operates. For example, in all of the airports it operates, the Group has higher operating revenue between July and September due to warmer weather and vacations, resulting in an increase in leisure air traffic at each airport. In 2023, Antalya Airport had 4,491,241 total passengers in June, 5,513,676 total passengers in July and 5,693,967 total passengers in August and 4,852,081 total passengers in September during the airports' peak travel season compared to 930,033 total passengers in January, 8,113,782 total passengers in February, 1,055,583 total passengers in March, 2,191,781 total passengers in April and 3,387,853 total passengers in May. Seasonal travel demand is also reflected in the Group's net income from continuing operations. In 2022, the Group had net losses from continuing operations of €21.5 and €6.8 million in the first and fourth quarters, respectively compared to net income from continuing operations of €52.3 and €98.2 million in the second and third quarters, respectively. See "*Risk Factors—Risks Related to the Group and its Business—The Group's operations are impacted by seasonal demand*".

Foreign Currency Exchange Rates

The Group's reported results of operations and financial condition is affected by exchange rate fluctuations due to both transaction risk and financial reports from operations abroad. The Group's business operations are characterised by a relatively low level of transactional currency risk since the Group's services are made in the same local currency. However, the Group is exposed to risks relating to translation into EUR of income statements and balance sheets of foreign subsidiaries with local reporting denominated in TRL, USD, TND, MKD, GEL, HRK, CLP, KES, MXN, ARS, BRL, COP, KZT, QAR and MDG.

Transactional risk: Transactional risk arises when the Group's subsidiaries execute transactions in a currency other than their functional currency. Transactions in foreign currency are restated in the functional currency at the exchange rate in effect on the transaction date. Functional currency is the currency in which the primary financial environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are restated in the functional currency at the exchange rate in effect on the balance-sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. The Group generally benefits from a natural hedge against currency fluctuations in the countries in which it operates because the Group incurs expenses in primarily the local currency (with the exception of jet fuel) and receives revenues primarily in hard currency.

Financial reports from operations abroad: Assets and liabilities in operations abroad, including goodwill and fair value adjustments arising on acquisition, are restated from the functional currency of the operations abroad in the Group's reporting currency at the exchange rate in effect on the balance-sheet date. Revenue and expenses in operations abroad are restated in EUR at monthly average exchange rates. Assets and liabilities are translated by using year end foreign exchange rates. Income and expenses which are record to financial statements during the period are translated by using yearly average rates. Share capital and legal reserves are classified to financial statements by using their face value in the statutory financial statements. "Foreign currency translation

differences" resulted by their translations are classified in the total items that will not be reclassified to profit or loss under equity.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities at fair value through profit or loss and derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed further in Note 4 to the 2022 Financial Statements.

The Issuer and the members of the Group operating in Türkiye maintain their books of account and prepare their statutory financial statements in Turkish Lira in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation. The Group's IFRS Financial Statements are presented in EUR, which is the functional currency of the Group.

The preparation of the Group's IFRS Financial Statements in conformity with IFRS standards requires management to make judgments, estimates and assumptions that effect the reported amounts of assets, liabilities, income and expenses reflected therein. Actual results may differ from these estimates under different circumstances or conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Policies

The following is a discussion of the Group's critical accounting policies, which are those that the Group considers to be most important to the portrayal of its financial results and condition or require management's most difficult, subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The accounting policies presented below have been applied consistently to all periods presented in the IFRS Financial Statements and have been applied consistently by the Group and its joint ventures.

See Note 3 to the 2022 Financial Statements for further information.

Basis of Consolidation

Of the Group's material subsidiaries, each entity is consolidated based on the following methods:

- Aviator Netherlands B.V., BTA, HAVAŞ, PMIA Aviator B.V., TAV Ege, TAV IT, TAV Kazakhstan, TAV Milas Bodrum, TAV OS and TAV Tunisie are fully consolidated without non-controlling interest's ownership;
- TAV Tbilisi is fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest; and
- TAV Antalya is consolidated using the equity method.

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effect interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

Principal Components of Total Operating Revenue

The following table sets out the Group's total operating revenue for each business segment for the periods shown.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
			(€ '000)		
Aviation income	51,595	169,176	434,368	313,908	405,138
Ground handling income	92,409	143,653	216,362	160,667	218,118
Catering services income	39,304	57,627	109,460	81,177	114,228
Commission from sales of duty free goods	14,909	27,019	50,766	39,019	46,860
Hardware sales income	—	10,416	62,639	33,921	10,555
Income from lounge services and prime class	15,775	20,785	49,306	33,502	62,260
Area allocation income	12,043	17,647	28,590	21,075	25,423
Income from car parking operations and valet service income	6,895	10,247	15,667	11,467	15,521
Security services income	8,794	9,595	12,302	8,883	15,730
Software sales income	18,649	16,186	9,358	5,710	11,808
Bus services income	5,722	6,178	7,319	5,186	8,363
Rent income from sublease	1,875	2,125	4,554	3,451	5,450
Utility and general participation income	2,523	2,693	4,232	3,107	2,973
Hotel and reservation income	2,100	2,633	3,861	2,840	3,625
Advertising income	2,117	2,316	3,739	2,764	4,047
Operating financial revenue	7,211	5,471	3,435	2,880	538
Loyalty card income	1,410	723	669	394	1,140
Other operating revenue	18,075	17,574	34,731	22,530	30,191
Total operating revenue	**301,406**	**522,064**	**1,051,358**	**752,481**	**981,968**

The following table outlines the Group's combined revenue by currency.

	For the year ended 31 December		
	2020	**2021**	**2022[1]**
		(%)	
EUR	44	33	27
USD	10	28	36

	For the year ended 31 December		
TRY	35	22	17
Other	11	17	20
Total	**100**	**100**	**100**

Note:

(1) USD and EUR revenue constituted 72 per cent. in 2022, including EUR indexed TRY revenue (duty free and partially food and beverage) and currencies pegged to USD (OMR and SAR).

Other Operating Expenses

The following table sets out the Group's other operating expenses for the periods shown.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
			(€ '000)		
Consultancy expense	13,298	13,395	29,980	18,516	13,769
Utility cost	9,266	11,931	28,491	20,556	18,926
Rent expense	7,265	11,337	19,726	14,226	19,760
Maintenance expenditures	6,971	8,416	17,969	10,615	13,566
VAT non-recoverable	1,807	4,576	13,272	9,588	10,254
Taxes	3,001	5,507	10,992	7,859	6,105
Provision expenses	11,524	5,044	10,382	3,055	704
Cleaning expense	4,798	5,692	8,186	6,088	8,377
Insurance expense	6,093	6,783	7,434	4,881	7,652
Traveling and transportation expenses	1,919	2,134	4,889	3,241	4,528
Security cost	1,047	2,006	3,093	2,173	2,471
Communication and stationary expenses	1,687	2,033	2,962	2,040	2,052
Representation expenses	682	908	1,917	1,226	995
Advertisement and marketing expenses	854	1,545	1,637	1,121	2,608
Commission and license expenses	642	421	605	461	643
Other operating expenses[(1)]	24,142	13,836	15,418	11,609	20,804
Total other operating expenses	**94,996**	**95,564**	**176,953**	**117,255**	**133,214**

Note:

(1) Other operating expenses is comprised of other miscellaneous expenses.

The following table outlines the Group's operating expenses excluding depreciation and concession rent expenses by currency.

	For the year ended 31 December		
	2020	**2021**	**2022**
	(%)		
EUR	24	13	10
USD	5	9	25
TRY	48	41	33
Other	23	37	32
Total	**100**	**100**	**100**

Results of Operations

The table below sets out the results of operations of the Group for the nine months ended 30 September 2023 and 2022 and the years ended 31 December 2022, 2021 and 2020.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	(€ '000)			*(€ '000) (Unaudited)*	
Operating revenue	301,406	522,064	1,051,358	752,481	981,968
Cost of catering inventory sold	(12,122)	(19,115)	(34,385)	(24,997)	(34,465)
Cost of fuel sold	—	(46,004)	(176,595)	(115,777)	(164,382)
Cost of services rendered	(37,779)	(49,438)	(104,903)	(67,513)	(95,199)
Personnel expenses	(145,280)	(162,925)	(242,414)	(161,036)	(233,280)
Concession and rent expenses	—	—	(1,292)	(992)	(1,383)
Depreciation, amortisation and impairment expenses	(96,227)	(76,645)	(95,568)	(70,431)	(99,339)
Other operating income	11,394	523	7,319	2,034	1,219
Other operating expenses	(94,996)	(95,564)	(176,953)	(117,255)	(133,215)
Share of profit of equity-accounted investments, net of tax	(76,788)	(22,748)	52,880	47,175	77,576
Operating profit/ (loss)	**(150,392)**	**50,148**	**279,447**	**243,689**	**299,500**
Finance income	11,162	167,150	26,001	20,724	68,706
Finance costs	(135,413)	(134,558)	(163,729)	(118,687)	(146,636)
Net finance (costs)/ income	**(124,251)**	**32,592**	**(137,728)**	**(97,963)**	**(77,930)**
Net monetary position gains	—	—	15,599	14,216	6,419
Profit/(loss) before tax	**(274,643)**	**82,740**	**157,318**	**159,942**	**227,989**
Tax expenses	(3,495)	(31,465)	(25,770)	(23,366)	(44,302)
Profit/ (loss) from continuing operations	(278,138)	51,275	131,548	136,576	183,687
Loss from discontinued operations	(6,783)	(1,321)	(941)	(717)	(159)
Profit/ (loss) for the period after discontinued operations	(284,921)	49,954	130,607	135,859	183,528
Defined benefit obligation actuarial differences	337	145	(13,198)	(1,565)	(5,398)
Defined benefit obligation actuarial differences from equity accounted investments	72	(1,284)	(5,563)	(2,900)	(9,199)
Tax on defined benefit obligation actuarial differences	(68)	(29)	2,641	315	2,356

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
		(€ '000)		*(€ '000) (Unaudited)*	
Tax on defined benefit obligation actuarial differences from equity accounted investments	(29)	(15)	27	31	1,556
Total items that will not be reclassified to profit or loss	312	(1,183**)**	(16,093**)**	(4,119)	(10,685)
Effective portion of changes in fair value of cash flow hedges	14,015	74,743	85,372	81,922	8,241
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	(1,598)	6,959	1,316	1,185	356
Portion of cash flow hedges charged to profit or loss	(8,101)	(36,207)	(6,410)	(5,013)	5,343
Foreign currency translation differences for foreign operations	(23,355)	21,835	40,492	91,159	(2,915)
Foreign currency translation differences for foreign operations from equity accounted investments	(9,761)	(17,891)	(10,538)	(8,975)	(18,019)
Tax on cash flow hedge reserves	(223)	(2,082)	(15,498)	(15,105)	(3,344)
Tax on cash flow hedge reserves from equity accounted investments	379	(696)	—	—	—
Total items that are or may be reclassified subsequently to profit or loss	**(28,644)**	**46,661**	**94,734**	**145,173**	**(10,338**)
Other comprehensive income/ (loss) for the period, net of tax	**(28,332)**	**45,478**	**78,641**	**141,054**	**(21,023**)
Total comprehensive income/ (loss) for the period	**(313,253)**	**95,432**	**209,248**	**276,913**	**162,505**

Operating revenue

Nine Months Ended 30 September 2023 and 2022

Operating revenue for the nine months ended 30 September 2023 was €982.0 million, an increase of €229.5 million, or 30.0 per cent., compared to €752.5 million for the nine months ended 30 September 2022. The increase was due to volume growth across most revenue sources, accompanied by price increases.

Years ended 31 December 2022 and 2021

Operating revenue for the year ended 31 December 2022 was €1,051.4 million, an increase of €529.3 million compared to €522.1 million for the year ended 31 December 2021. The increase was due to the recovery in passengers after the COVID-19 pandemic and the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022. The increase was also due to growth in aviation, ground handling, catering services and commissions from the sale of duty-free goods.

Years ended 31 December 2021 and 2020

Operating revenue for the year ended 31 December 2021 was €522.1 million, an increase of €220.7 million, or 73.2 per cent., compared to €301.4 million for the year ended 31 December 2020. The increase was due to the recovery in international passenger traffic after the COVID-19 pandemic and the addition of the Almaty Airport in May 2021 to the Group's portfolio. The increase was also due to growth in aviation, ground handling, catering services revenue and an increase in commissions from sales of duty-free goods.

Cost of catering inventory sold

Nine Months Ended 30 September 2023 and 2022

Cost of catering inventory sold for the nine months ended 30 September 2023 was €34.5 million, an increase of €9.5 million, or 38.0 per cent., compared to a deficit of €25.0 million for the nine months ended 30 September 2022. The increase was due to growth in the total volume of merchandise sold, due to higher passenger volumes, growth in Almaty Airport and inflation.

Years ended 31 December 2022 and 2021

Cost of catering inventory sold for the year ended 31 December 2022 was €34.4 million, an increase of €15.3 million, or 79.9 per cent., compared to €19.1 million for the year ended 31 December 2021. The increase was due to an increase in the total volume of merchandise sold, due to an increase in passenger volumes and the growth of Almaty Airport.

Years ended 31 December 2021 and 2020

Cost of catering inventory sold for the year ended 31 December 2021 was €19.1 million, an increase of €7.0 million, or 57.7 per cent., compared to €12.1 million for the year ended 31 December 2020. The increase was due to the beginning of passenger recovery from COVID-19 travel restrictions and the addition of Almaty Airport to the Group's portfolio in May 2021, in addition to certain BTA operations being shut down, which decreased associated costs.

Cost of fuel sold

Nine Months Ended 30 September 2023 and 2022

Cost of fuel sold for the nine months ended 30 September 2023 was €164.4 million, an increase of €48.6 million, or 42.0 per cent., compared to €115.8 million for the nine months ended 30 September 2022. The increase was due to higher sales volume and marginally higher average jet fuel prices.

Years ended 31 December 2022 and 2021

Cost of fuel sold for the year ended 31 December 2022 was €176.6 million, an increase of €130.6 million, or 283.9 per cent., compared to €46.0 million for the year ended 31 December 2021. The increase was due to higher jet fuel prices, the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022 and higher sales volumes.

Years ended 31 December 2021 and 2020

Cost of fuel sold for the year ended 31 December 2021 was €46.0 million compared to nil for the year ended 31 December 2020. The increase was due to the addition of Almaty Airport to the Group's portfolio in May 2021.

Cost of services rendered

Nine Months Ended 30 September 2023 and 2022

Cost of services rendered for the nine months ended 30 September 2023 was €95.2 million, an increase of €27.7 million, or 41.0 per cent., compared to €67.5 million for the nine months ended 30 September 2022. The increase was due to growth in service company business volumes, inflation and growth of Almaty Airport.

Years ended 31 December 2022 and 2021

Cost of services rendered for the year ended 31 December 2022 was €104.9 million, an increase of €55.5 million, or 112.2 per cent., compared to €49.4 million for the year ended 31 December 2021. The increase was

due to the recovery of business volume in service companies after COVID-19 and the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022.

Years ended 31 December 2021 and 2020

Cost of services rendered for the year ended 31 December 2021 was €49.4 million, an increase of €11.6 million, or 30.9 per cent., compared to €37.8 million for the year ended 31 December 2020. The increase was due to recovery of business volumes in the Group's service companies after the COVID-19 travel restrictions and the addition of Almaty Airport to the Group's portfolio in May 2021.

Personnel expenses

Nine Months Ended 30 September 2023 and 2022

Personnel expenses for the nine months ended 30 September 2023 was €233.3 million, an increase of €72.3 million, or 45 per cent., compared to €161.0 million for the nine months ended 30 September 2022. The increase was primarily due to hyperinflation and the related increase in the minimum wage being higher than the devaluation of the Turkish Lira against EUR, as well as a 10 per cent. increase in the number of employees as compared to the same period in 2022. See "*—Principal Factors Affecting the Group's Results of Operations—Macroeconomic Conditions*".

Years ended 31 December 2022 and 2021

Personnel expenses for the year ended 31 December 2022 was €242.4 million, an increase of €79.5 million, or 48.8 per cent., compared to €162.9 million for the year ended 31 December 2021. The increase was due to Turkish Lira inflation being higher than the depreciation of the Turkish Lira against EUR, an increase in employees and the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022. Further, there was a decrease in the number of unpaid leaves taken in 2022 as compared to 2021.

Years ended 31 December 2021 and 2020

Personnel expenses for the year ended 31 December 2021 was €162.9 million, an increase of €17.6 million, or 12.1 per cent., compared to €145.3 million for the year ended 31 December 2020. The increase was primarily due to the addition of Almaty Airport to the Group's portfolio in May 2021.

Concession and rent expenses

Nine Months Ended 30 September 2023 and 2022

Concession and rent expenses for the nine months ended 30 September 2023 was €1.4 million, an increase of €0.4 million, or 40.0 per cent., compared to €1.0 million for the nine months ended 30 September 2022.

Years ended 31 December 2022 and 2021

Concession and rent expenses for the year ended 31 December 2022 was €1.3 million compared to nil for the year ended 31 December 2021. The increase was due to a cancellation of rent due in North Macedonia as a result of COVID-19.

Years ended 31 December 2021 and 2020

Concession and rent expenses for the year ended 31 December 2021 and 2020 was nil.

Depreciation, amortisation and impairment expenses

Nine Months Ended 30 September 2023 and 2022

Depreciation, amortisation and impairment expenses for the nine months ended 30 September 2023 was €99.3 million, an increase of €28.9 million, or 41.1 per cent., compared to €70.4 million for the nine months ended 30 September 2022. The increase was due to an increase in amortisation costs related to airport operation rights as a result of higher passenger volumes and reversal of impairment of airport operation rights for Bodrum Airport in the amount of €10 million in the first nine months of 2022.

Years ended 31 December 2022 and 2021

Depreciation, amortisation and impairment expenses for the year ended 31 December 2022 was €95.6 million, an increase of €19 million, or 24.7 per cent., compared to €76.6 million for the year ended 31 December 2021. The increase was due to an increase in amortisation costs relating to airport operations rights as a result of higher passenger volumes in 2022 and the inclusion of Almaty Airport in the Group's portfolio for the first full year in 2022. This was partially offset by the reversal of impairment of airport operation right of Bodrum Airport in the amount of €10 million.

Years ended 31 December 2021 and 2020

Depreciation, amortisation and impairment expenses for the year ended 31 December 2021 was €76.6 million, a decrease of €19.6 million, or 20.3 per cent., compared to €96.2 million for the year ended 31 December 2020. The decrease was due to a €35 million impairment expense of operation rights in Tunisia and Bodrum Airport. The decrease was partially offset by the increase in amortisation costs relating to airport operation rights due to higher passenger volumes in 2021 and the inclusion of Almaty Airport to the Group's portfolio in May 2021.

Other operating income

Nine Months Ended 30 September 2023 and 2022

Other operating income for the nine months ended 30 September 2023 was €1.2 million, a decrease of €0.8 million, or 40.0 per cent., compared to €2.0 million for the nine months ended 30 September 2022.

Years ended 31 December 2022 and 2021

Other operating income for the year ended 31 December 2022 was €7.3 million, an increase of €6.8 million, compared to €0.5 million for the year ended 31 December 2021. The increase was due to the recovery of previously written off assets in 2022.

Years ended 31 December 2021 and 2020

Other operating income for the year ended 31 December 2021 was €0.5 million, a decrease of €10.9 million, or 95.4 per cent., compared to €11.4 million for the year ended 31 December 2020. The decrease was due to restructuring and extending the rent payable in Tunisia in 2020, as well as the recovery of some previously written off assets in 2020.

Other operating expenses

Nine Months Ended 30 September 2023 and 2022

Other operating expenses for the nine months ended 30 September 2023 was €133.2 million, an increase of €15.9 million, or 13.6 per cent., compared to €117.3 million for the nine months ended 30 September 2022. The increase was due to higher business volumes and inflation.

Years ended 31 December 2022 and 2021

Other operating expenses for the year ended 31 December 2022 was 177.0 million, an increase of €81.4 million, or 85.2 per cent., compared to €95.6 million for the year ended 31 December 2021. The increase was due to an increase in the Group's operations and higher utility expenses due to the increase in global energy prices and higher energy consumption. Additionally, the expenses were affected by the devaluation of the Turkish Lira to EUR being lower than Turkish inflation.

Years ended 31 December 2021 and 2020

Other operating expenses for the year ended 31 December 2021 was €95.6 million, an increase of €0.6 million, or 0.6 per cent., compared to €95.0 million for the year ended 31 December 2020. There was no material change in other operating expenses in 2021 compared to 2020.

Share of profit of equity-accounted investments, net of tax

Nine Months Ended 30 September 2023 and 2022

Share of profit of equity-accounted investments, net of tax for the nine months ended 30 September 2023 was €77.6 million, an increase of €30.4 million, or 64.4 per cent., compared to €47.2 million for the nine months ended 30 September 2022. The increase was due primarily to the sale of 24 per cent. of Tibah Development shares and the performance of ATÜ.

Years ended 31 December 2022 and 2021

Share of profit of equity-accounted investments, net of tax for the year ended 31 December 2022 was €52.9 million, an increase of €75.6 million, or 322 per cent., compared to a loss of €22.7 million for the year ended 31 December 2021. The increase was due to the application of IAS 28 on the Tibah Development which led to a reclassification of net loss from share of profit of equity-accounted investments to finance cost. Improvements in the performance of ATÜ and TGS and the application of IAS 29 to TGS also contributed to the increase.

Years ended 31 December 2021 and 2020

Share of profit of equity-accounted investments, net of tax for the year ended 31 December 2021 was €22.7 million loss, a decrease of €54 million, or 70.4 per cent., compared to a loss of €76.8 million for the year ended 31 December 2020. The decrease was mainly due to the significant improvements of Antalya Airport and TGS's profit in 2021.

Net finance (costs)/ income

Nine Months Ended 30 September 2023 and 2022

Net finance costs for the nine months ended 30 September 2023 was €77.9 million, a decrease of €20.1 million, or 20.5 per cent., compared to €98.0 million for the nine months ended 30 September 2022. The decrease was due to the sale of 24 per cent. of Tibah Development shares.

Years ended 31 December 2022 and 2021

Net finance costs for the year ended 31 December 2022 was €137.8 million, a decrease of €170.3 million, compared to a net finance income of €32.6 million for the year ended 31 December 2021. The decrease was due to restructuring TAV Tunisie which led to a one-off gain of €117 million and as a result of applying IAS 28 to the Tibah Development which led to a reclassification of net loss from share of profit of equity-accounted investments to finance costs in 2021.

Years ended 31 December 2021 and 2020

Net finance income for the year ended 31 December 2021 was €32.6 million, an increase of €156.9 million compared to net finance costs of €124.3 million for the year ended 31 December 2020. The increase was due

to restructuring TAV Tunisie which led to a one-off gain of €117 million and the effect of the EUR/USD exchange rate.

Net monetary position gains

Nine Months Ended 30 September 2023 and 2022

Net monetary position gains for the nine months ended 30 September 2023 was €6.4 million, a decrease of €7.8 million, or 54.9 per cent., compared to €14.2 million for the nine months ended 30 September 2022. The decrease was due primarily to lower inflation in the first nine months of 2023.

Years ended 31 December 2022 and 2021

Net monetary position gains for the year ended 31 December 2022 was €15.6 million, compared to nil for the year ended 31 December 2021. The increase was due to the first-time application of IAS 29 in 2022.

Years ended 31 December 2021 and 2020

Net monetary position gains for the years ended 31 December 2021 and 2020 was nil due to the fact that IAS 29 was applied for the first time in 2022.

Tax expenses

Nine Months Ended 30 September 2023 and 2022

Tax expenses for the nine months ended 30 September 2023 was €44.3 million, an increase of €20.9 million, or 89.3 per cent., compared to €23.4 million for the nine months ended 30 September 2022. The increase was due to the earthquake tax, the increase in the corporate rax rate from 20 per cent. to 25 per cent. and higher profitability.

Years ended 31 December 2022 and 2021

Tax expenses for the year ended 31 December 2022 was €25.8 million, a decrease of €5.7 million, or 18.1 per cent., compared to €31.5 million for the year ended 31 December 2021. The decrease was due to deferred tax loss from the Tunisia restructuring in 2021.

Years ended 31 December 2021 and 2020

Tax expenses for the year ended 31 December 2021 was €31.5 million, an increase of €28 million, or 800 per cent., compared to €3.5 million for the year ended 31 December 2020. The increase was due to the deferred tax loss from the TAV Tunisie restructuring in 2021 and the partial reversal of deferred tax assets in 2021 which was calculated from tax losses in 2020.

Total comprehensive income for the period

Nine Months Ended 30 September 2023 and 2022

Total comprehensive income for the period for the nine months ended 30 September 2023 was €162.5 million, a decrease of €114.4 million, or 41.3 per cent., compared to €276.9 million for the nine months ended 30 September 2022. The decrease was due to the foreign exchange dynamics in USD and EUR and interest rate swaps recording significant gains due to the rapid increases in interest rates in 2022.

Years ended 31 December 2022 and 2021

Total comprehensive income for the period for the year ended 31 December 2022 was €209.2 million, an increase of €113.8 million, or 119.3 per cent., compared to €95.4 million for the year ended 31 December 2021. The increase was due to the positive impact of rising interest rates on interest rate swaps.

Years ended 31 December 2021 and 2020

Total comprehensive income for the period for the year ended 31 December 2021 was €95.4 million, an increase of €408.7 million, or 130.5 per cent., compared to a loss of €313.3 million for the year ended 31 December 2020. The increase was due to due to the factors described above and the positive impact of rising interest rates on interest rate swaps. In addition, the increase was due primarily to an increase in the profitability of the Group after COVID-19 travel restrictions were lifted.

Liquidity and Capital Resources

Liquidity

The Group's principal liquidity needs have arisen from the need to finance the costs of developing and expanding the Group's airports and terminals. As a result, the Group had outstanding gross debt as at 30 September 2023 of €2,218 million.

The Group's liquidity needs have been funded primarily from income generated from operations, bank loans and shareholder loans. The Group has significant payment obligations under the loans taken out to finance the construction of the airports at which the Group provides services.

Loans and borrowings

Set forth below is a summary of the Group's interest-bearing loans and borrowings, which are measured at amortised cost for the years ended 31 December 2022, 2021 and 2020 and for the nine month periods ended 30 September 2023 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
			(€ '000)		
Non-current liabilities					
Secured bank loans	451,821	566,772	823,476	845,508	856,924
Unsecured bank loans	107,776	202,570	106,538	14,436	254,766
Lease liabilities	60,402	54,502	52,288	52,673	64,391
Financial liabilities at fair value through profit or loss	—	23,756	25,390	23,232	25,529
Total non-current liabilities	**619,999**	**847,600**	**1,007,692**	**935,849**	**1,201,610**
Current liabilities					
Short term secured bank loans[(1)]	569,973	40,806	47,178	49,432	272,099
Current portion of long term secured bank loans	106,191	158,774	92,267	156,106	134,882
Short term unsecured bank loans	16,779	128,683	229,591	269,205	77,899
Current portion of long term unsecured bank loans	12,050	9,546	12,443	13,091	11,097
Current portion of long term lease liabilities	7,370	6,258	6,198	5,456	5,979
Total current liabilities	**712,363**	**344,067**	**387,677**	**493,290**	**501,956**

Note:

(1) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

Cash Flow

Set forth below is a summary of the Group's cash flow for the years ended 31 December 2022, 2021 and 2020 and for the nine month periods ended 30 September 2023 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
			(€ '000)		
Net cash provided from/(used in) operating activities	3,184	238,113	278,378	204,092	(15,617)
Net cash provided from/(used in) investing activities	(67,407)	(445,467)	(525,841)	(456,370)	3,936
Net cash flow from/(used in) financing activities	85,705	(304,042)	412,585	420,698	202,143
Net/(decrease) increase in cash and cash equivalents	21,482	(511,396)	165,122	168,420	190,462
Cash and cash equivalents at the beginning of period	582,429	603,911	92,515	92,515	257,637
Cash and cash equivalents at the end of period[(1)]	**603,911**	**92,515**	**257,637**	**260,935**	**448,099**

Note:

(1) These figures exclude bank overdrafts as detailed in Note 21 in the Financial Statements.

Net cash provided from/(used in) operating activities

Nine months ended 30 September 2023 and 2022

The Group's net cash used in operating activities for the nine months ended 30 September 2023 was €15.6 million, a decrease of €219.7 million, compared to €204.1 million provided from operating activities for the nine months ended 30 September 2022. The decrease was primarily due to rent prepayment of TAV Ankara, payment of Almaty Airport earn-out and İzmir Adnan Menderes Airport rent payment in the first nine months of 2023, which was not made in the first nine months of 2022 due to force majeure relief provided by DHMİ.

Years ended 31 December 2022 and 2021

The Group's net cash from operating activities for the year ended 31 December 2022 was €278.4 million, an increase of €40.3 million or 16.9 per cent., compared to €238.1 million for the year ended 31 December 2021. The increase was due to receiving the second instalment of cash from DHMİ in consideration of the early closure of the Istanbul Atatürk Airport and an increase in passenger volume.

Years ended 31 December 2021 and 2020

The Group's net cash from operating activities for the year ended 31 December 2021 was €238.1 million, an increase of €234.9 million compared to €3.2 million for the year ended 31 December 2020. The increase was due to receiving the first instalment of cash from DHMİ in consideration of the early closure of the Istanbul Atatürk Airport and an increase in passenger volume after the COVID-19 pandemic travel restrictions were lifted.

Net cash provided from/(used in) investing activities

Nine months ended 30 September 2023 and 2022

The Group's net cash provided from investing activities for the nine months ended 30 September 2023 was €3.9 million, an increase of €460.3 million, compared to €456.4 million used in investing activities for the nine months ended 30 September 2022. The increase was due to a placement of €375 million of equity in TAV Antalya Invest in the first nine months of 2022, and the sale of 24 per cent. of TIBAH Development shares in 2023.

Years ended 31 December 2022 and 2021

The Group's net cash used in investing activities for the year ended 31 December 2022 was €525.8 million, an increase of €80.3 million, or 18.0 per cent., compared to €445.5 million for the year ended 31 December 2021. The increase was due to an equity placement in Antalya SPV and capital expenditure associated with the acquisition of Almaty Airport.

Years ended 31 December 2021 and 2020

The Group's net cash used in investing activities for the year ended 31 December 2021 was €445.5 million, an increase of €378.1 million, compared to €67.4 million for the year ended 31 December 2020. The increase was due to capital expenditure associated with the acquisition of Almaty Airport and the shareholder loan provided to Tibah Development.

Net cash from/(used in) financing activities

Nine months ended 30 September 2023 and 2022

The Group's net cash from financing activities for the nine months ended 30 September 2023 was €202.1 million, a decrease of €218.6 million, or 52.0 per cent., compared to €420.7 million for the nine months ended 30 September 2022. The decrease was due primarily to the shareholder loan received from Groupe ADP amounting to €300 million in the first nine months of 2022.

Years ended 31 December 2022 and 2021

The Group's net cash from financing activities for the year ended 31 December 2022 was €412.6 million, an increase of €717.0 million, or 35.7 per cent., compared to net cash used in financing activities was €304.0 million for the year ended 31 December 2021. The increase was due to receiving a bank loan for the acquisition of Almaty Airport and the shareholder loan from Groupe ADP.

Years ended 31 December 2021 and 2020

The Group's net cash used in financing activities for the year ended 31 December 2021 was €304.0 million, a decrease of €389.7 million, compared to net cash from financing activities of €85.7 million for the year ended 31 December 2020. The decrease was due to the full repayment of a bank loan by TAV Istanbul and the partial repayment of the Groupe ADP shareholder loan.

Indebtedness

The following table outlines the Group's bank borrowings by borrower as at 30 September 2023.

Borrower	Amount outstanding as at 31 December 2022 (€ '000)	Amount outstanding as at 30 September 2023 (€ '000)	Currency	Maturity	Interest rate (%)	Hedging (IRS)(%)
TAV Kazakhstan	297,892	425, 630	USD	12/30/2036	L+4.5000	54-70
TAV Holding	307,346	293,368	EUR	12/22/2023 - 12/31/2024	6.90-9.75	
TAV Tunisie	234,536	238,293	EUR	12/29/2034	E+3.0000	
TAV Ege	184,237	187,441	EUR	6/29/2032	E+5.5000	87
TAV Ankara	—	157,838	EUR	12/31/2025	E+6.0000	
TAV Milas Bodrum	114,006	111,283	EUR	6/30/2031	E+4.5000	90
TAV Macedonia	43,538	70,214	EUR	12/30/2030	E+5.0000	28
HAVAŞ	58,820	52,976	EUR	12/22/2023 - 12/29/2025	2.80-9.75/ E+4.5000- E+8.4000	
BTA	39,959	46,489	EUR/ TRY/ USD	10/6/2023- 3/31/2028	4.20-32.50	
TAV Gazipaşa	8,606	—	EUR	4/14/2023	5.500	
Other	22,553	24,134	EUR/ TRY/ USD	10/26/2023 - 10/26/2028	2.25-32.50/E+2.0000-E+5.5000/ L+0.9500/ S+0.90000	0-100
Total	**1,311,493**	**1,607,667**				

The principal facilities outstanding and available are summarised below.

TAV Kazakhstan

On 27 September 2021, TAV Kazakhstan LLP, Almaty International Airport JSC and Venus Trading LLP secured project financing of up to U.S.$450 million which includes U.S.$165 million Tranche A, U.S.$235 million Tranche B and U.S.$50 million Tranche C loan from European Bank for Reconstruction and Development, International Finance Corporation, DEG – Deutsche Investitions – und Entwicklungsgesellschaft mbH and the Eurasian Development Bank. The Group uses the financing to refinance the acquisition of the Almaty International Airport and the associated fuel business division of Venus Trading LLP and for the airports' capital expenditure programme which includes building the new passenger terminal and modernising the existing terminal. The loans bear interest at a rate of LIBOR + 4.5 per cent. The borrowings are repayable in instalments until their final maturity on 30 December 2036.

The loans contain undertakings, representations and warranties, and events of default, which are customary for facilities of this type. The undertakings include a financial covenant requiring the Group to maintain certain financial ratios, comprising (i) a specified debt to equity ratio, (ii) historic debt service coverage ratio, (iii) forward debt service coverage ratio. The loans also contain restrictive covenants that limit the ability of the co-borrowers to (i) incur indebtedness and (ii) make certain investments, as well as certain information undertakings.

TAV Tunisie

On 24 April 2008, TAV Tunisie S.A. secured project financing of up to €236 million from the African Development Bank, European Investment Bank, International Finance Corporation, OPEC Fund for International Development, Société de Promotion et de Participation pour la Coopération Economique S.A., Deutsche Bank AG, London Branch and Standard Finance (Isle of Man) Limited. The loans bear interest at a rate of EURIBOR + 3.0 per cent. The borrowings are repayable in instalments until their final maturity on 29 December 2034.

The loans contain undertakings, representations and warranties, and events of default, which are customary for facilities of this type. The undertakings include a financial covenant requiring the Group to maintain certain financial ratios, comprising (i) a specified loan life cover ratio and (ii) projected debt service cover ratio. The loans also contain restrictive covenants that limit the ability of the borrower to (i) incur indebtedness and (ii) make certain investments, as well as certain information undertakings.

TAV Ege

On 30 November 2012, TAV Ege Termínal Yatirim Yapim Ve İşletme A.Ş. secured project financing of up to €250 million from Unicredit Bank Austria AG, European Bank for Reconstruction and Development, Black Sea Trade & Development Bank, Denizbank A.Ş. and Seimens Bank GmbH. The loans bear interest at a rate of EURIBOR + 5.5 per cent. The borrowings are repayable in instalments until their final maturity which is 2032.

The loans contain undertakings, representations and warranties, and events of default, which are customary for facilities of this type. The undertakings include a general undertaking requiring the borrower to maintain certain financial ratios, comprising (i) a debt to equity ratio, (ii) annual debt service cover ratio, (iii) forward debt service cover ratio and (iv) loan life cover ratio. The loans also limit the ability of the borrower to (i) incur indebtedness, (ii) make certain investments and (iii) pay dividends where the borrower fails to comply with the distribution lock up tests and exceeds the available cash flows, as well as certain information undertakings.

TAV Ankara

On 24 April 2023, TAV Ankara Yatırım Yapım ve İşl. A.Ş. and Akbank T.A.Ş, T.C Ziraat Bankası A.Ş, Türkiye Vakıflar Bankası A.Ş entered into a facility agreement for €235 million. The Group will use the funds available under the facility agreement to construct a new runway, air traffic control tower, cargo service units and expand the terminal at Ankara Airport. The loans bear interest at a rate of EURIBOR + 6.0 per cent per cent. The borrowings are repayable in instalments until their final maturity which is 31 December 2025.

The loan contains undertakings, representations and warranties, and events of default, which are customary for facilities of this type.

TAV Milas Bodrum

On 13 May 2015, TAV Mílas Bodrum Termínal İşletmecílíği A.Ş. and Denizbank A.Ş. entered into a facility agreement for €162 million. The Group uses the financing for the Milas Bodrum Airport capital expenditure programme. The loans bear interest at a rate of EURIBOR + 4.5 per cent. The borrowings are repayable in instalments until their final maturity date of 30 June 2031.

The loans contain undertakings, representations and warranties, and events of default, which are customary for facilities of this type. The undertakings include a general undertaking requiring the borrower to maintain certain financial ratios, comprising (i) loan life cover ratio and (ii) annual debt service cover ratio. The loans also limit the ability of the borrower to (i) incur indebtedness, (ii) make certain investments and (iii) pay dividends where

the borrower fails to comply with the distribution lock up tests and exceeds the available cash flows, as well as certain information undertakings.

TAV Macedonia

On 22 December 2022, TAV Macedonia DOOEL MRALINO, ILINDEN and Halk Banka A.D. Skopje, Credit Europe Bank N.V. entered into a facility agreement for €70 million. The Group uses the financing for the special projects programme as required under the concession agreement. The loans bear interest at a rate of EURIBOR + 5.0 per cent. The borrowings are repayable in instalments until their final maturity date of 31 December 2030.

The loan contains undertakings, representations and warranties, and events of default, which are customary for facilities of this type. The undertakings include a general undertaking requiring the borrower to maintain certain financial ratios, comprising (i) forward debt service coverage ratio, (ii) historic debt service coverage ratio and (iii) interest cover ratio. The loans also limit the ability of the borrower to (i) pay dividends where the borrower fails to comply with the distribution lock up tests and exceeds the available cash flows, as well as certain information undertakings.

The following table outlines the Group's bank borrowings by currency as at 30 September 2023.

Currency	**Amount outstanding**
EUR	1,173,848
USD	432,227
TRY	1,592

The Group is required to make periodic interest payments. The total amount of interest due on project finance loans (which represent approximately 70 per cent. of the Group's loans and borrowings for the nine months ended 2023), in 2023 is €33 million.

Contractual Obligations

The following table summarises the Group's contractual cash commitments as at 30 September 2023.

	Total	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**
			(€ '000)		
Debt obligations (gross debt, including Groupe ADP shareholder loan, put and Tunisia lender TP)	2,218,420	512,571	749,989	532,844	423,015
BOT and concession lease obligations	715,617	145,727	198,422	95,354	276,114
Total	2,934,037	658,298	948,411	628,198	699,129

Commitments and Contingencies

The following table summarises the Group's commitments and contingencies as at 30 September 2023.

	30 September 2023
Letters of guarantee given to third parties[(1)]	1,170,505
Letters of guarantee given to DHMİ	114,724

	30 September 2023
Letters of guarantee given to Tunisian Government	16,394
Letters of guarantee given to Saudi Arabian Government	12,593
Letters of guarantee given to Macedonian Government	250
Total	**1,314,466**

Note:

(1) Letters of guarantee given to third parties primarily consist of guarantees given to customs, lenders and customers. The Group has a guarantee over the bank loan of Fraport TAV Antalya Yatırım amounting to €872,700.

Market Risk

The Group is exposed to market risk from changes in both foreign currency exchange rates and interest rates. The Group manages such risks through a combination of derivative financial instruments and by monitoring and managing the mix of currencies in which the Group contracts. The Group does not enter into derivative financial instruments for speculative purposes. See ‘‘— Liquidity and Capital Resources — Indebtedness’’.

As at 30 September 2023, the Group was party to derivative financial instruments. The fair value of such contracts is set out below:

	30 September 2023		
	Assets	**Liabilities**	**Net Amount**
		(€ ‘000)	
Interest rate swap	67,813	—	67,813
Total	**67,813**	—	**67,813**

Interest Rate Risks

The Group’s interest rate risk arises primarily from bank loans. As at 30 September 2023, the Group’s total bank loans of €1.6 billion consisted of €1.2 billion of loans carried at variable interest rates and the remaining €443 million were carried at fixed rates of interest. The Group’s cash investments generally bear interest at floating interest rates and are impacted by changes in interest rates.

The Group enters into interest rate derivative contracts in order to manage its cash flow requirements. TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA use interest rate swaps to hedge the fluctuations in EURIBOR and LIBOR rates and have floating-rate interest payments of 90 per cent., 34 per cent., 87 per cent., 100 per cent., 54 per cent. and 70 per cent. respectively. The remainder of each interest payment is a fixed rate and hedge accounting is applied to each derivative contract.

As a result of interest rate swap agreements, the Group’s floating-rate loans have decreased to 33 per cent. of the Group’s total sum of bank loans and shareholder loans.

Foreign Currency Risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2022, the Group had balances that are denominated

in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL OMR, MXN, KZT and MDG which are disclosed within the relevant notes to these consolidated financial statements. The Group manages this currency risk by minimising holding monetary positions in currencies other than the functional currency of the relevant Subsidiary, maintaining foreign currency cash balances, close monitoring and using some financial instruments in case required.

Approximately 28 per cent. of the Group's revenue for the year ended 31 December 2022 was denominated in currencies other than EUR and USD (including EUR indexed TRY revenue (duty free and partially food and beverage) and currencies pegged to USD (OMR and SAR)).

BUSINESS OF THE GROUP

Overview

TAV Airports is a leading airport operator in Türkiye and is the holding company of a group of subsidiaries operating in the airport industry who provide aviation and non-aviation services across the MENA, CEE and CIS regions.

The Group's services are divided into five main segments: terminal and airport operations, ground handling operations, catering operations, duty free operations and other services including CIP lounge operations and IT services. Terminal and airport operations, the Group's core activity, includes the operation of 15 airports across eight countries. The Group's service companies operate in 108 airports across 31 countries and provide CIP, lounge operations, IT services, catering operations, ground handling operations and duty-free operations. Ground handling operations include providing passenger, ramp, flight coordination and general aviation services as well as cargo handling services for domestic and international flights. Catering operations include managing all catering services for passengers and terminal personnel. Duty free operations include the sale of duty-free goods to arriving and departing passengers as well as transit passengers. Other services mainly comprise of CIP lounge operations, IT services and security services.

- ***Terminal and Airport Operations:*** The Group's operations in the aviation sector consist of five airports in Türkiye (Antalya Airport, Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Milas-Bodrum Airport and Gazipaşa-Alanya Airport), one airport in Kazakhstan (Almaty Airport), two airports in Georgia (Tbilisi International Airport and Batumi Airport), two airports in Tunisia (Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport), two airports in North Macedonia (Skopje International Airport and Ohrid St. Paul the Apostle Airport), commercial spaces in one airport in Latvia (Riga Airport), one airport in Saudi Arabia (Madinah Airport) and one airport in Croatia (Zagreb Airport). Airport and terminal operations represented 56 per cent. of the Group's revenue in 2022.

- ***Ground Handling Operations:*** The Group conducts its ground handling operations mainly through Havaş and TGS. Ground handling services include all the services required by an airline while its plane is on the ground at an airport. Havaş provides ground handling services at 29 airports in Türkiye, Riga Airport in Latvia, and Zagreb Airport in Croatia. TGS provides ground handling services at ten airports in Türkiye. Ground handling services provided by Havaş represented 15 per cent. of the Group's revenue in 2022.

- ***Catering Operations:*** The Group conducts its catering operations mainly through BTA, which handles the catering operations for TAV Airports in Türkiye, Georgia, North Macedonia, Tunisia, Latvia, Oman and Croatia. Catering operations conducted through BTA represented 10 per cent. of the Group's revenue in 2022.

- ***Duty Free Operations:*** The Group earns commission from duty free operations through ATÜ. ATÜ offers duty free shopping in 20 airports across Türkiye, Georgia, Tunisia, Oman, North Macedonia and Latvia. Commissions from duty free operations represented 5 per cent. of the Group's revenue in 2022, as ATÜ is a joint venture of the Group and its revenue is equity consolidated.

- ***Other Services:*** The Group's other services mainly comprises of CIP lounge operations, IT services and security services. Other services constituted 19 per cent. of the Group's revenue in 2022.

In the year ended 31 December 2022 and as of and for the twelve months ended 30 September 2023, the Group had revenue of €1,051.4 million and €1,281.4 million, respectively, net profit of €122 million and €169.3 million, respectively, and EBITDA of €322.1 million and €376.5 million, respectively.

As of and for the twelve months ended 30 September 2023, the Issuer and the Guarantors represented 29.6 per cent. of the Group's net revenues and 18.9 per cent. of the Group's EBITDA, in each case, calculated on a consolidated basis without giving effect to intragroup eliminations.

In the year ended 31 December 2022, the contribution of the Issuer, the Guarantors and the Issuer's other subsidiaries to the Group's net assets and EBITDA is set out below:

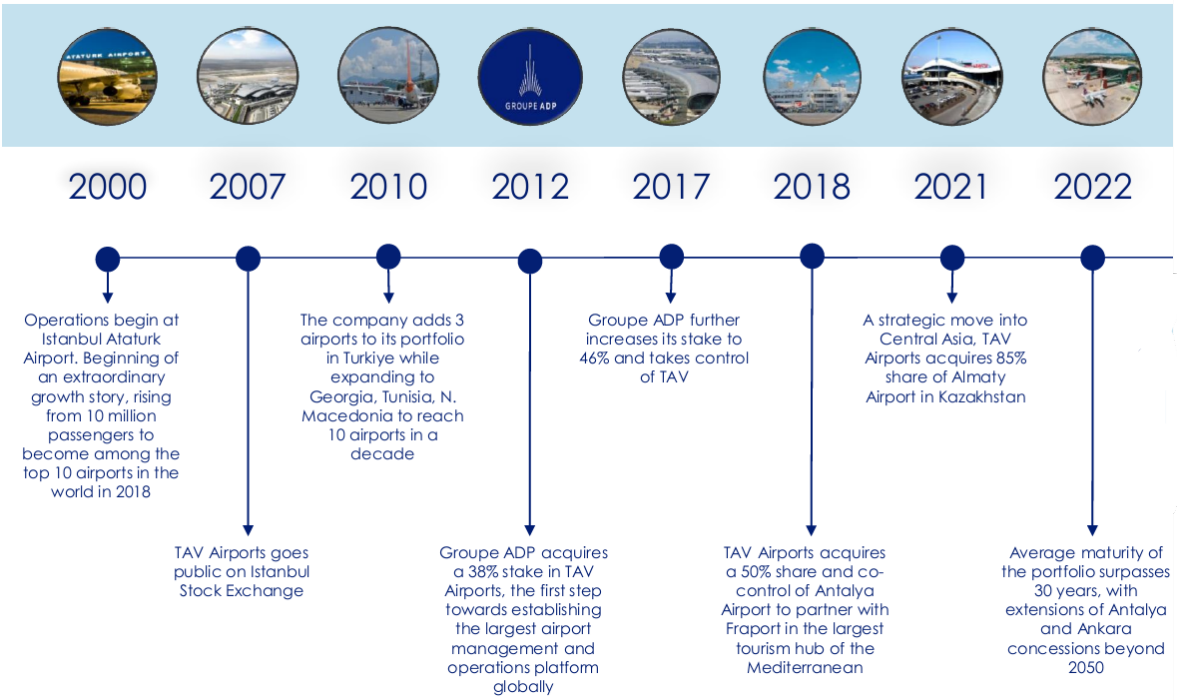
	Net assets (Before elimination of share capital)[(1)]		**Net assets (After elimination of share capital)[(1)]**		**EBITDA**	
	(€ '000)	*% of the Group*	*(€ '000)*	*% of the Group*	*(€ '000)*	*% of the Group*
TAV Havalimanları Holding A.Ş.	2,017	44	2,017	167	(1)	—
Havaalanları Yer Hizmetleri A.Ş.	385	8	118	10	45	14
TAV İşletme Hizmetleri A.Ş.	10	—	(29)	(2)	7	2
TAV Bilişim Hizmetleri A.Ş.	42	1	26	2	11	3
Aviator Netherlands B.V.	406	9	(1)	—	—	—
Other subsidiaries of TAV Havalimanları Holding A.Ş.	1,758	38	(927)	(77)	260	81
Total.....	**4,618**	**100**	**1,205**	**100**	**322**	**100**

Note:

(1) The Group's consolidated financial statements eliminate the share capital of subsidiaries and joint ventures from net assets. However net assets are also presented before elimination of share capital for illustrative purposes Havaalanları Yer Hizmetleri A.Ş, TAV İşletme Hizmetleri A.Ş. and TAV Bilişim Hizmetleri A.Ş. are presented with their consolidated figures.

History

The following diagram provides a historical overview of the development of the Group's operations.



Airport Terminal Operations

TAV Airports was incorporated on 7 November 1997 under the name of Tepe Akfen Vie Yatirim Yapim ve İsletme A.Ş., (later renamed TAV Havalimanlari İsletme A.Ş. in 2005 and TAV Havalimanlari Holding A.Ş. in 2006) in Türkiye with the primary objective of developing and managing Atatürk Airport, one of the first Build-Operate-Transfer ("**BOT**") projects.

After successfully building Atatürk Airport's new international terminal and a multi-storey car park in 2000, TAV Airports won a subsequent concession agreement with DHMİ to operate Atatürk Airport which the Group did until the airport closed in 2019. As a result of Atatürk Airport's early closure, DHMİ paid the Group €389,000 and the Group began focusing on growing its portfolio both domestically and abroad. From 2006 to 2019 TAV Airports added five new airports in Türkiye and ten airports abroad in Georgia, Tunisia, North Macedonia, Saudi Arabia, Latvia, Croatia and Kazakhstan.

In 2004, TAV Airports and DHMİ executed a BOT agreement for the reconstruction, investment and operation of the Ankara Esenboğa Airport in Türkiye. Airport operations were initiated in 2006 and the concession agreement was set to expire in 2023. However, as a result of the COVID-19 pandemic, DHMİ extended the operating period by two years, until 2025. In 2022, TAV Airports won a second concession agreement with DHMİ and entered into a new operating agreement which will begin in 2025 and expire in 2050.

In 2006, TAV Airports took operational control of İzmir Adnan Menderes Airport's international terminal after entering into a concession agreement in 2005. In 2012, under the terms of a new concession, TAV Airports also took operational control of İzmir Adnan Menderes Airport's domestic terminal. The İzmir Adnan Menderes Airport concession was set to expire in 2032, but was later extended by DHMİ to 2034 as a result of the COVID-19 pandemic.

TAV Urban Georgia LLC, a Subsidiary of TAV Airports and the Georgian authority entered into two BOT agreements, for the construction, operation and maintenance of the Tbilisi International Airport in 2005 and

Batumi Airport on 2007 in Georgia which are both set to expire in 2027. See "*—Risk Factors—Risks Related to the Group and its Business—Certain of the concession agreements between the Group Companies and the airports it operates, including the Tbilisi and Batumi BOT Agreement, will end prior to the Notes' maturity date.*"

In 2007, Fraport IC İçtas Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş ("**IC-Fraport**") entered into a lease agreement with DHMİ for the operation of Antalya Airport in southern Türkiye. TAV Airports purchased 50 per cent. of the shares of IC Fraport in 2018 and through a joint venture with IC Fraport began operating Antalya Airport. The lease agreement for Antalya Airport was set to expire in 2024 but was later extended to 2026 as a result of the COVID-19 pandemic. In 2021, the Group successfully renewed its concession with DHMİ and the operational agreement is now set to expire in December 2051.

In 2007, TAV Tunisie, a Subsidiary of TAV Airports signed a concession agreement with The Republic of Tunisia to operate Monastir Habib Bourguiba Airport beginning in 2008 and Enfidha-Hammamet Airport beginning in 2009. Both concession agreements are set to expire in 2047.

Continuing to grow internationally, the Group entered into two concession agreements with the Government of the Republic of North Macedonia via its Subsidiary TAV Macedonia for the construction and operation of the Skopje International Airport, the renovation and operation of Ohrid St. Paul the Apostle Airport and the construction and operation of the new cargo airport, Shtip Airport. In 2021, the Group and the Government of the Republic of North Macedonia reassigned the planned investment in Shtip Airport to certain public infrastructure projects in North Macedonia.

In 2011, TAV Airports began operating the commercial areas of the Riga Airport in Latvia. The agreement is extended at the latest December 2024.

In 2012, Tibah Development, a Subsidiary of TAV Airports and GACA entered into a BOT and concession agreement for the operation and development of the existing Madinah Airport in Saudi Arabia. The agreement is set to expire in 2041 with a potential four-year extension if the force majeure clause is exercised.

In 2013, TAV Airports, via its Subsidiary Medunarodna Zracna Luka Zagreb executed a concession agreement with the Republic of Croatia for the design, construction and operation of the Zagreb Airport. The concession period will end in 2042.

In 2015, TAV Airports and DHMİ entered into a concession agreement for the operation of the international and domestic terminals of the Milas-Bodrum Airport in Türkiye. The contract is set to expire in December 2037.

In 2020, as the COVID-19 pandemic began to impact the aviation industry, TAV Airports faced several challenges as travel slowed to a halt. To compensate for the decline in travel, the Group focused on inorganic growth efforts and continued with its transformation strategy by acquiring the Almaty Airport in Kazakhstan for U.S.$422 million. The Group has invested a total of €198 million in Almaty Airport, of which €149 million was used to fund the new terminal EPC. In 2021, the Group extended its Antalya concession until December 2051 and in 2022 the Group extended its Ankara operation until 2050.

Service Operations

With regard to the Group's service operations, in 1999 the Group established BTA as a partnership with Bilintur Bilkent Turizm İnsaat Yatirim ve Ticaret A.Ş. ("**Bilintur**") to run the Group's catering operations in Türkiye. In 2016, TAV Airports increase its stake in BTA to 100 per cent. Since its inception, the Group has expanded its catering operations and BTA now operates in Türkiye, Georgia, North Macedonia, Tunisia, Latvia, Oman and Croatia.

In 2000, the Group established ATÜ to manage its duty free operations through its 50 per cent. joint venture with Unifree, which is owned by Heinemann, a leading German travel retailer. ATÜ began expanding outside

of Türkiye in 2007 and now offers duty free services in Georgia, Macedonia, Tunisia, Latvia, Oman and Saudi Arabia.

In 2005, the Group acquired 60 per cent. of the share capital of Havaş, a provider of ground handling services. In 2012, the Group increased its stake in Havaş to 100 per cent. As an extension of its ground handling services, in 2009, the Group established TGS, a partnership between Havaş and Turkish Airlines to provide ground handling and bus services in Türkiye. Havaş offers its ground handling operations at 29 airports in Türkiye, Riga Airport in Latvia and Zagreb Airport in Croatia.

Corporate

In 2006, TAV Airports underwent a restructuring to align with its goals, separating "operation" and "construction" activities into TAV Airports and TAV Construction. TAV Airports then went public in February 2007, and in May 2012, Groupe ADP became its majority shareholder and increased its stake to 46 per cent. in 2017. TAV Airports is currently listed on Borsa Istanbul. There is no cross-shareholding between TAV Airports and TAV Construction.

Key Strengths and Strategy

Key Strengths

Leading Airport Terminal Operator in Türkiye

Through the Group's diversified portfolio of operations and integrated structure, the Group has continued to strengthen its position as a leading airport terminal operator in Türkiye, operating the largest number of airports in Türkiye, with a 30 per cent. market share in 2022 compared to a 31 per cent. market share in 2021 (Source: DHMİ). The Group operates five of the eight privatised airports in Türkiye, including the second, fourth and fifth largest privatised airports by passenger volumes as of 2022. Türkiye has a buoyant aviation sector, with the fastest growing aviation market in Europe. In 2022, total passengers increased by 42 per cent. in Türkiye to approximately 182 million passengers and commercial flight traffic in Türkiye increased by 29 per cent. to approximately 1.2 million. Airport facilities operated by TAV Airports in Türkiye accounted for 29 per cent. of total commercial flights at Turkish airports in 2022, compared to 28 per cent. in 2021.

Diversified, High Quality and Strategically Located Airport Portfolio

The Group has strong geographic diversification, which helps to mitigate country risk exposure and lowers dependence on any single market for international travellers. The Group operates ten airports outside of Türkiye, including in Kazakhstan (€85.3 million in EBITDA in 2022), Georgia (€62.4 million in EBITDA in 2022), Tunisia (€12.2 million in EBITDA in 2022) and North Macedonia (€12.5 million in EBITDA in 2022). Historically, the Group has focused its expansion efforts on strategic national airports with a high number of international passengers, which often serve the largest cities in the country or region and face limited competition. In all of its airports, the Group mostly serves O&D passengers, or passengers whose origin/destination is the Group's airport, which is a differentiating factor as compared to the Group's competitors in the region. The Group is not in competition for international transfer passengers.

The Group's geographic diversification has also helped develop the Group's diversified customer base. In 2022, the Group's ten largest customers accounted for only 35 per cent. of the Group's revenue while the Group's 30 largest customers accounted for 53 per cent. of the Group's revenue and only one customer contributes more than 5 per cent. of the Group's revenue (Turkish Airlines, 10 per cent.). In the emerging markets in which the Group operates, the passenger air traffic has grown faster than other developed markets and has shown greater recovery from the COVID-19 pandemic. The Group is also focused on growing its service operations outside of the airports where the Group currently operates and has reached a global network of service operations in 108 airports across 31 countries as of 30 September 2023.

Strong Operational Track Record and Resilient Financial Performance Through the Cycle

The Group has a strong operational track record with almost continuous growth for over 20 years. From 2000 to 2022, the Group generated a passenger CAGR of 10 per cent. and despite the challenges that the COVID-19 pandemic imposed on the aviation industry, the Group has made investments, such as extending its Antalya Airport and Ankara Esenboğa Airport concessions and adding Almaty Airport to its portfolio which increase the Group's earnings resilience. As a result of the high demand for leisure travel, the Group has had a rapid post-COVID-19 recovery. The total passengers served in the first nine months of 2023 has increased by 24 per cent. as compared to 2022 levels and by 4 per cent. as compared to 2019 levels. The number of international passengers served in the first nine months of 2023 has increased by 27 per cent. as compared to 2022 levels and by 9 per cent. as compared to 2019 levels.

The table below sets out the post-COVID-19 recovery that the Group has experienced:

	2019	**2022**	**Change**
Flagship asset (*duration, years*)	Antalya (5)	Antalya (29)	Major extension of concession agreement
Other major assets (*duration, years*)	Havaş (-) Georgia (7)	Havaş (-) Almaty (-) Georgia (7)	Almaty added to portfolio
EBITDA-weighted concession duration	9	30	21 years
Total passengers (*millions*)	89	78	Approaching pre-pandemic levels
Total international passengers (*millions*)	55	50	Approaching pre-pandemic levels
Revenue (*€ millions*)	749	1,051	40.3%
EBITDA (*€ millions*)	280	322	15.0%

The Group's operational success has been noted by a number of third parties: the Group is featured in the BIST Sustainability 25 Index and in 2022 was certified as a "Great Place to Work" by Great Place to Work Institute, Inc. Further, the Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Tbilisi International Airport, Zagreb Airport, Skopje International Airport and Madinah Airport ranked among the best airports by Airport Services Quality ("**ASQ**").

Well Positioned for Growth

The Group believes it is well positioned for growth due to the following factors:

- additional growth in Türkiye is expected in the near to long term as a result of investments in tourism and fleet expansion plans of Turkish Airlines, Pegasus and SunExpress;
- growth of the global middle class, which supports international leisure and business travel;
- the addition of Almaty Airport to the Group's portfolio is a strategic foothold in Kazakhstan which supports international passenger traffic and business development opportunities in the CIS region;
- growth in European tourism provides robust traffic potential in Türkiye, Georgia, North Macedonia and Tunisia;

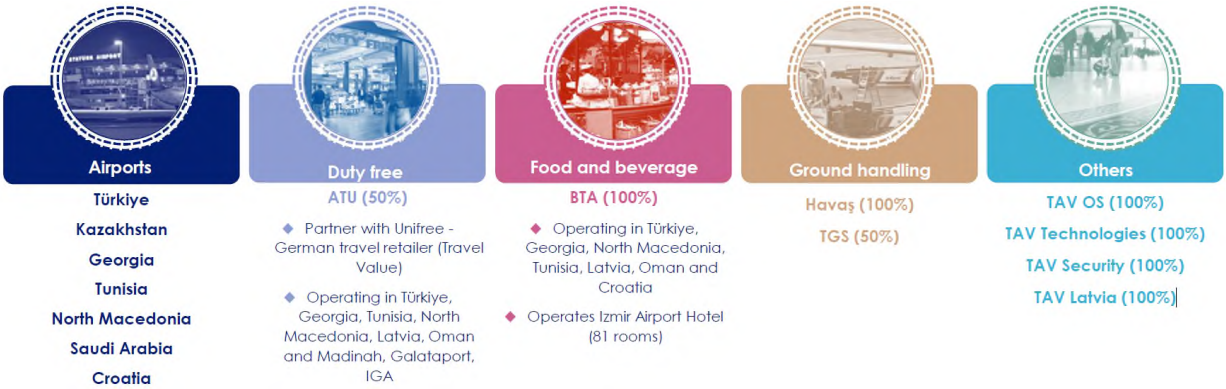
- the Group has a large presence outside of Türkiye in emerging markets (the Group's operations outside of Türkiye comprised 64 per cent. of consolidated revenue in the nine months ended 30 September 2023);
- the Group has a demonstrated track record in successfully developing, managing and growing airports as well as a strong relationship with its strategic partners, DHMİ and Turkish Airlines. Further, the Group is a key pillar in Groupe ADP's international strategy which allows the Group to tender for new concessions in its core geography;
- there are significant international concession tenders, specifically in Central and Eastern Europe ("**CEE**"), the Baltics, Africa, the Middle East ("**MENA**") and the CIS regions which the Group hopes to capitalise on through its extensive experience and track record in the field and its support of its shareholder base; and
- the Group is vertically integrated which makes the Group competitive in airport operations.

The Group has a targeted approach to concession bidding in the regions in which it operates, and currently enjoys a favourable market position as the second largest airport terminal operator in Türkiye. The Group focuses on winning and accepting strategically targeted tenders where the Group believes it is well positioned as a result of its strong track record, relationship with Groupe ADP and vertically integrated operational structure.

The Group seeks to grow organically, through higher passenger volumes at its existing airports and inorganically through the addition of profitable airport operations and services (including duty free, catering, ground handling lounge and IT services) in new airports. When considering whether to add an airport to its portfolio, the Group evaluates opportunities on the main factors of profitability, growth, earnings visibility, the relevant legal framework, relevant airlines, value accretion and financing and acts on opportunities which satisfy all of the Group's expansion criteria. The Group also seeks to innovate and improve its service offerings to increase spend per passenger.

Strong presence in each stage of the value chain with diversified revenue streams

The Group's vertically integrated business model provides a "one-stop shop" for airport services including duty free, food and beverage, ground handling, lounge, IT and security services. The Group captures multiple revenue streams and avoids cash leakages by being vertically integrated and provides airport services to 108 airports across the globe.



The Group's airport services accounted for 44 per cent. of the Group's total operating revenue in the first nine months of 2023, which allows the Group revenue diversification and provides resilience during downturns. The following table sets out the Group's total operating revenue for each business segment for the periods shown.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
			(€ '000)		
Aviation income	51,595	169,176	434,368	313,908	405,138
Ground handling income	92,409	143,653	216,362	160,667	218,118
Catering services income	39,304	57,627	109,460	81,177	114,228
Commission from sales of duty free goods	14,909	27,019	50,766	39,019	46,860
Hardware sales income	—	10,416	62,639	33,921	10,555
Income from lounge services and prime class	15,775	20,785	49,306	33,502	62,260
Area allocation income	12,043	17,647	28,590	21,075	25,423
Income from car parking operations and valet service income	6,895	10,247	15,667	11,467	15,521
Security services income	8,794	9,595	12,302	8,883	15,730
Software sales income	18,649	16,186	9,358	5,710	11,808
Bus services income	5,722	6,178	7,319	5,186	8,363
Rent income from sublease	1,875	2,125	4,554	3,451	5,450
Utility and general participation income	2,523	2,693	4,232	3,107	2,973
Hotel and reservation income	2,100	2,633	3,861	2,840	3,625
Advertising income	2,117	2,316	3,739	2,764	4,047
Operating financial revenue	7,211	5,471	3,435	2,880	538
Loyalty card income	1,410	723	669	394	1,140
Other operating revenue	18,075	17,574	34,731	22,530	30,191
Total operating revenue	**301,406**	**522,064**	**1,051,358**	**752,481**	**981,968**

Clear Regulatory Framework and Earnings Visibility

The Group enters into long-term concession agreements which gives the Group a level of stability. For example, the Group's concession agreement at Antalya Airport expires in 2052, in 2050 at Ankara Esenboğa Airport and in 2047 at Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport. To increase future earnings visibility, the Group has managed to increase its EBITDA-weighted concession duration from 8 years in 2020 to 30 years in 2022. The Group also acquired the Almaty Airport in 2021 under perpetual terms, adding an additional level of stability. In the calculation of 2019 EBITDA-weighted concession duration, 99 years is used for Almaty Airport.

Further, there is a transparent and agreed regulatory framework in all of the countries in which the Group operates which provides high visibility over the cost of concessions and gives the Group visibility on earnings, as most revenue sources of the Group (other than passenger fees) are inflation-linked (88 per cent. in 2022) and regulated charges are reviewed and revised, at a minimum, annually by the Turkish State Airports Authority.

Attractive financial profile with hard currency revenues

The Group's income stream is predominantly denominated in hard currency, primarily in EUR and USD, with 72 per cent. of total operating revenues including EUR indexed TRY revenue (duty free and partially food and beverage) and currencies pegged to USD (OMR and SAR)) and 35 per cent. of operating expenses were in hard currency in the year ended 31 December 2022. As a holding company, the Group also does not have an obligation to repatriate its hard currency revenue into Türkiye. Aviator Netherlands and PMIA Aviator, as

intermediate holding companies under TAV Holdings, holds a €150 million cash reserve, stemming from TIBAH SHL repayments and TIBAH share sales. As at 30 September 2023, the Group had €817 million in cash reserves (including equity-consolidated joint ventures) held in EUR or USD of which €283 million was held in offshore accounts (including 53 per cent. in the Netherlands, 18 per cent. in Kazakhstan, 12 per cent. in North Macedonia, 7 per cent. in Tunisia, 6 per cent. in Georgia and 4 per cent. in Latvia).

Strategic asset for Groupe ADP with strong operational synergies

The Group is owned at 46.1 per cent. by Aérports de Paris SA ("**Groupe ADP**") (rated A and BBB+ by S&P and Fitch, respective) and aligns its strategy, targets and KPI's with that of Groupe ADP. The Group is Groupe ADP's strategic regional hub and leads development and growth initiatives within the CEE, MENA ad CIS regions. Together, the Group and Groupe ADP carry out airport operations, conduct business development, collaborate on legal, internal audit, risk and compliance, develop air traffic routes, promote sustainability and business excellence, innovate and streamline the procurement process. Their effective partnership has been showcased through the completion of significant projects, including concessions and acquisitions. The Group is able to leverage its integration with Groupe ADP by utilising project committees and platforms to optimise purchasing, international accreditations, documentation and expertise exchanges. The Group views Groupe ADP's expertise and support, along with the Group's management processes' alignment and integration with Groupe ADP, as a significant advantage which amplifies the Group's capabilities and position in the industry.

Strategy

The Group has a diversified airport portfolio consisting of terminal operations at 15 airports and six service companies that operate in 108 airports. The Group's strategy focuses on organic and inorganic growth at existing airports, expanding the Group's global footprint, further developing the Group's airport and service operations, focusing on ESG and aligning itself with Groupe ADP's operations.

Achieve Sustainable Organic and Inorganic Growth through Enhanced Passenger Volumes and Smart Investments while Decreasing Leverage Ratios

Passenger volume is the main income driver of the Group's business. The Group's primary objective is therefore to maximise these volumes at the airport terminals where the Group operates. In 2022, the Group served 78 million passengers. The Group intends to increase passenger traffic volumes at the airports it operates by providing an exceptional passenger experience through its high-quality services and continuous marketing efforts. The Group also aims to grow inorganically by focusing on new and profitable potential opportunities in airport operations and services. The Group aims to maintain a clear path for future growth by focusing on material EBITDA growth which, in the medium term, the Group expects will lead to gradual deleveraging without negatively impacting the Group's growth pattern. As at 30 September 2023, twelve months EBITDA was €376.5 and the Group's leverage ratio of Net Debt / EBITDA was 4.4.

Expand the Business within the Group's Core Geography

The Group is committed to expanding and strengthening its airport portfolio by acquiring new assets if they are value accretive and extending the operational periods of existing airports for long-term growth and sustainability. Utilising its strong partnerships and integrated business model, the Group targets pursuing opportunities in its core regions in Eastern Europe, Africa, Middle East, CIS, CEE and Asia. Given the Group's strategic presence in emerging economies, the Group is well positioned to benefit from the expected growth in aviation in developing economies. The Group continuously seeks new airport operation opportunities, while evaluating for profitability, growth potential, earnings visibility, relevant legal frameworks, supportive airlines, value accretion and financing. The Group may act on opportunities which satisfy all of its expansion criteria. The Group also seeks to innovate and improve its service offerings in order to grow average spend per passenger.

Enhance the Global Position of the Group's Service Companies By Delivering High Quality Operations to Clients and Passengers

The Group is committed to advancing its diversified service operations beyond the current scope of the TAV Airports ecosystem, while continuing to provide high-quality services in all of its airports, both inside and outside the terminals. Recognising the evolving market landscape and shifting consumer demands, the Group has identified significant growth potential in expanding its portfolio of service companies. The Group's global service company growth initiative is predominantly focused on lounge and IT services. TAV OS operates 86 lounges in 19 countries and had an EBITDA of €11.5 million in the first nine months of 2023. TAV Technologies had an EBITDA of €10.8 million in the first nine months of 2023. The Group aims to continue to invest in its assets and will continue the work with best-in-class third party providers. The Group also benefits from being vertically integrated with its duty free, food and beverage, ground handling, hospitality and information technology service operations as well as its partnerships outside of the TAV Airport ecosystem.

Focus on ESG

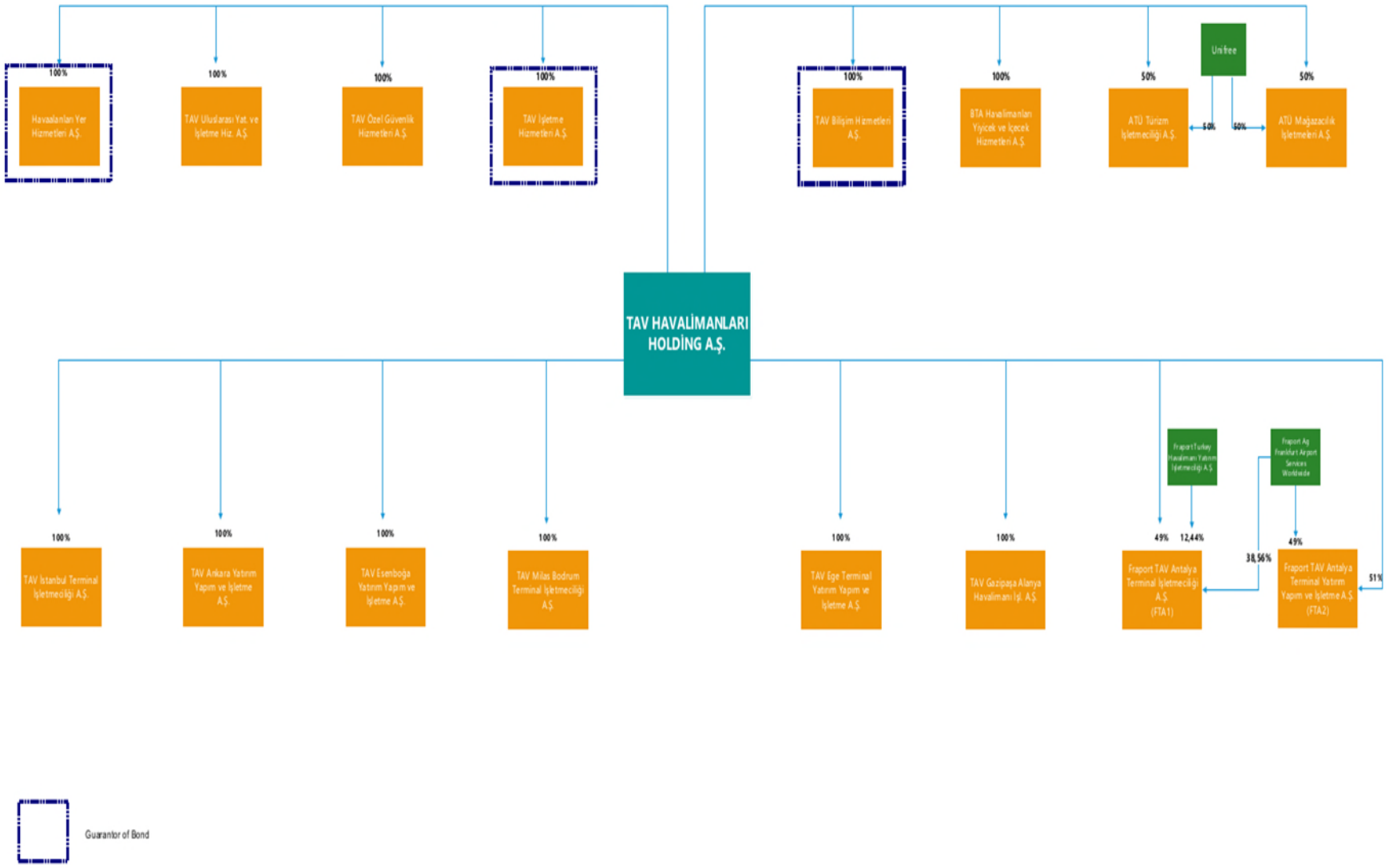
The Group is focused on ESG and views ESG as a way to create value for its stakeholders. The Group's ESG strategy focuses on four areas, corporate governance, the environment, diversity and inclusion, and local stakeholder management. In line with its wider strategy, the Group has committed to achieving carbon neutrality by 2030 and reaching net zero emissions by 2050. To achieve carbon neutrality the Group offsets its greenhouse gas emissions by acquiring Verified Carbon Standard ("**VCS**") certificates on the carbon exchange market. The Group is also a member of the BIST Sustainability 25 Index.

Integration of Groupe ADP's Global Airport Operations

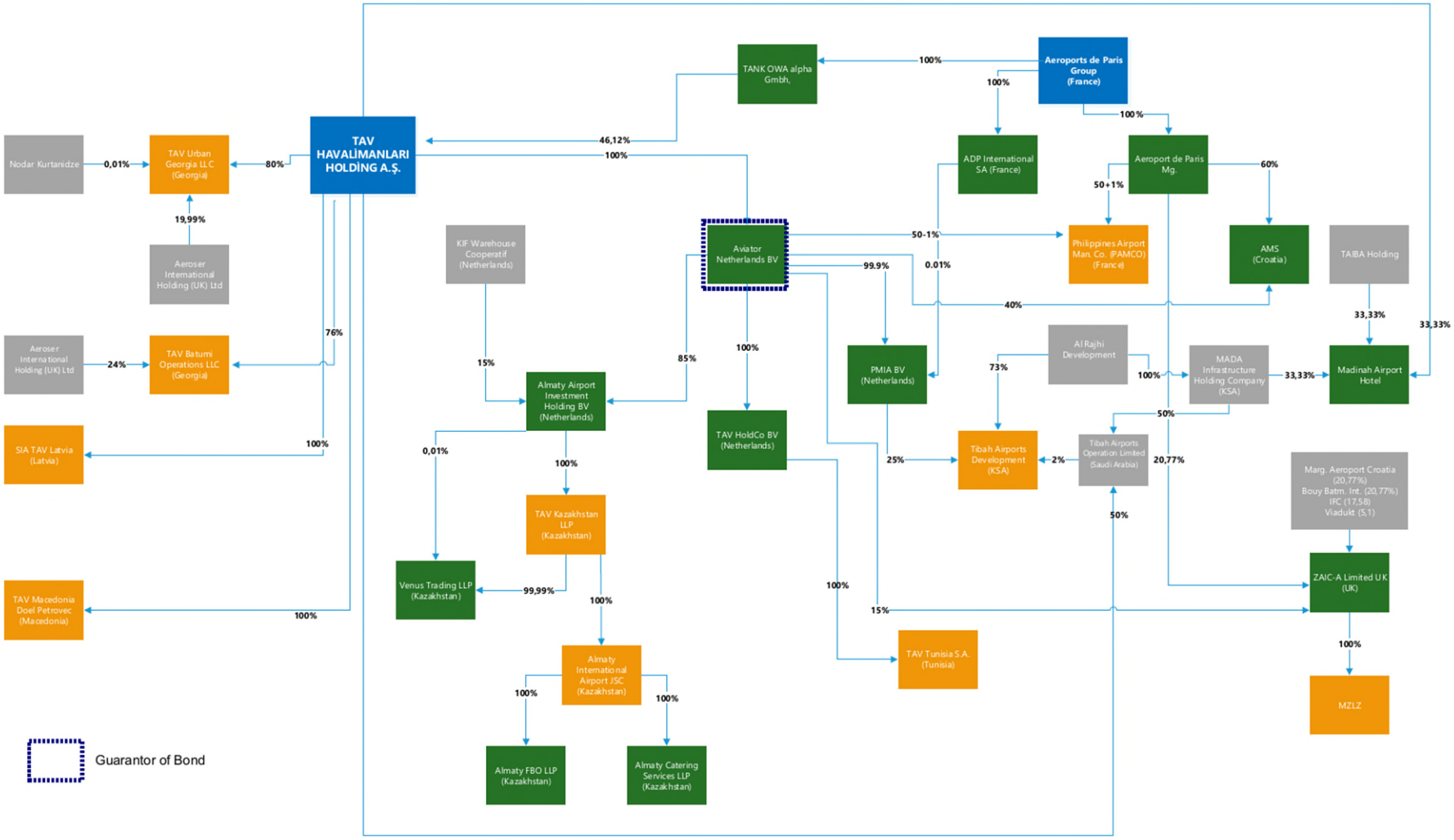
The Group aligns its strategic targets with the global vision and objectives of Groupe ADP. By tailoring its operational protocols, compliance frameworks, strategic growth initiatives, procurement strategies and investment decisions with Groupe ADP, the Group benefits from the collective expertise of both entities.

Group Structure

TAV Airports is the holding company for the interests of all the Group Companies involved in airport operations and is responsible for coordinating the activities of the Group. TAV Airports operates the finance, accounting, purchasing, legal and human resources functions for other members of the Group. The chart below shows TAV Airports and its principal subsidiaries, as well as the Group's structure inside of Türkiye.


TAV HAVALİMANLARI HOLDİNG A.Ş.
100%
Havaalanları Yer Hizmetleri A.Ş.
100%
TAV Uluslararası Yat. ve İşletme Hiz. A.Ş.
100%
TAV Özel Güvenlik Hizmetleri A.Ş.
100%
TAV İşletme Hizmetleri A.Ş.
100%
TAV Bilişim Hizmetleri A.Ş.
100%
BTA Havalimanları Yiyicek ve İçecek Hizmetleri A.Ş.
50%
ATÜ Turizm İşletmeciliği A.Ş.
Unifree
50%
50%
50%
ATÜ Mağazacılık İşletmeleri A.Ş.
100%
TAV İstanbul Terminal İşletmeciliği A.Ş.
100%
TAV Ankara Yatırım Yapım ve İşletme A.Ş.
100%
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş.
100%
TAV Milas Bodrum Terminal İşletmeciliği A.Ş.
100%
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş.
100%
TAV Gazipaşa Alanya Havalimanı İşl. A.Ş.
Fraport Turkey Havalimanı Yatırım İşletmeciliği A.Ş.
Fraport Ag Frankfurt Airport Services Worldwide
49%
12,44%
38,56%
49%
51%
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (FTA1)
Fraport TAV Antalya Terminal Yatırım Yapım ve İşletme A.Ş. (FTA2)
Guarantor of Bond

The chart below shows TAV Airports and its principal subsidiaries, as well as the Group's structure outside of Türkiye.



The chart below shows TAV Airports and its shareholder structure.

TAV CORPORATE AND SHAREHOLDER STRUCTURE

TAV Airports Holding Co.

Airport Companies

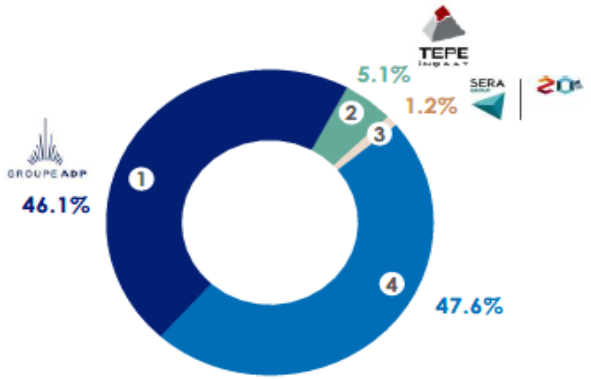
- Esenboga (100%)
- Adnan Menderes (100%)
- Gazipasa Alanya (100%)
- Milas Bodrum (100%)
- Antalya (50%)
- Almaty (85%)
- Madinah (26%)
- Tbilisi (80%) & Batumi (76%)
- Monastir & Enfidha (100%)
- Skopje & Ohrid (100%)
- Latvia[1] (100%)
- Zagreb (15%)

Service Companies

- ATU (50%)
- BTA (100%)
- OS (100%)
- TAV Technologies (100%)
- Security (100%)
- Academy (100%)
- Havaş (100%)
  - TGS (50%)
  - Havaş Latvia (100%)
  - Havaş Zagreb (100%)

(1) Only commercial areas (2) Through Tank oWA Alpha GMBH

Shareholder Structure



Shareholders

1. Groupe ADP(2)
Internationally acclaimed airport operating company with global operations

2. Tepe Insaat Sanayi A.S.
Turkish integrated conglomerate focused on infrastructure and construction

3. Sera Yapi Endustrisi A.S.
Focused on construction in Türkiye & MENA region

4. Free Float

The Market and Industry

Turkish Aviation Industry

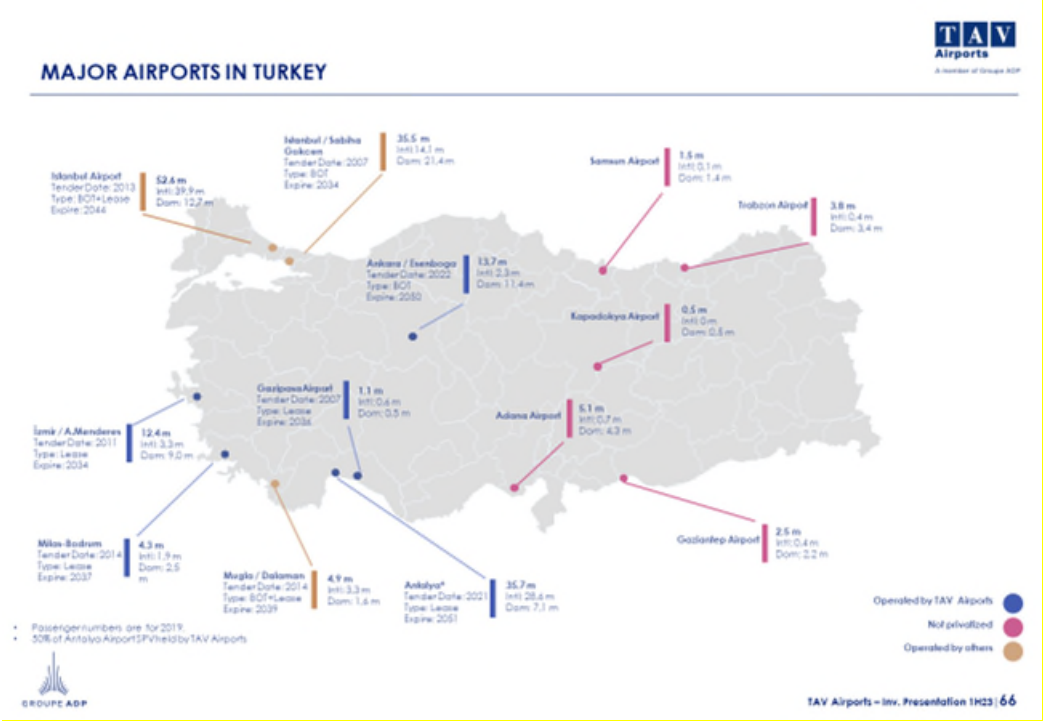
Türkiye is the second largest country in Europe with a population of approximately 81 million people. The Turkish government has continued to encourage private sector participation in the civil aviation industry, with a focus on renovating and modernising existing airports, constructing new airport facilities, upgrading ground and terminal equipment and systems, establishing additional airlines, increasing general/business aviation services, growing the national airline, privatising airport management operations and upgrading airport and airline security. These efforts have resulted in Türkiye becoming the fastest growing aviation market in Europe.

Türkiye is expected to host over two hundred million passengers in 2023 with 15 per cent. growth in passenger traffic compared to 2022 (Source: DHMİ). From 2005 to 2023, the compound annual growth rate (**"CAGR"**) in passenger traffic at Turkish airports is expected to be 7.6 per cent. It is predicted that CAGR in global passenger traffic will be 3.6 per cent. between 2019 to 2042 and the number of aircrafts is expected to reach 46,000 in 2042 from 23,000 in 2019 (Source: Airbus).

Tourist arrivals

In 2022, Türkiye had 51.4 million foreign visitors and tourism in 2023 continued to grow despite geopolitical challenges. According to the Ministry of Culture and Tourism, revenue from tourism in Türkiye is expected to double by 2028 to reach U.S.$100 billion. During the periods under review, travel trends in Türkiye have begun to shift east, with more tourists visiting destinations across Türkiye. Tourism in Türkiye was primarily driven by foreign visitors from Germany, Russia, the United Kingdom, Bulgaria and Iran in 2022.

The following chart sets out the major airports in Türkiye in 2019, as measured by passenger traffic:



Air Transport Sector in Türkiye

Turkish Airlines, which was founded in 1933, was the only airline company operating in Türkiye until 1982 when deregulation of the Turkish airline industry enabled the establishment of private passenger airlines, which

have since steadily increased their share of the international market. Turkish Airlines was defined as a State Economic Enterprise in November 1994 and placed under the jurisdiction of the Privatisation Administration.

In late 2003, the domestic aviation market in Türkiye was deregulated. As a result, new airlines commenced operations, including low-cost airlines, further increasing passenger traffic. As at 30 September 2023, there were nine passenger airline companies in Türkiye, operating a combined total of 622 passenger aircrafts. At the same time, Turkish Airlines operated 320 passenger aircrafts (excluding 85 Ajet aircrafts). In 2023, the combined seat capacity of Turkish Airlines and Ajet was 103 million seats while other airlines supplied 55 million seats (excluding charter seat capacity). According to its 2022 Annual Report, Turkish Airlines carried 72 million scheduled passengers in 2022, reporting a recovery of almost 98 per cent. compared to 2019.

DHMİ and Tariffs in Türkiye

DHMİ and Transfer of the Operation Right

DHMİ is a 100 per cent., state-owned, autonomous enterprise which is responsible for air navigation services in Turkish airspace. Pursuant to Article 4 of DHMİ's Foundation Statute, the objectives of the DHMİ are to provide air transport services, to operate aerodromes, to provide ground services at airports and air traffic control services, to install and set up air navigation systems, facilities, and other related systems, and to maintain them at a level that meets modern aviation standards. According to the 2022 annual report of DHMİ, DHMİ has a total of 57 airports in active service.

As per Article 33 of Law No. 5335 on the Amendment of Certain Laws and Decree Laws and Article 18 of Law No. 4046 on Privatisation Implementations, DHMİ is entitled to grant the operation of the airports under its authority to private sector organisations by way of (i) leasing or (ii) granting of operation rights. The transfer of the operating rights shall be conducted through a tender and the operation period cannot exceed 49 years. Leasing and/or granting of operating rights of airports shall not be deemed as a concession in terms of public law; such agreements are governed by the provisions of Turkish private law. Services and qualifications of the operating companies are supervised by DHMİ during the specified period within the scope of the transfer of operating rights.

Furthermore, pursuant to Article 18 of Regulation on Airport Certification ("**Certification Regulation"**), airport operators are accountable to the Directorate General of Civil Aviation, an associated organisation of the Ministry of Transport and Infrastructure, for their activities conducted in accordance with the requirements of the Law No. 2920 on Civil Aviation ("**Civil Aviation Law**") and Certification Regulation. According to Article 18 of Certification Regulation, airport operators should prepare "airport handbook", which includes airport characteristics, all procedures and safety measures related to airport operation, information on airport management and safety management system, duties and responsibilities of airport personnel related to safety, and should electronically submit its updated version to the Directorate General of Civil Aviation at the end of March each year at the latest. Accordingly, Article 19 of Certification Regulation states that in case of an inadequacy or defect which affects the safety standards and/or flight and ground safety, airport operators shall take necessary remedy measures, and they might be subject to the administrative fines set out under Civil Aviation Law and other relevant legislation.

Apart from above, pursuant to SHY-22 Regulation on Ground Handling Services at Airports, airport services such as passenger services, cargo control and communication, ramp, cargo and mail, aircraft line maintenance, flight operation, transportation, catering service, supervision and management, aircraft private security service can be provided based on license..

Tariffs

In accordance with Article 35 of Decree Law No. 233 on State-Owned Enterprises ("**Decree**") and Article 30 of Marketing and Trade Directive published by DHMİ, DHMİ has authority to determine the tariffs and prices regarding the services provided in each operated airport. DHMİ regulates both aeronautical prices, such as passenger service tariff, and non-aeronautical prices such as area allocation tariff and car parking tariff. Within the scope of the concession agreements concluded with DHMİ and the operating companies, the revenues generated from the allocation of the areas in the terminals for the use of third parties in accordance with the tariffs published by DHMİ, may be allocated to the Company. For instance, for the year of 2023, DHMİ set a fixed tariff for allocation of departing passenger area and office buildings, which is TL76 per m^2 for departing passenger area and TL 51 per m^2 for office buildings, excluding several airports.

Pursuant to Article 35 of the Decree, as a state-owned enterprise, DHMİ has the full authority regarding the tariffs and prices, but opinions of the airport management, inflation effects and suggestions of other parties submitted to DHMİ are also considered. Therefore, tariffs and prices are determined at the discretion of DHMİ and such pricing is not subject to any specific cap or criteria. This pricing mechanism and the authority of DHMİ are stated under the concession agreements of the Subsidiaries. However, the President of the Turkish Republic and/or Economic Coordination Board which is organised under the Presidency of the Republic, also has a general authority to adjust tariffs in order to increase social benefit, in accordance with Article 35 and 37 of the Decree.

The Group's Operations

Airport and terminal operations

The Group's operations in the aviation sector consists of five airports in Türkiye (Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Gazipaşa-Alanya Airport, Milas-Bodrum Airport and Antalya Airport), one airport in Kazakhstan (Almaty Airport), two airports in Georgia (Tbilisi International Airport and Batumi Airport), two airports in Tunisia (Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport), two airports in North Macedonia (Skopje International Airport and Ohrid St. Paul the Apostle Airport), one airport in Latvia (Riga Airport), one airport in Saudi Arabia (Madinah Airport), one airport in Croatia (Zagreb Airport).

The table below outlines the principal terms of the concessions pursuant to which the Group operates each airport.

Airport	Type/ Expiry Date	TAV Stake	Scope	2022 Passengers	International	Domestic	Security fee/ international passenger[6]	Volume Guarantee	Yearly Lease/ Concession Fee Paid
				(million passengers)	*(fee per passenger)*				
Ankara Esenboga[8]	BOT (May 2025)	100%	Terminal	8.6	€15 €2.5 (Transfer)	€3	€1.5	0.6m Domestic, 0.75m international for 2007+5% p.a	—
New Ankara Esenboga (Starts in 2025)...	Lease (May 2050)	100%	Terminal	—	€17 €5 (Transfer)	€3	€3	No	€119m up front €10m from 2025 to 2029 and €15m from 2030 to 2049 + VAT(12)
İzmir A.Menderes (Ege)[8]	Concession (December 2034)	100%	Terminal	9.8	€15 €2.5 (Transfer)	€ 3	€1.5	No	€29m+VAT(1)
Gazipasa Alanya[8]	Lease (May 2036)	100%	Airport	0.7	€ 12	TL24.8	€1	No	$50,000+VAT +65% of net profit
Milas-Bodrum[8] .	Concession (December 2037)	100%	Terminal	3.9	€ 15	€ 3	€1.5	No	€143.4m upfront+ €28.7m+ VAT(2)

Airport	Type/ Expiry Date	TAV Stake	Scope	2022 Passengers	International	Domestic	Security fee/ international passenger[6]	Volume Guarantee	Yearly Lease/ Concession Fee Paid
				(million passengers)	*(fee per passenger)*				
Antalya[8]	Lease (December 2026)	50%[5]	Terminal	31.2	€15 €2.5 (Transfer)	€3	€1.5	No	€100.5m + VAT €1,813m up front
New Antalya (Starts in 2027)	Lease (December 2051)	50%[10]	Terminal	—	€ 17 €5.0 (Transfer)	€3	€3	No	€145m from 2027 to 2031 and €236m from 2032 to 2051 +VAT[11]
Almaty	No Concession[9]	85%	Airport	7.2	U.S.$8.9 for non-Kazakhstan airlines	charges vary	—	No	—
Tbilisi	BOT (January 2027)	80%	Airport	3.0	U.S.$25	U.S.$6	—	No	10% of Landing and Ground Handling gross revenue
Batumi	BOT (August 2027)	76%	Airport	0.6	U.S.$12	U.S.$7	—	No	—

Airport	Type/ Expiry Date	TAV Stake	Scope	2022 Passengers	International	Domestic	Security fee/ international passenger[6]	Volume Guarantee	Yearly Lease/ Concession Fee Paid
				(million passengers)	*(fee per passenger)*				
Monastir & Enfidha Airport ..	BOT+ Concession (May 2047)	100%	Airport	1.5	€13	€1	€0.80	No	11-26% of revenue from[7] 2010 to 2047
Skopje & Ohrid Airport	BOT+ Concession (June 2032)	100%	Airport	2.4	€13 in Skopje, €10.2 in Ohrid	—	€6.5 in Skopje, €6.5 in Ohrid	No	4.11% of the gross annual turnover[3]
Madinah (TIBAH).....	BOT+ Concession (May 2040 + up to 5 yrs.)	26% (co-control)	Airport	6.3	SAR 94.3[4]	SAR 10.60	—	No	54.50%
Zagreb (MZLZ).....	BOT+ Concession (April 2042)	15%	Airport	3.1	€19.7 €4.5 (Transfer)	€8.43	€6.5 international, domestic and transfer passenger	No	€2.0m - €12.2m fixed 0.5% (2016) - 61% (2042) variable

Source: TAV Airports

Notes:

(1) Accrual basis: Depreciation expense of €13.5m in 2015 to €32.4m in 2032 plus finance expense of €17.8m in 2015 to €0m in 2032.

(2) Accrual basis: Depreciation expense of €11.1m in 2016 to €38.0m in 2032 plus finance expense of €18.8m in 2016 to €0m in 2032.

(3) The percentage will be tapered towards 2 per cent. as passenger numbers increase.

(4) Passenger fee at Madinah Airport is applicable to both departing and arriving international passengers which will be increased as per cumulative CPI in Saudi Arabia every three years.

(5) TAV Airports' 49 per cent. stake in Antalya Airport entitles it to equal governance and 50 per cent. of dividends.

(6) Security fee for international passengers is collected in Turkish Airports beginning in January 2019.

(7) The concession fees were restructured in November 2019 with this multiplier: 35 per cent. if passengers exceed 4 million, 75 per cent. if passengers are greater than 4 million but less than five million, 125 per cent. if passengers are greater than 5 million but less than 7.5 million and 150 per cent. if passengers are greater than 7.5 million.

(8) DHMİ extended the operating periods of Antalya Airport, Ankara Esenboğa Airport, Gazipasa-Alanya Airport, İzmir Adnan Menderes Airport and Milas-Bodrum Airport for two years in February 2021. https://www.kap.org.tr/en/Bildirim/909767.

(9) Airport operation is not subject to a concession. Airport facilities are owned and leased.

(10) TAV Airports' 51 per cent. stake in Antalya Airport entitles it to equal governance and 50 per cent. of dividends.

(11) VAT will be paid on accrual basis starting from 2027 (€52.2 million per annum).

(12) VAT will be paid on accrual basis starting from 2025 (€3.4 million per annum).

The Group receives aviation revenue in connection with its airport terminal operations from various sources. Revenue from passenger service charges ("**PSCs**") represents the second most significant source of aviation revenue. For information on calculation of PSC charges at each airport that the Group operates, see "*Presentation of Financial and Other Information — Calculation of Passenger Numbers and Passenger Service Charges*". In addition to PSCs, the Group's other aviation revenue consists of check-in counter income, 400 Hz power income, passenger boarding bridge income and PCA system income, Parking-Apron-Taxi ("**PAT**") revenue in Tunisia, Macedonia, Madinah Airport, Almaty Airport, Zagreb Airport and Gazipaşa-Alanya Airport and jet fuel sales at Almaty Airport. As at 30 September 2023, revenue from PSCs contributed 14 per cent. of the Group's total consolidated revenue, while aviation revenue contributed 41 per cent. of the Group's total consolidated revenue. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Principal Factors Affecting the Group's Results of Operations — Passenger Volumes at the Airports*".

The following table sets forth the airport terminals which the Group operates by number of commercial aviation passengers in 2022:

		Passenger Traffic (2022)[(1)]		
Airports	**Country**	**Domestic**	**International**	**Total**
Antalya Airport	Türkiye	6,079,262	25,130,857	31,210,119
İzmir Adnan Menderes Airport	Türkiye	6,068,934	3,768,176	9,837,110
Ankara Esenboğa Airport	Türkiye	6,742,033	1,902,934	8,644,967
Almaty Airport	Kazakhstan	4,569,580	2,660,576	7,230,156
Madinah Airport	Saudi Arabia	1,873,688	4,466,996	6,340,684
Milas-Bodrum Airport	Türkiye	2,042,428	1,861,655	3,904,083
Tbilisi International Airport and Batumi Airport	Georgia	15,346	3,597,581	3,612,927
Zagreb Airport	Croatia	354,582	2,770,023	3,124,605
Skopje International Airport and Ohrid St. Paul the Apostle Airport	North Macedonia	–	2,371,423	2,371,423
Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport	Tunisia	3,176	1,472,955	1,476,131
Gazipaşa-Alanya Airport	Türkiye	432,038	273,402	705,440

Source: DHMİ and TAV Airports

Note:

(1) Passenger figures are subject to revision.

Ankara Esenboğa Airport

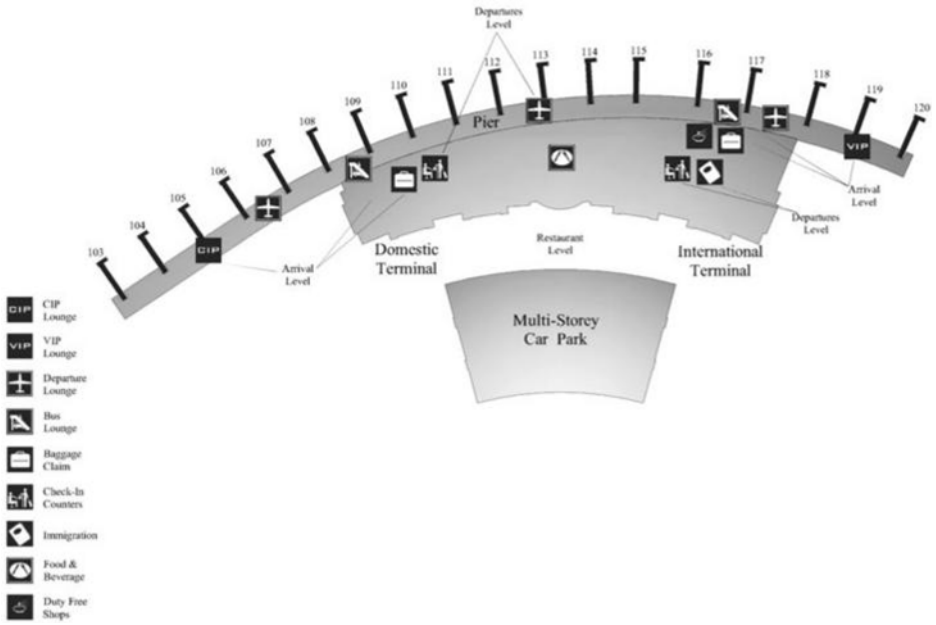
Ankara is the capital of Türkiye and the country's second largest city with 5.7 million inhabitants (Source: TURKSTAT 2023). Ankara serves as the headquarters for many large construction companies, banks and unions. Ankara Esenboğa Airport is located 28 kilometres from the city centre and is accessible by way of a well maintained road link. In Türkiye, the airport is ranked fourth in terms of the number of passengers served in 2023. (Source: DHMİ) The airport has a capacity of 30 million passengers.

Ankara Esenboğa Airport is an important hub for Turkish Airlines, Ajet and Pegasus as it acts as a natural hub for domestic connections as a result of its central location in Türkiye and provides an international link between Türkiye and rest of the world. Since 2006, Ankara Esenboğa Airport has experienced significant passenger traffic growth and became Türkiye's first carbon-neutral airport in 2014.

