



**Aydem Yenilenebilir Enerji
Anonim Şirketi**

**Realization and Evaluation Report on the Assumptions
Based on the Determination of the Public Offering Price
Prepared by the Audit Committee**

**This Report has been prepared in accordance with
Article 29/5 of the Capital Markets Board's Communiqué
on Shares No. VII-128.1**

29 August 2021

1. GENERAL INFORMATION

Commercial Title : Aydem Yenilenebilir Enerji Anonim Şirketi

Address : Adalet Mahallesi Hasan Gönüllü Bulvarı No:15/1 Merkezefendi/
Denizli

Website : www.aydemyenilenebilir.com.tr

Company's Field of Activity

- 1) To establish, commission, take over, lease, operate, rent out all kinds of electrical power plants in to generate electrical energy, and to provide engineering, consultancy survey, planning, project and fea-sibility services related to these facilities.
- 2) To sell the electricity and / or capacity so generated within the framework of the relevant legislation.
- 3) To enter into affiliate relations with or without distribution companies incorporated
- 4) To enter into an affiliate relationship with any electric power generation companies incorporated or to be incorporated.

Stock Exchange Traded in: Borsa İstanbul A.Ş.

Registered Capital Ceiling: 2,000,000,000 TL

Issued Capital : 705.000.000 TL

Trade Registry Number: 13798

Tax Office: Pamukkale Tax Office - Denizli

Tax Number : 16500037404

2. Subject and Justification of Report: This report, which includes evaluations on whether the assumptions used in determining the public offering price of Aydem Yenilenebilir Enerji A.Ş., has been prepared by the Audit Committee in accordance with Article 29/5 of the Capital Markets Board's Communiqué on Shares No. VII-128.1.

3. Explanations: In the 5th paragraph of the 29th article of the Capital Markets Board's Communiqué on Shares numbered VII-128.1, “The company whose shares are offered to the public for the first time, within ten business days following the public disclosure of its financial statements for two years after the shares start to be traded in the stock market, It is obligatory to prepare a report containing the evaluations about whether the assumptions based on the determination of the supply price have been realized, and if not, the related report must be published on the company's website and on the Public Disclosure Platform with the reasons. This obligation is fulfilled by the audit committee within the partnership. This obligation is fulfilled by the board of directors for partnerships that do not have the obligation to establish

an audit committee. Pursuant to the provision of this report, this report has been prepared and shared with the public.

4. Methods Used in Price Determination Report:

Consortium Leaders and Aydem Yenilenen A.Ş. (“Company”) on April 1, 2021, the value that will be the basis for the price in the public offering of the Company shares, prepared in order to be determined in accordance with International Valuation Standards in accordance with the "Communiqué on Valuation Standards in the Capital Markets" of the Capital Markets Board No. III.62-1.

In order to determine the per share value of Aydem Renewable Energy, the following valuation methods have been examined.

- Book Value Method
- Market Multiplier Analysis

Book Value Method

The book value method is a valuation method calculated by using the method of subtracting the liability figures from the value of a company's assets in the financial position. The power plants owned by the Company are classified as "tangible assets" in the statement of financial position. As stated in Footnote 2.8 of the Independent Audit Report as of 31 December 2020, the Company applies the revaluation model, which is one of the application methods in IAS 16, as an accounting policy in order to present the power plants with their fair values. As stated in the related footnote, as of 31 December 2020 and 31 December 2019, the Company obtained a valuation report from an independent valuation company and recorded its power plants with their fair values. As of 31 December 2020 and 31 December 2019, the Company has reflected these assets in its interim consolidated financial statements by deducting depreciation over revalued values. The Group has applied the “Discounted Cash Flow (“DCF”) Analysis” in its valuation and impairment studies.” The main assumptions about the method in question are also included in the relevant footnote. Since the revaluation increases of the mentioned tangible assets are reflected in the equity, it is considered reasonable to use them in the valuation of the Group. From this point of view, the Company's most recent Equity Value of the Parent Company as of 31 December 2020 has been used in the valuation.

Market Multiplier Analysis

Market multiplier analysis is a valuation method based on the price levels of companies traded in the stock exchanges and the data in the financial statements they disclose to the public and certain ratios.

