



TEKFEN HOLDİNG A.Ş.

Announcement

Date : 17 July 2023

Subject : Tekfen Construction's Libya Great River Project

Reference : Our statements dated 30.01.2015, 18.06.2015, 12.10.2015, 04.12.2017, 05.11.2018, 18.02.2020 and 19.09.2022.

It was stated in our announcements referenced above that, Tekfen-TML Joint Venture (TTJV), in which Tekfen Construction has a 67% share, has undertaken the Great River Project in Libya, having been halted for an indefinite period on February 21, 2011 owing to events taking place in the aforesaid country and that commercial arbitration initiated by the International Court of Arbitration of the International Chamber of Commerce (ICC) against the employer administration, Libyan Man-Made River Authority (MMRA) and the State of Libya, for the purpose of indemnifying all our rights and receivables that have been fulfilled but not paid for pursuant to the Project Contract. As a result of the interim decision given by the Arbitration Panel on the payment of USD45,498,639 in favor of TTJV as a result of the lawsuit, it was announced that the negotiations with the employer administration MMRA are continuing and efforts are being made to conclude the negotiations with the administration on the collection of the compensation determined by the interim decision of the Arbitration Panel.

In addition, with our announcement dated 18.02.2020, based on the Mutual Promotion and Protection of Investments Agreement (YKTK) between Turkey and Libya, TTJV's assets (machinery, equipment, camp, project materials, etc.) a second arbitration case has been initiated for the purpose of compensation for the damage suffered, but the Arbitration Panel in this arbitration case has concluded that the Libyan State has not violated its obligation to protect and treat equally under the YKTK or customary international law against TTJV, and as a part of this decision, has rejected all of its demands, and has decided that TTJV is liable for an amount of USD 3,664,889 against the Libyan State for the costs of the proceedings.

At the last stage, considering the balance of the advance payment, received by TTJV during the commencement stage of the project and other deductions, TTJV and the employer administration MMRA reached an agreement to make a net payment of USD35,407,956 to TTJV following deductions. The first part of this amount, USD12,678,322 and after deducting the amount decided to be paid by TTJV to Libya in the second arbitration, remaining net amount of USD9,013,433.24 is collected. Negotiations are ongoing regarding the payment plan of the remaining USD22,729,634 and further information will be given about the developments.

This collection will have an additional profit effect of approximately USD 4 million at this stage on our company's consolidated income statement as Tekfen share, after possible expenses to be incurred by TTJV are deducted.

Our Board of Directors has a decision dated 03.10.2022 to postpone the public disclosure of the above-mentioned settlement agreement. The aforementioned postponement decision is due to the facts that (i) terms and results of the signed contract are subject to the condition precedent of making the payment to TTJV in full and in due time, (ii) lack of guarantee to ensure that the payment is going to be made, (iii) the unstable conditions that the Libyan state is currently in, and (iv) considering that a material event disclosure to the public might even prevent the payment itself being made. It was postponed until the payment of the first instalment of the above-mentioned compensation amount with the intention of securing legitimate interests of our Company and not misleading investors with an early announcement.