The airport faces limited competition from the Ankara-Istanbul high-speed rail, which was introduced in 2014, and the construction of new privatised highways, which connect major cities in Türkiye. However, in the case of the high-speed rail, the travel time remains comparable to driving and it has limited daily capacity. In the case of the new, privatised highways, the cost, including fuel, remains comparable to flights, while the travel time remains longer.

Terminal Buildings

The following diagram shows the layout of Ankara Esenboğa Airport.



Source: TAV Airports

There are four terminals at Ankara Esenboğa Airport, and the Group operates the domestic and international terminals, CIP terminals, general aviation terminal and auxiliaries.

Ankara Esenboğa Airport has a single access point in the form of a dual carriageway. The level of traffic on surrounding roads is generally low, therefore providing a relatively congestion-free journey to and from the outskirts of the city of Ankara.

The domestic and international terminal is a large modern airport terminal built by TAV Construction with a capacity of 30 million passengers (Source: TAV Airports). In 2023, Ankara Esenboğa Airport is expected to serve 12 million passengers. The new terminal has a floor area of 182,000 square metres, 18 boarding bridges, 104 check-in counters, 36 passport counters, six customs inspection counters, an automatic baggage handling system with a capacity to sort 8,000 baggage items per hour, and nine baggage conveyors. The total retail area at the new terminal is 7,402 square metres, of which 2,353 square metres is designated for duty free operations and 5,049 square metres is designated for catering operations.

Ankara Esenboğa Airport has six apron areas with between seven and eleven stands each. All the existing stands are categorised as industry standard for smaller wide body aircrafts, which represent almost all the aircraft expected to use the airport. One of the aprons at the airport is made of concrete, and as a result, the use of this

apron by heavier aircraft such as Boeing 747 and Airbus A340 is unlikely to cause pavement distress. This particular apron has been incorporated into the apron area for the new domestic and international lines terminal.

Concession Agreement

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa Airport including both the international and domestic terminals until May 2023. DHMİ extended the agreement for two years as a result of the COVID-19 pandemic and on 20 December 2022, the Group won a second tender which extended its capacity development and operating rights from 2025 to 2050. The Group has embarked on a two-phase investment plan, which includes constructing a new runway, air traffic control tower, cargo service units and terminal expansion and plans on investing in 5 MW capacity solar panels in line with the Group's sustainability policies. The first phase of investment in the project is expected to be €210 million between 2023 and 2026. Under the new concession agreement, the Group will pay DHMİ €475 million (excluding VAT) in total concession rent and DHMİ could terminate the agreement if TAV Ankara, which holds the new concession, breaches its obligations under the Lease Agreement and fails to remedy such breach or suspends the construction of the airport for more than 180 days or in case of bankruptcy, concordat or insolvency of TAV Ankara or if it fails to operate the facility due to force majeure for more than 180 days. Since 16 October 2006, TAV Ankara has provided terminal, car park and passenger boarding services to Ankara Esenboğa Airport.

Runways

Ankara Esenboğa Airport has two parallel runways, both 3,750 metres long which is sufficient to accommodate all aircraft types envisaged to operate passenger flights throughout the concession period without the imposition of any payload or performance penalties. Having two runways provides additional redundancy in respect of the most critical area of airport operations by enabling one runway to be taken out of service in the case of maintenance or an incident.

Bus services, which are operated by Havaş and Anka Air, connect the airport with the city of Ankara and surrounding areas. There is also an adequate supply of taxis.

Air Passenger Traffic

Ankara Esenboğa Airport was ranked the fourth largest airport in Türkiye by number of passengers served in the first nine months of 2023. (Source: DHMİ) In 2022, passenger traffic at Ankara Esenboğa Airport comprised 31 per cent. business travellers and 69 per cent. leisure travellers.

The following table provides information about total passenger traffic at Ankara Esenboğa Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	2,241,901	2,277,395	746,764	1,301,315	1,902,934
Growth (%)	13	2	(67)	74	46
Domestic	14,498,102	11,463,200	4,415,805	5,728,315	6,742,033
Growth (%)	5	(21)	(61)	30	18
Total	16,740,003	13,740,595	5,162,569	7,029,630	8,644,967

Source: DHMİ

At Ankara Esenboğa Airport, the international PSC is set at €15 and the domestic PSC is set at €3, in each case per departing passenger. Under the concession agreement set to expire in 2025, DHMİ provides a guarantee in respect of a minimum number of passengers per year. DHMİ guarantees the payment of the applicable PSC in respect of 1.5 million international passengers and 1.3 million domestic passengers for 2023 with each amount increasing by 5 per cent. per annum thereafter until May 2025. DHMİ will receive all additional revenue

generated by PSCs above the guaranteed volume until May 2025. In 2019, the Group returned €7.8 million to DHMİ under the guarantee. After May 2025, the international PSC will be set at €17 and the domestic PSC will be set at €3, in each case per departing passenger. Under the 2025 to 2050 concession agreement, DHMİ will not provide a guarantee in respect of a minimum number of passengers per year and no PSC revenue will be returned to DHMİ.

International passenger traffic has been growing very fast as a result of Ajet using Ankara Esenboğa Airport as an international hub.

İzmir Adnan Menderes Airport

The Group operates both the international terminal and domestic terminal at İzmir Adnan Menderes Airport. İzmir is located on the west coast of Türkiye. It is the third largest city in Türkiye, with a population of 4.5 million people (Source: TUIK). It is also the third largest city in Türkiye in terms of industrial production.

İzmir Adnan Menderes Airport was the fifth largest international airport in Türkiye by total passenger numbers in the first nine months of 2023 and its top carriers include Sunexpress, Pegasus Airlines and Turkish Airlines. It is located 18 kilometres south of İzmir city centre. The airport is expected to serve 10.5 million passengers in 2023. This traffic represented 5 per cent. of total air passenger traffic at Turkish airports. The total traffic at İzmir Adnan Menderes Airport was split between 40 per cent. international and 60 per cent. domestic. There were 931 employees at İzmir Adnan Menderes Airport as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the international terminal at İzmir Adnan Menderes Airport.



Source: TAV Airports

The international terminal at İzmir Adnan Menderes Airport has a total area of 110,000 square metres, whereas the domestic terminal has 200,000 square metres with two parallel 3,240 metres long runways and a DHMİ-declared a capacity of ten million passengers for international terminal and 25 million passengers for domestic terminal per year. There are 66 check-in counters in international terminal and 64 check-in counters in domestic terminal, a total of 30 immigration (passport) counters, eight boarding bridges, five baggage claim carousels

and two fully automated baggage handling system with a capacity of handling 5,000 bags per hour. The two car parks are 83,000 square metres, which has a capacity of 2,500 cars. The total retail area at the international terminal is 3,756 square metres, of which 2,353 square metres is designated for duty free operations and 3,403 square metres is designated for catering operations.

Concession Agreement

A BOT agreement was executed between TAV İzmir Terminal İşletmeciliği A.Ş. ("**TAV İzmir**") on 20 May 2005 for the reconstruction, investment and operation of the İzmir Adnan Menderes Airport International Terminal until 2015. In 2012, TAV Ege took over operation of the domestic and international terminals from TAV İzmir under a new concession with DHMİ.

Under the agreement, TAV Ege will operate İzmir Adnan Menderes Airport until the end of 2034, and throughout the operation period the Group will carry out all terminal and car park operations in addition to other airport activities, namely duty free, ground handling and catering services operations. Further, TAV Ege constructed a new domestic terminal with ancillary buildings and will pay a total of €610 million (excluding VAT) to DHMİ during the concession period as concession rent. There are no per passenger guarantees at İzmir Adnan Menderes Airport.

Air Passenger Traffic

The following table provides information about total passenger traffic at İzmir Adnan Menderes Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	2,730,772	3,333,332	995,334	1,792,577	3,768,176
Growth (%)	16	22	(70)	80	110
Domestic	10,679,606	9,031,924	4,469,524	5,776,477	6,068,934
Growth (%)	2	(15)	(51)	29	5
Total	13,410,378	12,365,256,	5,464,858	7,569,054	9,837,110

Source: DHMİ

The total passenger traffic at İzmir Adnan Menderes Airport grew with the CAGR of 5.7 per cent. between 2010 and 2019 however this growth was interrupted by the COVID-19 pandemic in 2020. International passengers have been increasing at İzmir Adnan Menderes Airport mostly due to a mix of business and leisure traffic as well as a strong base for Sun Express airlines.

At İzmir Adnan Menderes Airport, the international departing PSC is set at €15 per departing passenger and €3 for domestic departing passenger.

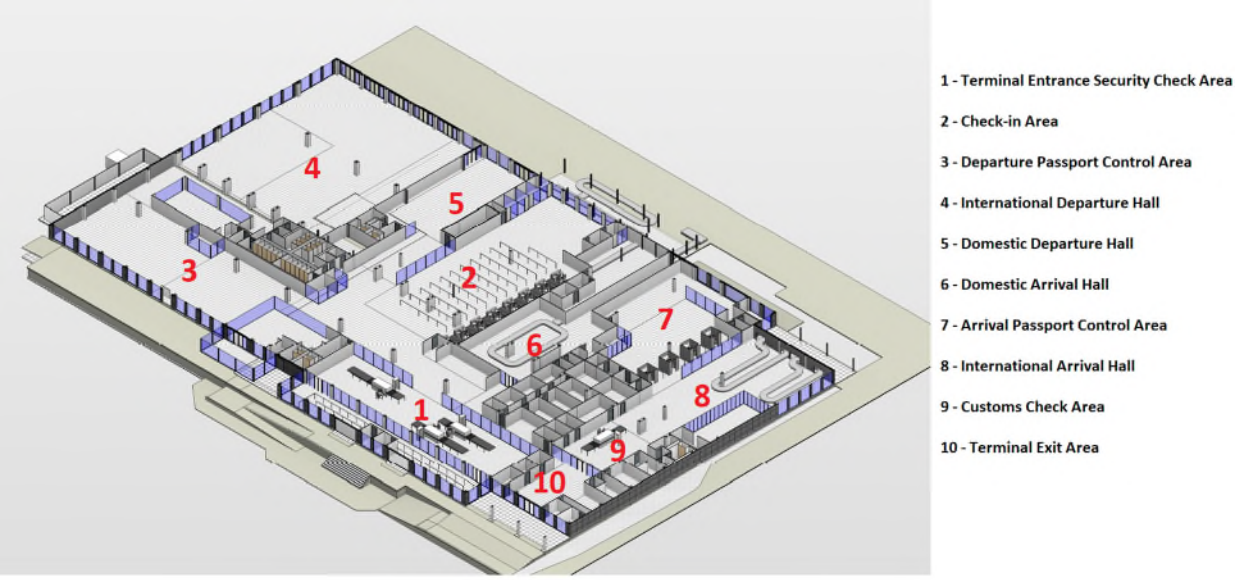
Gazipaşa-Alanya Airport

The Group operates at Gazipaşa-Alanya Airport. Gazipaşa-Alanya Airport is located within the Antalya province on the south-west coast of Türkiye. Antalya has a population of 2.3 million and is the centre of Türkiye's tourist industry attracting 30 per cent. of the foreign tourists visiting Türkiye**.**

The airport served 705,440 thousand passengers in 2022. The total traffic at Gazipaşa-Alanya Airport in 2022 was split between 39 per cent. international and 61 per cent. domestic. There were 104 employees at Gazipaşa-Alanya Airport as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the international terminal at Gazipaşa-Alanya Airport.



Source: TAV Airports

The terminal at Gazipaşa-Alanya Airport has a total area of 6,700 square metres, with a 2,350 metre long runway and a terminal capacity of two million passengers per year. The terminal has 16 check-in counters, a total of 14 immigration (passport) counters, 6 remote aircraft park positions, 3 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 840 bags per hour. The car park is 4,100 square metres, which has a capacity of 201 cars. The total retail area at the international terminal is 866 square metres, of which 340 square metres is designated for duty free operations and 299 square metres is designated for catering operations.

Concession Agreement

On 4 January 2008, DHMİ and TAV Gazipaşa signed a concession agreement for the operation of Gazipaşa-Alanya Airport. Under the agreement, TAV Gazipaşa will operate the airport which includes operating airside and landside facilities, runways, aprons and taxiways. TAV Gazipaşa will make annual rent payments of U.S.$50 thousand (excluding VAT) until the end of the agreement and will share 65 per cent. of the net profit with DHMİ until the agreement expires in May 2036.

Air Passenger Traffic

The following table provides information about total passenger traffic at Gazipaşa-Alanya Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	626,677	591,416	58,557	210,140	273,402
Growth (%)	83	(6)	(90)	259	30
Domestic	575,218	493,485	212,311	369,495	432,038
Growth (%)	20	(14)	(57)	74	17
Total	1,201,895	1,084,901	270,868	579,635	705,440

Source: DHMİ

The total passenger traffic in Gazipasa grew with the CAGR of 83.1 per cent. between 2010 and 2019.

At Gazipaşa-Alanya Airport, the international PSC is set at €12 and the domestic PSC is set at TL 24.8, in each case per departing passenger.

Milas-Bodrum Airport

The Group operates the only terminal at Milas-Bodrum Airport. The Milas-Bodrum Airport is situated 36 kilometres northeast of Bodrum and 16 kilometres south of Milas.

The airport served 3.9 million passengers in 2022. This traffic represented 5 per cent. of total air passenger traffic at Turkish airports. The total traffic at Milas-Bodrum Airport was split between 48 per cent. international and 52 per cent. domestic. The top carriers at Milas-Bodrum Airport include Turkish Airlines, Pegasus Airlines and Anadolu jet. There were 112 employees at Milas-Bodrum Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Milas-Bodrum Airport.



Source: TAV Airports

The terminal at Milas-Bodrum Airport has a total area of 4,139,000 square metres, with two parallel 3,000-metre-long runways and two terminals with a combined capacity of 7 million passengers per year. The terminals have 96 check-in counters (66 international and 30 domestic), a total of 38 immigration (passport) counters, 9 boarding bridges, 9 baggage claim carousels (5 international and 4 domestic) and fully automated baggage handling systems with a capacity of handling 5,000 bags per hour in the international terminal and around 2,000 bags per hour in the domestic terminal. The car park for both the domestic and international terminals is 49,185 square metres and has a capacity of 1,701 cars. The total retail area of both terminals is 19,500 square metres, of which 2,181 square metres is designated for duty free operations and 3,646 square metres is designated for catering operations.

Concession Agreement

On 21 March 2014, TAV Bodrum and DHMİ entered into concession agreement for the operation of the existing domestic and international terminals at the Milas-Bodrum Airport. Throughout the operation period TAV

Bodrum will carry out all terminal and car park operations in addition to other airport activities, namely duty free, ground handling and catering services operations. Under the agreement, TAV Bodrum will pay DHMİ €717 million (excluding VAT) during the concession period and the agreement is set to expire on 31 December 2037.

Air Passenger Traffic

The following table provides information about total passenger traffic at Milas-Bodrum Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	1,505,927	1,873,335	469,605	1,000,541	1,861,655
Growth (%)	63	24	(75)	113	86
Domestic	2,670,185	2,464,398	1,010,734	1,908,796	2,042,428
Growth (%)	4	(8)	(59)	89	7
Total	4,176,112	4,337,733	1,480,339	2,909,337	3,904,083

Source: DHMİ

The total passenger traffic at the Milas-Bodrum Airport grew with the CAGR of 3.0 per cent. between 2012 and 2019.

At Milas-Bodrum Airport, the international PSC is set at €15 and the domestic PSC is set at €3, in each case per departing passenger.

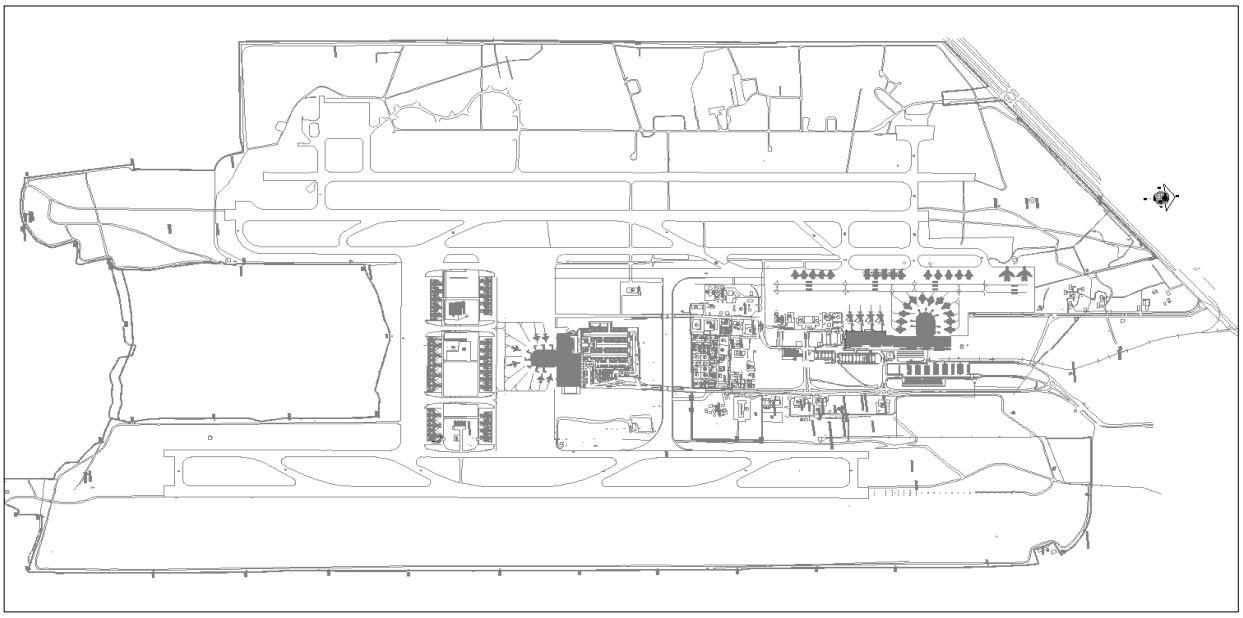
Antalya Airport

The Group currently operates the domestic terminal and the two international terminals at Antalya Airport in a joint venture with Fraport. Antalya Airport is located 13 kilometres northeast of Antalya, which has a population of 1.3 million. Antalya is a major destination during the summer and in 2022 had 31 million passengers, making it the second largest international airport in Türkiye by total passenger numbers.

The total passenger traffic at Antalya Airport represented 17 per cent. of total air passenger traffic in Turkish airports in 2022. The total traffic at Antalya Airport was split between 83 per cent. international and 17 per cent. domestic for the nine months ended 30 September 2023. In 2022 and in the first nine months of 2023, 50 per cent. (TAV's portion) of Antalya Airport's Adjusted EBITDA after concession rent amortization was €103.5 million and €106.4 million, respectively. The top carriers at Antalya Airport include Turkish Airlines, Pegasus Airlines and Sunexpress. There were 676 employees at Antalya as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Antalya Airport.



Source: TAV Airports

The terminals at Antalya Airport have a total area of 188,768 square metres, with two parallel 3,400 metres long runways. The terminals have 182 permanent counters and 26 temporary check-in counters, a total of 78 immigration (passport) counters, a total of 60 emigration (passport) counters, 28 boarding bridges, 16 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 12,700 bags per hour. The car park is 124,900 square metres, which has a capacity of 2,213 cars and 628 buses. The total retail area at the international terminal is 8,145 square metres, of which 3,652 square metres is designated for duty free operations and 3,717 square metres is designated for catering operations.

Concession Agreement

In 2018, TAV Airports purchased 50 per cent. of the shares of IC Fraport and started operating Antalya Airport in a joint venture with IC Fraport. The lease agreement was set to expire in 2024 but was later extended by DHMİ to 2026 as a result of the COVID-19 pandemic. On 1 December 2021, the Group successfully renewed its concession and the operational agreement is now set to expire in December 2051. The Group plans to increase the capacity of Antalya Airport to 80 million passengers annually and to carry out all terminal and car park operations. Under the new concession, TAV Airports will pay DHMİ €7.25 billion (excluding VAT) in rent over the concession period and DHMİ could terminate the agreement if (i) Fraport TAV Antalya breaches its obligations under the lease agreement and fails to remedy such breach or suspends the construction of the airport for more than 180 days, (ii) in the case of bankruptcy, concordat or insolvency of Fraport TAV Antalya or (iii) if Fraport TAV Antalya fails to operate the facility due to the occurrence of force majeure events for more than 180 days (in which case DHMİ will pay back any advance payments, less the rent it is contractually entitled to).

Air Passenger Traffic

The following table provides information about total passenger traffic at Antalya Airport for the years 2018 through 2022.

Passenger	2018	2019	2020	2021	2022
International	24,127,993	28,720,491	6,584,984	17,247,876	25,130,857
Growth (%)	31	19	(77)	162	46
Domestic	7,575,871	6,958,930	3,126,211	4,765,985	6,079,262
Growth (%)	2	(8)	(55)	52	28
Total	31,703,864	35,679,421	9,711,195	22,013,861	31,210,119

Source: DHMİ

The total passengers in Antalya grew with a CAGR of 4.7 per cent. between 2013 and 2019, however this growth was interrupted by the COVID-19 pandemic in 2020.

At Antalya Airport, the international PSC is currently set at €15 and the domestic PSC is set at €3, in each case per departing passenger. Under the new concession agreement which begins in 2027, the international PSC will be set at €17 and the domestic PSC will be set at €3, in each case per departing passenger.

Almaty Airport

In May 2021, TAV Airports acquired Almaty Airport and its associated fuel and catering businesses and assumed operations of Kazakhstan's largest international airport, Almaty Airport. Almaty Airport is located ten kilometres from the Almaty city centre and can be accessed by two main roads.

The airport served 7.2 million passengers in 2022 which represented 34.1 per cent. of total air passenger traffic in Kazakhstan airports and is a hub for Air Astana. The total traffic at Almaty Airport is split between 44 per cent. international and 56 per cent. domestic as of 30 September 2023. In 2022 and in the first nine months of 2023, Almaty Airport's EBITDA was €85.3 million and €70.8 million, respectively. As at 30 September 2023, TAV Airports had 3,507 employees at Almaty Airport.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Almaty Airport.



Source: TAV Airports

The terminal at Almaty Airport has a total area of 28,000 square metres, with two runways ranging between 4,400-4,500 metres long. The terminal has 52 check-in counters, a total of 29 immigration (passport) counters, 3 boarding bridges, 6 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 3,500-4,000 bags per hour. The car park is 25,000 square metres, which has a capacity of 500 cars. The total retail area at the international terminal is 727 square metres, of which 43 square metres is designated for duty free operations and 557 square metres is designated for catering operations. Construction of a new international terminal at Almaty Airport is due to be operational in the second half of 2024, which will enlarge the capacity of the terminal to over 14 million passengers per year. Further, the new terminal is expected to increase duty free sales revenues as well as increase lounge and food and beverage revenues.

Ownership Agreement

Unlike its other holdings, TAV Airports has an 85 per cent. ownership stake in Almaty Airport which is not a concession. The airport facilities are owned and leased. The remaining 15 per cent. is held by VPE Capital, a specialist fund manager in the capital markets of Russia and CIS regions. Under its agreement with VPE Capital, TAV Airports has a call option that can be exercised in the event of a disagreement and VPE Capital has a put option on the shares it holds. As at 31 December 2022, the debt relating to the put option is estimated €58,146 as compared to €34,828 as at 31 December 2021.

TAV Airports has started to invest approximately U.S.$200 million to build a new international terminal at Almaty Airport. The new international terminal is expected to be inaugurated in the second half of 2024 and will double the airport's capacity to more than 14 million passengers.

Air Passenger Traffic

The following table provides information about total passenger traffic at Almaty Airport for the years 2018 through 2022.

Passenger	**2018[(1)]**	**2019[(1)]**	**2020[(1)]**	**2021[(1)]**	**2022**
International	2,842,423	3,309,074	840,251	1,577,735	2,660,576
Growth (%)	6	7	(72)	88	69
Domestic	2,844,510	3,383,755	2,777,249	4,525,962	4,569,580
Growth (%)	(4)	19	(18)	63	1
Total	5,686,933	6,422,829	3,617,500	6,103,697	7,230,156

Source: TAV Airports

Note:

(1) TAV total number of passengers does not include Almaty Airport passengers before May 2021.

Passenger traffic figures have consistently grown since 2012, except for a sharp decline in 2020 due to the COVID-19 pandemic. The traffic has reached an all-time high in 2023 due to the newly established low-cost airline FlyArystan, the growth of Air Astana airline and the growth of the Kazakh middle class and increased business travel demand within Kazakhstan.

A significant portion of Almaty Airport's revenue is generated from jet fuel sales and other services provided to international passenger and cargo flights (8,338 and 6,356, 13,225 and 6,066, and 21,023 and 7,913 for the years ended 31 December 2020, 2021 and 2022, respectively, and 14,562 and 5,876, and 22,520 and 6,700 for the nine months ended 30 September 2022 and 2023, respectively). The Group capitalises on cargo flights that use Almaty Airport to refuel and international passenger flights flying to and from Almaty Airport. The Group believes that the long-term growth of the cargo sector is supported by the globalisation and expansion of e-

commerce while international passenger traffic is supported by the growth of GDP per capita in Kazakhstan and increased business travel demand in Kazakhstan.

At Almaty Airport, the international PSC is currently set at U.S.$8.9 for non-Kazakhstan airlines and domestic PSC charges vary, in each case per departing passenger.

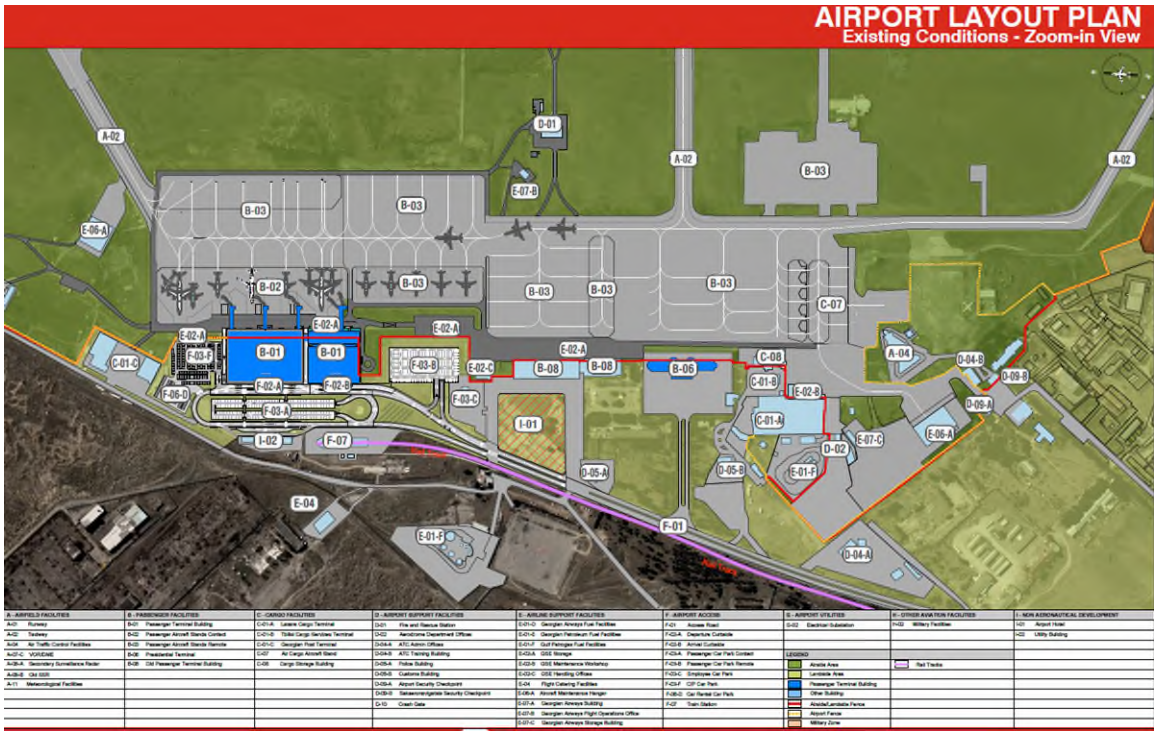
Tbilisi International Airport

Tbilisi is the capital of Georgia and has approximately 1.2 million inhabitants. Tbilisi International Airport is the largest and most important airport in Georgia and serves 60 per cent. of all air traffic in Georgia.

Tbilisi International Airport is located 20 kilometres to the east from the centre of Tbilisi. The transportation links with the city centre consist of a three-lane dual highway, a two-lane dual carriage way access road, a municipal bus service available every 15 minutes from 7am to 11pm and a parking lot with 908 spaces at the airport. There were 858 employees as at 30 September 2023.

Terminals Buildings and Runways

The following diagram shows the layout of the international terminal at Tbilisi International Airport.



Source: TAV Airports

Tbilisi International Airport has one active runway, also one additional not active runway that could be used if repaired. The apron area has a total of 57 aircraft parking positions.

The terminals at Tbilisi International Airport have a total area of 36,355 square metres and a 4.2 million passenger capacity, with five boarding bridges, 41 check-in counters, 20 emigration (passport) control counters and 18 immigration (passport) counters, a baggage handling system with capacity to sort 3,600 bags per hour and 4 baggage claim carousels. The total commercial area at Tbilisi International Airport terminal is 3,000 square metres, of which 862 square metres is designated for duty free operations, 499 square metres is designated for CIP lounge areas, 1,250 square metres is designated for food and beverage and 389 for other shops.

BOT Agreement

TAV Tbilisi entered into a BOT agreement in 2005 for the operation of Tbilisi International Airport with United Airports of Georgia ("**UAG**"). Under the BOT agreement, there is a variable project fee payable to UAG. In 2007, the Group completed the construction of a new terminal and now operates both terminals pursuant to the agreement. The Group is responsible for airside operations as well as the terminal operations at Tbilisi International Airport. The BOT agreement is set to expire on 21 January 2027.

Air Passenger Traffic

The following table provides information about total passenger traffic at Tbilisi International Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	3,785,269	3,662,690	585,596	1,668,369	2,993,990
Growth (%)	21	(3)	(84)	185	79
Domestic	16,093	22,900	3,555	6,894	2,052
Growth (%)	(27)	42	(84)	94	(70)
Total	3,801,362	3,685,590	589,151	1,675,263	2,996,042

Source: TAV Airports

The traffic in Tbilisi grew with the CAGR 18.1 per cent. from 2010 to 2019 but was interrupted by the COVID-19 pandemic in 2020.

At Tbilisi International Airport, the international PSC is currently set at U.S.$25 and the domestic PSC is set at U.S.$6, in each case per departing passenger.

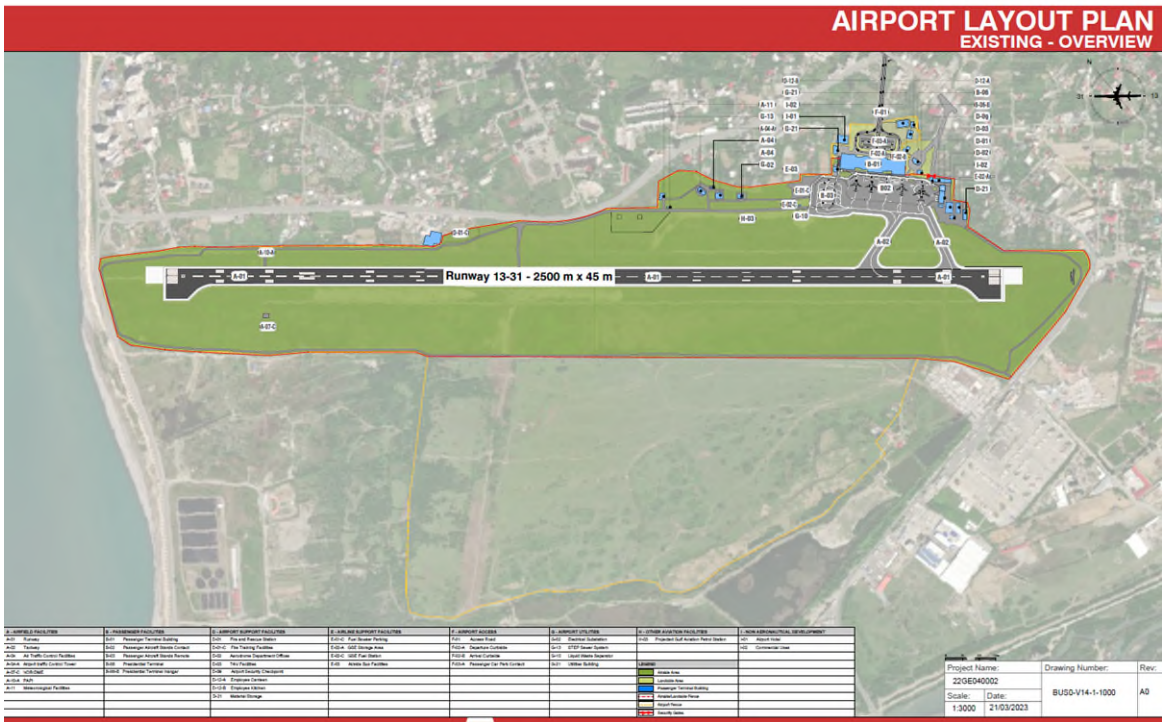
Batumi Airport

The Group operates the international terminal at Batumi Airport. It is located two kilometres south of Batumi on the Black Sea coast of Georgia and serves the Adjara region which has a population of over 300,000 people.

Since the completion of the expansion of the airport terminal in 2021, Batumi is capable of handling 1.2 million passengers a year, and in 2022 served 616,885 passengers. The total traffic at Batumi Airport was split between 97 per cent. international and 3 per cent. domestic. There were 291 employees at Batumi Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the Batumi Airport.



Source: TAV Airports

The terminal at Batumi International Airport has a total area of 8,000 square metres, with one runway and a terminal capacity of 1.2 million passengers per year. The terminal has 14 check-in counters, a total of 12 immigration (passport) counters, 8 emigration (passport) counters, 2 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 1,800 bags per hour. The car park is 5,250 square metres, which has a capacity of 220 cars. The total retail area at the international terminal is 980 square metres, of which 225 square metres is designated for duty free operations, 438 square metres is designated for catering operations, 129 square metres is designated as a commercial area and 188 square metres is designated for CIP lounge areas.

Management Agreement

On 9 August 2007 TAV Batumi Operations signed a management agreement with UAG to conduct all airport operations (excluding only the air traffic control and aviation security services which are provided by the Georgian Government). Under the agreement, there is a variable project fee with a minimum annual payment GEL 400,000 to UAG. Throughout this operation period the Group will carry out all terminal and car park operations in addition to other airport activities, namely duty free, ground handling and catering services operations. The agreement is set to expire on August 2027.

Air Passenger Traffic

The following table provides information about total passenger traffic at Batumi Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International.....	549,168	584,720	45,286	502,897	603,591
Growth (%)	24	6	(92)	1010	20

Passenger	2018	2019	2020	2021	2022
Domestic	49,694	39,458	6,174	13,186	13,294
Growth (%)	(4)	(21)	(84)	114	1
Total	598,862	624,178	51,460	516,083	616,885

Source: TAV Airports

The traffic in Batumi grew with the CAGR of 24.2 per cent. from 2010 to 2019.

At Batumi Airport, the international PSC is currently set at U.S.$12 and the domestic PSC is set at U.S.$7, in each case per departing passenger.

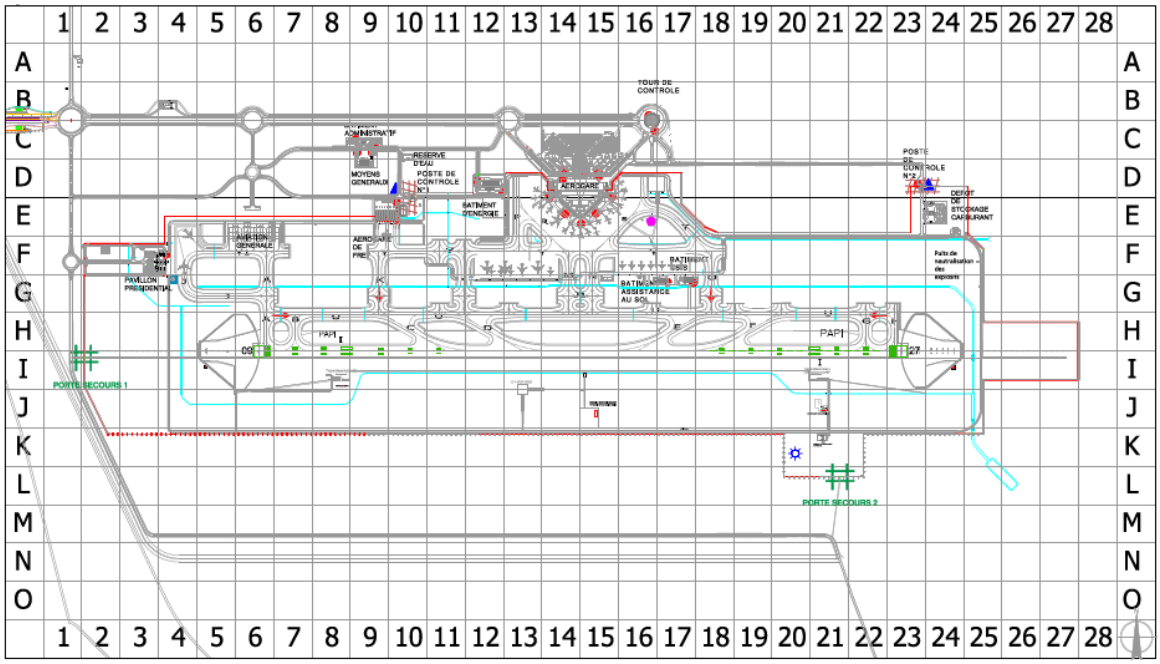
Enfidha-Hammamet Airport

The Group only operates the international terminal at Enfidha-Hammamet Airport. Enfidha-Hammamet Airport is in Tunisia and is located 40 kilometres southwest of the town of Hammamet. The airport is predominantly used by European airlines for tourism.

The airport served 465,852 passengers in 2022. This traffic represented 5.7 per cent. of total air passenger traffic at Tunisian airports. There were 278 employees at Enfidha-Hammamet Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Enfidha-Hammamet Airport.



Source: TAV Airports

The terminal at Enfidha-Hammamet Airport has a total area of 5,800 hectare, with one parallel 3,300-metre-long runway and one terminal with a capacity of 7 million passengers per year. The terminal has 62 check-in counters, 56 passport controls, 18 boarding bridges, 8 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 4,500 bags per hour. The car park is 120,000 square metres, which has a capacity of 1,295 cars and 110 Bus. The total retail area at the international terminal is 90,000 square metres, of which 1,930 square metres is designated for duty free operations and 950 square metres is designated for catering operations.

Concession Agreement

On 18 May 2007, TAV Tunisie entered into BOT agreement with the Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("**OACA**") for the design, engineering, financing, construction, testing, commissioning and maintenance of the Enfidha-Hammamet Airport. Throughout the operation period the Group will carry out all terminal and car park operations in addition to other airport activities, namely duty free, ground handling and catering services operations. Under the agreement, TAV Tunisie will pay the Tunisian Airport Authority a percentage of revenue from operations, the percentage of which is dependent on passenger volumes, during the concession period. The Group has operated Enfidha-Hammamet Airport since December 2009, and the concession period will end in May 2047.

Air Passenger Traffic

The following table provides information about total passenger traffic at Enfidha-Hammamet Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	929,896	1,453,862	50,681	103,660	465,852
Growth (%)	30	56	(97)	105	349
Domestic	43	1	0	0	0
Growth (%)	(99)	(98)	(100)	—	—
Total	929,939	1,453,863	50,681	103,660	465,852

Source: TAV Airports

At Enfidha-Hammamet Airport, the international PSC is currently set at €13 and the domestic PSC is set at €1, in each case per departing passenger.

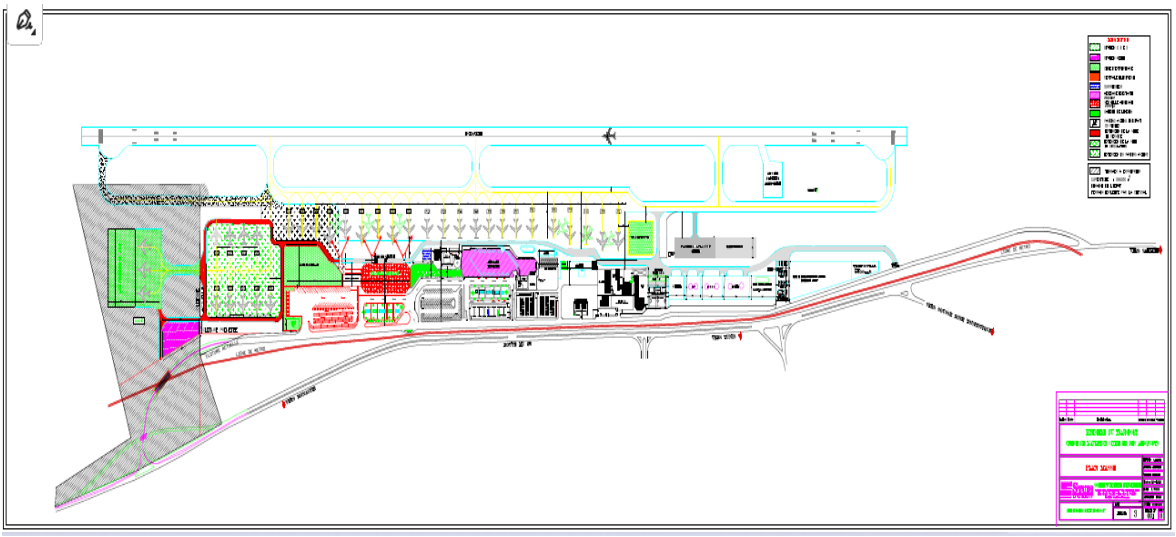
Monastir Habib Bourguiba Airport

The Group operates the international terminal at Monastir Habib Bourguiba Airport. Monastir Habib Bourguiba Airport serves the Monastir and Sousse areas of Tunisia. Monastir, Mahdia and Sousse are popular tourist destinations, and the vast majority of charter flights are concentrated within the tourist season, which runs from the last March to October.

Monastir Habib Bourguiba Airport is one of Tunisia's largest airports by total passenger numbers in 2022**.** The airport served approximately 1 million passengers in 2022. This traffic represented 14 per cent. of total air passenger traffic at Tunisian airports. The total traffic at Monastir Habib Bourguiba Airport was split between 99.7 per cent. international and 0.3 per cent. domestic. There were 332 employees at Monastir Habib Bourguiba Airport as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Monastir Habib Bourguiba Airport.



Source: TAV Airports

The terminal at Monastir Habib Bourguiba Airport has a total area of 199.5 hectares, with one parallel 2,970-metre-long runways and a capacity of 3.5 million passengers per year. The terminal has a total of 42 check in counters, 4 baggage claim carousels and 6 departure lines. The car park is 35,250 square metres, which has a capacity of 639 cars. The total retail area at the international terminal is 28,000 square metres.

Concession Agreement

On 18 May 2007, TAV Tunisie entered into BOT agreement with OACA for the operation of the Monastir Habib Bourguiba Airport. Throughout the operation period the Group will carry out all terminal and car park operations in addition to other airport activities, namely duty free, ground handling and catering services operations. Under the BOT agreement, TAV Tunisie will pay OACA a percentage of revenue from operations, the percentage of which is dependent on passenger volumes, during the concession period. The Group has operated the Monastir Habib Bourguiba Airport since December 2008, and the concession period will end in May 2047.

Air Passenger Traffic

The following table provides information about total passenger traffic at Monastir Habib Bourguiba Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	1,554,576	1,584,012	282,904	415,572	1,007,103
Growth (%)	62	2	(82)	47	142
Domestic	6,092	2,848	1,530	5,044	3,176
Growth (%)	(4)	(53)	(46)	230	(37)
Total	1,560,668	1,586,860	284,434	420,616	1,010,279

Source: TAV Airports

At Monastir Habib Bourguiba Airport, the international PSC is currently set at €13 and the domestic PSC is set at €1, in each case per departing passenger.

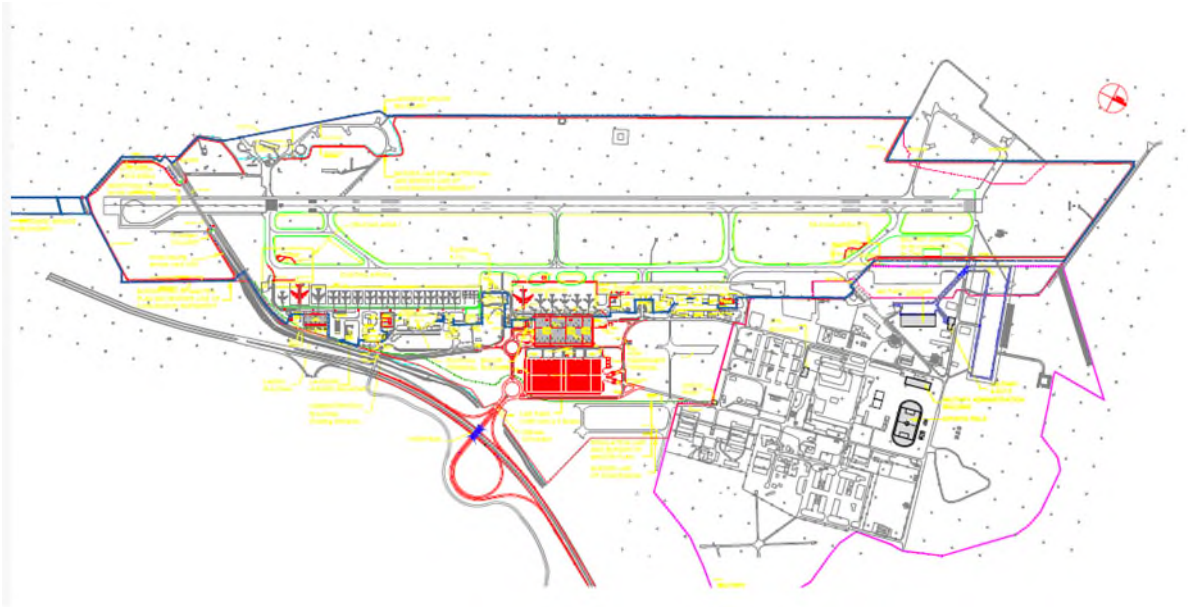
Skopje International Airport

The Group operates the international terminal at Skopje International Airport. Skopje International Airport is the largest airport in North Macedonia.

The airport served 2.1 million passengers in 2022. This traffic represented 90 per cent. of total air passenger traffic of airports in North Macedonia. The top carrier at Skopje International Airport is Wizz Air. There were 725 employees at Skopje International Airport as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Skopje International Airport.



Source: TAV Airports

The terminal at Skopje International Airport has a total area of approximately 40,000 square metres, out of which 35,000 square metres are actively used, with a 2,950-metre-long runway and a terminal capacity of 3.2 million passengers per year. The terminal has 23 check-in counters, a total of 26 immigration (passport) counters, six boarding bridges, two baggage claim carousels and a fully automated baggage handling system with a capacity of handling 1,850 bags per hour. The car park is 31,500 square metres, which has a capacity of 1,200 cars. The total retail area at the international terminal is 534 square metres, of which 270 square metres is designated for duty free operations and 264 square metres is designated for catering operations.

Concession Agreement

On 24 September 2008, TAV Macedonia signed a concession agreement with the Macedonian Ministry of Transportation and Communication ("**MOTC**") for the construction and operation of Skopje International Airport. TAV Macedonia began operating Skopje International Airport in 2010 and under the concession agreement will carry out all airport activities except for air traffic control until the agreement expires in June 2032. Under the concession agreement, TAV Macedonia will pay MOTC 4 per cent. of the gross annual turnover over the concession period, with the percentage being tapered towards 2 per cent. as passenger numbers increase.

Air Passenger Traffic

The following table provides information about total passenger traffic at Skopje International Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
Total	2,158,258	2,360,400	710,750	1,269,224	2,139,191
Growth (%)	16	9.	(70)	79	69

Source: TAV Airports

The traffic at Skopje International Airport grew with a CAGR of 14.7 per cent. between 2010 and 2019 which was interrupted by the COVID-19 pandemic in 2020.

At Skopje International Airport, the international PSC is currently set at €13 per departing passenger.

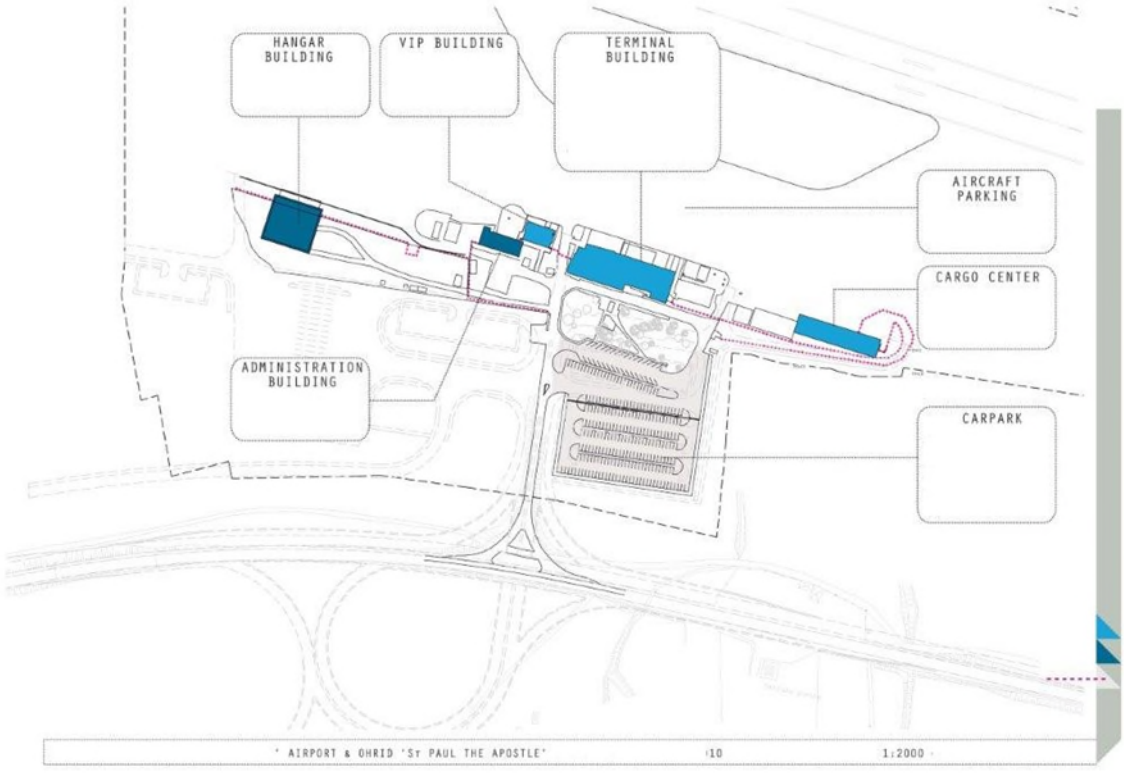
Ohrid St. Paul the Apostle Airport

The Group operates the international terminal at Ohrid St. Paul the Apostle Airport. Ohrid is a city in southwestern North Macedonia. It is the largest city in Lake Ohrid and the eighth largest city in North Macedonia, with a population of 51,428 people (Source: Republic of North Macedonia State Statistical Office).

Ohrid St. Paul the Apostle Airport is located 10 kilometres north of Ohrid city centre. The airport served 232,232 passengers in 2022. This traffic represented 10 per cent. of total air passenger traffic at North Macedonian airports. There were 119 employees at Ohrid St. Paul the Apostle Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Ohrid St. Paul the Apostle Airport.



Source: TAV Airports

The terminal at Ohrid St. Paul the Apostle Airport has a total area of 3,300 square metres, with one 2,548-metre-long runway and a terminal capacity of 0.4 million passengers per year. The terminal has six check-in counters, a total of eight immigration (passport) counters, one baggage claim carousels and a fully automated baggage handling system with a capacity of handling 1,200 bags per hour. The car park is 11,000 square metres, which has a capacity of 255 cars and seven buses. The total retail area at the international terminal is 220 square metres, of which 50 square metres is designated for duty free operations and 170 square metres is designated for catering operations, bars and retail.

Concession Agreement

On 24 September 2008, TAV Macedonia signed a concession agreement with MOTC for the renovation and operation of Ohrid St. Paul the Apostle Airport. TAV Macedonia began operating Skopje International Airport in 2011 and under the concession agreement will carry out all airport activities except for air traffic control until the agreement expires in June 2032. Under the concession agreement, TAV Macedonia will pay MOTC 4 per cent. of the gross annual turnover over the concession period, with the percentage being tapered towards 2 per cent. as passenger numbers increase.

Air Passenger Traffic

The following table provides information about total passenger traffic at Ohrid St. Paul the Apostle Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
Total	184,283	317,218	72,126	122,154	232,232
Growth (%)	16	72	(77)	69	90

Source: TAV Airports

The traffic at Ohrid St. Paul the Apostle Airport grew with the CAGR of 24.3 per cent. between 2010 and 2019. At Ohrid St. Paul the Apostle Airport, the international PSC is currently set at €10.20 per departing passenger.

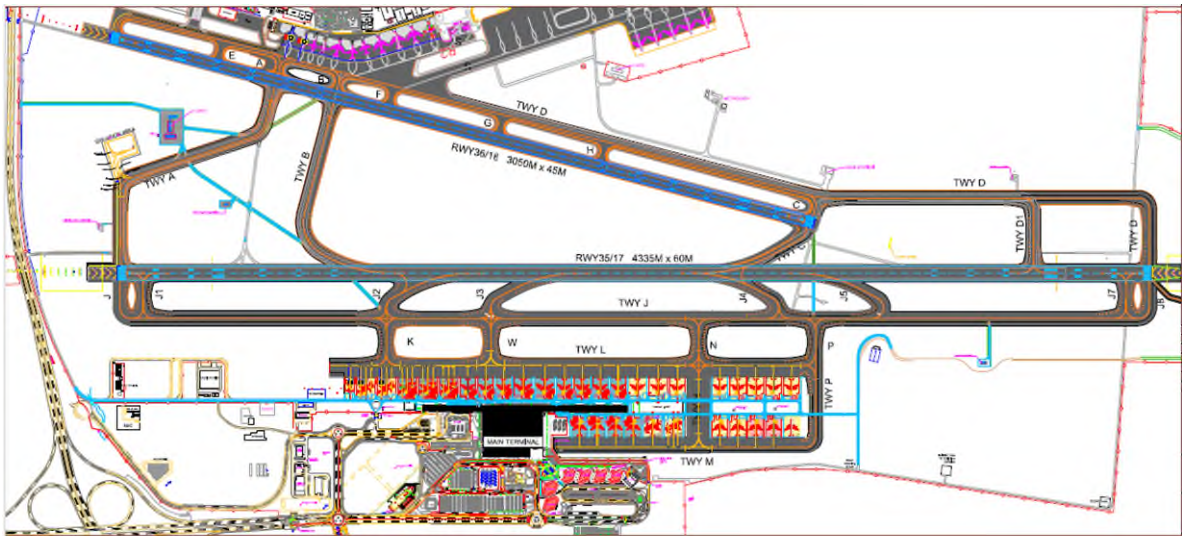
Madinah Airport

The Group operates the international and domestic terminal at Madinah Airport. Madinah is located in Western Saudi Arabia. It is the fifth largest city in Saudi Arabia, with a population of 1,573 million people. Madinah Airport is the fourth largest international airport in Kingdom of Saudi Arabia by total passenger numbers and has capacity of approximately 8 million passengers. It is located 20 kilometres northeast of Madinah's city centre.

The airport served 6 million passengers in 2022. This traffic represented 7 per cent. of total air passenger traffic at Saudi Arabian airports. The total traffic at Madinah Airport was split between 70 per cent. international and 30 per cent. domestic. The top carriers at Madinah Airport include Saudi Arabian Airlines, Flyadeal and National Air Service (Flynas). There were 494 employees at Madinah Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Madinah Airport.



Source: TAV Airports

The terminal at Madinah Airport has a total area of 156,068 square metres, with two parallel 4,300-metre-long runways and a terminal capacity of approximately 8 million passengers per year. The terminal has 80 check-in counters, a total of 102 immigration (passport) counters, 32 boarding bridges, 11 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 2,160 bags per hour. The car park is 108,714 square metres, which has a capacity of 2,250 cars. The total retail area at the international terminal is 3,744 square metres, of which 1,723 square metres is designated for duty free operations and 1,320 square metres is designated for catering operations.

Concession Agreement

On 29 October 2011, Tibah Development and the General Authority of Civil Aviation in Saudi Arabia ("**GACA**") entered into a BOT agreement for the operation and development of Madinah Airport. Through the BOT agreement Tibah Development undertook the operation of the existing airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger terminal and the additional infrastructure. Tibah Development provides a wide range of airport activities at Madinah Airport including terminal, carpark, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. The concession agreement was originally set to expire in June 2037. However, due to the force majeure arising from the COVID-19 pandemic, the agreement provides for the extension of the operating period for the time elapsed between February 2020 and the end of the calendar year (during which Madinah Airport reached 8.1 million passengers). As of 30 September 2023, the operating period has been extended for four years and currently expires in May 2041.

Under the agreement, Tibah Development will pay GACA 54.5 per cent. of gross revenues as concession rent over the concession period. The concession rent payments due to GACA during the force majeure period have been deferred and will be paid mostly after the end of the force majeure period.

Air Passenger Traffic

The following table provides information about total passenger traffic at Madinah Airport for the years 2018 through 2022.

Passenger	2018	2019	2020	2021	2022
International	5,658,802	5,783,811	1,281,651	484,930	4,466,996
Growth (%)	4	(2)	(78)	(62)	(821)
Domestic	2,485,988	2,600,162	966,254	1,273,049	1,873,688
Growth (%)	6	5	(63)	(32)	(47)
Total	8,144,790	8,383,973	2,247,905	1,757,979	6,340,684

Source: TAV Airports

Total passengers at Madinah Airport grew with a CAGR of 11 per cent. between 2010 and 2019 which was interrupted by the COVID-19 pandemic in 2020.

At Madinah Airport, the international PSC is currently set at SAR 94.3 and the domestic PSC is SAR 10.6, in each case per departing and arrival passenger.

Riga Airport

Since January 2011, all commercial spaces at Riga Airport Terminal have been leased out to SIA TAV Latvia – a Subsidiary of TAV Airports Holding. TAV Airports operates only the commercial spaces of Riga Airport.

Riga Airport is the international airport of Riga, the capital of Latvia, which has a population of 605,802 people (Source: Y2022, Central Statistical Bureau of Latvia). It is the largest airport in the Baltics and is located in the west side of Riga, approximately 10 km from the city centre. In 2022, Riga Airport served 5 million passengers. The total traffic at Riga Airport was split between 99.97 per cent. international and 0.03 per cent. domestic.

The total retail area in the terminal is 4,677 square metres, of which 1,865 square metres are designated for duty free operations and 1,146 square metres for catering services. TAV Latvia concession agreement is set to expire in 2026. There are six TAV employees working at Riga Airport as of 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of the terminal at Riga Airport.



Source: TAV Airports

Concession Agreement

The Group became the preferred bidder in the tender held by SJSC Riga International Airport Management regarding the operations of the commercial areas (including duty free, food and beverage, lounges and exchange offices) within Riga Airport. As per the tender specifications, TAV undertook the operations of the commercial area starting from 1 January 2011. The concession has since been extended to the end of 2026, with the condition that it may be terminated 12 months earlier should Riga Airport organise a new tender for the operation rights of the commercial spaces. Under the concession agreement, SIA TAV Latvia will pay Riga Airport €600,000 (excluding VAT) annually in rent for the commercial areas.

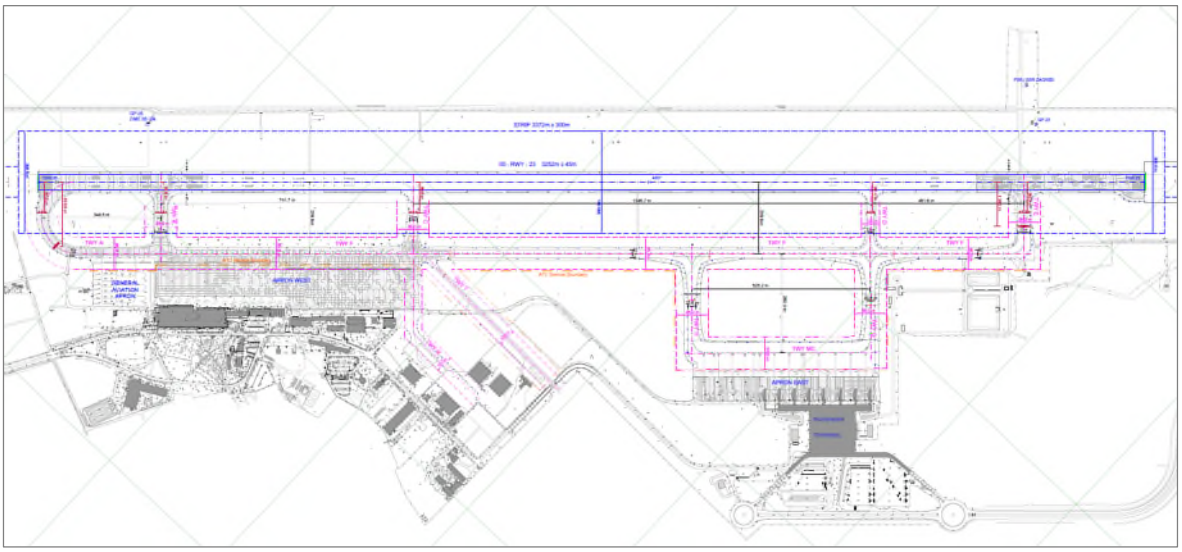
Zagreb Airport

The consortium composed of TAV Airports Holding, Aeroport de Paris, Bouygues, Marguerite, IFC and Viaduct have run Zagreb Airport since 2013. Zagreb is in the north-western part of Croatia and is the capital and largest city in Croatia, with a population of 767 thousand people.

Zagreb Airport is the largest international airport in Croatia by total passenger numbers in 2022. It is located 10 kilometres south of Zagreb city centre. The airport served 3.1 million passengers in 2022. This traffic represented 32 per cent. of total air passenger traffic at Croatian airports. The total traffic at Zagreb Airport was split between 88.7 per cent. international and 11.3 per cent. domestic. There were 230 employees at Zagreb Airport as at 30 September 2023.

Terminal Buildings and Runways

The following diagram shows the layout of Zagreb Airport.



Source: TAV Airports

Passenger terminal at Zagreb Airport has a total area of 65,000 square metres, and a capacity of five million annual passengers. Zagreb Airport has a single runway which is 3,252 metres long. The terminal has 34 check-in counters, a total of 18 immigration (passport) counters, 8 boarding bridges, 4 baggage claim carousels and a fully automated baggage handling system with a capacity of handling 1,200 bags per hour. The car park is 21,200 square metres, with a capacity of 850 cars. The total retail area at the international terminal is 1,800 square metres, of which 800 square metres is designated for duty free operations and 1,000 square metres is designated for catering operations.

Concession Agreement

On 11 April 2012, ZAIC-A limited and the Republic of Croatia entered into a concession agreement for the financing, design, construction and operation of the new passenger terminal and related infrastructure throughout the operation period. Under the agreement, ZAIC-A limited will pay the Republic of Croatia a fixed annual fee in concession rent and a variable concession fee as a percentage of revenue. The concession agreement is set to expire in April 2042.

Air Passenger Traffic

The following table provides information about total passenger traffic at Zagreb Airport for the years 2018 through 2022.

Passenger	**2018**	**2019**	**2020**	**2021**	**2022**
International	2,814,224	2,927,104	752,761	1,172,567	2,770,023
Growth (%)	9	4	(74)	56	136
Domestic	522,086	508,427	172,062	231,911	354,582
Growth (%)	0	(3)	(66)	35	53
Total	3,336,310	3,435,531	924,823	1,404,478	3,124,605

Source: TAV Airports

At Zagreb Airport, the international PSC is currently set at €19.70 and the domestic PSC is €8.40, in each case per departing passenger.

Ground Handling Operations (Havaş and TGS)

The Group conducts its ground handling operations mainly through Havaş and TGS. Ground handling services include all the services required by an airline while its plane is on the ground at an airport. An airline can either provide these services itself, using its own staff, or make use of an external service provider. Havaş and TGS mainly provide passenger services (check-in, boarding, arrival and transfer services, ticketing, baggage claims, etc.), warehouse, ramp services (loading, unloading, cleaning, de-icing and anti-icing, plane towing and push-back, production of technical documentation and baggage handling), flight coordination and operation services, general aviation services, representation and supervision services and cargo handling services.

Havaş provides ground handling services at 29 airports in Türkiye, Riga Airport in Latvia and Zagreb Airport in Croatia. Havaş also has a large customer portfolio with over 200 scheduled and charter airlines. In 2022, Havaş (including TGS, Latvia and Zagreb operations) handled approximately 497,000 flights, compared to approximately 391,000 flights in 2021. For the nine months ended 30 September 2023, Havaş handled approximately 439,000 flights.

TGS provides ground handling services at ten airports in Türkiye. In 2022, TGS served a total of approximately 337,600 flights compared to approximately 257,000 flights in 2021. For the nine months ended 30 September 2023, TGS handled approximately 300,000 flights. TGS is consolidated with Havaş using equity-method accounting.

Ground handling services income represented 21 per cent. of the Group's operating revenue in 2022, totalling €216.4 million, compared to €143.7 million in 2021. For the nine months ended 30 September 2023, ground handling services income was €218.1 million and constituted the most significant source of non-aviation revenue.

Catering Operations (BTA and Almaty Catering Services LLP)

The Group conducts its catering operations mainly through BTA. BTA was incorporated in 1999 in partnership with Bilintur, Tepe and Akfen, and handles the catering operations for TAV Airports in Türkiye, Georgia, North Macedonia, Tunisia, Latvia, Oman and Croatia.

Catering services income represented 10 per cent. of the Group's operating revenue in 2022, totalling €109.5 million, compared to €57.6 million in 2021. For the nine months ended 30 September 2023, catering services income was €114.2 million, with an average spend per passenger of €1.9.

Almaty Catering Services LLP also provide catering services and this revenue is classified under respective entity.

Duty Free Operations (ATÜ)

The Group conducts its duty free operations through ATÜ. ATÜ was incorporated in 1987 and today operates as a joint venture of TAV Airports Holding and Unifree Duty Free/Gebr Heinaman.

With headquarters located in Istanbul, ATÜ operates in six countries and 20 airports including in Türkiye (İstanbul International Airport, Ankara Esenboğa Airport, İzmir Adnan Menderes Airport, Milas-Bodrum Airport, Dalaman Airport and Gazipaşa-Alanya Airport), Georgia (Tbilisi International Airport, Batumi Airport and Kutaisi Airport), Tunisia (Enfidha-Hammamet Airport and Monastir Habib Bourguiba Airport, (Carthage Airport, Djerba-Nefta Airport, Sfax-Thyna Airport and Tabarka-Ain Airport), Macedonia (Ohrid St. Paul the Apostle Airport and Skopje International Airport), Latvia (Riga Airport) and Oman (Salalah International Airport).

Commission from duty free services increased from €27.0 million in 2021 to €50.8 million in 2022. For the nine months ended 30 September 2023, commission from duty free services was €46.9 million.

Spend per passenger is mainly dependent on the amount of retail space available within the airports, regulatory framework, passenger profile and correct product mix. As at 30 September 2023, ATÜ had 6,265 square metres of retail space at TAV Airports' four Turkish airports, 1,132 square metres of retail space in TAV Airports' two Georgian airports, 2,540 square metres of retail space in TAV Airports' two Tunisian airports, 394 square metres of retail space in TAV Airports' two North Macedonian airports, 856 square metres of retail space in Oman, 1,820 square metres of retail space in Latvia, 669 square metres of retail space in Galataport and 6,392 square metres of retail space in IGA.

Other Services

The Group's other services mainly comprise CIP lounge services, operated by TAV Operation Services, IT services, operated by TAV Technologies and security services, operated by TAV Security. Other services comprised 19 per cent. of the Group's revenue in 2022.

TAV Operation Services (CIP lounge and Passport Card services)

The Group earns lounge services and Passport Card services revenue through its Subsidiary TAV Operation Services from 86 lounge services in 41 airports, across 19 countries. CIP lounge and Passport Card services represented 5 per cent. of the Group's operating revenue in 2022, totalling €50.0 million. For the nine months ended 30 September 2023, income from the lounge service business was €63.4 million.

TAV Technologies (Information Technology)

TAV Technologies provides IT support and maintenance services for the Group's airport terminal operations. The Group considers TAV Technologies' IT systems to be necessary for the successful operation of the airport and terminals that the Group operates. TAV Technologies also provides IT contracting services for airports outside the TAV ecosystem and has proprietary software related to airport operations. TAV Technologies' IT systems support office computers, passenger information systems, aircraft parking, passenger flow and baggage systems throughout the airport but in particular at check-in desks and gates.

Hardware and software sales represented approximately 7 per cent. of the Group's operating revenue in 2022, totalling €72.0 million, compared to €26.6 in 2021. For the nine months ended 30 September 2023, hardware and software sales were €22.4 million.

In collaboration with TAV Technologies, the Office of the Chief Information Officer at the Group level is responsible for the cybersecurity of the Group and the Group companies (including ATÜ and Antalya Fraport). Robust practices have been established to protect data held by the Group and maintain the security of the Group's information technology infrastructure. Steps have also been taken for information technology and cyber security strategies and initiatives to be developed and monitored at the Group Company level, including through training of all employees, partners and suppliers and management of resource allocation.

TAV Security

TAV Security Solutions offers risk analysis, security consulting, and personal bodyguard services for airports, hotels, schools, hospitals, private planes and other areas that require heightened security.

TAV Security services represented approximately 2 per cent. of the Group's operating revenue in 2022, totalling €12.3 million, compared to €9.6 in 2021. For the nine months ended 30 September 2023, income from TAV Security services was €15.7 million.

Sustainability

The Group is committed to ensuring that all activities undertaken at the airport terminals it operates are carried out in compliance with applicable national and international environmental laws, regulations, guidelines and noise environmental management practices.

The Group's principal environmental concerns are the environmental impact of the construction, extension and operation of airport terminals and Areas of Influence ("**AoI**"). AoI refers to the spatial extent to which a project, activity or development can directly impact the environment, and it plays a vital role in the planning, assessment and management of the Group's environmental concerns and initiatives.

The environmental impact of each project varies however water use, water pollution, soil change, climate change (including greenhouse gas emissions, biodiversity, air pollution), volatile organic compound, dust, noise pollution, waste generation and traffic are all potential consequences of the Group's operations. These impacts are managed through the Group's Environmental Management System policy however unforeseen effects and situations can occur despite the best efforts of the Group.

The environmental impact of a particular airport is largely determined by the location of a particular airport and its proximity to an urban area. For example, the Group does not incur environmental liability arising from airside operations at the airports it operates in Türkiye, since airside operations fall under DHMİ's jurisdiction. However, the environmental liabilities of DHMİ may indirectly affect the Group if the frequency and scheduling of flights or flight routes are restricted as a result. In Georgia, where the Group operates Tbilisi International Airport and Batumi Airport, and at other airports where the Group operates both the terminal and airport operations the Group could face environmental issues. The responsibility of the Group on environmental issues starts with the concession date for each project.

The Group undertakes several sustainability initiatives as part of its corporate social responsibility strategy, including sustainability reporting, carbon disclosure and certifications obtained in partnership with Groupe ADP. The Group has been included in the BIST Sustainability Index since its establishment in 2014 and is included in the BIST Sustainability 25 Index, which consists of the companies with the highest sustainability ratings on the exchange. The Group has a goal of achieving carbon neutrality by 2030 and net-zero emissions by 2050. As of 30 September 2023, three airports in the Group's portfolio are carbon neutral and nine airports in the Group's portfolio are in the Airport Carbon Accreditation program.

Employees

As at 30 September 2023, the Group had 20,112 employees. The following table provides information about the Group's workforce distribution for the years ended 31 December 2022, 2021 and 2020.

	For the year ended 31 December		
	2020	**2021**	**2022**
Total number of employees	**13,221**	**15,739**	**17,843**
Permanent positions	12,227	14,793	16,500
Fixed term positions	994	946	1,343
Female employees	3,500	4,210	4,937
Male employees	9,721	11,529	12,906

The airport terminal functions requiring the greatest number of personnel are security and maintenance. The Group has employees who are members of a union in Macedonia, Tunisia and Zagreb airports and there have been no material labour disruptions or strikes in these airports.

Litigation

There are no material legal, arbitration or governmental proceedings pending or threatened and there have been no such material proceedings.

U.S. Bureau of Industry and Security

In the context of the U.S. government's sanctions against Russia, Belarus and Iran, the Group and other airport operators in Türkiye received a letter in January 2023 from the U.S. Bureau of Industry and Security Office of Export Enforcement ("**BIS**"). The letter sets out the regulatory framework of the U.S. sanctions regime and, in particular, sets out the aircraft specifically targeted by the U.S. sanctions regime. This includes any aircraft containing over 25 per cent. of American-origin components and operated by Russian, Belarusian and Iranian airlines. The Group, in conjunction with the relevant Turkish authorities and BIS assessed the risk and made appropriate checks internally to ensure compliance. BIS confirmed to the Group that the decisions taken were appropriate and that no further action was required.

Insurance coverage policy

The Group maintains insurance in line with industry practice in such amounts and with such coverage and deductibles as management believes are appropriate for the risks inherent to its business. The risks insured include, among other things, business interruption, terminal operator's liability, material damages and losses due to terrorism and sabotage, property damage and employer's liability. In compliance with local law, the Group has placed all the insurance on the operating terminals with Turkish and international insurers using a locally registered insurance broker. The Group's property damage and business interruption insurance has been reinsured to a level of 100 per cent. by non-Turkish reinsurers, with no retention by the Turkish insurers. Outside of Türkiye, the Group maintains the same insurance coverage policy as in Türkiye.

MANAGEMENT

Under the Turkish Commercial Code and the Articles of Associate of TAV Airports (the "**Articles of Association**"), the TAV Board of Directors (the "**Board of Directors**") is responsible for the management of TAV Airports. The Board of Directors consists of 11 members, each of whom serve for a term of three years.

Board of Directors

According to the Articles of Association, the Board of Directors consists of 11 members, as elected by the General Assembly. The members of the Board of Directors may be appointed for three years, following which they can be re-elected.

In addition to the duties set forth in the TCC, the responsibilities of the Board of Directors include: (a) making proposals to the General Assembly regarding distribution of profits, amendments and adjustments of the Articles of Association and increasing the registered capital of the Company (b) opening and closing branches and liaison offices, (c) approving the annual budget of the Company, (d) preparing the financial statements and arranging to have the financial statements independently audited, (e) presenting general information and reports to the General Assembly (including annual report, budgets, financial statements and Company policies) and (f) preparation of the General Assembly meeting and implementation of the General Assembly resolutions.

Under the Articles of Association, the Board of Directors must hold their meetings at least six times per calendar year at the main office of the Company. The Board may also hold virtual meetings, or meetings at another location, if so expressed by the Board and coordinated with the Company.

The presence of a majority of the Board of Directors is required for the validity of a board meeting, including for board meetings conducted virtually. Resolutions are adopted by the majority of the members of the Board of Directors (regardless of whether all members of the Board of Directors are present).

The business address of each of the members of the Board of Directors is Ayazağa Mah. Azerbaycan Cad. 2c Blok No: 3l İç Kapı No: 6 Sarıyer / İstanbul, Türkiye. As of the date of this Offering Circular, the Board of Directors comprises the following:

Name	Position	Year first appointed to the Board
Edward Arkwright	Chair	2013
Mustafa Sani Şener	Vice Chair	1997
Ali Haydar Kurtdarcan	Vice Chair	1999
Franck Mereyde	Executive Board Member	2017
Fernando Echegaray	Board Member	2018
Jerome Calvet	Board Member	2012
Xavier Hürstel	Board Member	2020
Aylin Selen	Independent Board Member	2018
Jean-Michel Vernhes	Independent Board Member	2018
Ebru Yonca Çapa	Independent Board Member	2018
Filiz Demiröz	Independent Board Member	2018

Edward Arkwright (Chair)

Edward Arkwright is a graduate of the IEP in Paris and studied at the ESSEC Business School. Edward Arkwright also holds a Masters of Advanced Studies in Modern History. In 1997, he became a civil servant appointed to the Senate, in the legislation department (1997-1999) and in the Finance Committee (1999-2002). From 2002 to 2007, Edward Arkwright held several positions as Advisor to the Minister of Budget and the Minister of Finance in charge of the implementation of budgetary reform, State Reform and Public Finance. In 2007, he served as principal private Secretary to the General Director of the Caisse des Dépôts Group and Member of the Executive Committee. In 2010, Edward Arkwright became Strategy Director for the Caisse des Dépôts Group. From 2007 to 2012, he was Member of the Board of companies of the Caisse des Dépôts Group, in real estate (as "Icade," a listed company), tourism and services for local government (chairman of SCET, a company dedicated to advisory for local government). When he joined Aéroports de Paris in December 2012, his first appointment was as Special Advisor to the Chairman and CEO of Aéroports de Paris, and Member of Executive Committee. On 1 September 2013, Edward Arkwright was appointed Chief Financial Officer, in charge of Finance, Strategy, Legal Department, Accountability and Purchasing. Edward Arkwright has also been working as Deputy CEO. He is also Chairman of Hub One, an IT company of ADP Group; Chair of the Board of Directors of TAV Airports; Chair of the Board of Directors of ADP International. Edward Arkwright also serves as a Member of the Board of Trustees of ESSEC Business School as well as the President of the Board of Directors of Cercle de l'Harmonie Orchestra.

Mustafa Sani Şener (Vice Chair)

Mustafa Sani Şener served as Member of Board of Directors and CEO of TAV Airports, of which he is founding partner, from 1997 to 2022. As of 1 May 2022 he has assumed the position of Vice Chair. After graduating from Karadeniz Technical University ("**KTU**") Department of Mechanical Engineering in 1977, Mustafa Sani Şener earned his Masters degree (M. Phil) in fluid mechanics in 1979 from University of Sussex in the UK. He has been awarded an Honorary Doctorate in engineering from KTU, as well as an Honorary Doctorate in Business Administration from the New Hampshire University. Prior to his career at TAV Airports Holding, Mustafa Sani Şener served in various positions in national and international projects. He attended the executive education program on the management of complex systems at the Massachusetts Institute of Technology ("**MIT**"). Mustafa Sani Şener was a Member of the Board of Directors of the Airports Council International ("**ACI World**") and the President of Foreign Economic Relations Board's Turkish-French and Türkiye-Croatia Business Councils. He is continuing to chair the Foreign Economic Relations Board's Türkiye-Kazakhstan Business Council since January 2022. In 2016, Mustafa Sani Şener was awarded the "Legion d'honneur (Order of Chivalry)" by the President of the Republic of France Francois Hollande, due to his contributions to the relations between Türkiye and France. During the same year, he was also given the High Honor of Service by the Georgian state while in 2019, he was honoured with Medal of Merit by the Government of the Republic of Macedonia. In the voting carried out by Thomson Extel among national and international finance corporations, Mustafa Sani Şener was chosen first in the category of "The Best CEO" in Türkiye in 2010, 2011, 2014, 2015 and 2016, and third in the European Transport Sector in 2014.

Ali Haydar Kurtdarcan (Vice Chair)

Ali Haydar Kurtdarcan graduated from Middle East Technical University (METU), Department of Civil Engineering in 1973. After performing freelance engineering activities until 1987, he has served in different managerial positions for Bilkent Holding companies. He was the Chairman of IDO Board of Directors between 2011 and 2013. Ali Haydar Kurtdarcan has been serving as the CEO of Bilkent Holding since 2016 and has been a member of the Board of Directors since 1999. Ali Haydar Kurtdarcan was elected as Vice Chair of the Board of Directors in 2017.

Franck Mereyde (Executive Board Member)

Franck Mereyde is a Civil Engineer and the holder of a postgraduate degree in Geophysics and Space Techniques. Franck Mereyde commenced his professional career with Environment Canada and then Météo France. In 2002, he joined the Office of the Minister for Infrastructure as Technical Advisor in the Research and Intermodal Transportation Department, then as Advisor for the Budget, Financial Affairs and Civil Aviation departments. In 2005, Franck Mereyde started work at ADP as Deputy Director of Operations at Paris-Charles de Gaulle Airport and was subsequently promoted to Director of Operations. He also served as the head of ADP's cargo division. In 2007, Franck Mereyde was appointed Director of Terminals 2A, 2B, 2C and 2D at Paris-Charles de Gaulle Airport and, in January 2010, Director of Terminals 2E, 2F and 2G, as well as of the TGV/RER connection at Paris-Charles de Gaulle Airport with high-speed rail. On 1 March 2011, he was appointed Director of Paris-Orly Airport. Mereyde also served as a member of the Board of Directors at Aéroports de Paris Management and at Hub Safe. Franck Mereyde is Chair of the French-Turkish Chamber of Commerce, Türkiye Chair of French Commerce Advisors, Chair of the Board of the Institut du Bosphore and DEIK French Network. Franck Mereyde was appointed as the Executive Board Member in 2022 and also serves as the Chair of the Executive Committee at TAV Airports Holding.

Fernando Echegaray (Board Member)

Fernando Echegaray holds an industrial engineering degree from the Universitat Politècnica de Catalunya (Polytechnic University of Catalonia) and a computer engineering degree from the Universitat de les Illes Balears (University of the Balearic Islands). Fernando Echegaray also obtained a degree in Business Management and Administration from IESE Business School. He has held several management positions within the Spanish airport operator AENA. From 1985 to 1999, Fernando Echegaray served as the Deputy Director of Palma de Mallorca Airport. In 2000, he became the Director of Operations at Grupo Aeroportuario del Pacifico (GAP) in Mexico. From 2003 to 2004, Fernando Echegaray was CEO at Tenerife South Airport, and from 2004 to 2006 he was CEO at Canary Islands Airports. Fernando Echegaray was CEO at Barcelona- El Prat Airport from 2006 to 2012. Between 2012 and 2017, he was the Airport Network Director of Aena in charge of 46 airports in Spain. He was appointed Director of International Operations at ADP as of 1 July 2017. Fernando Echegaray was appointed Chief International Officer, member of the Executive Committee, starting 1 May 2018. Since January 2020 he is also General Director of Operations of Groupe ADP.

Jerome Calvet (Board Member)

Jerome Calvet received his law degree in 1978 and graduated from Institut d'Etudes Politiques in 1979 and from Ecole Nationale d'Administration in 1983. Jerome Calvet received his law degree from Institut d'Etudes Politiques de Paris in 1983. He worked in the Finance Ministry of France between 1983 and 1997 and as Financial Secretary of the France Mission of EU between 1988 and 1990, while also serving on the Boards of Directors of many companies. From 1998 until 2004 he led the Corporate Finance (France) Department of Société Générale and later became the head of the Mergers and Acquisitions Department of the same bank. Between 2004 and 2008 he directed the Investment Banking Department (France) of Lehman Brothers. He has also been the CEO of Nomura (France) since 2009. Jerome Calvet served as an Independent Board Member between 2012-2017 in TAV Airports Holding and was appointed as a Board Member in 2017.

Xavier Hürstel (Board Member)

Xavier Hürstel is a graduate of SciencesPo Paris and the University of Paris-Dauphine, and a former student of the ENA (National School of Administration). He spent fifteen years of his career serving the French Government (Ministry of Finance, French Representation to the European Union in Brussels, advisor to several Ministers of Economy, Finance and Budget, advisor to the Prime Minister). In 2008, he joined the PMU as Deputy Chief Executive Officer and, in 2014, became Chairman and Chief Executive Officer. He implemented a profound digital transformation of the company in the context of the opening of the online gaming market

and supported the company's strong internationalisation. In 2017, he joined the Sopra Steria consulting and technology group as Executive Director, where he led the Public Sector business for Europe and the transformation of the Marketing, Communication and CSR divisions. In January 2020, he joined Groupe ADP as Deputy CEO in charge of coordinating development operations across all the group's activities and entities. He sits on the Executive Committee. He belongs to the board of Directors of TAV Airports, listed at the Istanbul Stock Exchange. Xavier Hürstel was appointed as a Board Member of TAV Airports Holding in 2020.

Aylin Selen (Independent Board Member)

Aylin Selen graduated from Middle East Technical University ("**METU**") Department of Civil Engineering in 1991. After working in a number of companies, she joined Akfen Group in 1994. Selen served as Technical Manager during the construction phase of the Ataturk Airport, Türkiye's first build-operate-transfer airport project, as of 1997, and as Technical Services Director during the operation phase. Aylin Selen collaborated with METU faculty members to memorialise the accomplishments during the construction phase of the Ataturk Airport in a book titled "Beyond Construction." She also took part in presenting the preparations for and execution of this success story and the build-operate-transfer project in various universities and conferences. As TAV Insaat (TAV Construction) founding General Manager in 2003, Aylin Selen oversaw TAV Insaat's Türkiye, North Africa and Middle East airport and high-rise projects. Mrs. Selen provides consultation services since 2010, especially on Public Private Partnerships (PPP) and engineering, procurement, and construction contracts. Aylin Selen was appointed as an Independent Board Member of TAV Airports Holding in 2018.

Jean-Michel Vernhes (Independent Board Member)

Jean-Michel Vernhes graduated from the French Academy of Civil Aviation ("**ENAC**") in 1974 with a Civil Aviation Enterprise and Research Engineering ("**IEEAC**") degree and with a Civil Aviation Engineering degree in 1982. Jean-Michel Vernhes was appointed Aviation Concession Directorate at Toulouse-Blagnac Airport in January 1999. Prior to this, he had a long career at General Directorate of Civil Aviation. He served as assistant Navigation Director, Paris Human Resources Officer starting from 1993 until 1998. He was appointed General Manager of the Chamber of Commerce and Industry in Toulouse in June 2002. At the same time, he continued to work as Chairman of the Board of Directors of the Toulouse Blagnac Airport Company, which was established on 23 March 2007. In September 2009, Jean-Michel Vernhes left his position in the Chamber of Commerce and Industry of Toulouse, to serve as Chairman of the Board of Directors at the Toulouse-Blagnac Airport. Jean-Michel Vernhes carried out the French Airports Association Presidency (ALFA-ACI) from October 2008 until October 2011, in parallel with his role as Chairman of the Board of Directors of the Toulouse Blagnac Airport Company. He was elected President of the Union des Aeroports Francais starting from May 2011 to May 2017. He was elected member of the board of ACI-Europe in June 2017. He retired from Toulouse Blagnac airport company in September 2018. He is President of the Supervisory Board of Strasbourg Airport and member of the Supervisory Board of Fort de France Airport. Jean-Michel Vernhes was appointed as an Independent Board Member in of TAV Airports Holding 2018.

Ebru Yonca Çapa (Independent Board Member)

Ebru Yonca Çapa has an International Baccalaureate degree from United World College and a BBA degree in international business and economics from University of Bridgeport, USA. She has participated in various leadership and management programs at IMD, Kellogg's Graduate School and Harvard Business School. She started her career at Procter and Gamble as product manager and later undertook the role of marketing and communications manager at Digital Equipment Corporation in 1993. In 1997, she joined Microsoft Türkiye as marketing and communications manager. In 2004, she was appointed as MSN Türkiye's country manager and from 2005 to 2008 served as Middle East and Africa Regional Director of MSN and Online Services. Between 2008 and 2011 she served as General Manager of consumer and online services at Microsoft Türkiye. She joined Monster.com in 2011 as Regional VP of Emerging Markets. Since 2014, Ebru Yonca Çapa has been providing consulting, keynote speeches and professional development services to local and international companies on

digital and cultural transformation, new marketing, global trends, and strategic management at her own consulting company. She is an independent board member, CTI Co-Active Coach, a member of European Mentoring and Coaching Council ("**EMCC**") and has been conducting executive coaching to global leaders. Ebru Yonca Çapa was appointed as an Independent Board Member of TAV Airports Holding in 2018.

Filiz Demiröz (Independent Board Member)

After graduating from Bogazici University, Department of Business Administration in 1995, Filiz Demiröz started her professional career at KPMG Türkiye Audit Department. At KPMG Türkiye, she has carried out a number of special assignments including mergers and acquisitions, valuations, and initial public offerings in addition to audit projects. Besides her role as Responsible Partner, Filiz Demiröz chaired the Learning and Development Department and Department of Professional Practice. In 2016, Filiz Demiröz joined ACCA, the global professional accounting-finance body, as the Head of ACCA Türkiye and she continues to serve as the Regional Head of ACCA Türkiye, Azerbaijan, and Georgia. Filiz Demiröz also serves as a Member of the Supervisory Board at YenidenBiz Association, which aims to contribute to women's employment. Filiz Demiröz was appointed as an Independent Board Member of TAV Airports Holding in 2018.

Executive Committee

The Executive Committee consists of the Chief Executive Officer, the Chair of Executive Committee, the Chief Financial Officer, the Chief Purchasing Officer, the Chief Human Resources Officer, the Chief Operating Officer and the Chief Information Officer. The meetings of the Executive Committee are held every 15 days. However, the Chief Executive Officer may call for a meeting whenever it is necessary. The Executive Committee is responsible for implementing the overall strategy of the Company as formulated by the Board of Directors. Current members of the Executive Committee are:

Name	Position	Date of Appointment to Current Position
Serkan Kaptan	Chief Executive Officer	2022
Franck Mereyde	Chair of the Executive Committee	2022
Burcu Geriş	Deputy CEO and Chief Financial Officer	2022
Murat Örnekol	Chief Purchasing Officer	2020
Hakan Öker	Chief Human Resources Officer	2020
Kürşad Koçak	Chief Operating Officer	2020
M. Kerem Öztürk	Chief Information Officer	2022

Additional information on each of these members of the Executive Committee is set forth below:

Serkan Kaptan (Chief Executive Officer)

Serkan Kaptan received his BA degree from Istanbul University, Department of Business Administration and his MBA from Marmara University in 2002. He joined TAV Airports in 1998 with the build-operate-transfer project of the Istanbul Ataturk Airport. Until 2001, he served as a consultant at Airport Consulting Vienna, a company owned by VIE which was a partner of TAV Airports. From 2002 on, he was responsible for business development, airline marketing, R&D and investments. Having 25 years of experience in airport and airline operations and public-private partnership infrastructure projects, Kaptan was appointed as Deputy CEO of TAV Airports in 2016 and served as a Board Member for all TAV Airports' subsidiaries. In May 2022, he was appointed as the CEO of TAV Airports. Kaptan is also a Member of ADP Executive Board in charge of Central

Asia, Middle East, Africa, Eastern Europe and CIS. Serkan Kaptan, serves as a Board Member of the Service Exporters' Association ("**HIB**") and the Chairman of DEIK Türkiye-Latvia Business Council. In 2021, he was elected to the Board of Directors of the European Region of the Airports Council International ("**ACI Europe**").

Burcu Geriş (Deputy CEO and Chief Financial Officer)

Burcu Geriş graduated from Bogazici University, Department of Business Administration in 1999 and subsequently received her MBA degree from London Business School and Columbia Business School. She began her professional career at Garanti Bank where she worked in Treasury and Project Finance departments from 1999 until 2005. Joining TAV Airports in 2005, Burcu Geriş led the Project and Structured Finance Department of the Company. Burcu Geriş was appointed CFO in 2012 and Vice President in 2014. She was named a "Young Global Leader" by the World Economic Forum in 2015 as well as a "Rising Talent" by the Women's Forum in 2013. She was named one of Türkiye's 50 Most Influential CFOs by the Fortune magazine for three straight years in 2016, 2017 and 2018. In addition to serving as a member of the Boards of Directors of TAV Group Companies, Burcu Geriş is also a member of Women Corporate Directors ("**WCD**"), Professional Women's Network ("**PWN**"), Global Board Ready Women ("**GBRW**"), Global Relations Forum Young Professionals Program, and BUMED, CBS and LBS Alumni Associations.

Murat Örnekol (Chief Purchasing Officer)

Murat Örnekol graduated from Middle East Technical University, Department of Industrial Engineering in 1980 and served as General Manager of TAV Esenboga between 2006 and 2008. Prior to joining TAV Airports he worked as Planning Engineer, IT Manager and Commerce Manager at Kutlutas Holding. Murat Örnekol also served as General Manager at Bordata, an information technology services company; Beretta Holding's general Manager; and Logistics and Business Development Coordinator, Head of the Healthcare Group, Telecom Project Director and the Holding's Deputy CEO at Bayindir Group companies. Murat Örnekol was appointed as Operations Director at TAV Airports Holding in 2008 and served as Vice President of Operations and Purchasing between 2013 and 2019. Murat Örnekol has been serving as the Chief Purchasing Officer (CPO) of TAV Airports Holding since January 2020.

Hakan Öker (Chief Human Resources Officer)

Hakan Öker graduated from Hacettepe University Department of Sociology in 1986. He started his professional career in 1988 as a Personnel Specialist at Beksa, Bekaert-Sabanci Celik Kord Steel Cord Plc. After assuming various responsibilities in Beksa between 1988 and 1998, he continued his career as Human Resources Director at Kordsa Türkiye, Quality and Information Systems Joint Services Director and then Projects Director within the Tire, Tire Reinforcement Materials and Automotive Group of Sabanci Holding. In January 2007, he was appointed as Global Director of Human Resources at Kordsa Global. In January 2009, he was promoted to Vice President of Human Resources and Information Systems in the same company. Hakan Öker assumed the position of Vice President of Human Resources in January 2016 at TAV Airports Holding. Since January 2020 he is in charge of Human Resources, Corporate Communications, Sustainability, and Business Excellence as Chief Human Resources Officer (CHRO). In addition to his roles as Chair and Member of Board of Directors in TAV Group companies, Hakan Öker is a founding member of the Women in Technology Association and continues his duty as Chair of Ethics Committee.

Kürşad Koçak (Chief Operating Officer)

Kürşad Koçak graduated from Ankara University in 1990 and began his career in the aviation sector in 1996. After joining Havaş in 1997, he worked in executive positions at Istanbul, Dalaman, Trabzon and Antalya airports. Besides serving as General Manager of Cyprus Airport Services ("**CAS**"), Kürşad Koçak was appointed Deputy General Manager of Havaş in 2009. Kürşad Koçak was appointed as the General Manager of Havaş in 2015. He has been serving as Chief Operating Officer, Airports of TAV Airports Holding since July 1, 2020. In addition, Kürşad Koçak plays an active role at Union of Chambers and Commodity Exchanges of

Türkiye's ("**TOBB**") Turkish Civil Aviation Assembly and Member of the Board of the Foreign Economic Relations Board's ("**DEIK**") Türkiye-Georgia Business Council.

M. Kerem Öztürk (Chief Information Officer)

M. Kerem Öztürk completed his Information Systems education at Marmara University and studied International Business Administration at the Vienna University; since 1996 he has worked at multinational firms like Mercedes Benz, KPMG, ALLIANZ Group, Vodafone, TÜVTURK, and TÜV-SÜD, as Consultant, Project Manager, IT Policies Responsible, and CIO. Before joining TAV Technologies, he was working as CTO at Mars Cinema Group and senior roles in strategy, governance, IT policies, IT processes and procedures, digital transformation, business intelligence, web and mobile application development. M. Kerem Öztürk has experience in technology, IT security and digital transformation, and speaks English and German. M. Kerem Öztürk has been serving as Chief Information Officer of TAV Airports Holding since 2022.

Board Committees

Pursuant to the Turkish Commercial Law (No. 6102) and the CMB Corporate Governance Communique II-17.1, the Board of Directors has established the Audit Committee, the Corporate Governance Committee, the Nomination Committee and the Risk Committee.

Audit Committee. The Audit Committee consists of two members who serve on the Board of Directors. The Audit Committee members are selected by the Board of Directors and are currently Filiz Demiroz and Aylin Selen. The Audit Committee meets once every three months and submits its decisions taken to the Board of Directors. The Audit Committee is responsible for:

- selecting the independent audit firm, ensuring independence of the firm, providing access for the firm to the Company's financial records, monitoring the work quality of the firm, monitoring external audit firm's rotation (in compliance with applicable CMB regulations) and generally coordinating with the independent auditors;
- evaluating the audit plan, scope and approach of the audit activity of the independent audit firm, evaluating independent audit reports and following up on any significant issues;
- ensuring full independence of the internal audit department, reviewing and evaluating the duties and responsibilities of the internal audit department and reporting findings and recommendations to the Board of Directors;
- reviewing, approving and monitoring annual audit plan of the internal audit department, requesting amendments when necessary and evaluating audit findings;
- evaluating the effectiveness of the Company's internal control system and notifying the Board of Directors with any findings and recommendations;
- reviewing and following up on all audit reports issued and their findings, ensuring timely and accurate responses to the reports submitted to the management;
- making preparations and discussions for potential or already known regulatory audits and calling the attention of the relevant business units; and
- considering the effectiveness of existing compliance monitoring systems through audit reports and concerning recommendations, warning related business units about precautions to be taken against probable problems and following-up with relevant internal parties.

Corporate Governance Committee. The Corporate Governance Committee was established for the purpose of assuring that the Company complies with corporate governance principles. The Corporate Governance Committee consists of four members of the Board of Directors, and one additional member who is not on the Board of Directors. The current Corporate Governance Committee consists of Ebru Yonca Capa, who asks as chair, and Fernando Echegaray, Filiz Demiroz, Franck Mereyde and the current Investor Relations Coordinator, Besim Meric. The Corporate Governance Committee's principal duties and responsibilities include:

- determining whether the corporate governance principles are applied;
- assessing the reasoning behind incompliance and the conflict of interests caused by such incompliance;
- making suggestions to the Board of Directors in order to improve the implementation of corporate governance;
- monitoring the workings of the shareholder relationship unit,
- issuing proposals concerning the extent of and any changes to the overall remuneration of the Company's senior officers, as well as, where applicable, any perks or other kinds of remuneration, in compliance with applicable Turkish Law and corporate governance principles.
- determining and observe the approaches, principles and practices in relation to the performance evaluation and career planning of the members of the Board of Directors and the senior managers.
- proposing, among other things, the fixed and variable element of the remuneration of the Company's senior officers, and the rules for setting this remuneration, while ensuring that these rules are coherent with the yearly assessment of the Company's performance, and while monitoring the application of these rules.
- proposing to the Board of Directors, where applicable, an overall sum for the Directors' fees to be submitted to the General Meeting of Shareholders for approval, as well as the rules for allocating these Directors' fees, taking into consideration such factors as individual Directors' attendance at Board of Directors meetings and their involvement in the Board of Director's committees as well as the duties entrusted to them;
- proposing to the Board of Directors a policy for the reimbursement of expenses incurred by Directors in the course of exercising their duties;
- approving the information that is provided to Shareholders on the remuneration of the Directors to the public; and
- supervising the compliance with the Company's internal regulations and policies which aim to prevent any conflict of interest between the members of the Board of Directors, managers and other employees as well as misuse of the Company's trade secrets.

Nomination Committee. The Nomination Committee consists of four members of the Board of Directors, two of whom must be Independent Board Members. One of the Independent Board Members will act as chairman of the Nomination Committee. The current chairman of the Nomination Committee is Aylin Selen and the current members of the Nomination Committee are Ebru Yonca Capa, Edward Arkwright and Xavier Hürstel. The Nomination Committee is in charge of the following:

- determining appropriate nominees for the Board of Directors;
- conducting studies in order to form a transparent system for determining appropriate nominees for the Board of Directors;

- evaluating and educating the nominees for the Board of Directors;
- determining policies and strategies in order to select appropriate nominees for the Board of Directors;
- reviewing the written declarations provided by nominees for the independent membership in the Board of Directors to the Nomination Committee;
- making regular evaluations regarding the structure and efficiency of the Board of Directors and submit its recommendations with regards to the changes that could be made to the Board of Directors;
- evaluating the candidates for the independent memberships, including considering management and shareholders to determine whether or not the nominees meet the independency criteria, and submitting its evaluation to the Board of Directors; and
- publicly disclosing the final list of the independent members at the General Assembly meeting.

Risk Committee. The Risk Committee consists of the one Independent Board Member, who acts as chairman of the Risk Committee and four other members of the Board of Directors. The current chairman of the Risk Committee is Jean-Michel Vernhes and the current members of the Risk Committee are Ali Haydar Kurtdarcan, Aylin Selen, Jerome Calvet and Xavier Hürstel. The Risk Committee meets at least every two months to consider the risk position of the Company and report to the Board of Directors. The Risk Committee is in charge of the following:

- ensuring that initiatives are carried out to identify and manage all risks that could endanger the existence, development and continuity of TAV Airports and the Group Companies;
- implementing measures to mitigate risks that are identified;
- oversee the Enterprise Risk Management ("**ERM**") framework; and
- support the Board of Directors in identifying opportunities to grow the business by evaluating major investments and sale/divestitures.

Conflicts of Interests

There are no actual or potential conflicts of interest between the duties of any of the members of the Board of Directors and the Executive Committee and their respective private interests or other duties.

Address

The business address of each Executive Committee member is Ayazağa Mah. Azerbaycan Cad. 2c Blok No: 3l İç Kapı No: 6 Sarıyer / İstanbul, Türkiye.

Remuneration

Monthly remunerations of the members of the Board of Directors and auditors are determined by a General Assembly Resolution. The remuneration of members of the Board of Directors and Senior Executives complies with all relevant CMB regulations.

Corporate Governance

The Group recognises the importance of maintaining sound corporate governance practices. The relationship between the Group's management, shareholders, employees and third parties including customers, legal authorities, suppliers and various other individuals and institutions with whom the Group does business are based upon fundamental governance principles including integrity, credibility, equality, compliance, confidentiality, transparency, accountability and sustainability.