In this valuation method, the Firm Value / EBITDA (FD / EBITDA) and Firm Value / Total Installed Power (FD / Installed Capacity) multipliers of similar companies to be used on the basis of comparison were used and the Company's last 12 months ended on 31.12.2020 (01.01.2020 – 31.12.2020) and the amount of profit before interest, depreciation and tax (“EBITDA”) and the installed power value of the power plants as of 31.12.2020, the firm value is calculated with both multipliers. In the next step, the equity value of the Group was calculated by deducting the net debt as of 31.12.2020.

5. Valuation Results

Market Multiplier Analysis is a reasonable method as it reflects the current market values of similar companies. On the other hand, the Book Value Method, which reflects the valuation of the Group's tangible assets using the DCF method, also reasonably reflects the value of the Company's current assets. Therefore, the two methods are weighted equally in the valuation study. Again, within the Market Multiplier Analysis, FD / EBITDA and FD / Installed Power multiplier analyzes are weighted equally.

Equity values found as a result of Book Value Method and FD / EBITDA and FD / Installed Power multiplier analyzes are given below:

Valuation Methods Results

Valuation Method	Calculated Equity Value (TL)	%	Equity Value (TL)
A. Market Multiplier Analysis			
- Similar Companies FD / EBITDA Multiplier Method	9.493.208.180 (*)	25%	2.373.302.045
- Similar Companies FD / Installed Power Multiplier Method	9.516.699.587 (*)	25%	2.379.174.897
B. Book Value Method	5.892.851.994 (**)	50%	2.946.425.997
Average Market Value			7.698.902.939

(*) Price Determination Report prepared by Yapı Kredi Yatırım Menkul Değerler A.Ş. regarding the public offering of Aydem Yenilenen Enerji A.Ş., published on the Public Disclosure Platform on 9 April 2021.

(**) Audited consolidated financial statements as of 31 December 2020.

With a weighting of 25% - 25% - 50%, the average pre-IPO market value of the Company is calculated as TL 7,698,902,939. The discount rates calculated from the minimum and ceiling prices before the public offering are calculated below:

6. Discount Calculation Before Public Offering

(TL)	Results	
Nominal Capital Amount	700,000,000	700,000,000
IPO Price (Min – Ceiling)	8,5	9,9
Market Value before IPO	5,950,000,000	6,930,000,000
Market Value before IPO with Valuation Methods	7,698,902,939	7,698,902,939
Discount Rates befor IPO	23%	10%

Considering the pre-IPO market values calculated by valuation methods, the pre-IPO discount rate of 23% over the base public offering price is calculated as 8,50 TL, and the pre-IPO discount rate of 10% is calculated over the ceiling IPO price of 9.90 TL.

7. Forecast and Actual Data

Since there is no forecast for the first six months of 2021 in the price determination report, the seasonality feature is ignored and 1/2 of the forecasts for 2021 is taken and the forecast and actual data for the first six months of 2021 are calculated as follows:

(Million TL)	2021 Yearly Forecast	2021 H1 Forecast	2021 H1 Actual	Variance (%)
Total Revenue	1.632	816	630	% (23)
<i>Electricity Revenue</i>	<i>1.598</i>	<i>799</i>	<i>611</i>	<i>% (24)</i>
<i>Other Revenue</i>	<i>34</i>	<i>17</i>	<i>19</i>	<i>% 12</i>
Cost of Sales + OPEX (*)	(325)	(162)	(173)	% 7
EBITDA	1.307	654	457	% (30)

(*) Calculated without depreciation and amortization expenses..

The valuation study was examined in line with the six-month targets over the targeted generation amounts, revenues, investments and EBITDA amounts realized in 2021, and the six-month deviation margins were evaluated.