CMB Corporate Governance Principles

On 3 January 2014, the CMB issued the Corporate Governance Communiqué to replace the Communiqué on the Determination and Implementation of Corporate Governance Principles Series IV, No. 56 dated 30 December 2011 and Communiqué on the Principles Applicable to Joint Stock Companies Subject to Capital Markets Law Series IV, No. 41 dated 19 March 2008. The Corporate Governance Communiqué provides certain mandatory and non-mandatory corporate governance principles as well as rules regarding related-party transactions and a company's investor relations department. Some provisions of the Corporate Governance Communiqué are applicable to all companies incorporated in Türkiye and listed on the BİST, whereas some others are applicable solely to companies whose shares are traded in certain markets of the BİST.

In case of any non-compliance with any of the non-mandatory principles applicable to the Group under the Corporate Governance Communiqué, the Group is required to explain such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of its integrated annual report.

The Corporate Governance Communiqué contains principles relating to: (a) companies' shareholders, (b) public disclosure and transparency, (c) the stakeholders of companies and (d) the board of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. The Corporate Governance Communiqué classifies listed companies into three categories according to their market capitalisation and the market value of their free-float shares, subject to recalculation on an annual basis.

The Capital Markets Law authorises the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to ensure compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict these principles.

OWNERSHIP

As of 31 December 2022: (a) the majority of the Company's shares (47.66 per cent.) were on other free float, (b) 46.12 per cent. of shares held by Groupe ADP (through TANK OWA Alpha GmbH, a wholly owned Subsidiary of Groupe ADP), (c) 5.06 per cent. of shares held by Tepe Insaat Sanayi A.S. and (d) 1.16 per cent. of shares held by Sera Yapi Endustrisi A.S.

As of 31 December 2022, the share capital of the Company was TL 363,281,250, consisting of all fully paid-up shares. Registered shareholdings in the Company as of 31 December 2022 were as follows:

Shareholder[(1)]	**Shares**[(2)]	**Percentage**
Other Free Float	173,145,406	47.66
Groupe ADP	167,542,321	46.12
Tepe Insaat Sanayi A.S.	18,375,414	5.06
Sera Yapi Endustrisi A.S.	4,218,109	1.16
Total	363,281,250	100.00

Notes:

(1) According to data from the Public Disclosure Platform (Kamuyu Aydınlatma Platformu) ("**KAP**") as of 31 December 2022.

(2) Each share has a nominal value of TL 1.

Dividends

Dividends are paid by the Company from its net profit in accordance with the Articles of Association. Under its Articles of Association, the Company is required to allocate 5 per cent. of its net profit towards its legal reserve fund. From the balance of net profit, a "first dividend" is distributed to the shareholders according to the Capital Markets Law. Upon making the allocation to legal reserves and the distribution to shareholders, the General Assembly has the right to decide the distribution of dividends to the Board of Directors and officers, servants and employees, to foundations established for various purposes and to persons and institutions with similar qualifications. Once the first dividend is provided for, the General Assembly is authorised to distribute a second dividend in whole or in part, the amount remaining of the net profit or to reserve such amount in whole or in part as voluntary reserves in accordance with Article 521 of the Turkish Commercial Code.

The Company determines the resolutions for distribution of profit in compliance with the Turkish Commercial Code, Turkish capital markets legislation, Turkish Capital Markets Board regulations and decisions, the relevant tax laws, provisions of other relevant pieces of legislation and the Company's Articles of Association. Accordingly, 50 per cent. of the consolidated net profit for the relevant period will be distributed in cash or as gratis shares, which will be issued by means of adding such amount to the share capital subject to the resolution to be rendered by the general assembly of shareholders of the Company.

Sustainability of this dividend policy is one of the core goals of the Company, except for such special cases necessitated by investments and any other fund requirements that may be required for the long term development of the Company, its subsidiaries and affiliates and any extraordinary developments in economic conditions.

On the condition that the Board of Directors is authorised by the General Assembly and that Article 20 of the Capital Market Law and the communiqués issued by the Capital Market Board are complied with, the Board of

Directors may distribute cash dividend advance in a manner as limited with the year for which the authorisation is granted.

The Company did not distribute any dividends for 2020, 2021 or 2022.

Preferential rights

Use of preferential rights with respect to the purchase of new shares of the Company are subject to the requirements of Turkish Commercial Code, the Capital Markets Law and the secondary legislation issued by the CMB. According to the applicable legislation, existing shareholders have preferential rights with respect to the purchase of new shares to be issued by the Company. As per the Capital Markets Law and Communiqué on Shares numbered VII-128.1, the preferential rights are used within the periods and within the frame of principles specified in the prospectus, within a period not being less than fifteen days and not being more than sixty days for the public companies. The period of use of preferential rights may be extended with a prior permission of the CMB. The shares remaining after use of the preferential rights may be sold to with or without public offering, providing that it is so specified in the prospectus. Moreover, a notice of sale is required to be announced prior to public offering of shares remaining after use of the preferential rights, or of shares representing the increased capital if the preferential rights are not allowed to be used, or of existing shares of shareholders.

Voting rights

Shareholders or their representatives have one vote for each stock certificate (on one voting slip) and all share groups have the same voting rights in every respect. Voting is exercised openly and by way of raising hand and/or electronic participation.

The procedures for participating electronically, the action of appointment of representatives, making proposals, declaring opinions and exercising votes are made through the Electronic General Assembly System provided by the Central Registry Agency.

Major Shareholders

Groupe ADP

Aéroports de Paris S.A. ("**Groupe ADP**"), is an international airport operating company with global operations, founded in 1945. The company is based in Paris, France and operates 26 international airports. Groupe ADP holds 46.12 per cent. of the Company's shares through its wholly owned Subsidiary, TANK OWA Alph GmbH.

Tepe Insaat Sanayi A.S.

Tepe Insaat Sanayi A.S. is a Turkish integrated conglomerate focused on infrastructure and construction. Founded in 1969 and based in Ankara, Türkiye, the company specialises in architectural and technical project design, construction, real estate investment and project management. Tepe Insaat Sanayi A.S. holds 5.06 per cent. of the Company's shares.

Sera Yapi Endustrisi A.S.

Sera Yapi Endustrisi A.S. is a Turkish construction company focused on projects in Türkiye and the broader Middle Eastern and North African region. Sera Yapi Endustrisi A.S. primarily focuses on projects involving the construction of industrial buildings, airports and warehouses. Sera Yapi Endustrisi A.S. holds 1.16 per cent. of the Company's shares.

Free Float and Other Shareholders

As of 31 December 2022, 47.66 per cent. of the Company's total shares were on other free float, of which around 70 per cent. was owned by foreign investors based on the custody amounts provided by data vendor. The remaining 30 per cent. of shares are owned by local individual/institutional shareholders.

RELATED PARTY TRANSACTIONS

The Company and its qualified shareholders, Board of Directors (including the Chief Executive Officer) and the undertakings that they control individually or jointly, directly or indirectly, or in which they participate with unlimited responsibility or where they are members of board of directors or general manager, are considered and referred to as related parties.

The Company enters into transactions with related parties in the ordinary course of its business and on an arm's length basis and will continue to do so in the future, including the below:

- TAV Construction and Almaty International Airport JSC are parties to an engineering, procurement and construction ("**EPC**") contract for an amount of U.S.$196,500 related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.
- The Group has an EPC contract for an amount of €657,000 with a joint venture formed by TAV Construction and Sera Yapi Endustrisi A.S. (a shareholder of TAV Construction) related to investments for the capacity increase of Antalya Airport. There is also a price adjustment mechanism for up to 7.5 per cent. of the total EPC amount.
- The Group has an EPC contract for an amount of €202,104 with a joint venture formed by TAV Construction and Sera Yapi Endustrisi A.S. (a shareholder of TAV Construction) related to additional investments for the capacity increase of Ankara Esenboğa Airport. There is also a price adjustment mechanism for up to 7.5 per cent. of the total EPC amount.

None of the members of the Company's Board of Directors or executive officers have or have had any interest in any transaction effected by the Group that are or were unusual in their nature or conditions or significant to the business of the Group and that were effected during the current or immediately preceding financial year or were effected during an earlier financial year and remain in any respect outstanding or unperformed. Other than as disclosed above, none of these individual transactions are material.

The following table shows the breakdown of the Group's business transactions with related parties as of the dates indicated.

	As of 31 December		
	2020	**2021**	**2022**
		(€ '000)	
Due from related parties	10,702	11,400	10,465
Current loan to related parties	19,285	23,041	9,613
Non-current loan to related parties	2,351	204,265	144,016
Due to related parties	1,332	590	735
Current loan from related parties	305,933	-	-
Non-current loan from related parties	-	153,623	465,279

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the "**Conditions**") which (subject to modification and except for the paragraphs in italics) will be endorsed on each Definitive Registered Note (if issued):*

The U.S.$400,000,000 8.500% Senior Guaranteed Notes due 2028 (the "**Notes**," which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of TAV Havalimanları Holding A.Ş.(İstanbul trade registry Registration number 590256-0 and Mersis number 0832006209000011) (the "**Issuer**") are constituted by a trust deed to be dated 7 December 2023 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuer, Aviator Netherlands B.V. (the "**Original Dutch Guarantor**"), Havaalanları Yer Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş. and TAV Bilişim Hizmetleri A.Ş. (together, the "**Original Guarantors**") and Citibank, N.A., London Branch as trustee (the "**Trustee**", which expression shall include its successor(s)) for the Noteholders (as defined below). The Original Guarantors together with any other Subsidiary appointed as a guarantor under and as further described in the Trust Deed, but excluding any entity released as a guarantor in accordance with these Conditions, are together referred to herein as the "**Guarantors**". The Notes are also the subject of an agency agreement to be dated 7 December 2023 (as amended and/or supplemented and/or restated from time to time, the "**Paying Agency Agreement**") made between the Issuer, the Guarantors, and Citibank, N.A., London Branch as paying agent (the "**Principal Paying Agent**," which expression shall include its successor(s)), registrar (the "**Registrar**," which expression shall include its successor(s)) and transfer agent (the "**Transfer Agent**," which expression shall include its successor(s), and together with the Principal Paying Agent, the Registrar and the Transfer Agent, the "**Agents**") and the Trustee.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Paying Agency Agreement. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection or collection upon reasonable notice during normal business hours by the Noteholders at the registered office of the Trustee, and at the specified offices of each of the Agents or may be provided by email to any Noteholder following their written request to the Trustee or any Agent together with the Noteholder's proof of holding and identity (in a form satisfactory to the Trustee or the relevant Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and the Depository Trust Company ("**DTC**", and together with Euroclear and Clearstream, Luxembourg, the "**Clearing Systems**") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them.*

1 FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are issued in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Note). The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law of Türkiye (Law No. 6362), the Communique No.VII-128.8 on Debt Instruments of the Turkish Capital Markets Board (in Turkish: *Sermaye Piyasası Kurulu*) and Decree No. 32 regarding the Protection of the Value of Turkish Currency.

The Notes will be initially issued in global, fully registered form, and represented by (i) one or more global notes representing the Notes initially sold to qualified institutional buyers within the meaning of, and pursuant to, Rule 144A under the U.S. Securities Act of 1933 (the "**Securities Act**") (the "**Rule 144A Global Notes**") and (ii) one or more global notes representing the Notes initially sold outside the United States within the meaning of, and pursuant to, Regulation S under the Securities Act (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"), which will each be exchangeable for Notes in definitive, fully registered form ("**Definitive Registered Notes**") only in the limited circumstances specified in the Global Notes and the Paying Agency Agreement.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Definitive Registered Note in respect of it) and no person will be liable for so treating the holder. In these Conditions "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is for the time being registered in the register of Noteholders (or, in the case of joint holders, the first named thereof) and "**holders**" shall be construed accordingly.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Clearing and Settlement".

2 TRANSFERS OF NOTES

2.1 Transfers

A Note may, subject to Conditions 2.4 and 2.5, be transferred in whole or in part in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof upon surrender of the relevant Definitive Registered Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereof), duly completed and signed and any other evidence as the Registrar or such Transfer Agent may reasonably require, at the specified office of the Registrar or the Transfer Agent. No Note will be valid unless and until entered on the register of Noteholders.

For a description of certain restrictions on transfers of interests in the Notes, see *"Transfer Restrictions"*.

2.2 Registration and Delivery of Definitive Registered Notes

Within five Business Days (as defined below) of surrender of a Definitive Registered Note in accordance with Condition 2.1 above, the Registrar or the Transfer Agent (as the case may be) shall register the transfer in question and deliver a new Definitive Registered Note to each relevant Noteholder at the specified office of the Registrar or send it by uninsured mail at the risk and expense of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2, "**Business Day**" shall mean a day on which banks are open for business in the city in which the specified office of the Issuer, Registrar or Transfer Agent are located.

Except in the limited circumstances described in "*The Global Notes—Exchange of Interest in Global Notes for Definitive Registered Notes*", owners of interests in the Notes will not be entitled to receive physical delivery of Definitive Registered Notes. Issues of Definitive Registered Notes upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures

described above and in the Trust Deed and compliance with the legends placed on the Notes as described in "*Transfer Restrictions*".

Where some but not all of the Notes represented by a Definitive Registered Note are to be transferred, a new Definitive Registered Note in respect of the balance of the Notes not so transferred will be mailed by uninsured mail at the risk and expense of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities Free of Charge

Subject to Condition 2.5, the registration of a transfer of Notes will be effected without charge by or on behalf of the Issuer or any Transfer Agent but (i) upon payment by the Noteholder (or the giving of such indemnity as the Issuer or any Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and (ii) the Registrar or the Transfer Agent being satisfied with the documents of title and/or identity of the Noteholder making such application.

2.4 Closed periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal or interest on that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7.3 or (iii) after any such Note has been called for redemption.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes set out in the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Transfer Agent (such consent not to be unreasonably withheld or delayed). A copy of the current regulations will be provided (free of charge) by the Registrar or the Transfer Agent to any Noteholder as soon as reasonably practicable upon reasonable request.

3 STATUS OF THE NOTES AND THE GUARANTEES

3.1 Status of the Notes

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu* in right of payment, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save only for such obligations as may be preferred by mandatory provisions of applicable law.

3.2 Status of the Guarantees

The payment of the principal and interest in respect of the Notes and of all other moneys payable by the Issuer under or pursuant to the Trust Deed has been fully, unconditionally and irrevocably, jointly and severally with every other Guarantor, guaranteed by the Original Guarantors (together with the guarantees of any subsequent Guarantors, the "**Guarantees**") in the Trust Deed as a guarantee of third person's obligations (*üçüncü kişinin fiilini üstlenme*) stipulated under Article 128 of the Turkish Code of Obligations, and not a surety (*kefalet*). The obligations of the Guarantors under the Guarantees constitute direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Guarantors and (subject as provided above) rank and will rank *pari passu* with all other outstanding

unsecured and unsubordinated obligations of the Guarantors, present and future, save only for such obligations as may be preferred by mandatory provisions of law.

3.3 Addition of Guarantees

The Issuer may add Guarantors that provide Guarantees from time to time that must rank and will rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantors, present and future, save only for such obligations as may be preferred by mandatory provisions of law. The Issuer shall give not less than five Business Days' prior written notice to the Trustee and the Noteholders in accordance with Condition 12 (*Notices*) of the addition of a Guarantee. The addition of any Guarantee(s) shall be conditional upon:

(a) such accession not causing or otherwise resulting in the occurrence and continuation of a Potential Event of Default or an Event of Default under the Notes;

(b) without prejudice to the generality of the foregoing paragraphs, where a Guarantor is incorporated, domiciled or resident in a territory other than the Republic of Türkiye or the Netherlands, undertakings or covenants are given in terms corresponding to the provisions of the Trust Deed and Condition 8 (*Taxation*) with the substitution of the references to the Republic of Türkiye or the Netherlands, as applicable with references to the territory or territories in which such Guarantor is incorporated, domiciled or resident or to the taxing jurisdiction of which, or of any political subdivision or authority of or in which, such Guarantor is otherwise subject generally;

(c) receipt by the Trustee of (i) an Opinion of Counsel (at the expense of the Issuer and/or the acceding Guarantor) as to the enforceability of the Guarantor's obligations under the Trust Deed and the Guarantee and as to the due capacity and authority of any such Guarantor thereunder (which opinion may be subject to customary qualifications and assumptions and may be addressed to the Issuer or the acceding Guarantor), and (ii) an Officers' Certificate confirming that the conditions precedent to the addition of such Guarantor in this Condition 3.3 have been satisfied; and

(d) receipt by the Trustee of such other conditions, documents or certificates as it may reasonably require, including in connection with its "know your customer" obligations or other identification checks or procedures necessary to comply with any applicable law and regulation.

The Trustee shall be entitled to accept and rely on the Opinion of Counsel referred to in sub-paragraph (c)(i) above and the Officers' Certificate referred to in sub-paragraph (c)(ii) above without further enquiry or liability to any Person as sufficient evidence of the matters certified or opined on therein.

3.4 Release of Guarantor

A Guarantor will be automatically and unconditionally released and discharged from its Guarantee:

(a) upon any sale, exchange, transfer or other disposition of Equity Interests of such Guarantor or any holding company of such Guarantor to a Person that is not the Issuer or a Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions) and the Guarantor ceases to be a Subsidiary as a result of the sale, exchange, transfer or other disposition;

(b) upon any sale, exchange, transfer or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not the Issuer or a Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions);

(c) upon the payment in full of principal, interest and all other obligations on the Notes (or the Notes have otherwise been purchased and cancelled in whole, and not in part, in accordance with these Conditions); or

(d) in accordance with Condition 4.7(f).

4 COVENANTS

4.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will ensure that no Indebtedness of the Issuer or any of the Issuer's Subsidiaries will be secured by any Security Interest, other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of the Issuer's Subsidiaries unless the Guarantors and the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, take and cause any relevant Subsidiaries to take any and all action necessary to ensure that:

(a) all amounts payable by the Issuer under the Notes then outstanding and the Guarantors under the Guarantees are secured by the relevant Security Interest equally and rateably with the relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 Limitation on Indebtedness

(a) The Issuer shall not, and shall not cause or permit any of the Issuer's Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness; provided, however, that the Issuer or any of the Issuer's Subsidiaries may incur Indebtedness if the Consolidated Fixed Charge Coverage Ratio for the most recent Relevant Period in respect of which internal financial statements of the Issuer prepared in accordance with IFRS are available immediately preceding the date on which such additional Indebtedness is incurred (or in the case of Condition 4.2(b)(iv), the date on which such acquisition is completed) would be at least (i) 2.00 to 1.0 or (ii) following compliance with Condition 4.3(a) for the financial year ended 31 December 2024, 2.50 to 1.0, as determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred (and in the case of Condition 4.2(b)(iv), such acquisition had been completed) at the beginning of the Relevant Period.

(b) Condition 4.2(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(i) the incurrence by the Issuer or any Subsidiary of Indebtedness pursuant to any Credit Facility in a maximum aggregate principal amount at any time outstanding not exceeding €300.0 million (or an equivalent amount in any other currency or currencies), plus in the case of any refinancing of any Indebtedness permitted under this clause (i) or any portion thereof, the aggregate amount of fees, costs and expenses (including fees and commissions paid as discounts) incurred in connection with such refinancing, *provided* no more than €150.0 million (or an equivalent amount in any other currency or currencies) incurred

under this clause (i) may be Priority Indebtedness and/or be Indebtedness that is Public Indebtedness;

(ii) the incurrence by the Issuer of Indebtedness represented by the Notes to be issued on the Issue Date and by the Guarantors of the Guarantees thereof;

(iii) the incurrence by the Issuer or any of the Issuer's Subsidiaries of Existing Indebtedness (including the Existing Project Finance Indebtedness);

(iv) any Indebtedness of any company which becomes a member of the Group after the Issue Date outstanding on the date it was acquired by, merged with, or otherwise consolidated or combined with the Issuer or another Subsidiary (including, for the avoidance of doubt, any Indebtedness incurred by such company in contemplation of such acquisition) or incurred by the Issuer or any of the Issuer's Subsidiaries to provide all or any portion of the funds used to consummate the transaction or series of related transactions; *provided, however,* that on the date of such the transaction or series of related transactions and after giving pro forma effect thereto either*:*(A) the Issuer would be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in Section 4.2(a); or (B) the Consolidated Fixed Charge Coverage Ratio, would not be less than it was immediately prior to giving pro forma effect to such transaction or series of related transactions;

(v) the incurrence by the Issuer or any of the Issuer's Subsidiaries of Permitted Refinancing Indebtedness, to the extent that it is in exchange for, or to the extent that the net proceeds of which are or shall be used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that, at the time such Indebtedness was incurred, was permitted by these Conditions to be incurred under Condition 4.2(a) or 4.2(b)(ii), (iii), (iv) or this clause (v);

(vi) the incurrence by Issuer or any of the Issuer's Subsidiaries of hedging obligations not intended for speculative purposes (as determined in good faith by the Issuer);

(vii) (A) the guarantee by Issuer or any of the Issuer's Subsidiaries of Indebtedness of the Issuer or any of the Issuer's Subsidiaries that was permitted to be incurred by another provision of this Condition 4.2; *provided that* if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes or a guarantee thereof, as applicable, then the guarantee shall be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed; or

(B) intercompany indebtedness owed to and held by the Issuer or any of the Issuer's Subsidiaries in respect of the Issuer or any of the Issuer's Subsidiaries; provided, however, that (x) any subsequent issuance or transfer of any Equity Interests which results in any such Subsidiary ceasing to be a Subsidiary or any subsequent disposition, pledge or transfer of such intercompany Indebtedness (other than to the Issuer or any of the Issuer's Subsidiaries) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the relevant obligor in respect of such Indebtedness and (y) if the Guarantors or the Issuer is the obligor in respect of such Indebtedness, such Indebtedness is unsecured, and is expressly subordinated to the prior payment in full in cash of all obligations of the Issuer with respect to the Notes and the Guarantors with respect to the Guarantees;

(viii) the incurrence by the Issuer or any of the Issuer's Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 15 Business Days;

(ix) Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(x) the incurrence by the Issuer or any of the Issuer's Subsidiaries of Indebtedness in respect of (x) letters of credit, bank guarantees, bid, performance, appeal, surety and similar bonds, completion guarantees, judgment, advance payment, customs, VAT or similar instruments issued for the account of the Issuer or any of the Issuer's Subsidiaries in the ordinary course of business (in each case, (a) other than an Indebtedness for Borrowed Money (as defined in Condition 10) and (b) to the extent such obligations are reimbursed within 30 days of incurrence), including guarantees and obligations of the Issuer or any of the Issuer's Subsidiaries with respect to letters of credit or similar instruments supporting such obligations or in respect of self-insurance and workers compensation obligations; and (y) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business;

(xi) the incurrence of Indebtedness by the Issuer of the Ankara Bridge Loan in an aggregate principal amount at any time outstanding not to exceed €150.0 million;

(xii) (A) the incurrence of New Project Finance Indebtedness by a Project Subsidiary, and (B) if such Indebtedness is Supported Project Finance Indebtedness that is otherwise permitted to be incurred pursuant to this Condition 4, the provision of guarantees, or incurrence of Indebtedness in respect of letters of credit or other customary credit support by the Issuer or another Subsidiary in respect of repayment or debt service of such Indebtedness; and

(xiii) the incurrence by the Issuer or any of the Issuer's Subsidiaries of additional Indebtedness and any Permitted Refinancing Indebtedness in respect thereof (other than and in addition to Indebtedness permitted under sub-clauses (i) through (xii) in an aggregate principal amount at any time outstanding not to exceed €50.0 million (or an equivalent amount in any other currency or currencies).

(c) Notwithstanding anything contained in Conditions 4.2(a) and 4.2(b), the Issuer will not, and will not permit any of its Subsidiaries to, incur Priority Indebtedness, or permit any Indebtedness to become Priority Indebtedness by virtue of the granting of a Security Interest or provision of a guarantee or other credit support in respect thereof such that the relevant Indebtedness becomes Supported Indebtedness, or by reclassifying any such Indebtedness such that it becomes Priority Indebtedness hereof, if after giving effect thereto on a pro forma basis, the Issuer's Priority Leverage Ratio would exceed 40.0%, determined as of the date of incurrence of such Indebtedness (or the date such Indebtedness becomes Priority Indebtedness by such granting of a Security Interest or such debt reclassification, as the case may be) after giving effect on a pro forma basis of the incurrence of, and the application of the proceeds from, such Indebtedness; *provided that* this Condition 4.2(c) will not prohibit the incurrence of Priority Indebtedness where such Indebtedness is incurred in respect of the refinancing of any Priority Indebtedness where such refinancing is otherwise permitted under this Condition 4.2 (Incurrence of Indebtedness) and the refinanced Indebtedness is (if secured) secured on no assets other than the same previously secured assets or class of assets.

(d) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness incurred pursuant to and in compliance with this Condition 4.2:

(i) in the event that an item or portion of an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in Condition 4.2(b), or is entitled to be incurred pursuant to Condition 4.2(a), the Issuer, in its sole discretion, will be permitted to classify such item or portion of an item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Condition 4.2; *provided that* (x) debt incurred under subclause (b)(i) may not be reclassified and (y) Existing Project Finance Indebtedness shall be deemed to be incurred under subclause (b)(iii) and may not be reclassified;

(ii) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(iii) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Condition 4.2 permitting such Indebtedness; and

(iv) accrual of interest, accrual of dividends, the accretion or amortization of original issue discount or of accreted value, the obligation to pay commitment fees and the payment of interest or dividends in the form of additional Indebtedness, will not, in any case, be treated as an incurrence of Indebtedness.

4.3 Financial Information

The Issuer shall:

(a) make available on its website, within 60 days after the end of each of its financial years, its audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the audit report of the Auditors thereon; and

(b) make available on its website, within 45 days after the end of the first three quarters of each of its financial years, copies of the Issuer's unaudited consolidated financial statements for the three, six or nine month period then ended (as applicable), prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the review report of the Auditors thereon (if any).

4.4 Merger, Consolidation and Sale of Substantially All Assets

The Issuer shall not consolidate, merge or amalgamate with or into (whether or not the Issuer (as applicable) is the surviving corporation), and the Issuer shall not, directly or indirectly, sell, assign or convey, transfer, lease, or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets (determined on a consolidated basis for the Issuer and its Subsidiaries) to, another Person, unless:

(a) the resulting, surviving or transferee Person, if other than the Issuer (as applicable) (the "**Successor**"), shall be a Person organised and existing under the laws of the Republic of Türkiye, England and Wales, any member state of the European Union, or any State of the United States

and shall expressly assume, by a supplement to the Trust Deed in form and substance satisfactory to the Trustee, all the obligations of the Issuer (as applicable) in respect of the Notes and under the Trust Deed and the Paying Agency Agreement;

(b) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Issuer or any Successor, as applicable, or any Subsidiary of the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Issuer or the Successor or such Subsidiary at the time of such transaction) no Event of Default shall have occurred and be continuing; and

(c) immediately after giving effect to such transaction on a pro forma basis, as if such transaction had occurred at the beginning of the Relevant Period (and treating any Indebtedness which becomes an obligation of the Issuer or the Successor, as applicable, or any Subsidiary of the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Issuer or the Successor or such Subsidiary at the time of such transaction with the appropriate adjustments with respect to such transactions being included in such pro forma calculation), either:

(i) the Issuer or the Successor, as the case may be, could Incur at least €1.00 of additional Indebtedness pursuant to Condition 4.2(a); or

(ii) the Consolidated Fixed Charge Coverage Ratio for the Issuer or, as the case may be, the Successor and its Subsidiaries would be no less than such ratio for the Issuer and its Subsidiaries immediately prior to such transaction.

(d) the Issuer shall have delivered to the Trustee (x) an Officer's Certificate (as defined in the Trust Deed) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition complies with this Condition 4.4; and (y) an Opinion of Counsel (which may include in-house counsel) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental Trust Deed is required in connection with such transaction, such supplemental Trust Deed will, comply with this Condition 4.4 and has been duly authorised, executed and delivered by the Successor and constitutes a legal, valid, binding and enforceable obligation of the Successor. The Trustee shall be entitled to accept and rely on such Officer's Certificate (as defined in the Trust Deed) and Opinion of Counsel as conclusive evidence of such compliance and the Trustee shall enter into such document, agreement or deed (in form and substance satisfactory to the Trustee) as shall be necessary to give effect to such transaction, without further enquiry and without liability to any person. In giving an Opinion of Counsel, counsel may rely on an Officer's Certificate (as defined in the Trust Deed) as to any matters of fact.

The Successor shall succeed to, and be substituted for and may exercise every right and power of the Issuer (as applicable) under the Trust Deed and the Paying Agency Agreement. Except in the case of a lease, the Issuer (as applicable) shall be relieved of all obligations and covenants under the Trust Deed and the Paying Agency Agreement and the Notes.

A Guarantor shall not consolidate, merge or amalgamate with or into (whether or not the Guarantor (as applicable) is the surviving corporation) or directly or indirectly, sell, assign or convey, transfer, lease, or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets to, another Person, unless:

(A) (x) the resulting, surviving or transferee Person, if other than the Guarantor (as applicable) (the "**Guarantor Successor**"), shall be a Person organised and existing under the laws of

the jurisdiction of the original Guarantor, the Republic of Türkiye, England and Wales, any member state of the European Union, or any State of the United States and shall expressly assume, by a supplement to the Trust Deed in form and substance satisfactory to the Trustee, all the obligations of the Guarantor in respect of the Guarantee of the Notes and under the Trust Deed and the Paying Agency Agreement; and (y) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Guarantor or any Guarantor Successor, as the case may be, as a result of such transaction as having been Incurred by the Guarantor or the Guarantor Successor at the time of such transaction) no Potential Event of Default or Event of Default shall have occurred and be continuing; or

(B) such transaction complies with Condition 4.5; and

(C) where the Guarantor Successor is a Person other than the Guarantor, the Issuer shall have delivered to the Trustee (x) an Officer's Certificate (as defined in the Trust Deed) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition complies with this Condition 4.4; and (y) an Opinion of Counsel (which may include in-house counsel) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental Trust Deed is required in connection with such transaction, such supplemental Trust Deed will, comply with this Condition 4.4 and has been duly authorised, executed and delivered by the Guarantors' Successor and constitutes a legal, valid, binding and enforceable obligation of the Guarantors' Successor. The Trustee shall be entitled to accept and rely on such Officer's Certificate (as defined in the Trust Deed) and Opinion of Counsel as conclusive evidence of such compliance and the Trustee shall enter into such document, agreement or deed (in form and substance satisfactory to the Trustee) as shall be necessary to give effect to such transaction, without further enquiry and without liability to any person. In giving an Opinion of Counsel, counsel may rely on an Officer's Certificate (as defined in the Trust Deed) as to any matters of fact.

Nothing contained in the foregoing restrictions on merger, consolidation, amalgamation and asset transfers shall prohibit:

(A) (i) any Subsidiary of the Issuer consolidating or amalgamating with, merging with or into, or transferring all or part of its properties and assets to the Issuer or any of the Issuer's Subsidiaries, provided that in the case of any such consolidation, merger or amalgamation (but not any such transfer of properties and assets) involving the Issuer in which the Issuer, as applicable, is not the surviving Person, Condition 4.4(a) and (d) shall apply to the transaction, (ii) the Issuer and the Guarantors from consolidating, amalgamating, or merging with the other or into each other, or transferring all or part of their properties and assets to the other, provided that in the case of any such consolidation, merger or amalgamation (but not any such transfer of properties and assets) involving the Issuer in which the Issuer is not the surviving Person, Condition 4.4(a) and (d) shall apply to the transaction; and in each such case, provided further that, after giving effect to any such merger, consolidation, amalgamation or asset transfer, no Event of Default shall have occurred and be continuing or would result therefrom; and

(B) the merger, consolidation or other combination of the Issuer or any of the Issuer's Subsidiaries with or into another person for the purpose of changing the legal domicile of that Person, reincorporating (or other similar transaction) the Issuer or, as the case may

be, any of its Subsidiaries, in another jurisdiction, or changing the legal form of the Issuer or any of its Subsidiaries.

4.5 Limitation on Asset Sales

(a) The Issuer shall not, and shall not cause or permit any of the Issuer's Subsidiaries to, consummate an Asset Sale unless:

(i) the Issuer and/or such Subsidiary receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(ii) at least 75% of the consideration received in the Asset Sale by the Issuer and/or such Subsidiary is in the form of cash or Cash Equivalent Investments. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer and/or any such Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes and any Project Finance Indebtedness) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Issuer or such Subsidiary from or indemnifies against further liability;

(B) any securities, notes, bonds or other obligations received by the Issuer and/or any such Subsidiary from such transferee, converted by the Issuer or such Subsidiary into cash within 90 days of receipt, to the extent of the cash received in that conversion;

(C) in the case of an Asset Sale of the assets of such Project Subsidiary, Project Finance Indebtedness of a Project Subsidiary that is assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Issuer or such Subsidiary from or indemnifies against further liability; and

(D) any stock or assets of the kind referred to in clauses (ii), (iv) or (v) of the next paragraph of this Condition 4.5.

(b) Within 365 days after the receipt of any Net Available Cash from an Asset Sale, the Issuer or one or more of the Issuer's Subsidiaries may apply an amount equal to the amount of such Net Available Cash:

(i) to (A) repay Indebtedness (other than (I) the Notes, (II) intercompany Indebtedness or Indebtedness or Subordinated Shareholder Funding owed to a shareholder or an Affiliate of the Issuer, (III) Indebtedness expressly subordinated to the Notes or (IV) Project Finance Indebtedness other than from an Asset Sale of assets or Equity Interests of the Project Subsidiary to which such Project Finance Indebtedness relates) or (B) redeem Notes in accordance with Condition 7;

(ii) to acquire all or substantially all of the assets of, or any Equity Interests of, another Permitted Business, if, after giving effect to any such acquisition of Equity Interests, the Permitted Business is or becomes a Subsidiary of the Issuer;

(iii) to make a capital expenditure;

(iv) to acquire other assets that are used or useful in a Permitted Business; or

(v) a combination of any of the above permitted by the foregoing sub-clauses (i) through (iv).

(c) If the Net Available Cash is in an amount that exceeds the aggregate amount applied or invested in accordance with Condition 4.5(b) within the applicable time period specified in Condition 4.5(b), such excess amount to that applied or invested in accordance with Condition 4.5(b) will constitute "**Excess Proceeds**".

When the aggregate amount of Excess Proceeds exceeds €50.0 million, within 30 days thereof, the Issuer will make an offer (an "**Asset Sale Offer**") to all Noteholders with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes (plus all accrued and unpaid interest and the amount of all fees and expenses, including premiums (if any), incurred in connection therewith) that may be purchased or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase or redemption. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and the Issuer's Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by these Conditions. If the aggregate principal amount of Notes tendered in (or required to be redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Issuer will accept Notes for purchase on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of US$200,000, or an integral multiple of US$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of all securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Condition 4.5, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 4.5 by virtue of such compliance.

Pending the final application of any Net Available Cash, the Issuer or any of the Issuer's Subsidiaries may temporarily reduce revolving credit borrowings or otherwise invest the Net Available Cash in any manner that is not prohibited by these Conditions.

4.6 Limitation on Restricted Payments

(a) The Issuer shall not, and shall not cause or permit any of the Issuer's Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of the Issuer's Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger or consolidation involving the Issuer or any Subsidiary) or to the direct or indirect holders of the Issuer's or any of the Issuer's Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Subordinated Shareholder Funding or in Equity Interests of the Issuer and other than dividends or distributions (including through capital/equity reductions and/or share redemptions) payable to the Issuer or to any of the Issuer's Subsidiaries);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of

the Issuer held by Persons other than the Issuer or any of the Issuer's Subsidiaries (other than in exchange for Equity Interests of the Issuer);

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any of the Issuer's Subsidiaries that is expressly contractually subordinated in right of payment to the Notes and/or the Guarantees (excluding any intercompany Indebtedness between or among the Issuer or any of the Issuer's Subsidiaries) except (i) a payment of interest or principal at the stated maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal instalment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement, or

(iv) make any payment (whether in respect of interest or principal), or the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding),

(all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment:

(A) no Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment and satisfaction of the Minimum Liquidity Condition after giving *pro forma* effect to such Restricted Payment;

(B) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable Relevant Period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to Condition 4.2(a); and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and the Subsidiaries since the Issue Date (excluding Restricted Payments permitted by Condition 4.6(b)(ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (xi)) is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) commencing with the beginning of the fiscal quarter in which the Issue Date occurs to the end of the Issuer's most recently ended four consecutive fiscal quarters for which internal financial statements of the Issuer prepared in accordance with IFRS are available (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit) (which amount in this clause (1) will be deemed to be not less than zero for such period); plus

(2) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Issuer since the Issue Date as Subordinated Shareholder Funding, a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer or from the issue or sale of convertible or exchangeable debt securities of the Issuer, in each case, that have been converted into or exchanged for Equity Interests of the Issuer (other than Equity Interests and convertible or exchangeable debt securities sold to a Subsidiary).

(b) Condition 4.6(a) will not prohibit:

(i) the payment of any dividend or the consummation of any irrevocable redemption within 180 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of these Conditions;

(ii) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer, from the substantially concurrent contribution of common equity capital to the Issuer or from substantially concurrent financing by means of Subordinated Shareholder Funding; *provided that* the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from the calculation of amounts under sub-clause (C)(2) above;

(iii) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any of the Issuer's Subsidiaries that is contractually subordinated to the Notes and/or the Guarantees with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(iv) the declaration or payment of any dividend or any similar distribution by a Subsidiary to the holders of its Equity Interests (or equivalent interests) on no more than a *pro rata* basis;

(v) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(vi) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Equity Interests of any such Person;

(vii) the purchase, redemption or other acquisition or retirement for value of shares of Capital Stock of the Issuer or any of its Subsidiaries from any current or former employee, officer or director of the Issuer or any of its Subsidiaries (or permitted transferees of such current or former employee, officer or directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such Restricted Payments (excluding amounts representing cancellation of Indebtedness) shall not exceed U.S.$3 million in any calendar year;

(viii) any payment, purchase, redemption, defeasance or other acquisition or retirement for value of subordinated obligations of the Issuer or any Guarantor, upon a Change of Control or Asset Sale, and *provided that* no Event of Default shall have occurred and be continuing, to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101 per cent. of the principal amount of such Indebtedness, in the case of a Change of Control, and 100 per cent., in the case of an Asset Sale, in each case plus any accrued and unpaid interest thereon, but only if the Issuer has complied with its obligations under Condition 4.5 and Condition 7.4 and has repurchased the Notes to

the extent validly tendered and not withdrawn in connection with such Change of Control Put Event or Asset Sale Offer;

(ix) so long as no Event of Default has occurred and is continuing, satisfaction of the Minimum Liquidity Condition after giving *pro forma* effect to such Restricted Payment and the Issuer's ordinary shares remains listed on the Borsa Istanbul, the declaration and payment by the Issuer, consistent with its stated dividend policy in effect from time to time, of an amount not to exceed €50.0 million (or an equivalent amount in any other currency or currencies) in any calendar year;

(x) so long as no Event of Default has occurred and is continuing and satisfaction of the Minimum Liquidity Condition after giving *pro forma* effect to such Restricted Payment, Restricted Payments in an aggregate amount not to exceed €100.0 million (or an equivalent amount in any other currency or currencies), since the Issue Date;

(xi) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of preferred stock (x) outstanding on the Issue Date or (y) incurred on or after the Issue Date in accordance with Clause 4.2 *(Limitation on Indebtedness).*

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or the relevant other Subsidiary of the Issuer, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors acting in good faith.

(d) Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

4.7 Additional Guarantees

(a) The Issuer shall not cause or permit any of the Issuer's Subsidiaries to guarantee (whether directly or indirectly) any Indebtedness of the Issuer or a Guarantor unless such Subsidiary provides, by way of a supplemental Trust Deed in form and substance satisfactory to the Trustee, a guarantee of the Notes on a substantially identical basis and ranking senior to or pari passu with such Subsidiary's guarantee of such other Indebtedness of the Issuer, which Guarantee of the Notes shall be legally valid and enforceable to at least the same degree as such guarantee of other Indebtedness of the Issuer and shall be in effect for so long as such Subsidiary's guarantee of such other Indebtedness of the Issuer or the applicable Guarantor remains in effect.

(b) The additional Guarantee pursuant to this Condition 4.7 shall be conditional upon satisfaction of the conditions set out in Condition 3.3(a)-(d) (applied to this clause *mutatis mutandis*).

(c) This Condition 4.7 shall not be applicable to any guarantees by any Subsidiary: (i) that existed as of the Issue Date or at the time such Person became a Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary; (ii) that constitute a Security Interest not prohibited by Condition 4.1 or a Permitted Security Interest; (iii) of current liabilities incurred in the ordinary course of business in connection with cash management, tax and accounting operations; (iv) of Indebtedness of the Issuer or any Subsidiary provided by the Issuer or a Guarantor; (v) Indebtedness of the Issuer or any Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes.

(d) Notwithstanding the foregoing, the Issuer shall not be obliged to cause such Subsidiary to guarantee the Notes pursuant to this Condition 4.7 to the extent that such Guarantee by such Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law, regulation or an order of a competent judicial authority which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or such Subsidiary or any liability for the officers, directors or shareholders of such Subsidiary, (ii) any liability for the officers, directors or shareholders of the Issuer or such Subsidiary or (iii) any significant cost, expense, liability or obligation (including with respect to Taxes but other than reasonable out of pocket expenses) of the Issuer and its Subsidiaries to the extent such costs, expenses, liabilities and/or other obligations are disproportionate to the benefit obtained by the holders of the Notes with respect to the receipt of the guarantee as determined in good faith by a responsible accounting or financial officer of the Issuer).

(e) In the event that the Issuer shall seek, pursuant to the immediately preceding subclause (d), to cause or permit a Subsidiary to guarantee Indebtedness of the Issuer without such Subsidiary being obliged to Guarantee the Notes (and prior to the issuance of such guarantee), the Issuer will deliver to the Trustee an Officer's Certificate certifying as to the existence of the applicable matter(s) set out sub-clause (d) above, and the Trustee shall be entitled to accept and rely on such Officer's Certificate as sufficient evidence thereof without further enquiry and without further liability to the Noteholders or any other person in respect thereof.

(f) Any additional Guarantee created for the benefit of the Noteholders pursuant to this Condition 4.7 will automatically and unconditionally be released under the same conditions and circumstances that the guarantee of the other Indebtedness of the Issuer that gave rise to the obligation to guarantee the Notes will be released, so long as no Event of Default would otherwise arise as a result and no other Indebtedness of the Issuer is at that time guaranteed by the relevant Subsidiary.

4.8 Suspension of Covenants

(a) If on any date following the Issue Date:

(i) the Notes have achieved Investment Grade Status; and

(ii) no Potential Event of Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "**Suspension Period**"), the covenants specifically contained in Conditions 4.2 *(Limitation on Indebtedness)*, 4.4(c) *(Merger, Consolidation and Sale of Substantially All Assets)*, 4.5 *(Limitation on Asset Sales)*, 4.6 *(Limitation on Restricted Payments)* and 4.7 *(Additional Guarantors)* will no longer be applicable to the Notes and any related default provisions in these Conditions will cease to be effective and will not be applicable to the Issuer and the Issuer's Subsidiaries.

(b) Such covenants and any related default provisions will be reinstituted and apply according to its terms as of and from the first day (the "**Reversion Date**") on which the Notes cease to have Investment Grade Status. Such covenants will not, however, be of any effect with regard to actions of the Issuer and its Subsidiaries properly taken during the continuance of the Suspension Period and no Event of Default or Potential Event of Default will be deemed to have occurred solely by reason of any incurrence of Indebtedness during that period. In addition, for the purpose of the covenant contained in Condition 4.2, all Indebtedness incurred (or contractually committed to be incurred pursuant to the paragraph below) during the continuance of the Suspension Period

shall be deemed incurred pursuant to Condition 4.2(b)(i). Upon the occurrence of a Suspension Period, the amount of Excess Proceeds for the purposes of Condition 4.5 shall be reset at zero.

(c) For the avoidance of doubt, the Issuer is entitled to honour any contractual commitment in the future after any date on which the Notes cease to have Investment Grade Status without it causing an Event of Default or Potential Event of Default, as long as the contractual commitments were entered into in good faith during the continuance of the Suspension Period and not in anticipation of the Notes no longer having Investment Grade Status.

(d) The Issuer shall promptly notify the Trustee and the Noteholders in accordance with Condition 12 that the two conditions set forth in Condition 4.8(a) have been satisfied; *provided that* such notification shall not be a condition for the Suspension Period set forth above to be effective. The Trustee shall not be obliged to notify Noteholders of such event or, if applicable, upon the occurrence of a Reversion Date.

(e) The Issuer shall promptly notify the Trustee and the Noteholders in accordance with Condition 12 if the Notes cease to have Investment Grade Status.

For the purpose of this Condition, "**Investment Grade Status**" shall occur when the Notes are rated "Baa3" or "BBB-", or better, by at least two of the Rating Agencies.

4.9 Interpretation

For the purpose of these Conditions:

(a) "**Acceptable Bank**" a lender or a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of "BBB-" or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or "Baa3" or higher by Moody's Investors Services Limited or a comparable rating from an internationally recognised credit rating agency.

(b) "**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(c) "**Ankara Bridge Loan**" means the facility agreement dated 24 April 2023 between, among others, TAV Ankara Yatırım Yapım ve İşletme Anonim Şirketi as borrower and Akbank T.A.Ş. Batı Corporate Branch, T.C. Ziraat Bankasi A.Ş. Güneşli Istanbul Corporate Branch, Türkiye Vakiflar Bankası T.A.O. Güneşli Corporate Branch, Türkiye Sınai Kalkinma Bankası A.Ş. as mandated lead arrangers as amended and/or supplemented and/or restated from time to time.

(d) "**Asset Sale**" means:

(i) the sale, lease, conveyance or other disposition of any assets or rights by the Issuer or any of the Issuer's Subsidiaries; *provided that*, the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole will be governed by the provisions in Condition 7.4 (in the event that it would constitute a Change of Control Event pursuant to the provisions thereof) and, as applicable, Condition 4.4 and not by the provisions of Condition 4.5; and

(ii) the issuance of Equity Interests by any of the Issuer's Subsidiaries or the sale by the Issuer or any of the Issuer's Subsidiaries of Equity Interests in any of the Issuer's Subsidiaries.

For purposes of this definition, the term "**Asset Sale**" shall not include:

(A) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of €30.0 million;

(B) a transfer of assets or Equity Interests between or among the Issuer and its Subsidiaries;

(C) an issuance of Equity Interests by a Subsidiary of the Issuer to the Issuer or any of the Issuer's Subsidiaries;

(D) the sale, lease or other transfer of products, inventory, trading stock, services, accounts receivable or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Issuer, no longer economically practicable to maintain or useful in the conduct of the business of the Issuer and the Issuer's Subsidiaries taken as whole);

(E) licenses and sublicenses by the Issuer or any of its Subsidiaries of software or intellectual property in the ordinary course of business;

(F) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(G) the granting of Security not prohibited by the covenant described above under Condition 4.1;

(H) the sale or other disposition of cash or Cash Equivalent Investments;

(I) a Restricted Payment that does not violate Condition 4.6;

(J) any sale, transfer or other disposition of receivables in any factoring, forfaiting or similar transaction, in each case, in the ordinary course of business;

(K) the sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of the assets of the Issuer within the meaning of Condition 4.4; and

(L) any transfer in connection with the termination, close-out or settlement of any Hedging Obligation permitted under these Conditions.

(e) "**Attributable Indebtedness**" in respect of a Sale and Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in the transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended).

(f) "**Board of Directors**" means the Board of Directors of the Issuer or any committee thereof duly authorised to act on behalf of such Board.

(g) "**Cash**" or "**cash**" means at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of any member of the Group to which that member of the Group is alone (or together with any other member(s) of the Group) beneficially entitled and for so long as that cash is repayable within 3 months after the relevant date of calculation.

(h) "**Cash Equivalent Investments**" means, at any time:

(i) certificates of deposit maturing within 90 days after the relevant date of calculation and issued by an Acceptable Bank;

(ii) any investment in marketable debt obligations issued or guaranteed by the government of the Republic of Türkiye, the United States of America, the United Kingdom, any member state of the European Economic Area, or any member state of the European Union that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union, or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(iii) commercial paper not convertible or exchangeable to any other security: (A) for which a recognised trading market exists; (B) which matures within one year after the relevant date of calculation; and (C) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating; or

(iv) any investment in money market funds which: (A) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's; and (B) invest substantially all their assets in securities of the types described in sub-clauses (i) to (iii) above, to the extent that investment can be turned into cash on not more than 30 days' notice,

in each case, denominated in U.S. dollars, pounds sterling or euros or any other operating currency of any member of the Group and to which any member of the Group is alone (or together with any other member(s) of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security Interest.

(i) "**Consolidated EBITDA**" means, in relation to any Relevant Period, the total consolidated Net Income of the Group for that Relevant Period

(i) before taking into account: (A) Consolidated Net Interest Expense; (B) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same); (C) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group; and (D) extraordinary and exceptional items (including acquisition costs); and

(ii) excluding amounts attributable to minority interests in Subsidiaries; and

(iii) after adding back all amounts provided for depreciation and amortisation for that Relevant Period,

as determined in accordance with IFRS and based on the most recent internal financial statements of the Issuer that are available.

(j) "**Consolidated Fixed Charge Coverage Ratio**" means, as of any date of determination, the ratio of the Consolidated EBITDA for such Relevant Period to Consolidated Fixed Charges of such Person for such Relevant Period; *provided that,* for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(i) acquisitions of businesses or assets that have been made by the Group, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions during such Relevant Period or subsequent to such Relevant Period and on or prior to the determination date (or that are to be made on the determination date), will be given *pro forma* effect as if they had occurred on the first day of the Relevant Period;

(ii) Indebtedness incurred or discharged by the Group during or subsequent to the Relevant Period and on or prior to the determination date (or that are to be incurred or discharged on the determination date) will be deemed incurred or discharged, as the case may be, on a *pro forma* basis, at the first day of the Relevant Period;

(iii) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the determination date, will be excluded;

(iv) any Person that is a Subsidiary on the determination date will be deemed to have been a Subsidiary at all times during such Relevant Period; and

(v) any Person that is not a Subsidiary on the determination date will be deemed not to have been a Subsidiary at any time during such Relevant Period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Fixed Charges and Consolidated Net Interest Expense, pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the good faith determination of to reflect operating expense reductions and other operating improvements or synergies expected to result from the applicable pro forma event. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period.

(k) "**Consolidated Fixed Charges**" means, with respect to any Person for any period, the sum, without duplication, of:

(i) Consolidated Net Interest Expense; and

(ii) the product of (a) the amount of all dividend payments on any series of capital stock of any class or classes (however designated) of any Subsidiary of the specified Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Subsidiary, over shares of capital stock of any other class of such Subsidiary capital stock of such Person and, to the extent permitted under the Conditions, its Subsidiaries (other than dividends paid by a Subsidiary of such Person to such Person (including the Issuer) or to a Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local income tax rate of such Person, expressed as a decimal.

(l) "**Consolidated Net Interest Expense**" means, in relation to any Relevant Period, the aggregate amount of interest expense (whether or not paid, or payable) accrued by the Group in that Relevant Period in respect of Indebtedness including:

(i) the interest element of leasing and hire purchase payments; and

(ii) commitment fees, commissions, arrangement fees and guarantee fees; and

(iii) the payment of interest in the form of additional Indebtedness;

(iv) amounts in the nature of interest payable in respect of any shares other than equity share capital,

adjusted (but without double counting) by

(i) adding back the net amount paid or payable (or deducting the net amount received or receivable) by members of the Group in respect of that Relevant Period under any interest or (so far as they relate to interest) currency hedging arrangements and

(ii) deducting interest income (received or receivable) accrued by any member of the Group (other than from another member of the Group) in respect of that Relevant period, in each case as determined in accordance with IFRS and based on the most recent internal financial statements of the Issuer that are available;

provided that (x) with respect to Indebtedness or other obligation of any other Person guaranteed by the Issuer and any Subsidiary, Consolidated Net Interest Expense shall only include cash interest actually paid by the Issuer or any Subsidiary under any such guarantee and (y) such amount shall exclude any interest on Subordinated Shareholder Funding.

(m) "**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS, *provided that*:

(i) any extraordinary, unusual or nonrecurring gains or losses or income or expense or charge (as determined in good faith by a responsible accounting or financial officer of the Issuer) (including, without limitation, pension expense, casualty losses, severance expenses, redundancy expenses, integration expenses, relocation expenses, other restructuring expenses and fees, expenses or charges or other costs related to any offering of Equity Interests of such Person, any Investment, acquisition, disposition, recapitalization or listing or incurrence of Indebtedness permitted to be incurred hereunder (in each case, whether or not successful) or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events)) shall be excluded;

(ii) any income or loss from discontinued operations and any net after-tax gain or loss on disposal of discontinued operations shall be excluded;

(iii) any gains or losses attributable to business dispositions or asset dispositions of the Issuer or any of its Subsidiaries (including pursuant to any sale leaseback transaction) other than in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Issuer) shall be excluded;

(iv) any income or loss and other costs (including deferred financing costs written off and other expenses directly incurred) attributable to the early extinguishment of Indebtedness and Hedging Obligations shall be excluded;

(v) (A) the Net Income for such period of any Person that is not the Issuer or a Subsidiary of the Issuer shall be included only to the extent of the amount of dividends or distributions or other payments in respect of equity that are actually paid in cash (or to the extent

converted into cash) by the referent Person to the Issuer or a Subsidiary thereof in respect of such period, (B) the Net Income for such period shall include any dividend, distribution or other payments in respect of equity paid in cash by such Person to the Issuer or a Subsidiary thereof in excess of the amount included in clause (A) and (C) the net loss of any Person that is not a Subsidiary will be included only to the extent that such loss has been funded with cash by the specified Person or a Subsidiary of such Person;

(vi) any long-term incentive plan accruals that are not settled in cash and any non-cash compensation charge or expense realized from grants of stock appreciation or similar rights, stock options or other similar rights to officers, directors and employees of such Person or any of its Subsidiaries shall be excluded;

(vii) the cumulative effect of a change in accounting principles shall be excluded;

(viii) any exchange gains or losses, including any arising on translation of currency debt shall be excluded;

(ix) any hedging gains or losses relating to finance costs and any unrealized gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis), shall be excluded;

(x) goodwill or other intangible asset impairment charge will be excluded; and

(xi) any expenses, charges, reserves or other costs (including any increases in amortization or depreciation) in relation to any acquisition of another Person or business will be excluded.

(n) "**Consolidated Total Assets**" means the consolidated total assets of the Issuer at the end of the most recently ended fiscal quarter for which internal financial statements of the Issuer prepared in accordance with IFRS are available.

(o) "**Credit Facility**" means one or more debt facilities, instruments or other financing arrangements providing for revolving credit loans, term loans, receivables financing, bonds, notes, debentures or other forms of corporate debt instruments, performance guarantees or letters of credit together with any related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreement may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time.

(p) "**Equity Interests**" means capital stock and all warrants, options or other rights to acquire capital stock (but excluding any debt security that is convertible into, or exchangeable for, capital stock).

(q) "**Existing Indebtedness**" means Indebtedness of the Issuer and its Subsidiaries in existence on the Issue Date after giving effect to the use of proceeds of the offering of the Notes on the Issue Date.

(r) **"Existing Project Finance Indebtedness**" means the outstanding Project Finance Indebtedness of the Issuer and its Subsidiaries in existence on the Issue Date after giving effect to the use of proceeds of the offering of the Notes on the Issue Date.

(s) "**Fair Market Value**" means, with respect to any asset or property, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction, determined in good faith by the Issuer.

(t) "**Fitch**" means Fitch Ratings Limited.

(u) "**Group**" means the Issuer and its consolidated Subsidiaries, taken as a whole.

(v) "**Guarantee**" means the guarantee of the Notes provided by a Guarantor on the Issue Date or pursuant to Condition 4.7.

(w) "**Guarantor**" means any Subsidiary of the Issuer that provides a guarantee of the Notes in accordance with the provisions of these Conditions, and their respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with these Conditions.

(x) "**IFRS**" means International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency from time to time, or any variation thereof with which the Issuer or its Subsidiaries are, or may be, required to comply; *provided that* at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election; provided further that any subsequent financial reports required to be made under these Conditions shall provide a reconciliation to IFRS existing from time to time and any elected IFRS.

(y) "**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, and without duplication):

(i) in respect of borrowed money;

(ii) evidenced by bonds, notes, debentures or similar instruments;

(iii) representing reimbursement obligations in respect of letters of credit, bank guarantees, banker's acceptances or similar instruments (except to the extent any such reimbursement obligations relate to trade payables), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(iv) representing Lease Obligations and/or (without duplication) Attributable Indebtedness;

(v) representing any hedging obligations;

(vi) any amount raised under any other transaction (including without limitation any forward sale or purchase agreement) having the economic or commercial effect of a borrowing, and the amount of indebtedness of such Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above;

(vii) the principal component of all obligations, or liquidation preference, of such Person with respect to capital stock of any class or classes (however designated) of any Subsidiary of the specified Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Subsidiary, over shares of capital stock of any other class of such Subsidiary; or

(viii) all Indebtedness of others secured by a Security Interest on any asset of the specified Person, whether or not such Indebtedness is assumed by the specified Person (provided, however, that the amount of such Indebtedness will be the lesser of (x) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (y) subject to clause (B) below, the amount of such Indebtedness of such other Persons), and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person;

provided that the (A) foregoing indebtedness shall (other than the items of indebtedness specified in sub-clauses (iii), (vi), (vii) and (viii)) be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet (excluding

the footnotes thereto) of such Person prepared in accordance with IFRS and (B) any indebtedness of the Issuer or any Subsidiary specified in sub-clause (viii) of any Qualifying Permitted Business shall not be Indebtedness for the purpose of Condition 4.2 (*Limitation on Indebtedness*) (and therefore shall be permitted to be incurred without limitation).

The aggregate amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be equal to the total amount of funds borrowed and then outstanding.

The term "**Indebtedness**" shall not include:

(A) any obligations in respect of Subordinated Shareholder Funding;

(B) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes; and

(C) in connection with the purchase or disposal by the Issuer or any of the Issuer's Subsidiaries of any business, any post-closing payment adjustments (including earn-outs or similar obligations) to which the seller or buyer, respectively, may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter.

(z) "**Issue Date**" means 7 December 2023.

(aa) "**Lease Obligation**" means any lease of (or other agreement conveying the right to use) any property or asset (whether real, personal or other) by a Person to the extent liabilities in respect of such lease or other agreement are shown as borrowings on the relevant Person's consolidated balance sheet or are required to be classified and accounting for as liabilities under IFRS consistently applied.

(bb) "**Minimum Liquidity Condition**" means the Issuer holding an amount of Cash or Cash Equivalent Investments that are either (1) free from any Security Interest (other than in favour of the Notes or Indebtedness for Borrowed Money (as defined in Condition 10) of the Issuer) or (2) held by or on behalf of the Issuer and is or will become (as determined in good faith by a responsible accounting or financial officer of the Issuer) available to the Issuer in an amount sufficient to pay the interest payments for the next 6 months on the aggregate outstanding amount of Indebtedness for Borrowed Money (as defined in Condition 10) of the Issuer (as determined in good faith by the Issuer on a standalone basis).

(cc) "**Moody's**" means Moody's Investors Service, Ltd.

(dd) "**Net Available Cash**" from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities or other assets received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case net of:

(i) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under Accounting Standards (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Sale;

(ii) all payments made on any Indebtedness that is secured by any assets subject to such Asset Sale, in accordance with the terms of any Security Interest upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(iii) all distributions and other payments required to be made to non-controlling interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and

(iv) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Sales and retained by the Issuer after such Asset Sale.

(ee) "**Net Income**" means, with respect to any Person for any period, the net income (loss) of such Person for such period on a consolidated basis, as determined in accordance with IFRS.

(ff) "**New Project Finance Indebtedness**" means Project Finance Indebtedness that is not Existing Project Finance Indebtedness.

(gg) "**Non-Recourse Indebtedness**" means Indebtedness as to repayment or debt service of which neither the Issuer nor any of its Subsidiaries (other than a Project Subsidiary) (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

(hh) "**Non-Recourse Project Finance Indebtedness**" means Project Finance Indebtedness which is Non-Recourse Indebtedness.

(ii) "**Opinion of Counsel**" means a written opinion from legal counsel of international standing (which may include in-house counsel) who is acceptable to the Trustee.

(jj) "**Permitted Business**" means any business, services or activities engaged in by the Issuer or any of the Issuer's Subsidiaries on the Issue Date, all activities reasonably necessary to, or undertaken in connection with, the foregoing, or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto, or any business reasonably related thereto.

(kk) "**Permitted Holders**" means Groupe ADP, a French public limited company, registered under SIREN number 552 016 628 in the Bobigny Trade and Companies Register.

(ll) "**Permitted Refinancing Indebtedness**" means any Indebtedness of the Issuer or any of the Issuer's Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange or discharge other Indebtedness of the Issuer or any of the Issuer's Subsidiaries; *provided that*:

(i) the aggregate principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(ii) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed at the option of the Issuer, either (x) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged or discharged (unless such Permitted Refinancing Indebtedness is issued to refinance Indebtedness originally issued pursuant to a notes programme containing the option of issuing shorter-term notes) or (y) after the final maturity date of the Notes;

(iii) if the Indebtedness being extended, renewed, refunded, refinanced, replaced or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and

(iv) if the Issuer or a Guarantor was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced or discharged, such Permitted Refinancing Indebtedness is incurred by the Issuer or the relevant Guarantor (subject to compliance with clauses (i) through (iii) above).

(mm) "**Permitted Security Interest**" means:

(i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Noteholders;

(ii) any Security Interest arising from Lease Obligations incurred in the ordinary course of business over the assets leased pursuant to such Lease Obligation;

(iii) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the Issue Date, provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, the acquisition of that company;

(iv) any Security Interest over or affecting any asset acquired by a member of the Group after the Issue Date at the time of such acquisition, provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such acquisition;

(v) any Security Interest granted by a member of the Group in favour of another member of the Group;

(vi) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (i) to (v) (inclusive) of this definition, provided that with respect to any such Security Interest (x) the principal amount secured has not increased and (y) in the case of any replacement assets only, the aggregate book value or Fair Market Value (whichever is higher) of all assets the subject of the relevant Security Interest immediately following the relevant renewal or substitution does not exceed the aggregate book value or Fair Market Value, as the case may be, of all assets the subject of the relevant Security Interest immediately prior to the relevant renewal or substitution;

(vii) any Security Interest arising by operation of law or imposed by any governmental authority and in the ordinary course of trading or to secure the payment of taxes which are being contested in good faith;

(viii) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the

Group or, if so arising, not subsisting for a period of more than 60 days (unless being disputed in good faith by the relevant member of the Group);

(ix) any netting or set-off arrangement (and any Security Interest given in connection therewith) entered into by any member of the Group with a bank or financial institution in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of that member of the Group or of other members of the Group with that bank or financial institution;

(x) any payment or close out netting or set-off arrangements pursuant to any hedging transaction entered into by a member of the Group for the purpose of hedging any risk to which any member of the Group is exposed in its ordinary course of trading;

(xi) its interest rate or currency management operations which are carried out in the ordinary course of business and intended for non-speculative purposes only, including, in each case, any Security Interest under a credit support arrangement in relation to such a hedging transaction;

(xii) any Security Interest over documents of title and goods as part of a documentary credit transaction entered into by a member of the Group in the ordinary course of trading;

(xiii) any Security Interest given in connection with receivables owing to the Issuer or any Subsidiary payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Issuer or any such Subsidiary deems reasonable under the circumstances;

(xiv) any Security Interest given in connection with Indebtedness to finance goods in transit or exports of specified goods and secured thereon, and Indebtedness owing to export credit agencies, development banks or other similar lenders which are owned or operated by governmental entities or bodies;

(xv) any Security Interest for taxes, assessments or governmental charges or legal claims or proceedings that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted or the non-payment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Issuer and its Subsidiaries, provided that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(xvi) any Security Interest arising under the general business terms and conditions of any bank with whom a member of the Group maintains a banking relationship in the ordinary course of business or in connection with clearing banking facilities, provided such Security Interest may only be over the account held with that banker;

(xvii) any Security Interests to secure Priority Indebtedness (including Supported Project Finance Indebtedness to the extent it is Priority Indebtedness) permitted to be incurred under Condition 4.2(c);

(xviii) any Security Interest created or permitted to be outstanding by a Project Subsidiary or the parent company of any such Project Subsidiary, or another Project Subsidiary engaged in the ownership, acquisition, development and operation of the same or adjacent asset or project, in respect of Non-Recourse Project Finance Indebtedness; provided that such Security Interest is only over the property or assets and Equity Interests of the relevant Project Subsidiary; or

(xix) any Security Interest securing Indebtedness the principal amount of which (when aggregated with the principal amount of any other Indebtedness which has the benefit of a Security Interest given by any member of the Group under this paragraph) does not exceed €50.0 million (or its equivalent in another currency or currencies); provided that such Indebtedness may not have been incurred under Condition 4.2(b)(iii).

(nn) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality.

(oo) "**Potential Event of Default**" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action, would constitute an Event of Default.

(pp) "**Pre-Expansion European Union**" means the European Union as of January 1, 2004 (other than the United Kingdom), including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden, but not including any country which became a member of the European Union after January 1, 2004.

(qq) "**Priority Indebtedness**" means Indebtedness (i) of any Subsidiary of the Issuer that is not a Guarantor or (ii) incurred by the Issuer or any Subsidiary of the Issuer and that is secured by a Security Interest that does not secure the Notes on an equal and rateable basis or on a priority basis, in each case incurred pursuant to Condition 4.2(a) or Conditions 4.2(b)(i), (iii), (iv), (v), (xi), (xii) and (xiii) hereof (or, without double counting, (vii)(A) in respect of any of the foregoing), in each case, except any Non-Recourse Project Finance Indebtedness, *provided that* any such Existing Project Finance Indebtedness that becomes (and remains as at any date of determination) Non-Recourse Indebtedness after the Issue Date as a result of termination of the relevant credit support in respect thereof shall no longer constitute Priority Indebtedness.

(rr) "**Priority Leverage Ratio**" means, as of any date of determination, the ratio (expressed as a percentage) of (a) Priority Indebtedness to (b) the Consolidated Total Assets of the Issuer and its d Subsidiaries as at the latest date for which an internal balance sheet is available immediately preceding the date on which such additional Indebtedness is incurred or other transaction for which the Priority Leverage Ratio is being calculated is completed.

In addition, for purposes of calculating the Priority Leverage Ratio, such calculation shall be done on a pro forma basis with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Fixed Charge Coverage Ratio.

(ss) "**Project Finance Indebtedness**" means any Indebtedness which is issued, borrowed or raised by a Project Subsidiary to finance the ownership, acquisition, development and/or operation of an asset or project.

(tt) "**Project Subsidiary**" means, any Subsidiary of the Issuer (i) which is acquired or established solely for the purpose of ownership, acquisition, development and operation of an asset or project constituting a Permitted Business, (ii) of which any and all Indebtedness outstanding at any time qualifies as Project Finance Indebtedness, (iii) with respect to which none of the Issuer or any other Subsidiary has any direct or indirect obligation to subscribe for additional Equity Interests or to maintain or preserve such Subsidiary's financial condition or to cause such Subsidiary to achieve any specified levels of operating results, and (iv) which has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any other

Subsidiary (other than another Project Subsidiary engaged in the ownership, acquisition, development and operation of the same or adjacent asset or project).

(uu) "**Public Indebtedness**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the U.S. Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the U.S. Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the U.S. Securities and Exchange Commission for public resale.

(vv) "**Qualifying Permitted Business**" means a Person undertaking a Permitted Business which is not a Subsidiary and is a commercial joint venture undertaking a Permitted Business of which the Issuer or a Subsidiary owns Voting Stock;

(ww) "**Rating Agency**" means (i) S&P Global Ratings Europe Limited: (ii) Moody's Investors Service Ltd, or (ii) Fitch Ratings Limited, any of their respective successors or affiliates, or any other rating agency of equivalent international standing.

(xx) "**Relevant Period**" means the Issuer's most recently ended four consecutive fiscal quarters for which internal financial statements are available (as determined in good faith by the Issuer).

(yy) "**S&P**" means S&P Global Ratings Europe Limited.

(zz) "**Sale and Lease-back Transaction**" means an arrangement relating to property now owned or hereafter acquired whereby the Issuer or a Subsidiary it transfers such property to a Person and the Issuer or a Subsidiary of it leases it from such Person.

(aaa) "**Security Interest**" means any mortgage, charge, pledge, lien or other similar security interest over or in respect of any asset or assets including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction but which shall not include any guarantee, indemnity, surety, promissory notes, retention of title, assignment of receivables or other similar arrangement relating to the performance of obligations by another party.

(bbb) "**Supported Project Finance Indebtedness**" means Project Finance Indebtedness that is not Non-Recourse Indebtedness, *provided that* credit support in respect thereof is of the types set forth in clause (xii) of Permitted Debt and/or clause (xviii) of the definition of Permitted Security Interest.

(ccc) "**Subsidiary**" means in relation to any Person (a "parent"), a Person which is required to be consolidated with the parent under IFRS:

(ddd) "**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Issuer by any direct or indirect parent of the Issuer or any Permitted Holder or any Affiliate of any Permitted Holder (other than the Issuer and its Subsidiaries) (whether outstanding on the Issue Date or thereafter Incurred) in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case, issued to and held by any of the foregoing Persons, *provided that* such Subordinated Shareholder Funding:

(i) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the final maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than preferred stock) of the Issuer or any funding meeting the requirements of this definition);

(ii) does not require, prior to the first anniversary of the final maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(iii) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Maturity Date of the Notes;

(iv) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes, compliance by the Issuer with its obligations under the Notes or compliance by the Issuer with its obligations under the Trust Deed;

(v) does not provide for or require, and is not secured by, any security interest or encumbrance over any property or asset of the Issuer or any of its Subsidiaries; and

(vi) is made to the Issuer and pursuant to its terms is fully subordinated and junior in right of payment to the Notes in cash, including in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Issuer on terms customary in all material respects for similar funding,

provided however, that upon any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall be deemed to have been made under Condition 4.6(a) and not under Condition 4.6(b)(ii).

(eee) "**Voting Stock**" of any specified Person as of any date means the Equity Interests of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

5 INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 7 December 2023 at the rate of 8.500% per annum, payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year (each an "**Interest Payment Date**"). The first payment shall be made on 7 June 2024.

The period beginning on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next successive Interest Payment Date is called an "**Interest Period**". The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Notes, dividing the product by two and rounding the resulting figure to the nearest half cent (half a cent being rounded upwards).

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue at the rate referred to in Condition 5.1 until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note up to that fifth day has been received by the Principal Paying Agent or the Trustee, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The determination of the amount of interest payable under Condition 5.1 and 5.3 by the Issuer shall, in the absence of manifest and proven error, be binding on all parties.

6 PAYMENTS

6.1 Payments in Respect of Notes

Payment of principal and interest will be made by transfer to the Registered Account of the Noteholder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Notes at the specified office of the Principal Paying Agent. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date being the fifteenth day before the due date for the relevant payment of interest (the "**Record Date**").

For the purposes of this Condition 6, a Noteholder's "**Registered Account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Record Date.

All payments shall be made in accordance with the terms of each Global Note, the terms of which shall prevail in the case of any conflict between the terms of such Global Note and these Conditions.

6.2 Payments Subject to Applicable Laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations applicable thereto including any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA, but without prejudice to the provisions of Condition 8.

6.3 No Commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Payment is to be made by transfer to a Registered Account. Payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal

or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the Note is surrendered at the specified office of the Principal Paying Agent.

Noteholders will not be entitled to any interest or other payment in respect of any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Note (if required to do so).

In these Conditions, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Note, in the place in which the Note is presented.

6.5 Partial Payment

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents in accordance with the terms of the Paying Agency Agreement *provided that* it will at all times maintain:

(a) a Principal Paying Agent in a jurisdiction within the UK or the Pre-Expansion European Union;

(b) a Transfer Agent; and

(c) a Registrar.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders as soon as practicably thereafter by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem each Note at its principal amount on 7 December 2028 (the "**Maturity Date**").

7.2 Redemption for Taxation Reasons

The Issuer may at its option, having given not less than 10 nor more than 60 days' notice to the Noteholders, copied to the Trustee and the Agents, in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest (if any) accrued to (but excluding) the date of redemption if, immediately before giving such notice, the Issuer satisfies the Trustee in accordance with this Condition 7.2 that as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date or, if later, on or after the date a jurisdiction becomes a Relevant Jurisdiction (each, a "**Change in Tax Law**"), on the next Interest Payment Date the Issuer (or, if the Guarantees were called, any Guarantor) would be required to pay additional amounts as provided or referred to in Condition 8; and (ii) the requirement cannot be avoided by the Issuer or the relevant Guarantor, as the case may be, taking reasonable measures available to it, or *provided, however*, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which

the Issuer (or, if the Guarantees were called, any Guarantor) would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver or procure that there is delivered to the Trustee: (a) certificate signed by one Authorised Signatory of the Issuer or the relevant Guarantor, as the case may be, stating that the circumstances referred to in paragraphs (i) and (ii) prevail and setting out the details of such circumstances; and (b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantors would become obliged to pay the relevant additional amounts as a result of the relevant Change in Tax Law.

The Trustee shall be entitled to accept and rely on such certificate and opinion without further enquiry or liability to any person as sufficient evidence of the satisfaction of the circumstances set out in paragraphs (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

7.3 Redemption at the Option of the Issuer

At any time prior to 7 December 2025, the Issuer may on any one or more occasions, at its option, on giving not less than 10 nor more than 60 days' irrevocable notice (the "**Call Option Notice**") to the Noteholders, copied to the Trustee and the Agents, in accordance with Condition 12 redeem the Notes in whole or in part, at the following redemption price:

(a) the aggregate principal amount of the Notes redeemed; plus

(b) interest (if any) accrued but unpaid to but excluding the date on which the Notes are to be redeemed pursuant to Condition 7.3 (the "**Call Settlement Date**"); plus

(c) the Make Whole Premium.

For the purposes of this Condition 7.3:

"**Treasury Rate**" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from the Call Settlement Date to the Maturity Date. The Issuer will obtain such yield to maturity from information compiled and published in the most recent Federal Reserve Statistical Release H.15 (or is obtainable from the Federal Reserve System's Data Download Program as of the date of such H.15) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the Call Settlement Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith); *provided, however,* that if the period from the Call Settlement Date to the Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Call Settlement Date to the Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used;

"**Make Whole Premium**" means, with respect to any Note redeemed pursuant to the first paragraph of Condition 7.3(c) on any Call Settlement Date, the greater of:

(i) 1% of the then outstanding principal amount of the Note; and

(ii) the excess of: (A) the present value at such Call Settlement Date of the redemption price of such Note (such redemption price being set forth in the table appearing in Condition 7.3(c)), plus any required interest payments that would otherwise be due to be paid on such Note from the Call Settlement Date through 7 December 2025 (excluding accrued but unpaid interest to the Call Settlement Date), calculated using a discount rate equal to the Treasury Rate at the Call Settlement Date plus 50 basis points, over (B) the then outstanding principal amount of the Note at the Call Settlement Date, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

The Make Whole Premium shall be calculated and notified by the Issuer to the Agents no later than two (2) Business Days prior to the Call Settlement Date. For the avoidance of doubt, calculation of the Make Whole Premium shall not be a duty or obligation of the Trustee or any of the Agents.

The Call Option Notice shall specify the Call Settlement Date.

On and after 7 December 2025, the Issuer may on any one or more occasions, at its option, redeem the Notes in whole or in part upon not less than 10 nor more than 60 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 7.3, at the following redemption prices, together with accrued interest on the Notes, if any, to (but excluding) the applicable date fixed for redemption, if redeemed during the twelve-month period beginning on the scheduled Interest Payment Date indicated below:

Date	
From (and including) 7 December 2025 to (but excluding) 7 December 2026	104.250% of the principal amount of Notes
From (and including) 7 December 2026 to (but excluding) 7 December 2027	102.125% of the principal amount of Notes
From (and including) 7 December 2027 until Maturity Date	100.000% of the principal amount of Notes

7.4 Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option)

Upon the occurrence of a Change of Control (as defined below) (a "**Change of Control Put Event**"), the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in this Condition 7.4 at any time during the Redemption Period, redeem such Note on the Redemption Date at 101% of its principal amount together with any interest accrued to (but excluding) the Redemption Date.

Immediately upon becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders, copied to the Trustee and the Agents, specifying the nature of the Change of Control Put Event and the procedure for exercising the put option contained in this Condition 7.4. To exercise the put option pursuant to this Condition 7.4, a holder must deposit the certificate representing the Note(s) to be redeemed with the Principal Paying Agent at its specified office, together with a completed option exercise notice (an "**Exercise Notice**") in the form obtainable from the Principal Paying Agent within the Redemption Period. An Exercise Notice, once given, shall be irrevocable.

For the purposes of this Condition 7.4:

a "**Change of Control**" means the occurrence of one or more of the following events:

(a) any Person or group of Persons acting in concert, other than Permitted Holders, (i) becomes the owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer; or (ii) acquires, directly or indirectly, any number of the ordinary shares of the Issuer conferring more than 40.0% of the voting rights exercisable at the Issuer's general meetings and *provided that* no other shareholder holds, directly or indirectly, alone or in concert, a number of shares conferring a number of voting rights exercisable at the Issuer's general meetings that is superior to the voting rights conferred by the shares held directly or indirectly by such Person or group of Persons; or

(b) upon the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Issuer and its Subsidiaries taken as a whole to any Person other than Permitted Holders and otherwise in accordance with these Conditions

(c) (i) Permitted Holders becomes the owner, directly or indirectly, of less than 40% of the Voting Stock of the Issuer or (ii) Permitted Holders become able to use directly or indirectly, less than 40% of the Voting Stock of the Issuer or (iii) any Person or group of Persons acting in concert owns more Voting Stock of Issuer than the Permitted Holders.

"**Redemption Date**" means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its put option in accordance with this Condition 7.4; and

"**Redemption Period**" means the period from and including the date on which a Change of Control occurs (whether or not the Issuer has given a Change of Control Notice in respect of such Change of Control) to and including the date falling 60 days after the date on which the Change of Control Notice is given; *provided that*, if no Change of Control Notice is given, the Redemption Date shall not terminate.

7.5 Clean up call option

If, at any time, 80.0% or more in principal amount of the Notes originally issued, and including for this purpose any further Notes, have been redeemed or purchased, the Issuer may, on giving not less than 10 nor more than 60 days' notice to the Noteholders, copied to the Trustee and the Agents, in accordance with Condition 12, redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 100.0% of their principal amount together with any interest accrued to (but excluding) the date fixed for such redemption or purchase.

7.6 Purchases

The Issuer and the Issuer's Subsidiaries may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to the Transfer Agent or the Registrar for cancellation.

8 TAXATION

8.1 Payment without Withholding

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer and all payments by any Guarantor under the Guarantees shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges (including related interest and penalties) of whatever nature ("**Taxes**") imposed, assessed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or the relevant Guarantor (as applicable) will pay such additional amounts as will result in the receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction

had been required; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) held by or on behalf of a holder who is liable to the Taxes in respect of such Note by reason of its having some connection with any Relevant Jurisdiction other than any connection arising solely from the acquisition, ownership, holding or disposition of such Note, the enforcement of rights under such Note or the receipt of any payment in respect thereof;

(b) in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day (as defined in Condition 6);

(c) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the certificate representing the Note is presented for payment;

(d) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*);

(e) presented for payment in the Republic of Türkiye; or

(f) any combination of the Taxes described in (a) through (e) above.

Notwithstanding any other provision of these Conditions, in no event will the Issuer or any Guarantor be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code or an intergovernmental agreement for the implementation of FATCA) or any law implementing an intergovernmental approach to FATCA.

8.2 Interpretation

For purposes of this Condition 8:

(a) "**Relevant Date**" means, with respect to any payment, the date on which such payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) "**Relevant Jurisdiction**" means the Republic of Türkiye, the Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it or to which any Guarantor is or becomes subject in respect of payments to be made by such Guarantor.

8.3 Additional Amounts

Any reference in these Conditions to any principal or interest in respect of the Notes shall be deemed also to refer to any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition.

9 PRESCRIPTION

Claims in respect of principal and interest will become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

10 EVENTS OF DEFAULT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the Noteholders of not less than one quarter of the principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/pre-funded to its satisfaction), give notice to the Issuer that the Notes are immediately due and repayable at their principal amount, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality, if any of the following events (each, an "**Event of Default**") shall have occurred and is continuing:

(a) if default is made in the payment of (x) any principal due in respect of the Notes or any of them or (y) any interest due in respect of the Notes or any of them and the default continues for a period of 30 days in the case of interest;

(b) if the Issuer, or any of the Issuer's Subsidiaries fails to perform or observe any of its other obligations under the Trust Deed or the Notes and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 45 days after the Trustee, or holders of at least 25% in aggregate principal amount of Notes, has given written notice thereof to the Issuer;

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, or any of the Issuer's Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); or (ii) the Issuer, or any of the Issuer's Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, or any of the Issuer's Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce that security; or (iv) default is made by the Issuer, or any of the Issuer's Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person and such default continues beyond any originally applicable grace period, *provided that* no event described in this Condition 10.1(c) shall constitute an Event of Default (x) unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €50.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates)) or (y) with respect to Exempt Non-Recourse Project Finance Indebtedness;

(d) if one or more final and unappealable judgments or orders or arbitration awards is rendered against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries, and is not discharged or stayed within 90 days, and provided further that the aggregate value of all such judgments, orders and awards amounts to at least €50.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates));

(e) if any order is made by any competent court, or resolution is passed for the winding up or dissolution of the Issuer, or any of the Issuer's Subsidiaries that is a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) save in connection with a Permitted Reorganisation, *provided that* such event is not being contested in good faith by the Issuer and is not discharged or stayed within 90 days and save in connection with a Permitted Reorganisation;

(f) if the Issuer, or any of the Issuer's Subsidiaries that is a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) ceases or threatens to cease to carry on the whole or substantially all of its business, save in connection with a Permitted Reorganisation or in a transaction permitted or not prohibited by Condition 4.5 (*Limitation on Asset Sales*), or the Issuer, or any of the Issuer's Subsidiaries that is a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) is unable to pay its debts generally as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;

(g) except under (i)(a) below where in the case of any solvent Subsidiary (other than the Issuer) it is initiated by the relevant company, if (i)(a) an administrative or other receiver, manager, administrator or other similar insolvency official is appointed, in relation to the Issuer, or any of the Issuer's Subsidiaries that is a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) or, as the case may be, in relation to the whole or any significant part of the undertaking or assets of any of them or (b) an encumbrancer takes possession of the whole or any significant part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other judicial or court process is levied, enforced upon, sued out or put in force against the whole or any significant part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not discharged or stayed within 90 days; *provided that* no event described in Condition 10.1(g)(i)(b) shall constitute an Event of Default unless the aggregate value of the Issuer's consolidated assets subject to such actions, processes or proceedings amount to at least €50.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates));

(h) if the Issuer, or any of the Issuer's Subsidiaries that is a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save in connection with a Permitted Reorganisation; or

(i) if any event occurs which under the laws of the Republic of Türkiye, the Netherlands or any other applicable jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (h) of this Condition 10.1.

Notwithstanding the foregoing, any event described in paragraphs (c) – (h) that occurs or arises in respect of TAV Tunisie as a result of or a consequence of any default under TAV Tunisie Indebtedness shall be deemed not to be an Event of Default or Potential Event of Default.

10.2 Interpretation

For the purposes of this Condition 10:

(a) "**Exempt Non-Recourse Project Finance Indebtedness**" means (i) Non-Recourse Project Finance Indebtedness that, when aggregated (without duplication) with other amounts of Exempt Non-Recourse Project Finance Indebtedness due and unpaid relative to all (if any) events specified in clauses (i) to (iv) of Condition 10.1(c) above with respect to Exempt Non-Recourse Project Finance Indebtedness, amounts to at least €50.0 million and (y) any Non-Recourse Project Finance Indebtedness of any Person that is not a Principal Subsidiary (or any group of the Issuer's Subsidiaries that, taken together, would constitute a Principal Subsidiary) (but substituting 20% for 10% for each of the tests thereunder).

(b) "**Indebtedness for Borrowed Money**" means any Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit, excluding trade supply arrangements entered into in the ordinary course of business.

(c) "**Permitted Reorganisation**" means:

(i) any disposal by any Subsidiary of the Issuer of the whole or substantially all of its business, undertaking or assets either (A) to the Issuer or any other Subsidiary of the Issuer or (B) on arms' length terms and in a transaction permitted or not prohibited by Condition 4.5 (*Limitation on Asset Sales*) (provided, in the case of the sale of all or substantially all of the assets of the Issuer and its Subsidiaries taken together (in one or a series of transactions), the acquiror(s) assumes the obligations of the Issuer under the Trust Deed and the Paying Agency Agreement pursuant to supplements thereto);

(ii) any amalgamation, consolidation or merger of a Subsidiary with:

(A) the Issuer (provided that the Issuer is the surviving entity of such amalgamation, consolidation or merger); or

(B) any other Subsidiary of the Issuer; or

(iii) any amalgamation, consolidation, restructuring, merger or reorganisation (including with any person which is not a member of the Group on arms' length terms) or voluntary winding-up, dissolution or wind-down of business operations at the end of the relevant concession period whilst solvent of a Subsidiary *provided that*, in the case of any amalgamation, consolidation, restructuring, merger or reorganisation involving all or substantially all of the assets of the Issuer and its Subsidiaries taken together (in one or a series of transactions, the acquiror(s) assumes the obligations of the Issuer under the Trust Deed and the Paying Agency Agreement pursuant to supplements thereto), or on terms approved by an Extraordinary Resolution of Noteholders.

(d) "**Principal Subsidiary**" means a Subsidiary of the Issuer which, in any Relevant Period, has EBITDA, gross assets, net assets or turnover (excluding intra-group items) representing 10% or more of the EBITDA, gross assets, net assets or turnover of the Group in the last twelve months, calculated on the same basis as the corresponding amounts in the Issuer's consolidated financial statements last delivered pursuant to these Conditions.

(e) "**TAV Tunisie Indebtedness**" means the indebtedness of TAV Tunisie SA ("**TAV Tunisie**") outstanding as of the Issue Date (to the extent such indebtedness is not recourse to the Issuer or

any of its Subsidiaries other than TAV Tunisie SA or any of its Subsidiaries (or the Capital Stock of TAV Tunisie SA).

11 REPLACEMENT OF DEFINITIVE REGISTERED NOTES

If any Definitive Registered Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (subject to applicable laws and stock exchange or other relevant authority requirements) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security and indemnity as the Registrar may reasonably require. Mutilated or defaced Definitive Registered Notes must be surrendered before replacements will be issued.

12 NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar or, in respect of the Global Notes may be given through the Clearing Systems in accordance with their standard rules and procedures. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or given through the clearing system or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note, with the Trustee or, or, in respect of the Global Notes, may be given through the Clearing Systems in accordance with their standard rules and procedures.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed or the Paying Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any of the matters listed below will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one- third, of the principal amount of the Notes for the time being outstanding: (i) to change any date fixed for payment of principal or interest in respect of the Notes; (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes; (iii) to alter the method of calculating the amount of any payment in respect of the Notes (except where such alteration would result in an increase) or the date for any such payment; (iv) to decrease the amount of principal and interest payable in respect of the Notes; (v) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity; (vi) to change the currency of payments under the Notes; (vii) to change the quorum requirements relating to Noteholders' meetings or the majority required to pass an Extraordinary Resolution; (viii) to alter the governing law of the Notes, the Trust Deed or the Paying Agency

Agreement; (ix) to modify or cancel the Guarantees or to release a Guarantor (other than in accordance with these Conditions); or (ix) change the definition of "Events of Default" set out in paragraph (a) of Condition 10.1 or waive an ongoing Event of Default thereunder.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75% of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75% in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75% in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

A meeting of Noteholders may be held electronically rather than at a physical location in accordance with the procedures set out in Schedule 3 to the Trust Deed.

13.2 Modification

The Trustee may agree without the consent of the Noteholders to any modification of any of these Conditions or any of the provisions of the Trust Deed or the Paying Agency Agreement either (a) in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct any manifest error or (b) subject as provided in the Trust Deed, in any other manner which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders. The Trustee may also waive, authorise or agree to the waiving or authorising of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest and the date from which interest starts to accrue, which may be consolidated and form a single series with the outstanding Notes.

15 GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Trust Deed (including the Guarantee), the Paying Agency Agreement, the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and will be construed in accordance with, English law.

15.2 Jurisdiction of English Courts

The High Court of England and Wales sitting in London are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Paying Agency Agreement, the Notes and any noncontractual obligations arising out of or in connection with them, and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Paying Agency Agreement, the Notes shall be brought in such courts. The Issuer has, to the extent permitted by law, waived any objection to the High Court of England and Wales sitting in London on the grounds that they are an inconvenient or inappropriate forum.

To the extent permitted by law, the Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Paying Agency Agreement and the Notes (including any suit, action or proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) (together referred to as "**Proceedings**") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

15.3 Appointment of Process Agent

The Issuer and the Guarantors have, in the Trust Deed, undertaken to irrevocably appoint Law Debenture Corporate Services Limited for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

16 RIGHTS OF THIRD PARTIES

Other than as set forth herein, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 ENTITLEMENT OF THE TRUSTEE

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 17) and the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee shall have regard to the interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise or performance of its trusts, powers or discretions for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof, and no Noteholder shall be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

18 ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder nor, in respect of any Global Notes any Accountholder nor any assignee thereof, shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

For purposes of this provision, "Accountholder" means any accountholder or participant with a Clearing System (as defined below) which has credited to its securities account with such Clearing System one or more Entries) in respect of a Global Note, except for any Clearing System in its capacity as an accountholder of another Clearing System. "**Entry**" means, in relation to a Global Note, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note.

19 THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith. The Trustee may rely, without liability to Noteholders, on a report, confirmation or certificate or any advice of the Issuer, any accountants, financial advisers or financial institution, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Notes in respect of which they are issued while they are represented by the Global Notes, some of which modify the effect of the Terms and Conditions. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below.

Form of the Notes

All Notes will be in global, fully registered form, without interest coupons attached. Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in the Regulation S Global Note, in global fully registered form, without interest coupons attached, which will be deposited on or about the Issue Date with a Common Depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of Citivic Nominees Limited as nominee for such Common Depositary in respect of interests held through Euroclear and Clearstream, Luxembourg.

Notes offered and sold in reliance on Rule 144A will be represented by interests in one or more Rule 144A Global Notes, in global fully registered form, without interest coupons attached, which will be registered in the name of Cede & Co., as nominee of DTC, and which will be deposited on or about the Issue Date with Citibank, N.A., acting as custodian (the "**Custodian**") for, DTC. The Rule 144A Global Note (and any Definitive Registered Notes (as defined below) issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under paragraph 3 below.

For the purposes of the Rule 144A Global Note and the Regulation S Global Note, any reference in the Terms and Conditions to "**Definitive Registered Note**" or "**Definitive Registered Notes**" shall, except where the context otherwise requires, be construed so as to include the Rule 144A Global Note or, as the case may be, the Regulation S Global Note and interests therein.

Notices

So long as the Notes are represented by a Global Note and the Global Note is held on behalf of a common depositary for Euroclear, Clearstream, Luxembourg or a custodian for DTC (as applicable) or any other clearing system, notices to Noteholders required may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by Condition 12 (*Notices*). Any such notice shall be deemed to have been given to such Noteholders on the day after the day on which such notice is delivered to such clearing system.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Trustee and the applicable clearing system may approve for this purpose.

Exchange of Interests in Global Notes for Definitive Registered Notes

The Rule 144A Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form ("**Rule 144A Definitive Registered Notes**") if DTC (a) notifies each of the Issuer or the Guarantors that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "**clearing agency**" registered under the Exchange Act, or is at any time no longer eligible to act as such, and each of the Issuer or the Guarantor is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (b) an Event of Default (as defined and set out in Condition 10 (*Events of Default*) of the Notes) occurs. In such circumstances, such Rule 144A Definitive Registered Notes shall be registered in such names as DTC shall direct in writing and the Issuer or the Guarantors will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and (b).

The Regulation S Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form ("**Regulation S Definitive Registered Notes**") if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so or (b) an Event of Default (as defined and set out in Condition 10 (*Events of Default*) of the Notes) occurs. In such circumstances, such Regulation S Definitive Registered Notes will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing and the Issuer or the Guarantors will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and (b).

In the event that the Rule 144A Global Note is to be exchanged for Rule 144A Definitive Registered Notes or the Regulation S Global Note is to be exchanged for Regulation S Definitive Registered Notes (together "**Definitive Registered Notes**") the relevant Global Note shall be exchanged in full for the relevant Definitive Registered Notes and the Issuer or the Guarantor will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders.

On exchange, a person having an interest in a Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer, the Guarantors and the Registrar may require to complete, execute and deliver such Definitive Registered Notes and (ii) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Registered Notes issued in exchange for a beneficial interest in the Rule 144A Global Note shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*". Rule 144A Definitive Registered Notes issued as described above will not be exchangeable for beneficial interests in the Regulation S Global Note and Regulation S Definitive Registered Notes issued as described above will not be exchangeable for beneficial interests in the Rule 144A Global Note.

In addition to the requirements described under "*Transfer Restrictions*", the holder of a Note may transfer such Note only in accordance with the provisions of Condition 2 (*Transfer of Notes*) of the Notes.

Upon the transfer, exchange or replacement of a Rule 144A Definitive Registered Note bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Definitive Registered Note, the Issuer will deliver only Rule 144A Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer, the Guarantors and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer or the Guarantors that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of any Notes or exchange of interests in a Global Note for Definitive Registered Notes for a period of 15 calendar days ending on the due date of any payment of principal, premium or interest in respect of such Notes.

Holders

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their Common Depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, premium, interest and additional amounts, if any, in respect of Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the

Issuer, the Guarantors, the Trustee, any Paying and Transfer Agent or the Joint Bookrunners or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The holdings of book-entry interests in the Notes through Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the Registrar and Transfer Agent will adjust the amounts of each series of Notes on the Register for the accounts of (i) a nominee of a common depositary for Euroclear and Clearstream, Luxembourg (ii) Cede & Co. to reflect the amounts of each series of Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC on the other. Beneficial ownership of Notes will be held directly through DTC, Euroclear or Clearstream, Luxembourg in the case of accountholders ("**Direct Participants**") or indirectly through organisations that are accountholders therein ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by a Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Notes).

Payments

So long as the Notes are represented by a Global Note, payments of principal, premium and interest in respect of Notes represented by a Global Note shall be made to the person(s) shown as the Noteholder(s) in the Register at the close of business on the Record Date, which shall be the Clearing System Business Day before the due date for payment, where "Clearing System Business Day" means a day on which each clearing system for which the Global Note is being held is open for business, and shall be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the Global Note.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount of Notes for which the Global Note may be exchanged.

Purchase and Cancellation

Cancellation of any Note required by the Terms and Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

Trustee's Powers

In considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.

Call Option

No drawing of Notes will be required under Condition 7.3 (*Redemption at the option of the Issuer*) of the Notes in the event that the Issuer exercises its call option in such Condition while the Notes are represented by a Global Note in respect of less than the aggregate principal amount of Notes outstanding. In such event, the partial redemption will be effected in accordance with the rules and procedures of DTC, Euroclear and

Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

Put Option

The Noteholders' put option in Condition 7.4 (*Redemption at the option of the Noteholders upon Change of Control Put Event (Put Option)*) of the Notes may be exercised by the holder of the relevant Global Note giving notice to the Principal Paying Agent and Transfer Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Note for endorsement of exercise within the time limits specified in such Condition.

CLEARING AND SETTLEMENT

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross market transfers of the Notes associated with secondary market trading. Investors may hold their interests in a Global Note directly through DTC, Euroclear or Clearstream, Luxembourg as Direct Participants or indirectly through organisations that are accountholders therein as Indirect Participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the Issuer of New York, a "banking organisation" under the laws of the Issuer of New York, a member of the US Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic computerised book entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*The Global Notes—Exchange of Interest in Global Notes for Global Notes*," DTC will cause the Custodian to surrender the Rule 144A Global Note for exchange for a Rule 144A Definitive Registered Note.

Book Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a Common Depositary on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855, Luxembourg.

DTC

The Rule 144A Global Note will have an ISIN and a CUSIP number and will be deposited with the Custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of any Note evidenced by a Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the Common Depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant Common Depositary or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Euroclear, Clearstream, Luxembourg and DTC Arrangements

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their Common Depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, premium, interest and additional amounts, if any, in respect of Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Trustee, any Paying Agent or the Joint Bookrunners or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal, premium and interest with respect to book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book entry interests in the Notes through DTC will receive, to the extent received by DTC from the Principal Paying Agent, all distributions of principal, premium and interest with respect to book entry interests

in the Notes from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the Registrar and Transfer Agent will adjust the amounts of Notes on the Register for the accounts of a nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and Cede & Co. to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg on the one hand and DTC, on the other. Beneficial ownership in Notes will be held through financial institutions as Direct and Indirect Participants in Euroclear, Clearstream, Luxembourg and DTC.

Interests in the Regulation S Global Note and the Rule 144A Global Note will be in uncertificated book entry form.

Trading between Euroclear and/or Clearstream, Luxembourg Account Holders.

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants.

Secondary market sales of book entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement System. Under Rule 15c6 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade agree otherwise.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser.

When book entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder. On the settlement date, the Custodian will instruct the Registrar and Transfer Agent to (a) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note(s) and (b) increase the amount of Notes registered in the name of the nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date. See "*The Global Notes*" concerning the Record Date for payment of interest.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser.

When book entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m. Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depositary for Euroclear and Clearstream, Luxembourg and the Registrar and Transfer Agent to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg account holder, as the case may be. On the settlement date, the Common Depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book entry interest in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar and Transfer Agent to (i) decrease the amount of Notes registered in the name of the nominee for the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. See "*The Global Notes*" concerning the Record Date for payment of interest.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Paying and Transfer Agent or any of the Joint Bookrunners or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

CERTAIN INSOLVENCY AND ENFORCEABILITY CONSIDERATIONS

The following is a brief description of certain insolvency and enforceability considerations in Türkiye and the Netherlands. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or the Guarantee. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect Noteholders' ability to enforce their rights and to collect payment in full under the Notes and the Guarantee. Prospective investors in the Notes should consult their own legal advisers with respect to such limitations and considerations. See "Risk Factors—Risks Relating to Enforcement".

Türkiye

Enforceability of Judgments

It should be noted that enforcement of court judgments obtained in countries other than Türkiye is subject to certain limitations. In accordance with Articles 50-59 of the Turkish International Private and Procedure Law No. 5718, the courts of Türkiye will not enforce any judgment obtained in a court established in a country other than Türkiye unless:

- there is in effect a treaty between such country and Türkiye providing for reciprocal enforcement of court judgments (*de jure reciprocity*);
- there is de facto enforcement in such country of judgments rendered by Turkish courts (*de facto reciprocity*); or
- there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between the United States and Türkiye or between the United Kingdom and Türkiye providing for reciprocal enforcement of judgments. There is no *de facto reciprocity* between the United States and Türkiye. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Türkiye based on United States federal or non Turkish securities laws.

Turkish courts have rendered at least one judgment in the past confirming *de facto reciprocity* between the United Kingdom and Türkiye. However, since *de facto reciprocity* is decided by the relevant court on a case by case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by the Turkish courts.

In addition, the Turkish courts will not enforce any judgment obtained in a court established in a country other than Türkiye if:

- the defendant was not duly summoned or represented;
- the defendant's fundamental procedural rights were not observed and the defendant brings an objection before the Turkish court against the request for enforcement on either of these grounds;
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the Turkish courts;
- the judgment is incompatible with a judgment of a Turkish court between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Türkiye;
- the judgment is not of a civil nature;

- the judgment is clearly against public policy rules of Türkiye;
- the court rendering the judgment did not have jurisdiction to render such judgment;
- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered; or
- the judgment was rendered by a foreign court, which treated itself as competent even though it had no actual relationship with the parties or the subject matter at hand and the defendant brings an objection before the Turkish court against the request for enforcement on this ground.

Furthermore, to be enforceable under the laws of Türkiye, the choice of laws of a foreign jurisdiction or submission to the jurisdiction of the courts of such a foreign jurisdiction should indicate the competent courts with sufficient precision. Therefore, lack of precision while determining the competent court of a foreign jurisdiction may render the choice of foreign court unenforceable.

As a result, it may not be possible to:

- effect service of process outside Türkiye upon any of the directors and executive officers named in this Offering Circular; or
- enforce, in Türkiye, court judgments obtained in courts of jurisdictions other than Türkiye against the Issuer or the Guarantors or any of the directors and executive officers named in this Offering Circular in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

Furthermore, as a matter of Turkish law, the choice of jurisdiction requires explicit agreement of the parties as to the exclusive jurisdiction of a particular court, defined with sufficient precision. Non-exclusive jurisdiction clauses or general references to courts of a country may not be honoured by Turkish courts. Therefore, any Turkish court may claim jurisdiction if a lawsuit is filed in Türkiye by the parties in relation to a document regarding matters arising thereunder and may refrain from honouring relevant jurisdiction clauses in the event it is considered that such explicit agreement is lacking as to the jurisdiction of a particular court(s).

In any suit or action against a company in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*), provided however that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on March 1, 1954 (ratified by Türkiye by Law No. 1574); save for legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Türkiye which is duly ratified and contains, *inter alia*, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

Bankruptcy

Bankruptcy proceedings may be initiated either by (i) application to the commercial court after initiation of a debt collection proceeding in which the debtor objects the debt or does not pay the claimed amount while not objecting, or (ii) direct application to the commercial court by the debtor itself or the creditors under certain conditions.

The general cause for bankruptcy is the inability of a debtor to pay their debts as they become due, in spite of the bankruptcy suit.

In such cases, where a creditor initiates a bankruptcy proceeding through request for payment of a due debt, the debtor may avoid the bankruptcy by payment of the claimed debt or raising a valid objection against such

request. On the other hand, the creditors may directly file a bankruptcy lawsuit against the debtor without being required to start a debt collection proceeding if the debtor (a) does not have a permanent residence and is likely to change its location for the purposes of avoiding the discharge of its obligations; (b) executes or attempts to execute fraudulent transactions to the detriment of its creditors; (c) conceals its assets during attachment procedures; (d) permanently suspends its payments; (e) fails to make any payment despite an execution order based on a court judgement; or (f) if the concordat (*konkordato*) request of the debtor is not approved by the relevant court.

Finally, the debtor is obliged to file for its own bankruptcy if (i) half of the assets are attached as a result of a debt collection proceeding(s) and the other half is not adequate to cover its due and payable debts and the debts that will become due and payable within a year or (ii) if the assets of the company is not sufficient to cover its liabilities. The creditors will have fifteen days as of the said announcement to intervene to the court proceeding to object to the bankruptcy. However, the filing or the declaration of the bankruptcy is not individually notified or served to the creditors.

In case where the bankruptcy request is filed by the creditors, the commercial court hearing the request may decide to enforce protective measures over the assets of the debtor.

In the event a person is declared bankrupt, all its assets will form the bankrupt's estate over which the bankruptcy administration would have utmost control. In this case, the bankruptcy administration would liquidate all the assets of the relevant person and distribute the proceeds thereof to the creditors pursuant to ranking of receivables prescribed by the Code of Execution and Bankruptcy of the Republic of Türkiye numbered 2004 (the "**Bankruptcy Code**"). However, the rights secured with pledges have priority to the other receivables. The debts for which the bankrupt person issued a suretyship are recorded with the bankruptcy estate although they are not due.

In case of the declaration of the bankruptcy, any person possessing an asset of the bankrupt person is required to deliver such asset to the order of the bankruptcy estate regardless under what capacity they hold such assets. If the assets are not delivered in the required time, then the holder of the asset will not be able to use its priority rights (e.g. pledge) and would be subject to penalty. This rule also covers the assets located outside of Türkiye.

Once a person is declared bankrupt by the court, all of its unsecured debts are accelerated. All of its assets are liquidated by the bankruptcy office for repayment of its debts. All debt of a bankrupt person is converted to Turkish Lira as of the date of the bankruptcy decision. In the liquidation of assets, secured claims and unsecured claims are treated separately in terms of priority. Upon the sale of the secured assets by the bankruptcy administration and the deduction of the sale and bankruptcy administration expenses, the secured creditors of the bankrupt person will have priority over its other creditors with respect to the receivables covered by the assets pledged to them. If the secured assets are insufficient to pay the secured creditors for the debts of the bankrupt person, such creditors will be entitled to proceed against the remaining assets of the bankrupt person as unsecured creditors.

Impact of the Bankruptcy over (if any) the Guarantee provided by the Turkish Guarantors

The guarantee undertaken by (if any) Turkish Guarantors of the debts of the Issuer will need to be treated differently than a pledge of assets by the Guarantor under Turkish bankruptcy law, as an independent obligation from the underlying contract, constituting a personal and ordinary claim against such Guarantors. This claim will be satisfied according to the priority of claims set forth in Article 206 of the Bankruptcy Code, as amended. Claims arising from a guarantee, as unsecured claims, are paid on a pro rata basis out of the sale proceeds of the Guarantors' estate in the fourth rank, behind payment of expenses of the bankruptcy administration, public claims relating to the secured assets, such as taxes relating to the *in rem* rights of the assets, assets subject to security and legally privileged claims as listed in the first three ranks of Article 206 of the Bankruptcy Code.

The obligations and liabilities of (if any) the Guarantors under the Guarantee will rank at least *pari passu* with all other unsecured obligations of the Guarantor to the extent permitted by applicable laws relating to creditors' rights in the event of insolvency and other than those obligations which are preferred by law.

Furthermore, any claim against (if any) Turkish Guarantors which is denominated in a foreign currency may only be recorded in Turkish Lira by the bankruptcy estate. In such circumstances, the relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank of Türkiye's effective selling rate of the relevant currency by the date when the court declares the bankruptcy.

Other Forms of Insolvency Proceedings

There are two types of other formal debt reorganisation procedures under Turkish bankruptcy law: (i) concordat (*konkordato*), and (ii) restructuring upon settlement. Secured creditor rights are not affected in principle by these organisations, but enforcement of the security rights may be delayed.

As explained below, in concordat, no execution proceeding may be initiated against the debtor, and pending execution proceedings are suspended, except for those initiated by the secured creditors. Nevertheless, proceedings for the enforcement of a pledge may be initiated by the secured creditors, but the secured assets may not be sold during the course of the concordat.

In the restructuring upon settlement, which is not a common method used in the Turkish practice, terms and conditions of enforcement of the security and debt collection proceedings would be subject to the restructuring project that is accepted by (i) the majority of the creditors who are affected by the restructuring project, and (ii) the receivables of such majority corresponding to two-thirds of the receivables the creditors who are affected by the restructuring and participated to the voting. It should also be noted that the court is entitled to reject the restructuring plan although these quorums are met.

Concordat

Purpose of the concordat is for the debtor is gaining the ability to pay the debts while avoiding bankruptcy to protect both the continuity of the business and the creditors. The restructuring can be carried out in a variety of methods, including but not limited to by extending the maturity of the debts, and/or by making a discount on the debts due to its creditors. Creditors are also entitled to request a debtor to be subject to the concordat in certain cases.

If there is no missing document in the concordat application, the commercial court will declare immediately a temporary standstill period (*geçici mühlet*). The initial temporary standstill period may be three months. Prior to expiry of such three-month period, the commercial court may extend the temporary standstill period for a maximum of two months. The total period of temporary standstill cannot exceed five months.

In its decision to declare temporary standstill period, the commercial court shall also appoint 1 (one) to 3 (three) temporary concordat trustee(s), whose main duty is examining the likelihood of success of concordat and acting as a custodian to the operations.

The main consequences of a concordat period which apply to the temporary standstill period are as follows:

- Suspension of execution proceedings: During the temporary stay, except for any employee claims, the existing execution proceedings are suspended and no new execution proceeding can be initiated. Further, the courts and execution offices cannot enforce any decision imposing an interim injunction (*ihtiyati tedbir*) or interim attachment (*ihtiyati haciz*). Limitation periods that may restart through an execution proceeding are suspended.

- Invalidity regarding assigned future receivables: If any future receivables (i.e. receivable that are not in existence by the date of assignment) prior to the temporary standstill period are assigned, and such

receivable has arisen during the temporary standstill period; such assignment becomes automatically invalid.

- Suspension of sale of pledged assets: The secured creditors can initiate execution proceedings or continue existing proceedings for their pledges during the temporary standstill period. However, no interim measures can be imposed over the assets within the scope of such execution, and the asset cannot be liquidated as a result of such execution proceeding.

- Impact to certain contractual provisions: As for the agreements, which are important for the continuity of the operations (material agreements), irrespective as to whether the counterparty of an agreement is affected by the concordat project, the following provisions are deemed to be inapplicable, and in any case, the counterparty may not terminate the agreement due to the concordat request:

  (a) Concordat request is a breach of the agreement.

  (b) Concordat request is a valid ground for termination.

  (c) Concordat request accelerates the debt under the agreement.

- Termination of certain agreements on the grounds of concordat: The debtor is entitled to terminate continuing performance agreements (i.e. an agreement regarding long term service supply) preventing the successful completion of the concordat project, upon approval of the commercial court and the affirmative consent of the concordat trustees. Any indemnification that the debtor is obliged to pay as a result of such termination is subject to concordat project.

- Continuing the operations during the temporary standstill period: During the temporary standstill period, in principle, the debtor can continue its operations, under the custody of the concordat trustee. However, when declaring the standstill period, the court may order that the concordat trustee, rather than management of the debtor, will continue the operations of the debtor. Alternatively, the court may also order that, certain transactions of the debtor can only be effected upon approval of the concordat trustee. If this is the case and the concordat trustee commissar does not approve such transactions, those will be deemed invalid.

- Prohibition on granting security and providing guarantees: As of the temporary standstill period, the debtor cannot (i) grant any pledge over its assets, (ii) sell real estates or permanent assets of the business or establish any encumbrance over thereof; (iii) cannot issue suretyship for any debt and (iv) cannot dispose any asset without consideration. The debtor subject to concordat can only consummate such transactions upon approval of the commercial court. If the commercial court does not approve such transactions, those will be deemed invalid.

If the commercial court arrives at the judgment that the successful completion of concordat is likely, it declares a definite standstill period (*kesin mühlet*). When deciding on the definite standstill, the commercial court considers the opinion of the temporary concordat trustee, or panel of trustees, as well as objections of the creditors, if any. The commercial court is obliged within the temporary standstill period to decide whether it will grant a definite standstill. The initial period for definite standstill is one year. This period may be extended for a maximum of six months.

The commercial court orders the temporary concordat trustee to continue its duty during the definite standstill, unless there is a reasonable ground reason for his/her removal from duty.

The commercial court hearing the concordat request may also order the formation of a creditors' committee, consisting of a maximum of seven persons and in an odd number. The creditors' committee takes decisions with simple majority of the attendants at its meetings. The creditors' committee's main duty is examining the

activities of the concordat trustee and submitting complaints to the commercial court about such activities, if necessary.

Unless otherwise included in the restructuring project, unsecured debts shall not accrue interest during the definitive stay period.

Upon declaration of temporary standstill, the temporary concordat trustee invites the creditors to declare their receivables from the debtor within 15 days.

After the declarations of receivables and completion of the verification of these declared receivables, the commercial court invites the creditors to negotiate the concordat project submitted by the debtor in a meeting set on a date at least 15 days later than such invitation.

The concordat trustee chairs such meeting, and reports on the status of the debtor. The proposed concordat project is accepted if:

(1) Approved by a majority exceeding (a) 50 per cent. of the declared creditors and (b) 50 per cent. of the declared receivable; or

(2) Approved by a majority exceeding (a) 25 per cent. of the declared creditors and (b) two-third of the declared receivable.

Only the creditors affected by the project can vote. The secured creditors' receivables are taken into account; to the extent the value of their security is not sufficient to cover the total amount of their receivables.

The creditors present at the aforementioned meeting sign the minutes of meeting to indicate their affirmative or dissenting vote. Alternatively, within seven (7) days from the meeting, any creditor can participate to the voting by signing the minutes of meeting and indicating its affirmative or dissenting vote. After the expiry of such period of seven days, the concordat trustee submits a reasoned report to the commercial court within seven days, along with the minutes of meeting and all other documents regarding the concordat.

The last step for the concordat project to be binding, is its approval by the commercial court. The commercial court shall decide after hearing the concordat trustee and examining its reasoned report regarding concordat, and in any case, before the end of standstill period. The commercial court requires the following conditions to be met for approving the concordat project:

- The actual amount proposed to be paid to the creditors in the concordat project should be higher than the amount which can be collected by the creditors in a possible scenario of bankruptcy.
- The actual amount proposed to be paid to the creditors should be proportionate to the resources of the debtor.
- The concordat project is duly approved by the majority of creditors and receivables, in accordance with the quorums described above.
- Full repayment of the receivables of the employees of the debtor, and the receivables arisen due to agreements executed within the standstill period with the approval of the concordat trustee must be sufficiently secured with collateral.
- Litigation expenses for approval of concordat and charge to be collected over the amount agreed to be paid to the creditors in case of approval of the concordat should be deposited.

The commercial court is entitled to make adjustments in the concordat project ex officio or upon demand.

The decision on approval of the concordat request contains the rates of discounts made in the receivables and the timetable of payments of the debts.

Further, in its decision to approve the concordat project, the commercial court shall also be entitled to appoint a custodian (kayyım) to the debtor to supervise the operations of the debtor and take the necessary measures for the concordat to succeed.

Consequences of approval of the concordat project

If the project is accepted by the required creditors and approved by the commercial court, it covers certain obligations of the debtor and binds certain creditors as detailed below. The discount rates and repayment schedule as approved in the concordat project become applicable to all the creditors affected by the concordat. The attachments within scope of the execution proceedings initiated prior to the temporary standstill period become invalid, provided that the attached assets are not liquidated.

The creditors of the following privileged/secured receivables are not affected by the concordat, in respect of their privileged receivables:

- proceedings of secured debts;
- public debts in relation to specific assets, e.g. real estate tax for immovable, customs tax for movables,
- privileged receivables, which are registered during the concordat period, defined in the applicable law, e.g. employee receivables, alimony debts, receivables of Savings Deposit Insurance Fund; and
- receivables arising from transactions executed with the approval of the concordat trustee during the concordat period.

In addition, upon request of the debtor, in its decision of approval of the concordat project, the commercial court may postpone seizure and the sale of collateral as result of the enforcement proceedings of secured creditors provided that:

- The secured debt has arisen before filing the concordat request.
- Whole interest accrued on the secured debt prior to the date of concordat request has been repaid.
- The debtor plausibly proves that the asset given as security for such debt is mandatory for its operations and if it is sold, the debtor's economic integrity and operations will be endangered.

Bankruptcy during the concordat process and revocation of the concordat

If any of the following cases occur during the standstill period, the commercial court dismisses the concordat request and declares the bankruptcy of the debtor ex officio, upon receiving the written report of the concordat trustee:

- Bankruptcy is a better option to protect the creditors and the estate of the debtor.
- It is understood that the concordat cannot be completed successfully.
- The debtor acts in breach of prohibition on providing security and guarantees, or orders/instructions of the concordat trustee.
- The debtor requests its own bankruptcy.

Separately, in any case, if the commercial court rejects to approve the concordat project, it should declare the company bankrupt *ex officio*, in the presence of a reason for direct bankruptcy.

Finally, after the approval of the concordat project, any creditor against whom the debtor has failed to fulfil its obligations in accordance with the approved project, can request revocation of the concordat or disapplication of the project specifically for itself. Furthermore, any creditor can request the revocation of concordat in case

the concordat becomes ineffective due to bad faith of the debtor. Accordingly, any secured creditor against whom the debtor has failed to fulfil its obligations in accordance with the agreement reached for restructuring of its secured obligations, can request cancellation of such agreement. Further, if the cancellation of such agreements results in the overall secured receivable which agreed to the restructuring of secured obligations falling below the threshold of two-third of the secured receivable; (i) the dissenting secured creditors will be no longer subject to the longest maturity in the agreements made with other secured creditors, and (ii) other secured creditors will be entitled to unilaterally terminate the restructuring agreement that they have reached with the debtor.

Restructuring of secured obligations

As a relatively new mechanism introduced by the Law No. 7101 on Amendment of Enforcement and Bankruptcy Code, secured receivables can also be restructured under certain circumstances.

For restructuring the secured obligations, the debtor must indicate its plan to restructure its secured obligations in the preliminary project for concordat. This restructuring process runs in parallel with the ordinary restructuring of unsecured receivables.

Within the period of definitive stay, the concordat trustee invites all secured creditors for negotiating the restructuring proposals made in the preliminary project for concordat, such as discount in principal or interest, and extension of maturity. In such meeting of the secured creditors, the proposed restructuring of secured obligations is deemed accepted if the debtor reaches an agreement to restructure with creditors having two-third of the total secured debt. Similar to the process described above for approval of the concordat project, within seven days from the meeting, the debtor may agree with any secured creditor to restructure and such agreement will also be taken into account for the calculation whether the aforementioned the required quorum.

If the debtor succeeds to agree with the creditors on the restructuring by the quorum mentioned above; the secured creditors who have not agreed to restructure, become subject to the longest maturity in the agreements made with other secured creditors.

If the agreements meet the foregoing requirements; the commercial court includes the agreements executed with the secured creditors and the repayment plan for secured creditors in the decision approving the concordat project. Accordingly, if the proposed concordat project is not accepted by the majority of the creditors as described above; the agreements made to restructure the secured debts are also deemed refused and the repayment plan relating to the secured creditors would not be valid.

Out-of-Court Restructuring

In addition to the foregoing, certain formal out-of-court restructuring regimes are available to debtors, notably under restructuring framework agreements executed by Turkish creditor institutions (i.e., mainly banks and financial institutions) under the “Financial Restructuring Program (FYY)” introduced by the Banking Regulation and Supervision Authority.

Within the scope of this program, debtors may conclude out-of-court financial restructuring agreements with creditor institutions that are signatories of the framework agreements executed under such program and (if any) other creditors opting-into the restructuring.

The restructuring agreement is in principle approved by two or more creditors holding two thirds of the total debt within the restructuring, and binding over all creditor institutions that are signatories to the framework agreement.

The framework agreements prescribe a contractual standstill on the creditor institutions that are signatories of the framework agreement or otherwise opted-into the restructuring, such that, during the restructuring negotiations and during the continuation of the restructuring program, no execution or bankruptcy proceedings,

or enforcement of security may be initiated by them against the debtor or any ongoing execution, bankruptcy or enforcement proceedings initiated by such creditors against the debtor cannot be continued, save for certain exceptions.

Voidability of Liens

Articles 277, 278, 279 and 280 of the Bankruptcy Code govern the cancellation lawsuits with respect to certain transactions. However, the transactions identified in these articles of the Bankruptcy Code are not exhaustive. The Turkish Court of Cassation has explicitly stated in various instances that Turkish courts have the discretion to cancel transactions in addition to those identified in Articles 278, 279 and 280 of the Bankruptcy Code. The legal framework established in such articles of the Bankruptcy Code would be applied by the court in such instances.

Pursuant to Article 277 of the Bankruptcy Code, (i) each creditor holding a certificate of insolvency (*aciz vesikası*) (either temporary (*muvakkat*) or conclusive (*kat'i*)), (ii) the bankruptcy administration, or (iii) creditors in the cases which Article 245 or Article 255(3) of the Bankruptcy Code apply, may file a cancellation lawsuit.

Under Article 278 of the Bankruptcy Code, gratuitous dispositions and donations by a debtor (other than those undertaken in the ordinary course of business) within two years preceding the date of the bankruptcy, insolvency or attachment may be deemed void. "Gratuitous dispositions" and "donations" are those transactions with a material imbalance between the considerations exchanged by the parties. In the case of attachment, the date to be taken into account to determine the two years is the date attachment is made. If the debtor has no property to be attached or such property is not sufficient to satisfy the debt, this situation is registered in the attachment report prepared by the execution office and constitutes a determination of the borrower's inability to pay its debts. This report is deemed to as a certificate of insolvency.

Under Article 279 of the Bankruptcy Code, certain dispositions may be deemed void if (i) they are realised within one year preceding a bankruptcy judgment, the debtor's inability to pay its debts (as determined by the execution office), or a judgment of attachment, and (ii) the debtor was insolvent at the time of the disposition. The dispositions subject to this article are: (i) prepayments of undue debts, (ii) payments made by means other than cash or other regular payment method, (which may include by check, commercial bill and interest coupon), (iii) pledges established by the debtor to secure an existing debt save for cases where the debtor has previously undertaken to provide security and (iv) registration of a personal right with the land registry to strengthen its effect against third parties. Turkish law assumes that the recipient of the relevant disposition was aware of the debtor's insolvency at the time of the disposition and the burden is on the recipient to prove otherwise.

Finally, Article 280 of the Bankruptcy Code governs other statutory claims of voidability, especially fraudulent conveyances. Under this article, all dispositions realised (i) within five years preceding the date on which attachment or bankruptcy proceedings are initiated against an insolvent debtor, (ii) that were realised with the intent of harming the creditors of the debtor and (iii) where the counterparty of the disposition was aware or should reasonably have been aware of such intent and of the financial status of the debtor, may be deemed void.

Under Article 284 of the Bankruptcy Code, the general statute of limitations for initiating cancellation lawsuits against dispositions subject to cancellation is five years.

Apart from the grounds established in the Bankruptcy Code for voiding a disposition, an action for the recovery of property (*istihkak davası*) or unjust enrichment (*sebepsiz zenginleşme*) could be initiated in the event of "simulation," i.e., a sham contract. "Simulation" covers the situation in which the parties to a contract agree that such contract will not actually have any effect between them or will have the effect of an agreement other than as set forth in the contract. Pursuant to Article 19 of the TCO, contracts constituting simulations will not be taken into account and the actual intention of the parties will be considered.

Additional considerations regarding Guarantee by Turkish Guarantors

Pursuant to Article 203 of the TCC, in case that the controlling company directly or indirectly holds 100 per cent. of the shares and voting rights in Turkish Guarantors, the controlling company's board of directors can give instructions concerning the direction and management of such Guarantor even if it is of a nature which can cause results that could lead to a loss, provided that it is a requirement of the specified and concrete policies of the group of companies. The decision making bodies of Turkish Guarantors are obliged to comply with the instruction.

To the extent it is determined by a Turkish court or other competent authority that the execution and delivery of the Guarantee by any Turkish Guarantors and the performance of obligations under such Guarantee in favour of its controlling company does not sufficiently benefit such Guarantor and due compensation is not provided within the given timeframe, as contemplated under articles 202, 203 and 206 of the Turkish Commercial Code of the Republic of Türkiye numbered 6102 ("**TCC**"), shareholders and creditors of such Guarantor may request due compensation of the Guarantor from the controlling company and the directors of the controlling company which caused damages to the respective Guarantor.

As per Article 18 of the Decision Regarding Protection of the Value of the Turkish Currency, persons domiciled in Türkiye that provide guarantees in favour of a person domiciled outside of Türkiye, has to notify the Ministry of Treasury and Finance within 30 days of execution of the guarantee agreement.

The Netherlands

Enforceability of Judgments

It may be difficult for investors to enforce judgments obtained in non-Dutch courts against any Guarantor incorporated under Dutch law (a "**Dutch Guarantor**").

In the absence of an applicable convention between England and the Netherlands, a judgment rendered by a court in England will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered against a company by the foreign court which is enforceable in England, and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, and unless the foreign judgment contravenes Dutch public policy or is incompatible with a judgment rendered between the same parties by a Dutch court or with an earlier judgment rendered between the same parties by a non-Dutch court in a dispute that concerns the same subject and is based on the same cause, provided that the earlier judgment qualifies for recognition in the Netherlands.

Judgments may be rendered in a foreign currency but enforcement is executed in EUR at the applicable rate of exchange. Enforcement of obligations in the Netherlands will be subject to the nature of the remedies available in the courts of the Netherlands. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction, if concurrent proceedings are being brought elsewhere.

Moreover, a Dutch court may reduce the amount of damages granted by a United Kingdom court and recognise damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of English courts in the Netherlands are solely governed by the provisions of the Dutch Civil Procedure Code (*Wetboek van Burgerlijke Rechtsvordering*).

European Union

Aviator Netherlands is incorporated and organised under the laws of the Netherlands, which is a member state of the European Union (the "**EU**").

The EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Insolvency Regulation**") applies to insolvencies which commence after 26 June 2017 (subject to certain exceptions).

Pursuant to Article 3(1) of the Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "centre of main interests." The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different EU member states may have differing and conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the centre of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the centre of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and the centre of the management of its interests is located in that other EU member state. In that respect, the factors that courts may take into consideration when determining the centre of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognise as being the centre of the company's operations.

If the centre of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction (subject to exceptions) to open main insolvency proceedings in respect of that company under the Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Insolvency Regulation.

If the centre of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Insolvency Regulation, where main proceedings in the EU member state in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's centre of main interests is situated under that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor whose claim arises from the operation of the establishment or a public authority has the right to request the opening of such proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed

by the *Lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognise the judgment of the court opening main proceedings (subject to any public policy exceptions) and give the same effect to the order in the other relevant EU member state so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in a EU member state that has jurisdiction to open main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member state), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets. In addition, the concept of "*group coordination proceedings*" has been introduced in the Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that Aviator Netherlands experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of Aviator Netherlands.

Dutch Insolvency Law

Where debtors have their centre of main interests or an "establishment" in the Netherlands they may become subject to Dutch insolvency proceedings governed by Dutch insolvency laws. This is particularly relevant to a Dutch Guarantor and has its statutory seat (*statutaire zetel*) in the Netherlands, and which is therefore presumed (subject to proof to the contrary and exceptions under the Insolvency Regulation) to have its centre of main interests in the Netherlands. See further "European Union" above. In the event it was determined by the court that a Dutch Guarantor has its centre of main interests outside of the EU, the Dutch Guarantor may still be subjected to insolvency proceedings in the Netherlands due to the fact that the Insolvency Regulation would not apply. In that event, the Dutch courts can claim jurisdiction based on the Dutch Bankruptcy Act (*Faillissementswet*) because the Dutch Guarantor has its statutory seat in the Netherlands. Under certain circumstances, bankruptcy proceedings may also be opened in the Netherlands in accordance with Dutch law over the assets of companies that are not incorporated under Dutch law.

The following is a brief description of certain aspects of Dutch insolvency law. There are three primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganisation of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate assets and distribute the proceeds of the assets of a debtor to its creditors. The third, the Dutch pre-insolvency plan, which allows a debtor to offer a composition outside of formal insolvency proceedings such as suspension of payments or bankruptcy. All insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). In practice, a suspension of payments often results in bankruptcy. A general description of the principles of both insolvency regimes is set out below.

Suspension of Payments

An application for a moratorium of payments can only be made by the debtor itself, if it foresees that it will be unable to continue to pay its payable debts. Once the request for a moratorium of payments is filed, a court will

immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerpakkoord*) is filed simultaneously with the application for a moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium.

If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one third of the number of creditors represented at such creditors' meeting) of the unsecured non preferential creditors withholds its consent. The granting of a definitive moratorium can also be withheld if there is a valid fear that the debtor will try to prejudice the creditors during a moratorium of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. The fact that the debtor must be able to satisfy its creditors does not mean that they must be paid in full. It suffices that creditors can be satisfied to some extent (for example, by receiving a percentage of their claims within the framework of a composition).

The moratorium of payments is only effective with regard to unsecured non preferential creditors. Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, under Dutch law secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, at the request of an interested party the court can order a "cooling down period" (*afkoelingsperiode*) for a maximum period of two months (which can be extended by the court once for another period of two months) during which enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors if it is approved by (i) a simple majority of the number of creditors represented at the creditors' meeting, representing at least 50 per cent. in amount of the claims that are acknowledged and admitted in the moratorium, and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency law could preclude or inhibit the ability of the noteholders to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch moratorium of payments proceeding. Interest payments that fall due after the date on which a moratorium of payments is granted, cannot be claimed in a composition.

Bankruptcy

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. The bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the aforementioned claims (of the bankruptcy requesting creditor or the other creditor) needs to be due and payable. The debtor can also request the application of bankruptcy proceedings itself.

During a Dutch bankruptcy proceeding, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch insolvency law is the *paritas creditorum* (principle of equal treatment), which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their respective claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors. Consequently, Dutch insolvency laws could reduce your potential recovery in a Dutch bankruptcy proceeding.

The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the noteholders that were not due and payable by their terms on the date of

a bankruptcy of a Guarantor incorporated under Dutch law will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the bankruptcy receiver (curator) to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy of the company for the purpose of the distribution of the proceeds. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceeding may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the noteholders may be challenged in the Dutch bankruptcy proceeding. Generally, in a creditors' meeting (*verificatievergadering*), the bankruptcy receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These procedures could cause noteholders to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation proceeding. Such renvooi proceedings could also cause payments to the noteholders to be delayed compared with holders of undisputed claims. As in moratorium of payments proceedings, in the bankruptcy of a company a composition (*akkoord*) may be offered to creditors, which shall be binding on unsecured non preferential creditors if it is approved by (i) a simple majority in number of the creditors represented at the creditors' meeting, representing at least 50 per cent. in amount of the claims that are acknowledged and conditionally admitted, and (ii) subsequently ratified (*gehomologeerd*) by the court. The Dutch Bankruptcy Act (*Faillissementswet*) does not in itself acknowledge the concept of classes of creditors. Remaining proceeds, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings the supervisory judge (*rechtercommissaris*) can order a "cooling down period" for a maximum of two months (which can be extended once for another period of two months) during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Furthermore, a bankruptcy receiver can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the general costs of the bankruptcy, which can be significant. Excess proceeds of enforcement must be returned to the bankruptcy estate; they may not be set off against an unsecured claim of the secured creditor in the bankruptcy. An exception applies in the case of set off relating to a payment to the pledgor, not made during its bankruptcy and if there are no other pledgees or other holders of limited rights other than the pledgee, although a set off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set off. Moreover, to the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy. See below "—Fraudulent Conveyance."

Under Dutch law, as soon as a debtor is declared bankrupt, in principle, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a bankruptcy receiver will be appointed. The proceeds resulting from the liquidation of the bankruptcy estate may not be sufficient to satisfy unsecured creditors under the guarantees

granted by an insolvent guarantor after the secured and the preferential creditors have been satisfied. In principle, litigation pending on the date of the bankruptcy order is automatically stayed.

Pre-insolvency plan

As regards the pre-insolvency plan regime, debtors have the possibility to offer a composition outside of formal insolvency proceedings under the Act on Court Confirmation of Extrajudicial Restructuring Plans (*Wet homologatie onderhands akkoord*) ("Act on Court Confirmation of Extrajudicial Restructuring Plans"). The pre-insolvency plan regime has been incorporated in the Dutch Bankruptcy Act pursuant to this Act on Court Confirmation of Extrajudicial Restructuring Plans. Unlike a moratorium and in bankruptcy, a composition under the Act on Court Confirmation of Extrajudicial Restructuring Plans can be offered to secured creditors as well as shareholders. The Act on Court Confirmation of Extrajudicial Restructuring Plans provides, *inter alia*, for cross class cramdown, the restructuring of group company obligations through either one or more aligned proceedings, the termination of onerous contracts with deactivation of ipso facto, and supporting court measures. Such composition may result in claims against the Dutch Guarantor as compromised if the relevant majority of creditors within a class or a more senior class vote in favour of such a composition. A composition plan under the Act on Court Confirmation of Extrajudicial Restructuring Plans can extend to claims against entities that are not incorporated under Dutch law and/or are residing outside the Netherlands. Accordingly, the Act on Court Confirmation of Extrajudicial Restructuring Plans can affect the rights of noteholders.

Under the Act on Court Confirmation of Extrajudicial Restructuring Plans voting on a composition plan is done in classes. Approval by a class requires a decision adopted with a majority of two third of the claims of that class that have voted on the plan or, in the case of a class of shareholders, two thirds of the shares of that class that have voted on the plan. The Act on Court Confirmation of Extrajudicial Restructuring Plans provides for the possibility for a composition plan to be binding on a non-consenting class (cross class cramdown). Under the Act on Court Confirmation of Extrajudicial Restructuring Plans, the court will confirm a composition plan if at least one class of creditors (other than a class of shareholders) that can be expected to receive a distribution in case of a bankruptcy of the debtor approves the plan, unless there is a statutory ground for refusal. The court can, inter alia, refuse confirmation of a composition plan on the basis of (i) a request by an affected creditor of a consenting class if the value of the distribution that such creditor receives under the plan is lower than the distribution it can be expected to receive in case of a bankruptcy of the debtor or (ii) a request of an affected creditor of a non-consenting class, if the plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class.

Under the Act on Court Confirmation of Extrajudicial Restructuring Plans, the court may grant a stay on enforcement of a maximum of four months, with a possible extension of four months. During such period, inter alia, all enforcement action against the assets of (or in the possession of) the debtor is suspended, including action to enforce security over the assets of the debtor. Accordingly, during such stay a pledgee of claims may not collect nor notify the debtors of such pledged claims of its rights of pledge.

Limitations on Enforcement

If a Dutch private limited liability company or public limited liability company grants a guarantee and that guarantee is not in the company's corporate interest, the guarantee may be nullified by the relevant Dutch company, its bankruptcy receiver (*curator*) in bankruptcy (*faillissement*) and its administrator (*bewindvoerder*) in moratorium of payment proceedings (*surseance van betaling*) or otherwise and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of a guarantee is in the interest of a Dutch company, Dutch courts would not only consider the text of the objects clause in the articles of association (*statuten*) of the company but all relevant circumstances, including (i) whether the company irrespective of the wording of the objects clause derives certain commercial benefits from the transaction in respect of which the guarantee was granted and (ii) the balance between the risk that the company is assuming

and the benefit it derives from such transaction. In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may challenge the enforcement of the guarantee, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would foreseeably be endangered by the granting of such guarantee. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot serve the realisation of the relevant company's objects or where it is determined that there is a material imbalance to the disadvantage of the company between the commercial benefit on the one hand and the risks on the other hand. The above also applies with respect to any other legal act entered into by a Dutch company.

If Dutch law applies, a guarantee governed by Dutch law may be voided by a court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document. Payment pursuant to a guarantee may, regardless of an insolvency situation occurring or not, also be withheld due to unforeseen circumstances (*onvoorziene omstandigheden*), force majeure (*niet toerekenbare tekortkoming*) or reasonableness and fairness (*redelijkheid en billijkheid*). Other impeding factors include dissolution (*ontbinding*) of contract and set off (*verrekening*).

Dutch law provides a special set of proceedings in relation to the settlement of disputes within a company. These special proceedings are known as inquiry proceedings (*enquêteprocedures*). Inquiry proceedings are used to address conflicts such as a director's misconduct or internal conflicts between shareholders. Inquiry proceedings are held before the Enterprise Court at The Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*). The Enterprise Court has extensive powers in resolving disputes and restoring balance within a company by way of injunctions or provisional injunctions, which can include suspension or avoidance of a guarantee in whole or in part.

Fraudulent Conveyance

To the extent that Dutch law applies, a legal act performed by a person, including a guarantee granted by a legal entity, may under certain circumstances, be nullified by any of its creditors, if (i) the legal act or the guarantee was granted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor(s) concerned was/were prejudiced as a consequence of the legal act or the guarantee and (iii) at the time the legal act or the guarantee was granted both the legal entity and, unless the legal act or the guarantee was granted for no consideration (*om niet*), the counterparty knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*). Also to the extent that Dutch insolvency law applies, a transaction or a guarantee may be nullified by the bankruptcy receiver (curator) on behalf of and for the benefit of all creditors of the insolvent debtor, and in such case the beneficiary of the transaction or the guarantee is presumed (subject to evidence to the contrary) to have known that creditors of the debtor would be prejudiced if the bankruptcy follows within a year of the granting and for no consideration. The foregoing requirements for invoking fraudulent transfer outside of a bankruptcy apply mutatis mutandis when invoking fraudulent transfer provisions during a bankruptcy. In addition, the bankruptcy receiver may challenge the transaction or the guarantee if it was conducted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) such transaction was conducted at a time that the counterparty of knew that a request for bankruptcy had been filed or (ii) if such transaction was conducted as a result of deliberation between the debtor and the counterparty with a view to give preference to the counterparty over the debtor's other creditors. Consequently, the validity of any such transactions by a Dutch legal entity may be challenged and it is possible that such challenge would be successful. If a Dutch court found that the granting of a guarantee or any other transaction entered into by the

Dutch Guarantor at any time in connection with the Notes involved a fraudulent transfer as set out above, then the granting of a guarantee or security interest or any other transaction entered into by the Dutch Guarantor could be nullified. In the case of successful challenge, holders of the Notes would not enjoy the benefit of such guarantee or security interest.

It is not certain and has not been determined in published case law whether a right of pledge on shares can be created in advance of the acquisition of the shares by the pledgor. If a security right is created on collateral to which a Dutch company has not yet obtained a legally valid title, such collateral will not be subject to such a security interest if that company is declared bankrupt or granted a moratorium of payments prior to obtaining title thereto.

It is not possible to conduct searches in respect of any Dutch law governed security (other than, if created, in respect of rights of mortgage), with the exception of any pledge created on the shares in a Dutch private limited liability company which should be registered in its shareholders' register. However, this does not constitute conclusive evidence of the absence of any pre-existing security.

TAXATION

The following is a general description of certain United States, Türkiye and the Netherlands tax considerations relating to the Notes. It does not constitute tax advice, nor does it purport to be a complete analysis of all tax considerations relating to the Notes in the United States, Türkiye, the Netherlands or elsewhere. Prospective investors in the Notes and Noteholders should consult their tax advisers as to which countries' tax laws could be relevant to their acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Türkiye in Notes of a Turkish company issued abroad. The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Türkiye. Each investor should consult its own tax advisors concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as of the date of this Offering Circular, all of which are subject to change, possibly with retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Türkiye or (b) applicable to a resident of Türkiye or a permanent establishment in Türkiye that is constituted either by the existence of a fixed place of business or appointment of a permanent representative. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. Prospective investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein). References to "resident" herein refer to tax residents of Türkiye and references to "non-resident" herein refer to persons who are not tax residents of Türkiye.

For Turkish tax purposes, a legal entity is a resident of Türkiye if its corporate domicile is in Türkiye or its effective place of management is in Türkiye. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable to the Turkish taxes for the trading income made through a permanent establishment or for the income sourced in Türkiye otherwise.

An individual is a resident of Türkiye if such individual has established domicile in Türkiye or stays in Türkiye more than six months in a calendar year. On the other hand, foreign individuals who stay in Türkiye for six months or more for a specific job or business or particular purposes that are specified in the Turkish Income Tax Law may not be treated as a resident of Türkiye, depending on the characteristics of the stay. A resident individual is liable for Turkish taxes on his/her worldwide income, whereas a non-resident individual is liable for Turkish tax for the income sourced in Türkiye.

Income from capital investment is sourced in Türkiye when the principal is invested in Türkiye. Capital gain derived from trading income is considered sourced in Türkiye when the activity or transaction generating such income is performed or accounted for in Türkiye, which means that a payment is made in Türkiye, or if the

payment is made abroad, it is recorded in the books in Türkiye or apportioned from the profits of the payer or the person on whose behalf the payment is made in Türkiye.

Any withholding tax levied on income derived by a non-resident person is the final tax for such non-resident and no further declaration is required. Any other income of a non-resident person sourced in Türkiye that has not been subject to withholding tax will be subject to taxation through declaration where treaty relief and exemptions are reserved.

Interest paid on debt instruments (such as the Notes) issued abroad by a resident corporation is subject to withholding tax, as regulated through the Decrees. The withholding tax rates are set according to the original maturity of notes issued abroad by resident corporations as follows:

- 7 per cent. withholding tax for notes with an original maturity of less than one year;
- 3 per cent. withholding tax for notes with an original maturity of at least one year and less than three years; and
- 0 per cent. withholding tax for notes with an original maturity of three years or more.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Türkiye with respect to the Notes may be subject to declaration. However, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6655 and 7256, special or separate tax returns will not be submitted for capital gains from the notes of a resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied in Türkiye on non-residents in respect of capital gains from such Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp, registration or similar tax or duty relating thereto.

Reduced Withholding Tax Rates

Under current laws and regulations in Türkiye, interest payments on certain debt instruments issued abroad by a resident holder will be subject to withholding tax at a rate between 7 per cent. and 0 per cent. in Türkiye, as detailed above.

If a bilateral tax treaty is in effect between Türkiye and the jurisdiction of which the holder of the notes is a resident for the purposes of such bilateral taxation (in some cases, the term “beneficial owner” is used concerning the provisions stipulated therein) that provides for the application of a lower withholding tax rate than the local rate to be applied by the issuer corporation, then the rate in such treaty may be applicable. For the application of withholding at such a treaty-reduced rate, an original copy of the certificate of residence signed by the competent authority, which is usually defined to in Article 3 of Türkiye’s bilateral tax treaties, is required (along with certain other requirements and procedures sought by the related tax office, the banks and intermediary institutions) prior to the application of withholding tax is required. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, a refund of the excess tax shall be granted to the beneficial owner pursuant to the provisions of the relevant treaty and the Turkish tax legislation.

Value Added Tax (“VAT”)

Note issuances and interest payments on the bonds are exempt from the VAT pursuant to Article 17/4-g of the VAT Law No. 3065, as amended pursuant to the Turkish Tax Bill Regarding Improvement of the Investment Environment Law No. 6728, published in the Official Gazette dated 9 August 2016 and numbered 29796.

Certain Dutch Tax Considerations

Introduction

The following summary is intended for general information only and does not purport to be a comprehensive description of all Netherlands tax consequences that could be relevant to holders of Notes. Each prospective holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. This summary is based on Netherlands tax legislation and published case law in force as of the date of this document. It does not take into account any developments or amendments thereof after that date, regardless of whether or not such developments or amendments have retroactive effect. For the purposes of this summary, "the Netherlands" shall mean that part of the Kingdom of the Netherlands that is in Europe.

Scope

Regardless of whether or not a holder of Notes is, or is treated as being, a resident of the Netherlands, with the exception of the section on withholding tax below, this summary does not address the Netherlands tax consequences for a holder:

(i) having a substantial interest (*aanmerkelijk belang*) in the Issuer (such a substantial interest is generally present if an equity stake of at least 5 per cent., or a right to acquire such a stake, is held, in each case by reference to the Issuer's total issued share capital, or the issued capital of a certain class of shares);

(ii) having a direct or indirect qualifying interest (*kwalificerend belang*) for the purposes of the Netherlands Withholding Tax Act 2021 (*Wet bronbelasting 2021*) in the Issuer (such a qualifying interest is generally present if an equity stake of at least 50 per cent. is held), or the Issuer having such interest in the holder of Notes, or a third party having such interest in both the holder of Notes and the Issuer, whether such holder of Notes, Issuer or third party holds such interest individually or as part of a cooperating group (*samenwerkende groep*);

(iii) who is a private individual and who may be taxed in box 1 for the purposes of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) as an entrepreneur (*ondernemer*) deriving profits from an enterprise (*onderneming*) to which the Notes are attributable, or who may otherwise be taxed in box 1 with respect to benefits derived from the Notes;

(iv) which is a corporate entity and a taxpayer for the purposes of Netherlands corporate income tax (*vennootschapsbelasting*), having a participation (*deelneming*) in the Issuer (such a participation is generally present in the case of an interest of at least 5 per cent. of the Issuer's nominal paid-up share capital);

(v) which is a corporate entity or a person taxable as a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Netherlands corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes;

(vi) which is a corporate entity or a person taxable as a corporate entity and a resident of Aruba, Curaçao or Sint Maarten;

(vii) which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Notes and/or the benefits derived from the Notes; or

(viii) which is a person to whom the Notes are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the Netherlands Income Tax Act 2001 (*Wet*

inkomstenbelasting 2001) and/or the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Income tax

Resident holders: A holder who is a private individual and a resident, or treated as being a resident of the Netherlands for Netherlands income tax purposes, must record the Notes as assets that are held in box 3 for the purposes of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Taxable income with regard to the Notes is then determined on the basis of a certain deemed return (*rendement*) on the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year insofar the yield basis exceeds a certain threshold (€57,000 for an individual taxpayer and €114,000 in case of a "qualifying partner" (statutory defined term)) (*heffingvrij vermogen*), rather than on the basis of income actually received or gains actually realised. Such yield basis is determined as the fair market value of certain qualifying savings and investments held by the holder of the Notes, less the fair market value of certain qualifying debts at the beginning of the calendar year. The deemed return (*rendement*) is determined on separate deemed return percentages for bank savings, other investments and liabilities. For the calendar year 2023, the fictitious percentages applicable to the first and third categories mentioned above (bank savings and liabilities) have not yet been determined. The fictitious yield percentage applicable to the second category mentioned above (other assets, including the Notes or Coupons) is 6.17 percent for the calendar year 2023.

Subject to certain anti-abuse provisions, the product of an amount equal to (a) the total deemed return (*rendement*) divided by the yield basis (*rendementsgrondslag*) and (b) the yield basis (*rendementsgrondslag*) minus the threshold (*heffingvrij vermogen*), forms the individual's taxable income from savings and investments. The taxable income from savings and investments so computed is taxed at the prevailing statutory rate of 32 per cent.

Non-resident holders: A holder who is a private individual and neither a resident, nor treated as being a resident, of the Netherlands for Netherlands income tax purposes, will not be subject to such tax in respect of benefits derived from the Notes, unless such holder is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Corporate income tax

Resident holders: A holder which is a corporate entity or a person taxable as a corporate entity and, for Netherlands corporate income tax purposes, a resident, or treated as being a resident, of the Netherlands, is taxed in respect of benefits derived from the Notes at rates of up to 25.8 per cent.

Non-resident holders: A holder which is a corporate entity or a person taxable as a corporate entity and, for Netherlands corporate income tax purposes, neither a resident, nor treated as being a resident, of the Netherlands, will not be subject to corporate income tax, unless such holder derives profits from an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands (*Nederlandse onderneming*), to which the Notes are attributable, or such holder is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable. Such holder is taxed in respect of benefits derived from the Notes at rates of up to 25.8 per cent.

Gift and inheritance tax

Resident holders: Netherlands gift tax or inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is a resident, or treated as being a resident, of the Netherlands for Netherlands gift and inheritance tax purposes.

Non-resident holders: No Netherlands gift tax or inheritance tax will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is neither a resident, nor treated as being a resident, of the Netherlands for Netherlands gift and inheritance tax purposes.

Other taxes

No Netherlands turnover tax (*omzetbelasting*) will arise in respect of any payment in consideration for the issue of Notes, with respect to any cash settlement of Notes or with respect to the delivery of Notes. Furthermore, no Netherlands registration tax, capital tax, transfer tax or stamp duty (nor any other similar tax or duty) will be payable in connection with the issue or acquisition of Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) (except that the discussion under "Further Issues" below applies to all holders). This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets (generally, assets held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions, conversion, or other integrated transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad, investors that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions as well as on the income tax treaties between the United States and Türkiye and United States and the Netherlands, all as at the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

In certain circumstances (see "Terms and Conditions—Redemption at the Option of the Issuer" and "Terms and Conditions—Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option)"), the Issuer may be obligated to redeem the Notes prior to maturity or to pay amounts on the Notes that are in excess of stated interest or principal on the Notes. These potential payments may implicate the provisions of U.S. Treasury regulations relating to "contingent payment debt instruments," but the Issuer does not intend to treat the possibility of such contingent payments on the Notes as subjecting the Notes to the contingent payment debt instrument rules. The Issuer's determination that the Notes are not subject to the contingent payment debt instrument rules is binding on a U.S. Holder, unless such U.S. Holder discloses its contrary position in the matter required by applicable U.S. Treasury regulations. It is possible that the Internal Revenue Service ("IRS") may take a different position, in which case, if such position is sustained, a U.S. Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather than capital gain any gain realised on the taxable disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments. U.S. Holders are encouraged to consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

Payments of Interest

General

Stated interest on a Note (including any non-U.S. taxes withheld and any additional amounts paid with respect thereto) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest paid on the Notes generally will constitute income from sources outside the United States.

It is expected, and this discussion assumes, that the Notes will not be considered as issued with original issue discount ("**OID**") for U.S. federal income tax purposes. The Notes will be treated as issued without OID if the difference between their principal amount and their issue price is less than the product of one-fourth of one per cent. (0.25 per cent.) of their principal amount multiplied by the number of full years to their maturity. In general, if the Notes are issued with OID for U.S. federal income tax purposes, a U.S. Holder will be required to include OID in gross income, as ordinary income, under a "constant-yield method" before the receipt of cash attributable to such income, regardless of the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Subject to certain limitations, a U.S. Holder may be entitled to a credit against its U.S. federal income tax liability, or at such U.S. Holder's election, may be eligible as a deduction in computing such holder's U.S. federal taxable income, for any non-refundable non-U.S. taxes withheld (at a rate not exceeding any applicable

treaty rate). An election to deduct creditable foreign taxes instead of claiming foreign tax credits must be applied to all foreign taxes paid or accrued in the U.S. Holder's taxable year. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex, and recently finalised Treasury regulations have imposed additional requirements that must be met for a foreign tax to be creditable, and the Issuer does not intend to determine whether such requirements will be met. A recent notice from the IRS indicates that the Treasury and the IRS are considering proposing amendments to such Treasury regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such Treasury regulations for taxable years ending on or before December 31, 2023, and that additional temporary relief may be provided. U.S. Holders should consult their tax advisors concerning the foreign tax credit and deductibility implications of any non-U.S. taxes withheld.

Sale or Other Taxable Disposition of Notes

A U.S. Holder generally will recognise gain or loss on the sale or other taxable disposition of a Note equal to the difference between the amount realised on the sale or other taxable disposition and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognised on the sale or other taxable disposition of a Note will be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Non-corporate U.S. Holders generally are subject to tax on long-term capital gains at reduced rates. The deductibility of capital losses is subject to limitations. The rules governing foreign tax credits are complex and prospective purchasers should consult their tax advisers as to the foreign tax credit and other U.S. federal income tax implications if any non-U.S. taxes are imposed on a sale or retirement of the Notes in their particular circumstances.

Further Issues

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of the sale or other taxable disposition (including a retirement or redemption) of, the Notes will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

TRANSFER RESTRICTIONS

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes and the Guarantee are being offered and sold outside the United States in reliance on Regulation S. The Subscription Agreement (as defined in "Subscription and Sale") provides that the Joint Bookrunners may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes and the Guarantee within the United States only to qualified institutional buyers in reliance on Rule 144A.

By its purchase of Notes, each purchaser of the Notes will be deemed to have acknowledged, represented and agreed with the Joint Bookrunners and the Issuer as follows:

(1) the purchaser (a) (i) is a QIB within the meaning of Rule 144A, (ii) is acquiring the Notes for its own account or for the account of such a QIB and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A or (b) is purchasing the Notes outside of the United States in an offshore transaction pursuant to and in accordance with Regulation S;

(2) the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged, or otherwise transferred except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable State securities laws;

(3) the Rule 144A Global Note and any Rule 144A Definitive Registered Note will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THE NOTES AND THE GUARANTEE REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES AND GUARANTEE REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES AND GUARANTEE REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) OUTSIDE OF THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) TO THE ISSUER OR ITS AFFILIATES."

(4) if it is acquiring any Notes for the account of one or more investor accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(5) it acknowledges that neither the Issuer, the Joint Bookrunners nor any person representing the Issuer or the Joint Bookrunners, has made any representation to it with respect to the Issuer or the offer or sale of

any of the Notes other than (in the case of the Issuer) the information contained in this Offering Circular, which Offering Circular has been delivered to it and upon which it is relying in making an investment decision with respect to the Notes. It acknowledges that the Joint Bookrunners make no representation or warranty as to the accuracy or completeness of this Offering Circular;

(6) it understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and that, according to Article 15d(ii) of Decree 32, residents in Türkiye will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer funds for the purchase of such securities abroad only through licensed banks or licensed brokerage institutions authorised pursuant to the Banking Law and/or the Capital Markets Law and related legislation;

(7) if it is an investor in the European Economic Area, that it represents that it is not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

- a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or
- a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;

(8) if it is an investor in the United Kingdom, that it represents that it is not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

- a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(9) it understands that the Issuer, the Joint Bookrunners, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Bookrunners.

SUBSCRIPTION AND SALE

BNP Paribas, Citigroup Global Markets Limited and Merrill Lynch International (the "**Joint Bookrunners**") have agreed with the Issuer and the Guarantors, pursuant to a subscription agreement to be dated on or about the date of this Offering Circular (the "**Subscription Agreement**"), severally (and not jointly or jointly and severally) and subject to the satisfaction of certain conditions, to subscribe the Notes. The Issuer will pay the Joint Bookrunners a customary fee and will reimburse the Joint Bookrunners for certain expenses related to the Offering.

The Issuer and the Guarantors have agreed, jointly and severally, to indemnify the Joint Bookrunners against certain liabilities, including liabilities under the Securities Act. Certain of the Joint Bookrunners have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to the Issuer and its affiliates from time to time, for which they have received monetary compensation. Certain of the Joint Bookrunners may from time to time also enter into swap and other derivative transactions with the Issuer and its affiliates. In addition, certain of the Joint Bookrunners and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer or its affiliates.

If a jurisdiction requires that the Offering be made by a licensed broker or dealer and one or more of the Joint Bookrunners is/are or any affiliate of one or more of the Joint Bookrunners is/are a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by such Joint Bookrunner(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction.

The Terms and Conditions will not incorporate, or include any of, or otherwise be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act or any state securities laws of any other jurisdiction and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented that it has not offered or sold, and agrees that it will not offer or sell, the Notes or the Guarantee as part of its distribution at any time except (i) outside the United States in offshore transactions in accordance with Rule 903 or 904 of Regulation S or (ii) to persons reasonably believed to be QIBs in reliance on Rule 144A. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee. Terms used in the paragraph have the meaning given to them by Regulation S.

Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented, warranted and undertaken that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Notes and the Guarantee in the United States.

The Joint Bookrunners may directly or through their respective U.S. registered broker-dealer affiliates arrange for the offer and resale of Notes and the Guarantee in the United States only to QIBs in accordance with Rule 144A.

Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in

Regulation S) with respect to the distribution or delivery of the Notes and the Guarantee except with its affiliates or with the prior written consent of the Issuer.

European Economic Area

Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

Prohibition of sales to United Kingdom retail investors

Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes

Other United Kingdom regulatory restrictions

Each Joint Bookrunner has severally (and not jointly or jointly and severally) represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Türkiye

The Offering of the Notes has been authorised by the CMB on 23 November 2023 through the approval of the Issuance Certificate (*Ihraç Belgesi*) only for the purpose of the sale of the Notes outside of Türkiye in accordance with Article 11 of the capital markets law, Article 15(b) of Decree 32 and the communiqué on debt

instruments. The Notes (or beneficial interests therein) must be offered or sold outside of Türkiye and the CMB has approved the issuance certificate (*Ihraç Belgesi*); provided that, no transaction that may be deemed as a sale of the notes (or beneficial interests therein) in Türkiye by way of private placement or public offering may be engaged in.

Notwithstanding the foregoing, in accordance with Article 15(d)(ii) of Decree 32, residents of Türkiye may purchase or sell notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis, *provided* that such purchase or sale is made in the financial markets outside of Türkiye through licensed banks authorised by the BRSA or licensed brokerage institutions authorised pursuant to the CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use such banks or licensed brokerage institutions while purchasing the notes (or beneficial interests therein) and transfer the purchase price through such licensed banks.

Any directed selling efforts within Türkiye in connection with the Notes are strictly prohibited. Under no circumstances, no form of general solicitation or general advertising in connection with any offer and sale of the notes in Türkiye is permitted and no disclosure in Türkiye in relation to the Issuer, the Notes or the Offering Circular may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

General

No action has been or will be taken in any jurisdiction by any Joint Bookrunner, the Issuer or the Guarantors that would permit a public offering of the Notes, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Circular does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Circular comes are advised to inform themselves about, and to observe any restrictions relating to, the Offering, the distribution of this Offering Circular and re-sale of the Notes. See "*Transfer Restrictions*".

The Joint Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the Offering, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the Offering may not be completed. Investors will have no rights against the Issuer, the Guarantors or the Joint Bookrunners in respect of any expense incurred or loss suffered in these circumstances.

GENERAL INFORMATION

Authorisations

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in Türkiye and the Netherlands as the case may be in connection with the issue of the Notes and the execution and performance of their respective obligations under Notes and the Guarantee, respectively.

The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 22 September 2023 (numbered 2023/19) and 24 October 2023 (numbered 2023/23). The giving of the Guarantee was duly authorised by a resolution of the board of directors of each of the Guarantors passed on 26 September 2023. The Guarantors established in Türkiye will notify the Guarantee to the Ministry of Treasury and Finance as per the provisions of Decree No. 32 within 30 days following the issuance of the Notes.

Clearing Systems

The Notes have been accepted for clearance through the DTC, Clearstream, Luxembourg and Euroclear systems.

The ISIN for the Regulation S Notes is XS2729164462 and for the Rule 144A Notes is US87216EAA47. The Common Code for the Regulation S Notes is 272916446 and for the Rule 144A Notes is 273078371. The CUSIP number for the Rule 144A Notes is 87216E AA4.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Admission to Trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the GEM. It is expected that admission of the Notes to the Official List and to trading on the GEM will become effective on or about 7 December 2023.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Republic in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the GEM.

Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer, the Guarantors or of the Group since 30 September 2023 and no material adverse change in the financial position or prospects of the Issuer, the Guarantors or of the Group since 31 December 2022.

Litigation

Neither the Issuer, the Guarantors nor other member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantors or of the Group.

Material Contracts

Except as disclosed in this Offering Circular, the Issuer nor the Guarantors has not entered into any material contract outside the ordinary course of its business that could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations in respect of the Notes.

Documents on Display

For as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM, copies of the following documents will be available in physical form for inspection at the registered office of the Issuer and at the specified offices of the Paying and Transfer Agent for the time being at Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom:

- the constitutional documents of the Issuer and the Guarantors;
- the annual consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2022, 2021 and 2020, together with the audit reports in connection therewith;
- the interim consolidated accounts of the Issuer for the nine-month period ended 30 September 2023;
- the Trust Deed;
- the Agency Agreement; and
- this Offering Circular and any supplements thereto.

Independent Auditors

The consolidated financial statements of the Issuer for years ended 31 December 2022 and 2021 have been audited by Drt Bağimsiz Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu Limited), independent auditors, as stated in their audit reports appearing herein.

The interim condensed consolidated financial statements of the Issuer for the nine months ended 30 September 2023 included in this Offering Circular have been reviewed by Drt Bağimsiz Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş., independent auditors, as stated in their review report appearing herein.

Güney Drt Bağimsiz Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is a member of the Chambers of Certified Public Accountants of Türkiye, and is authorised by the Public Oversight, Accounting and Auditing Standards Authority to conduct independent audits of companies in Türkiye.

The consolidated financial statements of the Issuer for year ended 31 December 2020, included in the Offering Circular, have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst & Young Global Limited), independent auditors, as stated in their audit report appearing herein. Ernst & Young is an independent certified public accountant in Türkiye, a member firm of Ernst & Young Global Limited. Ernst & Young is located at Maslak Mahallesi Eski Büyükdere Caddesi, Orjin Plaza No:27 Kat: 2-3-4, Daire: 54-57-59, 34485 Sarıyer, İstanbul, Türkiye.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

Yield

The yield of the Notes is 8.500 per cent. per annum. The yield is calculated as at 7 December 2023 on the basis of the issue price. It is not an indication of future yield.

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ISSUER

TAV Havalimanları Holding A.Ş.
Ayazağa Mah. Azerbaycan Cad.
2c Blok No: 3l İç Kapı No: 6
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For the year ended 31 December 2020

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For years ended 31 December 2022 and 2021

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London EC2N 1DW
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TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Interim Condensed Consolidated Financial Statements
As at and for the Nine-Month Period Ended 30 September 2023

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 49 pages.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position
As at 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	30 September 2023	31 December 2022
ASSETS			
Property and equipment		636,854	487,345
Intangible assets		19,300	19,888
Airport operation right	9	1,600,196	1,652,220
Right of use assets		69,347	56,754
Equity-accounted investments	23	702,139	755,853
Goodwill		219,913	219,206
Derivative financial instruments	19	67,813	53,613
Non-current due from related parties	22	80,241	144,016
Other non-current assets	10	248,133	107,913
Deferred tax assets		31,817	28,593
Total non-current assets		**3,675,753**	**3,525,401**
Inventories		29,445	50,169
Financial assets	18	88,003	45,466
Trade receivables	11	168,709	113,771
Due from related parties	22	28,196	20,078
Other receivables and current assets	10	164,420	159,264
Cash and cash equivalents	12	448,500	258,015
Restricted bank balances	13	95,810	105,569
		1,023,083	**752,332**
Assets classified as held for sale		1,031	-
Total current assets		**1,024,114**	**752,332**
TOTAL ASSETS		**4,699,867**	**4,277,733**

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

Interim Condensed Consolidated Statement of Financial Position
As at 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	30 September 2023	31 December 2022
EQUITY			
Share capital	14	162,384	162,384
Share premium		220,286	220,286
Legal reserves		121,975	121,975
Other reserves		(70,058)	(74,341)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		57,481	46,885
Translation reserves		(59,743)	(38,431)
Retained earnings		914,244	725,838
Total equity attributable to equity holders of the Company		**1,386,633**	**1,204,660**
Non-controlling interests	23	18,655	19,998
Total Equity		**1,405,288**	**1,224,658**
LIABILITIES			
Loans and borrowings	16	1,201,610	1,007,692
Reserve for employee severance indemnity		23,165	24,029
Due to related parties	22	460,218	465,279
Deferred income		13,637	11,724
Other payables	17	627,015	709,987
Liabilities from equity-accounted investments		10,019	9,542
Deferred tax liabilities		98,697	93,595
Total non-current liabilities		**2,434,361**	**2,321,848**
Bank overdraft	12	401	378
Loans and borrowings	16	501,956	387,677
Trade payables		66,404	70,415
Due to related parties	22	936	735
Derivative financial instruments	19	-	173
Current tax liabilities	7	17,504	10,820
Other payables	17	245,470	208,231
Provisions		8,154	6,936
Deferred income		18,999	45,862
		859,824	**731,227**
Liabilities classified as held for sale		394	-
Total current liabilities		**860,218**	**731,227**
Total Liabilities		**3,294,579**	**3,053,075**
TOTAL EQUITY AND LIABILITIES		**4,699,867**	**4,277,733**

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Nine-Month Period Ended 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Operating revenue	6	981,968	421,793	752,481	340,929
Other operating income		1,219	137	2,034	439
Cost of catering inventory sold		(34,465)	(14,914)	(24,997)	(10,852)
Cost of fuel sold		(164,382)	(52,614)	(115,777)	(45,712)
Cost of services rendered		(95,199)	(39,881)	(67,513)	(29,955)
Personnel expenses		(233,280)	(89,927)	(161,036)	(64,540)
Concession and rent expenses		(1,383)	(600)	(992)	(456)
Depreciation, amortisation and impairment expenses		(99,339)	(48,191)	(70,431)	(37,040)
Other operating expenses		(133,215)	(49,440)	(117,255)	(51,892)
Share of profit of equity-accounted investees, net of tax	23	77,576	68,940	47,175	41,618
Operating profit		**299,500**	**195,303**	**243,689**	**142,539**
Finance income	8	68,706	48,966	20,724	8,780
Finance costs	8	(146,636)	(48,493)	(118,687)	(47,131)
Net finance (cost) / income		**(77,930)**	**473**	**(97,963)**	**(38,351)**
Net monetary position gains		**6,419**	**5,137**	**14,216**	**2,223**
Profit before tax from continuing operations		**227,989**	**200,913**	**159,942**	**106,411**
Tax expenses	7	(44,302)	(13,679)	(23,366)	(4,432)
Profit from continuing operations		**183,687**	**187,234**	**136,576**	**101,979**
Loss from discontinued operations		(159)	(19)	(717)	(195)
Profit for the period after discontinued operations		**183,528**	**187,215**	**135,859**	**101,784**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Defined benefit obligation actuarial differences		(5,398)	172	(1,565)	10
Defined benefit obligation actuarial differences from equity accounted investees		(9,199)	(1,029)	(2,900)	174
Tax on defined benefit obligation actuarial differences		2,356	1,333	315	(2)
Tax on defined benefit obligation actuarial differences from equity accounted investees		1,556	183	31	-
Total items that will not be reclassified to profit or loss		**(10,685)**	**659**	**(4,119)**	**182**
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		8,241	16,086	81,922	23,175
Effective portion of changes in fair value of cash flow hedges from equity accounted investees		356	501	1,185	1,185
Portion of cash flow hedges charged to profit or loss		5,343	-	(5,013)	-
Foreign currency translation differences for foreign operations		(2,915)	12,780	91,159	43,937
Foreign currency translation differences for foreign operations from equity accounted investees		(18,019)	(1,620)	(8,975)	(2,464)
Tax on cash flow hedge reserves		(3,344)	(3,816)	(15,105)	(4,536)
Tax on cash flow hedge reserves from equity accounted investees		-	(381)	-	-
Total items that are or may be reclassified subsequently to profit or loss		**(10,338)**	**23,550**	**145,173**	**61,297**
Other comprehensive income for the period, net of tax		**(21,023)**	**24,209**	**141,054**	**61,479**
Total comprehensive income for the period		**162,505**	**211,424**	**276,913**	**163,263**

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

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Nine-Month Period Ended 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Profit attributable to:					
Owners of the Company		176,185	183,684	129,037	98,218
Non-controlling interest	23	7,343	3,531	6,822	3,566
Profit for the period after discontinued operations		**183,528**	**187,215**	**135,859**	**101,784**
Total comprehensive income attributable to:					
Owners of the Company		154,784	207,743	265,494	157,382
Non-controlling interest		7,721	3,681	11,419	5,881
Total comprehensive income for the period		**162,505**	**211,424**	**276,913**	**163,263**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**	**361,233,919**	**361,233,919**
Basic and diluted earnings per share for continued operations	15	**0.48**	**0.51**	**0.36**	**0.27**
Basic and diluted losses per share for discontinued operations	15	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Attributable to owners of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2022	**162,384**	**220,286**	**121,975**	**(52,523)**	**(4,282)**	**40,064**	**(17,895)**	**(64,975)**	**590,668**	**995,702**	**14,951**	**1,010,653**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	129,037	129,037	6,822	135,859
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	62,989	-	-	62,989	-	62,989
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(4,119)	(4,119)	-	(4,119)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	77,587	-	77,587	4,597	82,184
Total other comprehensive income	-	-	-	-	-	-	62,989	77,587	(4,119)	136,457	4,597	141,054
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**62,989**	**77,587**	**124,918**	**265,494**	**11,419**	**276,913**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23)	-	-	-	-	-	-	-	-	-	-	(3,021)	(3,021)
Effect of IAS 29 indexation	-	-	-	20,383	-	-	-	-	7,267	27,650	-	27,650
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	61	61
Total transactions with owners of the Company	**-**	**-**	**-**	**20,383**	**-**	**-**	**-**	**-**	**7,267**	**27,650**	**(2,960)**	**24,690**
Balance at 30 September 2022	**162,384**	**220,286**	**121,975**	**(32,140)**	**(4,282)**	**40,064**	**45,094**	**12,612**	**722,853**	**1,288,846**	**23,410**	**1,312,256**
Balance at 1 January 2023	**162,384**	**220,286**	**121,975**	**(74,341)**	**-**	**40,064**	**46,885**	**(38,431)**	**725,838**	**1,204,660**	**19,998**	**1,224,658**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	176,185	176,185	7,343	183,528
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	10,596	-	-	10,596	-	10,596
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(10,685)	(10,685)	-	(10,685)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(21,312)	-	(21,312)	378	(20,934)
Total other comprehensive income	-	-	-	-	-	-	10,596	(21,312)	(10,685)	(21,401)	378	(21,023)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**10,596**	**(21,312)**	**165,500**	**154,784**	**7,721**	**162,505**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23)	-	-	-	-	-	-	-	-	-	-	(9,064)	(9,064)
Effect of IAS 29 indexation	-	-	-	-	-	-	-	-	22,906	22,906	-	22,906
Other changes in equity	-	-	-	4,283	-	-	-	-	-	4,283	-	4,283
Total transactions with owners of the Company	**-**	**-**	**-**	**4,283**	**-**	**-**	**-**	**-**	**22,906**	**27,189**	**(9,064)**	**18,125**
Balance at 30 September 2023	**162,384**	**220,286**	**121,975**	**(70,058)**	**-**	**40,064**	**57,481**	**(59,743)**	**914,244**	**1,386,633**	**18,655**	**1,405,288**

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

Interim Condensed Consolidated Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	1 January-30 September 2023	1 January-30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations		**183,687**	**136,576**
Loss from discontinued operations		**(159)**	**(717)**
Adjustments for:			
Amortisation and impairment of airport operation right	9	55,831	33,315
Depreciation of property and equipment		41,061	34,904
Amortisation of intangible assets		2,447	2,212
Concession and rent expenses		1,383	992
Provision for employee severance indemnity		2,980	2,039
Provision for doubtful receivables		704	3,098
Discount on receivables, payables and financial liabilities, net		(1,920)	(1,377)
Provision set for unused vacation		3,034	179
Loss on sale of property and equipment		64	293
Interest income		(26,885)	(11,762)
Interest expense on financial liabilities		92,246	60,695
Other finance income	8	(35,477)	-
Tax expense	7	44,299	23,362
Unwinding of discount on concession receivable and payable		28,613	26,587
Share of profit of equity-accounted investees, net of tax	23	(77,576)	(47,175)
Unrealised foreign exchange differences on statement of financial position items		(20,071)	14,637
Net monetary position gains		(6,411)	(14,152)
Cash flows from operating activities		**287,850**	**263,706**
Change in current trade receivables		(55,015)	(45,331)
Change in non-current trade receivables		-	9,683
Change in inventories		962	(33,786)
Change in due from related parties		(6,718)	(11,274)
Change in other receivables and assets		(141,243)	(45,352)
Change in trade payables		(3,801)	39,304
Change in due to related parties		(201)	255
Change in other payables and provisions		(57,615)	42,552
Cash provided from operations		**24,219**	**219,757**
Income taxes paid	7	(37,593)	(15,037)
Retirement benefits paid		(2,243)	(628)
Net cash (used in) / provided from operating activities		**(15,617)**	**204,092**

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

Interim Condensed Consolidated Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2023

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

	Notes	1 January-30 September 2023	1 January-30 September 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets and airport operation right		1,643	3,249
Acquisition of property and equipment		(160,987)	(98,672)
Additions to airport operation right	9	-	(112)
Sale of joint venture		124,617	-
Purchase of exchange rate protected deposit		(86,250)	(1,714)
Proceeds from exchange rate protected deposit		45,293	-
Acquisition of intangible assets		(1,063)	(611)
Acquisition of non-consolidated investments		(433)	(372,657)
Change in due from related parties		29,545	(5,670)
Dividends from equity-accounted investees		51,571	19,817
Net cash provided from / (used in) investing activities		**3,936**	**(456,370)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		365,680	362,309
Repayment of borrowings		(105,047)	(156,092)
Dividends paid		(9,064)	(3,021)
Interest received		16,187	3,965
Interest paid		(44,658)	(40,670)
Change in due to related parties		(21,602)	292,837
Change in restricted bank balances		9,760	(29,628)
Change in lease liabilities		(9,113)	(9,002)
Net cash provided from financing activities		**202,143**	**420,698**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**190,462**	**168,420**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	12	**257,637**	**92,515**
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	12	**448,099**	**260,935**

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

1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is Vadi İstanbul Bulvar, Ayazağa Mah. Azerbaycan Cad. Sarıyer, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The interim condensed consolidated financial statements of the Company as at and for the nine-month period ended 30 September 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures.

Changes in ownership interest percentages of the Company's subsidiaries since 31 December 2022 are as follows:

			30 September 2023		31 December 2022	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Ankara Yatırım Yapım ve İşletme A.Ş. ("TAV Ankara")	Ankara Airport Terminal Services	Turkey	100.00	100.00	-	-
Primeclass Santiago SPA ("TAV İşletme SASA")	Lounge Services	Chile	50.00	50.00	-	-
Kazakhstan Operation Services LLP ("TAV İşletme Kazakistan")	Lounge Services	Kazakhstan	100.00	100.00	-	-
TAV Operation Services Saudi Arabia LLC. ("TAV İşletme Saudi")	Lounge Services	Saudi Arabia	100.00	100.00	66.66	66.66
Tibah Airports Development Company CJSC ("Tibah Development")	Airport Operator	Saudi Arabia	26.00	26.00	50.00	50.00

1. REPORTING ENTITY (continued)

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer ("BOT") agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA"), Ministry of Transportation ("MOT"), TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development entered into Build-Transfer-Operate ("BTO") agreement with General Authority of Civil Aviation ("GACA"). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMİ and Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The Group indirectly acquired 85% of AIA and VT through its holding companies in 2021.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Ankara Esenboğa, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. The Group has successfully completed force majeure compensation discussions with the Ministry of Transport and Communication of North Macedonia, to compensate for the negative effects of the COVID-19 pandemic. TAV Macedonia DOOEL and the Ministry of Transport and Communication of North Macedonia have signed an agreement in regards to these discussions.

As per this agreement, the concession periods of Skopje and Ohrid airports that Group operates in North Macedonia have each been extended for two years and thus the concession expiry date for these airports which was June 2030, has been updated to June 2032.

In accordance with the authorization provided by article 11 of the Group's articles of association and in compliance with the provisions of the Capital Markets Board's Communiqué on Debt Securities, Board of Directors of the Group has unanimously resolved to issue debt securities for sale in foreign markets, with total value of up to 750.000.000 (seven hundred and fifty million) USD or its equivalent in foreign currency, within a one-year period and to carry out the issuance of debt securities through one or more transactions, in various series and maturities, with fixed and/or variable interest rates to be determined based on the prevailing market conditions at the time of issuance and has applied to the Capital Markets Board for approval of the issuance of our debt securities.

Seasonality of Operations

Due to seasonal nature of operations, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased number of passengers during the peak season.

The Group employs 20,112 in subsidiaries (average: 19,407) and 10,426 in joint ventures (average: 10,025) people as at 30 September 2023 (31 December 2022: 17,840 in subsidiaries (average: 17,644) and 9,062 in joint ventures (average: 9,095).

TAV İstanbul employs no personnel (31 December 2022: 3 (average: 4)) as at 30 September 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB and IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 24 October 2023. The power to change the interim condensed consolidated financial statements after the issuing of the interim condensed consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for financial liabilities at fair value through profit or loss and derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of IAS 29 "Financial Reporting in High Inflation Economies".

IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency, so that the financial information provided is more meaningful. The Standard lists factors that indicate an economy is hyperinflationary. One of the indicators of hyperinflation is if cumulative inflation over a three-year period approaches, or is in excess of, 100 per cent. Currently, Turkey has economic conditions that will now require reporting entities to follow the requirements set out in IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Cumulative change in Consumer Price Index (CPI) for the last 3 years exceeded 100% in 2022. Although Group's hard currency is EUR, Group applied IAS 29 for the group companies which have TRL as their functional currency starting from 1 January 2022. Indexation of all non-monetary assets, non-monetary liabilities and income statement has been done by using Consumer Price Index. Effect of IAS 29 indexation until 31 December 2021 is accounted under equity. Effect of IAS 29 indexation from 1 January 2023 until 30 September 2023 and 1 January 2022 until 30 September 2022 are accounted under consolidated statement of profit or loss and comprehensive income.

Effect of IAS 29 in Groups consolidated financial statements for the period ended 30 September 2023 are as shown below:

Share of profit of equity-accounted investments: EUR (3,674)
Net income: EUR (2,908)
Equity: EUR 22,906

2. BASIS OF PREPARATION (continued)

d) Basis of presentation of consolidated financial statements

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications, for the purpose of fair presentation in accordance with IFRS.

e) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly, functional currency of TAV Holding as a parent company has been determined as Euro. The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

The functional currencies of the Group entities and joint ventures are consistent with the Group's interim consolidated financial statements as at and for the nine-month period ended 30 September 2023.

3. CHANGES IN ACCOUNTING POLICIES

The new standards, amendments and interpretations

a) Amendments that are mandatorily effective from 2023

Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

Amendments to IAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

***a) Amendments that are mandatorily effective from 2023* (continued)**

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 17 *Insurance Contracts* and *Initial Application of IFRS 17 and IFRS 9 — Comparative Information*

Amendments have been made in IFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of IFRS 17.

Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

The Group assessed that the adoption of these amendments that are effective from 2023 do not have any material effect on the Group's consolidated financial statements.

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to IFRS 4 *Extension of the Temporary Exemption from Applying IFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that insurance and reinsurance and pension companies would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of IFRS 17.

3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

b) New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 *Non-current Liabilities with Covenants*

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

4. DETERMINATION OF FAIR VALUES (continued)

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ license acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

4. DETERMINATION OF FAIR VALUES (continued)

iv) Derivatives: (continued)

v) Other non-derivative financial liabilities: (continued)

Fair value hierarchy: (continued)

30 September 2023	**Level 1**	**Level 2**	**Level 3**
Financial assets	-	88,003	-
Interest rate swap	-	67,813	-
Financial liabilities at fair value through profit or loss	-	(25,529)	-

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Financial assets	-	45,466	-
Interest rate swap	-	53,613	-
Financial liabilities at fair value through profit or loss	-	(25,390)	-
Forward	-	(173)	-

5. OPERATING SEGMENT

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation, AMS; TAV Antalya and AIA. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, MZLZ and AIA also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BTA Uluslararası Yiyecek, BTA MZLZ and ACS.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık and ATU Uluslararası Mağazacılık.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ, HAVAŞ Adriatic, HAVAŞ Kazakhstan, HAVAŞ MZLZ, HAVAŞ Macedonia and Havaş Georgia. HAVAŞ provides bus operations.

5. OPERATING SEGMENT (continued)

- ***Other:*** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme Kazakhstan, TAV İşletme SASA, TAV İşletme New York, TAV İşletme Madagascar, TAV İşletme Bermuda, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, TAV İşletme Saudi, Paris Lounge Network, TAV İşletme Chile, TAV İşletme Dulles Operations, TAV İşletme Dulles Investment, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Netherlands, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings, Medinah Hotel, Holdco, AAIH, TAV Kazakhstan, VT and FBO.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

5. OPERATING SEGMENT (continued)

	Nine-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total external revenues	752,961	626,971	121,349	90,719	176,081	122,692	331,510	244,953	147,417	118,809	1,529,318	1,204,144
Inter-segment revenue	49,590	35,899	11,172	7,240	35	59	836	826	37,990	33,040	99,623	77,064
Interest income	10,028	19,958	478	353	1,126	1,530	653	1,670	35,223	18,677	47,508	42,188
Interest expenses	(66,699)	(53,170)	(3,081)	(2,115)	(727)	(1,021)	(6,465)	(4,232)	(49,695)	(44,755)	(126,667)	(105,293)
Depreciation and amortisation	(171,489)	(134,800)	(5,559)	(5,238)	(4,056)	(7,883)	(14,271)	(12,745)	(8,616)	(7,480)	(203,991)	(168,146)
Reportable segment operating profit	217,465	196,329	14,528	8,102	21,754	12,833	51,592	54,353	47,422	7,729	352,761	279,346
Capital expenditures	289,711	141,456	4,825	3,050	2,998	1,922	18,639	3,478	22,763	6,651	338,936	156,557

	As at 30 September 2023 and 31 December 2022											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Reportable segment assets	4,794,916	4,663,529	51,601	33,891	148,882	154,257	278,117	263,389	1,438,386	1,265,705	6,711,902	6,380,771
Reportable segment liabilities	3,881,484	3,715,781	84,245	74,245	75,023	96,895	148,141	145,990	751,340	758,317	4,940,233	4,791,228

5. OPERATING SEGMENT (continued)

	Three-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total external revenues	298,230	299,090	58,992	43,811	79,561	63,874	157,784	109,677	62,972	52,218	657,539	568,670
Inter-segment revenue	26,690	20,177	4,352	3,190	16	33	397	372	13,023	10,843	44,478	34,615
Interest income	2,800	1,180	212	252	368	813	337	964	13,688	6,740	17,405	9,949
Interest expenses	(16,490)	(19,754)	(1,164)	(646)	(64)	(345)	(2,105)	(1,280)	(17,558)	(10,962)	(37,381)	(32,987)
Depreciation and amortisation	(86,269)	(79,787)	(2,179)	(1,909)	1,814	(3,336)	(4,742)	(4,773)	(3,343)	(3,209)	(94,719)	(93,014)
Reportable segment operating profit	124,673	98,635	9,529	6,274	12,147	8,618	29,374	29,301	40,648	2,189	216,371	145,017
Capital expenditures	107,983	44,223	768	542	1,015	1,187	3,655	1,255	6,441	3,220	119,862	50,427

5. OPERATING SEGMENT (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**1 January-30 September 2023**	**1 July-30 September 2023**	**1 January-30 September 2022**	**1 July-30 September 2022**
Total revenue for reportable segments	1,443,534	626,022	1,129,359	540,224
Other revenue	185,407	75,995	151,849	63,061
Elimination of inter-segment revenue	(99,623)	(44,478)	(77,064)	(34,615)
	1,529,318	**657,539**	**1,204,144**	**568,670**
Effect of using the equity method for joint ventures	(547,350)	(235,746)	(451,663)	(227,741)
Consolidated revenue	**981,968**	**421,793**	**752,481**	**340,929**

Operating profit	**1 January-30 September 2023**	**1 July-30 September 2023**	**1 January-30 September 2022**	**1 July-30 September 2022**
Segment operating profit	305,339	175,723	271,617	142,828
Other operating profit	47,422	40,648	7,729	2,189
	352,761	**216,371**	**279,346**	**145,017**
Effect of using the equity method for joint ventures	(53,261)	(21,068)	(35,657)	(2,478)
Consolidated operating profit	**299,500**	**195,303**	**243,689**	**142,539**
Finance income	68,706	48,966	20,724	8,780
Finance expense	(146,636)	(48,493)	(118,687)	(47,131)
Net monetary position gain	6,419	5,137	14,216	2,223
Consolidated profit before tax from continuing operations	**227,989**	**200,913**	**159,942**	**106,411**

Assets	**30 September 2023**	**31 December 2022**
Total assets for reportable segments	5,273,910	5,115,066
Other assets	1,438,386	1,265,705
	6,712,296	**6,380,771**
Effect of using the equity method for joint ventures	(2,012,429)	(2,103,038)
Consolidated total assets	**4,699,867**	**4,277,733**

Liabilities	**30 September 2023**	**31 December 2022**
Total liabilities for reportable segments	4,189,287	4,032,911
Other liabilities	751,340	758,317
	4,940,627	**4,791,228**
Effect of using the equity method for joint ventures	(1,646,048)	(1,738,153)
Consolidated total liabilities	**3,294,579**	**3,053,075**

5. OPERATING SEGMENT (continued)

Interest income	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Total interest income for reportable segments	12,285	3,717	23,511	3,209
Other interest income	35,223	13,688	18,677	6,740
Elimination of inter-segment interest income	(16,473)	(5,900)	(27,986)	(3,363)
	31,035	**11,505**	**14,202**	**6,586**
Effect of using the equity method for joint ventures	(4,202)	(1,334)	(2,444)	(1,256)
Consolidated interest income	**26,833**	**10,171**	**11,758**	**5,330**

Interest expense	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Total interest expense for reportable segments	(76,972)	(19,823)	(60,538)	(22,025)
Other interest expense	(49,695)	(17,558)	(44,755)	(10,962)
Elimination of inter-segment interest expense	15,546	4,974	26,348	3,222
	(111,121)	**(32,407)**	**(78,945)**	**(29,765)**
Effect of using the equity method for joint ventures	18,875	(1,012)	18,250	7,765
Consolidated interest expense	**(92,246)**	**(33,419)**	**(60,695)**	**(22,000)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Kazakhstan, Turkey, Georgia, Tunisia, Macedonia, Latvia, Oman, Spain and Saudi Arabia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Turkey	393,256	192,204	293,755	145,806
Kazakhstan	302,862	105,754	229,637	87,743
Georgia	86,746	37,542	70,907	33,071
Macedonia	37,139	16,130	29,131	13,441
Tunisia	33,174	19,037	20,901	12,463
Oman	20,158	7,387	14,301	6,042
Latvia	19,590	7,290	14,010	5,753
Spain	13,533	5,207	8,164	3,167
Saudi Arabia	7,790	2,746	7,176	2,278
Other	67,720	28,496	64,499	31,165
Consolidated revenue	**981,968**	**421,793**	**752,481**	**340,929**

5. OPERATING SEGMENT (continued)

Non-current assets	30 September 2023	31 December 2022
Turkey	2,314,833	2,219,654
Kazakhstan	624,088	501,915
Tunisia	433,553	432,628
Macedonia	94,000	98,376
Georgia	78,141	82,984
Croatia	10,060	10,729
Oman	9,579	10,879
Qatar	5,403	4,515
Spain	4,763	4,653
Latvia	2,237	2,618
Saudi Arabia	1,533	2,239
Other	97,563	154,211
Consolidated non-current assets	**3,675,753**	**3,525,401**

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the period ended 30 September are as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Aviation income	405,138	167,992	313,908	137,490
Ground handling income	218,118	93,667	160,667	75,856
Catering services income	114,228	55,257	81,177	38,615
Income from lounge services and prime class	62,260	25,367	33,502	15,416
Commission from sales of duty free goods	46,860	24,870	39,019	22,803
Area allocation income	25,423	9,279	21,075	7,905
Security services income	15,730	7,921	8,883	3,649
Income from car parking operations and valet service income	15,521	5,846	11,467	4,683
Software sales income	11,808	4,862	5,710	1,775
Hardware sales income	10,555	5,049	33,921	17,287
Bus services income	8,363	3,530	5,186	2,326
Rent income from sublease	5,450	3,080	3,451	1,930
Advertising income	4,047	2,037	2,764	1,205
Hotel and reservation income	3,625	1,561	2,840	1,203
Utility and general participation income	2,973	935	3,107	1,261
Loyalty card income	1,140	653	394	164
Operating financial revenue	538	8	2,880	760
Other operating revenue	30,191	9,879	22,530	6,601
Total operating revenue	**981,968**	**421,793**	**752,481**	**340,929**

7. TAX EXPENSE

An analysis of the Group's tax expense for the nine-month periods ended 30 September 2023 and 2022 are as follows:

Tax recognised in profit or loss

	2023	2022
Current tax expense		
Current year tax expense	38,553	20,546
Adjustments for prior periods(*)	5,727	2,348
	44,280	**22,894**
Deferred tax expense		
Origination and reversal of temporary differences	8,358	3,858
Change in previously recognised investment incentives	(8,616)	(4,500)
Recognition of current period tax losses	280	1,114
	22	**472**
Total tax expense	**44,302**	**23,366**

(*) The amount in 2023 is mainly related with the earthquake tax.

The reported tax expenses for the periods ended 30 September 2023 and 2022 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2023	%	2022
Profit before tax from continuing operations		227,989		159,942
Loss before tax from discontinued operations		(159)		(721)
Profit before tax		**227,830**		**159,221**
Tax using the Company's domestic tax rate	25	56,958	23	36,621
Tax effects of:				
- non-deductible expenses	7	15,481	6	9,402
- translation of non-monetary items according to IAS 21	(7)	(15,242)	3	4,386
- change in previously recognised investment incentives	(4)	(8,616)	(3)	(4,500)
- tax exempt income	(6)	(14,299)	(3)	(4,605)
- used tax loss carry forwards which no deferred tax asset is recognised	(1)	(467)	(1)	(414)
- current year losses for which no deferred tax asset is recognised	17	39,057	1	626
- effect of different tax rates for foreign jurisdictions	(4)	(9,311)	(2)	(3,415)
- under / (over) provided in prior years	3	5,727	1	2,348
- adjustment for equity accounted investees	(9)	(19,394)	(7)	(10,850)
- effect of change in tax rates	1	3,005	-	-
- effect of different tax rates	1	2,286	(2)	(2,472)
- other consolidation adjustments	(4)	(10,886)	(2)	(3,765)
Tax expense	**19**	**44,299**	**14**	**23,362**
Total tax expense from continuing operations		**44,302**		**23,366**
Total tax expense from discontinued operations		**(3)**		**(4)**

7. TAX EXPENSE (continued)

Corporate tax:

	30 September 2023	31 December 2022
Corporate tax provision from continuing operations	38,553	30,785
Corporate tax provision from discontinued operations	(3)	(29)
Corporate tax provision	38,550	30,756
Adjustments for prior periods	5,727	3,214
Add: taxes payable from previous year	10,820	3,296
Less: corporation taxes paid during the year	(37,593)	(26,446)
Current tax liabilities	**17,504**	**10,820**

8. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the period ended 30 September are as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Interest income on bank deposits and intercompany loans	26,833	10,171	11,758	5,330
Discount income	1,920	1,755	1,377	9
Fair value of derivatives	123	-	-	-
Other financial assets income (*)	4,353	1,563	6,092	2,726
Other finance income (**)	35,477	35,477	1,497	715
Finance income	**68,706**	**48,966**	**20,724**	**8,780**

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Interest expense on financial liabilities and intercompany loans	(92,246)	(33,419)	(60,695)	(22,000)
Discount expense (***)	(29,151)	(9,643)	(29,467)	(10,233)
Foreign exchange loss, net	(12,338)	(3,238)	(1,903)	(1,534)
Bank charges	(5,651)	(3,946)	(5,224)	(1,826)
Commission expense	(4,209)	(1,851)	(2,531)	(926)
Interest expense provision on employee benefit obligation	(2,680)	(878)	(1,216)	(397)
Fair value of derivatives	-	-	(118)	(15)
Other finance costs (**)	(361)	4,482	(17,533)	(10,200)
Finance cost	**(146,636)**	**(48,493)**	**(118,687)**	**(47,131)**
Net finance (costs) / income	**(77,930)**	**473**	**(97,963)**	**(38,351)**

(*) Other financial assets income is related with ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

(**) Other finance costs and incomes include financial expenses and gains due to the application of IAS 28. Financial expense which is occurred due to the application of IAS 28 as of 30 June 2023, turns into financial income due to the share sale of Tibah Development as of 30 September 2023.

(***) Discount expense is related with the unwinding of discount on concession payables amounting to EUR 29,151 as of 30 September 2023 (30 September 2022: EUR 29,467).

8. FINANCE INCOME AND FINANCE COSTS (continued)

Recognised in other comprehensive income

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Effective portion of changes in fair value of cash flow hedges	8,597	16,587	83,107	24,360
Portion of cash flow hedges charged to profit or loss	5,343	-	(5,013)	-
Tax on cash flow hedge reserves	(3,344)	(3,816)	(15,105)	(4,536)
Foreign currency translation differences for foreign operations	(2,915)	12,780	91,159	43,937
Finance costs recognised in other comprehensive income, net of tax	**7,681**	**25,551**	**154,148**	**63,761**

9. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Almaty Airport	Total
Cost								
Balance at 1 January 2022	**808,788**	**95,574**	**595,488**	**48,198**	**132,077**	**522,088**	**81,777**	**2,283,990**
Additions	-	-	-	-	-	112	-	112
Effect of movements in exchange rates	-	25,791	-	-	-	-	13,204	38,995
Balance at 30 September 2022	**808,788**	**121,365**	**595,488**	**48,198**	**132,077**	**522,200**	**94,981**	**2,323,097**
Balance at 1 January 2023	**809,096**	**116,608**	**595,488**	**48,198**	**132,077**	**522,234**	**87,117**	**2,310,818**
Effect of movements in exchange rates	-	2,140	-	-	-	-	708	2,848
Disposals	-	-	-	-	(39)	-	-	(39)
Transfers	-	2,820	-	-	-	-	-	2,820
Balance at 30 September 2023	**809,096**	**121,568**	**595,488**	**48,198**	**132,038**	**522,234**	**87,825**	**2,316,447**

(*) Transfer amounting to EUR 2,820 comprises from property, plant and equipments as at 30 September 2023 (31 December 2022: None).

(**) There is no capitalised borrowing cost on airport operation right during 2023 (31 December 2022: None).

9. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Almaty Airport	Total
Accumulated amortization								
Balance at 1 January 2022	**248,626**	**49,929**	**157,889**	**12,611**	**42,641**	**90,831**	**562**	**603,089**
Effect of movements in exchange rates	-	14,108	-	-	-	-	144	14,252
Amortisation for the period	18,849	5,014	3,634	674	4,919	9,599	626	43,315
Impairment reversals	-	-	(10,000)	-	-	-	-	(10,000)
Balance at 30 September 2022	**267,475**	**69,051**	**151,523**	**13,285**	**47,560**	**100,430**	**1,332**	**650,656**
Balance at 1 January 2023	**272,211**	**68,452**	**152,389**	**13,469**	**48,848**	**101,793**	**1,436**	**658,598**
Amortisation for the period	23,611	6,992	5,818	835	5,200	12,601	774	55,831
Effect of movements in exchange rates	-	1,228	-	-	-	-	30	1,258
Transfers	-	564	-	-	-	-	-	564
Balance at 30 September 2023	**295,822**	**77,236**	**158,207**	**14,304**	**54,048**	**114,394**	**2,240**	**716,251**
Carrying amounts								
At 30 September 2022	**541,313**	**52,314**	**443,965**	**34,913**	**84,517**	**421,770**	**93,649**	**1,672,441**
At 31 December 2022	**536,885**	**48,156**	**443,099**	**34,729**	**83,229**	**420,441**	**85,681**	**1,652,220**
At 30 September 2023	**513,274**	**44,332**	**437,281**	**33,894**	**77,990**	**407,840**	**85,585**	**1,600,196**

10. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 30 September 2023 and 31 December 2022, other receivables and current assets comprised the following:

Other receivables and current assets	30 September 2023	31 December 2022
Advances to suppliers	86,036	84,532
VAT deductible	32,213	23,744
Prepaid taxes and funds	14,549	10,662
Other prepaid expense	12,275	12,048
Income accruals	9,644	20,517
Prepaid insurance	2,802	1,439
Advances given to personnel	1,929	1,316
Deposits and guarantees given	330	449
Other receivables	4,642	4,557
	164,420	**159,264**

Other non-current assets	30 September 2023	31 December 2022
Financial assets (*)	78,296	73,782
Other non-current receivables (**)	169,837	34,131
	248,133	**107,913**

(*) Amount related to 15 years (3+3+3+3+3) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

(**) EUR 118,750 is related to advance concession payment to DHMI for TAV Ankara.

11. TRADE RECEIVABLES

At 30 September 2023 and 31 December 2022, trade receivables comprised the following:

Trade receivables:	30 September 2023	31 December 2022
Trade receivables	166,447	102,189
Doubtful receivables	47,671	49,244
Allowance for doubtful receivables (-)	(47,671)	(49,244)
Notes receivables	2,262	931
Guaranteed passenger fee receivable from DHMİ (*)	-	10,651
	168,709	**113,771**

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreement made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

12. CASH AND CASH EQUIVALENTS

At 30 September 2023 and 31 December 2022, cash and cash equivalents comprised the following:

	30 September 2023	31 December 2022
Cash on hand	1,005	609
Cash at banks		
- Demand deposits	140,998	195,534
- Time deposits	305,872	56,458
Other liquid assets	625	5,414
Cash and cash equivalents	**448,500**	**258,015**
Bank overdrafts used for cash management purposes	(401)	(378)
Cash and cash equivalents in the statement of cash flows	**448,099**	**257,637**

The details of the Group's time deposits, maturities and interest rates as at 30 September 2023 and 31 December 2022 are as follows:

30 September 2023

Original Currency	Maturity	Interest rate %	Balance
EUR	October – December 2023	0.01 – 3.65	237,905
USD	October – September 2024	0.05 – 2.00	55,945
TRL	October 2023	5.00 – 32.00	3,712
Other	October – September 2024	0.03 – 15.00	8,310
			305,872

31 December 2022

Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2023	0.01 – 2.00	26,517
USD	January – April 2023	0.05 – 6.00	23,484
TRL	January – June 2023	5.00 – 19.00	1,433
Other	January – September 2023	1.90 – 11.90	5,024
			56,458

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

There is no blockage or restriction on the use of cash and cash equivalents as at 30 September 2023 and 31 December 2022.

13. RESTRICTED BANK BALANCES

At 30 September 2023 and 31 December 2022, restricted bank balances comprised the following:

	30 September 2023	31 December 2022
Project reserve and funding accounts (*)	95,810	105,569
	95,810	**105,569**

(*) TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege ("the Borrowers") opened various accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2022: TAV Holding, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege) and other purposes. As a result of pledges regarding the project bank loans as explained in Note 16, all cash except for cash on hand are classified in these accounts for TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

30 September 2023

Original Currency	Interest rate %	Balance
EUR	0.01	93,441
TRL	28.00	1,609
USD	0.05	669
Other		91
		95,810

31 December 2022

Original Currency	Interest rate %	Balance
EUR	0.05 – 5.00	99,591
USD	0.10 – 2.00	2,460
TRL	14.50 – 20.00	3,243
Other	15.00	275
		105,569

14. CAPITAL AND RESERVES

At 30 September 2023 and 31 December 2022, the shareholding structure of the Company was as follows:

Shareholders	**(%)**	**30 September 2023**
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 30 September 2023		12,514
Effect of non-cash increases and exchange rates		149,870
Paid in capital EUR		**162,384**

Shareholders	**(%)**	**31 December 2022**
Tank ÖWA Alpha GmbH (*)	46.12	167,542
Tepe İnşaat	5.06	18,375
Sera Yapı	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2022		18,223
Effect of non-cash increases and exchange rates		144,161
Paid in capital EUR		**162,384**

Treasury reserves

All the shares that were bought back by the Group have been sold on 1 November 2022 on Borsa Istanbul through a block sale at the price of TL 76.00. A gain amounting to EUR 3,335 from sale of own shares has been recognized under equity as of 31 December 2022.

15. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 September 2023 was based on the profit from continued operations attributable to ordinary shareholders of EUR 176,344 (30 September 2022: profit from continued operations attributable to ordinary shareholders of EUR 129,754) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 September 2022: 361,233,919) as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Numerator:				
Profit for the period attributable to owners of the Company from continued operations	176,344	183,703	129,754	98,413
Loss for the period attributable to owners of the Company from discontinued operations	(159)	(19)	(717)	(195)
Denominator:				
Weighted average number of shares	363,281,250	363,281,250	361,233,919	361,233,919
Basic and diluted profit per share for continued operations (full EUR)	**0.48**	**0.51**	**0.36**	**0.27**
Basic and diluted loss per share for discontinued operations (full EUR)	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**

	1 January-30 September 2023	1 January-30 September 2022
Issued ordinary shares at 1 January	363,281,250	361,233,919
Weighted average number of ordinary shares	**363,281,250**	**361,233,919**

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost and at fair value through profit or loss. For more information about the Group's exposure to foreign currency risk arising from these loans and borrowings, see Note 20.

	30 September 2023	31 December 2022
Non-current liabilities		
Secured bank loans (*)	856,924	823,476
Unsecured bank loans	254,766	106,538
Lease liabilities	64,391	52,288
Financial liabilities at fair value through profit or loss (**)	25,529	25,390
	1,201,610	**1,007,692**
Current liabilities		
Short term secured bank loans (*)	272,099	47,178
Current portion of long term secured bank loans (*)	134,882	92,267
Short term unsecured bank loans	77,899	229,591
Current portion of long term unsecured bank loans	11,097	12,443
Current portion of long term lease liabilities	5,979	6,198
	501,956	**387,677**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.
(**) Financial liabilities at fair value through profit or loss, comprise of participation right for lenders which is booked with its fair value.

The Group's total bank loans and lease liabilities as at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Bank loans	1,607,667	1,311,493
Lease liabilities	70,370	58,486
Financial liabilities at fair value through profit or loss	25,529	25,390
	1,703,566	**1,395,369**

16. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 30 September 2023 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Kazakhstan	48,348	377,279	425,627
TAV Holding	58,429	234,939	293,368
TAV Tunisia	238,293	-	238,293
TAV Ege	19,890	167,551	187,441
TAV Ankara	17,521	140,317	157,838
TAV Milas Bodrum	18,820	92,463	111,283
TAV Macedonia	8,620	61,594	70,214
HAVAŞ	35,840	17,136	52,976
BTA	29,530	16,959	46,489
Other	20,686	3,452	24,138
	495,977	**1,111,690**	**1,607,667**

The Group's bank loans as at 31 December 2022 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Holding	213,526	93,820	307,346
TAV Kazakhstan	15,255	282,637	297,892
TAV Tunisia	15,887	218,649	234,536
TAV Ege	15,647	168,590	184,237
TAV Milas Bodrum	15,806	98,200	114,006
HAVAŞ	43,861	14,959	58,820
TAV Macedonia	4,265	39,273	43,538
BTA	28,052	11,907	39,959
TAV Gazipaşa	8,606	-	8,606
Other	20,574	1,979	22,553
	381,479	**930,014**	**1,311,493**

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
On demand or within one year	495,977	381,479
Between one and five years	599,255	461,056
After five years	512,435	468,958
	1,607,667	**1,311,493**

16. LOANS AND BORROWINGS (continued)

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 30 September 2023 are between 2.00% - 8.40%, USD denominated loans as at 30 September 2023 are between 0.90% - 4.50% (31 December 2022: Spreads for EUR and USD denominated loans are between 1.50% - 8.40% and 0.90% - 4.50%, respectively).

Interest payments of 87%, 28%, 100%, 90%,54% and 70% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme America, TAV Milas Bodrum, TAV Kazakhstan and AIA respectively are fixed with interest rate swaps. (31 December 2022: 93%, 53%, 100%, 90%, 70% and 81% for TAV Ege, TAV Macedonia, TAV İşletme America, TAV Milas Bodrum, TAV Kazakhstan and AIA respectively).

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Macedonia, TAV Tunisia, TAV Ankara and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

Covenants

Certain financing agreements include technical default clauses in case of non-compliance with financial ratios. Financing agreements of TAV Milas Bodrum, TAV Ege, TAV Kazakhstan, TAV Tunisia and TAV Macedonia have covenants. TAV Tunisia has been in breach of its financial ratios due to slow passenger recovery from the pandemic period. Therefore, the non-current loan liabilities of TAV Tunisia were reclassified to current loan liabilities on 30 September 2023 and the amount outstanding as of 30 September 2023 is EUR 238,293 (included interest accrual). TAV Tunisia has not received any Acceleration Notice from the Lenders.

Except for TAV Tunisia, there is no breach of financial agreements as at 30 September 2023.

17. OTHER PAYABLES

At 30 September 2023 and 31 December 2022, other payables comprised the following:

Other short term payables	**30 September 2023**	**31 December 2022**
Concession payable (*)	145,727	123,439
Advances received	51,620	37,763
Expense accruals	16,123	15,366
Taxes and duties payable	11,534	14,318
Social security premiums payable	7,859	6,675
Due to personnel	7,521	5,974
Other accruals and liabilities	5,086	4,696
	245,470	**208,231**

Other long term payables	**30 September 2023**	**31 December 2022**
Concession payable (*)	569,890	600,837
Deferred payment liability	54,236	106,552
Other accruals and liabilities	2,889	2,598
	627,015	**709,987**

17. OTHER PAYABLES (continued)

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 20.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concesion fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 315,731 as of 30 September 2023 (31 December 2022: EUR 302,693). TAV Bodrum's concession rent payment of EUR 28,680 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values. TAV Ege's concession rent payment of EUR 28,975 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 269,328 as of 30 September 2023 (31 December: 2022: EUR 287,194).

18. FINANCIAL ASSETS

At 30 September 2023 and 31 December 2022, financial assets comprised the following:

	30 September 2023	31 December 2022
Exchange rate protected deposits (*)	85,811	45,000
Investment funds	2,192	466
	88,003	**45,466**

(*) Exchange rate protected deposits have 3 months to 1 year maturity.

19. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2023 and 31 December 2022, derivative financial instruments comprised the following:

	30 September 2023		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	67,813	-	67,813
	67,813	**-**	**67,813**

	31 December 2022		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	53,613	-	53,613
Forward	-	(173)	(173)
	53,613	**(173)**	**53,440**

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 87% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2022: 93%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 90% of total loan is hedged through IRS contract (31 December 2022: 90%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 34% of total loan is hedged through IRS contract (31 December 2022: 53%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 100% of total loan is hedged through IRS contract (31 December 2022: 100%).

TAV Kazakhstan uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 54% of total loan is hedged through IRS contract (31 December 2022: 70%).

AIA uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2023, 70% of total loan is hedged through IRS contract (31 December 2022: 81%).

The fair value of derivatives at 30 September is estimated at profit of EUR 67,813. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 September 2023, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to a profit of EUR 10,240 net of tax.

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

20. FINANCIAL INSTRUMENTS

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies are as follows:

30 September 2023

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL(**)**	**Other**	**Total**
Other non-current assets	81,661	-	9,362	163	91,186
Trade receivables	10,052	1,742	4,915	30,033	46,742
Due from related parties	2,015	1,795	6,927	1,639	12,376
Other receivables and current assets(**)	7,370	4,661	4,747	38,431	55,209
Financial assets	-	-	85,913	-	85,913
Restricted bank balances	669	-	1,365	90	2,124
Cash and cash equivalents	21,362	20,110	6,219	9,577	57,268
	123,129	**28,308**	**119,448**	**79,933**	**350,818**
Foreign currency denominated financial liabilities					
Loans and borrowings	(2,165)	(51,381)	(11,783)	(2,490)	(67,819)
Trade payables	(2,021)	(2,028)	(6,101)	(24,458)	(34,608)
Due to related parties	(1)	-	(15)	(21)	(37)
Other payables	(26,956)	(506)	(9,391)	(53,055)	(89,908)
	(31,143)	**(53,915)**	**(27,290)**	**(80,024)**	**(192,372)**
Net exposure	**91,986**	**(25,607)**	**92,158**	**(91)**	**158,446**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

(**) EUR 85,811 comprises exchange rate protected deposits.

20. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2022

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL(**)**	**Other**	**Total**
Other non-current assets	76,951	-	11,050	370	88,371
Trade receivables	6,960	3,429	4,406	18,573	33,368
Due from related parties	2,124	1,512	477	1,132	5,245
Other receivables and current assets(**)	7,712	3,667	3,356	55,258	69,993
Financial assets	-	-	45,466	-	45,466
Restricted bank balances	2,374	-	3,184	262	5,820
Cash and cash equivalents	50,602	5,346	1,795	11,720	69,463
	146,723	**13,954**	**69,734**	**87,315**	**317,726**
Foreign currency denominated financial liabilities					
Loans and borrowings	(6,790)	(50,703)	(12,130)	(1,490)	(71,113)
Trade payables	(4,957)	(1,336)	(5,196)	(26,790)	(38,279)
Due to related parties	(1)	(23)	(5)	(16)	(45)
Other payables	(72,530)	(781)	(7,964)	(37,768)	(119,043)
	(84,278)	**(52,843)**	**(25,295)**	**(66,064)**	**(228,480)**
Net exposure (*)	**62,445**	**(38,889)**	**44,439**	**21,251**	**89,246**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

(**) EUR 45,000 comprises exchange rate protected deposits.

20. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the Euro relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 30 September 2023 and 31 December 2022 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
30 September 2023				
USD	-	-	(9,199)	9,199
TRL	-	-	(9,216)	9,216
Other	-	-	9	(9)
Total	-	-	**(18,406)**	**18,406**
31 December 2022				
USD	-	-	(6,245)	6,245
TRL	-	-	(4,444)	4,444
Other	-	-	(2,125)	2,125
Total	-	-	**(12,814)**	**12,814**

20. FINANCIAL INSTRUMENTS (continued)

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	Note	30 September 2023		31 December 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets (*)	18	88,003	88,003	45,466	45,466
Trade receivables - current	11	168,709	168,709	113,771	113,974
Due from related parties	22	108,437	108,437	164,094	164,094
Restricted bank balances	13	95,810	95,810	105,569	105,569
Cash and cash equivalents	12	448,500	448,500	258,015	258,015
Derivative financial instruments	19	67,813	67,813	53,613	53,613
Financial liabilities					
Bank overdraft	12	(401)	(401)	(378)	(378)
Loans and borrowings	16	(1,703,566)	(1,704,991)	(1,395,369)	(1,396,794)
Trade payables (**)		(66,404)	(66,404)	(70,415)	(70,415)
Due to related parties	22	(461,154)	(461,154)	(466,014)	(466,014)
Derivative financial instruments	19	-	-	(173)	(173)
Other payables (**)		(820,865)	(834,337)	(880,455)	(895,775)
		(2,075,118)	**(2,090,015)**	**(2,072,276)**	**(2,088,818)**

(*) EUR 85,811 comprises exchange rate protected deposits (31 December 2022: EUR 45,000).

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

21. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	30 September 2023	31 December 2022
Letters of guarantee given to third parties	1,170,505	858,364
Letters of guarantee given to DHMİ	114,724	94,539
Letters of guarantee given to Tunisian Government	16,394	16,498
Letters of guarantee given to Saudi Arabian Government	12,593	12,466
Letters of guarantee given to Macedonian Government	250	250
	1,314,466	**982,117**

21. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,354 (EUR 12,593) (31 December 2022: USD 13,290 (EUR 12,466)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is not obliged to provide a letter of guarantee as of 30 September 2023 (31 December 2022: None) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is also provided to back an Equity Bridge Loan which was rolled in 2019 within a maturity of 2021. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 8,957 (31 December 2022: EUR 9,011) to the Ministry of State Property and Land Affairs and EUR 7,437 (31 December 2022: 7,487) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

TAV Ankara is obliged to pay an aggregate amount of EUR 475,000 plus VAT during the rent period according to the concession agreement. 25% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of May for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 29,755 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

The Group is obliged to fund shortfalls of AIA amounting up to USD 50,000 until the later of 30 June 2025 or financial completion date. Financial completion date is defined as minimum 1.30 DSCR and minimum two principal payments are made. The group provided a LC amounting to USD 50,000 to cover this obligation.

The Group has a guarantee over the bank loan of TAV Antalya Yatırım amounting to EUR 872,700.

The Group has a guarantee over the bank loan of TAV Ankara amounting to EUR 156,000.

US Sanctions

In the context of the U.S. government's sanctions against Russia, Belarus and Iran, TAV received a letter in January 2023 from the U.S. Bureau of Industry and Security ("BIS"), Office of Export Enforcement ("OEE") like other airport operators in Turkey. The letter recalls the regulatory framework of the sanctions regime applicable in the United States, in particular in connection with the Export Administration Regulations ("EAR"), lists the aircraft specifically targeted by the said sanctions regime (aircraft containing a minimum of 25% of components of American origin and operated by Russian, Belarusian and Iranian airlines) and commits TAV to assess the risks involved in providing services to the listed aircraft operating in Turkish and Georgian airspace. TAV, in conjunction with the Turkish authorities and BIS, assessed this risk and took the appropriate decisions. BIS indicated to Group that these decisions were appropriate and that no further action was required.

22. RELATED PARTIES

The major immediate parents and ultimate controlling party of the Group is Group Aéroport de Paris.

Key management personnel compensation:

Key management personnel consists of members of Board of Directors of TAV Holding and Senior Management of TAV Holding and its subsidiaries. The compensation of key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is explained below. The remuneration of key management personnel during the year were as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Short-term benefits (salaries, bonuses etc.)	8,073	2,616	8,381	2,858
	8,073	**2,616**	**8,381**	**2,858**

As at 30 September 2023 and 31 December 2022, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	30 September 2023	31 December 2022
Due from related parties	17,183	10,465
Current loan to related parties	11,013	9,613
	28,196	**20,078**

	30 September 2023	31 December 2022
Non-current loan to related parties	80,241	144,016
	80,241	**144,016**

Due from related parties	30 September 2023	31 December 2022
TGS (1)	6,288	158
ATU (1) (*)	4,755	4,118
Tibah Operation (1)	3,285	2,648
AMS (1)	1,142	2,312
BTA Medinah (1)	445	815
Other related parties	1,268	414
	17,183	**10,465**

(*) Receivables from ATU comprise of concession fee duty-free receivables.

(1) Joint venture

22. RELATED PARTIES (continued)

Current loan to related parties	**30 September 2023**	**31 December 2022**
ZAIC-A (1)	3,811	2,616
Saudi Havaş (1)	2,243	2,225
ATU Medinah (1)	1,626	1,613
Paris Lounge Network (1)	1,400	1,342
TAV İşletme Chile (1)	468	409
BTA Medinah (1)	408	807
TAV İşletme Saudi (1)	-	554
Other related parties	1,057	47
	11,013	**9,613**

Non-current loan to related parties	**30 September 2023**	**31 December 2022**
Tibah Development (1) (*)	51,117	119,564
TAV Antalya Yatırım (1)	21,968	20,768
Hotel Medinah (1)	3,844	-
Saudi Havaş (1)	3,286	3,169
TAV İşletme Saudi (1)	26	515
	80,241	**144,016**

	30 September 2023	**31 December 2022**
Non-current loan from related parties	460,218	465,279
Due to related parties	936	735
	461,154	**466,014**

Due to related parties	**30 September 2023**	**31 December 2022**
Other related parties	936	735
	936	**735**

(1) Joint venture

(*) The Group has provided a shareholder loan of 218 million US dollars to Tibah Development, of which 193 million EUR with an interest rate of 3% has been mostly used to repay the equity bridge loan maturing in 2021 and will be paid back to the Group depending on the available cash after debt service of Tibah Development. The maturity of the shareholder loan provided is 31 December 2024. The excess cash flows will be shared between the Group and GACA where weight will be given to Groups' shareholder loan. The sharing of the excess cash flows with GACA will stop once all rent due for the force majeure period is paid.

Due to application of 38th and 39th paragraphs of IAS 28, negative net assets of Tibah Development which was accounted under "Liabilities from equity-accounted investments", has been netted-off from the Group's non-current loan to Tibah Development. In subsequent periods, comprehensive income or loss of this entity will be netted-off from the Group's non-current loan to Tibah Development. In case of a comprehensive income, a financial income, in case of a comprehensive loss, a financial expense will be booked to the consolidated financial statements of the Group.

As of 30 September 2023, The Group transferred 48% of its non-current loan from Tibah Development to Mada International Holding as stated in Share Purchase Agreement ("SPA") after the financial closing.

22. RELATED PARTIES (continued)

Non-current loan from related parties	30 September 2023	31 December 2022
Tank ÖWA alpha GmbH (1) (*)	460,218	465,279
	460,218	**465,279**

Short term deferred income from related parties	30 September 2023	31 December 2022
ATU (2) (**)	992	990
TAV Antalya (2) (***)	-	33,075
	992	**34,065**

Long term deferred income from related parties	30 September 2023	31 December 2022
ATU (2) (**)	11,638	11,720
	11,638	**11,720**

(*) The Group has obtained a shareholder loan amount of EUR 300,000 with a maturity of 14 May 2021, with a 3% interest rate, from Tank ÖWA alpha GmbH in 2018. Based on the additional agreement made in 2021, EUR 150,000 has been paid, and the remaining amount of EUR 150,000 has been converted into a new shareholder loan with 3.8% interest rate, with a maturity of 14 November 2024. Second shareholder loan amount of EUR 300,000 with a maturity of 16 March 2026, with a 4.88% interest rate is obtained by the Group from Tank ÖWA alpha GmbH by the Group in 2022.

(**) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

(***) Short-term deferred income is mainly related with advance dividend amount of TAV Antalya as of 31 December 2022 (EUR: 33,075).

Services rendered to related parties	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
ATU (1) (*)	57,781	30,004	46,918	26,024
Tibah Operation (1)	6,995	2,474	5,966	1,971
TAV Antalya (1)	2,187	1,366	1,599	644
TGS (1)	1,980	606	1,388	569
Other related parties	3,376	1,330	80	54
	72,319	**35,780**	**55,951**	**29,262**

(*) Services rendered to ATU comprise of concession fee for duty-free operations.

(1) Shareholder
(2) Joint venture

22. RELATED PARTIES (continued)

Services rendered by related parties	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Other related parties	5,748	4,379	5,140	4,132
	5,748	**4,379**	**5,140**	**4,132**

On 23 September 2021, TAV Construction and Almaty International Airport JSC entered into an engineering, procurement and construction (EPC) contract for an amount of USD 196,500 related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.

The Group signed an EPC contract for an amount of EUR 657,000, with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport. On top of EPC amount, there is a price adjustment mechanism up to 7.5% of the total EPC amount.

The Group signed an EPC contract for an amount of EUR 202,104, with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Ankara Esenboğa Airport. On top of EPC amount, there is a price adjustment mechanism up to 7.5% of the total EPC amount.

Interest (expense) / income from related parties (net)	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Tank ÖWA alpha GmbH (2)	(15,279)	(5,192)	(11,876)	(4,773)
Other related parties	1,460	539	3,395	325
	(13,819)	**(4,653)**	**(8,481)**	**(4,448)**

The average interest rate used within the Group is 8.48% per annum (31 December 2022: 4.63%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Dividend distribution

In 2023, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2022: None). Dividend per share is none (2022: None).

(1) Shareholder

23. INTERESTS IN OTHER ENTITIES

Non-controlling interests in subsidiaries

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra-group eliminations.

	30 September 2023		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	53,685		
Current assets	30,475		
Non-current liabilities	8,700		
Current liabilities	7,237		
Net assets	**68,223**		
Carrying amount of NCI	13,645	5,010	18,655
	13,645	**5,010**	**18,655**

	1 January – 30 September 2023		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	69,418		
Profit	34,897		
Total comprehensive income	**35,997**		
Profit allocated to NCI	6,979	364	7,343

	1 July – 30 September 2023		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	28,895		
Profit	16,373		
Total comprehensive income	**16,821**		
Profit allocated to NCI	3,274	257	3,531

In 2023, the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 9,064 (2022: EUR 3,021)

23. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	56,867		
Current assets	32,314		
Non-current liabilities	10,013		
Current liabilities	6,243		
Net assets	**72,925**		
Carrying amount of NCI	14,585	5,413	19,998
	14,585	**5,413**	**19,998**

	1 January – 30 September 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	57,155		
Profit	28,931		
Total comprehensive income	**42,459**		
Profit allocated to NCI	5,786	1,036	6,822

	1 July – 30 September 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	25,512		
Profit	13,834		
Total comprehensive income	**20,678**		
Profit allocated to NCI	2,767	799	3,566

	30 September 2023	31 December 2022
Joint ventures	699,152	755,129
Associates	2,987	724
	702,139	**755,853**

23. INTERESTS IN OTHER ENTITIES (continued)

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Joint ventures	75,689	68,642	47,697	42,226
Associates	1,887	298	(522)	(608)
	77,576	**68,940**	**47,175**	**41,618**

Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
TAV Antalya Yatırım	349,170	363,986
TAV Antalya	242,505	293,460
TGS	52,518	59,709
ATU	51,290	35,104
Tibah Operation	533	756
Other	3,136	2,114
	699,152	**755,129**

Group's share of profit of the Group's joint ventures in the statement of comprehensive income for the period ended 30 September are as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Tibah Development (*)	37,820	37,820	-	-
ATU	19,159	14,162	11,669	9,659
TAV Antalya	17,469	14,406	23,649	23,513
TGS	15,144	7,564	21,220	10,122
Tibah Operation	873	296	834	307
TAV Antalya Invest	(14,817)	(5,587)	(7,897)	(706)
Other	41	(19)	(1,778)	(669)
	75,689	**68,642**	**47,697**	**42,226**

(*) Gain of Tibah Development is related with the share sale of Tibah Development.

23. INTERESTS IN OTHER ENTITIES (continued)

Associates

Carrying amount of the Group's associate in the statement of financial position as at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
ZAIC-A	2,792	580
Other	195	144
	2,987	**724**

Group's share of profit/(loss) of the Group's associate in the statement of comprehensive income for the period ended 30 September is as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
ZAIC-A	1,835	326	(655)	(655)
Other	52	(28)	133	47
	1,887	**298**	**(522)**	**(608)**

24. SUBSEQUENT EVENTS

None.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended 31 December 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TAV Havalimanları Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December, 2022, and the consolidated statement of profit or loss and 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, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed during audit
Recoverabilty of airport operation rights and goodwill The consolidated statement of financial position as of 31 December 2022 includes airport operation right of 1,652,220 thousand EUR and goodwill of 219,206 thousand EUR that comprises %44 of total consolidated assets. Details of airport operation right for each concession agreement and goodwill is disclosed in Note 13 and Note14. Since management's assessment of value in use (VIU) and impairment of airport operation rights and goodwill requires estimations and judgements, which are disclosed in Note 1 and Note 2.d, this matter is considered as a key audit matter.	We performed the following auditing procedures in relation to the impairment tests of recoverability of airport operation rights and goodwill: • Evaluating management forecasts and future plans based on macroeconomic information, • Evaluating the reasonableness of cash flow estimates for each CGU, • Through involvement of valuation specialists, testing the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Assessing management's sensitivity analysis for key assumptions, • Evaluating whether there is a significant indicator of impairment in the recoverable value of the rights and goodwill arising from concession agreements, • Understanding and evaluating accounting policies for airport operation rights and goodwill, We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.

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 IFRSs, 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

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 ISAs 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 ISAs, 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, related safeguards.

Deloitte.

Auditor's responsibilities for the audit of the consolidated financial statements(cont'd)

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.

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 14 February 2023

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2022	31 December 2021
ASSETS			
Property and equipment	12	487,345	370,958
Intangible assets	13	19,888	12,193
Airport operation right	14	1,652,220	1,680,901
Right of use assets	15	56,754	58,293
Equity-accounted investments	36	755,853	319,197
Goodwill	13	219,206	213,441
Derivative financial instruments	32	53,613	-
Trade receivables	20	-	9,683
Non-current due from related parties	35	144,016	204,265
Other non-current assets	19	107,913	110,089
Deferred tax assets	17	28,593	18,468
Total non-current assets		**3,525,401**	**2,997,488**
Inventories	18	50,169	20,740
Financial assets	16	45,466	-
Trade receivables	20	113,771	85,471
Due from related parties	35	20,078	34,441
Other receivables and current assets	19	159,264	131,439
Cash and cash equivalents	21	258,015	92,939
Restricted bank balances	22	105,569	82,211
Total current assets		**752,332**	**447,241**
TOTAL ASSETS		**4,277,733**	**3,444,729**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2022	31 December 2021
EQUITY			
Share capital	23	162,384	162,384
Share premium		220,286	220,286
Legal reserves	23	121,975	121,975
Other reserves		(74,341)	(52,523)
Treasury reserves	23	-	(4,282)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		46,885	(17,895)
Translation reserves		(38,431)	(64,975)
Retained earnings		725,838	590,668
Total equity attributable to equity holders of the Company		**1,204,660**	**995,702**
Non-controlling interests	23,36	19,998	14,951
Total Equity		**1,224,658**	**1,010,653**
LIABILITIES			
Loans and borrowings	25	1,007,692	847,600
Reserve for employee severance indemnity	26	24,029	10,973
Due to related parties	35	465,279	153,623
Derivative financial instruments	32	-	24,521
Deferred income	29	11,724	13,204
Other payables	27	709,987	732,089
Liabilities from equity-accounted investments	28	9,542	90,076
Deferred tax liabilities	17	93,595	74,627
Total non-current liabilities		**2,321,848**	**1,946,713**
Bank overdraft	21	378	424
Loans and borrowings	25	387,677	344,067
Trade payables	31	70,415	41,931
Due to related parties	35	735	590
Derivative financial instruments	32	173	-
Current tax liabilities	11	10,820	3,296
Other payables	27	208,231	88,572
Provisions	30	6,936	5,147
Deferred income	29	45,862	3,336
Total current liabilities		**731,227**	**487,363**
Total Liabilities		**3,053,075**	**2,434,076**
TOTAL EQUITY AND LIABILITIES		**4,277,733**	**3,444,729**

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

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2022	2021
Operating revenue	6	1,051,358	522,064
Cost of catering inventory sold		(34,385)	(19,115)
Cost of fuel sold		(176,595)	(46,004)
Cost of services rendered		(104,903)	(49,438)
Personnel expenses	7	(242,414)	(162,925)
Concession and rent expenses		(1,292)	-
Depreciation, amortisation and impairment expenses	9	(95,568)	(76,645)
Other operating income		7,319	523
Other operating expenses	8	(176,953)	(95,564)
Share of profit of equity-accounted investments, net of tax	36	52,880	(22,748)
Operating profit		**279,447**	**50,148**
Finance income		26,001	167,150
Finance costs		(163,729)	(134,558)
Net finance (costs)/ income	10	**(137,728)**	**32,592**
Net monetary position gains		**15,599**	**-**
Profit before tax		**157,318**	**82,740**
Tax expenses	11	(25,770)	(31,465)
Profit from continuing operations		**131,548**	**51,275**
Loss from discontinued operations		(941)	(1,321)
Profit for the year after discontinued operations		**130,607**	**49,954**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences	11,26	(13,198)	145
Defined benefit obligation actuarial differences from equity accounted investments		(5,563)	(1,284)
Tax on defined benefit obligation actuarial differences	11,17	2,641	(29)
Tax on defined benefit obligation actuarial differences from equity accounted investments	11	27	(15)
Total items that will not be reclassified to profit or loss		**(16,093)**	**(1,183)**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	10	85,372	74,743
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	10	1,316	6,959
Portion of cash flow hedges charged to profit or loss	10	(6,410)	(36,207)
Foreign currency translation differences for foreign operations	10	40,492	21,835
Foreign currency translation differences for foreign operations from equity accounted investments		(10,538)	(17,891)
Tax on cash flow hedge reserves	10,11,17	(15,498)	(2,082)
Tax on cash flow hedge reserves from equity accounted investments	11	-	(696)
Total items that are or may be reclassified subsequently to profit or loss		**94,734**	**46,661**
Other comprehensive income for the year, net of tax		**78,641**	**45,478**
Total comprehensive income for the year		**209,248**	**95,432**

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

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2022	2021
Profit attributable to:			
Owners of the Company		122,201	44,721
Non-controlling interest	36	8,406	5,233
Profit for the year after discontinued operations		**130,607**	**49,954**
Total comprehensive income attributable to:			
Owners of the Company		197,432	88,244
Non-controlling interest	23	11,816	7,188
Total comprehensive income for the year		**209,248**	**95,432**
Weighted average number of shares outstanding		**361,576,076**	**361,233,919**
Basic and diluted earnings per share for continued operations	24	**0.34**	**0.13**
Basic and diluted earnings per share for discontinued operations	24	**(0.00)**	**(0.00)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year ended 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Attributable to owners of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2021	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	44,721	44,721	5,233	49,954
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	42,717	-	-	42,717	-	42,717
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(1,183)	(1,183)	-	(1,183)
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	1,989	-	1,989	1,955	3,944
Total other comprehensive income	-	-	-	-	-	-	42,717	1,989	(1,183)	43,523	1,955	45,478
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**42,717**	**1,989**	**43,538**	**88,244**	**7,188**	**95,432**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	(4,070)	(4,070)
Other changes in equity	-	-	-	(22,878)	-	-	-	-	7,547	(15,331)	-	(15,331)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Total transactions with owners of the Company	**-**	**-**	**-**	**(22,878)**	**-**	**-**	**-**	**-**	**7,547**	**(15,331)**	**(4,143)**	**(19,474)**
Balance at 31 December 2021	**162,384**	**220,286**	**121,975**	**(52,523)**	**(4,282)**	**40,064**	**(17,895)**	**(64,975)**	**590,668**	**995,702**	**14,951**	**1,010,653**
Balance at 1 January 2022	**162,384**	**220,286**	**121,975**	**(52,523)**	**(4,282)**	**40,064**	**(17,895)**	**(64,975)**	**590,668**	**995,702**	**14,951**	**1,010,653**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	122,201	122,201	8,406	130,607
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	64,780	-	-	64,780	-	64,780
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(16,093)	(16,093)	-	(16,093)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	26,544	-	26,544	3,410	29,954
Total other comprehensive income	-	-	-	-	-	-	64,780	26,544	(16,093)	75,231	3,410	78,641
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**64,780**	**26,544**	**106,108**	**197,432**	**11,816**	**209,248**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	(6,830)	(6,830)
Effect of IAS 29 indexation	-	-	-	-	-	-	-	-	25,727	25,727	-	25,727
Other changes in equity	-	-	-	(21,818)	-	-	-	-	-	(21,818)	-	(21,818)
Share buyback transactions	-	-	-	-	4,282	-	-	-	3,335	7,617	-	7,617
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	61	61
Total transactions with owners of the Company	**-**	**-**	**-**	**(21,818)**	**4,282**	**-**	**-**	**-**	**29,062**	**11,526**	**(6,769)**	**4,757**
Balance at 31 December 2022	**162,384**	**220,286**	**121,975**	**(74,341)**	**-**	**40,064**	**46,885**	**(38,431)**	**725,838**	**1,204,660**	**19,998**	**1,224,658**

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**131,548**	**51,275**
Loss from discontinued operations		**(941)**	**(1,321)**
Adjustments for:			
Amortisation and impairment of airport operation right	14	44,129	33,674
Depreciation and impairment of property and equipment and right of use assets	12,15	48,389	40,363
Amortisation of intangible assets	13	3,050	2,200
Concession and rent expenses		1,292	-
Provision for employee severance indemnity	26	2,579	2,566
Provision for doubtful receivables	33	10,425	5,277
Discount on receivables, payables and financial liabilities, net		(1,092)	(146,752)
Loss on sale of property and equipment		320	481
Disposal of goodwill	13	-	408
Provision set for unused vacation		1,029	136
Interest income		(17,589)	(12,618)
Interest expenses on financial liabilities		83,503	90,405
Tax expenses		25,735	32,707
Unwinding of discount on concession receivable and payable		37,775	27,595
Share of profit of equity-accounted investments, net of tax	36	(52,880)	22,748
Unrealized foreign exchange differences on statement of financial position items		(18,329)	(58,350)
Net monetary position gains		(15,770)	-
Cash flows from operating activities		**283,173**	**90,794**
Change in current trade receivables		(32,240)	(9,123)
Change in non-current trade receivables		9,683	21,541
Change in inventories		(24,419)	753
Change in due from related parties		935	(698)
Change in other receivables and other assets		(23,449)	171,592
Change in trade payables		24,206	4,365
Change in due to related parties		205	(7,737)
Change in other payables and provisions		67,535	(20,642)
Cash provided from operations		**305,629**	**250,845**
Income taxes paid	11	(26,446)	(12,078)
Retirement benefits paid	26	(805)	(654)
Net cash provided from operating activities		**278,378**	**238,113**

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2022

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		4,493	2,642
Acquisition of property and equipment	12	(132,574)	(21,323)
Additions to airport operation right	14	(454)	(81)
Proceeds from treasury bonds		-	50,000
Purchase of exchange rate protected deposit	16	(45,000)	-
Purchase of investment funds	16	(466)	-
Acquisition of intangible assets	13	(1,681)	(1,021)
Change in due from related parties		3,426	(196,921)
Acquisition of non-consolidated investments		(372,657)	-
Dividends from equity-accounted investments	36	19,072	27,889
Effect of acquisition of subsidiary		-	(306,652)
Net cash used in investing activities		**(525,841)**	**(445,467)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	455,435	255,945
Repayment of borrowings	25	(248,536)	(289,710)
Lease payments	25	(11,370)	(11,628)
Dividends paid	36	(6,830)	(4,070)
Interest received		6,949	3,514
Interest paid	25	(61,888)	(50,827)
Change in due to related parties		294,570	(149,790)
Disposal of treasury shares		7,617	-
Change in restricted bank balances		(23,362)	(57,476)
Net cash provided / (used in) from financing activities		**412,585**	**(304,042)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**165,122**	**(511,396)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	21	**92,515**	**603,911**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**257,637**	**92,515**

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

Notes to the consolidated financial statements

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1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is Vadi İstanbul Bulvar, Ayazağa Mah. Azerbaycan Cad. Sarıyer, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. The Company's subsidiaries as at 31 December 2022 and 2021 are as follows:

			31 December 2022		31 December 2021	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. ("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Milas Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA (" TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	100.00	100.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	80.00	80.00	80.00	80.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	76.00	100.00	76.00	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Almaty International Airport JSC ("AIA")	Airport Operator	Kazakhstan	85.00	85.00	85.00	85.00
Venus Trading LLP ("VT")	Fuel Services	Kazakhstan	85.00	85.00	85.00	85.00
Almaty Catering Services LLP ("ACS")	Food and Beverage Services	Kazakhstan	85.00	85.00	85.00	85.00
Almaty FBO LLP ("FBO")	Fuel Services	Kazakhstan	85.00	85.00	85.00	85.00
TAV Kazakhstan LLP ("TAV Kazakhstan")	Holding	Kazakhstan	85.00	85.00	85.00	85.00
TAV Holdco B.V. ("Holdco")	Holding	Netherlands	100.00	100.00	100.00	100.00
Almaty Airport Investment Holding B.V. ("AAIH")	Holding	Netherlands	85.00	85.00	85.00	85.00

1. REPORTING ENTITY (continued)

Name of Subsidiary	Principal Activity	Place of operation	31 December 2022		31 December 2021	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Havaş Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
Havaş Georgia LLC ("HAVAŞ Georgia")	Ground Handling Services	Georgia	100.00	100.00	100.00	100.00
Havaş Macedonia LLC ("HAVAŞ Macedonia")	Ground Handling Services	Macedonia	100.00	100.00	100.00	100.00
Havaş Latvia SIA ("HAVAŞ Latvia")	Ground Handling Services	Latvia	100.00	100.00	100.00	100.00
Havas Adriatic D.O.O. ("HAVAŞ Adriatic")	Ground Handling Services	Croatia	100.00	100.00	100.00	100.00
Havaş Kazakhstan L.L.P. ("Havaş Kazakhstan")	Ground Handling Services	Kazakhstan	100.00	100.00	100.00	100.00
MZLZ-Zemaljske usluge d.o.o ("HAVAŞ MZLZ") (*)	Group Handling Services	Croatia	100.00	100.00	-	-
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. ("BTA")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Georgia LLC ("BTA Georgia")	Food and Beverage Services	Georgia	100.00	100.00	100.00	100.00
BTA Tunisie SARL ("BTA Tunisia")	Food and Beverage Services	Tunisia	100.00	100.00	100.00	100.00
BTA Macedonia Dooel Petrovec ("BTA Macedonia")	Food and Beverage Services	Macedonia	100.00	100.00	100.00	100.00
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. ("Cakes & Bakes")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Tedarik Dağıtım ve Ticaret A.Ş. ("BTA Tedarik")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
SIA Cakes and Bakes Latvia ("BTA Latvia")	Food and Beverage Services	Latvia	100.00	100.00	100.00	100.00
BTA Uluslararası Yiyecek İçecek Hizmetleri Sanayi ve Ticaret A.Ş. ("BTA Uluslararası Yiyecek")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
MZLZ-Ugostiteljstvo D.o.o ("BTA MZLZ")	Food and Beverage Services	Croatia	100.00	100.00	100.00	100.00
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations & Maintenance ("O&M"), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services SARL ("TAV İşletme Tunisia")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services Plus SARL ("TAV İşletme Tunisia Plus")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Macedonia Operation Services Dooel ("TAV İşletme Macedonia")	Lounge Services	Macedonia	99.99	99.99	99.99	99.99
TAV Germany Operation Services GmbH ("TAV İşletme Germany")	Lounge Services	Germany	100.00	100.00	100.00	100.00

(*) Acquired in 2022.

1. REPORTING ENTITY (continued)

			31 December 2022		31 December 2021	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Latvia Operation Services SIA ("TAV İşletme Latvia")	Lounge Services	Latvia	100.00	100.00	100.00	100.00
TAV Africa Operation Services Ltd. ("TAV İşletme Kenya")	Lounge Services	Kenya	100.00	100.00	100.00	100.00
TAV USA Operation Services Co. ("TAV İşletme America")	Holding	United States	100.00	100.00	100.00	100.00
TAV Washington Operation Services Ltd. ("TAV İşletme Washington")	Lounge Services	United States	100.00	100.00	100.00	100.00
TAV Madagascar Operation Services S.A ("TAV İşletme Madagascar")	Lounge Services	Madagascar	100.00	100.00	100.00	100.00
TAV New York Operation Services ("TAV İşletme New York")	Lounge Services	United States	100.00	100.00	100.00	100.00
Gestio I Servies Trade Center S.A. ("GIS Spain") (*)	Lounge Services	Spain	100.00	100.00	94.25	94.25
GIS Premium France SAS ("GIS France") (*)	Lounge Services	France	100.00	100.00	94.25	94.25
GIS Premium Deutschland Gmbh ("GIS Germany") (*)	Lounge Services	Germany	100.00	100.00	94.25	94.25
GIS Premium Italy SRL ("GIS Italy") (*)	Lounge Services	Italy	100.00	100.00	94.25	94.25
GIS Premium Mexico SAdCV ("GIS Mexico") (*)	Lounge Services	Mexico	100.00	100.00	94.25	94.25
TAV Havacılık A.Ş. ("TAV Havacılık")	Airline Taxi Services	Turkey	100.00	100.00	100.00	100.00
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	100.00	100.00	100.00	100.00
TAV Information and Technologies Saudi Ltd. Company ("TAV IT Saudi")	Software and System Services	Saudi Arabia	100.00	100.00	100.00	100.00
Avito Technologies B.V. ("TAV IT Netherlands")	Software and System Services	Netherlands	100.00	100.00	100.00	100.00
Avito Technologies W.L.L. (" TAV IT Qatar")	Software and System Services	Qatar	49.00	100.00	49.00	100.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi")	Education Services	Turkey	100.00	100.00	100.00	100.00
Aviator Netherlands B.V. ("Aviator Netherlands")	Holding	Netherlands	100.00	100.00	100.00	100.00
PMIA Aviator B.V. ("PMIA Aviator BV")	Holding	Netherlands	90.00	90.00	90.00	90.00
TAV Uluslararası Yatırım A.Ş. ("TAV Uluslararası Yatırım")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
Aerosec Özel Güvenlik Hizmetleri A.Ş. ("Aerosec Security")	Security Services	Turkey	100.00	100.00	100.00	100.00

(*) Additional shares have been purchased in 2022.

1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 December 2022 and 2021 are as follows:

			31 December 2022		31 December 2021	
Name of joint venture	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ATU Turizm İşletmeciliği A.Ş. ("ATU")	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Georgia Operation Services LLC ("ATU Georgia")	Duty Free Services	Georgia	50.00	50.00	50.00	50.00
ATU Tunisie SARL ("ATU Tunisia")	Duty Free Services	Tunisia	50.00	50.00	50.00	50.00
ATU Macedonia Dooel ("ATU Macedonia")	Duty Free Services	Macedonia	50.00	50.00	50.00	50.00
AS Riga Airport Commercial Development ("ATU Latvia")	Duty Free Services	Latvia	50.00	50.00	50.00	50.00
Tunisia Duty Free S.A. ("ATU Tunisia Duty Free")	Duty Free Services	Tunisia	14.98	39.98	14.98	39.98
Saudi ATU Trading Limited Co. ("ATU Medinah") (*)	Duty Free Services	Saudi Arabia	50.00	50.00	50.00	50.00
ATU Mağazacılık İşletmeleri A.Ş. ("ATU Mağazacılık")	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Uluslararası Mağaza Yiyecek ve İçecek İşletmeciliği A.Ş. ("ATU Uluslararası Mağazacılık")	Duty Free Services	Turkey	51.15	51.17	51.15	51.17
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. ("TAV Gözen")	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
TGS Yer Hizmetleri A.Ş. ("TGS")	Ground Handling	Turkey	50.00	50.00	50.00	50.00
Saudi HAVAŞ Ground Handling Services Limited ("Saudi HAVAŞ") (*)	Ground Handling	Saudi Arabia	66.66	66.66	66.66	66.66
Saudi BTA Airports Food And Beverages Serv.Ltd. ("BTA Medinah") (*)	Food and Beverage Services	Saudi Arabia	66.66	66.66	66.66	66.66
Tibah Airports Development Company CJSC ("Tibah Development")	Airport Operator	Saudi Arabia	50.00	50.00	50.00	50.00
Tibah Airports Operation Limited ("Tibah Operation")	Airport Operator	Saudi Arabia	51.00	51.00	51.00	51.00
Primeclass Pasifico JSV. ("TAV İşletme Chile")	Lounge Services	Chile	50.00	50.00	50.00	50.00
TAV Operation Services Saudi Arabia LLC. ("TAV İşletme Saudi") (*)	Lounge Services	Saudi Arabia	66.66	66.66	66.66	66.66
TAV-GD Bermuda Operation Services ("TAV OS Bermuda")	Lounge Services	Bermuda	40.00	40.00	40.00	40.00
Paris Lounge Network SAS ("Paris Lounge Network") (**)	Lounge Services	France	51.00	51.00	-	-
Madinah Airport Hotel Company ("Medinah Hotel")	Hotel Management	Saudi Arabia	33.33	33.33	33.33	33.33
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. ("TAV Antalya")	Antalya Airport Terminal Services	Turkey	49.00	50.00	49.00	50.00
Fraport TAV Antalya Yatırım Yapım ve İşletme A.Ş. ("TAV Antalya Yatırım")	Antalya Airport Terminal Services	Turkey	51.00	50.00	51.00	50.00

(*) The mentioned entities are consolidated using the equity method as the Board decisions of these entities are taken with the joint agreement of all three shareholders.

(**) Established in 2022.

1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2022 and 2021 are as follows:

			31 December 2022		31 December 2021	
Name of associates	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ZAIC-A Limited ("ZAIC-A") (*)	Holding	United Kingdom	15.00	15.00	15.00	15.00
Medunarodna Zračna Luka Zagreb d.d. ("MZLZ") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
Upraviteli Zračne Luke Zagreb d.o.o ("MZLZ Operation") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
AMS Airport Management Services d.o.o ("AMS") (*)	Airport Operator	Croatia	40.00	40.00	40.00	40.00

(*) TAV Holding has significant influence in the management of the mentioned entities, thus these entities are consolidated using the equity method.

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer ("BOT") agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA"), Ministry of Transportation ("MOT"), TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development entered into Build-Transfer-Operate ("BTO") agreement with General Authority of Civil Aviation ("GACA"). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMİ and Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The Group indirectly acquired 85% of AIA and VT through its holding companies in 2021.

BOT, BTO and Concession Agreements

The airport terminals operated by the Group and its joint ventures are as follows:

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İstanbul Atatürk International Airport (continued)

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of Atatürk International Airport Terminal ("AIAT") in 1998. TAV was required to complete the construction by August 2000 and then had the right to operate the facilities of AIAT for 3 years, 8 months and 20 days. TAV completed the reconstruction of AIAT in January 2000 and started the operation seven months earlier, after completion of a significant portion of the construction. Construction of the remaining parts of the project was finalized in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge AIAT by 30% by year 2004. In return for extending AIAT, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred Atatürk Domestic Airport Terminal ("ADAT") and AIAT to DHMİ. On 3 June 2005, TAV İstanbul signed a rent agreement to operate AIAT and ADAT for 15.5 years until year 2021.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installation of new passenger boarding bridges and construction of new commercial areas. Through this addendum TAV has undertaken approximately EUR 36,000 of investment in exchange of the operation right of newly created commercial areas.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMİ as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group accrued a compensation income amounting to EUR 389,000 and fully reimbursed this amount in 2020 and 2021.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. TAV Esenboğa is providing terminal, car park and passenger boarding services since the beginning of operations on 16 October 2006.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Esenboğa has been extended for two years.

The Group has won the tender on 20 December 2022, held by State Airports Authority (DHMI) for additional investments to increase capacity of Ankara Esenboga Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries.

As per tender specifications, the Group has the concession right to operate Ankara Esenboga Airport for 25 years between the dates 24 May 2025 and 23 May 2050. EUR 475,000 (VAT excluded) will be paid as total concession rent to DHMI.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İzmir Adnan Menderes International Airport

A BOT agreement was executed between TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and DHMİ on 20 May 2005 for regulating the reconstruction, investment and operations of İzmir Adnan Menderes Airport International Terminal. According to the Agreement, TAV İzmir was required to complete the construction within 24 months after the agreement date and would then have the right to operate the facilities of İzmir Adnan Menderes Airport International Terminal for a period of 6 years, 7 months and 29 days. An addendum to the Agreement was signed on 21 August 2006. Under the terms of the addendum, in return for additional works, the operation period of TAV İzmir was extended by 11 months 17 days through January 2015. TAV İzmir has been providing terminal, car park and passenger boarding services since the beginning of operations on 13 September 2006.

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on January 2015 and operating it until 31 December 2032. TAV Ege is obliged to construct a new domestic terminal with its ancillary buildings and to pay EUR 610,000 plus VAT (18%) to DHMİ in yearly equal installments, of which EUR 30,500 plus VAT has been prepaid at the beginning of the concession period under the terms of the concession agreement.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating İzmir Adnan Menderes Airport International Terminal at 10 January 2015. As at 23 November 2015 TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Ege has been extended for two years.

Milas Bodrum Airport

On 21 March 2014, the Company has been awarded the tender held by DHMİ for the operation rights of the Milas Bodrum Airport whose scope includes operation of existing Domestic and International Terminals with ancillary facilities, until 31 December 2035. While Domestic Terminal is handed over within signing of the Concession Agreement, operation of International Terminal commenced on 22 October 2015 following the expiry of the existing contract. The total concession amount is EUR 717,000 plus VAT.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Bodrum has been extended for two years.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of Tbilisi International Airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years until February 2027, in exchange for an obligation by TAV Tbilisi to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi Airport, TAV Tbilisi is providing a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services – excluding air traffic control – in New Tbilisi International Airport since the beginning of operations on 8 February 2007.

Batumi International Airport

On 9 August 2007, TAV Batumi Operations signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027. Georgian Government is responsible for providing air traffic control and security services.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken in January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services excluding air traffic control services.

Alanya-Gazipaşa Airport

Relating to the transfer of the operational rights of Alanya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa and DHMİ was signed on 4 January 2008. The operation period of Alanya-Gazipaşa Airport, which currently has 1,500,000 annual passenger capacity, is 25 years until May 2034, and the operation of the airport covers activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of USD 50 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit for the period to DHMİ.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Gazipaşa has been extended for two years.

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and MOTC. The operation of the airports shall cover all airport activities with the exception of air traffic control, and modernization activities are contemplated to include the technical infrastructure. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010 and final date of Concession Agreement is 1 March 2030. The renovation of the St. Paul the Apostle Airport in Ohrid and the construction of Alexander the Great Airport in Skopje were completed and the airports started their operations in March 2011 and September 2011, respectively.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment. The Group has successfully completed force majeure compensation discussions with the Ministry of Transport and Communication of North Macedonia, to compensate for the negative effects of the COVID-19 pandemic. TAV Macedonia DOOEL and the Ministry of Transport and Communication of North Macedonia have signed an agreement in regards to these discussions.

As per this agreement, the concession periods of Skopje and Ohrid airports that Group operates in North Macedonia have each been extended for two years and thus the concession expiry date for these airports which was June 2030, has been updated to June 2032.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Medinah International Airport

A BTO agreement was executed between Tibah Development and GACA on 29 October 2011, for the operation and development of existing Medinah International Airport. Through the BTO agreement Tibah Development undertook the operation of the existing Medinah International Airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger Terminal and the required additional infrastructure. TAV Holding owns 50.00% of Tibah Development. The operations were undertaken in June 2012. The concession period will end in June 2037. The operations of the Medinah International Airport cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. Tibah Development has subcontracted the operation of Medinah International Airport to Tibah Operation, of which 51% belongs to TAV Holding. The construction of Medinah International Airport were completed and the airport started its operations in April 2015.

As a result of discussions held between Tibah Development and GACA, the time that will pass between February 2020 and the end of the calendar year during which Madinah Airport reaches 8.1 million passengers, has been defined as the force majeure period which will be added to the operating period of Madinah Airport. The additional time that will be added to the operating period of the concession cannot be longer than eight years. The concession rent payments due to GACA during the force majeure period have been deferred and will be paid mostly after the end of the force majeure period.

Zagreb International Airport

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Holding signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Holding is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

Antalya Airport

Fraport IC İçtas Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş, was established in Turkey on 18 May 2007. The Company's main activity is the operation of the terminal building at Antalya Airport, Southern Turkey in accordance with the Lease Agreement made with Devlet Hava Meydanları İşletmesi ("DHMI"). The terms of the lease agreement gives the Company the right to operate the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center starting from 14 September 2007, and International Terminal II, Parking Lot and all the complementary units starting from 23 September 2009. The Lease Agreement between the Company and DHMI will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. The rent payable under the present lease is EUR 2,010,000 plus Value Added Tax ("VAT"). The Company shall pay this total sum of the rent to DHMI in cash; 3% on the date of the signature of the contract, 15% within 5 business days from 14 September 2007, 7% within 5 business days from 14 September 2008 and 5% within 5 business days.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Antalya has been extended for two years.

A joint-venture formed by the Group and Fraport (49%) has won the tender for the renewal of Antalya Airport concession. This success results from the auction held by the Turkish State Airports Authority (DHMI) on 1 December 2021, in which the joint-venture was the highest bidder. The object of the tender is the realization of additional investments to increase capacity of the airport in return for the right to operate the airport for 25 years, between 1 January 2027 and 31 December 2051.

The total concession rent to DHMI is of 7.25 billion euros (VAT excluded), of which 25% (1.8 billion euros) are to be paid within 90 days after the signing of the concession agreement. Concession lease contract with DHMI has been signed on 28 December 2021. The Group is 51% shareholder of TAV Antalya Yatırım. The current concession right held by the Group and Fraport AG partnership is valid until 31 December 2026.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Antalya Airport (continued)

The investment for the capacity increase of Antalya Airport, to 80 million passengers annually, more than the double that the current capacity, is planned at around 765 million euros on EPC basis, of which 600 million euros will be conducted between 2022 and 2025. Approximately 165 million euros of additional investment will be conducted in 2038 and is planned to take 2 years.

Upfront concession fee of 1.8 billion euros has been fully paid to DHMI on 28 March 2022.

The results of the joint-venture will be accounted for under the equity method.

Almaty Airport

Almaty airport, located in the economic capital of Kazakhstan, is the largest airport in Central Asia: it handled around 6.4 million passengers in 2019, just under half of them on international routes. Kazakhstan, the largest landlocked country in the world with 2.7 million km2, is the engine of economic growth in the region and accounts for 60% of Central Asia's GDP.

The Group indirectly acquired through holding companies, 85% of Almaty International Airport JSC, its subsidiaries (Almaty Catering Services LLP and Almaty FBO LLP) and fuel related businesses carried on by Venus Trading LLP. The partner holding the remaining 15%, KIF Warehouses Coöperatief U.A. (investment fund held by VPE Capital and Kazina Capital Management), has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option is estimated at EUR 58,146 as at 31 December 2022. (31 December 2021: EUR 34,828)

Lagos Airport

The consortium formed by the Group, Nahco Management Services Ltd and Planet Project Limited (the Consortium), submitted a bid for the tender to operate and develop the international passenger & cargo terminals of Lagos Airport in Nigeria for a period of 20 years on 19 September 2022.

According to the announcement made by the Federal Airports Authority of Nigeria (FAAN) on 17 October 2022, the Consortium has been selected as the "preferred bidder". This selection is subject to the necessary official approvals.

After the necessary approvals are obtained, the next step in the tender process is a negotiation stage between FAAN and the Consortium. The result of this negotiation stage will be disclosed through the Public Disclosure Platform and if the negotiations conclude affirmatively then detailed operating conditions will also be shared with the public.

Operations Contracts

BOT and BTO operations and management contracts include the following:

Terminal and airport services – The Group has the right to operate the terminals and airports as mentioned in the preceding paragraphs. This includes passenger, ramp and check-in counter services and services for parking-apron-taxi ways (for airport operations). A fee is charged to each airline based on the number of passengers that utilize the airport, based on the number of aircrafts that utilize ramps and runways and based on the number of check-in counters utilized by the airlines.

Duty free goods – The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are subcontracted either to Group's joint ventures or to other companies in exchange for a commission based on sales.

Catering and airport hotel services – The Group has the right to manage all food and beverage operations within the terminals both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

Area allocation services – As a lessor, the Group leases office space in the airport terminal including the offices leased to the airlines for ticket office and banks.

Ground handling – The Group has the right to provide all ground handling operations. Ground handling involves providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License ("SHY 22").

1. REPORTING ENTITY (continued)

Operations Contracts (continued)

Lounge services – The Group has the right to operate or rent the lounges to provide CIP services to the passengers who have the membership.

Bus and car parking services – The Group has the right to operate the car park and render valet parking services. Revenues from bus operations include shuttle services running from airports to city centers.

Software and system services – The Group develops software and systems on operational and financial optimization in aviation, particularly terminal, flight management system and software programs and to meet the information systems requirements of group companies and certain third parties.

Security services – The Group operates the security services within the domestic terminals.

Airline taxi services – The Group renders airline taxi services.

Seasonality in Operations

Due to the seasonality of the operations, it is expected revenue and operational profit of second half of the year to be higher compared to first half of the year. Higher sales between June and August is mainly due to increase of passenger numbers during the busy season.

The Group employs 17,840 in subsidiaries (average: 17,644) and 9,062 in joint ventures (average: 9,095) excluding TAV İstanbul (31 December 2021: 15,727 in subsidiaries (average: 16,342) and 7,999 in joint ventures (average: 8,009) excluding TAV İstanbul).

TAV İstanbul employs 3 (average:4) (31 December 2021: 12 (average: 27)) people as at 31 December 2022.

Covid-19 Impact and Impairment Analysis

The Covid-19 health crisis has had significant impacts on air traffic, which has largely stopped since March 2020. This sudden drop in traffic has impacts both in terms of aviation revenues and in terms of commercial revenues from investments in associates and joint ventures.

The health crisis had a significant impact on the market premium, and the betas of companies in the airport sector, both on the rise. This increase in discount rates has an unfavorable impact on the recoverable amount of the Group's assets, estimated on the basis of discounted cash flows.

Impairment tests are only performed at the end of the year due to the seasonality of the Group's operations, revenue and operational profits are generally higher in the second half of the year than in the first six months.

Impairment tests were carried as at 31 December 2022 on the main concession and service companies, as a result of the impairment testing performed on CGU basis no additional impairment has been identified.

As a result of the impairment testing performed on CGU basis, EUR 10,000 impairment loss is reversed (EUR 20,000 impairment loss was recognized in 31 December 2020) for TAV Tunisia.

The Group, applied significant savings in the Group's operational expenses to keep the negative impact of the Covid-19 health crisis on the financial statements at a minimum level. In addition, refinancing agreements have signed with lenders and for concession agreements, time extensions have obtained from the competent authorities of the relevant states.

Due to the significant increase in vaccination rates all over the world, travel restrictions have been partially removed. With this effect, passenger numbers reached approximately 88% of 2019. As at third and fourth quarters, which are the busiest periods for airports due to seasonality, passenger figures reached 91% of third quarter of 2019 and 96% of fourth quarter of 2019.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Board of Directors on 14 February 2023. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities at fair value through profit or loss and derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro.

The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

2. BASIS OF PREPARATION (continued)

The table below summarizes the functional currencies of the Group entities:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
TAV Esenboğa	EUR
TAV Ege	EUR
TAV Milas Bodrum	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari (“GEL”)
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
TAV Latvia	EUR
HAVAŞ	EUR
HAVAŞ Latvia	EUR
HAVAŞ Kazakhstan	Kazakhstani Tenge (“KZT”)
HAVAŞ Georgia	GEL
HAVAŞ Adriatic	Croatian Kona (“HRK”)
HAVAŞ Macedonia	EUR
HAVAŞ MZLZ	HRK
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar (“TND”)
BTA Macedonia	Macedonian Denar (“MKD”)
Cakes & Bakes	TRL
BTA Tedarik	TRL
BTA Denizyolları	TRL
BTA Latvia	EUR
BTA Uluslararası Yiyecek	TRL
BTA MZLZ	HRK
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV İşletme Tunisia Plus	TND
TAV İşletme Macedonia	MKD
TAV İşletme Germany	EUR
TAV İşletme Latvia	EUR
TAV İşletme Kenya	Kenyan Shilling (“KES”)
TAV İşletme America	American Dollar (“USD”)
TAV İşletme Washington	USD
TAV İşletme New York	USD
TAV İşletme Madagascar	Malagasy Ariary (“MDG”)
GIS Spain	EUR
Holdco	EUR
Almaty Airport Investment Holding	EUR
TAV Kazakhstan	USD
AIA	USD
VT	KZT
ACS	KZT
FBO	KZT

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

Company	Functional Currency
GIS France	EUR
GIS Germany	EUR
GIS Italy	EUR
GIS Mexico	Mexican Peso ("MEX")
Paris Lounge Network	EUR
TAV Havacılık	USD
TAV Bilişim	USD
TAV IT Saudi	Saudi Arabian Riyal ("SAR")
TAV IT Qatar	Qatari Riyal ("QAR")
TAV IT Netherlands	EUR
TAV Güvenlik	TRL
Aerosec Security	TRL
TAV Akademi	TRL
TAV Aviation Minds	USD
Aviator Netherlands	EUR
PMIA Aviator BV	USD
TAV Uluslararası Yatırım	EUR
ATU	EUR
ATU Georgia	GEL
ATU Tunisia	EUR
ATU Macedonia	EUR
ATU Latvia	EUR
ATU Tunisia Duty Free	EUR
ATU Medinah	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
TAV İşletme Bermuda	USD
TAV Antalya Yatırım	EUR
TAV Antalya	EUR
ZAIC-A	EUR
MZLZ	HRK
MZLZ Operation	HRK
AMS	HRK
Medinah Hotel	SAR

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 1 – sensitivity analysis

Note 3(e) – mark-up applied to construction cost incurred under IFRIC 12 "Service Concession Arrangements".

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are included in the following notes:

Note 3, 12 and 13 – useful lives of property and equipment and intangible assets

Note 13 – key assumptions used in discounted cash flow projections

Note 17 – utilisation of tax losses and tax incentives

Note 26 – measurement of reserve for employee severance indemnity

Note 32 and 33 – valuation of financial instruments

A valuation for the fair values of TAV Tunisia as a separate cash-generating unit ("CGU") was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Tunisia.

A business plan with a duration until end of concession term (May 2047) prepared by the management of TAV Tunisia and it was used in the valuation of company. The growth in business plan of TAV Tunisia is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in EUR discounted cash flows are the weighted average cost of capitals ("WACC") of the company, with average post-tax discount rate of 14% during the projection period (between 2021 and 2047). Since TAV Tunisia has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, EUR 10,000 impairment loss is reversed for TAV Tunisia as of 31 December 2022 (EUR 20,000 impairment loss recognized in 31 December 2020) (Note 14).

A valuation for the fair values of TAV Milas Bodrum as a separate CGU was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Milas Bodrum.

A business plan with a duration until end of concession term (December 2037) prepared by the management of TAV Milas Bodrum and it was used in the valuation of company. The growth in business plan of TAV Milas Bodrum is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in EUR discounted cash flows are the WACC of the company, with average post-tax discount rate of 11.6% during the projection period (between 2022 and 2037). Since TAV Milas Bodrum has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Milas Bodrum as of 31 December 2022 (31 December 2021: EUR 15,000) (Note 14).

The Group has also performed impairment tests for the rest of airport operation rights and concluded as no further impairment is required. In impairment tests, WACC, passenger forecast and recovery dates are evaluated as significant estimates and judgements.

2. BASIS OF PREPARATION (continued)

e) Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency, so that the financial information provided is more meaningful. The Standard lists factors that indicate an economy is hyperinflationary. One of the indicators of hyperinflation is if cumulative inflation over a three-year period approaches, or is in excess of, 100 per cent. Currently, Turkey has economic conditions that will now require reporting entities to follow the requirements set out in IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Cumulative change in Consumer Price Index (CPI) for the last 3 years exceeded 100% in 2022. Although Group's hard currency is EUR, Group applied IAS 29 for the group companies which have TRL as their functional currency starting from 1 January 2022. Indexation of all non-monetary assets, non-monetary liabilities and income statement has been done by using Consumer Price Index. Effect of IAS 29 indexation until 31 December 2021 is accounted under equity. Effect of IAS 29 indexation from 1 January 2022 until 31 December 2022 is accounted under consolidated statement of profit or loss and other comprehensive income.

Effect of IAS 29 in Groups financial statements is as shown below:

EBITDA: EUR 655
Share of profit of equity-accounted investments: EUR 7,927
Net income: EUR 16,841
Equity: EUR 25,727

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities and their joint ventures.

a) Basis of consolidation

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Macedonia, TAV Gazipaşa, TAV Tunisia, TAV Latvia, HAVAŞ, HAVAŞ Latvia, Havaş Kazakhstan, HAVAŞ Adriatic, HAVAŞ Macedonia, HAVAŞ Georgia, HAVAŞ MZLZ, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Denizyolları, BTA Latvia, BTA Uluslararası Yiyecek, BTA MZLZ, TAV İşletme, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV IT Netherlands, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, TAV Uluslararası Yatırım, Holdco, AAIH, TAV Kazakhstan, AIA, VT, ACS and FBO are fully consolidated without non-controlling interest's ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

- TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus and TAV İşletme Macedonia, are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.

- ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Bermuda, Paris Lounge Network, TAV İşletme Saudi, TAV Antalya, TAV Antalya Yatırım, ZAIC-A, MZLZ, MZLZ Operation, AMS and Medinah Hotel are consolidated using the equity method.

i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii) Non-controlling interests:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

iv) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

v) Loss of control:

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

vi) Joint arrangements and associates:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

Associates

Joint ventures and associates are accounted for equity method in the consolidated financial statements. Joint ventures and associates initially recognised at fair value. After initial recognition, Group's share of the profit or loss of the investee, is recorded to financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investments, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group entities and their joint ventures use either EUR, TRL, USD, TND, MKD, GEL, HRK, SAR, CLP, KES, MXN, ARS, BRL, COP, KZT, QAR and MDG as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities or their joint ventures and reflect the economic substance 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. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses EUR as the reporting currency. Assets and liabilities are translated by using year end foreign exchange rates. Income and expenses which are recorded to financial statements during the period are translated by using yearly average rates. Share capital and legal reserves are classified to financial statements by using their face value in the statutory financial statements. “Foreign currency translation differences” resulted by their translations are classified in the total items that will not be reclassified to profit or loss under equity.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005 before they are translated into EUR as the reporting currency. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2006.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations (continued):

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik, which have the TRL as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRL until 31 December 2005, in accordance with IAS 29 as TRL was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, by the exchange rate ruling at reporting date.

c) Financial instruments

i) Non-derivative financial assets:

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(h)(i)).

Loans and receivables comprise cash and cash equivalents, restricted bank balances, trade receivables, due from related parties and guaranteed passenger fee receivable from DHMİ (Concession receivables) (see Note 20).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments.

The Group's use of Project Accounts Reserve Accounts or Funding Accounts is based on certain conditions as defined in respective loan agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the consolidated statement of financial position.

Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also accounting policy note on intangible assets below).

ii) Non-derivative financial liabilities:

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group has the following other financial liabilities: loans and borrowings, bank overdrafts, trade payables and due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a negative component of cash and cash equivalents for the purpose of the statement of cash flows.

When measuring the fair value of a liability, the Company takes into account the effect of its own credit risk and the effect of other factors that will probably affect the settlement of the liability.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

iii) Share capital:

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iv) Derivative financial instruments, including hedge accounting:

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value and cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of other comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

In case of financial asset or financial liability is recognized in the financial statements as a result of forecast hedge transaction, Gain or losses accounted under other comprehensive income will be reclassed to income and loss components which will be excluded from equity for the period or periods of which cash flows subject to hedging (e.g. period which interest income or expense accounted)

In other cases, when the hedged item is not a non-financial asset, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

d) Property and equipment

i) Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

i) Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised net within "other operating income / (expense)" in profit or loss.

ii) Subsequent costs:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation:

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Machinery and equipment	4-18 years
Vehicles	5-18 years
Furniture and fixtures	2-18 years
Leasehold improvements	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangible assets recognised in a business combination:

Customer relationships are the intangible assets recognised during the purchase of HAVAŞ shares in years 2005 and 2007 and purchase of HAVAŞ Latvia shares in 2010 and 2011. DHMİ license is the intangible asset recognised during the purchase of HAVAŞ shares in years 2005 and 2007. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship were determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3 Business Combinations, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangible assets which were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

Due to acquisition of Almaty Airport in 2021, an airport operation right which is determined by an independent consulting firm has been accounted for intangible asset. This intangible asset will be amortized for a period of 49 years.

iii) Internally generated software:

Internally generated software consists of airport software developed by TAV Bilişim. Internally generated software with finite useful lives is measured at cost less accumulated amortisation and impairment losses.

iv) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

v) Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vi) Amortisation:

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets recognised during acquisitions of HAVAŞ and HAVAŞ Latvia are customer relationships and DHMİ licence. Customer relationships have 5-10 years useful life and DHMİ licence has indefinite useful life since the duration of net cash inflow arising from DHMİ licence to the Company does not have any foreseeable limit. DHMİ licence is tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Airport operation right which is accounted related with the acquisition of Almaty Airport will be amortized for a period of 49 years. In practice, duration of this right is indefinite. In order to define a useful life for this right, duration of land lease agreements of the company is determined as amortization period.

vii) Service concession arrangements

IFRIC 12 Interpretation – According to service concession arrangements, entity recognize proceeds received for the construction, renovation works performed and other service lines rendered under non-current intangible asset or financial asset in the financial statements.

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa has guaranteed passenger fee to be received from DHMİ. The agreement covers a period up to May 2023 for TAV Esenboğa. In 2021, operating period has been extended for 2 years due to Force Majeure conditions.

The Group has won the tender on 20 December 2022, held by State Airports Authority (DHMI) for additional investments to increase capacity of Ankara Esenboga Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries.

As per tender specifications, the Group has the concession right to operate Ankara Esenboga Airport for 25 years between the dates 24 May 2025 and 23 May 2050. EUR 475,000 (VAT excluded) will be paid as total concession rent to DHMI.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to February 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A concession agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operation of Alanya Gazipaşa Airport (air side, land side, parking-apron-taxi ways). The agreement covers a period up to May 2034. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

On 24 September 2008, a BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements (continued)

A concession agreement was executed between TAV Ege and DHMİ on 16 December 2011 for the construction and operation of the domestic terminal of İzmir Adnan Menderes Airport and for taking-over the international terminal on January 2015. The agreement covers a period up to December 2032. In 2021, operating period has been extended for 2 years due to Force Majeure conditions.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from October 2015 to December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2015 to December 2035. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya and DHMİ on 14 September 2007 for the operation the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center and on 23 September 2009 for International Terminal II, Parking Lot and all the complementary units. The Lease Agreement between the Company and DHMİ will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya Yatırım and DHMİ on 28 December 2021 for the additional investments to increase capacity of Antalya Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries. The Lease Agreement between the Company and DHMİ will expire on 31 December 2051 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

i) Intangible assets:

The Group recognises an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. Amortisation of airport operation right is calculated based on units of production method over estimated passenger figures.

ii) Financial assets:

The Group recognises the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa. Financial assets are initially recognised at fair value and carried at discounted fair value for the subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

h) Impairment

i) Non-derivative financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment (continued)

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each period at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (the "CGU"). Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRL 19,983 which is applicable starting from 1 January 2023 as at 31 December 2022 (equivalent to full EUR 1,002 as at 31 December 2022) (31 December 2021: full TRL 10,849 (equivalent to full EUR 739 as at 31 December 2021)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 26) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Construction revenue and expenditure: Construction revenue and expenditure are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Service concession agreements: Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Aviation income: Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

Area allocation income: Area allocation income is recognised by the issuance of monthly invoices based on the contracts made for allocated areas in the terminal.

Catering services income: Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

Ground handling income: Ground handling income is recognised when the services are provided.

Commission: The Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

Software and system sales: Software and system sales are recognised when goods are delivered and title has passed or when services are provided.

Income from lounge services: Income from lounge services is recognised when services are provided.

Bus and car parking operations: Income from bus and car parking operations is recognised when services are provided.

Income from airline taxi services: Income from airline taxi services is recognised when services are provided.

l) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables) and ineffective portion of hedging instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current Tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

iii) Tax exposures:

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

n) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the owners of the company by the weighted average number of ordinary shares outstanding during the period. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segment reporting

An operating segment is a component of the Group and its joint ventures that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

p) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new and revised IFRS Standards that are effective for the current year

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9
Amendments to IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

i) The new and revised IFRS Standards that are effective for the current year (continued)

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

The International Auditing and Assurance Standards Board ("IAASB") has published Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IAASB decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

i) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 Non-current Liabilities with Covenants

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

4. DETERMINATION OF FAIR VALUES (continued)

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.
-

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Financial assets	-	45,466	-
Interest rate swap	-	53,613	-
Financial liabilities at fair value through profit or loss	-	(25,390)	-
Forward		(173)	

31 December 2021	**Level 1**	**Level 2**	**Level 3**
Interest rate swap	-	(24,521)	-
Financial liabilities at fair value through profit or loss	-	(23,756)	-

5. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation, AMS; TAV Antalya and AIA. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya, TAV Antalya Yatırım, MZLZ and AIA also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BTA Uluslararası Yiyecek, BTA MZLZ and ACS.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık and ATU Uluslararası Mağazacılık.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ, HAVAŞ Adriatic, HAVAŞ Kazakhstan, HAVAŞ MZLZ, HAVAŞ Macedonia and Havaş Georgia. HAVAŞ provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV İşletme Bermuda, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, TAV İşletme Saudi, Paris Lounge Network, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Netherlands, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings, Medinah Hotel, Holdco, AAIH, TAV Kazakhstan, VT and FBO.

While preparing the results of the reported segments, joint ventures are included in the consolidation according to the proportional consolidation method.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

5. OPERATING SEGMENTS (continued)

Operating Segments (continued)

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Total external revenues	857,308	392,069	126,532	64,548	170,807	81,630	322,212	230,779	184,791	84,283	1,661,650	853,309
Inter-segment revenue	46,881	26,477	10,965	5,732	80	48	1,200	703	46,979	55,237	106,105	88,197
Construction revenue	54,660	-	-	-	-	-	-	-	-	-	54,660	-
Construction expenditure	(54,660)	-	-	-	-	-	-	-	-	-	(54,660)	-
Interest income	44,165	4,497	461	359	1,977	1,107	1,949	537	26,536	39,162	75,088	45,662
Interest expense	(72,899)	(103,194)	(2,724)	(3,149)	(1,383)	(1,290)	(5,584)	(6,742)	(78,106)	(20,096)	(160,696)	(134,471)
Depreciation and amortisation	(175,035)	(110,529)	(7,047)	(5,476)	(10,672)	(6,319)	(17,160)	(16,120)	(10,538)	(9,362)	(220,452)	(147,806)
Reportable segment operating profit / (loss)	240,864	74,572	8,708	(1,388)	18,389	267	57,755	41,432	7,382	(2,341)	333,098	112,542
Capital expenditure	239,697	26,009	6,058	2,198	8,469	3,118	9,159	4,731	12,867	5,917	276,250	41,973

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Reportable segment assets	4,663,529	3,654,865	33,891	13,994	154,257	144,878	263,389	210,416	1,265,705	754,929	6,380,771	4,779,082
Reportable segment liabilities	3,715,781	2,834,585	74,245	71,479	96,895	99,298	145,990	143,754	758,317	254,962	4,791,228	3,404,078

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**2022**	**2021**
Total revenue for reportable segments	1,590,645	801,986
Other revenue	231,770	139,520
Elimination of inter-segment revenue	(106,105)	(88,197)
	1,716,310	**853,309**
Effect of using the equity method for joint ventures	(664,952)	(331,245)
Consolidated revenue	**1,051,358**	**522,064**

Operating profit	**2022**	**2021**
Segment operating profit	325,716	114,883
Other operating profit/(loss)	7,382	(2,341)
	333,098	**112,542**
Effect of using the equity method for joint ventures	(53,651)	(62,394)
Consolidated operating profit	**279,447**	**50,148**
Finance income	26,001	167,150
Finance expense	(163,729)	(134,558)
Net monetary position gains	15,599	-
Consolidated profit before tax	**157,318**	**82,740**

Assets	**31 December 2022**	**31 December 2021**
Total assets for reportable segments	5,115,066	4,024,153
Other assets	1,265,705	754,929
	6,380,771	**4,779,082**
Effect of using the equity method for joint ventures	(2,103,038)	(1,334,353)
Consolidated total assets	**4,277,733**	**3,444,729**

Liabilities	**31 December 2022**	**31 December 2021**
Total liabilities for reportable segments	4,032,911	3,149,116
Other liabilities	758,317	254,962
	4,791,228	**3,404,078**
Effect of using the equity method for joint ventures	(1,738,153)	(970,002)
Consolidated total liabilities	**3,053,075**	**2,434,076**

5. OPERATING SEGMENTS (continued)

Interest income	**2022**	**2021**
Total interest income for reportable segments	48,552	6,500
Other interest income	26,536	39,162
Elimination of inter-segment interest income	(53,469)	(31,957)
	21,619	**13,705**
Effect of using the equity method for joint ventures	(4,036)	(7,057)
Consolidated interest income	**17,583**	**6,648**

Interest expense	**2022**	**2021**
Total interest expense for reportable segments	(82,590)	(114,375)
Other interest expense	(78,106)	(20,096)
Elimination of inter-segment interest expense	51,645	14,839
	(109,051)	**(119,632)**
Effect of using the equity method for joint ventures	25,548	29,327
Consolidated interest expense	**(83,503)**	**(90,305)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Kazakhstan, Georgia, Macedonia, Qatar, Latvia, Tunisia, Croatia, Saudi Arabia, Oman and Spain.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	**2022**	**2021**
Turkey	387,140	268,131
Kazakhstan	333,865	104,522
Georgia	97,842	53,229
Qatar	49,428	6,263
Macedonia	37,890	24,146
Tunisia	26,469	10,736
Croatia	26,019	4,479
Oman	20,539	10,130
Latvia	19,732	13,435
Saudi Arabia	11,323	10,142
Spain	11,089	5,901
Other	30,022	10,950
Consolidated revenue	**1,051,358**	**522,064**

Non-current assets	**31 December 2022**	**31 December 2021**
Turkey	2,333,428	1,892,942
Kazakhstan	501,915	364,415
Tunisia	432,628	431,389
Macedonia	98,376	95,050
Georgia	82,984	74,331
Oman	10,879	12,273
Croatia	10,729	4,016
Spain	4,653	5,158
Qatar	4,515	209
Latvia	2,618	906
Saudi Arabia	2,239	865
Other	40,437	115,934
Consolidated non-current assets	**3,525,401**	**2,997,488**

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the year ended 31 December is as follows:

	2022	2021
Aviation income	434,368	169,176
Ground handling income	216,362	143,653
Catering services income	109,460	57,627
Hardware sales income	62,639	10,416
Commission from sales of duty free goods	50,766	27,019
Income from lounge services	49,306	20,785
Area allocation income	28,590	17,647
Income from car parking operations and valet service income	15,667	10,247
Security services income	12,302	9,595
Software sales income	9,358	16,186
Bus services income	7,319	6,178
Rent income from sublease	4,554	2,125
Utility and general participation income	4,232	2,693
Hotel and reservation income	3,861	2,633
Advertising income	3,739	2,316
Operating financial revenue	3,435	5,471
Loyalty card income	669	723
Other operating revenue	34,731	17,574
Total operating revenue	**1,051,358**	**522,064**

7. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the years ended 31 December is as follows:

	2022	2021
Wages and salaries	192,895	132,682
Compulsory social security contributions	21,234	11,620
Employee severance indemnity expenses	1,119	1,324
Other personnel expenses	27,166	17,299
Total personnel expenses	**242,414**	**162,925**

8. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the years ended 31 December is as follows:

	2022	2021
Consultancy expense	29,980	13,395
Utility cost	28,491	11,931
Rent expense	19,726	11,337
Maintenance expenditures	17,969	8,416
VAT non-recoverable	13,272	4,576
Taxes	10,992	5,507
Provision expenses	10,382	5,044
Cleaning expense	8,186	5,692
Insurance expense	7,434	6,783
Traveling and transportation expenses	4,889	2,134
Security cost	3,093	2,006
Communication and stationary expenses	2,962	2,033
Representation expenses	1,917	908
Advertisement and marketing expenses	1,637	1,545
Commission and license expense	605	421
Other operating expenses	15,418	13,836
Total other operating expenses	**176,953**	**95,564**

9. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

An analysis of the Group's accumulated depreciation, amortisation and impairment for the years ended 31 December is as follows:

	2022	2021
Airport operation right	54,129	33,674
Property and equipment	40,935	33,307
Right of use asset	8,043	7,056
Intangible assets	3,050	2,200
Impairment of goodwill	-	408
Reversal of impairment of airport operation right	(10,000)	-
Reversal of impairment of property and equipment	(589)	-
Total depreciation, amortisation and impairment expenses	**95,568**	**76,645**

10. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the years ended 31 December is as follows:

	2022	2021
Interest income on bank deposits and intercompany loans	17,583	6,648
Discount income (*)	1,092	145,948
Foreign exchange gain, net	-	7,933
Other financial assets income (**)	5,965	5,921
Other finance income	1,361	700
Finance income	**26,001**	**167,150**
Interest expense on financial liabilities and intercompany loans	(83,503)	(90,305)
Discount expense (***)	(41,210)	(33,066)
Foreign exchange loss, net	(10,095)	-
Bank charges	(9,104)	(7,769)
Commission expense	(4,231)	(2,176)
Interest expense provision on employee benefit obligation	(1,450)	(1,242)
Other finance costs (****)	(14,136)	-
Finance costs	**(163,729)**	**(134,558)**
Net finance costs	**(137,728)**	**32,592**

(*) EUR 144,877 of the discount income was related with the amortised loan liabilities and fair value adjustment of participation rights for TAV Tunisia loan restructuring process as of 31 December 2021.

(**) Other financial assets income is related with ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

(***) Discount expense is mainly related with the unwinding of discount on concession payables amounting to EUR 41,210 as of 31 December 2022 (31 December 2021: EUR 33,066).

(****) Other finance costs include financial expenses due to the application of IAS 28 (Note 35).

Recognised in other comprehensive income

	2022	2021
Effective portion of changes in fair value of cash flow hedges	86,688	81,702
Foreign currency translation differences for foreign operations	40,492	21,835
Tax on cash flow hedge reserves	(15,498)	(2,082)
Portion of cash flow hedges charged to profit or loss	(6,410)	(36,207)
Finance costs recognised in other comprehensive income, net of tax	**105,272**	**65,248**

11. TAX EXPENSE

An analysis of the Group's tax expense for the years ended 31 December is as follows:

Tax recognised in profit or loss

	2022	2021
Current tax expense		
Current year tax expense	30,785	11,328
Adjustments for prior periods	3,214	-
	33,999	11,328
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	(2,984)	22,239
Change in previously recognised investment incentives	(4,483)	(2,307)
Recognition of current period tax losses	(762)	205
	(8,229)	20,137
Total tax expense	**25,770**	**31,465**

Tax recognised in other comprehensive income

	2022			2021		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Foreign currency translation differences for foreign operations	40,492	-	40,492	21,835	-	21,835
Effective portion of changes in fair value of cash flow hedges	78,962	(15,498)	63,464	38,536	(2,082)	36,454
Defined benefit obligation actuarial differences	(13,198)	2,641	(10,557)	145	(29)	116
Other comprehensive income from equity accounted investments	(14,785)	27	(14,758)	(12,216)	(711)	(12,927)
	91,471	**(12,830)**	**78,641**	**48,300**	**(2,822)**	**45,478**

11. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2022 and 2021 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2022	%	2021
Profit before tax from continuing operations		157,318		82,740
Loss before tax from discontinued operations		(976)		(79)
Profit before tax		**156,342**		**82,661**
Tax using the Company's domestic tax rate	23	35,959	25	20,665
Tax effects of:				
- non-deductible expenses	8	12,565	14	11,903
- translation effect	(4)	(6,434)	15	12,283
- change in previously recognised investment incentives	(3)	(4,483)	(3)	(2,307)
- tax exempt income	(10)	(16,230)	(23)	(18,956)
- used tax loss carry forwards which no deferred tax asset is recognised	(1)	(2,247)	(4)	(2,916)
- current year losses for which no deferred tax asset is recognised	16	24,272	16	12,957
- effect of different tax rates for foreign jurisdictions	(2)	(3,333)	(6)	(4,587)
- under / (over) provided in prior years	2	3,214	-	-
- adjustment for equity accounted investments	(8)	(12,162)	7	5,687
- adjustments related to tax legislation of subsidiaries which is in foreign countries	(1)	(1,722)	-	267
- effect of different tax rates applied	(1)	(1,311)	(5)	(4,084)
- other consolidation adjustments	(2)	(2,353)	2	1,795
Tax expense	**16**	**25,735**	**40**	**32,707**
Total tax expense from continuing operations		**25,770**		**31,465**
Total tax (income)/expense from discontinued operations		**(35)**		**1,242**

Corporate tax:

	2022	2021
Corporate tax provision from continuing operations	30,785	11,328
Corporate tax provision from discontinued operations	(29)	1,022
Corporate tax provision	30,756	12,350
Adjustments for prior periods	3,214	-
Add: taxes payable from previous year	3,296	3,024
Less: corporation taxes paid during the year	(26,446)	(12,078)
Current tax liabilities	**10,820**	**3,296**

11. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis – there are three advance tax return periods. The corporate income tax (CIT) rate at 31 December 2023 is 20% (The previous 2022 CIT rate was 23%) Losses can be carried forward to offset from future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, companies are subject to a standard corporate income tax rate of 20%. However, the rate was temporarily increased to 25% for the income generated in 2021 and to 23% for the income generated in 2022. The applicable rate as of 2023 is 20%. The tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 30th April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses. As of 1 January 2017 the corporate tax liability arises when the profit is distributed. There is no change on the corporate tax rate.

Tunisia

Tunisian corporate income tax is levied at a rate of 15% on income less deductible expenses (31 December 2021: 15%).

Macedonia

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses as from 2014 onwards (including determination of 2014 CIT). Losses can be carried forward for 3 years provided that the accumulated accounting losses are covered by the accumulated profits (31 December 2021: 10%).

Latvia

Latvian corporate income is levied at a rate of 20% on income less deductible expenses as of 2019. (As the taxable base must be divided by a coefficient of 0.8, the effective tax rate is 25%). According to the new rule, the corporate tax liability will raise when the profit is distributed.

Germany

German federal income tax is levied at a rate of 15% on income less deductible expenses. However municipalities impose a trade tax on income. Taking into account the various municipality multipliers, the combined average tax rate for corporations ranges from approximately 23% to 33%.

Kenya

Effective from January 1, 2021 the corporate income tax is levied at a rate of 30% for resident companies on income less deductible expenses. The corporate income tax rate was applied as 25% for 2020 over 2020 taxable income as a temporary measure in response to Covid-19 (31 December 2021: 30%).

United States

American federal corporate income tax is levied at a rate of 21% on income less deductible expenses.

Croatia

Corporate income tax (CIT) is generally paid at a rate of 18%. For taxpayers with revenues in the tax period lower than HRK 7.5 million, the rate of 10% is applied. (31 December 2021: 18%).

11. TAX EXPENSE (continued)

Corporate tax (continued):

Saudi Arabia

Under the Saudi Arabian tax and zakat regulations, tax / zakat status of a resident company is determined based on the nationality of its shareholders. TAV IT Saudi's all shareholders are incorporated outside GCC. So, it is subject to income tax at 20% over the gross income less allowable expenses under the law (the adjusted net profit for the year). Tax losses can be carried forward indefinitely in Saudi Arabia. However, maximum limit of the brought forward loss that can be deducted from the taxable profit for the year is 25% of the taxable profit.

Oman

Omani corporate income tax is levied at a rate of 15% on income less deductible expenses.

Chile

In the Chile, due to the tax reform as of year 2018 there are two income tax systems which are elective for tax payers (where certain requirements satisfied):

Attributed income system (AIS): Corporate tax rate is 25% for entities subject to the AIS. Also, there is additional WHT of %35 regardless of whether a dividend was effectively distributed or not, with a 100% tax credit for the FCT paid at the attributing entity's level. Total tax burden is 35% for this system. This system is applicable for small and medium enterprises.

Partially integrated system (PIS): Corporate tax rate is 25.5% for entities subject to the PIS in 2018 and 27% in 2018. Also, there is additional WHT of 35% final taxes upon effective distribution of profits, with a tax credit of 65% of the FCT paid at the entity level. Total tax burden is 44.45% for this system. This system is applicable for large enterprises.

France

In 2021, the corporate tax rate was 26.5% for companies with a turnover of less than €250 million and 27.5% for large companies (turnover at or above €250 million). As of 2022, the standard corporate tax rate is 25% for all companies (31 December 2021: 25%).

Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses (31 December 2021: 25%).

Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses (31 December 2021: 24%).

Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses (31 December 2021: 30%)

Argentina

Argentina corporate income tax is levied on progressive rates between 25% and 35% depending on the taxable income effective from 1 January 2021 on income less deductible expenses. (Up to 5,000,000 ARS: 25%, between 5,000,001& 50,000,000 ARS: 30%, Over 50,000,000 ARS: 35%) (31 December 2021: 30%).

Colombia

The corporate income tax rate applicable to resident companies and PEs of nonresident companies is 35% for 2022 (Increased from 31% for 2021).

Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses (31 December 2021: 34%).

Kazakhstan

Kazakhstan corporate income tax is levied at a rate of 20% on income less deductible expenses.

Bermuda

Corporate income tax is not applicable in Bermuda.

11. TAX EXPENSE (continued)

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no. 26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three year time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other hand, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no. 5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no. 2 of the Article 15 of the Law no. 5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no. 27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

The Article 5 of the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010 regulated the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the Article no.2 of the Law no. 5479. According to the Law no. 6009, the taxpayers were allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479, up to 25% of the taxable income of the respective tax period. Such change is effective including the fiscal year ending on 31 December 2011.

However, on 9 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009 and stay of execution of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012. Accordingly, taxpayers are allowed to benefit from the investment incentive without any limitation. The annulment of the article was promulgated in the Official Gazette no. 28719 dated 26 July 2013.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Where there is a tax treaty between Turkey and the country of the dividend recipient is a resident taxpayer, the applicable rate might be less than the local rate. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2021	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**
Effect of movements in exchange rates	161	8,148	2,857	1,814	(2,410)	(1,720)	1,316	10,166
Additions (*)	26	-	4,098	1,449	2,554	6,086	7,110	21,323
Disposals	-	(652)	(1,967)	(1,048)	(535)	(3,901)	(84)	(8,187)
Transfers (**)	-	5,008	5,906	3	(2,455)	7,589	(17,526)	(1,475)
Effect of acquisitions of a subsidiary (***)	2,143	159,064	37,099	20,234	-	1,035	829	220,404
Effect of group structure change	-	-	(2,837)	-	(5,361)	-	(1,473)	(9,671)
Balance at 31 December 2021	**2,453**	**191,355**	**148,262**	**54,296**	**47,668**	**129,949**	**9,616**	**583,599**
Balance at 1 January 2022	**2,453**	**191,355**	**148,262**	**54,296**	**47,668**	**129,949**	**9,616**	**583,599**
Effect of movements in exchange rates	182	11,542	4,283	2,458	185	3,057	(615)	21,092
Additions (*)	-	108	10,123	4,559	4,805	14,328	98,651	132,574
Disposals	-	(202)	(1,612)	(4,167)	(793)	(404)	(309)	(7,487)
Transfers (**)	-	-	(3,259)	-	297	4,871	(9,200)	(7,291)
Effect of acquisitions of a subsidiary (***)	-	-	4,815	-	-	-	-	4,815
Effect of IAS 29 indexation	-	8,530	2,524	300	15,885	24,976	65	52,280
Balance at 31 December 2022	**2,635**	**211,333**	**165,136**	**57,446**	**68,047**	**176,777**	**98,208**	**779,582**

(*) There is no capitalised borrowing cost on property and equipment during 2022 (31 December 2021: None). In year 2022, additions to property and equipment have not been purchased by financial leasing (31 December 2021: None).

(**) Transfer amounting to EUR 4,163 comprises transfer to intangible assets and transfer amounting to EUR 3,128 comprises transfer to inventories as at 31 December 2022 (31 December 2021: Transfer amounting to EUR 1,475 comprises transfer to intangible assets).

(***) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).

12. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2021	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Effect of movements in exchange rates	-	583	519	772	(2,029)	(1,583)	-	(1,738)
Depreciation for the year	-	3,896	8,116	3,265	4,086	13,944	-	33,307
Disposals	-	-	(1,464)	(401)	(290)	(3,770)	-	(5,925)
Transfers	-	-	(75)	-	(536)	875	-	264
Effect of acquisitions of a subsidiary (*)	-	11,991	5,243	3,720	-	186	-	21,140
Effect of change in group structure	-	-	(2,052)	-	(1,024)	-	-	(3,076)
Balance at 31 December 2021	**-**	**17,667**	**77,396**	**23,007**	**31,861**	**62,710**	**-**	**212,641**
Balance at 1 January 2022	**-**	**17,667**	**77,396**	**23,007**	**31,861**	**62,710**	**-**	**212,641**
Effect of movements in exchange rates	-	899	1,097	1,213	20	1,017	-	4,246
Depreciation for the year	-	6,276	11,390	4,279	5,018	13,972	-	40,935
Disposals	-	(3)	(1,191)	(1,787)	(645)	(290)	-	(3,916)
Impairment losses	-	-	(161)	(3)	(193)	(232)		(589)
Transfers (**)	-	(43)	(149)	-	341	23	-	172
Effect of acquisitions of a subsidiary (*)	-	-	2,786	-	-	-	-	2,786
Effect of IAS 29 indexation	-	581	1,770	211	13,900	19,500	-	35,962
Balance at 31 December 2022	**-**	**25,377**	**92,938**	**26,920**	**50,302**	**96,700**	**-**	**292,237**
Carrying amounts								
At 31 December 2021	**2,453**	**173,688**	**70,866**	**31,289**	**15,807**	**67,239**	**9,616**	**370,958**
At 31 December 2022	**2,635**	**185,956**	**72,198**	**30,526**	**17,745**	**80,077**	**98,208**	**487,345**

(*) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).
(**) Transfer amounting to EUR 172 comprises transfer from intangible assets as at 31 December 2022 (31 December 2021: None).

13. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMİ and other operating licenses	Total
Cost					
Balance at 1 January 2021	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Effect of movements in exchange rates	(632)	620	(76)	-	(88)
Additions	1,021	-	-	-	1,021
Disposals	(7)	-	-	-	(7)
Transfers (*)	(78)	1,465	-	88	1,475
Effect of acquisitions of a subsidiary (**)	1,067	-	-	-	1,067
Balance at 31 December 2021	**21,861**	**8,960**	**27,929**	**5,412**	**64,162**
Balance at 1 January 2022	**21,861**	**8,960**	**27,929**	**5,412**	**64,162**
Effect of movements in exchange rates	131	524	(30)	(9)	616
Additions	1,678	-	-	3	1,681
Disposals	(279)	-	-	-	(279)
Transfers (*)	6	4,155	-	2	4,163
Effect of acquisitions of a subsidiary (**)	-	-	-	3,957	3,957
Effect of IAS 29 indexation	4,101	-	-	-	4,101
Balance at 31 December 2022	**27,498**	**13,639**	**27,899**	**9,365**	**78,401**
Accumulated amortisation					
Balance at 1 January 2021	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Effect of movements in exchange rates	(510)	460	(76)	-	(126)
Amortisation for the year	1,336	595	269	-	2,200
Transfers	11	-	-	-	11
Effect of acquisitions of a subsidiary (**)	882	-	-	-	882
Balance at 31 December 2021	**18,960**	**6,397**	**26,612**	**-**	**51,969**
Balance at 1 January 2022	**18,960**	**6,397**	**26,612**	**-**	**51,969**
Effect of movements in exchange rates	119	403	(29)	-	493
Amortisation for the year	1,634	983	433	-	3,050
Disposals	(265)	-	-	-	(265)
Transfers (***)	(172)	-	-	-	(172)
Effect of IAS 29 indexation	3,438	-	-	-	3,438
Balance at 31 December 2022	**23,714**	**7,783**	**27,016**	**-**	**58,513**
Carrying amounts					
At 31 December 2021	**2,901**	**2,563**	**1,317**	**5,412**	**12,193**
At 31 December 2022	**3,784**	**5,856**	**883**	**9,365**	**19,888**

(*) Transfer amounting to EUR 4,163 comprises transfer from property and equipment as at 31 December 2022 (31 December 2021: EUR 1,475 comprises transfer from property and equipment).
(**) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).
(***) Transfer amounting to EUR 172 comprises transfer to property, plant & equipment as at 31 December 2022 (31 December 2021: None).

13. INTANGIBLE ASSETS (continued)

DHMİ licenses acquired through the purchase of HAVAŞ shares in years 2005 and 2007 were recognised with indefinite useful lives since there is no foreseeable limit to the period over which they are expected to generate net cash inflows. The useful life of DHMİ license associated with the acquisition of HAVAŞ was deemed indefinite since;

- without these licenses ground handling companies could not operate,
- it is difficult to obtain the licence, which requires high pre-operational costs and procurement of workforce and equipment required to deliver ground handling services
- the continuity of the license requires low annual payments compared to initial license cost.

The replacement cost method was used in order to determine the fair value of the DHMİ licences for impairment testing. As a result of the impairment testing no impairment was recognized.

Goodwill

An analysis of goodwill as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Balance at 1 January	**213,441**	**137,055**
Addition during the year	755	72,049
Effect of movements in exchange rates	5,010	4,745
Disposals	-	(408)
Balance at the end of the year	**219,206**	**213,441**

Goodwill is related with the CGU's AIA, HAVAŞ, TAV Tbilisi, HAVAŞ MZLZ and GIS Spain as at 31 December 2022 (31 December 2021: AIA, HAVAŞ, TAV Tbilisi and GIS Spain).

Impairment testing for CGU's

For the purpose of impairment testing, goodwill is allocated to CGU's. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	31 December 2022	31 December 2021
HAVAŞ	131,565	131,565
AIA	81,825	76,808
TAV Tbilisi	3,857	3,858
GIS Spain	1,094	1,094
Other	865	116
	219,206	**213,441**

A valuation for the fair values of HAVAŞ, AIA and TAV Tbilisi as three separate CGU's was performed by an independent valuation expert. The income and market approaches were used to determine the fair values of HAVAŞ, AIA and TAV Tbilisi. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the value of HAVAŞ, AIA and TAV Tbilisi resulting from the Guideline Transaction and Company methods.

13. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing for CGU's (continued)

25-year business plan prepared by the management for HAVAŞ and 8-year business plan prepared by the management for TAV Tbilisi were used in the valuation of companies. The growth in business plan of HAVAŞ and TAV Tbilisi is driven by the opportunities in companies' businesses and addition of new customers.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised for HAVAŞ, TAV Tbilisi, GIS Spain and AIA as at 31 December 2022.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates and terminal growth rates. These assumptions are as follows:

	31 December 2022	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	17.1%	2.0%
TAV Tbilisi	25.4%	-
GIS Spain	13.0%	2.0%
AIA	10.2%	2.0%

	31 December 2021	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	17.1%	2.0%
TAV Tbilisi	25.6%	-
GIS Spain	13.0%	2.0%
AIA	8.2%	2.1%

Discount rate

The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the companies.

Terminal growth rate for HAVAŞ is determined as 2.0%, GIS Spain as 2.0% and AIA as 2.0%. Since TAV Tbilisi has a limited life, terminal growth rate is not used in the valuation.

Market Approach

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the subject company's industry. These derived multiples are then applied to the appropriate operating data of the subject company to arrive at an indication of fair market value. Guideline Company Method focuses on comparing the subject company to guideline publicly-traded companies.

14. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Cost								
Balance at 1 January 2021	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**-**	**2,132,378**
Effect of movements in exchange rates	-	12,194	-	-	-	-	5,068	17,262
Additions (*)	81	-	-	-	-	-	-	81
Effect of acquisitions of a subsidiary (**)	-	-	-	-	-	-	76,709	76,709
Transfers (***)	28,873	-	-	-	-	28,687	-	57,560
Balance at 31 December 2021	**808,788**	**95,574**	**595,488**	**48,198**	**132,077**	**522,088**	**81,777**	**2,283,990**
Balance at 1 January 2022	**808,788**	**95,574**	**595,488**	**48,198**	**132,077**	**522,088**	**81,777**	**2,283,990**
Effect of movements in exchange rates	-	21,034	-	-	-	-	5,340	26,374
Additions (*)	308	-	-	-	-	146	-	454
Balance at 31 December 2022	**809,096**	**116,608**	**595,488**	**48,198**	**132,077**	**522,234**	**87,117**	**2,310,818**

(*) There is no capitalised borrowing cost on airport operation right during 2022 (31 December 2021: None).

(**) Effect of acquisitions of a subsidiary is related with acquisition of AIA. Some portion of the provisional goodwill which is accounted in the consolidated financial statements of the Group as at 30 June 2021, is converted into airport operation right after the completion of PPA (Purchase Price Allocation) work in the 31 December 2021 consolidated financial statements.

(***) Transfer amounting to EUR 57,560 is related to 2 year extension on İzmir Adnan Menderes International Airport and Milas-Bodrum Airport as at 31 December 2021.

14. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Accumulated amortisation								
Balance at 1 January 2021	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**-**	**563,240**
Effect of movements in exchange rates	-	6,153	-	-	-	-	22	6,175
Amortisation for the year	16,098	3,305	1,554	739	4,271	7,167	540	33,674
Balance at 31 December 2021	**248,626**	**49,929**	**157,889**	**12,611**	**42,641**	**90,831**	**562**	**603,089**
Balance at 1 January 2022	**248,626**	**49,929**	**157,889**	**12,611**	**42,641**	**90,831**	**562**	**603,089**
Effect of movements in exchange rates	-	11,356	-	-	-	-	24	11,380
Amortisation for the year	23,585	7,167	4,500	858	6,207	10,962	850	54,129
Impairment reversals (*)	-	-	(10,000)	-	-	-	-	(10,000)
Balance at 31 December 2022	**272,211**	**68,452**	**152,389**	**13,469**	**48,848**	**101,793**	**1,436**	**658,598**
Carrying amounts								
At 31 December 2021	**560,162**	**45,645**	**437,599**	**35,587**	**89,436**	**431,257**	**81,215**	**1,680,901**
At 31 December 2022	**536,885**	**48,156**	**443,099**	**34,729**	**83,229**	**420,441**	**85,681**	**1,652,220**

(*) Estimations used for impairment testing are disclosed in Note 2.

15. RIGHT OF USE ASSETS

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other tangible assets**	**Total**	**Lease liabilities**
1 January 2022	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**
Additions	428	3,160	-	-	3,588	3,345
Depreciation expense	(3,545)	(3,825)	(576)	(97)	(8,043)	-
Interest expense	-	-	-	-	-	3,189
Disposals	(1,172)	(56)	-	-	(1,228)	-
Payments	-	-	-	-	-	(11,370)
Effect of acquisition of subsidiary	-	-	-	-	-	2,344
Effect of IAS 29 indexation	-	4,465	131	-	4,596	-
Effect of movements in exchange rates	-	(441)	(110)	99	(452)	218
31 December 2022	**36,955**	**18,408**	**918**	**473**	**56,754**	**58,486**

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other tangible assets**	**Total**	**Lease liabilities**
1 January 2021	45,292	19,588	568	494	65,942	67,759
Additions	678	1,019	1,980	-	3,677	2,032
Depreciation expense	(3,923)	(2,316)	(741)	(76)	(7,056)	-
Interest expense	-	-	-	-	-	4,196
Disposals	(803)	(1,392)	(39)	(12)	(2,246)	-
Payments	-	-	-	-	-	(11,617)
Effect of movements in exchange rates	-	(1,794)	(295)	65	(2,024)	(1,610)
31 December 2021	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**

The Group, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

16. FINANCIAL ASSETS

At 31 December 2022 and 31 December 2021, financial assets comprised the following:

	31 December 2022	**31 December 2021**
Exchange rate protected deposits (*)	45,000	-
Investment funds	466	-
	45,466	**-**

(*) Exchange rate protected deposits have 3 to 6 months maturity.

17. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

The tax rate has changed from 20% since 1 January, 2018 within 3 years (in 2018, 2019 and 2020) to 22% and from 22% to 25% until end of 2021 in Turkey. In 2022, tax rate decreased to 23% in Turkey. However, since the corporate tax rate is 20% after 2022, 20% tax rate is used in 2022.

The rate of 15% for subsidiaries in Tunisia (31 December 2021: 15%) and the rate of 10% for subsidiaries in Macedonia (31 December 2021: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 December 2022 and 2021, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property and equipment, airport operation right, and intangible assets	-	-	(25,612)	(37,909)	(25,612)	(37,909)
Trade and other receivables and payables	516	2,641	-	-	516	2,641
Derivatives	-	4,798	(10,490)	-	(10,490)	4,798
Tax loss carry-forwards	18,225	16,033	-	-	18,225	16,033
Loans and borrowings	-	-	(1,145)	(1,154)	(1,145)	(1,154)
Reserve for employee severance indemnity	3,907	1,317	-	-	3,907	1,317
Provisions	1,027	1,429	-	-	1,027	1,429
Investment incentives	13,987	9,509	-	-	13,987	9,509
IFRS 16 Liabilities	9,465	10,050	-	-	9,465	10,050
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(7,382)	(9,104)	(7,382)	(9,104)
Other items (*)	-	-	(67,500)	(53,769)	(67,500)	(53,769)
Deferred tax assets / (liabilities)	**47,127**	**45,777**	**(112,129)**	**(101,936)**	**(65,002)**	**(56,159)**
Set-off of tax	(18,534)	(27,309)	18,534	27,309	-	-
Net deferred tax assets / (liabilities)	**28,593**	**18,468**	**(93,595)**	**(74,627)**	**(65,002)**	**(56,159)**

(*) EUR 44.907 of other items is related with deferred tax liability effect of purchase price allocation of Almaty acquisition in 2021 as of 31 December 2022 (EUR 43.259 as at 31 December 2021).

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the year

	Balance at 31 December 2020	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of acquisition (*)	Effect of discontinued activities	Balance at 31 December 2021	Recognised in profit or loss	Effect of acquisition (*)	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2022
Property and equipment, airport operation right and other intangible assets	(28,425)	(3,323)	-	337	(6,484)	(14)	(37,909)	12,711	-	-	(414)	-	(25,612)
Trade and other receivables and payables	2,643	156	-	5	23	(186)	2,641	(2,849)	2	-	713	9	516
Derivatives	6,910	6	(2,082)	1	(37)	-	4,798	47	-	(15,498)	163	-	(10,490)
Loans and borrowings	(1,745)	664	-	(73)	-	-	(1,154)	21	-	-	(12)	-	(1,145)
Reserve for employee severance indemnity	1,977	(333)	(29)	(282)	-	(16)	1,317	76	141	2,641	(266)	(2)	3,907
Provisions	805	385	-	2	239	(2)	1,429	214	-	-	(616)	-	1,027
Tax loss carry-forwards	16,348	(205)	-	(110)	-	-	16,033	762	1,364	-	66	-	18,225
Investment incentives	15,613	(6,104)	-	-	-	-	9,509	4,483	-	-	(5)	-	13,987
IFRS 16 liabilities	11,427	(157)	-	(1,220)	-	-	10,050	(261)	-	-	(324)	-	9,465
Provision for tax	(8,837)	(267)	-	-	-	-	(9,104)	1,722	-	-	-	-	(7,382)
Other items	2,197	(10,959)	-	(3,487)	(41,518)	(2)	(53,769)	(8,697)	(708)	-	(4,325)	(1)	(67,500)
Tax assets / (liabilities)	**18,913**	**(20,137)**	**(2,111)**	**(4,827)**	**(47,777)**	**(220)**	**(56,159)**	**8,229**	**799**	**(12,857)**	**(5,020)**	**6**	**(65,002)**

(*) Effect of acquisition of a subsidiary is related with acquisition of HAVAŞ MZLZ. (31 December 2021:AIA, ACS, VT and FBO)

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 396,246 (31 December 2021: EUR 286,356) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation adopted in Turkey. Deferred tax asset related with the tax losses is recognised as at 31 December 2022 amounting to EUR 18,225 (31 December 2021: EUR 16,033), since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years. Total unused tax loss carry forwards will expire as follows:

	31 December 2022	31 December 2021
Expire in year 2022	-	13,739
Expire in year 2023	65,050	71,446
Expire in year 2024	61,189	64,484
Expire in year 2025	104,670	107,278
Expire in year 2026 and after	165,337	29,409
Total	**396,246**	**286,356**

As per the annulment decision of the Turkish Constitutional Court (see Note 11) in 2012, TAV Esenboğa and TAV Ege, consolidated subsidiaries of the Group, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting to EUR 13,987 (31 December 2021: EUR 9,509) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2022 since it is assessed as probable that TAV Ege will use their right of deducting investment allowances from their corporate income after deducting carry forward tax losses to the extent that sufficient future taxable profits will be available till the end of their concession periods. Investment allowance of TAV Esenboğa has been fully used as of 31 December 2021.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets related to tax-loss carry forwards as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Unrecognised deferred tax assets	62,920	46,609
	62,920	**46,609**

Deferred tax assets have not been recognised in respect of the tax loss carry forwards where it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from till the end of concession periods.

As at 31 December 2022, a deferred tax liability of EUR 271,221 (31 December 2021: EUR 222,011) related to investments in subsidiaries and joint ventures was not recognised since it is not assessed as probable that the temporary difference will reverse in the foreseeable future.

18. INVENTORIES

At 31 December 2022 and 2021, inventories comprised the following:

	31 December 2022	31 December 2021
Spare parts and other inventories	36,248	9,803
Goods for sale	11,195	9,323
Catering inventories	2,726	1,614
	50,169	**20,740**

No impairment has been identified on inventories.

19. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2022 and 2021, other receivables and current assets comprised the following:

Other receivables and current assets	31 December 2022	31 December 2021
Advances to suppliers	84,532	58,034
VAT deductible	23,744	16,593
Income accruals	20,517	16,073
Other prepaid expense	12,048	19,912
Prepaid taxes and funds	10,662	8,865
Prepaid insurance	1,439	789
Advances given to personnel	1,316	863
Deposits and guarantees given	449	1,138
Other receivables	4,557	9,172
	159,264	**131,439**

At 31 December 2022 and 2021, other receivables and current assets comprised the following:

Other non-current assets	31 December 2022	31 December 2021
Financial assets (*)	73,782	86,243
Other non-current receivables	34,131	23,846
	107,913	**110,089**

(*) Amount related to 15 years (3+3+3+3+3) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

20. TRADE RECEIVABLES

At 31 December 2022 and 2021, trade receivables comprised the following:

Trade receivables:	31 December 2022	31 December 2021
Trade receivables (*)	102,189	59,401
Guaranteed passenger fee receivable from DHMİ (**)	10,651	24,664
Doubtful receivables	49,244	45,778
Allowance for doubtful receivables (-)	(49,244)	(45,778)
Notes receivables	931	1,406
	113,771	**85,471**

Allowance for doubtful receivables has been determined by reference to past default experience.

(*) Pledges on trade receivables are disclosed in Note 25 and Note 34.

(**) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

20. TRADE RECEIVABLES (continued)

At 31 December 2022 and 2021, trade receivables comprised the following:

Non-current trade receivables:	31 December 2022	31 December 2021
Guaranteed passenger fee receivable from DHMİ (*)	-	9,683
	-	**9,683**

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

21. CASH AND CASH EQUIVALENTS

At 31 December 2022 and 2021, cash and cash equivalents comprised the following:

	31 December 2022	31 December 2021
Cash on hand	609	430
Cash at banks		
- Demand deposits	195,534	66,014
- Time deposits	56,458	26,207
Other liquid assets	5,414	288
Cash and cash equivalents	**258,015**	**92,939**
Bank overdrafts used for cash management purposes	(378)	(424)
Cash and cash equivalents in the statement of cash flows	**257,637**	**92,515**

The details of the Group's time deposits, maturities and interest rates as at 31 December 2022 and 2021 are as follows:

31 December 2022

Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2023	0.01 – 2.00	26,517
USD	January – April 2023	0.05 – 6.00	23,484
TRL	January – June 2023	5.00 – 19.00	1,433
Other	January – September 2023	1.90 – 11.90	5,024
			56,458

31 December 2021

Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2022	0.01 – 0.30	15,529
USD	January – March 2022	0.01 – 1.00	9,405
TRL	January 2022	5.00 – 15.00	1,265
Other	February 2022	0.06	8
			26,207

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 33.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 December 2022 and 2021.

22. RESTRICTED BANK BALANCES

At 31 December 2022 and 2021, restricted bank balances comprised the following:

	31 December 2022	31 December 2021
Project reserve and funding accounts (*)	105,569	82,211
	105,569	**82,211**

(*) TAV Holding, TAV Tunisia, TAV Macedonia, TAV Kazakhstan, TAV Milas Bodrum and TAV Ege ("the Borrowers") opened various accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2021: TAV Esenboğa, TAV Holding, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege) and other purposes. As a result of pledges regarding the project bank loans as explained in Note 25, all cash except for cash on hand are classified in these accounts for TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

31 December 2022

Original Currency	Interest rate %	Balance
EUR	0.05 – 5.00	99,591
USD	0.10 – 2.00	2,460
TRL	14.50 –20.00	3,243
Other	15.00	275
		105,569

31 December 2021

Original Currency	Interest rate %	Balance
EUR	0.10	81,356
USD	0.45	202
TRL	14.50	578
Other		75
		82,211

23. CAPITAL AND RESERVES

At 31 December 2022 and 2021, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 December 2022
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2022		18,223
Effect of non-cash increases and exchange rates		144,161
Paid in capital EUR		**162,384**

Shareholders	(%)	31 December 2021
Tank ÖWA alpha GmbH(*)	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2021		24,080
Effect of non-cash increases and exchange rates		138,304
Paid in capital EUR		**162,384**

(*) According to the announcement dated 7 July 2017, the share transfer of Akfen Holding's 8.119% stake in TAV Airports to Tank ÖWA Alpha GmbH, which is wholly owned by Groupe ADP, has been completed.

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2022 (31 December 2021: 363,281,250 shares amounting to TRL 363,281).

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2022, legal reserves of the Group amounted to EUR 121,975 (31 December 2021: EUR 121,975).

23. CAPITAL AND RESERVES (continued)

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 December 2022 and 2021 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively EUR 19,998 liability and EUR 14,951 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements. As at 31 December 2022 and 2021, profit amounts attributable to non-controlling interests in the consolidated statement of other comprehensive income are respectively EUR 11,816 profit and EUR 7,188 profit.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, 50% distribution rate has been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

In 2022, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2021: None). Dividend per share is nil (2021: Nil).

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the revaluation of intangible assets acquired in a business combination until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchases of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognised directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

23. CAPITAL AND RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury reserves

Group's buyback transactions have reached 2,047,331 shares in 2022 (2021: 2,047,331). All the shares that were bought back by the Group have been sold on 1 November 2022 on Borsa Istanbul through a block sale at the price of TL 76.00. A gain amounting to EUR 3,335 from sale of own shares has been recognized under equity.

Other reserves

Other reserve comprises all gain or loss realized on sale or purchase of non-controlling interest without a change in control in a subsidiary.

24. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2022 was based on the profit from continued operations attributable to ordinary shareholders of EUR 123,142 (31 December 2021: EUR 46,042), based on the loss from discontinued operations attributable to ordinary shareholders of EUR (941) (31 December 2021: EUR (1,321)) and a weighted average number of ordinary shares outstanding of 361,576,076 (31 December 2021: 361,233,919) as follows:

	2022	2021
Numerator:		
Profit for the period attributable to owners of the Company from continued operations	123,142	46,042
Loss for the period attributable to owners of the Company from discontinued operations	(941)	(1,321)
Denominator:		
Weighted average number of shares	361,576,076	361,233,919
Basic and diluted profit per share for continued operations (full EUR)	**0.34**	**0.13**
Basic and diluted loss per share for discontinued operations (full EUR)	**(0.00)**	**(0.00)**

	2022	2021
Issued ordinary shares at 1 January	361,576,076	361,233,919
Weighted average number of ordinary shares	**361,576,076**	**361,233,919**

25. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 33.

	31 December 2022	31 December 2021
Non-current liabilities		
Secured bank loans (*)	823,476	566,772
Unsecured bank loans	106,538	202,570
Lease liabilities	52,288	54,502
Financial liabilities at fair value through profit or loss	25,390	23,756
	1,007,692	**847,600**
Current liabilities		
Short term secured bank loans (*)	47,178	40,806
Current portion of long term secured bank loans (*)	92,267	158,774
Short term unsecured bank loans	229,591	128,683
Current portion of long term unsecured bank loans	12,443	9,546
Current portion of long term lease liabilities	6,198	6,258
	387,677	**344,067**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Bank loans	1,311,493	1,107,151
Lease liabilities	58,486	60,760
Financial liabilities at fair value through profit or loss	25,390	23,756
	1,395,369	**1,191,667**

25. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2022 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV Holding	213,526	93,820	307,346
TAV Kazakhstan	15,255	282,637	297,892
TAV Tunisia	15,887	218,649	234,536
TAV Ege	15,647	168,590	184,237
TAV Milas Bodrum	15,806	98,200	114,006
HAVAŞ	43,861	14,959	58,820
TAV Macedonia	4,265	39,273	43,538
BTA	28,052	11,907	39,959
TAV Gazipaşa	8,606	-	8,606
Other	20,574	1,979	22,553
	381,479	**930,014**	**1,311,493**

The Group's bank loans as at 31 December 2021 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV Holding	123,054	174,277	297,331
TAV Tunisia (*)	12,699	227,527	240,226
TAV Ege	52,936	178,577	231,513
TAV Milas Bodrum	12,343	109,332	121,675
HAVAŞ	52,317	23,689	76,006
BTA	14,857	26,854	41,711
TAV Esenboğa	33,113	-	33,113
TAV Macedonia	7,903	21,816	29,719
TAV Gazipaşa	12,112	-	12,112
Other	16,475	7,270	23,745
	337,809	**769,342**	**1,107,151**

(*) As a consequence of the "Arab Spring" of 2011 and the attacks of 2015, expected passenger traffic in Tunisia could not be reached and TAV Tunisia stopped paying its agreed bank debt instalments. Since then, negotiations started with lenders and the Tunisian authorities (granting authority). Negotiation terms have been agreed in February 2021 leading to:

- TAV Tunisia's debt reduction which, after restructuring amounts to €234 million and;
- The issuance of TAV Tunisia's "titres participatifs" to the lenders benefit for a market value of EUR 25,390 (31 December 2021: EUR 23,756). These equity securities are qualified as financial instruments and do not confer any voting rights in the management bodies of TAV Tunisia. Holders of these securities benefit from a fixed remuneration, as well as a variable remuneration, according to TAV Tunisia's results until the end of the concession on May 2047.
- The impact of the restructuring is a net deferred tax income of EUR 109,333 as of 31 December 2021.

25. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	381,479	337,809
In the second year	188,033	285,277
In the third year	97,532	88,066
In the fourth year	85,927	76,967
In the fifth year	89,564	69,954
After five years	468,958	249,078
	1,311,493	**1,107,151**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 31 December 2022 are between 1.50% - 8.40%, USD denominated loans as at 31 December 2022 are between 0.90% - 4.50% (31 December 2021: Spreads for EUR and USD denominated loans are between 0.75% - 5.50% and %0.90-3.00%, respectively).

Interest payments of 93%, 53%, 100%, 90%, 70% and 81% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme America, TAV Milas Bodrum, TAV Kazakhstan and AIA respectively are fixed with interest rate swaps as explained in Note 32 (31 December 2021: 92%, 100%, 100% and 94%)

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

Details of the loans are summarised for each project below:

TAV Holding

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2023 - 2024	0.54% - 9.75%	304,000	307,346
				304,000	**307,346**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2022 - 2023	0.54% - 4.90%	296,000	297,331
				296,000	**297,331**

	31 December 2022	31 December 2021
On demand or within one year	213,526	123,054
In the second year	93,820	174,277
	307,346	**297,331**

25. LOANS AND BORROWINGS (continued)

TAV Kazakhstan

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2036	Euribor + 4.50%	297,728	297,892
				297,728	**297,892**

	31 December 2022
On demand or within one year	15,255
In the second year	16,471
In the third year	24,169
In the fourth year	21,520
In the fifth year	24,196
After five years	196,281
	297,892

TAV Tunisia

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032 - 2034	Euribor + 3.00%	234,535	234,536
				234,535	**234,536**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032-2034	Euribor + 3.00%	240,147	240,226
				240,147	**240,226**

	31 December 2022	31 December 2021
On demand or within one year	15,887	12,699
In the second year	22,383	15,317
In the third year	21,761	21,692
In the fourth year	24,468	21,095
In the fifth year	26,015	23,727
After five years	124,022	145,696
	234,536	**240,226**

25. LOANS AND BORROWINGS (continued)

TAV Ege

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031 - 2032	Euribor + 5.50%	184,107	184,237
				184,107	**184,237**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	231,415	231,513
				231,415	**231,513**

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	15,647	52,936
In the second year	19,579	31,527
In the third year	20,143	34,796
In the fourth year	20,441	34,916
In the fifth year	19,720	34,349
After five years	88,707	42,989
	184,237	**231,513**

TAV Milas Bodrum

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor+%4.50	113,960	114,006
				113,960	**114,006**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor+%4.50	121,660	121,675
				121,660	**121,675**

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	15,806	12,343
In the second year	15,879	11,679
In the third year	14,694	13,130
In the fourth year	12,338	12,991
In the fifth year	12,796	11,321
After five years	42,493	60,211
	114,006	**121,675**

25. LOANS AND BORROWINGS (continued)

HAVAŞ

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2023- 2025	Euribor + 2.30%- Euribor + 8.40%	31,978	32,100
Secured bank loan	EUR	2023	2.80% - 9.75%	24,188	24,212
Secured bank loan	TRY	2023	15.93%	2,508	2,508
				58,674	**58,820**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022 - 2023	2.35% - 2.90%	62,502	62,551
Secured bank loan	EUR	2023	Euribor + 2.70%	11,933	11,941
Secured bank loan	EUR	2023	Euribor + 2.30%	1,500	1,514
				75,935	**76,006**

Redemption schedules of the HAVAŞ bank loans as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	43,861	52,317
In the second year	8,256	22,189
In the third year	6,703	1,500
	58,820	**76,006**

TAV Macedonia

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2030	Euribor + 5.00%	43,500	43,538
				43,500	**43,538**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	29,711	29,719
				29,711	**29,719**

Redemption schedules of TAV Macedonia bank loans as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	4,265	7,903
In the second year	2,668	3,859
In the third year	5,873	11,087
In the fourth year	6,749	6,870
In the fifth year	6,593	-
After five years	17,390	-
	43,538	**29,719**

25. LOANS AND BORROWINGS (continued)

BTA

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2023 – 2025	2.90% -7.00%	22,060	22,376
Unsecured bank loan	EUR	2024 - 2025	4.20% - 4.56%	7,917	7,952
Secured bank loan	EUR	2023	Euribor + 2.35%	3,000	3,031
Secured bank loan	TL	2023-2024	11.50%-24.50%	2,268	2,589
Unsecured bank loan	USD	2023	5.00%	2,132	2,174
Secured bank loan	USD	2023 – 2024	5.20% - 6.50%	1,300	1,312
Secured bank loan	GEL	2023	14.75%	521	525
				39,198	**39,959**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2023 - 2025	4.20% - 4.56%	15,000	15,117
Secured bank loan	EUR	2023 - 2024	2.90% - 3.95%	11,024	11,082
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	6,390	6,499
Secured bank loan	TL	2022 - 2024	14.50% - 20.50%	2,947	3,027
Secured bank loan	EUR	2023	Euribor + 2.35%	3,000	3,024
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	2,400	2,421
Secured bank loan	GEL	2022	11.75%	285	288
Unsecured bank loan	TL	2022 - 2023	11.50%	251	253
				41,297	**41,711**

Redemption schedules of BTA bank loans as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	28,052	14,857
In the second year	8,208	21,472
In the third year	3,699	4,728
In the fourth year	-	654
	39,959	**41,711**

TAV Gazipaşa

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2023	5.50%	8,500	8,606
				8,500	**8,606**

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022	4.10% - 4.25%	11,950	12,112
				11,950	**12,112**

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	8,606	12,112
	8,606	**12,112**

25. LOANS AND BORROWINGS (continued)

Pledges

Pledges regarding the project bank loans of TAV Esenboğa TAV Ege and TAV Milas Bodrum:

a) Share pledge: TAV Milas Bodrum and TAV Ege have pledges over shares amounting to, TRL 648,988 and TRL 973,345 respectively (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 973,345 respectively). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies (disclosed as the Borrowers in Note 22) in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

TAV Milas Bodrum and TAV Ege have pledged their receivables amounting to EUR 2,243 and EUR 5,400 respectively as at 31 December 2022 (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege to EUR 6,116, EUR 1,600 and EUR 4,448 respectively).

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

TAV Milas Bodrum and TAV Ege have pledges over bank accounts amounting to EUR 10,392 and EUR 32,945 respectively as at 31 December 2022 (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 1,802, EUR 2,969 and EUR 20,193 respectively).

With the consent of the facility agent, as at 31 December 2021, TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 3,000 for the payment of tax and social security liabilities.

With the consent of the facility agent, TAV Ege has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 2,000 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 500 per guarantee or EUR 3,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities.

With the consent of the facility agent, TAV Milas Bodrum has a right to have an additional subordinated debt approved in advance by the Facility Agent,

- indebtedness up to EUR 3,000 for general corporate and working capital purposes,
- indebtedness up to EUR 700 per guarantee or EUR 5,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities,
- indebtedness up to EUR 200 for corporate credit cards, employee credit lines and direct debit system arrangements.

25. LOANS AND BORROWINGS (continued)

Pledges (continued)

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 3,836 (31 December 2021: EUR 2,162) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245,000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding EUR 5,000,
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

Distribution lock-up tests for TAV Esenboğa (as at 31 December 2021), TAV Tunisia, TAV Macedonia, TAV Ege, TAV Milas Bodrum must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (except TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than, 1.30 for TAV Esenboğa, 1.10 for TAV Tunisia, 1.25 for TAV Macedonia and 1.20 for TAV Ege, 1.25 and TAV Milas Bodrum
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Covenants

Certain financing agreements include technical default clauses in case of non-compliance with financial ratios. Financing agreements of TAV Esenboğa (as at 31 December 2021), TAV Milas Bodrum, TAV Ege, TAV Kazakhstan, TAV Tunisia and TAV Macedonia have covenants.

There is no breach of financial agreements as at 31 December 2022.

25. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash flows		Non-cash changes				
	31 December 2021	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation	31 December 2022
Bank loans	1,107,151	(310,424)	455,435	-	-	-	59,331	1,311,493
Lease liabilities	60,760	(11,370)	-	3,345	-	2,344	3,407	58,486
Total financial liabilities	**1,167,911**	**(321,794)**	**455,435**	**3,345**	**-**	**2,344**	**62,738**	**1,369,979**

		Cash flows		Non-cash changes				
	31 December 2020	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation	31 December 2021
Bank loans	1,264,590	(340,537)	255,945	-	(128,030)	3,814	51,369	1,107,151
Lease liabilities	67,772	(11,628)	-	2,032	-	-	2,584	60,760
Total financial liabilities	**1,332,362**	**(352,165)**	**255,945**	**2,032**	**(128,030)**	**3,814**	**53,953**	**1,167,911**

26. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRL 19,983 as at 31 December 2022 (equivalent to full EUR 1,002) (31 December 2021: full TRL 10,849 (equivalent to full EUR 739)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2022 has been calculated assuming an annual inflation rate of 19.30% and a discount rate of 21.90% resulting in a real discount rate of approximately 2.18% (31 December 2021: an annual inflation rate of 14% and a discount rate of 18.60% resulting in a real discount rate of approximately 4%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2022	2021
Balance at 1 January	**10,973**	**15,601**
Interest cost	1,456	1,242
Service cost	1,123	1,324
Payments made during the year	(805)	(654)
Effect of acquisition of subsidiary (*)	783	-
Effects of changes in foreign exchange rate	(2,699)	(6,395)
Actuarial difference	13,198	(145)
Balance at 31 December	**24,029**	**10,973**

(*) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ

27. OTHER PAYABLES

At 31 December 2022 and 2021, other payables comprised the following:

Other short term payables	31 December 2022	31 December 2021
Concession payable (*)	123,439	44,501
Advances received	37,763	15,948
Expense accruals	15,366	9,320
Taxes and duties payable	14,318	10,820
Social security premiums payable	6,675	2,634
Due to personnel	5,974	5,333
Other accruals and liabilities	4,696	16
	208,231	**88,572**

Other long term payables	31 December 2022	31 December 2021
Concession payable (*)	600,837	654,848
Deferred payment liability	106,552	76,088
Other accruals and liabilities	2,598	1,153
	709,987	**732,089**

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 33.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concesion fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 302,693 as of 31 December 2022 (31 December 2021: EUR 286,100). TAV Bodrum's concession rent payment of EUR 28,680 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values. TAV Ege's concession rent payment of EUR 28,975 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 287,194 as of 31 December 2022 (31 December: 2021: EUR 271,450).

28. LIABILITIES FROM EQUITY-ACCOUNTED INVESTMENTS

The breakdown of liabilities from equity-accounted investments as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Liabilities from equity-accounted investments		
Saudi Havas	6,337	5,719
Medinah Hotel	1,449	5,322
Tibah Development (*)	-	72,595
Other	1,756	6,440
	9,542	**90,076**

(*) Please refer to note 35.

29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Deferred income		
Short-term deferred income	45,862	3,336
Long-term deferred income	11,724	13,204
	57,586	**16,540**

EUR 33,075 of short-term deferred income is related with advance dividend amount of TAV Antalya as of 31 December 2022. The rest of deferred income related with the unearned portion of concession rent income from ATU is EUR 12,874 as at 31 December 2022 (EUR 13,864 as at 31 December 2021).

30. PROVISIONS

At 31 December 2022 and 2021, provisions comprised the following:

	31 December 2022	31 December 2021
Unused vacation provision	6,886	5,047
Other provisions	50	100
	6,936	**5,147**

Provisions	**2022**	**2021**
Balance at 1 January	**5,147**	**4,345**
Provision set / (released) during the year, net	1,029	243
Effects of change in foreign exchange rate	760	559
Balance at 31 December	**6,936**	**5,147**

31. TRADE PAYABLES

At 31 December 2022 and 2021, trade payables comprised the following:

	31 December 2022	31 December 2021
Trade payables	70,415	41,930
Other	-	1
	70,415	**41,931**

Trade payables mainly comprise payables outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 33.

32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2022 and 2021, derivative financial instruments comprised the following:

	31 December 2022		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	53,613	-	53,613
Forward	-	(173)	(173)
	53,613	**(173)**	**53,440**

	31 December 2021		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(24,521)	(24,521)
	-	**(24,521)**	**(24,521)**

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 93% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2021: 92%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 90% of total loan is hedged through IRS contract (31 December 2021: 94%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 53% of total loan is hedged through IRS contract (31 December 2021: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 100% of total loan is hedged through IRS contract (31 December 2021: 100%).

TAV Kazakhstan uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 70% of total loan is hedged through IRS contract (31 December 2021: 100%).

AIA uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 81% of total loan is hedged through IRS contract (31 December 2021: 100%).

The fair value of derivatives at 31 December 2022 is estimated at profit of EUR 53,440 (31 December 2021: EUR 24,521). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2022, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 63,464 net of tax (31 December 2021:EUR 36,454).

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

33. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 90%, 53%, 93%, 100%, 70% and 81% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA respectively are fixed).

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 December 2022	31 December 2021
Cash and cash equivalents (**)	21	257,406	92,509
Due from related parties	35	164,094	238,706
Trade receivables - current	20	113,771	85,471
Restricted bank balances	22	105,569	82,211
Interest rate swaps used for hedging	32	53,613	-
Financial assets	16	45,466	-
Trade receivables - non-current	20	-	9,683
		739,919	**508,580**

(*) Non-financial instruments such as VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

33. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	31 December 2022	31 December 2021
Not due	64,021	64,164
Past due 1 - 30 days	28,495	8,551
Past due 31 - 90 days	10,114	8,406
Past due 91 - 360 days	13,147	11,880
Past due 1 - 5 year	47,238	47,931
	163,015	**140,932**

The movements in the allowance for impairment in respect of trade receivables during the years ended 31 December were as follows:

	2022	2021
Balance at 1 January	**(45,778)**	**(30,194)**
Collections during the year	7,145	88
Impairment loss recognised	(10,425)	(5,277)
Effect of acquisition of subsidiary	(61)	(11,105)
Effect of changes in foreign exchange rates	(125)	710
Balance at 31 December	**(49,244)**	**(45,778)**

Allowance for doubtful receivables is determined by reference to past default experience. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2022

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	962,921	(1,246,307)	(5,488)	(136,756)	(391,746)	(712,317)
Unsecured bank loans	348,572	(366,922)	(32,346)	(211,650)	(122,723)	(203)
Lease liabilities	58,486	(89,559)	(2,530)	(7,061)	(29,013)	(50,955)
Financial liabilities at fair value through profit or loss	25,390	(25,390)	-	-	(963)	(24,427)
Trade payables (*)	70,415	(70,415)	(69,951)	(464)	-	-
Due to related parties	466,014	(526,702)	(3,637)	(191)	(522,874)	-
Other payables (*)	880,455	(1,055,209)	(146,538)	(100,700)	(278,039)	(529,932)
Bank overdraft	378	(378)	(378)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Inflow	(53,613)	80,220	-	11,570	38,920	29,730
Forwards						
Outflow	173	(181)	(181)	-	-	-
	2,759,191	**(3,300,843)**	**(261,049)**	**(445,252)**	**(1,306,438)**	**(1,288,104)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	766,352	(915,172)	(117)	(206,816)	(397,603)	(310,636)
Unsecured bank loans	340,799	(347,015)	(46,891)	(94,178)	(205,743)	(203)
Lease liabilities	60,760	(96,973)	(2,298)	(6,936)	(30,224)	(57,515)
Financial liabilities at fair value through profit or loss	23,756	(23,756)	-	-	(1,978)	(21,778)
Trade payables (*)	41,931	(41,931)	(29,683)	(12,248)	-	-
Due to related parties	154,213	(154,213)	-	(590)	(153,623)	-
Other payables (*)	804,713	(978,275)	(76,491)	(86,205)	(271,636)	(543,943)
Bank overdraft	424	(424)	(424)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	24,521	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)
	2,217,469	**(2,597,832)**	**(159,053)**	**(415,680)**	**(1,083,617)**	**(939,482)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges expected to occur.

31 December 2022

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	53,613	80,220	-	11,570	38,920	29,730
Forwards						
Liabilities	(173)	(181)	(181)	-	-	-

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(24,521)	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies was as follows:

31 December 2022

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	76,951	-	11,050	370	88,371
Trade receivables	6,960	3,429	4,406	18,573	33,368
Due from related parties	2,124	1,512	477	1,132	5,245
Other receivables and current assets	7,712	3,667	48,822	55,258	115,459
Restricted bank balances	2,374	-	3,184	262	5,820
Cash and cash equivalents	50,602	5,346	1,795	11,720	69,463
	146,723	**13,954**	**69,734**	**87,315**	**317,726**
Foreign currency denominated financial liabilities					
Loans and borrowings	(6,790)	(50,703)	(12,130)	(1,490)	(71,113)
Trade payables	(4,957)	(1,336)	(5,196)	(26,790)	(38,279)
Due to related parties	(1)	(23)	(5)	(16)	(45)
Other payables	(72,530)	(781)	(7,964)	(37,768)	(119,043)
	(84,278)	**(52,843)**	**(25,295)**	**(66,064)**	**(228,480)**
Net exposure (*)	**62,445**	**(38,889)**	**44,439**	**21,251**	**89,246**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

33. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2021

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	89,103	-	11,859	510	101,472
Trade receivables	7,179	1,629	3,934	9,980	22,722
Due from related parties	12,152	324	284	950	13,710
Other receivables and current assets	23,792	3,166	4,231	26,712	57,901
Restricted bank balances	202	-	580	75	857
Cash and cash equivalents	11,861	2,012	721	6,932	21,526
	144,289	**7,131**	**21,609**	**45,159**	**218,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(25,894)	(42,620)	(11,134)	(3,660)	(83,308)
Trade payables	(2,371)	(970)	(3,753)	(17,741)	(24,835)
Due to related parties	(60)	(87)	(8)	(32)	(187)
Other payables	(67,382)	(1,510)	(3,473)	(46,308)	(118,673)
	(95,707)	**(45,187)**	**(18,368)**	**(67,741)**	**(227,003)**
Net exposure (*)	**48,582**	**(38,056)**	**3,241**	**(22,582)**	**(8,815)**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

33. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the EUR relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 December 2022 and 2021 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 December 2022				
USD	-	-	(6,245)	6,245
TRL	-	-	(4,444)	4,444
Other	-	-	(2,125)	2,125
Total	-	-	**(12,814)**	**12,814**
31 December 2021				
USD	-	-	(4,858)	4,858
TRL	-	-	(324)	324
Other	-	-	2,258	(2,258)
Total	-	-	**(2,924)**	**2,924**

Interest rate risk

The Group has used material amounts of bank borrowings from foreign financial institutions and banks. Although most of these borrowings have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 90%, 53%, 93%, 100%, 70% and 81% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA respectively are fixed). Hedge accounting is applied for the mentioned derivative financial instruments (31 December 2021:Interest payments of 94%, 100%, 92%, 100% and 100%, of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme and TAV İşletme America respectively are fixed).

33. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile:

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2022	**31 December 2021**
Fixed rate instruments		
Financial assets	153,629	227,306
Financial liabilities	(721,103)	(427,128)
	(567,474)	**(199,822)**

	Carrying amount	
	31 December 2022	**31 December 2021**
Variable rate instruments		
Financial liabilities	(590,390)	(680,020)
	(590,390)	**(680,020)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 67 on the Group's variable rate debt when ignoring effect of derivative financial instruments (31 December 2021: EUR 1,162). EUR 62 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of other comprehensive income would be EUR 5. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 12,622 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 13,195 (31 December 2021:EUR 17,894).

Financial risk management

The Group has exposure 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, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established a Risk Management Department who is responsible for the Enterprise Risk Management function within the Group, and aims to develop a disciplined and constructive risk management and control environment in which all employees know and understand their roles and responsibilities.

All directors act to ensure an effective risk management and internal control process, providing assurance in relation to continuous identification and evaluation of the risks that exist in all main process areas.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of the Internal Audit Directorate of the Group is to assist TAV Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectiveness of internal control, risk management and governance processes inefficiencies that cause waste of its resources and making professional recommendations through independent audits (reports) and / or advisory services.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee and the management. Risk assessment is conducted and coordinated by Risk Management Department on continuous basis so as to identify and evaluate not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if required.

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 bank balances.

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The main customer is Turkish Airlines (THY). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies).

In addition, the Group receives letters of guarantee, and notes from certain customers whose credibility is low.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group as mentioned in Note 32.

The Group applies hedge accounting in order to manage volatility in profit or loss.

i) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2022, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL OMR, MXN, KZT and MDG which are disclosed within the relevant notes to these consolidated financial statements. The currencies in which these transactions primarily denominated are USD and TRL. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments.

ii) Interest rate risk:

The Group adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

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 authorisation 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.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Operational risk (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		31 December 2022		31 December 2021	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets	16	45,466	45,466	-	-
Trade receivables - non current	20	-	-	9,683	10,323
Trade receivables - current	20	113,771	113,974	85,471	86,612
Due from related parties	35	164,094	164,094	238,706	238,706
Restricted bank balances	22	105,569	105,569	82,211	82,211
Cash and cash equivalents	21	258,015	258,015	92,939	92,939
Derivative financial instruments	32	53,613	53,613	-	-
Financial liabilities					
Bank overdraft	21	(378)	(378)	(424)	(424)
Loans and borrowings	25	(1,395,369)	(1,396,794)	(1,191,667)	(1,193,092)
Trade payables (**)	30	(70,415)	(70,415)	(41,931)	(41,931)
Due to related parties	35	(466,014)	(466,014)	(154,213)	(154,213)
Derivative financial instruments	32	(173)	(173)	(24,521)	(24,521)
Other payables (**)	27	(880,455)	(895,775)	(804,713)	(822,418)
		(2,072,276)	**(2,088,818)**	**(1,708,459)**	**(1,725,808)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2022	31 December 2021
Letters of guarantee given to third parties	858,364	300,714
Letters of guarantee given to DHMİ	94,539	160,451
Letters of guarantee given to Tunisian Government	16,498	17,869
Letters of guarantee given to Saudi Arabian Government	12,466	11,715
Letters of guarantee given to Macedonian Government	250	250
	982,117	**490,999**

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,290 (EUR 12,466) (31 December 2021: USD 13,260 (EUR 11,715)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is not obliged to provide a letter of guarantee as of 31 December 2022 (31 December 2021: USD 162,883 (EUR 143,906)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is provided to back an Equity Bridge Loan which was rolled in 2019 within a maturity of 2021. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 9,011 (31 December 2021: EUR 9,157) to the Ministry of State Property and Land Affairs and EUR 7,487 (31 December 2021: 8,713) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

The Group is obliged to give a letter of guarantee for TAV Antalya Yatırım at an amount equivalent of EUR 76,525 to DHMİ. Half of this commitment will be delivered to the other shareholder of the company (Fraport) in 2022. The total obligation has been provided by the Group as at 31 December 2021.As at 31 December 2022, total obligation has been transferred to TAV Antalya Yatırım.

The group is obliged to fund shortfalls of AIA amounting up to USD 50,000 until the later of 30 June 2025 or financial completion date. Financial completion date is defined as minimum 1.30 DSCR and minimum two principal payments are made. The group provided a LC amounting to USD 50,000 to cover this obligation.

The Group has a guarantee over the bank loan of TAV Antalya Yatırım amounting to EUR 687,250.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Esenboğa

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreements:

- The share capital of the companies cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

After granting of temporary acceptance by DHMİ in year 2007, final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV Esenboğa. All equipment used by TAV Esenboğa must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa has the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50,000. HAVAŞ also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with letters of guarantee amounting to USD 1,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas Bodrum, Alanya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovable in the area free of charge.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was concluded in May 2011.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (the "Agreement") together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

The Final Acceptance Protocol was concluded in March 2012.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which was then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisia annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Alanya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Ege is responsible from the repair and maintenance of all fixed assets during the contract period.

TAV Milas Bodrum

During the contract period, TAV Milas Bodrum should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired or the equipment is damaged, the Company should replace it with its equivalent or with a better replacement.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Milas Bodrum is responsible from the repair and maintenance of all fixed assets during the contract period.

Management believes that as at 31 December 2022, the Group has complied with the terms of the contractual obligations mentioned above.

Almaty

SPA Claim Guarantee: This guarantee is related with any financial claims raised for the period before the terminal handover to the Group. The Group guarantee that if there are any financial claims such as tax penalty, court claim etc, the Group is obliged to cover this loss. On the other hand, in case of such claims, the Group received a performance guarantee from the Seller amounting to USD 35,200 to cover such losses.

ENS Exist Guarantee: In case of any environmental or social breach, there is 12 months cure period to solve such issues. If the issues remain unsolved, the Group is obliged to refinance the loan from another bank group. It must be noted that this is a very unlikely situation, considering all lenders are DFIs such as IFC and EBRD, also government is committed to follow all environmental and social policies of Lenders in the dead under the government support agreement.

EPC Completion Guarantee: This guarantee is triggered in case of EPC cost overrun. It must be noted that EPC cost is fixed under EPC contract as USD 196,500. On the other hand, the Group received 10% (USD 19,650) performance bond which covers the obligations of constructor under EPC Contract. Additionally, the Group received 15% (USD 11,899) advance bond from the constructor.

US Sanctions

In the context of the U.S. government's sanctions against Russia, Belarus and Iran, The Group received a letter in January 2023 from the U.S. Bureau of Industry and Security ("BIS"), Office of Export Enforcement ("OEE") like (or like) other airport operators in Turkey. The latter recalls the regulatory framework of the sanctions regime applicable in the United States, in particular in connection with the Export Administration Regulations ("EAR"), lists the aircraft specifically targeted by the said sanctions regime (aircraft containing a minimum of 25% of components of American origin and operated by Russian, Belarusian and Iranian airlines) and commits the Group to assess the risks involved in providing services to the listed aircraft operating in Turkish and Georgian airspace.

The Group has appointed a US law firm with this regard and in conjunction with the Turkish authorities and BIS, is committed to assessing this risk and commit to comply with such regulations.

35. RELATED PARTIES

The major immediate parent and ultimate controlling parties of the Group are Aéroports de Paris.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	2022	2021
Short-term benefits (salaries, bonuses etc.)	15,551	16,400
	15,551	**16,400**

As at 31 December 2022 and 2021, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 December 2022	31 December 2021
Due from related parties	10,465	11,400
Current loan to related parties	9,613	23,041
	20,078	**34,441**

	31 December 2022	31 December 2021
Non-current loan to related parties	144,016	204,265
	144,016	**204,265**

35. RELATED PARTIES (continued)

Other related party transactions (continued):

Due from related parties	31 December 2022	31 December 2021
ATU (1) (*)	4,118	6,744
Tibah Operation (1)	2,648	3,772
AMS (1)	2,312	-
BTA Medinah (1)	815	176
TGS (1)	158	62
Aéroports de Paris SA	-	7
Other related parties	414	639
	10,465	**11,400**

(*) Receivables from ATU comprise of concession fee duty-free receivables.

Loan to related parties	31 December 2022	31 December 2021
ZAIC-A (1)	2,616	1,253
Saudi Havaş (1)	2,225	2,099
ATU Medinah (1)	1,613	940
Paris Lounge Network (1)	1,342	-
BTA Medinah (1)	807	4,171
TAV İşletme Saudi (1)	554	1,208
TAV İşletme Chile (1)	409	366
Tibah Development (1)	47	10,394
Medinah Hotel (1)	-	2,610
	9,613	**23,041**

Non-current loan to related parties	31 December 2022	31 December 2021
Tibah Development (1) (*)	119,564	201,405
TAV Antalya Yatırım (1)	20,768	-
Saudi Havaş (1)	3,169	2,860
TAV İşletme Saudi (1)	515	-
	144,016	**204,265**

(1) Joint Ventures

(*) The Group has provided a shareholder loan of 218 million US dollars to Tibah Development, of which 193 million EUR with an interest rate of 3% has been mostly used to repay the equity bridge loan maturing in 2021 and will be paid back to the Group depending on the available cash after debt service of Tibah Development. The maturity of the shareholder loan provided is 31 December 2024. The excess cash flows will be shared between the Group and GACA where weight will be given to Groups' shareholder loan. The sharing of the excess cash flows with GACA will stop once all rent due for the force majeure period is paid.

Due to application of 38th and 39th paragraphs of IAS 28, negative net assets of Tibah Development which was accounted under "Liabilities from equity-accounted investees", has been netted-off from the Group's non-current loan to Tibah Development. In subsequent periods, comprehensive income or loss of this entity will be netted-off from the Group's non-current loan to Tibah Development. In case of a comprehensive income, a financial income, in case of a comprehensive loss, a financial expense will be booked to the consolidated financial statements of the Group.

35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2022	31 December 2021
Due to related parties	735	530
Current loan from related parties	-	60
	735	**590**
Non-current loan from related parties	465,279	153,623
	466,014	**154,213**

Due to related parties	31 December 2022	31 December 2021
Aéroports de Paris SA	-	226
Other related parties	735	304
	735	**530**

Current loan from related parties	31 December 2022	31 December 2021
Other related parties	-	60
	-	**60**

Non-current loan from related parties	31 December 2022	31 December 2021
Tank ÖWA alpha GmbH (1) (*)	465,279	153,623
	465,279	**153,623**

Short term deferred income from related parties	31 December 2022	31 December 2021
TAV Antalya (2) (**)	33,075	-
ATU (2) (***)	990	990
	34,065	**990**

Long term deferred income from related parties	31 December 2022	31 December 2021
ATU (2) (***)	11,720	12,874
	11,720	**12,874**

(*) The Group has obtained a shareholder loan amount of EUR 300,000 with a maturity of 14 May 2021, with a 3% interest rate, from Tank ÖWA alpha GmbH in 2018. Based on the additional agreement made in 2021, EUR 150,000 has been paid, and the remaining amount of EUR 150,000 has been converted into a new shareholder loan with 3.8% interest rate, with a maturity of 14 November 2024. Second shareholder loan amount of EUR 300,000 with a maturity of 23 March 2026, with a 4.88% interest rate is obtained by the Group from Tank ÖWA alpha GmbH by the Group in 2022.

(**) Short-term deferred income is mainly related with advance dividend amount of TAV Antalya as of 31 December 2022 (EUR: 33,075).

(***) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

(1) Shareholders
(2) Joint Ventures

35. RELATED PARTIES (continued)

Services rendered to related parties	2022	2021
ATU (1) (*)	61,354	32,987
Tibah Operation (1)	9,239	8,536
TAV Antalya (1)	2,833	2,445
TGS (1)	2,003	1,340
TAV Antalya Yatırım (1)	899	-
Tibah Development (1)	86	1,928
Other related parties	2,694	-
	79,108	**47,236**

(*) Services rendered to ATU comprise of concession fee for duty-free operations.

Services rendered by related parties	2022	2021
TAV Antalya (1)	3,324	1,388
TAV İnşaat (2) (*)	2,078	-
TGS (1)	136	77
ATU (1)	122	95
Other related parties	249	223
	5,909	**1,783**

(*) On 16 June 2021, TAV Construction and Almaty International Airport JSC entered into an early works agreement for an amount of USD 20,000 upstream of the final works contract (the EPC contract) for the construction of a new terminal of the Almaty airport in Kazakhstan. This early works agreement covers the preparation of the detailed design of the works, obtaining the necessary approvals and licenses, the purchase of goods and materials as well as the construction of a reception hall. Contractual amount has been fully paid to the constructor.

On 23 September 2021, TAV Construction and Almaty International Airport JSC entered into an engineering, procurement and construction (EPC) contract for an amount of USD 196,500 related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.

The group signed an EPC contract for an amount of EUR 657,000, with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport. On top of EPC amount, there is a price adjustment mechanism up to 7.5% of the total EPC amount.

Interest expense from related parties (net)	2022	2021
Tank ÖWA alpha GmbH (3)	(17,356)	(6,903)
Tibah Development (1)	3,320	-
Other related parties	815	119
	(13,221)	**(6,784)**

The average interest rate used within the Group is 4.63% per annum (31 December 2021: 3.46%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

(1) Joint Ventures
(2) Subsidiary of shareholders
(3) Shareholders

Dividend distribution

In 2022, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2021: None). Dividend per share is none (2021: None).

36. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	31 December 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	56,867		
Current assets	32,314		
Non-current liabilities	10,013		
Current liabilities	6,243		
Net assets	**72,925**		
Carrying amount of NCI	14,585	5,413	19,998
	14,585	**5,413**	**19,998**

	1 January – 31 December 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	79,694		
Profit	36,566		
Total comprehensive income	**46,517**		
Profit allocated to NCI	7,313	1,093	8,406

In 2022, the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 6,830 (2021: EUR 4,070)

36. INTERESTS IN OTHER ENTITIES (continued)

a) Non-controlling interests in subsidiaries

	31 December 2021		
	TAV Tbilisi	**Other immaterial subsidiaries**	**Total**
NCI Percentage	**20.00%**		
Non-current assets	53,033		
Current assets	13,605		
Non-current liabilities	7,697		
Current liabilities	4,222		
Net assets	**54,719**		
Carrying amount of NCI	10,944	4,007	14,951
	10,944	**4,007**	**14,951**

	1 January – 31 December 2021		
	TAV Tbilisi	**Other immaterial subsidiaries**	**Total**
Revenue	42,944		
Profit	21,213		
Total comprehensive income	**26,787**		
Profit allocated to NCI	4,243	990	5,233

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates

As of 31 December 2022 and 2021, equity-accounted investments in consolidated statement of financial position comprise the following:

	31 December 2022	31 December 2021
Joint ventures	755,129	318,268
Associates	724	929
	755,853	**319,197**

For the years ended 31 December 2022 and 2021, share of profit equity-accounted investments, net of tax in consolidated statement of comprehensive income comprise the following:

	2022	2021
Joint ventures	54,357	(21,745)
Associates	(1,477)	(1,003)
	52,880	**(22,748)**

i) Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
TAV Antalya Yatırım	363,986	-
TAV Antalya	293,460	272,053
TGS	59,709	19,572
ATU	35,104	23,317
Tibah Operation	756	3,205
Other	2,114	121
	755,129	**318,268**

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
TAV Antalya	28,702	14,200
TGS	23,683	11,322
ATU	11,823	(4,123)
Tibah Operation	1,105	1,120
Tibah Development (*)	-	(39,639)
TAV Antalya Yatırım	(11,290)	-
Other	334	(4,625)
	54,357	**(21,745)**

(*) Please refer to note 35.

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

The Group has the following significant interests in joint ventures:

TAV Antalya

- 49.00% equity shareholding with 50.00% voting power in TAV Antalya, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	1,069,629	1,190,469
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 84,091) (31 December 2021: EUR 74,815))	302,060	113,322
Non-current liabilities	570,743	707,372
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 168,390) (31 December 2021: EUR 6,700))	214,026	52,314
Net assets	**586,920**	**544,105**
Group's share of net assets	293,460	272,053
Carrying amount in the statement of financial position	293,460	272,053

	2022	2021
Revenue	378,582	240,935
Depreciation and amortisation	186,806	109,085
Interest expense	7,811	12,087
Tax expense	29,257	10,949
Profit for the year	**57,405**	**28,400**
Other comprehensive income	-	215
Total comprehensive income	**57,405**	**28,615**
Group's share of profit for the year	28,702	14,200
Cash dividends received by the Group	7,295	15,288

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

TAV Antalya Yatırım

- 51.00% equity shareholding with 50.00% voting power in TAV Antalya Yatırım, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya Yatırım. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya Yatırım, which is accounted for using the equity method:

	31 December 2022
Percentage of interest	**50.00%**
Non-current assets	294,481
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 41,260)	1,856,140
Non-current liabilities	1,318,760
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 15,313)	103,889
Net assets	**727,972**
Group's share of net assets	363,986
Carrying amount in the statement of financial position	363,986

	2022
Revenue	5
Depreciation and amortisation	17
Interest expense	1,303
Tax expense	10,642
Loss for the year	**(22,580)**
Other comprehensive income	-
Total comprehensive income	**(22,580)**
Group's share of loss for the year	(11,290)
Cash dividends received by the Group	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

ATU

- 50.00% equity shareholding with 50% voting power in ATU, a joint venture established in Turkey. The following tables summarise the financial information of ATU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ATU, which is accounted for using the equity method.

	31 December 2022	31 December 2021
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	148,782	181,415
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 44,291 (31 December 2021: EUR 57,201))	183,465	156,246
Non-current liabilities	120,647	152,592
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 80,138 (31 December 2021: EUR 72,009))	141,392	138,435
Net assets	**70,208**	**46,634**
Group's share of net assets	35,104	23,317
Carrying amount in the statement of financial position	35,104	23,317

	2022	2021
Revenue	378,036	182,939
Tax expense	52,268	24,897
Depreciation and amortisation	3,109	3,635
Interest expense	6,798	5,053
Profit / (loss) for the year	**23,645**	**(8,245)**
Other comprehensive income	117	224
Total comprehensive income	**23,762**	**(8,021)**
Group's share of profit / (loss) for the year	11,823	(4,123)
Cash dividends received by the Group	-	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

TGS

- 50% equity shareholding with 50% voting power, in TGS, a joint venture established in Turkey. The following tables summarise the financial information of TGS. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TGS, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	136,766	49,256
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 25,705) (31 December 2021: EUR 24,498)	88,189	65,754
Non-current liabilities	25,465	23,361
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 73,565) (31 December 2021: EUR 47,495))	80,072	52,505
Net assets	**119,418**	**39,144**
Group's share of net assets	59,709	19,572
Carrying amount in the statement of financial position	59,709	19,572

	2022	2021
Revenue	300,668	220,296
Depreciation and amortisation	12,753	11,469
Interest expense	1,452	19,701
Tax expense	6,507	7,409
Profit for the year	**47,366**	**22,643**
Other comprehensive income	(30,091)	(29,655)
Total comprehensive income	**17,275**	**(7,012)**
Group's share of profit for the year	23,683	11,322
Cash dividends received by the Group	7,893	12,601

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 51.00% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	**51.00%**	**51.00%**
Non-current assets	618	503
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 163 (31 December 2021: EUR 351))	18,392	22,327
Non-current liabilities	5,789	4,922
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 11,039 (31 December 2021: EUR 10,919))	11,739	11,624
Net assets	**1,482**	**6,284**
Group's share of net assets	756	3,205
Carrying amount in the statement of financial position	756	3,205

	2022	2021
Revenue	52,382	35,856
Tax expense	357	(31)
Profit for the year	**2,166**	**2,196**
Other comprehensive income	521	477
Total comprehensive income	**2,687**	**2,673**
Group's share of profit for the year	1,105	1,120
Cash dividends received by the Group	3,805	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Development

50.00% equity shareholding with 50.00% voting power in Tibah Development, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Development. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Development, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	1,172,259	970,207
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 9 (31 December 2021: EUR 4))	97,093	48,934
Non-current liabilities	1,197,407	967,303
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 22,856 (31 December 2021: EUR 150,814))	71,945	197,028
Net assets	**-**	**(145,190)**
Group's share of net assets (*)	-	-
Carrying amount in the statement of financial position	-	-

(*) Tibah Development has negative net assets amounting to EUR 72,595 has reclassed to other liabilities from equity-accounted investments as of 31 December 2021.

	2022	2021
Revenue	197,800	42,725
Depreciation and amortization	28,442	9,068
Interest expense	36,919	34,994
Tax expense	(21)	194
Loss for the year	**-**	**(79,277)**
Other comprehensive income	-	4,830
Total comprehensive income	**-**	**(74,447)**
Group's share of loss for the year	-	(39,639)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Other

	31 December 2022	31 December 2021
Carrying amount of interest in joint ventures (*)	2,114	121

	2022	2021
Share of:		
Profit / (loss) for the year	334	(4,625)
Other comprehensive income	(1,291)	(1,009)
Total comprehensive income	**(957)**	**(5,634)**
Cash dividends received by the Group	79	-

(*) The companies have negative net assets amounting to EUR 9,542 has reclassed to other liabilities from equity-accounted investments as of 31 December 2022 (31 December 2021: EUR 17,481)

ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
ZAIC-A	580	-
Other	144	929
	724	**929**

Group's share of profit of the Group's associates in the statement of comprehensive income for the years ended 31 December are as follows:

	2022	2021
ZAIC-A	(693)	(1,154)
Other	(784)	151
	(1,477)	**(1,003)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

ii) Associates (continued)

ZAIC–A

- 15.00% equity shareholding with 15.00% voting power in ZAIC-A, an associate established in United Kingdom. The following tables summarise the financial information of ZAIC-A. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ZAIC-A, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	**15.00%**	**15.00%**
Non-current assets	329,750	353,883
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 12,667 (31 December 2021: EUR 7,940))	25,974	16,633
Non-current liabilities	298,244	323,278
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 18,622 (31 December 2021: EUR 18,455)	53,615	54,199
Net assets	**3,865**	**(6,961)**
Group's share of net assets	580	-
Carrying amount in the statement of financial position	580	-

	2022	2021
Revenue	77,123	43,873
Expense	(81,742)	(51,569)
Loss for the year	**(4,619)**	**(7,696)**
Other comprehensive income	8,486	-
Total comprehensive income	**3,867**	**(7,696)**
Group's share of loss for the year	(693)	(1,154)

37. ACQUISITIONS OF SUBSIDIARY

Almaty Airport Investment Holding BV, a consortium led by the Group, signed on May 7, 2020 an agreement to buy 100% stake in the Almaty Airport; and fuel related businesses carried on by Venus Trading LLP for an amount USD 417,074 composed by;

- USD 365,010 paid on April 29,2021
- USD 6,639 paid in July 2021 as an adjustment to take into account the net indebtedness, working capital requirement and cash of acquired companies on the acquisition date;
- and USD 45,425 payable no later than 2030 or earlier depending on traffic levels.

Closing took place on April 29, 2021, since then the Group has ownership of 85% of shares of Venus Trading LLP, Almaty International Airport JSC and its subsidiaries Almaty Catering Services LLP and Almaty FBO LLP, 100% subsidiary of Almaty International Airport JSC. The consortium partner KIF Warehouses Coöperatief U.A. (investment fund owned by VPE Capital and Kazina Capital Management) holds the remaining 15%. The latter has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828. As the Group has the capacity to impose its decisions on relevant activities, the companies acquired are fully consolidated.

According to IFRS 3 "Business Combinations", the acquisition price has been provisionally allocated between the various identifiable assets and liabilities of the companies acquired. This work to identify and measure assets and liabilities at fair value on April 29, 2021 was carried out with the help of a consulting firm and resulted in the recognition of a partial goodwill for an amount of USD 84,764 (EUR 72,049).

38. AUDIT FEES

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2022 (*)	2021 (*)
Audit and assurance fee	1,275	1,064
Tax consulting fee	579	314
Other assurance services fee	83	133
	1,937	**1,511**

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and foreign currency fees of foreign subsidiaries and affiliates have been converted into EUR using the annual average rates of the relevant years.

39. SUBSEQUENT EVENTS

A concession agreement was executed between TAV Esenboğa and DHMİ on 1 February 2023 for the additional investments to increase capacity of Esenboğa Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries. The Lease Agreement between the Company and DHMİ will expire on 23 May 2050 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

Due to the negative impacts caused by the earthquake in Kahramanmaraş that affected many cities in the region and the whole country, it was decided to declare a state of emergency for three months in the cities of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023. Developments related to this natural disaster are closely monitored and assessments to determine the situation are ongoing.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended 31 December 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TAV Havalimanları Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Uncertainty Related to Covid 19 Pandemic

The aviation industry, in which the Group operates, was adversely affected by the Covid-19 outbreak that appeared in 2019 and still continues. Strict measures have been taken around the world in order to prevent the spread of the Covid-19 pandemic, which adversely affects the economic conditions not only globally but also regionally. The effects of the measures taken on the aviation sector continue. We draw attention to the footnote of the financial statement number 1, which includes the evaluations made by the group management regarding the effects of the Covid-19 outbreak. Our opinion is not modified in respect of this matter.

Key audit matter

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 the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of airport operation rights and goodwill	
As stated in Note 1 to the consolidated financial statements, the Group's operations were adversely affected by the Covid 19 outbreak. It reveals signs of impairment on the airport operation rights and goodwill arising from concession agreements due to the decrease in air traffic. The consolidated statement of financial position as of 31 December 2021 includes airport operation right of 1,680,901 thousand EUR and goodwill of 213,441 thousand EUR that comprises 55% of total consolidated assets. Details of airport operation right for each concession agreement and goodwill is disclosed in Note 13 and Note 14. Since management's assessment of value in use (VIU) and impairment of airport operation rights and goodwill requires estimations and judgements, which are disclosed in Note 1 and Note 2.d, this matter is considered as a key audit matter.	We performed the following auditing procedures in relation to the impairment tests of recoverability of airport operation rights and goodwill: • Evaluating management forecasts and future plans based on macroeconomic information, • Evaluating the reasonableness of cash flow estimates for each CGU, • Through involvement of valuation specialists, testing the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Assessing management's sensitivity analysis for key assumptions, • Evaluating whether there is a significant indicator of impairment in the recoverable value of the rights and goodwill arising from concession agreements, • Understanding and evaluating accounting policies for airport operation rights and goodwill, We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor and an unqualified opinion was issued on these consolidated financial statements on 16 February 2021.

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 IFRSs, 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.

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Auditor's responsibilities for the audit of the consolidated financial statements

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 ISAs 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 ISAs, 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, related safeguards.

Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

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.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 15 February 2022

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2021	31 December 2020
ASSETS			
Property and equipment	12	370,958	182,370
Intangible assets	13	12,193	11,692
Airport operation right	14	1,680,901	1,569,138
Right of use assets	15	58,293	65,942
Equity-accounted investments	36	319,197	337,129
Goodwill	13	213,441	137,055
Trade receivables	20	9,683	31,224
Non-current due from related parties	35	204,265	2,351
Other non-current assets	19	110,089	101,300
Deferred tax assets	17	18,468	32,216
Total non-current assets		**2,997,488**	**2,470,417**
Inventories	18	20,740	7,127
Financial assets	16	-	50,000
Trade receivables	20	85,471	73,464
Due from related parties	35	34,441	29,987
Other receivables and current assets	19	131,439	295,174
Cash and cash equivalents	21	92,939	604,298
Restricted bank balances	22	82,211	24,656
Total current assets		**447,241**	**1,084,706**
TOTAL ASSETS		**3,444,729**	**3,555,123**

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

Consolidated Statement of Financial Position
As at 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2021	31 December 2020
EQUITY			
Share capital	23	162,384	162,384
Share premium		220,286	220,286
Legal reserves	23	121,975	121,975
Other reserves		(52,523)	(29,645)
Treasury reserves	23	(4,282)	(4,282)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(17,895)	(60,612)
Translation reserves		(64,975)	(66,964)
Retained earnings		590,668	539,583
Total equity attributable to equity holders of the Company		**995,702**	**922,789**
Non-controlling interests	23,36	14,951	11,906
Total Equity		**1,010,653**	**934,695**
LIABILITIES			
Loans and borrowings	25	847,600	619,999
Reserve for employee severance indemnity	26	10,973	15,601
Due to related parties	35	153,623	-
Derivative financial instruments	32	24,521	35,381
Deferred income	29	13,204	15,264
Other payables	27	732,089	588,526
Liabilities from equity-accounted investments	28	90,076	50,211
Deferred tax liabilities	17	74,627	13,303
Total non-current liabilities		**1,946,713**	**1,338,285**
Bank overdraft	21	424	387
Loans and borrowings	25	344,067	712,363
Trade payables	31	41,931	45,768
Due to related parties	35	590	307,265
Current tax liabilities	11	3,296	3,024
Other payables	27	88,572	198,942
Provisions	30	5,147	4,345
Deferred income	29	3,336	10,049
Total current liabilities		**487,363**	**1,282,143**
Total Liabilities		**2,434,076**	**2,620,428**
TOTAL EQUITY AND LIABILITIES		**3,444,729**	**3,555,123**

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

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
Operating revenue	6	522,064	301,406
Cost of catering inventory sold		(19,115)	(12,122)
Cost of fuel sold		(46,004)	-
Cost of services rendered		(49,438)	(37,779)
Personnel expenses	7	(162,925)	(145,280)
Depreciation, amortisation and impairment expenses	9	(76,645)	(96,227)
Other operating income		523	11,394
Other operating expenses	8	(95,564)	(94,996)
Share of profit of equity-accounted investments, net of tax	36	(22,748)	(76,788)
Operating profit / (loss)		**50,148**	**(150,392)**
Finance income		167,150	11,162
Finance costs		(134,558)	(135,413)
Net finance income / (costs)	10	**32,592**	**(124,251)**
Profit / (Loss) before tax		**82,740**	**(274,643)**
Tax expense	11	(31,465)	(3,495)
Profit / (Loss) from continuing operations		**51,275**	**(278,138)**
Loss from discontinued operations		(1,321)	(6,783)
Profit / (Loss) for the period after discontinued operations		**49,954**	**(284,921)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences	11,26	145	337
Defined benefit obligation actuarial differences from equity accounted investments		(1,284)	72
Tax on defined benefit obligation actuarial differences	11,17	(29)	(68)
Tax on defined benefit obligation actuarial differences from equity accounted investments	11	(15)	(29)
Total items that will not be reclassified to profit or loss		**(1,183)**	**312**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	10	74,743	14,015
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	10	6,959	(1,598)
Portion of cash flow hedges charged to profit or loss	10	(36,207)	(8,101)
Foreign currency translation differences for foreign operations	10	21,835	(23,355)
Foreign currency translation differences for foreign operations from equity accounted investments		(17,891)	(9,761)
Tax on cash flow hedge reserves	10,11,17	(2,082)	(223)
Tax on cash flow hedge reserves from equity accounted investments	11	(696)	379
Total items that are or may be reclassified subsequently to profit or loss		**46,661**	**(28,644)**
Other comprehensive income / (loss) for the year, net of tax		**45,478**	**(28,332)**
Total comprehensive income / (loss) for the year		**95,432**	**(313,253)**

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

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
Profit / (Loss) attributable to:			
Owners of the Company		44,721	(284,917)
Non-controlling interest	36	5,233	(4)
Profit / (Loss) for the year after discontinued operations		**49,954**	**(284,921)**
Total comprehensive income attributable to:			
Owners of the Company		88,244	(309,722)
Non-controlling interest	23	7,188	(3,531)
Total comprehensive income / (loss) for the year		**95,432**	**(313,253)**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**
Basic and diluted earnings per share for continued operations	24	**0.13**	**(0.77)**
Basic and diluted earnings per share for discontinued operations	24	**(0.00)**	**(0.02)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Attributable to owners of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**-**	**40,064**	**(59,174)**	**(37,375)**	**900,757**	**1,319,272**	**(9,711)**	**1,309,561**
Total comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(284,917)	(284,917)	(4)	(284,921)
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	4,472	-	-	4,472	-	4,472
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	312	312	-	312
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	(29,589)	-	(29,589)	(3,527)	(33,116)
Total other comprehensive income	-	-	-	-	-	-	4,472	(29,589)	312	(24,805)	(3,527)	(28,332)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**4,472**	**(29,589)**	**(284,605)**	**(309,722)**	**(3,531)**	**(313,253)**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	(55,644)	(55,644)	(1,687)	(57,331)
Purchase of non-controlling interest (*)	-	-	-	-	-	-	(5,910)	-	(20,925)	(26,835)	26,835	-
Share buyback transactions (Note 23)	-	-	-	-	(4,282)	-	-	-	-	(4,282)	-	(4,282)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(4,282)**	**-**	**(5,910)**	**-**	**(76,569)**	**(86,761)**	**25,148**	**(61,613)**
Balance at 31 December 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**
Balance at 1 January 2021	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	44,721	44,721	5,233	49,954
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	42,717	-	-	42,717	-	42,717
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(1,183)	(1,183)	-	(1,183)
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	1,989	-	1,989	1,955	3,944
Total other comprehensive income	-	-	-	-	-	-	42,717	1,989	(1,183)	43,523	1,955	45,478
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**42,717**	**1,989**	**43,538**	**88,244**	**7,188**	**95,432**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	(4,070)	(4,070)
Other changes in equity	-	-	-	(22,878)	-	-	-	-	7,547	(15,331)	-	(15,331)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Total transactions with owners of the Company	**-**	**-**	**-**	**(22,878)**	**-**	**-**	**-**	**-**	**7,547**	**(15,331)**	**(4,143)**	**(19,474)**
Balance at 31 December 2021	**162,384**	**220,286**	**121,975**	**(52,523)**	**(4,282)**	**40,064**	**(17,895)**	**(64,975)**	**590,668**	**995,702**	**14,951**	**1,010,653**

(*) Related with purchase of additional shares of TAV Tunisia.

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year		**51,275**	**(278,138)**
Loss from discontinued operations		**(1,321)**	**(6,783)**
Adjustments for:			
Amortisation and impairment of airport operation right	14	33,674	55,514
Depreciation and impairment of property and equipment and right of use assets	12,15	40,363	37,896
Amortisation of intangible assets	13	2,200	2,817
Provision for employee severance indemnity	26	2,566	3,456
Provision for doubtful receivables	33	5,277	12,552
Discount on receivables, payables and financial liabilities, net		(146,752)	(3,352)
Loss / (gain) on sale of property and equipment		481	(1,128)
Disposal of goodwill	13	408	521
Provision set / (released) for unused vacation	30	136	(83)
Interest income		(12,618)	(11,764)
Interest expense on financial liabilities		90,405	67,583
Tax expense		32,707	5,596
Unwinding of discount on concession receivable and payable		27,595	26,660
Share of profit of equity-accounted investments, net of tax	36	22,748	76,788
Unrealized foreign exchange differences on statement of financial position items		(58,350)	(3,508)
Cash flows from operating activities		**90,794**	**(15,373)**
Change in current trade receivables		(9,123)	31,604
Change in non-current trade receivables		21,541	18,515
Change in inventories		753	920
Change in due from related parties		(698)	871
Change in other receivables and other assets		171,592	160,065
Change in trade payables		4,365	(2,087)
Change in due to related parties		(7,737)	738
Change in other payables and provisions		(20,642)	(79,180)
Cash provided from operations		**250,845**	**116,073**
Income taxes paid	11	(12,078)	(111,480)
Retirement benefits paid	26	(654)	(1,409)
Net cash provided from operating activities		**238,113**	**3,184**

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		2,642	11,854
Acquisition of property and equipment	12	(21,323)	(30,180)
Additions to airport operation right	14	(81)	(5,716)
Proceeds from / (purchase of) treasury bonds	16	50,000	(50,000)
Acquisition of intangible assets	13	(1,021)	(1,259)
Change in due from related parties		(196,921)	7,029
Dividends from equity-accounted investments	36	27,889	865
Effect of acquisition of subsidiary		(306,652)	-
Net cash used in investing activities		**(445,467)**	**(67,407)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	255,945	321,168
Repayment of borrowings	25	(289,710)	(150,233)
Lease payments	25	(11,628)	(21,687)
Dividends paid		(4,070)	(57,331)
Interest received		3,514	5,745
Interest paid	25	(50,827)	(43,367)
Change in due to related parties		(149,790)	(8,685)
Purchase of treasury shares	23	-	(4,282)
Change in restricted bank balances		(57,476)	44,377
Net cash (used in) / provided from financing activities		**(304,042)**	**85,705**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(511,396)**	**21,482**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	21	**603,911**	**582,429**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**92,515**	**603,911**

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

Notes to the consolidated financial statements

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1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is Vadi İstanbul Bulvar, Ayazağa Mah. Azerbaycan Cad. Sarıyer, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. The Company's subsidiaries as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. ("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Milas Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA (" TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	100.00	100.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	80.00	80.00	80.00	80.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	76.00	100.00	76.00	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Almaty International Airport JSC ("AIA") (*)	Airport Operator	Kazakhstan	85.00	85.00	-	-
Venus Trading LLP ("VT") (*)	Fuel Services	Kazakhstan	85.00	85.00	-	-
Almaty Catering Services LLP ("ACS") (*)	Food and Beverage Services	Kazakhstan	85.00	85.00	-	-
Almaty FBO LLP ("FBO") (*)	Fuel Services	Kazakhstan	85.00	85.00	-	-
TAV Kazakhstan LLP ("TAV Kazakhstan") (*)	Holding	Kazakhstan	85.00	85.00	-	-
TAV Holdco B.V. ("Holdco") (**)	Holding	Netherlands	100.00	100.00	-	-
Almaty Airport Investment Holding B.V. ("AAIH") (*)	Holding	Netherlands	85.00	85.00	-	-

(*) Acquired in 2021
(**) Established in 2021

1. REPORTING ENTITY (continued)

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
Havaş Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
Havaş Georgia LLC ("HAVAŞ Georgia") (*)	Ground Handling Services	Georgia	100.00	100.00	-	-
Havaş Macedonia LLC ("HAVAŞ Macedonia") (*)	Ground Handling Services	Macedonia	100.00	100.00	-	-
Havaş Latvia SIA ("HAVAŞ Latvia")	Ground Handling Services	Latvia	100.00	100.00	100.00	100.00
Havas Adriatic D.O.O. ("HAVAŞ Adriatic")	Ground Handling Services	Croatia	100.00	100.00	100.00	100.00
Havaş Kazakhstan L.L.P. ("Havaş Kazakhstan")	Ground Handling Services	Kazakhstan	100.00	100.00	100.00	100.00
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. ("BTA")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Georgia LLC ("BTA Georgia")	Food and Beverage Services	Georgia	100.00	100.00	100.00	100.00
BTA Tunisie SARL ("BTA Tunisia")	Food and Beverage Services	Tunisia	100.00	100.00	100.00	100.00
BTA Macedonia Dooel Petrovec ("BTA Macedonia")	Food and Beverage Services	Macedonia	100.00	100.00	100.00	100.00
BTA France SAS ("BTA France") (**)	Food and Beverage Services	France	-	-	100.00	100.00
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. ("Cakes & Bakes")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Tedarik Dağıtım ve Ticaret A.Ş. ("BTA Tedarik")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
SIA Cakes and Bakes Latvia ("BTA Latvia")	Food and Beverage Services	Latvia	100.00	100.00	100.00	100.00
BTA Uluslararası Yiyecek İçecek Hizmetleri Sanayi ve Ticaret A.Ş ("BTA Uluslararası Yiyecek")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
MZLZ-Ugostiteljstvo D.o.o ("BTA MZLZ")	Food and Beverage Services	Croatia	100.00	100.00	100.00	100.00
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations & Maintenance ("O&M"), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services SARL ("TAV İşletme Tunisia")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services Plus SARL ("TAV İşletme Tunisia Plus")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Macedonia Operation Services Dooel ("TAV İşletme Macedonia")	Lounge Services	Macedonia	99.99	99.99	99.99	99.99
TAV Germany Operation Services GmbH ("TAV İşletme Germany")	Lounge Services	Germany	100.00	100.00	100.00	100.00

(*) Established in 2021
(**) Shares sold in 2021

1. REPORTING ENTITY (continued)

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Latvia Operation Services SIA ("TAV İşletme Latvia")	Lounge Services	Latvia	100.00	100.00	100.00	100.00
TAV Africa Operation Services Ltd. ("TAV İşletme Kenya")	Lounge Services	Kenya	100.00	100.00	100.00	100.00
TAV USA Operation Services Co. ("TAV İşletme America")	Holding	United States	100.00	100.00	100.00	100.00
TAV Washington Operation Services Ltd. ("TAV İşletme Washington")	Lounge Services	United States	100.00	100.00	100.00	100.00
TAV Madagascar Operation Services S.A ("TAV İşletme Madagascar")	Lounge Services	Madagascar	100.00	100.00	100.00	100.00
TAV New York Operation Services ("TAV İşletme New York")	Lounge Services	United States	100.00	100.00	100.00	100.00
Gestio I Servies Trade Center S.A. ("GIS Spain") (*)	Lounge Services	Spain	94.25	94.25	70.00	70.00
GIS Premium France SAS ("GIS France") (*)	Lounge Services	France	94.25	94.25	70.00	70.00
GIS Premium Deutschland Gmbh ("GIS Germany") (*)	Lounge Services	Germany	94.25	94.25	70.00	70.00
GIS Premium Italy SRL ("GIS Italy") (*)	Lounge Services	Italy	94.25	94.25	70.00	70.00
GIS Premium Mexico SAdCV ("GIS Mexico") (*)	Lounge Services	Mexico	94.25	94.25	70.00	70.00
GIS Premium Argentina SRL ("GIS Argentina") (**)	Lounge Services	Argentina	-	-	70.00	70.00
GIS Premium Brasil Servicos Aeroportuarios LTDA ("GIS Brazil") (**)	Lounge Services	Brazil	-	-	70.00	70.00
GIS Premium Colombia S.A.A. ("GIS Colombia") (**)	Lounge Services	Colombia	-	-	70.00	70.00
TAV Havacılık A.Ş. ("TAV Havacılık")	Airline Taxi Services	Turkey	100.00	100.00	100.00	100.00
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	100.00	100.00	100.00	100.00
TAV Information and Technologies Saudi Ltd. Company ("TAV IT Saudi")	Software and System Services	Saudi Arabia	100.00	100.00	100.00	100.00
Avito Technologies B.V. ("TAV IT Netherlands")	Software and System Services	Netherlands	100.00	100.00	100.00	100.00
Avito Technologies W.L.L. (" TAV IT Qatar")	Software and System Services	Qatar	49.00	100.00	49.00	100.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi")	Education Services	Turkey	100.00	100.00	100.00	100.00
Aviator Netherlands B.V. ("Aviator Netherlands")	Holding	Netherlands	100.00	100.00	100.00	100.00
PMIA Aviator B.V. ("PMIA Aviator BV")	Holding	Netherlands	90.00	90.00	90.00	90.00
TAV Uluslararası Yatırım A.Ş. ("TAV Uluslararası Yatırım")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
Aerosec Özel Güvenlik Hizmetleri A.Ş. ("Aerosec Security")	Security Services	Turkey	100.00	100.00	100.00	100.00

(*) Additional shares have been purchased in 2021
(**) In liquidation process

1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of joint venture	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ATU Turizm İşletmeciliği A.Ş. (“ATU”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Georgia Operation Services LLC (“ATU Georgia”)	Duty Free Services	Georgia	50.00	50.00	50.00	50.00
ATU Tunisie SARL (“ATU Tunisia”)	Duty Free Services	Tunisia	50.00	50.00	50.00	50.00
ATU Macedonia Dooel (“ATU Macedonia“)	Duty Free Services	Macedonia	50.00	50.00	50.00	50.00
AS Riga Airport Commercial Development (“ATU Latvia”)	Duty Free Services	Latvia	50.00	50.00	50.00	50.00
Tunisia Duty Free S.A. (“ATU Tunisia Duty Free”)	Duty Free Services	Tunisia	14.98	39.98	14.98	39.98
Saudi ATU Trading Limited Co. (“ATU Medinah”) (*)	Duty Free Services	Saudi Arabia	50.00	50.00	50.00	50.00
ATU Mağazacılık İşletmeleri A.Ş. (“ATU Mağazacılık”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Uluslararası Mağaza Yiyecek ve İçecek İşletmeciliği A.Ş. (“ATU Uluslararası Mağazacılık”)	Duty Free Services	Turkey	51.15	51.17	51.15	51.17
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. (“TAV Gözen”)	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
TGS Yer Hizmetleri A.Ş. (“TGS”)	Ground Handling	Turkey	50.00	50.00	50.00	50.00
Saudi HAVAŞ Ground Handling Services Limited (“Saudi HAVAŞ”) (*)	Ground Handling	Saudi Arabia	66.66	66.66	66.66	66.66
Saudi BTA Airports Food And Beverages Serv.Ltd. (“BTA Medinah”) (*)	Food and Beverage Services	Saudi Arabia	66.66	66.66	66.66	66.66
Tibah Airports Development Company CJSC (“Tibah Development”)	Airport Operator	Saudi Arabia	50.00	50.00	50.00	50.00
Tibah Airports Operation Limited (“Tibah Operation”)	Airport Operator	Saudi Arabia	51.00	51.00	51.00	51.00
Primeclass Pasifico JSV. (“TAV İşletme Chile”)	Lounge Services	Chile	50.00	50.00	50.00	50.00
TAV Operation Services Saudi Arabia LLC. (“TAV İşletme Saudi”) (*)	Lounge Services	Saudi Arabia	66.66	66.66	66.66	66.66
TAV-GD Bermuda Operation Services (“TAV OS Bermuda”) (**)	Lounge Services	Bermuda	40.00	40.00	-	-
Madinah Airport Hotel Company (“Medinah Hotel”)	Hotel Management	Saudi Arabia	33.33	33.33	33.33	33.33
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (“TAV Antalya”)	Antalya Airport Terminal Services	Turkey	49.00	50.00	49.00	50.00
Fraport TAV Antalya Yatırım Yapım ve İşletme A.Ş. (“TAV Antalya Yatırım”) (**)	Antalya Airport Terminal Services	Turkey	51.00	50.00	-	-

(*) The mentioned entities are consolidated using the equity method as the Board decisions of these entities are taken with the joint agreement of all three shareholders.

(**) Established in 2021

1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of associates	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ZAIC-A Limited ("ZAIC-A") (*)	Holding	United Kingdom	15.00	15.00	15.00	15.00
Medunarodna Zračna Luka Zagreb d.d. ("MZLZ") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
Upraviteli Zračne Luke Zagreb d.o.o ("MZLZ Operation") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
AMS Airport Management Services d.o.o ("AMS") (*)	Airport Operator	Croatia	40.00	40.00	40.00	40.00

(*) TAV Holding has significant influence in the management of the mentioned entities, thus these entities are consolidated using the equity method.

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer ("BOT") agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA"), Ministry of Transportation ("MOT"), TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development entered into Build-Transfer-Operate ("BTO") agreement with General Authority of Civil Aviation ("GACA"). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMİ and Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The Group indirectly acquired %85 of AIA through its holding companies.

BOT, BTO and Concession Agreements

The airport terminals operated by the Group and its joint ventures are as follows:

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İstanbul Atatürk International Airport (continued)

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of Atatürk International Airport Terminal ("AIAT") in 1998. TAV was required to complete the construction by August 2000 and then had the right to operate the facilities of AIAT for 3 years, 8 months and 20 days. TAV completed the reconstruction of AIAT in January 2000 and started the operation seven months earlier, after completion of a significant portion of the construction. Construction of the remaining parts of the project was finalized in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge AIAT by 30% by year 2004. In return for extending AIAT, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred Atatürk Domestic Airport Terminal ("ADAT") and AIAT to DHMİ. On 3 June 2005, TAV İstanbul signed a rent agreement to operate AIAT and ADAT for 15.5 years until year 2021.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installation of new passenger boarding bridges and construction of new commercial areas. Through this addendum TAV has undertaken approximately EUR 36,000 of investment in exchange of the operation right of newly created commercial areas.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMİ as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group accrued a compensation income amounting to EUR 389,000 and fully reimbursed this amount in 2020 and 2021.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. TAV Esenboğa is providing terminal, car park and passenger boarding services since the beginning of operations on 16 October 2006.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Esenboğa has been extended for two years.

İzmir Adnan Menderes International Airport

A BOT agreement was executed between TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and DHMİ on 20 May 2005 for regulating the reconstruction, investment and operations of İzmir Adnan Menderes Airport International Terminal. According to the Agreement, TAV İzmir was required to complete the construction within 24 months after the agreement date and would then have the right to operate the facilities of İzmir Adnan Menderes Airport International Terminal for a period of 6 years, 7 months and 29 days. An addendum to the Agreement was signed on 21 August 2006. Under the terms of the addendum, in return for additional works, the operation period of TAV İzmir was extended by 11 months 17 days through January 2015. TAV İzmir has been providing terminal, car park and passenger boarding services since the beginning of operations on 13 September 2006.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İzmir Adnan Menderes International Airport (continued)

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on January 2015 and operating it until 31 December 2032. TAV Ege is obliged to construct a new domestic terminal with its ancillary buildings and to pay EUR 610,000 plus VAT (18%) to DHMİ in yearly equal installments, of which EUR 30,500 plus VAT has been prepaid at the beginning of the concession period under the terms of the concession agreement.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating İzmir Adnan Menderes Airport International Terminal at 10 January 2015. As at 23 November 2015 TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Ege has been extended for two years.

Milas Bodrum Airport

On 21 March 2014, the Company has been awarded the tender held by DHMİ for the operation rights of the Milas Bodrum Airport whose scope includes operation of existing Domestic and International Terminals with ancillary facilities, until 31 December 2035. While Domestic Terminal is handed over within signing of the Concession Agreement, operation of International Terminal commenced on 22 October 2015 following the expiry of the existing contract. The total concession amount is EUR 717,000 plus VAT.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Bodrum has been extended for two years.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of Tbilisi International Airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years until February 2027, in exchange for an obligation by TAV Tbilisi to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi Airport, TAV Tbilisi is providing a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services – excluding air traffic control – in New Tbilisi International Airport since the beginning of operations on 8 February 2007.

Batumi International Airport

On 9 August 2007, TAV Batumi Operations signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027. Georgian Government is responsible for providing air traffic control and security services.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken in January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services excluding air traffic control services.

Alanya-Gazipaşa Airport

Relating to the transfer of the operational rights of Alanya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa and DHMİ was signed on 4 January 2008. The operation period of Alanya-Gazipaşa Airport, which currently has 1,500,000 annual passenger capacity, is 25 years until May 2034, and the operation of the airport covers activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of USD 50 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit for the period to DHMİ.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Gazipaşa has been extended for two years.

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and MOTC. The operation of the airports shall cover all airport activities with the exception of air traffic control, and modernization activities are contemplated to include the technical infrastructure. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010 and final date of Concession Agreement is 1 March 2030. The renovation of the St. Paul the Apostle Airport in Ohrid and the construction of Alexander the Great Airport in Skopje were completed and the airports started their operations in March 2011 and September 2011, respectively.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

Medinah International Airport

A BTO agreement was executed between Tibah Development and GACA on 29 October 2011, for the operation and development of existing Medinah International Airport. Through the BTO agreement Tibah Development undertook the operation of the existing Medinah International Airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger Terminal and the required additional infrastructure. TAV Holding owns 50.00% of Tibah Development. The operations were undertaken in June 2012. The concession period will end in June 2037. The operations of the Medinah International Airport cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. Tibah Development has subcontracted the operation of Medinah International Airport to Tibah Operation, of which 51% belongs to TAV Holding. The construction of Medinah International Airport were completed and the airport started its operations in April 2015.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Medinah International Airport (continued)

As a result of discussions held between Tibah Development and GACA, the time that will pass between February 2020 and the end of the calendar year during which Madinah Airport reaches 8.1 million passengers, has been defined as the force majeure period which will be added to the operating period of Madinah Airport. The additional time that will be added to the operating period of the concession cannot be longer than eight years. The concession rent payments due to GACA during the force majeure period have been deferred and will be paid mostly after the end of the force majeure period.

Zagreb International Airport

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Holding signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Holding is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

Antalya Airport

Fraport IC İçtas Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş, was established in Turkey on 18 May 2007. The Company's main activity is the operation of the terminal building at Antalya Airport, Southern Turkey in accordance with the Lease Agreement made with Devlet Hava Meydanları İşletmesi ("DHMI"). The terms of the lease agreement gives the Company the right to operate the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center starting from 14 September 2007, and International Terminal II, Parking Lot and all the complementary units starting from 23 September 2009. The Lease Agreement between the Company and DHMI will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. The rent payable under the present lease is EUR 2,010,000 plus Value Added Tax ("VAT"). The Company shall pay this total sum of the rent to DHMI in cash; 3% on the date of the signature of the contract, 15% within 5 business days from 14 September 2007, 7% within 5 business days from 14 September 2008 and 5% within 5 business days.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Antalya has been extended for two years.

A joint-venture formed by the Group and Fraport (49%) has won the tender for the renewal of Antalya Airport concession. This success results from the auction held by the Turkish State Airports Authority (DHMI) on December 1st, 2021, in which the joint-venture was the highest bidder. The object of the tender is the realization of additional investments to increase capacity of the airport in return for the right to operate the airport for 25 years, between January 1st, 2027 and December 31st, 2051.

The total concession rent to DHMI is of 7.25 billion euros (VAT excluded), of which 25% (1.8 billion euros) are to be paid within 90 days after the signing of the concession agreement. Concession lease contract with DHMI has been signed on December 28, 2021. The Group is 51% shareholder of TAV Antalya Yatırım. The current concession right held by the Group and Fraport AG partnership is valid until December 31, 2026.

The investment for the capacity increase of Antalya Airport, to 80 million passengers annually, more than the double that the current capacity, is planned at around 765 million euros on EPC basis, of which 600 million euros will be conducted between 2022 and 2025, Approximately 165 million euros of additional investment will be conducted in 2038 and is planned to take 2 years.

The results of the joint-venture will be accounted for under the equity method.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Almaty Airport

Almaty airport, located in the economic capital of Kazakhstan, is the largest airport in Central Asia: it handled around 6.4 million passengers in 2019, just under half of them on international routes. Kazakhstan, the largest landlocked country in the world with 2.7 million km2, is the engine of economic growth in the region and accounts for 60% of Central Asia's GDP.

The Group indirectly acquired through holding companies, 85% of Almaty International Airport JSC, its subsidiaries (Almaty Catering Services LLP and Almaty FBO LLP) and fuel related businesses carried on by Venus Trading LLP. The partner holding the remaining 15%, KIF Warehouses Coöperatief U.A. (investment fund held by VPE Capital and Kazina Capital Management), has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828.

Operations Contracts

BOT and BTO operations and management contracts include the following:

Terminal and airport services – The Group has the right to operate the terminals and airports as mentioned in the preceding paragraphs. This includes passenger, ramp and check-in counter services and services for parking-apron-taxi ways (for airport operations). A fee is charged to each airline based on the number of passengers that utilize the airport, based on the number of aircrafts that utilize ramps and runways and based on the number of check-in counters utilized by the airlines.

Duty free goods – The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are subcontracted either to Group's joint ventures or to other companies in exchange for a commission based on sales.

Catering and airport hotel services – The Group has the right to manage all food and beverage operations within the terminals both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

Area allocation services – As a lessor, the Group leases office space in the airport terminal including the offices leased to the airlines for ticket office and banks.

Ground handling – The Group has the right to provide all ground handling operations. Ground handling involves providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License ("SHY 22").

Lounge services – The Group has the right to operate or rent the lounges to provide CIP services to the passengers who have the membership.

Bus and car parking services – The Group has the right to operate the car park and render valet parking services. Revenues from bus operations include shuttle services running from airports to city centers.

Software and system services – The Group develops software and systems on operational and financial optimization in aviation, particularly terminal, flight management system and software programs and to meet the information systems requirements of group companies and certain third parties.

Security services – The Group operates the security services within the domestic terminals.

Airline taxi services – The Group renders airline taxi services.

Seasonality in Operations

Due to the seasonality of the operations, it is expected revenue and operational profit of second half of the year to be higher compared to first half of the year. Higher sales between June and August is mainly due to increase of passenger numbers during the busy season.

The Group employs 15,727 in subsidiaries (average: 16,342) and 7,999 in joint ventures (average: 8,009) excluding TAV İstanbul (31 December 2020: 13,193 in subsidiaries (average: 14,453) and 7,893 in joint ventures (average: 8,381) excluding TAV İstanbul).

TAV İstanbul employs 12 (average:27) (31 December 2020: 28 (average: 31)) people as at 31 December 2021.

1. REPORTING ENTITY (continued)

Covid-19 Impact and Impairment Analysis

The Covid-19 health crisis has had significant impacts on air traffic, which has largely stopped since March 2020. This sudden drop in traffic has impacts both in terms of aviation revenues and in terms of commercial revenues from investments in associates and joint ventures.

The health crisis had a significant impact on the market premium, and the betas of companies in the airport sector, both on the rise. This increase in discount rates has an unfavorable impact on the recoverable amount of the Group's assets, estimated on the basis of discounted cash flows.

Impairment tests are only performed at the end of the year due to the seasonality of the Group's operations, revenue and operational profits are generally higher in the second half of the year than in the first six months.

Impairment tests were carried as at 31 December 2021 on the main concession and service companies, as a result of the impairment testing performed on CGU basis no additional impairment has been identified.

As a result of the impairment testing performed on CGU basis, EUR 35,000 impairment loss for Airport Operation Right of TAV Tunisia and TAV Bodrum was recognised in the consolidated financial statement of the Group as of 31 December 2020 (Note 13).

Sensitivity tests carried out show that slower traffic recovery scenarios could cause the recoverable amount of certain airport concessions to fall below their carrying amount.

The Group, applied significant savings in the Group's operational expenses to keep the negative impact of the Covid-19 health crisis on the financial statements at a minimum level. In addition, refinancing agreements have signed with lenders and for concession agreements, time extensions have obtained from the competent authorities of the relevant states.

Due to the significant increase in vaccination rates all over the world, travel restrictions have been partially removed. With this effect, passenger numbers reached approximately 58% of 2019. As at third and fourth quarters, which are the busiest periods for airports due to seasonality, passenger figures reached 62% of third quarter of 2019 and 75% of fourth quarter of 2019.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Board of Directors on 15 February 2022. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities at fair value through profit or loss and derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro.

The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

2. BASIS OF PREPARATION (continued)

The table below summarizes the functional currencies of the Group entities:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
TAV Esenboğa	EUR
TAV Ege	EUR
TAV Milas Bodrum	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari (“GEL”)
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
TAV Latvia	EUR
HAVAŞ	EUR
HAVAŞ Latvia	EUR
HAVAŞ Kazakhstan	Kazakhstani Tenge (“KZT”)
HAVAŞ Georgia	GEL
HAVAŞ Adriatic	Croatian Kona (“HRK”)
HAVAŞ Macedonia	EUR
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar (“TND”)
BTA Macedonia	Macedonian Denar (“MKD”)
BTA France	EUR
Cakes & Bakes	TRL
BTA Tedarik	TRL
BTA Denizyolları	TRL
BTA Latvia	EUR
BTA Uluslararası Yiyecek	TRL
BTA MZLZ	HRK
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV İşletme Tunisia Plus	TND
TAV İşletme Macedonia	MKD
TAV İşletme Germany	EUR
TAV İşletme Latvia	EUR
TAV İşletme Kenya	Kenyan Shilling (“KES”)
TAV İşletme America	American Dollar (“USD”)
TAV İşletme Washington	USD
TAV İşletme New York	USD
TAV İşletme Madagascar	Malagasy Ariary (“MDG”)
GIS Spain	EUR
Holdco	EUR
Almaty Airport Investment Holding	EUR
TAV Kazakhstan	USD
AIA	USD
VT	KZT
ACS	KZT
FBO	KZT

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

Company	Functional Currency
GIS France	EUR
GIS Germany	EUR
GIS Italy	EUR
GIS Mexico	Mexican Peso ("MEX")
GIS Argentina	Argentine Peso ("ARS")
GIS Brazil	Brazilian Real ("BRL")
GIS Colombia	Colombian Peso ("COP")
TAV Havacılık	USD
TAV Bilişim	USD
TAV IT Saudi	Saudi Arabian Riyal ("SAR")
TAV IT Qatar	Qatari Riyal ("QAR")
TAV IT Netherlands	EUR
TAV Güvenlik	TRL
Aerosec Security	TRL
TAV Akademi	TRL
TAV Aviation Minds	USD
Aviator Netherlands	EUR
PMIA Aviator BV	EUR
TAV Uluslararası Yatırım	EUR
ATU	EUR
ATU Georgia	GEL
ATU Tunisia	EUR
ATU Macedonia	EUR
ATU Latvia	EUR
ATU Tunisia Duty Free	EUR
ATU Medinah	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
TAV İşletme Bermuda	USD
TAV Antalya Yatırım	EUR
TAV Antalya	EUR
ZAIC-A	EUR
MZLZ	HRK
MZLZ Operation	HRK
AMS	HRK
Medinah Hotel	SAR

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

Note 1 – sensitivity analysis

Note 3(e) – mark-up applied to construction cost incurred under IFRIC 12 "Service Concession Arrangements".

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are included in the following notes:

Note 3, 12 and 13 – useful lives of property and equipment and intangible assets

Note 13 – key assumptions used in discounted cash flow projections

Note 17 – utilisation of tax losses and tax incentives

Note 26 – measurement of reserve for employee severance indemnity

Note 32 and 33 – valuation of financial instruments

A valuation for the fair values of TAV Tunisia as a separate cash-generating unit ("CGU") was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Tunisia.

A business plan with a duration until end of concession term (May 2047) prepared by the management of TAV Tunisia and it was used in the valuation of company. The growth in business plan of TAV Tunisia is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the company, with average post-tax discount rate of 12% during the projection period (between 2021 and 2047). Since TAV Tunisia has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Tunisia as of 31 December 2021 (31 December 2020: EUR 20,000) (Note 14).

A valuation for the fair values of TAV Milas Bodrum as a separate CGU was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Milas Bodrum.

A business plan with a duration until end of concession term (December 2037) prepared by the management of TAV Milas Bodrum and it was used in the valuation of company. The growth in business plan of TAV Milas Bodrum is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in discounted cash flows are the WACC of the company, with average post-tax discount rate of 9.2% during the projection period (between 2021 and 2037). Since TAV Milas Bodrum has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Milas Bodrum as of 31 December 2021 (31 December 2020: EUR 15,000) (Note 14).

The Group has also performed impairment tests for the rest of airport operation rights and concluded as no further impairment is required. In impairment tests, WACC, passenger forecast and recovery dates are evaluated as significant estimates and judgements.

e) The reclassification to prior year financial statements

The Group has reassessed the presentation of liabilities from equity-accounted investments. Accordingly liabilities from equity-accounted investments amounting to EUR 50,211 was presented in non-current other payables in consolidated statement of financial position for the year ended 31 December 2020, reclassed to liabilities from equity-accounted investments.

2. BASIS OF PREPARATION (continued)

f) Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities and their joint ventures.

a) Basis of consolidation

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Macedonia, TAV Gazipaşa, TAV Tunisia, TAV Latvia, HAVAŞ, HAVAŞ Latvia, Havaş Kazakhstan, HAVAŞ Adriatic, HAVAŞ Macedonia, HAVAŞ Georgia, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Denizyolları, BTA Latvia, BTA Uluslararası Yiyecek, BTA MZLZ, TAV İşletme, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV IT Netherlands, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, TAV Uluslararası Yatırım, Holdco, AAIH, TAV Kazakhstan, AIA, VT, ACS and FBO are fully consolidated without non-controlling interest's ownership.
- TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil and GIS Colombia are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.
- ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Bermuda, TAV İşletme Saudi, TAV Antalya, TAV Antalya Yatırım, ZAIC-A, MZLZ, MZLZ Operation, AMS and Medinah Hotel are consolidated using the equity method.

i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

i) Business combinations (continued):

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii) Non-controlling interests:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iv) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

v) Loss of control:

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

vi) Joint arrangements and associates:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

Associates

Joint ventures and associates are accounted for equity method in the consolidated financial statements. Joint ventures and associates initially recognised at fair value. After initial recognition, Group's share of the profit or loss of the investee, is recorded to financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investments, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group entities and their joint ventures use either EUR, TRL, USD, TND, MKD, GEL, HRK, SAR, CLP, KES, MXN, ARS, BRL, COP, KZT, QAR and MDG as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities or their joint ventures and reflect the economic substance 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. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses EUR as the reporting currency. Assets and liabilities are translated by using year end foreign exchange rates. Income and expenses which are recorded to financial statements during the period are translated by using yearly average rates. Share capital and legal reserves are classified to financial statements by using their face value in the statutory financial statements. “Foreign currency translation differences” resulted by their translations are classified in the total items that will not be reclassified to profit or loss under equity.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005 before they are translated into EUR as the reporting currency. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2006.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations (continued):

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik, which have the TRL as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRL until 31 December 2005, in accordance with IAS 29 as TRL was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, by the exchange rate ruling at reporting date.

c) Financial instruments

i) Non-derivative financial assets:

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(h)(i)).

Loans and receivables comprise cash and cash equivalents, restricted bank balances, trade receivables, due from related parties and guaranteed passenger fee receivable from DHMİ (Concession receivables) (see Note 20).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments.

The Group's use of Project Accounts Reserve Accounts or Funding Accounts is based on certain conditions as defined in respective loan agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the consolidated statement of financial position.

Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also accounting policy note on intangible assets below).

ii) Non-derivative financial liabilities:

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group has the following other financial liabilities: loans and borrowings, bank overdrafts, trade payables and due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a negative component of cash and cash equivalents for the purpose of the statement of cash flows.

When measuring the fair value of a liability, the Company takes into account the effect of its own credit risk and the effect of other factors that will probably affect the settlement of the liability.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

iii) Share capital:

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iv) Derivative financial instruments, including hedge accounting:

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value and cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

In case of financial asset or financial liability is recognized in the financial statements as a result of forecast hedge transaction, Gain or losses accounted under other comprehensive income will be reclassed to income and loss components which will be excluded from equity for the period or periods of which cash flows subject to hedging (e.g. period which interest income or expense accounted)

In other cases, when the hedged item is not a non-financial asset, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

d) Property and equipment

i) Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

i) Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised net within "other operating income / (expense)" in profit or loss.

ii) Subsequent costs:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation:

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Machinery and equipment	4-18 years
Vehicles	5-18 years
Furniture and fixtures	2-18 years
Leasehold improvements	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangible assets recognised in a business combination:

Customer relationships are the intangible assets recognised during the purchase of HAVAŞ shares in years 2005 and 2007 and purchase of HAVAŞ Latvia shares in 2010 and 2011. DHMİ license is the intangible asset recognised during the purchase of HAVAŞ shares in years 2005 and 2007. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship were determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3 Business Combinations, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangible assets which were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

Due to acquisition of Almaty Airport in 2021, an airport operation right which is determined by an independent consulting firm has been accounted for intangible asset. This intangible asset will be amortized for a period of 49 years.

iii) Internally generated software:

Internally generated software consists of airport software developed by TAV Bilişim. Internally generated software with finite useful lives is measured at cost less accumulated amortisation and impairment losses.

iv) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

v) Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vi) Amortisation:

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets recognised during acquisitions of HAVAŞ and HAVAŞ Latvia are customer relationships and DHMİ licence. Customer relationships have 5-10 years useful life and DHMİ licence has indefinite useful life since the duration of net cash inflow arising from DHMİ licence to the Company does not have any foreseeable limit. DHMİ licence is tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Airport operation right which is accounted related with the acquisition of Almaty Airport will be amortized for a period of 49 years. In practice, duration of this right is indefinite. In order to define a useful life for this right, duration of land lease agreements of the company is determined as amortization period.

vii) Service concession arrangements

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IFRIC 12 Interpretation – According to service concession arrangements, entity recognize proceeds received for the construction, renovation works performed and other service lines rendered under non-current intangible asset or financial asset in the financial statements.

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa has guaranteed passenger fee to be received from DHMİ. The agreement covers a period up to May 2023 for TAV Esenboğa. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to February 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A concession agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operation of Alanya Gazipaşa Airport (air side, land side, parking-apron-taxi ways). The agreement covers a period up to May 2034. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

On 24 September 2008, a BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

A concession agreement was executed between TAV Ege and DHMİ on 16 December 2011 for the construction and operation of the domestic terminal of İzmir Adnan Menderes Airport and for taking-over the international terminal on January 2015. The agreement covers a period up to December 2032. In 2021, operating period has been extended for 2 years due to Force Majeure conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements (continued)

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from October 2015 to December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2015 to December 2035. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya and DHMİ on 14 September 2007 for the operation the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center and on 23 September 2009 for International Terminal II, Parking Lot and all the complementary units. The Lease Agreement between the Company and DHMİ will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya Yatırım and DHMİ on 28 December 2021 for the additional investments to increase capacity of Antalya Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries. The Lease Agreement between the Company and DHMİ will expire on 31 December 2051 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

i) Intangible assets:

The Group recognises an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. Amortisation of airport operation right is calculated based on units of production method over estimated passenger figures.

ii) Financial assets:

The Group recognises the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa. Financial assets are initially recognised at fair value and carried at discounted fair value for the subsequent periods.

f) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

h) Impairment

i) Non-derivative financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each period at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (the "CGU"). Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRL 10,849 as at 31 December 2021 (equivalent to full EUR 739 as at 31 December 2021) (31 December 2020: full TRL 7,117 (equivalent to full EUR 790 as at 31 December 2020)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 26) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Construction revenue and expenditure: Construction revenue and expenditure are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Service concession agreements: Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Aviation income: Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

Area allocation income: Area allocation income is recognised by the issuance of monthly invoices based on the contracts made for allocated areas in the terminal.

Catering services income: Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

Ground handling income: Ground handling income is recognised when the services are provided.

Commission: The Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

Software and system sales: Software and system sales are recognised when goods are delivered and title has passed or when services are provided.

Income from lounge services: Income from lounge services is recognised when services are provided.

Bus and car parking operations: Income from bus and car parking operations is recognised when services are provided.

Income from airline taxi services: Income from airline taxi services is recognised when services are provided.

l) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables) and ineffective portion of hedging instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

m) Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current Tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Tax (continued)

ii) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

iii) Tax exposures:

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

n) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the owners of the company by the weighted average number of ordinary shares outstanding during the period. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segment reporting

An operating segment is a component of the Group and its joint ventures that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

p) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i)The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	Insurance Contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to 2018-2020	IFRS Standards Amendments to IFRS 1, IFRS 9 and IAS 41
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendment defers the effective date by one year. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 37 Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

Amendments to IFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9 and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

The International Auditing and Assurance Standards Board ("IAASB") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to IAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to IAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

4. DETERMINATION OF FAIR VALUES (continued)

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 December 2021	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	95,154	-
Financial assets	-	-	-
Loans and borrowings	-	(1,191,667)	-
Bank overdrafts	-	(424)	-
Other payables (*)	-	(804,713)	-
Interest rate swap	-	(24,521)	-

31 December 2020	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	104,688	-
Financial assets	-	50,000	-
Loans and borrowings	-	(1,332,362)	-
Bank overdrafts	-	(387)	-
Other payables (*)	-	(828,187)	-
Interest rate swap	-	(35,381)	-

(*) Other payables do not include advances received amounting to EUR 15,948 (31 December 2020: EUR 9,492).

5. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation, AMS; TAV Antalya and AIA. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya, TAV Antalya Yatırım, MZLZ and AIA also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BTA Uluslararası Yiyecek, BTA MZLZ and ACS.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık and ATU Uluslararası Mağazacılık.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ, HAVAŞ Adriatic, HAVAŞ Kazakhstan, HAVAŞ Macedonia and Havaş Georgia. HAVAŞ provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV İşletme Bermuda, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Netherlands, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings, Medinah Hotel, Holdco, AAIH, TAV Kazakhstan, VT and FBO.

While preparing the results of the reported segments, joint ventures are included in the consolidation according to the proportional consolidation method.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

5. OPERATING SEGMENTS (continued)

Operating Segments (continued)

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Total external revenues	392,069	169,049	64,548	48,003	81,630	45,662	230,779	169,892	84,283	74,046	853,309	506,652
Inter-segment revenue	26,477	14,784	5,732	4,128	48	116	703	587	55,237	26,433	88,197	46,048
Interest income	4,497	16,015	359	283	1,107	1,005	6,458	5,232	39,162	15,128	51,583	37,663
Interest expense	(103,194)	(75,511)	(3,149)	(2,636)	(1,290)	(1,484)	(6,742)	(5,984)	(20,096)	(27,792)	(134,471)	(113,407)
Depreciation and amortisation	(110,529)	(108,813)	(5,476)	(8,763)	(6,319)	(6,459)	(16,120)	(19,632)	(9,362)	(13,642)	(147,806)	(157,309)
Reportable segment operating profit / (loss)	74,572	(57,459)	(1,388)	(22,651)	267	(8,868)	41,432	11,913	(2,341)	(20,618)	112,542	(97,683)
Capital expenditure	26,009	73,968	2,198	4,430	3,118	12,984	4,731	8,028	5,917	5,471	41,973	104,881

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Reportable segment assets	3,654,865	3,625,192	13,994	30,257	144,878	150,110	210,416	228,602	754,929	869,678	4,779,082	4,903,839
Reportable segment liabilities	2,834,585	2,794,727	71,479	82,432	99,298	99,716	143,754	184,006	254,962	416,989	3,404,078	3,577,870

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**2021**	**2020**
Total revenue for reportable segments	801,986	463,521
Other revenue	139,520	100,479
Elimination of inter-segment revenue	(88,197)	(46,048)
	853,309	**517,952**
Effect of using the equity method for joint ventures	(331,245)	(216,546)
Consolidated revenue	**522,064**	**301,406**

Operating profit / (loss)	**2021**	**2020**
Segment operating profit / (loss)	114,883	(77,065)
Other operating loss	(2,341)	(20,618)
	112,542	**(97,683)**
Effect of using the equity method for joint ventures	(62,394)	(52,709)
Consolidated operating profit / (loss)	**50,148**	**(150,392)**
Finance income	167,150	11,162
Finance expense	(134,558)	(135,413)
Consolidated profit / (loss) before tax	**82,740**	**(274,643)**

Assets	**31 December 2021**	**31 December 2020**
Total assets for reportable segments	4,024,153	4,034,161
Other assets	754,929	869,678
	4,779,082	**4,903,839**
Effect of using the equity method for joint ventures	(1,334,353)	(1,348,716)
Consolidated total assets	**3,444,729**	**3,555,123**

Liabilities	**31 December 2021**	**31 December 2020**
Total liabilities for reportable segments	3,149,116	3,160,881
Other liabilities	254,962	416,989
	3,404,078	**3,577,870**
Effect of using the equity method for joint ventures	(970,002)	(957,442)
Consolidated total liabilities	**2,434,076**	**2,620,428**

5. OPERATING SEGMENTS (continued)

Interest income	**2021**	**2020**
Total interest income for reportable segments	12,421	22,535
Other interest income	39,162	15,128
Elimination of inter-segment interest income	(31,957)	(23,588)
	19,626	**14,075**
Effect of using the equity method for joint ventures	(7,057)	(3,263)
Consolidated interest income	**12,569**	**10,812**

Interest expense	**2021**	**2020**
Total interest expense for reportable segments	(114,375)	(85,615)
Other interest expense	(20,096)	(27,792)
Elimination of inter-segment interest expense	14,839	23,585
	(119,632)	**(89,822)**
Effect of using the equity method for joint ventures	29,327	22,879
Consolidated interest expense	**(90,305)**	**(66,943)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Kazakhstan, Georgia, Macedonia, Latvia, Tunisia, Saudi Arabia, Oman and Spain.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	**2021**	**2020**
Turkey	268,131	205,225
Kazakhstan	104,522	-
Georgia	53,229	20,488
Macedonia	24,146	13,247
Latvia	13,435	10,074
Tunisia	10,736	7,627
Saudi Arabia	10,142	8,393
Oman	10,130	8,209
Spain	5,901	5,461
Other	21,692	22,682
Consolidated revenue	**522,064**	**301,406**

Non-current assets	**31 December 2021**	**31 December 2020**
Turkey	1,892,942	1,796,410
Tunisia	431,389	443,814
Kazakhstan	364,415	-
Macedonia	95,050	99,407
Georgia	74,331	67,108
Oman	12,273	13,441
Spain	5,158	5,878
Latvia	906	1,659
Saudi Arabia	865	719
Other	120,159	41,981
Consolidated non-current assets	**2,997,488**	**2,470,417**

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the year ended 31 December is as follows:

	2021	2020
Aviation income	169,176	51,595
Ground handling income	143,653	92,409
Catering services income	57,627	39,304
Commission from sales of duty free goods	27,019	14,909
Income from lounge services	20,785	15,775
Area allocation income	17,647	12,043
Software sales income	16,186	18,649
Income from car parking operations and valet service income	10,247	6,895
Security services income	9,595	8,794
Bus services income	6,178	5,722
Operating financial revenue	5,471	7,211
Utility and general participation income	2,693	2,523
Hotel and reservation income	2,633	2,100
Advertising income	2,316	2,117
Rent income from sublease	2,125	1,875
Loyalty card income	723	1,410
Other operating revenue	27,990	18,075
Total operating revenue	**522,064**	**301,406**

7. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the years ended 31 December is as follows:

	2021	2020
Wages and salaries	132,682	116,719
Compulsory social security contributions	11,620	10,156
Employee severance indemnity expenses	1,324	1,950
Other personnel expenses	17,299	16,455
Total personnel expenses	**162,925**	**145,280**

8. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the years ended 31 December is as follows:

	2021	2020
Consultancy expense	13,395	13,298
Utility cost	11,931	9,266
Rent expense	11,337	7,265
Maintenance expenditures	8,416	6,971
Insurance expense	6,783	6,093
Cleaning expense	5,692	4,798
Taxes	5,507	3,001
Provision expenses	5,044	11,524
VAT non-recoverable	4,576	1,807
Traveling and transportation expenses	2,134	1,919
Communication and stationary expenses	2,033	1,687
Security cost	2,006	1,047
Advertisement and marketing expenses	1,545	854
Representation expenses	908	682
Commission and license expense	421	642
Other operating expenses	13,836	24,142
Total other operating expenses	**95,564**	**94,996**

9. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

An analysis of the Group's accumulated depreciation, amortisation and impairment for the years ended 31 December is as follows:

	2021	2020
Airport operation right	33,674	20,514
Property and equipment	33,307	26,551
Right of use asset	7,056	9,744
Intangible assets	2,200	2,817
Impairment of goodwill	408	-
Impairment losses	-	36,601
Total depreciation, amortisation and impairment expenses	**76,645**	**96,227**

10. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the years ended 31 December is as follows:

	2021	2020
Discount income (*)	145,948	27
Interest income on bank deposits and intercompany loans	12,569	10,812
Foreign exchange gain, net	7,933	-
Other finance income	700	323
Finance income	**167,150**	**11,162**
Interest expense on financial liabilities and intercompany loans	(90,305)	(66,943)
Discount expense (**)	(33,066)	(33,871)
Commission expense	(2,176)	(1,590)
Interest expense provision on employee benefit obligation	(1,242)	(1,506)
Foreign exchange loss, net	-	(24,422)
Other finance costs (***)	(7,769)	(7,081)
Finance costs	**(134,558)**	**(135,413)**
Net finance costs	**32,592**	**(124,251)**

(*) EUR 144,877 of the discount income was related with the amortised loan liabilities and fair value adjustment of participation rights for TAV Tunisia loan restructuring process.

(**) Discount expense is mainly related with the unwinding of discount on concession payables amounting to EUR 33,066 as of 31 December 2021 (31 December 2020: EUR 33,871).

(***) Other finance costs include bank charges and consultancy expenses charged in accordance with the requirements of project financing facilities.

Recognised in other comprehensive income

	2021	2020
Effective portion of changes in fair value of cash flow hedges	81,702	12,417
Foreign currency translation differences for foreign operations	21,835	(23,355)
Tax on cash flow hedge reserves	(2,082)	(223)
Portion of cash flow hedges charged to profit or loss	(36,207)	(8,101)
Finance costs recognised in other comprehensive income, net of tax	**65,248**	**(19,262)**

11. TAX EXPENSE

An analysis of the Group's tax expense for the years ended 31 December is as follows:

Tax recognised in profit or loss

	2021	2020
Current tax expense		
Current year tax expense	11,328	14,619
	11,328	14,619
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	22,239	4,156
Change in previously recognised investment incentives	(2,307)	1,432
Recognition of current period tax losses	205	(16,712)
	20,137	(11,124)
Total tax expense	**31,465**	**3,495**

Tax recognised in other comprehensive income

	2021			2020		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Foreign currency translation differences for foreign operations	21,835	-	21,835	(23,355)	-	(23,355)
Effective portion of changes in fair value of cash flow hedges	38,536	(2,082)	36,454	5,914	(223)	5,691
Defined benefit obligation actuarial differences	145	(29)	116	337	(68)	269
Other comprehensive income from equity accounted investments	(12,216)	(711)	(12,927)	(11,287)	350	(10,937)
	48,300	**(2,822)**	**45,478**	**(28,391)**	**59**	**(28,332)**

11. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2021 and 2020 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2021	%	2020
Profit / (Loss) before tax from continuing operations		82,740		(274,643)
Loss before tax from discontinued operations		(79)		(4,682)
Profit / (Loss) before tax		**82,661**		**(279,325)**
Tax using the Company's domestic tax rate	25	20,665	22	(61,452)
Tax effects of:				
- non-deductible expenses	14	11,903	(1)	1,552
- translation of non-monetary items according to IAS 21	15	12,283	(10)	26,722
- change in previously recognised investment incentives	(3)	(2,307)	(1)	1,432
- tax exempt income	(23)	(18,956)	5	(9,904)
- used tax loss carry forwards which no deferred tax asset is recognised	(4)	(2,916)	2	(4,728)
- current year losses for which no deferred tax asset is recognised	16	12,957	(8)	22,976
- effect of different tax rates for foreign jurisdictions	(6)	(4,587)	(1)	3,125
- adjustment for equity accounted investments	7	5,687	(6)	16,893
- adjustments related to tax legislation of subsidiaries which is in foreign countries	-	267	(1)	1,662
- effect of different tax rates applied	(5)	(4,084)	(2)	4,570
- other consolidation adjustments	2	1,795	(1)	2,748
Tax expense	**40**	**32,707**	**(2)**	**5,596**
Total tax expense from continuing operations		**31,465**		**3,495**
Total tax expense from discontinued operations		**1,242**		**2,101**

Corporate tax:

	2021	2020
Corporate tax provision from continuing operations	11,328	14,619
Corporate tax provision from discontinued operations	1,022	1,246
Corporate tax provision	12,350	15,865
Add: taxes payable from previous year	3,024	98,639
Less: corporation taxes paid during the year	(12,078)	(111,480)
Current tax liabilities	**3,296**	**3,024**

11. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax (CIT) rate at 31 December 2021 is 25% (However, in 2021, in the first advance corporate tax payments; 20% was used as the corporate income tax rate, whereas 25% was used in the following advance tax payments) (31 December 2020: 22%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In accordance with the Law No. 7061 which is published on 5 December 2018 in the official gazette numbered 30261, the rate of the Corporate Tax, which is 20% according to the provisional article 10 added to the Corporate Tax Law (KVK), was applied as 22% in 2018, 2019 and 2020 for all the taxpayers. The CIT rate is increased to 25% for 2021 and 23% for 2022, temporarily, later on. The tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 30th April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses. As of 1 January 2017 the corporate tax liability arises when the profit is distributed. There is no change on the corporate tax rate.

Tunisia

Tunisian corporate income tax is levied at a rate of 15% on income less deductible expenses (31 December 2020: 15%).

Macedonia

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses as from 2014 onwards (including determination of 2014 CIT). Losses can be carried forward for 3 years provided that the accumulated accounting losses are covered by the accumulated profits (31 December 2020: 10%).

Latvia

Latvian corporate income is levied at a rate of 20% on income less deductible expenses as of 2019. (As the taxable base must be divided by a coefficient of 0.8, the effective tax rate is 25%). According to the new rule, the corporate tax liability will raise when the profit is distributed.

Germany

German federal income tax is levied at a rate of 15% on income less deductible expenses. However municipalities impose a trade tax on income. Taking into account the various municipality multipliers, the combined average tax rate for corporations ranges from approximately 23% to 33%.

Kenya

Effective from January 1, 2021 the corporate income tax is levied at a rate of 30% for resident companies on income less deductible expenses. The corporate income tax rate was applied as 25% for 2020 over 2020 taxable income as a temporary measure in response to Covid-19 (31 December 2020: 20%).

United States

American federal corporate income tax is levied at a rate of 21% on income less deductible expenses.

11. TAX EXPENSE (continued)

Corporate tax (continued):

Saudi Arabia

Under the Saudi Arabian tax and zakat regulations, tax / zakat status of a resident company is determined based on the nationality of its shareholders. TAV IT Saudi's all shareholders are incorporated outside GCC. So, it is subject to income tax at 20% over the gross income less allowable expenses under the law (the adjusted net profit for the year). Tax losses can be carried forward indefinitely in Saudi Arabia. However, maximum limit of the brought forward loss that can be deducted from the taxable profit for the year is 25% of the taxable profit.

Oman

Omani corporate income tax is levied at a rate of 15% on income less deductible expenses.

Chile

In the Chile, due to the tax reform as of year 2018 there are two income tax systems which are elective for tax payers (where certain requirements satisfied):

Attributed income system (AIS): Corporate tax rate is 25% for entities subject to the AIS. Also, there is additional WHT of %35 regardless of whether a dividend was effectively distributed or not, with a 100% tax credit for the FCT paid at the attributing entity's level. Total tax burden is 35% for this system. This system is applicable for small and medium enterprises.

Partially integrated system (PIS): Corporate tax rate is 25.5% for entities subject to the PIS in 2018 and 27% in 2018. Also, there is additional WHT of 35% final taxes upon effective distribution of profits, with a tax credit of 65% of the FCT paid at the entity level. Total tax burden is 44.45% for this system. This system is applicable for large enterprises.

France

France corporate income tax is levied at a rate of 26.5% in 2021 on income less deductible expenses. However, companies with an annual turnover exceeding EUR 250 million are subject to a 27.5% rate.

The standard rate was 33.33% since 1993 and until 2017. A reduction of the standard rate was initiated with effect from 1 January 2018, with a reduced 28% applicable to profits up to EUR 500,000 (profits exceeding this threshold were still taxed at a rate of 33.33%). The standard rate will be progressively reduced to 25% by 2022 (31 December 2020: 33.3%).

Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses (31 December 2020: 25%).

Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses (31 December 2020: 24%).

Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses (31 December 2020: 30%)

Argentina

Argentina corporate income tax is levied on progressive rates between 25% and 35% depending on the taxable income effective from 1 January 2021 on income less deductible expenses. (Up to 5,000,000 ARS: 25%, between 5,000,001& 50,000,000 ARS: 30%, Over 50,000,000 ARS: 35%) (31 December 2020: 30%).

Colombia

Colombia corporate income tax is levied at a rate of 31% in 2021 and 30% 2022 onwards on income less deductible expenses (31 December 2020: 33%).

Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses (31 December 2020: 34%).

Kazakhstan

Kazakhstan corporate income tax is levied at a rate of 20% on income less deductible expenses.

Bermuda

Corporate income tax is not applicable in Bermuda.

11. TAX EXPENSE (continued)

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no. 26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three year time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other hand, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no. 5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no. 2 of the Article 15 of the Law no. 5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no. 27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

The Article 5 of the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010 regulated the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the Article no.2 of the Law no. 5479. According to the Law no. 6009, the taxpayers were allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479, up to 25% of the taxable income of the respective tax period. Such change is effective including the fiscal year ending on 31 December 2011.

However, on 9 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009 and stay of execution of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012. Accordingly, taxpayers are allowed to benefit from the investment incentive without any limitation. The annulment of the article was promulgated in the Official Gazette no. 28719 dated 26 July 2013.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Where there is a tax treaty between Turkey and the country of the dividend recipient is a resident taxpayer, the applicable rate might be less than the local rate. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2020	**884**	**22,779**	**102,540**	**48,404**	**69,079**	**122,157**	**5,829**	**371,672**
Effect of movements in exchange rates	(148)	(4,136)	(1,566)	(1,462)	(5,381)	(9,093)	(2,342)	(24,128)
Additions (*)	-	7	2,507	485	3,459	4,083	19,639	30,180
Disposals	-	-	(3,665)	(15,541)	(2,078)	(2,818)	(32)	(24,134)
Transfers (**)	(613)	1,137	3,290	(42)	(9,204)	6,531	(3,650)	(2,551)
Balance at 31 December 2020	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**
Balance at 1 January 2021	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**
Effect of movements in exchange rates	161	8,148	2,857	1,814	(2,410)	(1,720)	1,316	10,166
Additions (*)	26	-	4,098	1,449	2,554	6,086	7,110	21,323
Disposals	-	(652)	(1,967)	(1,048)	(535)	(3,901)	(84)	(8,187)
Transfers (**)	-	5,008	5,906	3	(2,455)	7,589	(17,526)	(1,475)
Effect of acquisitions of a subsidiary (***)	2,143	159,064	37,099	20,234	-	1,035	829	220,404
Effect of group structure change	-	-	(2,837)	-	(5,361)	-	(1,473)	(9,671)
Balance at 31 December 2021	**2,453**	**191,355**	**148,262**	**54,296**	**47,668**	**129,949**	**9,616**	**583,599**

(*) There is no capitalised borrowing cost on property and equipment during 2021 (31 December 2020: None). In year 2021, additions to property and equipment has not been purchased by financial leasing (31 December 2020: None).

(**) Transfer amounting to EUR 1,475 comprises transfer to intangible assets as at 31 December 2021 (31 December 2020: Transfer amounting to EUR 2,578 comprises transfer to airport operation right and transfer amounting to EUR 27 comprises transfer from intangible assets).

(***) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

12. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2020	**-**	**897**	**63,924**	**22,192**	**36,221**	**42,709**	**-**	**165,943**
Effect of movements in exchange rates	-	(267)	(1,015)	(1,079)	(3,859)	(4,303)	-	(10,523)
Depreciation for the year	-	567	5,405	2,206	6,184	12,189	-	26,551
Disposals	-	-	(3,432)	(7,668)	(1,879)	(2,166)	-	(15,145)
Impairment losses	-	-	1,601	-	-	-	-	1,601
Transfers	-	-	626	-	(5,013)	4,629	-	242
Balance at 31 December 2020	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Balance at 1 January 2021	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Effect of movements in exchange rates	-	583	519	772	(2,029)	(1,583)	-	(1,738)
Depreciation for the year	-	3,896	8,116	3,265	4,086	13,944	-	33,307
Disposals	-	-	(1,464)	(401)	(290)	(3,770)	-	(5,925)
Transfers	-	-	(75)	-	(536)	875	-	264
Effect of acquisitions of a subsidiary (*)	-	11,991	5,243	3,720	-	186	-	21,140
Effect of change in group structure	-	-	(2,052)	-	(1,024)	-	-	(3,076)
Balance at 31 December 2021	**-**	**17,667**	**77,396**	**23,007**	**31,861**	**62,710**	**-**	**212,641**
Carrying amounts								
At 31 December 2020	**123**	**18,590**	**35,997**	**16,193**	**24,221**	**67,802**	**19,444**	**182,370**
At 31 December 2021	**2,453**	**173,688**	**70,866**	**31,289**	**15,807**	**67,239**	**9,616**	**370,958**

(*) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

13. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMİ license	Total
Cost					
Balance at 1 January 2020	**24,361**	**4,253**	**28,078**	**5,324**	**62,016**
Effect of movements in exchange rates	(1,602)	(626)	(73)	-	(2,301)
Additions	1,259	-	-	-	1,259
Disposals	(253)	-	-	-	(253)
Transfers (*)	(3,275)	3,248	-	-	(27)
Balance at 31 December 2020	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Balance at 1 January 2021	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Effect of movements in exchange rates	(632)	620	(76)	-	(88)
Additions	1,021	-	-	-	1,021
Disposals	(7)	-	-	-	(7)
Transfers (*)	(78)	1,465	-	88	1,475
Effect of acquisitions of a subsidiary (**)	1,067	-	-	-	1,067
Balance at 31 December 2021	**21,861**	**8,960**	**27,929**	**5,412**	**64,162**
Accumulated amortisation					
Balance at 1 January 2020	**17,952**	**4,253**	**26,222**	**-**	**48,427**
Effect of movements in exchange rates	(880)	(821)	(71)	-	(1,772)
Amortisation for the year	2,081	468	268	-	2,817
Disposals	(228)	-	-	-	(228)
Transfers	(1,684)	1,442	-	-	(242)
Balance at 31 December 2020	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Balance at 1 January 2021	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Effect of movements in exchange rates	(510)	460	(76)	-	(126)
Amortisation for the year	1,336	595	269	-	2,200
Transfers	11	-	-	-	11
Effect of acquisitions of a subsidiary (**)	882	-	-	-	882
Balance at 31 December 2021	**18,960**	**6,397**	**26,612**	**-**	**51,969**
Carrying amounts					
At 31 December 2020	**3,249**	**1,533**	**1,586**	**5,324**	**11,692**
At 31 December 2021	**2,901**	**2,563**	**1,317**	**5,412**	**12,193**

(*) Transfer amounting to EUR 1,475 comprises transfer from property and equipment as at 31 December 2021 (31 December 2020: EUR 27 comprises transfer to property and equipment).

(**) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

13. INTANGIBLE ASSETS (continued)

DHMİ licenses acquired through the purchase of HAVAŞ shares in years 2005 and 2007 were recognised with indefinite useful lives since there is no foreseeable limit to the period over which they are expected to generate net cash inflows. The useful life of DHMİ license associated with the acquisition of HAVAŞ was deemed indefinite since;

- without these licenses ground handling companies could not operate,
- it is difficult to obtain the licence, which requires high pre-operational costs and procurement of workforce and equipment required to deliver ground handling services
- the continuity of the license requires low annual payments compared to initial license cost.

The replacement cost method was used in order to determine the fair value of the DHMİ licences for impairment testing. As a result of the impairment testing no impairment was recognized.

Goodwill

An analysis of goodwill as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**137,055**	137,688
Addition during the year	72,049	-
Effect of movements in exchange rates	4,745	(112)
Disposals	(408)	(521)
Balance at the end of the year	**213,441**	**137,055**

Goodwill is related with the CGU's AIA, HAVAŞ, TAV Tbilisi and GIS Spain as at 31 December 2021 (31 December 2020: HAVAŞ, TAV Tbilisi and GIS Spain).

Impairment testing for CGU's

For the purpose of impairment testing, goodwill is allocated to CGU's. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	31 December 2021	31 December 2020
HAVAŞ	131,565	131,565
AIA	76,808	-
TAV Tbilisi	3,858	3,858
GIS Spain	1,094	1,094
Other	116	538
	213,441	**137,055**

A valuation for the fair values of HAVAŞ, AIA and TAV Tbilisi as three separate CGU's was performed by an independent valuation expert. The income and market approaches were used to determine the fair values of HAVAŞ, AIA and TAV Tbilisi. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the value of HAVAŞ, AIA and TAV Tbilisi resulting from the Guideline Transaction and Company methods.

13. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing for CGU's (continued)

25-year business plan prepared by the management for HAVAŞ and 8-year business plan prepared by the management for TAV Tbilisi were used in the valuation of companies. The growth in business plan of HAVAŞ and TAV Tbilisi is driven by the opportunities in companies' businesses and addition of new customers.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised for HAVAŞ, TAV Tbilisi, GIS Spain and AIA as at 31 December 2021.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates and terminal growth rates. These assumptions are as follows:

	31 December 2021	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	17.1%	2.0%
TAV Tbilisi	25.6%	-
GIS Spain	13.0%	2.0%
AIA	8.2%	2.1%

	31 December 2020	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	15.8%	2.0%
TAV Tbilisi	21.5%	-
GIS Spain	13.0%	2.0%

Discount rate

The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the companies.

Terminal growth rate for HAVAŞ is determined as 2.0%, GIS Spain as 2.0% and AIA as 2.1%. Since TAV Tbilisi has a limited life, terminal growth rate is not used in the valuation.

Market Approach

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the subject company's industry. These derived multiples are then applied to the appropriate operating data of the subject company to arrive at an indication of fair market value. Guideline Company Method focuses on comparing the subject company to guideline publicly-traded companies.

14. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Cost								
Balance at 1 January 2020	**776,616**	**104,802**	**595,488**	**45,700**	**86,736**	**490,463**	**-**	**2,099,805**
Effect of movements in exchange rates	-	(21,422)	-	-	-	-	-	(21,422)
Additions (*)	3,218	-	-	2,498	45,701	-	-	51,417
Transfers (**)	-	-	-	-	(360)	2,938	-	2,578
Balance at 31 December 2020	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**-**	**2,132,378**
Balance at 1 January 2021	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**-**	**2,132,378**
Effect of movements in exchange rates	-	12,194	-	-	-	-	5,068	17,262
Additions (*)	81	-	-	-	-	-	-	81
Effect of acquisitions of a subsidiary (***)	-	-	-	-	-	-	76,709	76,709
Transfers (**)	28,873	-	-	-	-	28,687	-	57,560
Balance at 31 December 2021	**808,788**	**95,574**	**595,488**	**48,198**	**132,077**	**522,088**	**81,777**	**2,283,990**

(*) There is no capitalised borrowing cost on airport operation right during 2021 (31 December 2020: None).
(**) Transfer amounting to EUR 57,560 is related to 2 year extension on İzmir Adnan Menderes International Airport and Milas-Bodrum Airport. (Transfer amounting to EUR 2,578 comprises transfer to intangible assets as at 31 December 2020).
(***) Effect of acquisitions of a subsidiary is related with acquisition of AIA.

14. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Accumulated amortisation								
Balance at 1 January 2020	**219,819**	**49,576**	**135,310**	**11,474**	**37,309**	**64,460**	**-**	**517,948**
Effect of movements in exchange rates	-	(10,222)	-	-	-	-	-	(10,222)
Amortisation for the year	12,709	1,117	1,025	398	1,061	4,204	-	20,514
Impairment losses (*)	-	-	20,000	-	-	15,000	-	35,000
Balance at 31 December 2020	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**-**	**563,240**
Balance at 1 January 2021	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**-**	**563,240**
Effect of movements in exchange rates	-	6,153	-	-	-	-	22	6,175
Amortisation for the year	16,098	3,305	1,554	739	4,271	7,167	540	33,674
Balance at 31 December 2021	**248,626**	**49,929**	**157,889**	**12,611**	**42,641**	**90,831**	**562**	**603,089**
Carrying amounts								
At 31 December 2020	**547,306**	**42,909**	**439,153**	**36,326**	**93,707**	**409,737**	**-**	**1,569,138**
At 31 December 2021	**560,162**	**45,645**	**437,599**	**35,587**	**89,436**	**431,257**	**81,215**	**1,680,901**

(*) Estimations used for impairment testing are disclosed in Note 2.

15. RIGHT OF USE ASSETS

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other tangible assets**	**Total**	**Lease liabilities**
1 January 2021	45,292	19,588	568	494	65,942	67,759
Additions	678	1,019	1,980	-	3,677	2,032
Depreciation expense	(3,923)	(2,316)	(741)	(76)	(7,056)	-
Interest expense	-	-	-	-	-	4,196
Disposals	(803)	(1,392)	(39)	(12)	(2,246)	-
Payments	-	-	-	-	-	(11,617)
Effect of movements in exchange rates	-	(1,794)	(295)	65	(2,024)	(1,610)
31 December 2021	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**
Lease liabilities under IAS 17	**-**	**-**	**-**	**-**	**-**	**-**
Total	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other Tangible Assets**	**Total**	**Lease liabilities**
1 January 2020	46,090	11,697	845	-	58,632	59,699
Additions	4,771	15,211	626	648	21,256	17,776
Depreciation expense	(4,234)	(4,912)	(513)	(85)	(9,744)	-
Interest expense	-	-	-	-	-	5,219
Disposals	(1,335)	(49)	(329)	-	(1,713)	-
Payments	-	-	-	-	-	(12,087)
Effect of movements in exchange rates	-	(2,359)	(61)	(69)	(2,489)	(2,848)
31 December 2020	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,759**
Lease liabilities under IAS 17	**-**	**-**	**-**	**-**	**-**	**13**
Total	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,772**

The Group, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

16. FINANCIAL ASSETS

At 31 December 2021 and 31 December 2020, financial assets comprised the following:

	31 December 2021	**31 December 2020**
Treasury bonds (*)	-	50,000
	-	**50,000**

(*) The bond have been obtained on 27 May 2020 having a due date of 27 May 2021, with a gross annual rate of 2.52% and having coupon payments in every six months. The bond is in Euro currency.

17. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

The tax rate has changed from 20% since 1 January, 2018 within 3 years (in 2018, 2019 and 2020) to 22% and from 22% to 25% until end of 2021 in Turkey. However, since the corporate tax rate is 20% after 2022, 20% tax rate is used after 2022.

The rate of 15% for subsidiaries in Tunisia (31 December 2020: 15%) and the rate of 10% for subsidiaries in Macedonia (31 December 2020: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 December 2021 and 2020, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Property and equipment, airport operation right, and intangible assets	-	-	(37,909)	(28,425)	(37,909)	(28,425)
Trade and other receivables and payables	2,641	2,643	-	-	2,641	2,643
Derivatives	4,798	6,910	-	-	4,798	6,910
Tax loss carry-forwards	16,033	16,348	-	-	16,033	16,348
Loans and borrowings	-	-	(1,154)	(1,745)	(1,154)	(1,745)
Reserve for employee severance indemnity	1,317	1,977	-	-	1,317	1,977
Provisions	1,429	805	-	-	1,429	805
Investment incentives	9,509	15,613	-	-	9,509	15,613
IFRS 16 Liabilities	10,050	11,427	-	-	10,050	11,427
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(9,104)	(8,837)	(9,104)	(8,837)
Other items	-	3,267	(53,769)	(1,070)	(53,769)	2,197
Deferred tax assets / (liabilities)	**45,777**	**58,990**	**(101,936)**	**(40,077)**	**(56,159)**	**18,913**
Set-off of tax	(27,309)	(26,774)	27,309	26,774	-	-
Net deferred tax assets / (liabilities)	**18,468**	**32,216**	**(74,627)**	**(13,303)**	**(56,159)**	**18,913**

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the year

	Balance at 31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2020	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of acquisition (*)	Effect of discontinued activities	Balance at 31 December 2021
Property and equipment, airport operation right and other intangible assets	(25,962)	(4,907)	-	2,428	16	(28,425)	(3,323)	-	337	(6,484)	(14)	(37,909)
Trade and other receivables and payables	2,228	1,194	-	17	(796)	2,643	156	-	5	23	(186)	2,641
Derivatives	7,155	-	(223)	(22)	-	6,910	6	(2,082)	1	(37)	-	4,798
Loans and borrowings	(2,922)	1,192	-	(15)	-	(1,745)	664	-	(73)	-	-	(1,154)
Reserve for employee severance indemnity	2,556	(280)	(68)	(180)	(51)	1,977	(333)	(29)	(282)	-	(16)	1,317
Provisions	627	250	-	(48)	(24)	805	385	-	2	239	(2)	1,429
Tax loss carry-forwards	-	16,712	-	(364)	-	16,348	(205)	-	(110)	-	-	16,033
Investment incentives	21,982	(6,369)	-	-	-	15,613	(6,104)	-	-	-	-	9,509
IFRS 16 liabilities	11,746	190	-	(509)	-	11,427	(157)	-	(1,220)	-	-	10,050
Provision for tax	(9,108)	271	-	-	-	(8,837)	(267)	-	-	-	-	(9,104)
Other items	(2,398)	2,871	-	1,724	-	2,197	(10,959)	-	(3,487)	(41,518)	(2)	(53,769)
Tax assets / (liabilities)	**5,904**	**11,124**	**(291)**	**3,031**	**(855)**	**18,913**	**(20,137)**	**(2,111)**	**(4,827)**	**(47,777)**	**(220)**	**(56,159)**

(*) Effect of acquisition of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 286,356 (31 December 2020: EUR 386,530) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation adopted in Turkey. Deferred tax asset related with the tax losses is recognised as at 31 December 2021 amounting to EUR 16,033 (31 December 2020: EUR 16,348), since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years. Total unused tax loss carry forwards will expire as follows:

	31 December 2021	31 December 2020
Expire in year 2021	-	24,835
Expire in year 2022	13,739	50,040
Expire in year 2023	71,446	85,741
Expire in year 2024	64,484	77,307
Expire in year 2025 and after	136,687	148,607
Total	**286,356**	**386,530**

As per the annulment decision of the Turkish Constitutional Court (see Note 12) in 2012, TAV Esenboğa and TAV Ege, consolidated subsidiaries of the Group, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting to EUR 9,509 (31 December 2020: EUR 15,613) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2021 since it is assessed as probable that TAV Esenboğa and TAV Ege will use their right of deducting investment allowances from their corporate income after deducting carry forward tax losses to the extent that sufficient future taxable profits will be available till the end of their concession periods.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets related to tax-loss carry forwards as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Unrecognised deferred tax assets	46,609	64,266
	46,609	**64,266**

Deferred tax assets have not been recognised in respect of the tax loss carry forwards where it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from till the end of concession periods.

As at 31 December 2021, a deferred tax liability of EUR 222,011 (31 December 2020: EUR 181,487) related to investments in subsidiaries and joint ventures was not recognised since it is not assessed as probable that the temporary difference will reverse in the foreseeable future.

18. INVENTORIES

At 31 December 2021 and 2020, inventories comprised the following:

	31 December 2021	31 December 2020
Spare parts and other inventories	9,803	5,430
Goods for sale	9,323	-
Catering inventories	1,614	1,697
	20,740	**7,127**

19. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2021 and 2020, other receivables and current assets comprised the following:

Other receivables and current assets	31 December 2021	31 December 2020
Advances to suppliers	58,034	36,170
Other prepaid expense	19,912	7,789
VAT deductible	16,593	14,440
Income accruals	16,073	21,442
Prepaid taxes and funds	8,865	10,365
Deposits and guarantees given	1,138	1,667
Advances given to personnel	863	969
Prepaid insurance	789	1,090
Other receivables (*)	9,172	201,242
	131,439	**295,174**

(*) EUR 195,041 of the other receivables as of 31 December 2020 is related with the current portion of compensation payment of TAV İstanbul which is disclosed in Note 37.

At 31 December 2021 and 2020, other receivables and current assets comprised the following:

Other non-current assets	31 December 2021	31 December 2020
Financial assets (*)	86,243	74,824
Other non-current receivables	23,846	26,476
	110,089	**101,300**

(*) Amount related to 15 years (3+3+3+3+3) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

20. TRADE RECEIVABLES

At 31 December 2021 and 2020, trade receivables comprised the following:

Trade receivables:	31 December 2021	31 December 2020
Trade receivables (*)	59,401	47,470
Guaranteed passenger fee receivable from DHMİ (**)	24,664	23,489
Doubtful receivables	45,778	30,194
Allowance for doubtful receivables (-)	(45,778)	(30,194)
Notes receivables	1,406	2,505
	85,471	**73,464**

Allowance for doubtful receivables has been determined by reference to past default experience.

(*) Pledges on trade receivables are disclosed in Note 25 and Note 34.

(**) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

20. TRADE RECEIVABLES (continued)

At 31 December 2021 and 2020, trade receivables comprised the following:

Non-current trade receivables:	31 December 2021	31 December 2020
Guaranteed passenger fee receivable from DHMİ (*)	9,683	31,224
	9,683	**31,224**

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

21. CASH AND CASH EQUIVALENTS

At 31 December 2021 and 2020, cash and cash equivalents comprised the following:

	31 December 2021	31 December 2020
Cash on hand	430	420
Cash at banks		
- Demand deposits	66,014	345,794
- Time deposits	26,207	240,289
Other liquid assets	288	17,795
Cash and cash equivalents	**92,939**	**604,298**
Bank overdrafts used for cash management purposes	(424)	(387)
Cash and cash equivalents in the statement of cash flows	**92,515**	**603,911**

The details of the Group's time deposits, maturities and interest rates as at 31 December 2021 and 2020 are as follows:

31 December 2021

Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2022	0.01 – 0.30	15,529
USD	January – March 2022	0.01 – 1.00	9,405
TRL	January 2022	5.00 – 15.00	1,265
Other	February 2022	0.06	8
			26,207

31 December 2020

Original Currency	Maturity	Interest rate %	Balance
USD	February 2021	0.01 – 2.50	135,993
EUR	January 2021	0.01 – 2.30	100,127
TRL	January 2021	0.01 – 18.50	4,169
			240,289

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 33.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 December 2021 and 2020.

22. RESTRICTED BANK BALANCES

At 31 December 2021 and 2020, restricted bank balances comprised the following:

	31 December 2021	31 December 2020
Project reserve and funding accounts (*)	82,211	24,656
	82,211	**24,656**

(*) TAV Esenboğa, TAV Holding, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding ("the Borrowers") opened various accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2020: TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege) and other purposes. As a result of pledges regarding the project bank loans as explained in Note 16, all cash except for cash on hand are classified in these accounts for TAV Esenboğa, TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

31 December 2021

Original Currency	Interest rate %	Balance
EUR	0.10	81,356
USD	0.45	202
TRL	14.50	578
Other		75
		82,211

31 December 2020

Original Currency	Interest rate %	Balance
EUR	0.50	22,680
USD	1.25	1,055
TRL	15.50	864
Other		57
		24,656

23. CAPITAL AND RESERVES

At 31 December 2021 and 2020, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 December 2021
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2021		24,080
Effect of non-cash increases and exchange rates		138,304
Paid in capital EUR		**162,384**

Shareholders	(%)	31 December 2020
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2020		40,329
Effect of non-cash increases and exchange rates		122,055
Paid in capital EUR		**162,384**

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2021 (31 December 2020: 363,281,250 shares amounting to TRL 363,281).

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2021, legal reserves of the Group amounted to EUR 121,975 (31 December 2020: EUR 121,975).

23. CAPITAL AND RESERVES (continued)

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 December 2021 and 2020 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively EUR 14,951 liability and EUR 11,906 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements. As at 31 December 2021 and 2020, profit amounts attributable to non-controlling interests in the consolidated statement of comprehensive income are respectively EUR 7,188 profit and EUR 3,531 loss.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, 50% distribution rate has been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

In 2021, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2020: EUR 55,644 (TRL 392,491)). Dividend per share is none (2020: EUR 0.15 (full TRL 1.08)).

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the revaluation of intangible assets acquired in a business combination until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchases of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognised directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

23. CAPITAL AND RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury reserves

Group's buyback transactions have reached 2,047,331 shares in 2021 (2020: 2,047,331). With buyback of own shares, the Group has recognized a reserve of EUR 4,282 under equity as treasury shares reserve.

Other reserves

Other reserve comprises all gain or loss realized on sale or purchase of non-controlling interest without a change in control in a subsidiary.

24. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2021 was based on the loss from continued operations attributable to ordinary shareholders of EUR 46,042 (31 December 2020: EUR (278,134)), based on the profit from discontinued operations attributable to ordinary shareholders of EUR (1,321) (31 December 2020: EUR (6,783)) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 December 2020: 363,281,250) as follows:

	2021	2020
Numerator:		
Profit / (loss) for the period attributable to owners of the Company from continued operations	46,042	(278,134)
Loss for the period attributable to owners of the Company from discontinued operations	(1,321)	(6,783)
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic and diluted profit / (loss) per share for continued operations (full EUR)	**0.13**	**(0.77)**
Basic and diluted loss per share for discontinued operations (full EUR)	**(0.00)**	**(0.02)**

	2021	2020
Issued ordinary shares at 1 January	363,281,250	363,281,250
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**

25. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 33.

	31 December 2021	31 December 2020
Non-current liabilities		
Secured bank loans (*)	566,772	451,821
Unsecured bank loans	202,570	107,776
Lease liabilities	54,502	60,402
Financial liabilities at fair value through profit or loss	23,756	-
	847,600	**619,999**
Current liabilities		
Short term secured bank loans (*)	40,806	569,973
Current portion of long term secured bank loans (*)	158,774	106,191
Short term unsecured bank loans	128,683	16,779
Current portion of long term unsecured bank loans	9,546	12,050
Current portion of long term lease liabilities	6,258	7,370
	344,067	**712,363**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Bank loans	1,107,151	1,264,590
Lease liabilities	60,760	67,772
Financial liabilities at fair value through profit or loss	23,756	-
	1,191,667	**1,332,362**

25. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2021 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV Holding	123,054	174,277	297,331
TAV Tunisia (*)	12,699	227,527	240,226
TAV Ege	52,936	178,577	231,513
TAV Milas Bodrum	12,343	109,332	121,675
HAVAŞ	52,317	23,689	76,006
BTA	14,857	26,854	41,711
TAV Esenboğa	33,113	-	33,113
TAV Macedonia	7,903	21,816	29,719
TAV Gazipaşa	12,112	-	12,112
Other	16,475	7,270	23,745
	337,809	**769,342**	**1,107,151**

The Group's bank loans as at 31 December 2020 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV Tunisia (*)	361,684	-	361,684
TAV Ege	24,096	195,225	219,321
TAV İstanbul	175,245	-	175,245
TAV Milas Bodrum	12,460	116,916	129,376
HAVAŞ	42,267	71,876	114,143
TAV Holding	8,041	78,285	86,326
TAV Esenboğa	28,922	31,215	60,137
BTA	19,544	23,666	43,210
TAV Macedonia	7,878	28,402	36,280
TAV Gazipaşa	13,195	-	13,195
Other	11,661	14,012	25,673
	704,993	**559,597**	**1,264,590**

(*) As a consequence of the "Arab Spring" of 2011 and the attacks of 2015, expected passenger traffic in Tunisia could not be reached and TAV Tunisia stopped paying its agreed bank debt instalments. Since then, negotiations started with lenders and the Tunisian authorities (granting authority). Negotiation terms have been agreed in February 2021 leading to:

- TAV Tunisia's debt reduction which, after restructuring amounts to €234 million and;
- The issuance of TAV Tunisia's "titres participatifs" to the lenders benefit for a market value of EUR 23,756. These equity securities are qualified as financial instruments and do not confer any voting rights in the management bodies of TAV Tunisia. Holders of these securities benefit from a fixed remuneration, as well as a variable remuneration, according to TAV Tunisia's results until the end of the concession on May 2047.
- The impact of the restructuring is a net deferred tax income of EUR 109,333.

25. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	337,809	704,993
In the second year	285,277	185,139
In the third year	88,066	120,727
In the fourth year	76,967	57,614
In the fifth year	69,954	48,584
After five years	249,078	147,533
	1,107,151	**1,264,590**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 31 December 2021 are between 0.75% - 5.50%, USD denominated loans as at 31 December 2021 are between 0.90% - 3.00% (31 December 2020: Spreads for EUR and USD denominated loans are between 0.75% - 5.50% and %0.90-3.00%, respectively).

Interest payments of 92%, 100%, 100%, 100% and 94% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Milas Bodrum respectively are fixed with interest rate swaps as explained in Note 32 (31 December 2020: 98%, 100%, 100%, 100% and 90%)

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Esenboğa, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

Details of the loans are summarised for each project below:

TAV Holding

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2022 - 2023	0.54% - 4.90%	296,000	297,331
				296,000	**297,331**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2021 - 2022	3.75% - 4.40%	85,000	86,326
				85,000	**86,326**

	31 December 2021	31 December 2020
On demand or within one year	123,054	8,041
In the second year	174,277	78,151
In the third year	-	134
	297,331	**86,326**

25. LOANS AND BORROWINGS (continued)

TAV Tunisia

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032 - 2034	Euribor + 3.00%	240,147	240,226
				240,147	**240,226**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	152,009	166,149
Secured bank loan	EUR	2022	Euribor + 1.90%	84,429	91,435
Secured bank loan	EUR	2028	Euribor + 1.26%	63,707	67,294
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950	36,806
				330,095	**361,684**

	31 December 2021	31 December 2020
On demand or within one year	12,699	361,684
In the second year	15,317	-
In the third year	21,692	-
In the fourth year	21,095	-
In the fifth year	23,727	-
After five years	145,696	-
	240,226	**361,684**

TAV Ege

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	231,415	231,513
				231,415	**231,513**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	219,227	219,321
				219,227	**219,321**

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	52,936	24,096
In the second year	31,527	26,410
In the third year	34,796	29,485
In the fourth year	34,916	32,477
In the fifth year	34,349	32,765
After five years	42,989	74,088
	231,513	**219,321**

25. LOANS AND BORROWINGS (continued)

TAV Milas Bodrum

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor+%4.50	121,660	121,675
				121,660	**121,675**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor + 4.50%	129,360	129,376
				129,360	**129,376**

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	12,343	12,460
In the second year	11,679	11,664
In the third year	13,130	10,823
In the fourth year	12,991	12,232
In the fifth year	11,321	12,252
After five years	60,211	69,945
	121,675	**129,376**

HAVAŞ

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022 - 2023	2.35% - 2.90%	62,502	62,551
Secured bank loan	EUR	2023	Euribor + 2.70%	11,933	11,941
Secured bank loan	EUR	2023	Euribor + 2.30%	1,500	1,514
				75,935	**76,006**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2023	2.35% - 2.95%	94,019	94,241
Secured bank loan	EUR	2023	Euribor + 2.30%	19,889	19,902
				113,908	**114,143**

Redemption schedules of the HAVAŞ bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	52,317	42,267
In the second year	22,189	12,874
In the third year	1,500	59,002
	76,006	**114,143**

25. LOANS AND BORROWINGS (continued)

BTA

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2023 - 2025	4.20% - 4.56%	15,000	15,117
Secured bank loan	EUR	2023 - 2024	Euribor + 2.35%	14,024	14,106
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	6,390	6,499
Secured bank loan	TL	2022 - 2024	14.50% - 20.50%	2,947	3,027
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	2,400	2,421
Secured bank loan	GEL	2022	11.75%	285	288
Unsecured bank loan	TL	2022 - 2023	11.50%	251	253
				41,297	**41,711**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2024	2.25% - 3.95%	21,637	21,658
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	7,539	7,565
Unsecured bank loan	EUR	2021	1.21%	5,250	5,266
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	3,337	3,347
Unsecured bank loan	TL	2021 - 2023	9.25% - 11.88%	3,143	3,151
Secured bank loan	TL	2023 - 2024	14.50% - 18.00%	2,206	2,223
				43,112	**43,210**

Redemption schedules of BTA bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	14,857	19,544
In the second year	21,472	8,270
In the third year	4,728	13,973
In the fourth year	654	1,423
	41,711	**43,210**

TAV Esenboğa

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	33,550	33,113
				33,550	**33,113**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	61,050	60,137
				61,050	**60,137**

Redemption schedules of TAV Esenboğa bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	33,113	28,922
In the second year	-	31,215
	33,113	**60,137**

25. LOANS AND BORROWINGS (continued)

TAV Macedonia

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	29,711	29,719
				29,711	**29,719**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	36,270	36,280
				36,270	**36,280**

Redemption schedules of TAV Macedonia bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	7,903	7,878
In the second year	3,859	7,540
In the third year	11,087	3,666
In the fourth year	6,870	10,527
In the fifth year	-	3,366
After five years	-	3,303
	29,719	**36,280**

TAV Gazipaşa

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022	4.10% - 4.25%	11,950	12,112
				11,950	**12,112**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021	3.90% - 4.75%	13,000	13,195
				13,000	**13,195**

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	12,112	13,195
	12,112	**13,195**

25. LOANS AND BORROWINGS (continued)

Pledges

Pledges regarding the project bank loans of TAV Esenboğa TAV Ege and TAV Milas Bodrum:

a) Share pledge: TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over shares amounting to, TRL 96,660, TRL 648,988 and TRL 973,345 respectively (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 973,345 respectively). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies (disclosed as the Borrowers in Note 22) in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledged their receivables amounting to EUR 6,116, EUR 1,600 and EUR 4,448 respectively as at 31 December 2021 (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege to EUR 6,136, EUR 1,423 and EUR 4,271 respectively).

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over bank accounts amounting to EUR 1,802, EUR 2,969 and EUR 20,193 respectively as at 31 December 2021 (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 2,536, EUR 4,063 and EUR 4,117 respectively).

With the consent of the facility agent, TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 3,000 for the payment of tax and social security liabilities.

With the consent of the facility agent, TAV Ege has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 2,000 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 500 per guarantee or EUR 3,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities.

With the consent of the facility agent, TAV Milas Bodrum has a right to have an additional subordinated debt approved in advance by the Facility Agent,

- indebtedness up to EUR 3,000 for general corporate and working capital purposes,
- indebtedness up to EUR 700 per guarantee or EUR 5,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities,
- indebtedness up to EUR 200 for corporate credit cards, employee credit lines and direct debit system arrangements.

25. LOANS AND BORROWINGS (continued)

Pledges (continued)

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 2,162 (31 December 2020: EUR 1,170) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245,000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3,000 (up to 1 January 2020) and not exceeding EUR 5,000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

Distribution lock-up tests for TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Ege, TAV Milas Bodrum must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (except TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than, 1.30 for TAV Esenboğa, 1.10 for TAV Tunisia, 1.20 for TAV Macedonia and 1.30 for TAV Ege and 1.25 TAV Milas Bodrum
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Covenants

Certain financing agreements include technical default clauses in case of non-compliance with financial ratios. Financing agreements of TAV Esenboğa, TAV Milas Bodrum, TAV Ege, TAV Tunisia and TAV Macedonia have covenants.

The Group provided waiver letters from lenders and there is no breach of financial agreements as at 31 December 2021.

25. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash flows		Non-cash changes				
	31 December 2020	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation	31 December 2021
Bank loans	1,264,590	(340,537)	255.945	-	(128,030)	3,814	51,369	1,107,151
Lease liabilities	67,772	(11,628)	-	6,228	-	-	(1,612)	60,760
Total financial liabilities	**1,332,362**	**(352,165)**	**255,945**	**6,228**	**(128,030)**	**3,814**	**49,757**	**1,167,911**

		Cash flows		Non-cash changes		
	31 December 2019	Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	31 December 2020
Bank loans	1,090,694	(193,600)	321,168	-	46,328	1,264,590
Lease liabilities	69,518	(21,687)	-	22,995	(3,054)	67,772
Total financial liabilities	**1,160,212**	**(215,287)**	**321,168**	**22,995**	**43,274**	**1,332,362**

26. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRL 10,849 as at 31 December 2021 (equivalent to full EUR 739) (31 December 2020: full TRL 7,117 (equivalent to full EUR 790)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2021 has been calculated assuming an annual inflation rate of 14.00% and a discount rate of 18.60% resulting in a real discount rate of approximately 4% (31 December 2020: an annual inflation rate of 9% and a discount rate of 13% resulting in a real discount rate of approximately 3.54%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2021	2020
Balance at 1 January	**15,601**	**18,710**
Interest cost	1,242	1,506
Service cost	1,324	1,950
Payments made during the year	(654)	(1,409)
Effects of changes in foreign exchange rate	(6,395)	(4,819)
Actuarial difference	(145)	(337)
Balance at 31 December	**10,973**	**15,601**

27. OTHER PAYABLES

At 31 December 2021 and 2020, other payables comprised the following:

Other short term payables	31 December 2021	31 December 2020
Concession payable (*)	44,501	118,682
Advances received	15,948	9,492
Taxes and duties payable	10,820	7,588
Expense accruals	9,320	8,563
Due to personnel	5,333	7,132
Social security premiums payable	2,634	2,725
Other accruals and liabilities	16	44,760
	88,572	**198,942**

Other long term payables	31 December 2021	31 December 2020
Concession payable (*)	654,848	587,391
Deferred payment liability	76,088	-
Other accruals and liabilities	1,153	1,135
	732,089	**588,526**

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 33.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concesion fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 286,100 as of 31 December 2021 (31 December 2020: EUR 301,097). TAV Bodrum's concession rent payment of EUR 28,680 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values.

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 271,450 as of 31 December 2021 (31 December: 2020: EUR 259,761).

28. LIABILITIES FROM EQUITY-ACCOUNTED INVESTMENTS

The breakdown of liabilities from equity-accounted investments as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Liabilities from equity-accounted investments		
Tibah Development	72,595	40,191
Saudi Havas	5,719	2,479
Medinah Hotel	5,322	3,297
Other	6,440	4,244
	90,076	**50,211**

29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Deferred income		
Long-term deferred income	13,204	15,264
Short-term deferred income	3,336	10,049
	16,540	**25,313**

Deferred income related with the unearned portion of concession rent income from ATU is EUR 13,864 as at 31 December 2021 (EUR 14,854 as at 31 December 2020).

30. PROVISIONS

At 31 December 2021 and 2020, provisions comprised the following:

	31 December 2021	31 December 2020
Unused vacation provision	5,047	4,115
Other provisions	100	230
	5,147	**4,345**

Provisions	**2021**	**2020**
Balance at 1 January	**4,345**	**5,542**
Provision set / (released) during the year, net	243	(83)
Effects of change in foreign exchange rate	559	(1,114)
Balance at 31 December	**5,147**	**4,345**

31. TRADE PAYABLES

At 31 December 2021 and 2020, trade payables comprised the following:

	31 December 2021	31 December 2020
Trade payables	41,930	45,603
Other	1	165
	41,931	**45,768**

Trade payables mainly comprise payables outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 33.

32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2021 and 2020, derivative financial instruments comprised the following:

	31 December 2021		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(24,521)	(24,521)
	-	**(24,521)**	**(24,521)**

	31 December 2020		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(35,381)	(35,381)
	-	**(35,381)**	**(35,381)**

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 92% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2020: 98%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 94% of total loan is hedged through IRS contract (31 December 2020: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 41,043 becoming due and payable as at 31 December 2020.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

The fair value of derivatives at 31 December 2021 is estimated at loss of EUR 24,521 (31 December 2020: EUR 35,381). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2021, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 36,454 net of tax (31 December 2020:EUR 5,691).

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

33. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV Ege and TAV İşletme America use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 94%, 100%, 100%, 92% and 100% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed).

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 December 2021	31 December 2020
Due from related parties	35	238,706	32,338
Cash and cash equivalents (**)	21	92,509	603,878
Trade receivables - current	20	85,471	73,464
Restricted bank balances	22	82,211	24,656
Trade receivables - non-current	20	9,683	31,224
Other receivables and current assets (*)	19	-	195,041
Financial assets	16	-	50,000
		508,580	**1,010,601**

(*) Non-financial instruments such as VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

33. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	31 December 2021	31 December 2020
Not due	64,164	74,122
Past due 1 - 30 days	17,793	7,266
Past due 31 - 90 days	17,490	6,120
Past due 91 - 360 days	24,719	11,620
Past due 1 - 5 year	16,766	35,754
	140,932	**134,882**

The movements in the allowance for impairment in respect of trade receivables during the years ended 31 December were as follows:

	2021	2020
Balance at 1 January	**(30,194)**	**(20,785)**
Collections during the year	88	1,585
Impairment loss recognised	(5,277)	(12,552)
Effect of acquisition of subsidiary	(11,105)	-
Effect of changes in foreign exchange rates	710	1,558
Balance at 31 December	**(45,778)**	**(30,194)**

Allowance for doubtful receivables is determined by reference to past default experience. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	766,352	(915,172)	(117)	(206,816)	(397,603)	(310,636)
Unsecured bank loans	340,799	(347,015)	(46,891)	(94,178)	(205,743)	(203)
Lease liabilities	60,760	(96,973)	(2,298)	(6,936)	(30,224)	(57,515)
Financial liabilities at fair value through profit or loss	23,756	(23,756)	-	-	(1,978)	(21,778)
Trade payables (*)	41,931	(41,931)	(29,683)	(12,248)	-	-
Due to related parties	154,213	(154,213)	-	(590)	(153,623)	-
Other payables (*)	804,713	(978,275)	(76,491)	(86,205)	(271,636)	(543,943)
Bank overdraft	424	(424)	(424)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	24,521	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)
	2,217,469	**(2,597,832)**	**(159,053)**	**(415,680)**	**(1,083,617)**	**(939,482)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,127,985	(1,250,401)	(380,242)	(299,976)	(363,259)	(206,924)
Unsecured bank loans	136,605	(140,334)	(9,783)	(19,712)	(110,839)	-
Lease liabilities	67,772	(70,419)	(1,684)	(5,132)	(22,974)	(40,629)
Trade payables (*)	45,768	(45,768)	(43,027)	(2,741)	-	-
Due to related parties	307,265	(307,265)	-	(307,265)	-	-
Other payables (*)	777,976	(1,037,970)	(83,211)	(117,774)	(275,721)	(561,264)
Bank overdraft	387	(387)	(387)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	35,381	(46,623)	-	(10,787)	(28,587)	(7,249)
	2,499,139	**(2,899,167)**	**(518,334)**	**(763,387)**	**(801,380)**	**(816,066)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges expected to occur.

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(24,521)	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(35,381)	(46,623)	-	(10,787)	(28,587)	(7,249)

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies was as follows:

31 December 2021

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	89,103	-	11,859	510	101,472
Trade receivables	7,179	1,629	3,934	9,980	22,722
Due from related parties	12,152	324	284	950	13,710
Other receivables and current assets	23,792	3,166	4,231	26,712	57,901
Restricted bank balances	202	-	580	75	857
Cash and cash equivalents	11,861	2,012	721	6,932	21,526
	144,289	**7,131**	**21,609**	**45,159**	**218,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(25,894)	(42,620)	(11,134)	(3,660)	(83,308)
Trade payables	(2,371)	(970)	(3,753)	(17,741)	(24,835)
Due to related parties	(60)	(87)	(8)	(32)	(187)
Other payables	(67,382)	(1,510)	(3,473)	(46,308)	(118,673)
	(95,707)	**(45,187)**	**(18,368)**	**(67,741)**	**(227,003)**
Net exposure	**48,582**	**(38,056)**	**3,241**	**(22,582)**	**(8,815)**

33. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2020

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	76,399	-	12,156	499	89,054
Trade receivables	4,587	2,287	6,037	8,425	21,336
Due from related parties	12,815	166	4,100	527	17,608
Other receivables and current assets	22,347	2,613	6,681	1,765	33,406
Restricted bank balances	1,056	-	832	57	1,945
Cash and cash equivalents	279,735	1,882	1,367	2,855	285,839
	396,939	**6,948**	**31,173**	**14,128**	**449,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(31,157)	(37,534)	(10,993)	(1,729)	(81,413)
Bank overdraft	-	-	(228)	-	(228)
Trade payables	(4,381)	(1,160)	(4,803)	(11,500)	(21,844)
Due to related parties	(125)	(88)	(9)	(16)	(238)
Other payables	(1,514)	(2,801)	(2,318)	(1,237)	(7,870)
	(37,177)	**(41,583)**	**(18,351)**	**(14,482)**	**(111,593)**
Net exposure	**359,762**	**(34,635)**	**12,822**	**(354)**	**337,595**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

33. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the EUR relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 December 2021 and 2020 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 December 2021				
USD	-	-	(4,858)	4,858
TRL	-	-	(324)	324
Other	-	-	2,258	(2,258)
Total	-	-	**(2,924)**	**2,924**
31 December 2020				
USD	-	-	(35,976)	35,976
TRL	-	-	(1,282)	1,282
Other	-	-	35	(35)
Total	-	-	**(37,223)**	**37,223**

Interest rate risk

The Group has used material amounts of bank borrowings from foreign financial institutions and banks. Although most of these borrowings have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 94%, 100%, 100%, 100% and 92% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed). Hedge accounting is applied for the mentioned derivative financial instruments (31 December 2020: 90%, 100%, 100%, 100% and 98%).

33. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile:

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2021	**31 December 2020**
Fixed rate instruments		
Financial assets	227,306	21,636
Financial liabilities	(427,128)	(424,831)
	(199,822)	**(403,195)**

	Carrying amount	
	31 December 2021	**31 December 2020**
Variable rate instruments		
Financial liabilities	(680,020)	(839,758)
	(680,020)	**(839,758)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 1.162 on the Group's variable rate debt when ignoring effect of derivative financial instruments (31 December 2020: EUR 868). EUR 1.102 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of comprehensive income would be EUR 60. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 14,383 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 17,894 (31 December 2020:EUR 9,155).

Financial risk management

The Group has exposure 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, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established a Risk Management Department who is responsible for the Enterprise Risk Management function within the Group, and aims to develop a disciplined and constructive risk management and control environment in which all employees know and understand their roles and responsibilities.

All directors act to ensure an effective risk management and internal control process, providing assurance in relation to continuous identification and evaluation of the risks that exist in all main process areas.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of the Internal Audit Directorate of the Group is to assist TAV Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectiveness of internal control, risk management and governance processes inefficiencies that cause waste of its resources and making professional recommendations through independent audits (reports) and / or advisory services.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee and the management. Risk assessment is conducted and coordinated by Risk Management Department on continuous basis so as to identify and evaluate not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if required.

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 bank balances.

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The main customer is Turkish Airlines (THY). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies).

In addition, the Group receives letters of guarantee, and notes from certain customers whose credibility is low.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group as mentioned in Note 32.

The Group applies hedge accounting in order to manage volatility in profit or loss.

i) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2021, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL OMR, MXN, ARS, BRL, KZT, MDG and COP which are disclosed within the relevant notes to these consolidated financial statements. The currencies in which these transactions primarily denominated are USD and TRL. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments.

ii) Interest rate risk:

The Group adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

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 authorisation 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.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Operational risk (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		31 December 2021		31 December 2020	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets	16	-	-	50,000	49,384
Trade receivables - non current	20	9,683	10,323	31,224	35,636
Trade receivables - current	20	85,471	86,612	73,464	73,524
Due from related parties	35	238,706	238,706	32,338	32,338
Other receivables and current assets (*)	19	-	-	195,041	195,041
Restricted bank balances	22	82,211	82,211	24,656	24,656
Cash and cash equivalents	21	92,939	92,939	604,298	604,298
Financial liabilities					
Bank overdraft	21	(424)	(424)	(387)	(387)
Loans and borrowings	25	(1,191,667)	(1,193,092)	(1,332,362)	(1,333,787)
Trade payables (**)	30	(41,931)	(41,931)	(45,768)	(45,768)
Due to related parties	35	(154,213)	(154,213)	(307,265)	(307,265)
Derivative financial instruments	32	(24,521)	(24,521)	(35,381)	(35,381)
Other payables (**)	27	(804,713)	(822,418)	(777,976)	(797,366)
		(1,708,459)	**(1,725,808)**	**(1,488,118)**	**(1,505,077)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2021	31 December 2020
Letters of guarantee given to third parties	300,714	229,128
Letters of guarantee given to DHMİ	160,451	84,886
Letters of guarantee given to Tunisian Government	17,869	18,218
Letters of guarantee given to Saudi Arabian Government	11,715	10,835
Letters of guarantee given to Macedonian Government	250	250
	490,999	**343,317**

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,260 (EUR 11,715) (31 December 2020: USD 13,296 (EUR 10,835)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 162,883 (EUR 143,906) (31 December 2020: USD 162,566 (EUR 132,474)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is provided to back an Equity Bridge Loan which was rolled in 2019 within a maturity of 2021. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 9,157 (31 December 2020: EUR 9,069) to the Ministry of State Property and Land Affairs and EUR 8,713 (31 December 2020: 9,149) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

The Group is obliged to give a letter of guarantee for TAV Antalya Yatırım at an amount equivalent of EUR 76,525 to DHMİ. Half of this commitment will be delivered to the other shareholder of the company (Fraport) in 2022. The total obligation has been provided by the Group as at 31 December 2021.

The group is obliged to fund shortfalls of AIA amounting up to USD 50,000 until the later of 30 June 2025 or financial completion date. Financial completion date is defined as minimum 1.30 DSCR and minimum two principal payments are made. The group provided a LC amounting to USD 50,000 to cover this obligation.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Esenboğa

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreements:

- The share capital of the companies cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

After granting of temporary acceptance by DHMİ in year 2007, final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV Esenboğa. All equipment used by TAV Esenboğa must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa has the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50,000. HAVAŞ also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with letters of guarantee amounting to USD 1,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas Bodrum, Alanya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovable in the area free of charge.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was concluded in May 2011.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in “Batumi Airport LLC” (the “Agreement”) together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

The Final Acceptance Protocol was concluded in March 2012.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which was then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisia annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Alanya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Ege is responsible from the repair and maintenance of all fixed assets during the contract period.

TAV Milas Bodrum

During the contract period, TAV Milas Bodrum should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired or the equipment is damaged, the Company should replace it with its equivalent or with a better replacement.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Milas Bodrum is responsible from the repair and maintenance of all fixed assets during the contract period.

Management believes that as at 31 December 2021, the Group has complied with the terms of the contractual obligations mentioned above.

Almaty

SPA Claim Guarantee: This guarantee is related with any financial claims raised for the period before the terminal handover to the Group. The Group guarantee that if there are any financial claims such as tax penalty, court claim etc, the Group is obliged to cover this loss. On the other hand, in case of such claims, the Group received a performance guarantee from the Seller amounting to USD 35,200 to cover such losses.

ENS Exist Guarantee: In case of any environmental or social breach, there is 12 months cure period to solve such issues. If the issues remain unsolved, the Group is obliged to refinance the loan from another bank group. It must be noted that this is a very unlikely situation, considering all lenders are DFIs such as IFC and EBRD, also government is committed to follow all environmental and social policies of Lenders in the dead under the government support agreement.

EPC Completion Guarantee: This guarantee is triggered in case of EPC cost overrun. It must be noted that EPC cost is fixed under EPC contract as USD 196,500. On the other hand, the Group received 10% (USD 19,650) performance bond which covers the obligations of constructor under EPC Contract. Additionally, the Group received 15% (USD 29.475) advance bond from the constructor.

35. RELATED PARTIES

The major immediate parent and ultimate controlling parties of the Group are Aéroports de Paris.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	2021	2020
Short-term benefits (salaries, bonuses etc.)	21,784	17,808
	21,784	**17,808**

As at 31 December 2021 and 2020, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 December 2021	31 December 2020
Due from related parties	11,400	10,702
Current loan to related parties	23,041	19,285
	34,441	**29,987**

	31 December 2021	31 December 2020
Non-current loan to related parties	204,265	2,351
	204,265	**2,351**

35. RELATED PARTIES (continued)

Other related party transactions (continued):

Due from related parties	31 December 2021	31 December 2020
ATU (1) (*)	6,744	7,282
Tibah Operation (1)	3,772	1,853
BTA Medinah (1)	176	142
TGS (1)	62	218
Aéroports de Paris SA	7	1,066
Other related parties	639	141
	11,400	**10,702**

(*) Receivables from ATU comprise of concession fee duty-free receivables.

Loan to related parties	31 December 2021	31 December 2020
Tibah Development (1)	10,394	7,445
BTA Medinah (1)	4,171	3,287
Medinah Hotel (1)	2,610	2,481
Saudi Havaş (1)	2,099	1,730
ZAIC-A (1)	1,253	2,071
TAV İşletme Saudi (1)	1,208	1,137
ATU Medinah (1)	940	867
TAV İşletme Chile (1)	366	267
	23,041	**19,285**

Non-current loan to related parties	31 December 2021	31 December 2020
Tibah Development (1) (*)	201,405	-
Saudi Havaş (1)	2,860	2,351
	204,265	**2,351**

(1) Joint Ventures

(*) The Group has provided a shareholder loan of 228 million US dollars (“201 million EUR”) to Tibah Development, of which 193 million EUR with an interest rate of 3% has been mostly used to repay the equity bridge loan maturing in 2021 and will be paid back to the Group depending on the available cash after debt service of Tibah Development. The maturity of the shareholder loan provided is 31 December 2024. The excess cash flows will be shared between the Group and GACA where weight will be given to Groups’ shareholder loan. The sharing of the excess cash flows with GACA will stop once all rent due for the force majeure period is paid.

35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2021	31 December 2020
Due to related parties	530	1,332
Current loan from related parties	60	305,933
	590	**307,265**
Non-current loan from related parties	153,623	-
	154,213	**307,265**

Due to related parties	31 December 2021	31 December 2020
Aéroports de Paris SA	226	748
Other related parties	304	584
	530	**1,332**

Current loan from related parties	31 December 2021	31 December 2020
Tank ÖWA alpha GmbH (1)	**-**	305,893
Other related parties	60	40
	60	**305,933**

Non-current loan from related parties	31 December 2021	31 December 2020
Tank ÖWA alpha GmbH (1) (*)	153,623	-
	153,623	**-**

Short term deferred income from related parties	31 December 2021	31 December 2020
ATU (2) (**)	990	990
	990	**990**

Long term deferred income from related parties	31 December 2021	31 December 2020
ATU (2) (**)	12,874	13,864
	12,874	**13,864**

(*) The Group has obtained a shareholder loan amount of EUR 300,000 with a maturity of 14 May 2021, with a 3% interest rate, from Tank ÖWA alpha GmbH in 2018. Based on the additional agreement made in 2021, EUR 150,000 has been paid, and the remaining amount of EUR 150,000 has been converted into a new shareholder loan with 3.8% interest rate, with a maturity of 14 November 2024.

(**) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

(1) Shareholders
(2) Joint Ventures

35. RELATED PARTIES (continued)

Services rendered to related parties	2021	2020
ATU (1) (*)	32,987	20,679
Other related parties	14,249	7,554
	47,236	**28,233**

(*) Services rendered to ATU comprise of concession fee for duty-free operations.

Services rendered by related parties	2021	2020
TAV Antalya (1)	1,388	349
ATU (1)	95	212
TGS (1)	77	31
TAV İnşaat (2) (*)	-	3,642
Other related parties	223	47
	1,783	**4,281**

(*) On 16 June 2021, TAV Construction and Almaty International Airport JSC entered into an early works agreement for an amount of USD 20,000 upstream of the final works contract (the EPC contract) for the construction of a new terminal of the Almaty airport in Kazakhstan. This early works agreement covers the preparation of the detailed design of the works, obtaining the necessary approvals and licenses, the purchase of goods and materials as well as the construction of a reception hall.

On 23 September 2021, TAV Construction and Almaty International Airport JSC entered into an engineering, procurement and construction (EPC) contract for an amount of USD 196,500 related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.

The group signed a Pre-Epc contract with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport.

Interest expense from related parties (net)	2021	2020
Tank ÖWA alpha GmbH (3)	(6,903)	(9,000)
Other related parties	119	160
	(6,784)	**(8,840)**

The average interest rate used within the Group is 3.46% per annum (31 December 2020: 4.17%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

(1) Joint Ventures
(2) Subsidiary of shareholders
(3) Shareholders

Dividend distribution

In 2021, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2020: EUR 55,644 (TRL 392,491)). Dividend per share is none (2020: EUR 0.15 (full TRL 1.08)).

36. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	53,033		
Current assets	13,605		
Non-current liabilities	7,697		
Current liabilities	4,222		
Net assets	**54,719**		
Carrying amount of NCI	10,944	4,007	14,951
	10,944	**4,007**	**14,951**

	1 January – 31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	42,944		
Profit	21,213		
Total comprehensive income	**26,787**		
Profit / (loss) allocated to NCI	4,243	990	5,233

In 2021, the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 4,070 (2020: EUR 1,687)

36. INTERESTS IN OTHER ENTITIES (continued)

a) Non-controlling interests in subsidiaries

	31 December 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	49,960		
Current assets	9,115		
Non-current liabilities	7,925		
Current liabilities	4,252		
Net assets	**46,898**		
Carrying amount of NCI	9,380	2,526	11,906
	9,380	**2,526**	**11,906**

	1 January – 31 December 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	18,676		
Profit	5,341		
Total comprehensive income	**(4,607)**		
Profit / (loss) allocated to NCI	1,068	(1,072)	(4)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates

As of 31 December 2021 and 2020, equity-accounted investments in consolidated statement of financial position comprise the following:

	31 December 2021	31 December 2020
Joint ventures	318,268	335,199
Associates	929	1,930
	319,197	**337,129**

For the years ended 31 December 2021 and 2020, share of profit equity-accounted investments, net of tax in consolidated statement of comprehensive income comprise the following

	2021	2020
Joint ventures	(21,745)	(72,895)
Associates	(1,003)	(3,893)
	(22,748)	**(76,788)**

i) Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
TAV Antalya	272,053	269,898
ATU	23,317	27,441
TGS	19,572	35,679
Tibah Operation	3,205	1,858
Other	121	323
	318,268	**335,199**

Group's share of loss of the Group's joint ventures in the statement of comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
TAV Antalya	14,200	(23,587)
TGS	11,322	(1,211)
Tibah Operation	1,120	914
ATU	(4,123)	(13,899)
Tibah Development	(39,639)	(31,663)
Other	(4,625)	(3,449)
	(21,745)	**(72,895)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

The Group has the following significant interests in joint ventures:

TAV Antalya

- 49.00% equity shareholding with 50.00% voting power in TAV Antalya, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	1,190,469	1,104,157
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 74,815) (31 December 2020: EUR 56,632))	113,322	112,998
Non-current liabilities	707,372	487,731
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 6,700) (31 December 2020: EUR 103,491))	52,314	189,628
Net assets	**544,105**	**539,796**
Group's share of net assets	272,053	269,898
Carrying amount in the statement of financial position	272,053	269,898

	2021	2020
Revenue	240,935	108,062
Depreciation and amortisation	109,085	82,446
Interest expense	12,087	8,673
Tax expense	10,949	(3,157)
Profit / (loss) for the year	**28,400**	**(47,175)**
Other comprehensive income	215	166
Total comprehensive income	**28,615**	**(47,009)**
Group's share of profit / (loss) for the year	14,200	(23,587)
Cash dividends received by the Group	15,288	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

ATU

- 50.00% equity shareholding with 50% voting power in ATU, a joint venture established in Turkey. The following tables summarise the financial information of ATU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ATU, which is accounted for using the equity method.

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	181,415	198,054
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 57,201 (31 December 2020: EUR 33,884))	156,246	151,874
Non-current liabilities	152,592	174,485
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 72,009 (31 December 2020: EUR 66,686))	138,435	120,561
Net assets	**46,634**	**54,882**
Group's share of net assets	23,317	27,441
Carrying amount in the statement of financial position	23,317	27,441

	2021	2020
Revenue	182,939	105,850
Tax expense	24,897	20,849
Depreciation and amortisation	3,635	4,462
Interest expense	5,053	5,506
Loss for the year	**(8,245)**	**(27,798)**
Other comprehensive income	224	111
Total comprehensive income	**(8,021)**	**(27,687)**
Group's share of loss for the year	(4,123)	(13,899)
Cash dividends received by the Group	-	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

TGS

- 50% equity shareholding with 50% voting power, in TGS, a joint venture established in Turkey. The following tables summarise the financial information of TGS. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TGS, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	49,256	83,764
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 24,498) (31 December 2020: EUR 17,083)	65,754	84,054
Non-current liabilities	23,361	10,674
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 47,495) (31 December 2020: EUR 84,617))	52,505	85,786
Net assets	**39,144**	**71,358**
Group's share of net assets	19,572	35,679
Carrying amount in the statement of financial position	19,572	35,679

	2021	2020
Revenue	220,296	156,749
Depreciation and amortisation	11,469	16,389
Interest expense	19,701	10,636
Tax expense	7,409	672
Profit / (loss) for the year	**22,643**	**(2,421)**
Other comprehensive income	(29,655)	(26,637)
Total comprehensive income	**(7,012)**	**(29,058)**
Group's share of profit / (loss) for the year	11,322	(1,211)
Cash dividends received by the Group	12,601	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 51.00% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**51.00%**	**51.00%**
Non-current assets	503	9
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 351 (31 December 2020: 137))	22,327	14,601
Non-current liabilities	4,922	4,204
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 10,919 (31 December 2020: 6,105))	11,624	6,763
Net assets	**6,284**	**3,643**
Group's share of net assets	3,205	1,858
Carrying amount in the statement of financial position	3,205	1,858

	2021	2020
Revenue	35,856	32,492
Tax expense	(31)	422
Profit for the year	**2,196**	**1,793**
Other comprehensive income	477	(569)
Total comprehensive income	**2,673**	**1,224**
Group's share of profit for the year	1,120	914
Cash dividends received by the Group	-	865

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Development

50.0% equity shareholding with 50.00% voting power in Tibah Development, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Development. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Development, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	970,207	901,834
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 4 (31 December 2020: 3))	48,934	36,570
Non-current liabilities	967,303	480,465
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 150,814 (31 December 2020: 92,573))	197,028	537,617
Net assets	**(145,190)**	**(79,678)**
Group's share of net assets (*)	-	-
Carrying amount in the statement of financial position	-	-

(*) Tibah Development has negative net assets amounting to EUR 72,595 has reclassed to other liabilities from equity-accounted investments as of 31 December 2021 (31 December 2020: EUR 39,839)

	2021	2020
Revenue	42,725	67,798
Depreciation and amortization	9,068	11,266
Interest expense	34,994	31,290
Tax expense	194	(107)
Loss for the year	**(79,277)**	**(63,326)**
Other comprehensive income	4,830	2,402
Total comprehensive income	**(74,447)**	**(60,924)**
Group's share of loss for the year	(39,639)	(31,663)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Other

	31 December 2021	31 December 2020
Carrying amount of interest in joint ventures (*)	121	323

	2021	2020
Share of:		
Loss for the year	(4,625)	(3,449)
Other comprehensive income	(1,009)	1,069
Total comprehensive income	**(5,634)**	**(2,380)**
Cash dividends received by the Group	-	-

(*) The companies have negative net assets amounting to EUR 17,481 has reclassed to other liabilities from equity-accounted investments as of 31 December 2021 (31 December 2020: EUR 10,020)

ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
ZAIC-A	-	1,154
Other	929	776
	929	**1,930**

Group's share of profit of the Group's associates in the statement of comprehensive income for the years ended 31 December are as follows:

	2021	2020
ZAIC-A	(1,154)	(4,217)
Other	151	324
	(1,003)	**(3,893)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

ii) Associates (continued)

ZAIC – A

- 15.00% equity shareholding with 15.00% voting power in ZAIC-A, an associate established in United Kingdom. The following tables summarise the financial information of ZAIC-A. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ZAIC-A, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**15.00%**	**15.00%**
Non-current assets	353,883	367,256
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 7,940 (31 December 2020: EUR 9,311))	16,633	16,444
Non-current liabilities	323,278	325,686
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 18,455 (31 December 2020: EUR 17,002))	54,199	50,318
Net assets	**(6,961)**	**7,696**
Group's share of net assets	-	1,154
Carrying amount in the statement of financial position	-	1,154

	2021	2020
Revenue	43,873	86,874
Expense	(51,569)	(114,989)
Loss for the year	**(7,696)**	**(28,115)**
Other comprehensive income	-	1,288
Total comprehensive income	**(7,696)**	**(26,827)**
Group's share of loss for the year	(1,154)	(4,217)

37. DISCONTINUED OPERATIONS

As of 6 April 2019 02:00, all commercial flights have been transferred to the new İstanbul Airport and operations of TAV İstanbul have ended. Due to this reason, the Group has decided to classify TAV İstanbul operations as discontinued operations. Operations of Group's other subsidiaries which were also operating in İstanbul Atatürk Airport, are not classified as discontinued, since these subsidiaries are still operating in the other airports and new İstanbul Airport as well.

As explained in Note 1, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021.

On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. The Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000.

	2021	2020
Revenue	3,136	2,550
Operating profit / (loss)	376	(4,555)
Net finance costs	(455)	(127)
Loss before tax	(79)	(4,682)
Tax expense	(1,242)	2,101
Loss for the period	(1,321)	(6,783)

	2021	2020
Net cash provided from operating activities	198,772	119,337
Net cash used in investing activities	50	-
Net cash used in financing activities	(201,356)	(87,085)

	2021	2020
Weighted average number of shares	180,000,000	180,000,000
Loss for the period attributable to owners of the Company	**(1,321)**	**(6,783)**
Basic and diluted loss per share (full EUR)	**(0.00)**	**(0.04)**

38. ACQUISITIONS OF SUBSIDIARY

Almaty Airport Investment Holding BV, a consortium led by the Group, signed on May 7, 2020 an agreement to buy 100% stake in the Almaty Airport; and fuel related businesses carried on by Venus Trading LLP for an amount USD 417,074 composed by;

- USD 365,010 paid on April 29,2021
- USD 6,639 paid in July 2021 as an adjustment to take into account the net indebtedness, working capital requirement and cash of acquired companies on the acquisition date;
- and USD 45,425 payable no later than 2030 or earlier depending on traffic levels.

Closing took place on April 29, 2021, since then the Group has ownership of 85% of shares of Venus Trading LLP, Almaty International Airport JSC and its subsidiaries Almaty Catering Services LLP and Almaty FBO LLP, 100% subsidiary of Almaty International Airport JSC. The consortium partner KIF Warehouses Coöperatief U.A. (investment fund owned by VPE Capital and Kazina Capital Management) holds the remaining 15%. The latter has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828. As the Group has the capacity to impose its decisions on relevant activities, the companies acquired are fully consolidated.

According to IFRS 3 "Business Combinations", the acquisition price has been provisionally allocated between the various identifiable assets and liabilities of the companies acquired. This work to identify and measure assets and liabilities at fair value on April 29, 2021 was carried out with the help of a consulting firm and resulted in the recognition of a provisional partial goodwill for an amount of USD 84,764 (EUR 72,049).

	Almaty International Airport JSC & Venus Trading LLP
Assets and liabilities acquired	
Total non-current assets	263,726
Total current assets	46,723
Total non-current liabilities	37,385
Total current liabilities	13,771
Net assets	**259,293**
Acquisition date fair value of the total consideration transferred at 100%	344,057
Preliminary full goodwill at 100%	**84,764**
Preliminary partial goodwill at 85%	**72,049**

If the acquisition took place as at 1 January 2021, effect of acquisition on Groups revenue and net income would be as presented below :

	29 April-31 December 2021	**1 January-31 December 2021**
Revenue	104,515	139,431
Net profit / (loss)	3,188	(513)

39. AUDIT FEES

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2021 (*)	2020 (*)
Audit and assurance fee	1,064	1,043
Tax consulting fee	314	286
Other assurance services fee	133	161
	1,511	**1,490**

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and foreign currency fees of foreign subsidiaries and affiliates have been converted into EUR using the annual average rates of the relevant years.

40. SUBSEQUENT EVENTS

Financial closing of AIA and TAV Kazakhstan has been completed as at 2 February 2022.First disbursements for TAV Kazakhstan and AIA amounting to USD 165,000 and USD 80,653 respectively has been received as at 11 February 2022.

Equity bridge loan of Tibah Development has been fully paid in 2021. Letter of guarantees amounting to USD 149,330 (EUR 131,991) regarding this loan have been released as at 4 January 2022.

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

At the beginning of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January, the President introduced a state of emergency across the country, which was in place until 19 January. The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January.

Until 13 January 2022, Almaty International Airport temporarily ceased operations and served only some military and evacuation flights. Management of the Group preliminary assess that damage (terminal is insured) is not material and will not significantly affect AIA's financial results and ability to continue as going concern.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended 31 December 2020

16 February 2021
This report contains the "Independent Auditors' Report" comprising 4 page and "Consolidated Financial Statements and their explanatory notes" comprising 117 pages.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

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Independent auditor's report

To the Shareholders of TAV Havalimanları Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Uncertainty Related to Covid 19 Pandemic

We draw attention to footnote 1 which explains the recent outbreak of Covid 19 pandemic that is negatively affecting economic conditions regionally as well as globally, disrupting operations of the Group and that the ultimate severity of this outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations. Our opinion is not modified in respect of this matter.

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 the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recoverability of airport operation rights and goodwill	
As discussed in Note 1, the operations of the Group have diminished significantly in 2020 due to Covid 19 pandemic and its impact on air traffic. The deterioration of air traffic has been arising indicators for the impairment on airport operation rights and goodwill. The consolidated statement of financial position as of 31 December 2020 includes airport operation right of 1,569,138 thousand EUR and goodwill of 137,055 thousand EUR that comprises %48 of total consolidated assets Since management's assessment of value in use (VIU) and impairment of airport operation rights and goodwill requires estimations and judgements, which are disclosed in Note 1 and Note 2.d, this matter is considered as a key audit matter. Details of airport operation right for each concession agreement and goodwill is disclosed in Note 15 and Note 14.	During our audit work, we reviewed impairment analysis of management and the methods and assumptions used in the impairment test on assets prepared by the management, together with the experts of another company within the same audit network we are affiliated with. We examined the business plans approved by the management. We tested the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used. We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.

Other information included in The Group's 2020 Annual Report

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 IFRSs, 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

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 ISAs 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 ISAs, 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, related safeguards.

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

The partner in charge of the audit resulting in this independent auditor's report is Onur Ünal.

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

Onur Ünal, SMMM
Partner

16 February 2021
İstanbul, Türkiye

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2020	31 December 2019
ASSETS			
Property and equipment	13	182,370	205,729
Intangible assets	14	11,692	13,589
Airport operation right	15	1,569,138	1,581,857
Right of use assets	16	65,942	58,632
Equity-accounted investees	36	337,129	393,423
Goodwill	14	137,055	137,688
Trade receivables	21	31,224	49,738
Non-current due from related parties	35	2,351	1,898
Other non-current assets	20	101,300	295,574
Deferred tax assets	18	32,216	26,610
Total non-current assets		**2,470,417**	**2,764,738**
Inventories	19	7,127	8,939
Financial assets	17	50,000	-
Trade receivables	21	73,464	116,156
Due from related parties	35	29,987	26,945
Other receivables and current assets	20	295,174	273,170
Cash and cash equivalents	22	604,298	583,809
Restricted bank balances	23	24,656	69,033
Total current assets		**1,084,706**	**1,078,052**
TOTAL ASSETS		**3,555,123**	**3,842,790**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2020	31 December 2019
EQUITY			
Share capital	24	162,384	162,384
Share premium		220,286	220,286
Legal reserves	24	121,975	121,975
Other reserves		(29,645)	(29,645)
Treasury reserves	24	(4,282)	-
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(60,612)	(59,174)
Translation reserves		(66,964)	(37,375)
Retained earnings		539,583	900,757
Total equity attributable to equity holders of the Company		**922,789**	**1,319,272**
Non-controlling interests	36	11,906	(9,711)
Total Equity		**934,695**	**1,309,561**
LIABILITIES			
Loans and borrowings	26	619,999	633,396
Reserve for employee severance indemnity	27	15,601	18,710
Due to related parties	35	-	305,893
Derivative financial instruments	32	35,381	36,562
Deferred income	29	15,264	16,952
Other payables	28	638,737	599,693
Deferred tax liabilities	18	13,303	20,706
Total non-current liabilities		**1,338,285**	**1,631,912**
Bank overdraft	22	387	1,380
Loans and borrowings	26	712,363	526,816
Trade payables	31	45,768	55,532
Due to related parties	35	307,265	998
Current tax liabilities	12	3,024	98,639
Other payables	28	198,942	198,005
Provisions	30	4,345	5,542
Deferred income	29	10,049	14,405
Total current liabilities		**1,282,143**	**901,317**
Total Liabilities		**2,620,428**	**2,533,229**
TOTAL EQUITY AND LIABILITIES		**3,555,123**	**3,842,790**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2020	2019
Operating revenue	6	301,406	749,233
Cost of catering inventory sold		(12,122)	(34,404)
Cost of services rendered		(37,779)	(80,754)
Personnel expenses	7	(145,280)	(226,950)
Concession expenses	8	-	(3,501)
Depreciation, amortisation and impairment expenses	10	(96,227)	(99,325)
Other operating income		11,394	7,866
Other operating expenses	9	(94,996)	(131,085)
Share of profit of equity-accounted investees, net of tax	36	(76,788)	33,446
Operating (loss) / profit		**(150,392)**	**214,526**
Finance income		11,162	16,857
Finance costs		(135,413)	(111,883)
Net finance costs	11	**(124,251)**	**(95,026)**
(Loss) / Profit before tax		**(274,643)**	**119,500**
Tax expense	12	(3,495)	(38,675)
(Loss) / Profit from continuing operations		**(278,138)**	**80,825**
(Loss) / Profit from discontinued operations		(6,783)	299,670
(Loss) / Profit for the period after discontinued operations		**(284,921)**	**380,495**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences	27	337	(9,283)
Defined benefit obligation actuarial differences from equity accounted investees		72	(619)
Tax on defined benefit obligation actuarial differences	12	(68)	1,583
Tax on defined benefit obligation actuarial differences from equity accounted investees	12	(29)	99
Total items that will not be reclassified to profit or loss		**312**	**(8,220)**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	11	14,015	7,698
Effective portion of changes in fair value of cash flow hedges from equity accounted investees	11	(1,598)	(8,345)
Portion of cash flow hedges charged to profit or loss	11	(8,101)	(8,104)
Foreign currency translation differences for foreign operations	11	(23,355)	31,087
Foreign currency translation differences for foreign operations from equity accounted investees		(9,761)	(6,826)
Tax on cash flow hedge reserves	11,12	(223)	1,363
Tax on cash flow hedge reserves from equity accounted investees	12	379	1,800
Total items that are or may be reclassified subsequently to profit or loss		**(28,644)**	**18,673**
Other comprehensive (loss) / income for the year, net of tax		**(28,332)**	**10,453**
Total comprehensive (loss) / income for the year		**(313,253)**	**390,948**

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

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2020	2019
(Loss) / Profit attributable to:			
Owners of the Company	36	(284,917)	373,104
Non-controlling interest		(4)	7,391
(Loss) / Profit for the year after discontinued operations		**(284,921)**	**380,495**
Total comprehensive income attributable to:			
Owners of the Company		(309,722)	382,855
Non-controlling interest		(3,531)	8,093
Total comprehensive income for the year		**(313,253)**	**390,948**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**
Basic and diluted earnings per share for continued operations	25	**(0.77)**	**0.20**
Basic and diluted earnings per share for discontinued operations	25	**(0.02)**	**0.82**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year ended 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Attributable to owners of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2019	**162,384**	**220,286**	**119,598**	**(83,649)**	**-**	**40,064**	**(52,154)**	**(62,366)**	**693,762**	**1,037,925**	**(6,113)**	**1,031,812**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	373,104	373,104	7,391	380,495
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(7,020)	-	-	(7,020)	1,432	(5,588)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(8,220)	(8,220)	-	(8,220)
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	24,991	-	24,991	(730)	24,261
Total other comprehensive income	-	-	-	-	-	-	(7,020)	24,991	(8,220)	9,751	702	10,453
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(7,020)**	**24,991**	**364,884**	**382,855**	**8,093**	**390,948**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 24)	-	-	-	-	-	-	-	-	(121,469)	(121,469)	(11,691)	(133,160)
Change in non-controlling interest (Note 26)	-	-	-	54,004	-	-	-	-	(34,043)	19,961	-	19,961
Total transactions with owners of the Company	**-**	**-**	**-**	**54,004**	**-**	**-**	**-**	**-**	**(155,512)**	**(101,508)**	**(11,691)**	**(113,199)**
Transfers	-	-	2,377	-	-	-	-	-	(2,377)	-	-	-
Balance at 31 December 2019	**162,384**	**220,286**	**121,975**	**(29,645)**	**-**	**40,064**	**(59,174)**	**(37,375)**	**900,757**	**1,319,272**	**(9,711)**	**1,309,561**
Balance at 1 January 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**-**	**40,064**	**(59,174)**	**(37,375)**	**900,757**	**1,319,272**	**(9,711)**	**1,309,561**
Total comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(284,917)	(284,917)	(4)	(284,921)
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	4,472	-	-	4,472	-	4,472
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	312	312	-	312
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	(29,589)	-	(29,589)	(3,527)	(33,116)
Total other comprehensive income	-	-	-	-	-	-	4,472	(29,589)	312	(24,805)	(3,527)	(28,332)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**4,472**	**(29,589)**	**(284,605)**	**(309,722)**	**(3,531)**	**(313,253)**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 24)	-	-	-	-	-	-	-	-	(55,644)	(55,644)	(1,687)	(57,331)
Purchase of non-controlling interest	-	-	-	-	-	-	(5,910)	-	(20,925)	(26,835)	26,835	-
Share buyback transactions (Note 24)	-	-	-	-	(4,282)	-	-	-	-	(4,282)	-	(4,282)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(4,282)**	**-**	**(5,910)**	**-**	**(76,569)**	**(86,761)**	**25,148**	**(61,613)**
Balance at 31 December 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the year		**(278,138)**	**80,825**
(Loss) / Profit from discontinued operations		**(6,783)**	**299,670**
Adjustments for:			
Amortisation and impairment of airport operation right	15	55,514	63,905
Depreciation and impairment of property and equipment and right of use assets	13,16	37,896	89,317
Amortisation of intangible assets	14	2,817	2,820
Concession and rent expenses		-	48,869
Other income accruals	37	-	(389,000)
Provision for employee severance indemnity	27	3,456	3,492
Provision for doubtful receivables	33	12,552	7,262
Discount on receivables and payables, net		(3,352)	4,053
Gain on sale of property and equipment		(1,128)	-
Impairment of goodwill	14	521	-
Provision (released) /set for unused vacation	30	(83)	225
Interest income		(11,764)	(15,908)
Interest expense on financial liabilities		67,583	70,035
Tax expense		5,596	126,175
Unwinding of discount on concession receivable and payable		26,660	23,834
Share of profit of equity-accounted investees, net of tax	36	76,788	(33,446)
Unrealized foreign exchange differences on statement of financial position items		(3,508)	(46,695)
Cash flows from operating activities		**(15,373)**	**335,433**
Change in current trade receivables		31,604	23,092
Change in non-current trade receivables		18,515	24,375
Change in inventories		920	200
Change in due from related parties		871	9,798
Change in other receivables and other assets		160,065	(104,193)
Change in trade payables		(2,087)	9,363
Change in due to related parties		738	706
Change in other payables and provisions		(79,180)	(120,736)
Cash provided from operations		**116,073**	**178,038**
Income taxes paid	12	(111,480)	(24,644)
Retirement benefits paid	27	(1,409)	(14,526)
Net cash provided from operating activities		**3,184**	**138,868**

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

Consolidated Statement of Cash Flows
For the Year ended 31 December 2020

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		11,854	4,592
Acquisition of property and equipment	13	(30,180)	(65,600)
Additions to airport operation right	15	(5,716)	(2,962)
Purchase of treasury bonds	17	(50,000)	-
Acquisition of intangible assets	14	(1,259)	(1,758)
Change in due from related parties		7,029	(7,081)
Change in due to related parties		-	(25,106)
Dividends from equity-accounted investees		865	145,922
Effect of acquisition of subsidiary		-	(1,246)
Net cash (used in) / provided from investing activities		**(67,407)**	**46,761**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	26	321,168	115,586
Repayment of borrowings	26	(150,233)	(70,070)
Lease payments	26	(21,687)	(9,794)
Dividends paid		(57,331)	(133,160)
Interest received		5,745	9,028
Interest paid	26	(43,367)	(50,745)
Change in due to related parties		(8,685)	(8,665)
Purchase of treasury shares	24	(4,282)	-
Change in restricted bank balances		44,377	(7,537)
Net cash provided from / (used in) financing activities		**85,705**	**(155,357)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**21,482**	**30,272**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22	**582,429**	**552,157**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	**603,911**	**582,429**

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

Notes to the consolidated financial statements

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1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is Vadi İstanbul Bulvar, Ayazağa Mah. Cendere Cad. Sarıyer, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. The Company's subsidiaries as at 31 December 2020 and 2019 are as follows:

			31 December 2020		31 December 2019	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. ("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Milas Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA (" TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	82.00	82.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	80.00	80.00	80.00	80.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	76.00	100.00	76.00	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Avito Technologies W.L.L. (" TAV IT Qatar")	Software and System Services	Qatar	49.00	100.00	-	-
Havaş Kazakhstan L.L.P. ("Havaş Kazakhstan")	Ground Handling Services	Kazakhstan	100.00	100.00	-	-
Aerosec Özel Güvenlik Hizmetleri A.Ş. ("Aerosec Security")	Security Services	Turkey	100.00	100.00	-	-

1. REPORTING ENTITY (continued)

Name of Subsidiary	Principal Activity	Place of operation	31 December 2020		31 December 2019	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Havaş Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
Havaş Latvia SIA ("HAVAŞ Latvia")	Ground Handling	Latvia	100.00	100.00	100.00	100.00
Havas Adriatic D.O.O. ("HAVAŞ Adriatic")	Ground Handling Services	Croatia	100.00	100.00	100.00	100.00
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. ("BTA")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Georgia LLC ("BTA Georgia")	Food and Beverage Services	Georgia	100.00	100.00	100.00	100.00
BTA Tunisie SARL ("BTA Tunisia")	Food and Beverage Services	Tunisia	100.00	100.00	100.00	100.00
BTA Macedonia Dooel Petrovec ("BTA Macedonia")	Food and Beverage Services	Macedonia	100.00	100.00	100.00	100.00
BTA France SAS ("BTA France")	Food and Beverage Services	France	100.00	100.00	100.00	100.00
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. ("Cakes & Bakes")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Tedarik Dağıtım ve Ticaret A.Ş. ("BTA Tedarik")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
SIA Cakes and Bakes Latvia ("BTA Latvia")	Food and Beverage Services	Latvia	100.00	100.00	100.00	100.00
BTA Uluslararası Yiyecek İçecek Hizmetleri Sanayi ve Ticaret A.Ş ("BTA Uluslararası Yiyecek")	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
MZLZ-Ugostiteljstvo D.o.o ("BTA MZLZ")	Food and Beverage Services	Croatia	100.00	100.00	100.00	100.00
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations & Maintenance ("O&M"), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services SARL ("TAV İşletme Tunisia")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services Plus SARL ("TAV İşletme Tunisia Plus")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Macedonia Operation Services Dooel ("TAV İşletme Macedonia")	Lounge Services	Macedonia	99.99	99.99	99.99	99.99
TAV Germany Operation Services GmbH ("TAV İşletme Germany")	Lounge Services	Germany	100.00	100.00	100.00	100.00

1. REPORTING ENTITY (continued)

			31 December 2020		31 December 2019	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Latvia Operation Services SIA ("TAV İşletme Latvia")	Lounge Services	Latvia	100.00	100.00	100.00	100.00
TAV Africa Operation Services Ltd. ("TAV İşletme Kenya")	Lounge Services	Kenya	100.00	100.00	100.00	100.00
TAV USA Operation Services Co. ("TAV İşletme America")	Holding	United States	100.00	100.00	100.00	100.00
TAV Washington Operation Services Ltd. ("TAV İşletme Washington")	Lounge Services	United States	100.00	100.00	100.00	100.00
TAV Madagascar Operation Services S.A ("TAV İşletme Madagascar")	Lounge Services	Madagascar	100.00	100.00	-	-
TAV New York Operation Services ("TAV İşletme New York")	Lounge Services	United States	100.00	100.00	100.00	100.00
Gestio I Servies Trade Center S.A. ("GIS Spain")	Lounge Services	Spain	70.00	70.00	70.00	70.00
GIS Premium France SAS ("GIS France")	Lounge Services	France	70.00	70.00	70.00	70.00
GIS Premium Deutschland Gmbh ("GIS Germany")	Lounge Services	Germany	70.00	70.00	70.00	70.00
GIS Premium Italy SRL ("GIS Italy")	Lounge Services	Italy	70.00	70.00	70.00	70.00
GIS Premium Mexico SAdCV ("GIS Mexico")	Lounge Services	Mexico	70.00	70.00	70.00	70.00
GIS Premium Argentina SRL ("GIS Argentina")	Lounge Services	Argentina	70.00	70.00	70.00	70.00
GIS Premium Brasil Servicos Aeroportuarios LTDA ("GIS Brazil")	Lounge Services	Brazil	70.00	70.00	70.00	70.00
GIS Premium Colombia S.A.A. ("GIS Colombia")	Lounge Services	Colombia	70.00	70.00	70.00	70.00
TAV Havacılık A.Ş. ("TAV Havacılık")	Airline Taxi Services	Turkey	100.00	100.00	100.00	100.00
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	100.00	100.00	100.00	100.00
TAV Information and Technologies Saudi Ltd. Company ("TAV IT Saudi")	Software and System Services	Saudi Arabia	100.00	100.00	100.00	100.00
Avito Technologies B.V. ("TAV IT Netherlands")	Software and System Services	Netherlands	100.00	100.00	100.00	100.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi")	Education Services	Turkey	100.00	100.00	100.00	100.00
TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Aviation Minds") (*)	Education Services	Turkey	-	-	51.00	51.00
Aviator Netherlands B.V. ("Aviator Netherlands")	Holding	Netherlands	100.00	100.00	100.00	100.00
PMIA Aviator B.V. ("PMIA Aviator BV")	Holding	Netherlands	90.00	90.00	-	-
TAV Uluslararası Yatırım A.Ş. ("TAV Uluslararası Yatırım")	Airport Operator	Turkey	100.00	100.00	100.00	100.00

(*) In April 2020, TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Aviation Minds") is merged under TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi").

1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 December 2020 and 2019 are as follows:

			31 December 2020		31 December 2019	
Name of joint venture	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ATU Turizm İşletmeciliği A.Ş. (“ATU”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Georgia Operation Services LLC (“ATU Georgia”)	Duty Free Services	Georgia	50.00	50.00	50.00	50.00
ATU Tunisie SARL (“ATU Tunisia”)	Duty Free Services	Tunisia	50.00	50.00	50.00	50.00
ATU Macedonia Dooel (“ATU Macedonia“)	Duty Free Services	Macedonia	50.00	50.00	50.00	50.00
AS Riga Airport Commercial Development (“ATU Latvia”)	Duty Free Services	Latvia	50.00	50.00	50.00	50.00
Tunisia Duty Free S.A. (“ATU Tunisia Duty Free”)	Duty Free Services	Tunisia	14.98	39.98	14.98	39.98
Saudi ATU Trading Limited Co. (“ATU Medinah”) (*)	Duty Free Services	Saudi Arabia	50.00	50.00	50.00	50.00
ATU Americas LLC (“ATU America”)	Duty Free Services	United States	-	-	50.00	50.00
ATU Mağazacılık İşletmeleri A.Ş. (“ATU Mağazacılık”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Uluslararası Mağaza Yiyecek ve İçecek İşletmeciliği A.Ş. (“ATU Uluslararası Mağazacılık”)	Duty Free Services	Turkey	51.15	51.17	51.15	51.17
ATU Holdings, Inc. (“ATU Holdings”)	Holding	United States	-	-	50.00	50.00
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. (“TAV Gözen”)	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
TGS Yer Hizmetleri A.Ş. (“TGS”)	Ground Handling	Turkey	50.00	50.00	50.00	50.00
Saudi HAVAŞ Ground Handling Services Limited (“Saudi HAVAŞ”) (*)	Ground Handling	Saudi Arabia	66.66	66.66	66.66	66.66
Saudi BTA Airports Food And Beverages Serv.Ltd. (“BTA Medinah”) (*)	Food and Beverage Services	Saudi Arabia	66.66	66.66	66.66	66.66
BS Kahve Yiyecek ve İçecek Hizmetleri A.S. (“BS Kahve”) (**)	Food and Beverage Services	Turkey	-	-	60.00	60.00
Tibah Airports Development Company CJSC (“Tibah Development”)	Airport Operator	Saudi Arabia	50.00	50.00	50.00	50.00
Tibah Airports Operation Limited (“Tibah Operation”)	Airport Operator	Saudi Arabia	51.00	51.00	51.00	51.00
Primeclass Pasifico JSV. (“TAV İşletme Chile”)	Lounge Services	Chile	50.00	50.00	50.00	50.00
TAV Operation Services Saudi Arabia LLC. (“TAV İşletme Saudi”) (*)	Lounge Services	Saudi Arabia	66.66	66.66	66.66	66.66
Madinah Airport Hotel Company (“Medinah Hotel”)	Hotel Management	Saudi Arabia	33.33	33.33	33.33	33.33
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (“TAV Antalya”)	Antalya Airport Terminal Services	Turkey	49.00	50.00	49.00	50.00

(*) The mentioned entities are consolidated using the equity method as the Board decisions of these entities are taken with the joint agreement of all three shareholders.

(*) In March 2020, BS Kahve Yiyecek ve İçecek Hizmetleri A.Ş. (“BS Kahve”) is merged under BTA Havalimanları Yiyecek ve İçecek A.Ş. (“BTA”).

1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2020 and 2019 are as follows:

			31 December 2020		31 December 2019	
Name of associates	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ZAIC-A Limited ("ZAIC-A") (*)	Holding	United Kingdom	15.00	15.00	15.00	15.00
Medunarodna Zračna Luka Zagreb d.d. ("MZLZ") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
Upraviteli Zračne Luke Zagreb d.o.o ("MZLZ Operation") (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
AMS Airport Management Services d.o.o ("AMS") (*)	Airport Operator	Croatia	40.00	40.00	40.00	40.00

(*) TAV Holding has significant influence in the management of the mentioned entities, thus these entities are consolidated using the equity method.

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer ("BOT") agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA"), Ministry of Transportation ("MOT"), TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development entered into Build-Transfer-Operate ("BTO") agreement with General Authority of Civil Aviation ("GACA"). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMİ and Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations.

BOT, BTO and Concession Agreements

The airport terminals operated by the Group and its joint ventures are as follows:

İstanbul Atatürk International Airport

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of Atatürk International Airport Terminal ("AIAT") in 1998. TAV was required to complete the construction by August 2000 and then had the right to operate the facilities of AIAT for 3 years, 8 months and 20 days. TAV completed the reconstruction of AIAT in January 2000 and started the operation seven months earlier, after completion of a significant portion of the construction. Construction of the remaining parts of the project was finalized in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

1. REPORTING ENTITY (continued)

İstanbul Atatürk International Airport (continued)

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge AIAT by 30% by year 2004. In return for extending AIAT, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred Atatürk Domestic Airport Terminal ("ADAT") and AIAT to DHMİ. On 3 June 2005, TAV İstanbul signed a rent agreement to operate AIAT and ADAT for 15.5 years until year 2021.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installation of new passenger boarding bridges and construction of new commercial areas. Through this addendum TAV has undertaken approximately EUR 36,000 of investment in exchange of the operation right of newly created commercial areas.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMİ as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. The opening of 3rd airport led to closure of Atatürk Airport at a date earlier than the concession contract end date, which in turn led to change in expected amortization period of prepaid rent and leasehold assets. However, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021. In addition, it is stated that independent expert companies will be consulted for the computation of the total reimbursement amount. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000 which is disclosed in Note 37.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. TAV Esenboğa is providing terminal, car park and passenger boarding services since the beginning of operations on 16 October 2006.

İzmir Adnan Menderes International Airport

A BOT agreement was executed between TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and DHMİ on 20 May 2005 for regulating the reconstruction, investment and operations of İzmir Adnan Menderes Airport International Terminal. According to the Agreement, TAV İzmir was required to complete the construction within 24 months after the agreement date and would then have the right to operate the facilities of İzmir Adnan Menderes Airport International Terminal for a period of 6 years, 7 months and 29 days. An addendum to the Agreement was signed on 21 August 2006. Under the terms of the addendum, in return for additional works, the operation period of TAV İzmir was extended by 11 months 17 days through January 2015. TAV İzmir has been providing terminal, car park and passenger boarding services since the beginning of operations on 13 September 2006.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İzmir Adnan Menderes International Airport (continued)

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on January 2015 and operating it until 31 December 2032. TAV Ege is obliged to construct a new domestic terminal with its ancillary buildings and to pay EUR 610,000 plus VAT (18%) to DHMİ in yearly equal installments, of which EUR 30,500 plus VAT has been prepaid at the beginning of the concession period under the terms of the concession agreement.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating İzmir Adnan Menderes Airport International Terminal at 10 January 2015. As at 23 November 2015 TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

Milas Bodrum Airport

On 21 March 2014, the Company has been awarded the tender held by DHMİ for the operation rights of the Milas Bodrum Airport whose scope includes operation of existing Domestic and International Terminals with ancillary facilities, until 31 December 2035. While Domestic Terminal is handed over within signing of the Concession Agreement, operation of International Terminal commenced on 22 October 2015 following the expiry of the existing contract. The total concession amount is EUR 717,000 plus VAT.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of Tbilisi International Airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years until February 2027, in exchange for an obligation by TAV Tbilisi to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi Airport, TAV Tbilisi is providing a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services – excluding air traffic control – in New Tbilisi International Airport since the beginning of operations on 8 February 2007.

Batumi International Airport

On 9 August 2007, TAV Batumi Operations signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027. Georgian Government is responsible for providing air traffic control and security services.

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken in January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services excluding air traffic control services.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Alanya-Gazipaşa Airport

Relating to the transfer of the operational rights of Alanya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa and DHMİ was signed on 4 January 2008. The operation period of Alanya-Gazipaşa Airport, which currently has 1,500,000 annual passenger capacity, is 25 years until May 2034, and the operation of the airport covers activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of USD 50 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit for the period to DHMİ.

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and MOTC. The operation of the airports shall cover all airport activities with the exception of air traffic control, and modernization activities are contemplated to include the technical infrastructure. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010 and final date of Concession Agreement is 1 March 2030. The renovation of the St. Paul the Apostle Airport in Ohrid and the construction of Alexander the Great Airport in Skopje were completed and the airports started their operations in March 2011 and September 2011, respectively.

Medinah International Airport

A BTO agreement was executed between Tibah Development and GACA on 29 October 2011, for the operation and development of existing Medinah International Airport. Through the BTO agreement Tibah Development undertook the operation of the existing Medinah International Airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger Terminal and the required additional infrastructure. TAV Holding owns 50.00% of Tibah Development. The operations were undertaken in June 2012. The concession period will end in June 2037. The operations of the Medinah International Airport cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. Tibah Development has subcontracted the operation of Medinah International Airport to Tibah Operation, of which 51% belongs to TAV Holding. The construction of Medinah International Airport were completed and the airport started its operations in April 2015.

Zagreb International Airport

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Holding signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Holding is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

Antalya Airport

Fraport IC İçtas Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş, was established in Turkey on 18 May 2007. The Company's main activity is the operation of the terminal building at Antalya Airport, Southern Turkey in accordance with the Lease Agreement made with Devlet Hava Meydanları İşletmesi ("DHMI"). The terms of the lease agreement gives the Company the right to operate the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center starting from 14 September 2007, and International Terminal II, Parking Lot and all the complementary units starting from 23 September 2009. The Lease Agreement between the Company and DHMI will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. The rent payable under the present lease is EUR 2,010,000 plus Value Added Tax ("VAT"). The Company shall pay this total sum of the rent to DHMI in cash; 3% on the date of the signature of the contract, 15% within 5 business days from 14 September 2007, 7% within 5 business days from 14 September 2008 and 5% within 5 business days.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Almaty Airport

The consortium formed by the Group and VPE Capital, signed on 7 May 2020 an agreement related to the purchase of a 100% stake in the airport of Almaty and related fuel and service activities, valued at USD 415,000. Groups' participation in the consortium will not be less than 75% and the transfer of shares will take place after the closing of the transaction, which should take place in the coming months, after completion of the necessary legal procedures. The airport will be fully consolidated in the accounts of the Group.

Operations Contracts

BOT and BTO operations and management contracts include the following:

Terminal and airport services – The Group has the right to operate the terminals and airports as mentioned in the preceding paragraphs. This includes passenger, ramp and check-in counter services and services for parking-apron-taxi ways (for airport operations). A fee is charged to each airline based on the number of passengers that utilize the airport, based on the number of aircrafts that utilize ramps and runways and based on the number of check-in counters utilized by the airlines.

Duty free goods – The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are subcontracted either to Group's joint ventures or to other companies in exchange for a commission based on sales.

Catering and airport hotel services – The Group has the right to manage all food and beverage operations within the terminals both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

Area allocation services – As a lessor, the Group leases office space in the airport terminal including the offices leased to the airlines for ticket office and banks.

Ground handling – The Group has the right to provide all ground handling operations. Ground handling involves providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License ("SHY 22").

Lounge services – The Group has the right to operate or rent the lounges to provide CIP services to the passengers who have the membership.

Bus and car parking services – The Group has the right to operate the car park and render valet parking services. Revenues from bus operations include shuttle services running from airports to city centers.

Software and system services – The Group develops software and systems on operational and financial optimization in aviation, particularly terminal, flight management system and software programs and to meet the information systems requirements of group companies and certain third parties.

Security services – The Group operates the security services within the domestic terminals.

Airline taxi services – The Group renders airline taxi services.

The Group employs 13,193 in subsidiaries (average: 14,453) and 7,893 in joint ventures (average: 8,381) excluding TAV İstanbul (31 December 2019: 15,230 in subsidiaries (average: 15,886) and 8,950 in joint ventures (average: 9,461) excluding TAV İstanbul).

TAV İstanbul employs 28 (average:31) (31 December 2019: 45 (average: 618)) people as at 31 December 2020.

1. REPORTING ENTITY (continued)

Covid-19 Impact and Impairment Analysis

The Covid-19 health crisis has had significant impacts on air traffic, which has largely stopped since March. This sudden drop in traffic has impacts both in terms of aviation revenues and in terms of commercial revenues from investments in associates and joint ventures.

These elements constitute impairment indicators as at 31 December 2020 and therefore justify that the Group carry out impairment tests on all of its main concessions and services companies.

Discount rates, and in particular the cost of equity, have been increasing since 31 December 2019. The health crisis had a significant impact on the market premium, and the betas of companies in the airport sector, both on the rise. This increase in discount rates has an unfavorable impact on the recoverable amount of the Group's assets, estimated on the basis of discounted cash flows.

Impairment tests were carried as at 31 December 2020 on the main concession and service companies.

Tests carried out highlighted that there is no need to recognize an impairment loss for goodwill. As a result of the impairment testing performed on CGU basis, EUR 35,000 impairment loss for Airport Operation Right of TAV Tunisia and TAV Bodrum was recognised in the consolidated financial statement of the Group (Note 14).

Sensitivity analysis on discount rates show that an increase of 50 basis points in the discount rate for the main international concessions would lead to an impairment loss of around EUR 21,530.

Sensitivity tests carried out show that slower traffic recovery scenarios could cause the recoverable amount of certain airport concessions to fall below their carrying amount.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Board of Directors on 16 February 2021. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro.

The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

2. BASIS OF PREPARATION (continued)

The table below summarizes the functional currencies of the Group entities:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
TAV Esenboğa	EUR
TAV Ege	EUR
TAV Milas Bodrum	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari (“GEL”)
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
TAV Latvia	EUR
HAVAŞ	EUR
HAVAŞ Latvia	EUR
HAVAŞ Kazakhstan	Kazakhstani Tenge (“KZT”)
HAVAŞ Adriatic	Croatian Kona (“HRK”)
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar (“TND”)
BTA Macedonia	Macedonian Denar (“MKD”)
BTA France	EUR
Cakes & Bakes	TRL
BTA Tedarik	TRL
BTA Denizyolları	TRL
BTA Latvia	EUR
BTA Uluslararası Yiyecek	TRL
BTA MZLZ	HRK
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV İşletme Tunisia Plus	TND
TAV İşletme Macedonia	MKD
TAV İşletme Germany	EUR
TAV İşletme Latvia	EUR
TAV İşletme Kenya	Kenyan Shilling (“KES”)
TAV İşletme America	USD
TAV İşletme Washington	USD
TAV İşletme New York	USD
TAV İşletme Madagascar	Malagasy Ariary (“MDG”)
GIS Spain	EUR

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

Company	Functional Currency
GIS France	EUR
GIS Germany	EUR
GIS Italy	EUR
GIS Mexico	Mexican Peso ("MEX")
GIS Argentina	Argentine Peso ("ARS")
GIS Brazil	Brazilian Real ("BRL")
GIS Colombia	Colombian Peso ("COP")
TAV Havacılık	USD
TAV Bilişim	USD
TAV IT Saudi	Saudi Arabian Riyal ("SAR")
TAV IT Qatar	Qatari Riyal ("QAR")
TAV IT Netherlands	EUR
TAV Güvenlik	TRL
Aerosec Security	TRL
TAV Akademi	TRL
TAV Aviation Minds	USD
Aviator Netherlands	EUR
PMIA Aviator BV	EUR
TAV Uluslararası Yatırım	EUR
ATU	EUR
ATU Georgia	GEL
ATU Tunisia	EUR
ATU Macedonia	EUR
ATU Latvia	EUR
ATU Tunisia Duty Free	EUR
ATU Medinah	SAR
ATU Americas	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
BS Kahve	TRL
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
TAV Antalya	EUR
ZAIC-A	EUR
MZLZ	HRK
MZLZ Operation	HRK
AMS	HRK
Medinah Hotel	SAR

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

Note 1 – sensitivity analysis

Note 3(e) – mark-up applied to construction cost incurred under IFRIC 12 "Service Concession Arrangements".

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are included in the following notes:

Note 3, 13 and 14 – useful lives of property and equipment and intangible assets

Note 14 – key assumptions used in discounted cash flow projections

Note 18 – utilisation of tax losses and tax incentives

Note 27 – measurement of reserve for employee severance indemnity

Note 32 and 33 – valuation of financial instruments

A valuation for the fair values of TAV Tunisia as a separate cash-generating unit ("CGU") was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Tunisia.

A business plan with a duration until end of concession term (May 2047) prepared by the management of TAV Tunisia and it was used in the valuation of company. The growth in business plan of TAV Tunisia is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The Company also assumed that current bank loans shall be restructured in 2021. The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the company, with average post-tax discount rate of 11.3% during the projection period (between 2020 and 2047). Since TAV Tunisia has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, EUR 20,000 impairment loss was recognized for TAV Tunisia (31 December 2019:None) (Note 14).

A valuation for the fair values of TAV Milas Bodrum as a separate CGU was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Milas Bodrum.

A business plan with a duration until end of concession term (December 2035) prepared by the management of TAV Milas Bodrum and it was used in the valuation of company. The growth in business plan of TAV Milas Bodrum is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in discounted cash flows are the WACC of the company, with average post-tax discount rate of 10.6% during the projection period (between 2020 and 2035). Since TAV Milas Bodrum has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, EUR 15,000 impairment loss is recognized for TAV Milas Bodrum (31 December 2019: None) (Note 14).

The Group has also performed impairment tests for the rest of airport operation rights and concluded as no further impairment is required. In impairment tests, WACC, passenger forecast and recovery dates are evaluated as significant estimates and judgements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities and their joint ventures.

a) Basis of consolidation

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Macedonia, TAV Gazipaşa, TAV Tunisia, TAV Latvia, HAVAŞ, HAVAŞ Latvia, Havaş Kazakhstan, HAVAŞ Adriatic, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Denizyolları, BTA Latvia, BTA Uluslararası Yiyecek, BTA MZLZ, TAV İşletme, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV IT Netherlands, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV and TAV Uluslararası Yatırım, are fully consolidated without non-controlling interest's ownership.

- TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia and TAV Aviation Minds are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.

- ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Americas, ATU Mağazacılık, ATU Uluslararası Mağazacılık, ATU Holdings, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, BS Kahve, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Saudi, TAV Antalya, ZAIC-A, MZLZ, MZLZ Operation, AMS and Medinah Hotel are consolidated using the equity method.

i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

i) Business combinations (continued):

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii) Non-controlling interests:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iv) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

v) Loss of control:

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

vi) Joint arrangements and associates:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

Associates

Joint ventures and associates are accounted for equity method in the consolidated financial statements. Joint ventures and associates initially recognised at fair value. After initial recognition, Group's share of the profit or loss of the investee, is recorded to financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group entities and their joint ventures use either EUR, TRL, USD, TND, MKD, GEL, HRK, SAR, CLP, KES, MXN, ARS, BRL, COP, KZT, QAR and MDG as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities or their joint ventures and reflect the economic substance 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. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses EUR as the reporting currency. Assets and liabilities are translated by using year end foreign exchange rates. Income and expenses which are recorded to financial statements during the period are translated by using yearly average rates. Share capital and legal reserves are classified to financial statements by using their face value in the statutory financial statements. “Foreign currency translation differences” resulted by their translations are classified in the total items that will not be reclassified to profit or loss under equity.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005 before they are translated into EUR as the reporting currency. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2006.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations(continued):

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik, which have the TRL as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRL until 31 December 2005, in accordance with IAS 29 as TRL was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, by the exchange rate ruling at reporting date.

c) Financial instruments

i) Non-derivative financial assets:

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(h)(i)).

Loans and receivables comprise cash and cash equivalents, restricted bank balances, trade receivables, due from related parties and guaranteed passenger fee receivable from DHMİ (Concession receivables) (see Note 21).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments.

The Group's use of Project Accounts Reserve Accounts or Funding Accounts is based on certain conditions as defined in respective loan agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the consolidated statement of financial position.

Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also accounting policy note on intangible assets below).

ii) Non-derivative financial liabilities:

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group has the following other financial liabilities: loans and borrowings, bank overdrafts, trade payables and due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a negative component of cash and cash equivalents for the purpose of the statement of cash flows.

When measuring the fair value of a liability, the Company takes into account the effect of its own credit risk and the effect of other factors that will probably affect the settlement of the liability.

iii) Share capital:

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iv) Derivative financial instruments, including hedge accounting:

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value and cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

In case of financial asset or financial liability is recognized in the financial statements as a result of forecast hedge transaction, Gain or losses accounted under other comprehensive income will be reclassed to income and loss components which will be excluded from equity for the period or periods of which cash flows subject to hedging (e.g. period which interest income or expense accounted)

In other cases, when the hedged item is not a non-financial asset, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

d) Property and equipment

i) Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

i) Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised net within "other operating income / (expense)" in profit or loss.

ii) Subsequent costs:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation:

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Machinery and equipment	4-18 years
Vehicles	5-18 years
Furniture and fixtures	2-18 years
Leasehold improvements	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangible assets recognised in a business combination:

Customer relationships are the intangible assets recognised during the purchase of HAVAŞ shares in years 2005 and 2007 and purchase of HAVAŞ Latvia shares in 2010 and 2011. DHMİ license is the intangible asset recognised during the purchase of HAVAŞ shares in years 2005 and 2007. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship were determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3 Business Combinations, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangible assets which were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

iii) Internally generated software:

Internally generated software consists of airport software developed by TAV Bilişim. Internally generated software with finite useful lives is measured at cost less accumulated amortisation and impairment losses.

iv) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

v) Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

vi) Amortisation:

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets recognised during acquisitions of HAVAŞ and HAVAŞ Latvia are customer relationships and DHMİ licence. Customer relationships have 5-10 years useful life and DHMİ licence has indefinite useful life since the duration of net cash inflow arising from DHMİ licence to the Company does not have any foreseeable limit. DHMİ licence is tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements

IFRIC 12 Interpretation – According to service concession arrangements, entity recognize proceeds received for the construction, renovation works performed and other service lines rendered under non-current intangible asset or financial asset in the financial statements.

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa has guaranteed passenger fee to be received from DHMİ. The agreement covers a period up to May 2023 for TAV Esenboğa.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to February 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A concession agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operation of Alanya Gazipaşa Airport (air side, land side, parking-apron-taxi ways). The agreement covers a period up to May 2034.

On 24 September 2008, a BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

A concession agreement was executed between TAV Ege and DHMİ on 16 December 2011 for the construction and operation of the domestic terminal of İzmir Adnan Menderes Airport and for taking-over the international terminal on January 2015. The agreement covers a period up to December 2032.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from October 2015 to December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2015 to December 2035.

A concession agreement was executed between TAV Antalya and DHMİ on 14 September 2007 for the operation the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center and on 23 September 2009 for International Terminal II, Parking Lot and all the complementary units. The Lease Agreement between the Company and DHMİ will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

i) Intangible assets:

The Group recognises an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements (continued)

i) Intangible asset (continued):

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. Amortisation of airport operation right is calculated based on units of production method over estimated passenger figures.

ii) Financial assets:

The Group recognises the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa. Financial assets are initially recognised at fair value and carried at discounted fair value for the subsequent periods.

f) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

h) Impairment

i) Non-derivative financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment (continued)

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each period at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (the "CGU"). Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRL 7,117 as at 31 December 2020 (equivalent to full EUR 790 as at 31 December 2020) (31 December 2019: full TRL 6,380 (equivalent to full EUR 959 as at 31 December 2019)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 27) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Construction revenue and expenditure: Construction revenue and expenditure are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Service concession agreements: Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Aviation income: Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

Area allocation income: Area allocation income is recognised by the issuance of monthly invoices based on the contracts made for allocated areas in the terminal.

Catering services income: Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

Ground handling income: Ground handling income is recognised when the services are provided.

Commission: The Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

Software and system sales: Software and system sales are recognised when goods are delivered and title has passed or when services are provided.

Income from lounge services: Income from lounge services is recognised when services are provided.

Bus and car parking operations: Income from bus and car parking operations is recognised when services are provided.

Income from airline taxi services: Income from airline taxi services is recognised when services are provided.

l) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables) and ineffective portion of hedging instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

m) Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current Tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Tax (continued)

ii) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

iii) Tax exposures:

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

n) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the owners of the company by the weighted average number of ordinary shares outstanding during the period. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segment reporting

An operating segment is a component of the Group and its joint ventures that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

p) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i)The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether an acquired set of activities assets is a business or not.

The amendments:
-clarify the minimum requirements for a business;
-remove the assessment of whether market participants are capable of replacing any missing elements;
-add guidance to help entities assess whether an acquired process is substantive;
-narrow the definitions of a business and of outputs; and
-introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.
Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

The amendments did not have a significant impact on the financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

i)The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows: (continued):

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

-The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
-Any reduction in lease payments affects only payments originally due on or before 30 June 2021
-There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. . The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.
The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

-The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

-Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

-For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

-As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of
IBOR reform.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as;
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

iii) Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

-IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
-IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
-IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

4. DETERMINATION OF FAIR VALUES (continued)

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 December 2020	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	104,688	-
Financial assets	-	50,000	-
Loans and borrowings	-	(1,332,362)	-
Bank overdrafts	-	(387)	-
Other payables (*)	-	(828,187)	-
Interest rate swap	-	(35,381)	-

31 December 2019	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	165,894	-
Financial assets	-	-	-
Loans and borrowings	-	(1,160,212)	-
Bank overdrafts	-	(1,380)	-
Other payables (*)	-	(793,044)	-
Interest rate swap	-	(36,562)	-

(*) Other payables do not include advances received amounting to EUR 9,492 (31 December 2019: EUR 4,654).

5. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation and AMS. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya and MZLZ also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BS Kahve, BTA Uluslararası Yiyecek, and BTA MZLZ.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık and ATU Americas.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ and HAVAŞ Adriatic. HAVAŞ and HAVAŞ Kazakhstan provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, TAV Aviation Minds, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings and Medinah Hotel.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

5. OPERATING SEGMENTS (continued)

Operating Segments (continued)

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Total external revenues	169,049	556,253	48,003	132,637	45,662	174,108	169,892	491,235	74,046	160,523	506,652	1,514,756
Inter-segment revenue	14,784	78,293	4,128	12,724	116	469	587	788	26,433	45,983	46,048	138,257
Construction revenue	-	788	-	-	-	-	-	-	-	-	-	788
Construction expenditure	-	(788)	-	-	-	-	-	-	-	-	-	(788)
Interest income	16,015	10,406	283	603	1,005	1,426	5,232	4,906	15,128	22,101	37,663	39,442
Interest expense	(75,511)	(83,233)	(2,636)	(2,849)	(1,484)	(1,235)	(5,984)	(8,248)	(27,792)	(15,829)	(113,407)	(111,394)
Depreciation and amortisation	(108,813)	(184,095)	(8,763)	(8,593)	(6,459)	(9,666)	(19,632)	(22,891)	(13,642)	(10,037)	(157,309)	(235,282)
Reportable segment operating profit / (loss)	(57,459)	207,227	(22,651)	(8,067)	(8,868)	12,497	11,913	49,861	(20,618)	12,516	(97,683)	274,034
Capital expenditure	73,968	96,564	4,430	24,890	12,984	41,001	8,028	55,752	5,471	21,565	104,881	239,772

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Reportable segment assets	3,625,192	3,970,672	30,257	64,463	150,110	164,341	228,602	268,127	869,678	607,399	4,903,839	5,075,002
Reportable segment liabilities	2,794,727	2,645,594	82,432	89,280	99,716	101,265	184,006	221,762	416,989	314,422	3,577,870	3,372,323

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**2020**	**2019**
Total revenue for reportable segments	463,521	1,447,295
Other revenue	100,479	206,506
Elimination of inter-segment revenue	(46,048)	(138,257)
	517,952	**1,515,544**
Effect of using the equity method for joint ventures	(216,546)	(766,311)
Consolidated revenue	**301,406**	**749,233**

Operating profit	**2020**	**2019**
Segment operating (loss) / profit	(77,065)	261,518
Other operating (loss) / profit	(20,618)	12,516
Elimination of inter-segment operating loss	-	(193)
	(97,683)	**273,841**
Effect of using the equity method for joint ventures	(52,709)	(59,315)
Consolidated operating (loss) / profit	**(150,392)**	**214,526**
Finance income	11,162	16,857
Finance expense	(135,413)	(111,883)
Consolidated (loss) / profit before tax	**(274,643)**	**119,500**

Assets	**31 December 2020**	**31 December 2019**
Total assets for reportable segments	4,034,161	4,467,603
Other assets	869,678	607,399
	4,903,839	**5,075,002**
Effect of using the equity method for joint ventures	(1,348,716)	(1,232,212)
Consolidated total assets	**3,555,123**	**3,842,790**

Liabilities	**31 December 2020**	**31 December 2019**
Total liabilities for reportable segments	3,160,881	3,057,901
Other liabilities	416,989	314,422
	3,577,870	**3,372,323**
Effect of using the equity method for joint ventures	(957,442)	(839,094)
Consolidated total liabilities	**2,620,428**	**2,533,229**

5. OPERATING SEGMENTS (continued)

Interest income	**2020**	**2019**
Total interest income for reportable segments	22,535	17,341
Other interest income	15,128	22,101
Elimination of inter-segment interest income	(23,588)	(20,191)
	14,075	**19,251**
Effect of using the equity method for joint ventures	(3,263)	(5,713)
Consolidated interest income	**10,812**	**13,538**

Interest expense	**2020**	**2019**
Total interest expense for reportable segments	(85,615)	(95,565)
Other interest expense	(27,792)	(15,829)
Elimination of inter-segment interest expense	23,585	19,909
	(89,822)	**(91,485)**
Effect of using the equity method for joint ventures	22,879	21,450
Consolidated interest expense	**(66,943)**	**(70,035)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Georgia, Macedonia, Latvia, Saudi Arabia, Oman, Tunisia and Spain.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	**2020**	**2019**
Turkey	205,225	427,185
Georgia	20,488	97,565
Macedonia	13,247	37,912
Latvia	10,074	29,650
Saudi Arabia	8,393	13,607
Oman	8,209	29,611
Tunisia	7,627	46,604
Spain	5,461	20,091
Other	22,682	47,008
Consolidated revenue	**301,406**	**749,233**

Non-current assets	**31 December 2020**	**31 December 2019**
Turkey	1,796,410	2,122,637
Tunisia	443,814	462,240
Macedonia	99,407	54,157
Georgia	67,108	72,506
Oman	13,441	12,701
Spain	5,878	3,716
Latvia	1,659	4,903
Saudi Arabia	719	1,943
Other	41,981	29,935
Consolidated non-current assets	**2,470,417**	**2,764,738**

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the year ended 31 December is as follows:

	2020	2019
Ground handling income	92,409	188,693
Aviation income	51,595	186,736
Catering services income	39,304	110,525
Software sales income	18,649	29,917
Income from lounge services	15,775	62,436
Commission from sales of duty free goods	14,909	45,337
Area allocation income	12,043	27,404
Security services income	8,794	9,554
Operating financial revenue	7,211	8,560
Income from car parking operations and valet service income	6,895	18,729
Bus services income	5,722	12,397
Utility and general participation income	2,523	3,969
Advertising income	2,117	5,350
Hotel and reservation income	2,100	2,348
Rent income from sublease	1,875	9,581
Loyalty card income	1,410	5,826
Other operating revenue	18,075	21,871
Total operating revenue	**301,406**	**749,233**

7. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the years ended 31 December is as follows:

	2020	2019
Wages and salaries	116,719	183,069
Compulsory social security contributions	10,156	17,288
Employee severance indemnity expenses	1,950	1,772
Other personnel expenses	16,455	24,821
Total personnel expenses	**145,280**	**226,950**

8. CONCESSION EXPENSES

An analysis of the Group's concession expenses for the years ended 31 December is as follows:

	2020	2019
TAV Tunisia (*)	-	2,061
TAV Macedonia (**)	-	1,440
Total concession expenses	**-**	**3,501**

Concession rent expense is related with TAV Tunisia and TAV Macedonia.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues (Note 28). Restructuring of the concessions has been agreed and amendments to the Concession Agreements have been signed with the Tunisian Authorities. These amendments mainly include adjusting concession fee rates based on certain passenger traffic thresholds and restructuring historical concession fee payments as 1,200 EUR yearly payments until the end of the concessions.

(**) The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers. In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding the cancelation of concession payments of 2020 and 2021.

9. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the years ended 31 December is as follows:

	2020	2019
Consultancy expense	13,298	13,770
Provision expenses	11,524	6,360
Utility cost	9,266	13,622
Rent expense	7,265	28,633
Maintenance expenditures	6,971	11,634
Insurance expense	6,093	6,245
Cleaning expense	4,798	7,648
Taxes	3,001	3,478
Traveling and transportation expenses	1,919	5,660
VAT non-recoverable	1,807	3,283
Communication and stationary expenses	1,687	2,383
Security cost	1,047	3,096
Advertisement and marketing expenses	854	2,406
Representation expenses	682	1,686
Commission and license expense	642	1,147
Other operating expenses	24,142	20,034
Total other operating expenses	**94,996**	**131,085**

10. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

An analysis of the Group's accumulated depreciation, amortisation and impairment for the years ended 31 December is as follows:

	2020	2019
Property and equipment	26,551	27,585
Airport operation right	20,514	63,905
Right of use asset	9,744	5,176
Intangible assets	2,817	2,659
Impairment losses	36,601	-
Total depreciation, amortisation and impairment expenses	**96,227**	**99,325**

11. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the years ended 31 December is as follows:

	2020	2019
Interest income on bank deposits and intercompany loans	10,812	13,538
Foreign exchange gain, net	-	3,243
Discount income	27	76
Other finance income	323	-
Finance income	**11,162**	**16,857**
Interest expense on financial liabilities and intercompany loans	(66,943)	(70,035)
Discount expense (*)	(33,871)	(32,394)
Commission expense	(1,590)	(2,091)
Interest expense provision on employee benefit obligation	(1,506)	(1,720)
Foreign exchange loss, net	(24,422)	-
Other finance costs (**)	(7,081)	(5,643)
Finance costs	**(135,413)**	**(111,883)**
Net finance costs	**(124,251)**	**(95,026)**

(*) Discount expense is related with the unwinding of discount on concession payables amounting to EUR 33,871 as of 31 December 2020 (31 December 2019: EUR 32,394).

(**) Other finance costs include bank charges and consultancy expenses charged in accordance with the requirements of project financing facilities.

Recognised in other comprehensive income

	2020	2019
Effective portion of changes in fair value of cash flow hedges	12,417	(647)
Portion of cash flow hedges charged to profit or loss	(8,101)	(8,104)
Foreign currency translation differences for foreign operations	(23,355)	31,087
Tax on cash flow hedge reserves	(223)	1,363
Finance costs recognised in other comprehensive income, net of tax	**(19,262)**	**23,699**

12. TAX EXPENSE

An analysis of the Group's tax expense for the years ended 31 December is as follows:

Tax recognised in profit or loss

	2020	2019
Current tax expense		
Current year tax expense	14,619	22,500
	14,619	22,500
Deferred tax (benefit) / expense		
Origination and reversal of temporary differences	4,156	14,550
Change in previously recognised investment incentives	1,432	1,625
Recognition of current period tax losses	(16,712)	-
	(11,124)	16,175
Total tax expense	**3,495**	**38,675**

Tax recognised in other comprehensive income

	2020			2019		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Foreign currency translation differences for foreign operations	(23,355)	-	(23,355)	31,087	-	31,087
Effective portion of changes in fair value of cash flow hedges	5,914	(223)	5,691	(406)	1,363	957
Defined benefit obligation actuarial differences	337	(68)	269	(9,283)	1,583	(7,700)
Other comprehensive income from equity accounted investees	(11,287)	350	(10,937)	(15,790)	1,899	(13,891)
	(28,391)	**59**	**(28,332)**	**5,608**	**4,845**	**10,453**

12. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2020 and 2019 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2020	%	2019
(Loss) / Profit before tax from continuing operations		(274,643)		119,500
(Loss) / Profit before tax from discontinued operations		(4,682)		387,170
(Loss) / Profit before tax		**(279,325)**		**506,670**
Tax using the Company's domestic tax rate	22	(61,452)	22	111,467
Tax effects of:				
- non-deductible expenses	(1)	1,552	-	952
- translation of non-monetary items according to IAS 21	(10)	26,722	1	2,763
- change in previously recognised investment incentives	(1)	1,432	-	1,625
- tax exempt income	5	(9,904)	-	(1,798)
- used tax loss carry forwards which no deferred tax asset is recognised	2	(4,728)	-	(150)
- current year losses for which no deferred tax asset is recognised	(8)	22,976	2	9,399
- effect of different tax rates for foreign jurisdictions	(1)	3,125	(1)	(4,665)
- adjustment for equity accounted investees	(6)	16,893	(1)	(6,358)
- adjustments related to tax legislation of subsidiaries which is in foreign countries	(1)	1,662	2	10,476
- effect of different tax rates applied	(2)	4,570	-	747
- other consolidation adjustments	(1)	2,748	-	1,717
Tax expense	**(2)**	**5,596**	**25**	**126,175**
Total tax expense from continuing operations		**3,495**		**38,675**
Total tax expense from discontinued operations		**2,101**		**87,500**

Corporate tax:

	2020	2019
Corporate tax provision from continuing operations	14,619	22,500
Corporate tax provision from discontinued operations	1,246	89,378
Corporate tax provision	15,865	111,878
Add: taxes payable from previous year	98,639	11,405
Less: corporation taxes paid during the year	(111,480)	(24,644)
Current tax liabilities	**3,024**	**98,639**

12. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax (CIT) rate at 31 December 2020 is 22% (31 December 2019: 22%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In accordance with the Law No. 7061 which is published on 5 December 2018 in the official gazette numbered 30261, the rate of the Corporate Tax, which is 20% according to the provisional article 10 added to the Corporate Tax Law (KVK), will be applied as 22% in 2018, 2019 and 2020 for all the taxpayers. The tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses. A new corporate tax treatment, which entered into effect as from 1 January 2018, has been introduced in Georgia. According to the new rule, the corporate tax liability will raise when the profit is distributed. There is no change on the corporate tax rate.

Tunisia

Tunisian corporate income tax is levied at a rate of 15% on income less deductible expenses (31 December 2019: 25%).

Macedonia

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses as from 2014 onwards (including determination of 2014 CIT). Losses can be carried forward for 3 years provided that the accumulated accounting losses are covered by the accumulated profits.

Latvia

Latvian corporate income is levied at a rate of 20% on income less deductible expenses as of 2019. (As the taxable base must be divided by a coefficient of 0.8, the effective tax rate is 25%). According to the new rule, the corporate tax liability will raise when the profit is distributed.

Germany

German corporate income is levied at a rate of 15% on income less deductible expenses. However municipalities impose a trade tax on income. Taking into account the various municipality multipliers, the combined average tax rate for corporations ranges from approximately 23% to 33%.

Kenya

Effective April 2020, the current rate of corporate tax is 25% for resident companies. It was 30% in the beginning of 2020. It is not clear whether this rate will be permanent or only a temporary measure as a response to Covid-19.

United States

American federal corporate income tax is levied at a rate of 21% on income less deductible expenses.

12. TAX EXPENSE (continued)

Corporate tax (continued):

Saudi Arabia

Under the Saudi Arabian tax and zakat regulations, tax / zakat status of a resident company is determined based on the nationality of its shareholders. TAV IT Saudi's all shareholders are incorporated outside GCC. So, it is subject to income tax at 20% over the gross income less allowable expenses under the law (the adjusted net profit for the year). Tax losses can be carried forward indefinitely in Saudi Arabia. However, maximum limit of the brought forward loss that can be deducted from the taxable profit for the year is 25% of the taxable profit.

Oman

Omani corporate income tax is levied at a rate of 15% on income less deductible expenses.

Chile

In the Chile, due to the tax reform as of year 2018 there are two income tax systems which are elective for tax payers (where certain requirements satisfied):

Attributed income system (AIS): Corporate tax rate is 25% for entities subject to the AIS. Also, there is additional WHT of %35 regardless of whether a dividend was effectively distributed or not, with a 100% tax credit for the FCT paid at the attributing entity's level. Total tax burden is %35 for this system.

Partially integrated system (PIS): Corporate tax rate is 25,5% for entities subject to the PIS in 2018 and 27% in 2018. Also, there is additional WHT of %35 final taxes upon effective distribution of profits, with a tax credit of 65% of the FCT paid at the entity level. Total tax burden is %44,45 for this system.

France

France corporate income tax is levied at a rate of 33,3% on income less deductible expenses.

Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses.

Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses.

Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses.

Argentina

Argentina corporate income tax is levied at a rate of 30% on income less deductible expenses.

Colombia

Colombia corporate income tax is levied at a rate of 33% on income less deductible expenses.

Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses.

Kazakhstan

Kazakhstan corporate income tax is levied at a rate of 20% on income less deductible expenses.

12. TAX EXPENSE (continued)

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no. 26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three year time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other hand, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no. 5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no. 2 of the Article 15 of the Law no. 5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no. 27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

The Article 5 of the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010 regulated the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the Article no.2 of the Law no. 5479. According to the Law no. 6009, the taxpayers were allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479, up to 25% of the taxable income of the respective tax period. Such change is effective including the fiscal year ending on 31 December 2011.

However, on 9 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009 and stay of execution of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012. Accordingly, taxpayers are allowed to benefit from the investment incentive without any limitation. The annulment of the article was promulgated in the Official Gazette no. 28719 dated 26 July 2013.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Where there is a tax treaty between Turkey and the country of the dividend recipient is a resident taxpayer, the applicable rate might be less than the local rate. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

13. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2019	**961**	**22,099**	**94,635**	**45,289**	**62,999**	**311,233**	**4,560**	**541,776**
Effect of movements in exchange rates	(77)	(713)	(258)	(5)	(965)	(2,746)	37	(4,727)
Additions (*)	-	1,393	9,694	5,961	8,331	21,702	18,519	65,600
Disposals	-	-	(2,281)	(2,894)	(7,550)	(225,864)	(61)	(238,650)
Transfers (**)	-	-	397	-	(1,542)	15,409	(17,226)	(2,962)
Acquisitions through business combinations	-	-	353	53	7,806	2,423	-	10,635
Balance at 31 December 2019	**884**	**22,779**	**102,540**	**48,404**	**69,079**	**122,157**	**5,829**	**371,672**
Balance at 1 January 2020	**884**	**22,779**	**102,540**	**48,404**	**69,079**	**122,157**	**5,829**	**371,672**
Effect of movements in exchange rates	(148)	(4,136)	(1,566)	(1,462)	(5,381)	(9,093)	(2,342)	(24,128)
Additions (*)	-	7	2,507	485	3,459	4,083	19,639	30,180
Disposals	-	-	(3,665)	(15,541)	(2,078)	(2,818)	(32)	(24,134)
Transfers (**)	(613)	1,137	3,290	(42)	(9,204)	6,531	(3,650)	(2,551)
Balance at 31 December 2020	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**

(*) There is no capitalised borrowing cost on property and equipment during 2020 (31 December 2019: None). In year 2020, additions to property and equipment has not been purchased by financial leasing (31 December 2019: None).

(**) Transfer amounting to EUR 2,578 comprises transfer to airport operation right and transfer amounting to EUR 27 comprises transfer from intangible assets as at 31 December 2020 (31 December 2019: (EUR 2,962) comprises transfer from airport operation right).

13. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2019	**-**	**487**	**61,089**	**18,305**	**32,781**	**197,778**	**-**	**310,440**
Effect of movements in exchange rates	-	(45)	(196)	(89)	(2,091)	125	-	(2,296)
Depreciation for the year	-	455	4,843	5,311	6,887	66,645	-	84,141
Disposals	-	-	(2,032)	(1,374)	(7,219)	(223,537)	-	(234,162)
Acquisitions through business combinations	-	-	220	39	5,863	1,698	-	7,820
Balance at 31 December 2019	**-**	**897**	**63,924**	**22,192**	**36,221**	**42,709**	**-**	**165,943**
Balance at 1 January 2020	**-**	**897**	**63,924**	**22,192**	**36,221**	**42,709**	**-**	**165,943**
Effect of movements in exchange rates	-	(267)	(1,015)	(1,079)	(3,859)	(4,303)	-	(10,523)
Depreciation for the year	-	567	5,405	2,206	6,184	12,189	-	26,551
Disposals	-	-	(3,432)	(7,668)	(1,879)	(2,166)	-	(15,145)
Impairment losses	-	-	1,601	-	-	-	-	1,601
Transfers	-	-	626	-	(5,013)	4,629	-	242
Balance at 31 December 2020	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Carrying amounts								
At 31 December 2019	**884**	**21,882**	**38,616**	**26,212**	**32,858**	**79,448**	**5,829**	**205,729**
At 31 December 2020	**123**	**18,590**	**35,997**	**16,193**	**24,221**	**67,802**	**19,444**	**182,370**

14. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMİ license	Total
Cost					
Balance at 1 January 2019	**23,529**	**4,149**	**26,269**	**5,324**	**59,271**
Effect of movements in exchange rates	(374)	104	(238)	-	(508)
Additions	1,758	-	-	-	1,758
Disposals	(4,206)	-	-	-	(4,206)
Acquisitions through business combinations	3,654	-	2,047	-	5,701
Balance at 31 December 2019	**24,361**	**4,253**	**28,078**	**5,324**	**62,016**
Balance at 1 January 2020	**24,361**	**4,253**	**28,078**	**5,324**	**62,016**
Effect of movements in exchange rates	(1,602)	(626)	(73)	-	(2,301)
Additions	1,259	-	-	-	1,259
Disposals	(253)	-	-	-	(253)
Transfers	(3,275)	3,248	-	-	(27)
Balance at 31 December 2020	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Accumulated amortisation					
Balance at 1 January 2019	**18,292**	**3,837**	**26,153**	**-**	**48,282**
Effect of movements in exchange rates	(154)	96	(219)	-	(277)
Amortisation for the year	2,212	320	288	-	2,820
Disposals	(4,102)	-	-	-	(4,102)
Acquisitions through business combinations	1,704	-	-	-	1,704
Balance at 31 December 2019	**17,952**	**4,253**	**26,222**	**-**	**48,427**
Balance at 1 January 2020	**17,952**	**4,253**	**26,222**	**-**	**48,427**
Effect of movements in exchange rates	(880)	(821)	(71)	-	(1,772)
Amortisation for the year	2,081	468	268	-	2,817
Disposals	(228)	-	-	-	(228)
Transfers	(1,684)	1,442	-	-	(242)
Balance at 31 December 2020	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Carrying amounts					
At 31 December 2019	**6,409**	**-**	**1,856**	**5,324**	**13,589**
At 31 December 2020	**3,249**	**1,533**	**1,586**	**5,324**	**11,692**

(*) Transfer amounting to EUR 27 comprises transfer to airport operation right as at 31 December 2020 (31 December 2019: None).

14. INTANGIBLE ASSETS (continued)

DHMİ licenses acquired through the purchase of HAVAŞ shares in years 2005 and 2007 were recognised with indefinite useful lives since there is no foreseeable limit to the period over which they are expected to generate net cash inflows. The useful life of DHMİ license associated with the acquisition of HAVAŞ was deemed indefinite since;

- without these licenses ground handling companies could not operate,
- it is difficult to obtain the licence, which requires high pre-operational costs and procurement of workforce and equipment required to deliver ground handling services
- the continuity of the license requires low annual payments compared to initial license cost.

The replacement cost method was used in order to determine the fair value of the DHMİ licences for impairment testing. As a result of the impairment testing no impairment was recognized.

Goodwill

An analysis of goodwill as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Balance at 1 January	137,688	135,980
Addition during the year	-	1,774
Effect of movements in exchange rates	(112)	(66)
Disposals	(521)	-
Balance at the end of the year	**137,055**	**137,688**

Goodwill is related with the CGU's HAVAŞ, TAV Tbilisi and GIS Spain as at 31 December 2020 (31 December 2019: HAVAŞ, TAV Tbilisi and GIS Spain).

Impairment testing for CGU's

For the purpose of impairment testing, goodwill is allocated to CGU's. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	31 December 2020	31 December 2019
HAVAŞ	131,565	131,565
TAV Tbilisi	3,858	3,858
GIS Spain	1,094	1,094
Other	538	1,171
	137,055	**137,688**

A valuation for the fair values of HAVAŞ, TAV Tbilisi and GIS Spain as three separate CGU's was performed by an independent valuation expert. The income and market approaches were used to determine the fair values of HAVAŞ, TAV Tbilisi and GIS Spain. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the value of HAVAŞ, TAV Tbilisi and GIS Spain resulting from the Guideline Transaction and Company methods.

14. INTANGIBLE ASSETS (continued)

Impairment testing for CGU's (continued)

25-year business plan prepared by the management for HAVAŞ, 13-year business plan prepared by the management for TAV Tbilisi and 7-year business plan prepared by the management for GIS Spain were used in the valuation of companies. The growth in business plan of HAVAŞ, TAV Tbilisi and GIS Spain is driven by the opportunities in companies' businesses and addition of new customers.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised for HAVAŞ, TAV Tbilisi and GIS Spain as at 31 December 2020.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates and terminal growth rates. These assumptions are as follows:

	31 December 2020	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	15.8%	2.0%
TAV Tbilisi	21.5%	-
GIS Spain	13.0%	2.0%

	31 December 2019	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	15.8%	2.0%
TAV Tbilisi	21.5%	-
GIS Spain	13.0%	2.0%

Discount rate

The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the companies.

Terminal growth rate for HAVAŞ is determined as 2.0% and GIS Spain as 2.0%. Since TAV Tbilisi has a limited life, terminal growth rate is not used in the valuation.

Market Approach

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the subject company's industry. These derived multiples are then applied to the appropriate operating data of the subject company to arrive at an indication of fair market value. Guideline Company Method focuses on comparing the subject company to guideline publicly-traded companies.

15. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Total
Cost							
Balance at 1 January 2019	**773,654**	**109,517**	**516,555**	**45,700**	**86,736**	**490,463**	**2,022,625**
Effect of movements in exchange rates	-	(4,715)	-	-	-	-	(4,715)
Additions (*)	-	-	78,933	-	-	-	78,933
Transfers	2,962	-	-	-	-	-	2,962
Balance at 31 December 2019	**776,616**	**104,802**	**595,488**	**45,700**	**86,736**	**490,463**	**2,099,805**
Balance at 1 January 2020	**776,616**	**104,802**	**595,488**	**45,700**	**86,736**	**490,463**	**2,099,805**
Effect of movements in exchange rates	-	(21,422)	-	-	-	-	(21,422)
Additions (*)	3,218	-	-	2,498	45,701	-	51,417
Transfers (**)	-	-	-	-	(360)	2,938	2,578
Balance at 31 December 2020	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**2,132,378**

(*) There is no capitalised borrowing cost on airport operation right during 2020 (31 December 2019: None).
(**) Transfer amounting to EUR 2,578 comprises transfer from property and equipment as at 31 December 2020 (31 December 2019: EUR 2,962).

15. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Total
Accumulated amortisation							
Balance at 1 January 2019	**192,035**	**46,091**	**122,465**	**10,370**	**33,084**	**52,029**	**456,074**
Effect of movements in exchange rates	-	(2,031)	-	-	-	-	(2,031)
Amortisation for the year	27,784	5,516	12,845	1,104	4,225	12,431	63,905
Balance at 31 December 2019	**219,819**	**49,576**	**135,310**	**11,474**	**37,309**	**64,460**	**517,948**
Balance at 1 January 2020	**219,819**	**49,576**	**135,310**	**11,474**	**37,309**	**64,460**	**517,948**
Effect of movements in exchange rates	-	(10,222)	-	-	-	-	(10,222)
Amortisation for the year	12,709	1,117	1,025	398	1,061	4,204	20,514
Impairment losses (*)	-	-	20,000	-	-	15,000	35,000
Balance at 31 December 2020	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**563,240**
Carrying amounts							
At 31 December 2019	**556,797**	**55,226**	**460,178**	**34,226**	**49,427**	**426,003**	**1,581,857**
At 31 December 2020	**547,306**	**42,909**	**439,153**	**36,326**	**93,707**	**409,737**	**1,569,138**

(*) Estimations used for impairment testing are disclosed in Note 2.d.

16. RIGHT OF USE ASSETS

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other tangible assets**	**Total**	**Lease liabilities**
1 January 2020	46,090	11,697	845	-	58,632	59,699
Additions	4,771	15,211	626	648	21,256	17,776
Depreciation expense	(4,234)	(4,912)	(513)	(85)	(9,744)	-
Interest expense	-	-	-	-	-	5,219
Disposals	(1,335)	(49)	(329)	-	(1,713)	-
Payments	-	-	-	-	-	(12,087)
Effect of movements in exchange rates	-	(2,359)	(61)	(69)	(2,489)	(2,848)
31 December 2020	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,759**
Lease liabilities under IAS 17	-	-	-	-	-	**13**
Total	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,772**

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other Tangible Assets**	**Total**	**Lease liabilities**
1 January 2019	6,765	5,986	1,133	-	13,884	13,884
Additions	42,106	7,544	581	-	50,231	48,896
Depreciation expense	(2,781)	(1,526)	(869)	-	(5,176)	-
Interest expense	-	-	-	-	-	4,402
Payments	-	-	-	-	-	(7,861)
Effect of movements in exchange rates	-	(307)	-	-	(307)	378
31 December 2019	**46,090**	**11,697**	**845**	**-**	**58,632**	**59,699**
Lease liabilities under IAS 17	-	-	-	-	-	**9,819**
Total	**46,090**	**11,697**	**845**	**-**	**58,632**	**69,518**

The Group, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

17. FINANCIAL ASSETS

At 31 December 2020 and 31 December 2019, financial assets comprised the following:

	31 December 2020	**31 December 2019**
Treasury bonds (*)	50,000	**-**
	50,000	**-**

(*) The bond have been obtained on 27 May 2020 having a due date of 27 May 2021, with a gross annual rate of 2.52% and having coupon payments in every six months. The bond is in Euro currency.

18. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

The tax rate has changed from 20% since 1 January, 2018 within 3 years (in 2018, 2019 and 2020) in Turkey, due to this change 22% tax rate is used for temporary differences expected to close. However, since the corporate tax rate is 20% after 2020, %20 tax rate is used after 2020.

The rate of 15% for subsidiaries in Tunisia (31 December 2019: 25%) and the rate of 10% for subsidiaries in Macedonia (31 December 2019: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 December 2020 and 2019, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property and equipment, airport operation right, and intangible assets	-	2,887	(28,425)	(28,849)	(28,425)	(25,962)
Trade and other receivables and payables	2,643	3,067	-	(839)	2,643	2,228
Derivatives	6,910	7,155	-	-	6,910	7,155
Tax loss carry-forwards	16,348	-	-	-	16,348	-
Loans and borrowings	-	-	(1,745)	(2,922)	(1,745)	(2,922)
Reserve for employee severance indemnity	1,977	2,556	-	-	1,977	2,556
Provisions	805	627	-	-	805	627
Investment incentives	15,613	21,982	-	-	15,613	21,982
IFRS 16 Liabilities	11,427	11,746	-	-	11,427	11,746
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(8,837)	(9,108)	(8,837)	(9,108)
Other items	3,267	-	(1,070)	(2,398)	2,197	(2,398)
Deferred tax assets / (liabilities)	**58,990**	**50,020**	**(40,077)**	**(44,116)**	**18,913**	**5,904**
Set-off of tax	(26,774)	(23,410)	26,774	23,410	-	-
Net deferred tax assets / (liabilities)	**32,216**	**26,610**	**(13,303)**	**(20,706)**	**18,913**	**5,904**

18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the year

	Balance at 31 December 2018	Recognised in profit or loss	Effect of acquisition	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2020
Property and equipment, airport operation right and other intangible assets	(23,858)	(6,265)	(47)	-	(1,067)	5,275	(25,962)	(4,907)	-	2,428	16	(28,425)
Trade and other receivables and payables	93	1,490	-	-	1	644	2,228	1,194	-	17	(796)	2,643
Derivatives	5,911	-	-	1,363	(2)	(117)	7,155	-	(223)	(22)	-	6,910
Loans and borrowings	(1,966)	(955)	-	-	(1)	-	(2,922)	1,192	-	(15)	-	(1,745)
Reserve for employee severance indemnity	4,470	(1,314)	97	1,583	181	(2,461)	2,556	(280)	(68)	(180)	(51)	1,977
Provisions	883	(79)	17	-	(8)	(186)	627	250	-	(48)	(24)	805
Tax loss carry-forwards	-	-	-	-	-	-	-	16,712	-	(364)	-	16,348
Investment incentives	28,667	(6,685)	-	-	-	-	21,982	(6,369)	-	-	-	15,613
IFRS 16 liabilities	-	10,583	-	-	1,163	-	11,746	190	-	(509)	-	11,427
Provision for tax	-	(9,108)	-	-	-	-	(9,108)	271	-	-	-	(8,837)
Other items	2,423	(3,842)	(499)	-	797	(1,277)	(2,398)	2,871	-	1,724	-	2,197
Tax assets / (liabilities)	**16,623**	**(16,175)**	**(432)**	**2,946**	**1,064**	**1,878**	**5,904**	**11,124**	**(291)**	**3,031**	**(855)**	**18,913**

18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 386,530 (31 December 2019: EUR 325,127) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation adopted in Turkey. Deferred tax asset related with the tax losses is recognised as at 31 December 2020 amounting to EUR 16,348 (31 December 2019: not recognised), since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years. Total unused tax loss carry forwards will expire as follows:

	31 December 2020	31 December 2019
Expire in year 2020	-	32,659
Expire in year 2021	24,835	28,151
Expire in year 2022	50,040	55,128
Expire in year 2023	85,741	120,856
Expire in year 2024 and after	225,914	88,333
Total	**386,530**	**325,127**

As per the annulment decision of the Turkish Constitutional Court (see Note 12) in 2012, TAV Esenboğa and TAV Ege, consolidated subsidiaries of the Group, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting to EUR 15,613 (31 December 2019: EUR 21,982) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2020 since it is assessed as probable that TAV Esenboğa and TAV Ege will use their right of deducting investment allowances from their corporate income after deducting carry forward tax losses to the extent that sufficient future taxable profits will be available till the end of their concession periods.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets related to tax-loss carry forwards as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Unrecognised deferred tax assets	64,266	77,390
	64,266	**77,390**

Deferred tax assets have not been recognised in respect of the tax loss carry forwards where it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from till the end of concession periods.

As at 31 December 2020, a deferred tax liability of EUR 181,487 (31 December 2019: EUR 140,523) related to investments in subsidiaries and joint ventures was not recognised since it is not assessed as probable that the temporary difference will reverse in the foreseeable future.

19. INVENTORIES

At 31 December 2020 and 2019, inventories comprised the following:

	31 December 2020	31 December 2019
Spare parts and other inventories	5,430	6,214
Catering inventories	1,697	2,725
	7,127	**8,939**

20. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2020 and 2019, other receivables and current assets comprised the following:

Other receivables and current assets	31 December 2020	31 December 2019
Advances to suppliers	36,170	8,407
Income accruals	21,442	7,864
VAT deductible	14,440	17,421
Prepaid taxes and funds	10,365	28,118
Other prepaid expense	7,789	4,979
Deposits and guarantees given	1,667	1,682
Prepaid insurance	1,090	1,889
Advances given to personnel	969	613
Other receivables (*)	201,242	202,197
	295,174	**273,170**

(*) EUR 195,041 of the other receivables is related with the current portion of compensation payment of TAV İstanbul which is disclosed in Note 33.

At 31 December 2020 and 2019, other receivables and current assets comprised the following:

Other non-current assets	31 December 2020	31 December 2019
Financial assets (*)	74,824	77,270
Other non-current receivables (**)	26,476	218,304
	101,300	**295,574**

(*) Amount related to 15 years (3+3+3+3+3) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

(**) EUR 192,230 of the other non-current receivables as of 31 December 2019 is related with the non-current portion of compensation payment of TAV İstanbul.

21. TRADE RECEIVABLES

At 31 December 2020 and 2019, trade receivables comprised the following:

Trade receivables:	31 December 2020	31 December 2019
Trade receivables (*)	47,470	90,823
Guaranteed passenger fee receivable from DHMİ (**)	23,489	22,371
Doubtful receivables	30,194	20,785
Allowance for doubtful receivables (-)	(30,194)	(20,785)
Notes receivables	2,505	2,962
	73,464	**116,156**

Allowance for doubtful receivables has been determined by reference to past default experience.

(*) Pledges on trade receivables are disclosed in Note 26 and Note 34.

(**) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

21. TRADE RECEIVABLES (continued)

At 31 December 2020 and 2019, trade receivables comprised the following:

Non-current trade receivables:	31 December 2020	31 December 2019
Guaranteed passenger fee receivable from DHMİ (*)	31,224	49,738
	31,224	**49,738**

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

22. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2019, cash and cash equivalents comprised the following:

	31 December 2020	31 December 2019
Cash on hand	420	814
Cash at banks		
- Demand deposits	345,794	70,088
- Time deposits	240,289	512,677
Other liquid assets	17,795	230
Cash and cash equivalents	**604,298**	**583,809**
Bank overdrafts used for cash management purposes	(387)	(1,380)
Cash and cash equivalents in the statement of cash flows	**603,911**	**582,429**

The details of the Group's time deposits, maturities and interest rates as at 31 December 2020 and 2019 are as follows:

31 December 2020

Original Currency	Maturity	Interest rate %	Balance
USD	February 2021	0.01 – 2.50	135,993
EUR	January 2021	0.01 – 2.30	100,127
TRL	January 2021	0.01 – 18.50	4,169
			240,289

31 December 2019

Original Currency	Maturity	Interest rate %	Balance
EUR	January 2020	0.01 – 0.75	433,015
USD	January 2020	0.01 – 2.35	71,794
TRL	January 2020	6.50 – 11.90	7,868
			512,677

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 33.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 December 2020 and 2019.

23. RESTRICTED BANK BALANCES

At 31 December 2020 and 2019, restricted bank balances comprised the following:

	31 December 2020	31 December 2019
Project reserve and funding accounts (*)	24,656	69,033
	24,656	**69,033**

(*) Certain subsidiaries, namely TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege ("the Borrowers") opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2019: TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding). As a result of pledges regarding the project bank loans as explained in Note 26, all cash except for cash on hand are classified in these accounts for TAV Esenboğa, TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

31 December 2020

Original Currency	Interest rate %	Balance
EUR	0.50	22,680
USD	1.25	1,055
TRL	15.50	864
Other		57
		24,656

31 December 2019

Original Currency	Interest rate %	Balance
EUR	0.05 – 1.50	64,420
TRL	10.10 – 10.75	3,660
USD	1.00 – 1.85	743
Other		210
		69,033

24. CAPITAL AND RESERVES

At 31 December 2020 and 2019, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 December 2020
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2020		40,329
Effect of non-cash increases and exchange rates		122,055
Paid in capital EUR		**162,384**

Shareholders	(%)	31 December 2019
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2019		54,624
Effect of non-cash increases and exchange rates		107,760
Paid in capital EUR		**162,384**

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2020 (31 December 2019: 363,281,250 shares amounting to TRL 363,281).

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2020, legal reserves of the Group amounted to EUR 121,975 (31 December 2019: EUR 121,975).

24. CAPITAL AND RESERVES (continued)

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 December 2020 and 2019 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively EUR 11,906 liability and EUR 9,711 asset. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements. As at 31 December 2020 and 2019, profit amounts attributable to non-controlling interests in the consolidated statement of comprehensive income are respectively EUR 3,531 loss and EUR 8,093 gain.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, 50% distribution rate has been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

In 2020, the Company distributed dividends to the shareholders amounting to EUR 55,644 (TRL 392,491) from the Company's distributable profits computed for 2019 (2019: EUR 121,469 (TRL 757.587)). Dividend per share is full EUR 0.15 (full TRL 1.08) (2019: EUR 0.33 (full TRL 2.09)).

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the revaluation of intangible assets acquired in a business combination until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchases of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognised directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

24. CAPITAL AND RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury reserves

Group's buyback transactions have reached 2,047,331 shares in 2020 (2019: None). With buyback of own shares, the Group has recognized a reserve of EUR 4,282 under equity as treasury shares reserve.

Other reserves

Other reserve comprises all gain or loss realized on sale or purchase of non-controlling interest without a change in control in a subsidiary.

25. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2020 was based on the loss from continued operations attributable to ordinary shareholders of EUR (278,134) (31 December 2019: EUR 98,297), based on the profit from discontinued operations attributable to ordinary shareholders of EUR (6,783) (31 December 2019: EUR 299,670) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 December 2019: 363,281,250) as follows:

	2020	2019
Numerator:		
Profit for the period attributable to owners of the Company from continued operations	(278,134)	73,434
Profit for the period attributable to owners of the Company from discontinued operations	(6,783)	299,670
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic and diluted profit per share for continued operations (full EUR)	**(0.77)**	**0.20**
Basic and diluted profit per share for discontinued operations (full EUR)	**(0.02)**	**0.82**

	2020	2019
Issued ordinary shares at 1 January	363,281,250	363,281,250
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**

26. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 33.

	31 December 2020	31 December 2019
Non-current liabilities		
Secured bank loans (*)	451,821	548,346
Unsecured bank loans	107,776	21,237
Lease liabilities	60,402	63,813
	619,999	**633,396**
Current liabilities		
Short term secured bank loans	569,973	373,551
Current portion of long term secured bank loans (*)	106,191	128,054
Short term unsecured bank loans	16,779	10,155
Current portion of long term unsecured bank loans	12,050	9,351
Current portion of long term lease liabilities	7,370	5,705
	712,363	**526,816**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Bank loans	1,264,590	1,090,694
Lease liabilities	67,772	69,518
	1,332,362	**1,160,212**

The Group's bank loans as at 31 December 2020 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia (*)	361,684	-	361,684
TAV Ege	24,096	195,225	219,321
TAV İstanbul	175,245	-	175,245
TAV Milas Bodrum	12,460	116,916	129,376
HAVAŞ	42,267	71,876	114,143
TAV Esenboğa	28,922	31,215	60,137
BTA	19,544	23,666	43,210
TAV Macedonia	7,878	28,402	36,280
TAV Gazipaşa	13,195	-	13,195
Other	19,702	92,297	111,999
	704,993	**559,597**	**1,264,590**

26. LOANS AND BORROWINGS (continued)

(*) TAV Tunisia had started negotiations with the Tunisian Authorities and the Lenders regarding a potential restructuring to restore the economic balance of the concession in line with the Concession Agreement terms. In the meantime, Tunisia has suffered from major terrorist attacks on 18 March 2015 and 26 June 2015, which had a substantial negative impact on tourism and passenger traffic, which in turn negatively affected the revenues of TAV Tunisia. Passenger traffic has dropped from 3.3 million in 2014 to 1.4 million in 2015 and increased to 1.7 million in 2017, to 2.5 million in 2018 and to 3.0 million in 2019. Under these adverse circumstances, TAV Tunisia continued to be engaged in negotiations with the Tunisian Authorities and its Lenders for the restructuring of its concession and financing arrangements.

In the meantime, since TAV Tunisia has been in breach of its financing agreements due to its current difficulties, non-current loan liabilities of TAV Tunisia were reclassified to current loan liabilities on 30 June 2015 and the amount outstanding as of 31 December 2020 is EUR 361,684 thousand (included interest accrual). TAV Tunisia received an Acceleration Notice from the Lenders accompanied by a Letter of Intent stating that the Lenders' current intention is to protect their security rights while continuing the three-party negotiations towards a restructuring and they do not intend to make the loans due and payable.

Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 41,043 thousand becoming due and payable (December 2019: EUR 64,080). The Company had been advised by its legal counsels that under the Finance Documents the Hedging Banks cannot act alone in demanding these payments.

In order to restore the economic balance of the concessions, negotiations regarding concession restructuring and debt restructuring were continuing with the Tunisian Authorities and Lenders. As of today:

- Restructuring of the concessions has been agreed and amendments to the Concession Agreements have been signed with the Tunisian Authorities on 6 November 2019. These amendments mainly include adjusting concession fee rates based on certain passenger traffic thresholds and restructuring historical concession fee payments as 1,200 EUR yearly payments until the end of the concessions.

- A Restructuring Implementation Agreement and Amendments to Finance Documents have been signed with Lenders. Adjustments were made in the refinancing due to effect of Covid-19, but there is no major change to principal terms. Restructuring Implementation Agreement including the recent adjustments has received the preliminary approval from Tunisian Central Bank. The management believes that all critical steps of the debt restructuring have been completed and Financial Close of the transaction is expected to take place by the beginning of 2021, further to the satisfaction of a number of conditions precedents.

The Group's bank loans as at 31 December 2019 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV Tunisia (*)	365,704	-	365,704
TAV Ege	18,631	207,870	226,501
HAVAŞ	35,256	104,399	139,655
TAV Milas Bodrum	11,493	124,044	135,537
TAV Esenboğa	26,445	57,951	84,396
TAV Macedonia	7,883	34,643	42,526
BTA	12,967	19,135	32,102
TAV Gazipaşa	23,677	-	23,677
Other	19,055	21,541	40,596
	521,111	**569,583**	**1,090,694**

26. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	704,993	521,111
In the second year	185,139	123,342
In the third year	120,727	138,526
In the fourth year	57,614	70,285
In the fifth year	48,584	50,547
After five years	147,533	186,883
	1,264,590	**1,090,694**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 31 December 2020 are between 0.75% - 5.50%, USD denominated loans as at 31 December 2020 are between 0.90% - 3.00% (31 December 2019: Spreads for EUR and USD denominated loans are between 0.95% - 5.50%, respectively).

Interest payments of 98%, 100%, 100%, 100% and 90% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Milas Bodrum respectively are fixed with interest rate swaps as explained in Note 32.

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Esenboğa, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

Details of the loans are summarised for each project below:

TAV Tunisia

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	152,009	166,149
Secured bank loan	EUR	2022	Euribor + 1.90%	84,429	91,435
Secured bank loan	EUR	2028	Euribor + 1.26%	63,707	67,294
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950	36,806
				330,095	**361,684**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	152,902	163,750
Secured bank loan	EUR	2022	Euribor + 1.90%	92,336	98,888
Secured bank loan	EUR	2028	Euribor + 1.54%	61,879	66,270
Secured bank loan	EUR	2028	Euribor + 4.75%	34,359	36,796
				341,476	**365,704**

	31 December 2020	31 December 2019
On demand or within one year	361,684	365,704
	361,684	**365,704**

26. LOANS AND BORROWINGS (continued)

TAV Ege

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	219,227	219,321
				219,227	**219,321**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	233,561	226,501
				233,561	**226,501**

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	24,096	18,631
In the second year	26,410	23,349
In the third year	29,485	25,536
In the fourth year	32,477	28,371
In the fifth year	32,765	31,002
After five years	74,088	99,612
	219,321	**226,501**

TAV İstanbul

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021	0.40%	175,000	175,245
				175,000	**175,245**

Redemption schedules of TAV İstanbul bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	175,245	-
	175,245	**-**

26. LOANS AND BORROWINGS (continued)

TAV Milas Bodrum

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor + 4.50%	129,360	129,376
				129,360	**129,376**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor + 4.50%	135,537	135,537
				135,537	**135,537**

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	12,460	11,493
In the second year	11,664	12,223
In the third year	10,823	11,508
In the fourth year	12,232	10,683
In the fifth year	12,252	11,979
After five years	69,945	77,651
	129,376	**135,537**

HAVAŞ

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2023	2.35% - 2.95%	94,019	94,241
Secured bank loan	EUR	2023	Euribor + 2.30%	19,889	19,902
				113,908	**114,143**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2020 - 2023	2.75% - 3.35%	111,616	111,792
Secured bank loan	EUR	2023	Euribor + 2.70%	27,844	27,863
				139,460	**139,655**

Redemption schedules of the HAVAŞ bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	42,267	35,256
In the second year	12,874	29,184
In the third year	59,002	51,805
In the fourth year	-	23,410
	114,143	**139,655**

26. LOANS AND BORROWINGS (continued)

TAV Esenboğa

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	61,050	60,137
				61,050	**60,137**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	85,800	84,396
				85,800	**84,396**

Redemption schedules of TAV Esenboğa bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	28,922	26,445
In the second year	31,215	26,941
In the third year	-	31,010
	60,137	**84,396**

BTA

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2024	2,25% - 3,95%	21,637	21,658
Unsecured bank loan	USD	2022 – 2023	5,00% - 6,10%	7,539	7,565
Unsecured bank loan	EUR	2021	1,21%	5,250	5,266
Secured bank loan	USD	2023 – 2024	5,20% - 5,76%	3,337	3,347
Unsecured bank loan	TL	2021-2023	9,25% - 11,88%	3,143	3,151
Secured bank loan	TL	2023-2024	14,50% - 18,00%	2,206	2,223
				43,112	**43,210**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2020 - 2024	2,90% - 3,35%	20,313	20,323
Unsecured bank loan	USD	2022 - 2023	5,76% - 6,10%	9,332	9,371
Secured bank loan	USD	2024	5,20%	1,791	1,794
Unsecured bank loan	TL	2020	24,00%	602	614
				32,038	**32,102**

Redemption schedules of BTA bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	19,544	12,967
In the second year	8,270	10,582
In the third year	13,973	5,773
In the fourth year	1,423	2,780
	43,210	**32,102**

26. LOANS AND BORROWINGS (continued)

TAV Macedonia

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	36,270	36,280
				36,270	**36,280**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	43,384	42,526
				43,384	**42,526**

Redemption schedules of TAV Macedonia bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	7,878	7,883
In the second year	7,540	7,532
In the third year	3,666	7,217
In the fourth year	10,527	3,503
In the fifth year	3,366	6,771
After five years	3,303	9,620
	36,280	**42,526**

TAV Gazipaşa

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021	3.90% - 4.75%	13,000	13,195
				13,000	**13,195**

The breakdown of bank loans as at 31 December 2019 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2020	4.10% - 4.50%	23,500	23,677
				23,500	**23,677**

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
On demand or within one year	13,195	23,677
	13,195	**23,677**

26. LOANS AND BORROWINGS (continued)

Pledges

Pledges regarding the project bank loans of TAV Esenboğa TAV Ege and TAV Milas Bodrum:

a) Share pledge: TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over shares amounting to, TRL 96,660, TRL 648,988 and TRL 973,345 respectively (31 December 2019: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 442,859 respectively). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies (disclosed as the Borrowers in Note 23) in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledged their receivables amounting to EUR 6,136, EUR 1,423 and EUR 4,271 respectively as at 31 December 2020 (31 December 2019: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 30,375, EUR 2,396 and EUR 6,714 respectively).

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over bank accounts amounting to EUR 2,536, EUR 4,063 and EUR 4,117 respectively as at 31 December 2020 (31 December 2019: For TAV Esenboğa, TAV Milas Bodrum, TAV Ege and TAV Holding EUR 2,974, EUR 2,746, EUR 35,929 and EUR 10,000 respectively).

With the consent of the facility agent, TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to USD 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to USD 3,000 for the payment of tax and social security liabilities.

With the consent of the facility agent, TAV Ege has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 2,000 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 500 per guarantee or EUR 3,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities.

With the consent of the facility agent, TAV Milas Bodrum has a right to have an additional subordinated debt approved in advance by the Facility Agent,

- indebtedness up to EUR 3,000 for general corporate and working capital purposes,
- indebtedness up to EUR 700 per guarantee or EUR 5,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities,
- indebtedness up to EUR 200 for corporate credit cards, employee credit lines and direct debit system arrangements.

26. LOANS AND BORROWINGS (continued)

Pledges (continued)

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 1,170 (31 December 2019: EUR 2,858) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245,000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3,000 (up to 1 January 2020) and not exceeding EUR 5,000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

Distribution lock-up tests for TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Ege, TAV Milas Bodrum must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (except TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than, 1.30 for TAV Esenboğa, 1.20 for TAV Tunisia, 1.20 for TAV Macedonia and 1.30 for TAV Ege and 1.25 TAV Milas Bodrum
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Covenants

Certain financing agreements include technical default clauses in case of non-compliance with financial ratios. Financing agreements of TAV Esenboğa, TAV Milas Bodrum, TAV Ege and TAV Macedonia have covenants.

The Group provided waiver letters from lenders and there is no breach of financial agreements as at 31 December 2020.

26. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash flows		Non-cash changes		
	31 December 2019	Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	31 December 2020
Bank loans	1,090,694	(193,600)	321,168	-	46,328	1,264,590
Lease liabilities	69,518	(21,687)	-	22,995	(3,054)	67,772
Total financial liabilities	**1,160,212**	**(215,287)**	**321,168**	**22,995**	**43,274**	**1,332,362**

		Cash flows		Non-cash changes		
	31 December 2018	Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	31 December 2019
Bank loans	1,114,501	(120,815)	48,404	-	48,604	1,090,694
Lease liabilities	11,130	(9,794)	67,182	-	1,000	69,518
Total financial liabilities	**1,125,631**	**(130,609)**	**115,586**	**-**	**49,604**	**1,160,212**

27. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRL 7,117 as at 31 December 2020 (equivalent to full EUR 790) (31 December 2019: full TRL 6,380 (equivalent to full EUR 959)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2020 has been calculated assuming an annual inflation rate of 9.00% and a discount rate of 13.00% resulting in a real discount rate of approximately 3.54% (31 December 2019: an annual inflation rate of 8.20% and a discount rate of 11.70% resulting in a real discount rate of approximately 3.23%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2020	2019
Balance at 1 January	**18,710**	**21,862**
Interest cost	1,506	1,720
Service cost	1,950	1,772
Payments made during the year	(1,409)	(14,526)
Effect of acquisition of subsidiary	-	486
Effects of changes in foreign exchange rate	(4,819)	(1,887)
Actuarial difference	(337)	9,283
Balance at 31 December	**15,601**	**18,710**

28. OTHER PAYABLES

At 31 December 2020 and 2019, other payables comprised the following:

Other short term payables	31 December 2020	31 December 2019
Concession payable (*)	118,682	90,019
Advances received	9,492	4,654
Expense accruals	8,563	13,292
Taxes and duties payable	7,588	11,637
Due to personnel	7,132	3,635
Social security premiums payable	2,725	3,840
Other accruals and liabilities	44,760	70,928
	198,942	**198,005**

Other long term payables	31 December 2020	31 December 2019
Concession payable (*)	587,391	579,426
Other accruals and liabilities (**)	51,346	20,267
	638,737	**599,693**

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 33.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concesion fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2015 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 301,097 as of 31 December 2020 (31 December 2019: EUR 284,803).

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 259,761 as of 31 December 2020 (31 December: 2019: EUR 274,453).

(**) EUR 49,859 of the other payables is related with the joint ventures that has negative net assets (31 December 2019: 17,052).

29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Deferred income		
Short-term deferred income	10,049	14,405
Long-term deferred income	15,264	16,952
	25,313	**31,357**

Deferred income related with the unearned portion of concession rent income from ATU is EUR 14,854 as at 31 December 2020 (EUR 15,846 as at 31 December 2019).

30. PROVISIONS

At 31 December 2020 and 2019, provisions comprised the following:

	31 December 2020	31 December 2019
Unused vacation provision	4,115	5,312
Other provisions	230	230
	4,345	**5,542**

Provisions	**2020**	**2019**
Balance at 1 January	**5,542**	**5,866**
Provision (released) / set during the year, net	(83)	225
Effects of change in foreign exchange rate	(1,114)	(549)
Balance at 31 December	**4,345**	**5,542**

31. TRADE PAYABLES

At 31 December 2020 and 2019, trade payables comprised the following:

	31 December 2020	31 December 2019
Trade payables	45,603	52,953
Other	165	2,579
	45,768	**55,532**

Trade payables mainly comprise payables outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 33.

32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2020 and 2019, derivative financial instruments comprised the following:

	31 December 2020		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(35,381)	(35,381)
	-	**(35,381)**	**(35,381)**

	31 December 2019		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(36,562)	(36,562)
	-	**(36,562)**	**(36,562)**

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 98% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2019: 100%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 90% of total loan is hedged through IRS contract (31 December 2019: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 41,043 becoming due and payable.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

The fair value of derivatives at 31 December is estimated at loss of EUR 35,381. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2020, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 5,691 net of tax.

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

33. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV Ege and TAV İşletme America use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 90%, 100%, 100%, 100%, 98% and 100% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed).

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 December 2020	31 December 2019
Cash and cash equivalents (**)	22	603,878	582,995
Other receivables and current assets (*)	20	195,041	192,641
Trade receivables - current	21	73,464	116,156
Financial assets	17	50,000	-
Due from related parties	35	32,338	28,843
Trade receivables - non-current	21	31,224	49,738
Restricted bank balances	23	24,656	69,033
Other non-current assets	20	-	192,230
		1,010,601	**1,231,636**

(*) Non-financial instruments such as VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

33. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	31 December 2020	31 December 2019
Not due	74,122	106,737
Past due 1 - 30 days	7,266	10,637
Past due 31 - 90 days	6,120	12,227
Past due 91 - 360 days	11,620	21,907
Past due 1 - 5 year	35,754	35,171
	134,882	**186,679**

The movements in the allowance for impairment in respect of trade receivables during the years ended 31 December were as follows:

	2020	2019
Balance at 1 January	**(20,785)**	**(15,113)**
Collections during the year	1,585	1,313
Impairment loss recognised	(12,552)	(7,262)
Effect of changes in foreign exchange rates	1,558	277
Balance at 31 December	**(30,194)**	**(20,785)**

Allowance for doubtful receivables is determined by reference to past default experience. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,127,985	(1,250,401)	(380,242)	(299,976)	(363,259)	(206,924)
Unsecured bank loans	136,605	(140,334)	(9,783)	(19,712)	(110,839)	-
Lease liabilities	67,772	(70,419)	(1,684)	(5,132)	(22,974)	(40,629)
Trade payables (*)	45,768	(45,768)	(43,027)	(2,741)	-	-
Due to related parties	307,265	(307,265)	-	(307,265)	-	-
Other payables (*)	828,187	(1,088,181)	(83,211)	(117,774)	(275,721)	(611,475)
Bank overdraft	387	(387)	(387)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	35,381	(46,623)	-	(10,787)	(28,587)	(7,249)
	2,549,350	**(2,949,378)**	**(518,334)**	**(763,387)**	**(801,380)**	**(866,277)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

31 December 2019

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,049,951	(1,203,239)	(390,284)	(116,468)	(419,506)	(276,981)
Unsecured bank loans	40,743	(53,312)	(4,985)	(19,149)	(29,178)	-
Lease liabilities	69,518	(69,786)	(1,543)	(3,539)	(25,842)	(38,862)
Trade payables (*)	52,953	(52,953)	(37,578)	(15,375)	-	-
Due to related parties	306,891	(306,891)	-	(998)	(305,893)	-
Other payables (*)	793,044	(1,084,307)	(70,678)	(140,405)	(291,075)	(582,149)
Bank overdraft	1,380	(1,380)	(1,380)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	36,562	(45,728)	-	(9,077)	(26,839)	(9,812)
	2,351,042	**(2,817,596)**	**(506,448)**	**(305,011)**	**(1,098,333)**	**(907,804)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges expected to occur.

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(35,381)	(46,623)	-	(10,787)	(28,587)	(7,249)

31 December 2019

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(36,562)	(45,728)	-	(9,077)	(26,839)	(9,812)

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies was as follows:

31 December 2020

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	76,399	-	12,156	499	89,054
Trade receivables	4,587	2,287	6,037	8,425	21,336
Due from related parties	12,815	166	4,100	527	17,608
Other receivables and current assets	22,347	2,613	6,681	1,765	33,406
Restricted bank balances	1,056	-	832	57	1,945
Cash and cash equivalents	279,735	1,882	1,367	2,855	285,839
	396,939	**6,948**	**31,173**	**14,128**	**449,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(31,157)	(37,534)	(10,993)	(1,729)	(81,413)
Bank overdraft	-	-	(228)	-	(228)
Trade payables	(4,381)	(1,160)	(4,803)	(11,500)	(21,844)
Due to related parties	(125)	(88)	(9)	(16)	(238)
Other payables	(1,514)	(2,801)	(2,318)	(1,237)	(7,870)
	(37,177)	**(41,583)**	**(18,351)**	**(14,482)**	**(111,593)**
Net exposure	**359,762**	**(34,635)**	**12,822**	**(354)**	**337,595**

33. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2019

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	77,367	-	11,256	471	89,094
Trade receivables	1,948	2,663	8,609	18,889	32,109
Due from related parties	15,293	902	4,036	504	20,735
Other receivables and current assets	5,361	3,576	8,705	2,241	19,883
Restricted bank balances	744	-	3,668	208	4,620
Cash and cash equivalents	81,665	4,193	7,491	9,173	102,522
	182,378	**11,334**	**43,765**	**31,486**	**268,963**
Foreign currency denominated financial liabilities					
Loans and borrowings	(20,830)	(16,412)	(9,920)	(1,704)	(48,866)
Bank overdraft	-	-	(1,380)	-	(1,380)
Trade payables	(4,436)	(1,837)	(5,164)	(5,866)	(17,303)
Due to related parties	(546)	(134)	(23)	(1)	(704)
Other payables	(3,965)	(1,204)	(6,302)	(3,074)	(14,545)
	(29,777)	**(19,587)**	**(22,789)**	**(10,645)**	**(82,798)**
Net exposure	**152,601**	**(8,253)**	**20,976**	**20,841**	**186,165**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

33. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the EUR relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 December 2020 and 2019 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 December 2020				
USD	-	-	(35,976)	35,976
TRL	-	-	(1,282)	1,282
Other	-	-	35	(35)
Total	-	-	**(37,223)**	**37,223**
31 December 2019				
USD	-	-	(15,260)	15,260
TRL	-	-	(2,236)	2,236
Other	-	-	(2,084)	2,084
Total	-	-	**(19,580)**	**19,580**

Interest rate risk

The Group has used material amounts of bank borrowings from foreign financial institutions and banks. Although most of these borrowings have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 90%, 100%, 100%, 100% and 98% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed). Hedge accounting is applied for the mentioned derivative financial instruments

33. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile:

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2020	**31 December 2019**
Fixed rate instruments		
Financial assets	21,636	26,817
Financial liabilities	(424,831)	(198,692)
	(403,195)	**(171,875)**

	Carrying amount	
	31 Deber 2020	**31 December 2019**
Variable rate instruments		
Financial liabilities	(839,758)	(892,002)
	(839,758)	**(892,002)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 868 on the Group's variable rate debt when ignoring effect of derivative financial instruments. EUR 870 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of comprehensive income would be EUR 0. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 8,815 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 9,155.

Financial risk management

The Group has exposure 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, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established a Risk Management Department who is responsible for the Enterprise Risk Management function within the Group, and aims to develop a disciplined and constructive risk management and control environment in which all employees know and understand their roles and responsibilities.

All directors act to ensure an effective risk management and internal control process, providing assurance in relation to continuous identification and evaluation of the risks that exist in all main process areas.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of the Internal Audit Directorate of the Group is to assist TAV Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectiveness of internal control, risk management and governance processes inefficiencies that cause waste of its resources and making professional recommendations through independent audits (reports) and / or advisory services.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee and the management. Risk assessment is conducted and coordinated by Risk Management Department on continuous basis so as to identify and evaluate not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if required.

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 bank balances.

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The main customer is Turkish Airlines (THY). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies).

In addition, the Group receives letters of guarantee, and notes from certain customers whose credibility is low.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group as mentioned in Note 32.

The Group applies hedge accounting in order to manage volatility in profit or loss.

i) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2020, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL OMR, MXN, ARS, BRL and COP which are disclosed within the relevant notes to these consolidated financial statements. The currencies in which these transactions primarily denominated are USD and TRL. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments.

ii) Interest rate risk:

The Group adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

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 authorisation 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.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Operational risk (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		31 December 2020		31 December 2019	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Other non-current assets	20	-	-	192,230	192,230
Financial assets	17	50,000	49,384	-	-
Trade receivables - non current	21	31,224	35,636	49,738	56,056
Trade receivables - current	21	73,464	73,524	116,156	117,191
Due from related parties	35	32,338	32,338	28,843	28,843
Other receivables and current assets (*)	20	195,041	195,041	192,641	192,641
Restricted bank balances	23	24,656	24,656	69,033	69,033
Cash and cash equivalents	22	604,298	604,298	583,809	583,809
Financial liabilities					
Bank overdraft	22	(387)	(387)	(1,380)	(1,380)
Loans and borrowings	26	(1,332,362)	(1,333,787)	(1,160,212)	(1,162,587)
Trade payables (**)	31	(45,768)	(45,768)	(52,953)	(52,953)
Due to related parties	35	(307,265)	(307,265)	(306,891)	(306,891)
Derivative financial instruments	32	(35,381)	(35,381)	(36,562)	(36,562)
Other payables (**)	28	(828,187)	(847,577)	(793,044)	(814,806)
		(1,538,329)	**(1,555,288)**	**(1,118,592)**	**(1,135,376)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2020	31 December 2019
Letters of guarantee given to third parties	229,128	244,934
Letters of guarantee given to DHMİ	84,886	222,489
Letters of guarantee given to Tunisian Government	18,218	19,246
Letters of guarantee given to Saudi Arabian Government	10,835	11,512
Letters of guarantee given to Macedonian Government	250	250
	343,317	**498,431**

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,296 (EUR 10,835) (31 December 2019: USD 12,888 (EUR 11,512)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 162,566 (EUR 132,474) (31 December 2019: USD 162,246 (EUR 144,915)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is provided to back an Equity Bridge Loan which was rolled in 2019 within a maturity of 2021. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 9,069 (31 December 2019: EUR 12,229) to the Ministry of State Property and Land Affairs and EUR 9,149 (31 December 2019: 7,017) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Esenboğa

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreements:

- The share capital of the companies cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

After granting of temporary acceptance by DHMİ in year 2007, final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV Esenboğa.
All equipment used by TAV Esenboğa must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa has the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50,000. HAVAŞ also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with letters of guarantee amounting to USD 1,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas Bodrum, Alanya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovable in the area free of charge.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was concluded in May 2011.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (the "Agreement") together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

The Final Acceptance Protocol was concluded in March 2012.

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which was then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia (continued)

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisia annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Alanya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa (continued)

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Ege is responsible from the repair and maintenance of all fixed assets during the contract period.

TAV Milas Bodrum

During the contract period, TAV Milas Bodrum should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired or the equipment is damaged, the Company should replace it with its equivalent or with a better replacement.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Milas Bodrum is responsible from the repair and maintenance of all fixed assets during the contract period.

Management believes that as at 31 December 2020, the Group has complied with the terms of the contractual obligations mentioned above.

35. RELATED PARTIES

The major immediate parent and ultimate controlling parties of the Group are Aéroports de Paris.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	2020	2019
Short-term benefits (salaries, bonuses etc.)	17,808	29,676
	17,808	**29,676**

As at 31 December 2020 and 2019, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 December 2020	31 December 2019
Due from related parties	10,702	12,026
Current loan to related parties	19,285	14,919
	29,987	**26,945**

	31 December 2020	31 December 2019
Non-current loan to related parties	2,351	1,898
	2,351	**1,898**

35. RELATED PARTIES (continued)

Other related party transactions (continued):

Due from related parties	31 December 2020	31 December 2019
ATU (1) (*)	7,282	7,692
Tibah Operation (1)	1,853	1,863
Aéroports de Paris SA	1,066	-
TGS (1)	218	-
BTA Medinah (1)	142	2,102
Other related parties	141	369
	10,702	**12,026**

(*) Receivables from ATU comprise of concession fee duty-free receivables.

Loan to related parties	31 December 2020	31 December 2019
Tibah Development (1)	7,445	6,127
BTA Medinah (1)	3,287	2,160
Medinah Hotel (1)	2,481	-
ZAIC-A (1)	2,071	-
Saudi Havaş (1)	1,730	2,273
TAV İşletme Saudi (1)	1,137	1,256
ATU Medinah (1)	867	1,052
TAV İşletme Chile (1)	267	632
ATU (1)	-	1,418
Other related parties	-	1
	19,285	**14,919**

Non-current loan to related parties	31 December 2020	31 December 2019
Saudi Havaş (1)	2,351	1,898
	2,351	**1,898**

(1) Joint Ventures

35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2020	31 December 2019
Due to related parties	1,332	970
Current loan from related parties	305,933	28
	307,265	**998**
Non-current loan from related parties	-	305,893
	307,265	**306,891**

Due to related parties	31 December 2020	31 December 2019
Aéroports de Paris SA	748	-
Other related parties	584	970
	1,332	**970**

Current loan from related parties	31 December 2020	31 December 2019
Tank ÖWA alpha GmbH (1)	305,893	-
Other related parties	40	28
	305,933	**28**

Non-current loan from related parties	31 December 2020	31 December 2019
Tank ÖWA alpha GmbH (1)	-	305,893
	-	**305,893**

Short term deferred income from related parties	31 December 2020	31 December 2019
ATU (2) (*)	990	992
	990	**992**

Long term deferred income from related parties	31 December 2020	31 December 2019
ATU (2) (*)	13,864	14,854
	13,864	**14,854**

(*) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

(1) Shareholders
(2) Joint Ventures

35. RELATED PARTIES (continued)

Services rendered to related parties	2020	2019
ATU (1) (*)	20,679	58,125
Other related parties	7,554	10,651
	28,233	**68,776**

(*) Services rendered to ATU comprise of concession fee for duty-free operations.

Services rendered by related parties	2020	2019
TAV İnşaat (2)	3,642	-
TAV Antalya (1)	349	2,466
ATU (1)	212	718
TGS (1)	31	59
Other related parties	47	169
	4,281	**3,412**

Interest expense from related parties (net)	2020	2019
Tank ÖWA alpha GmbH (3)	(9,000)	(9,000)
Other related parties	160	1,843
	(8,840)	**(7,157)**

The average interest rate used within the Group is 4.17% per annum (31 December 2019: 4.33%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Construction work rendered by related parties	2020	2019
TAV İnşaat (*) (2)	-	16,960
	-	**16,960**

(*) Construction work rendered by TAV İnşaat for the year ended 31 December 2019 is mainly related to the construction of new headquarter of TAV Holding.

(1) Joint Ventures
(2) Subsidiary of shareholders
(3) Shareholders

Dividend distribution

In 2020 the Company distributed dividends to the shareholders amounting to EUR 55,644 (TRL 392,491) from the Company's distributable profits computed for 2019 (2019: EUR 121,469 (TRL 757,587)). Dividend per share is full EUR 0.15 (full TRL 1.08) (2019: EUR 0.33 (full TRL 2.09)).

36. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	31 December 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	49,960		
Current assets	9,115		
Non-current liabilities	7,925		
Current liabilities	4,252		
Net assets	**46,898**		
Carrying amount of NCI	9,380	2,526	11,906
	9,380	**2,526**	**11,906**

	1 January – 31 December 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	18,676		
Profit	5,341		
Total comprehensive income	**(4,607)**		
Profit / (loss) allocated to NCI	1,068	(1,072)	(4)

In 2020 the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 1,687 (2019: EUR 11,691)

36. INTERESTS IN OTHER ENTITIES (continued)

a) Non-controlling interests in subsidiaries

	31 December 2019			
	TAV Tunisia	**TAV Tbilisi**	**Other immaterial subsidiaries**	**Total**
NCI Percentage	**18.00%**	**20.00%**		
Non-current assets	465,283	62,911		
Current assets	44,051	14,962		
Non-current liabilities	82,653	11,044		
Current liabilities	573,635	4,397		
Net assets	**(146,954)**	**62,432**		
Carrying amount of NCI	(48,495)	12,486	4,255	(31,754)
Change in non-controlling interest	22,043	-	-	22,043
	(26,452)	**12,486**	**4,255**	**(9,711)**

	1 January - 31 December 2019			
	TAV Tunisia	**TAV Tbilisi**	**Other immaterial subsidiaries**	**Total**
Revenue	42,121	83,445		
(Loss) / profit	(8,603)	43,254		
Total comprehensive income	**(632)**	**43,254**		
(Loss) / profit allocated to NCI	(2,839)	8,651	1,579	7,391

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates

As of 31 December 2020 and 2019, equity-accounted investees in consolidated statement of financial position comprise the following:

	31 December 2020	31 December 2019
Joint ventures	335,199	387,787
Associates	1,930	5,636
	337,129	**393,423**

For the years ended 31 December 2020 and 2019, share of profit equity-accounted investees, net of tax in consolidated statement of comprehensive income comprise the following

	2020	2019
Joint ventures	(72,895)	34,171
Associates	(3,893)	(725)
	(76,788)	**33,446**

i) Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
TAV Antalya	269,898	293,403
TGS	35,679	50,209
ATU	27,441	41,723
Tibah Operation	1,858	2,297
Other	323	155
	335,199	**387,787**

Group's share of (loss) / profit of the Group's joint ventures in the statement of comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
Tibah Operation	914	827
TGS	(1,211)	11,931
ATU	(13,899)	8,309
TAV Antalya	(23,587)	31,628
Tibah Development	(31,663)	(16,446)
Other	(3,449)	(2,078)
	(72,895)	**34,171**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

The Group has the following significant interests in joint ventures:

TAV Antalya

- 49.00% equity shareholding with 50.00% voting power in TAV Antalya, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya, which is accounted for using the equity method:

	31 December 2020	31 December 2019
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	1,104,157	1,179,702
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 56,632) (31 December 2019: EUR 15,845))	112,998	151,930
Non-current liabilities	487,731	593,756
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 103,491) (31 December 2019: EUR 112,397))	189,628	151,070
Net assets	**539,796**	**586,806**
Group's share of net assets	269,898	293,403
Carrying amount in the statement of financial position	269,898	293,403

	2020	2019
Revenue	108,062	389,630
Depreciation and amortisation	82,446	202,684
Interest expense	8,673	9,558
Tax expense	(3,157)	22,749
(Loss) / Profit for the year	**(47,175)**	**63,256**
Other comprehensive income	166	(694)
Total comprehensive income	**(47,009)**	**62,562**
Group's share of (loss) / profit for the year	(23,587)	31,628
Cash dividends received by the Group	-	119,108

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

TGS

- 50% equity shareholding with 50% voting power, in TGS, a joint venture established in Turkey. The following tables summarise the financial information of TGS. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TGS, which is accounted for using the equity method:

	31 December 2020	31 December 2019
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	83,764	184,727
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 17,083) (31 December 2019: EUR 8,607)	84,054	65,210
Non-current liabilities	10,674	96,387
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 84,617) (31 December 2019: EUR 48,704))	85,786	53,132
Net assets	**71,358**	**100,418**
Group's share of net assets	35,679	50,209
Carrying amount in the statement of financial position	35,679	50,209

	2020	2019
Revenue	156,749	318,344
Depreciation and amortisation	16,389	24,076
Interest expense	10,636	6,718
Tax expense	672	4,544
(Loss) / Profit for the year	**(2,421)**	**23,862**
Other comprehensive income	(26,637)	(11,389)
Total comprehensive income	**(29,058)**	**12,473**
Group's share of (loss) / profit for the year	(1,211)	11,931
Cash dividends received by the Group	-	15,811

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

ATU

- 50.00% equity shareholding with 50% voting power in ATU, a joint venture established in Turkey. The following tables summarise the financial information of ATU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ATU, which is accounted for using the equity method.

	31 December 2020	31 December 2019
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	198,054	217,178
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 33,884 (31 December 2019: EUR 24,873))	151,874	160,926
Non-current liabilities	174,485	182,734
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 66,686 (31 December 2019: EUR 68,412))	120,561	111,924
Net assets	**54,882**	**83,446**
Group's share of net assets	27,441	41,723
Carrying amount in the statement of financial position	27,441	41,723

	2020	2019
Revenue	105,850	393,818
Tax expense	20,849	2,537
Depreciation and amortisation	4,462	42,681
Interest expense	5,506	5,016
(Loss) / Profit for the year	**(27,798)**	**16,618**
Other comprehensive income	111	(751)
Total comprehensive income	**(27,687)**	**15,867**
Group's share of (loss) / profit for the year	(13,899)	8,309
Cash dividends received by the Group	-	10,144

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 51.00% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 December 2020	31 December 2019
Percentage of interest	**51.00%**	**51.00%**
Non-current assets	9	2
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 137 (31 December 2019: 370))	14,601	17,689
Non-current liabilities	4,204	3,674
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 6,105 (31 December 2019: 8,734))	6,763	9,514
Net assets	**3,643**	**4,503**
Group's share of net assets	1,858	2,297
Carrying amount in the statement of financial position	1,858	2,297

	2020	2019
Revenue	32,492	51,428
Tax expense	422	562
Profit for the year	**1,793**	**1,622**
Other comprehensive income	(569)	93
Total comprehensive income	**1,224**	**1,715**
Group's share of profit for the year	914	827
Cash dividends received by the Group	865	859

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Development

50.0% equity shareholding with 50.00% voting power in Tibah Development, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Development. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Development, which is accounted for using the equity method:

	31 December 2020	31 December 2019
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	901,834	1,002,228
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 3 (31 December 2019: 13))	36,570	50,045
Non-current liabilities	480,465	920,218
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 92,573 (31 December 2019: 89,359))	537,617	150,762
Net assets	**(79,678)**	**(18,707)**
Group's share of net assets	-	-
Carrying amount in the statement of financial position	-	-

(*) Tibah Development has negative net assets amounting to EUR 39,839 has reclassed to other payables as of 31 December 2020 (31 December 2019: EUR 9,354)

	2020	2019
Revenue	67,798	226,416
Depreciation and amortization	11,266	34,760
Interest expense	31,290	44,926
Tax expense	(107)	61
Loss for the year	**(63,326)**	**(32,892)**
Other comprehensive income	2,402	(12,102)
Total comprehensive income	**(60,924)**	**(44,994)**
Group's share of loss for the year	(31,663)	(16,446)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Other

	31 December 2020	31 December 2019
Carrying amount of interest in joint ventures (*)	323	155

	2020	2019
Share of:		
Loss for the year	(3,449)	(2,078)
Other comprehensive income	1,069	(144)
Total comprehensive income	**(2,380)**	**(2,222)**
Cash dividends received by the Group	-	-

(*) The companies have negative net assets amounting to EUR 10,020 has reclassed to other payables as of 31 December 2020 (31 December 2019: EUR 6,053)

ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
ZAIC-A	1,154	5,178
Other	776	458
	1,930	**5,636**

Group's share of profit of the Group's associates in the statement of comprehensive income for the years ended 31 December are as follows:

	2020	2019
ZAIC-A	(4,217)	(964)
Other	324	239
	(3,893)	**(725)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

ii) Associates (continued)

ZAIC – A

- 15.00% equity shareholding with 15.00% voting power in ZAIC-A, an associate established in United Kingdom. The following tables summarise the financial information of ZAIC-A. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ZAIC-A, which is accounted for using the equity method:

	31 December 2020	31 December 2019
Percentage of interest	**15.00%**	**15.00%**
Non-current assets	367,256	383,034
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 9,311 (31 December 2019: EUR 33,294))	16,444	33,294
Non-current liabilities	325,686	331,261
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 17,002 (31 December 2019: EUR 1,376))	50,318	50,544
Net assets	**7,696**	**34,523**
Group's share of net assets	1,154	5,178
Carrying amount in the statement of financial position	1,154	5,178

	2020	2019
Revenue	86,874	86,874
Expense	(114,989)	(93,302)
Loss for the year	**(28,115)**	**(6,428)**
Other comprehensive income	1,288	4,375
Total comprehensive income	**(26,827)**	**(2,053)**
Group's share of loss for the year	(4,217)	(964)

37. DISCONTINUED OPERATIONS

As of 6 April 2019 02:00, all commercial flights have been transferred to the new İstanbul Airport and operations of TAV İstanbul have ended. Due to this reason, the Group has decided to classify TAV İstanbul operations as discontinued operations. Operations of Group's other subsidiaries which were also operating in İstanbul Atatürk Airport, are not classified as discontinued, since these subsidiaries are still operating in the other airports and new İstanbul Airport as well.

As explained in Note 1, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021.

On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. The Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000.

	2020	2019
Revenue	2,550	139,649
Operating (loss) / profit	(4,555)	390,698
Net finance costs	(127)	(3,528)
(Loss) / Profit before tax	(4,682)	387,170
Tax expense	2,101	87,500
(Loss) / Profit for the period	(6,783)	299,670

	2020	2019
Net cash provided from operating activities	119,337	159,044
Net cash used in investing activities	-	(1)
Net cash used in financing activities	(87,085)	(208,618)

	2020	2019
Weighted average number of shares	180,000,000	180,000,000
(Loss) / Profit for the period attributable to owners of the Company	**(6,783)**	**299,670**
Basic and diluted (loss) / profit per share (full EUR)	**(0.04)**	**1.66**

38. SUBSEQUENT EVENTS

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Ankara Esenboğa, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024.