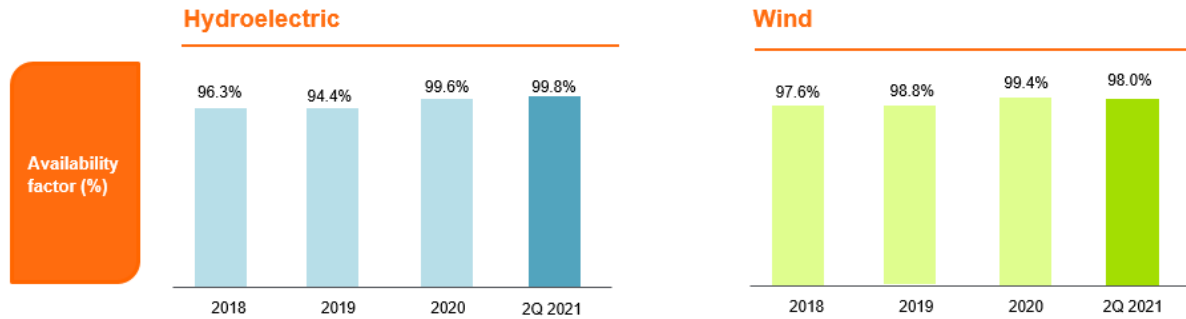
The income and profitability figures that occur on a six-month basis at the generation plants;

- Electricity purchase guarantee prices that change according to the exchange rate,
- Electricity purchase guarantee prices that change according to the inflation rate,
- Average electricity spot prices that vary periodically depending on seasonal hydraulic conditions and other variables,
- Generation amounts that may change on a six-month basis according to generation planning and periodic maintenance periods are directly affected.

Net Generation was lower than expected due to the works of the State Hydraulic Works (“DSİ”), the Electricity Generation Anonim Şirketi (“EÜAŞ”) generation program change, meteorological conditions (especially drought in the Seyhan Basin), maintenance and rehabilitation works. However, as explained in detail under the title of “The Company's Growth

Opportunities”, the Company's hybrid power plant investments aim to minimize the effects of drought that may occur in hydroelectric power plants.

The Company's expert team ensures that the Company's portfolio achieves a high level of availability at low cost, with the support of high-quality hardware and well-designed maintenance processes.

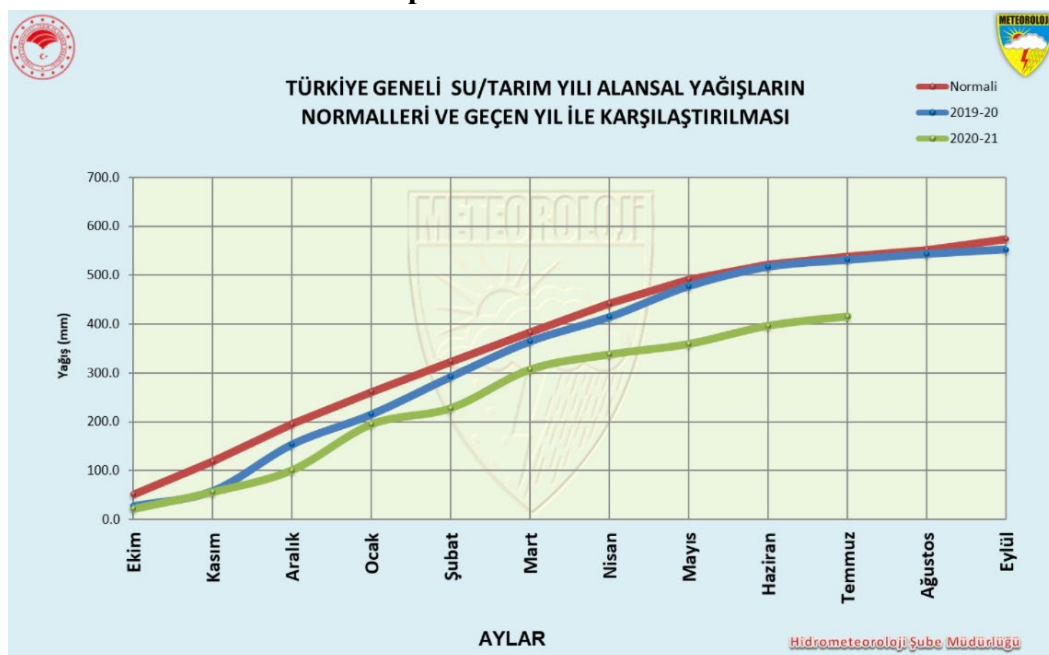


The reason for the margin decreases in the power plants is the decrease in generation due to drought in the regions;

- In 2021, precipitation throughout Turkey was at the lowest level of the last 60 years.
- In 2021, there is a decrease of 22% compared to 2020 precipitation.

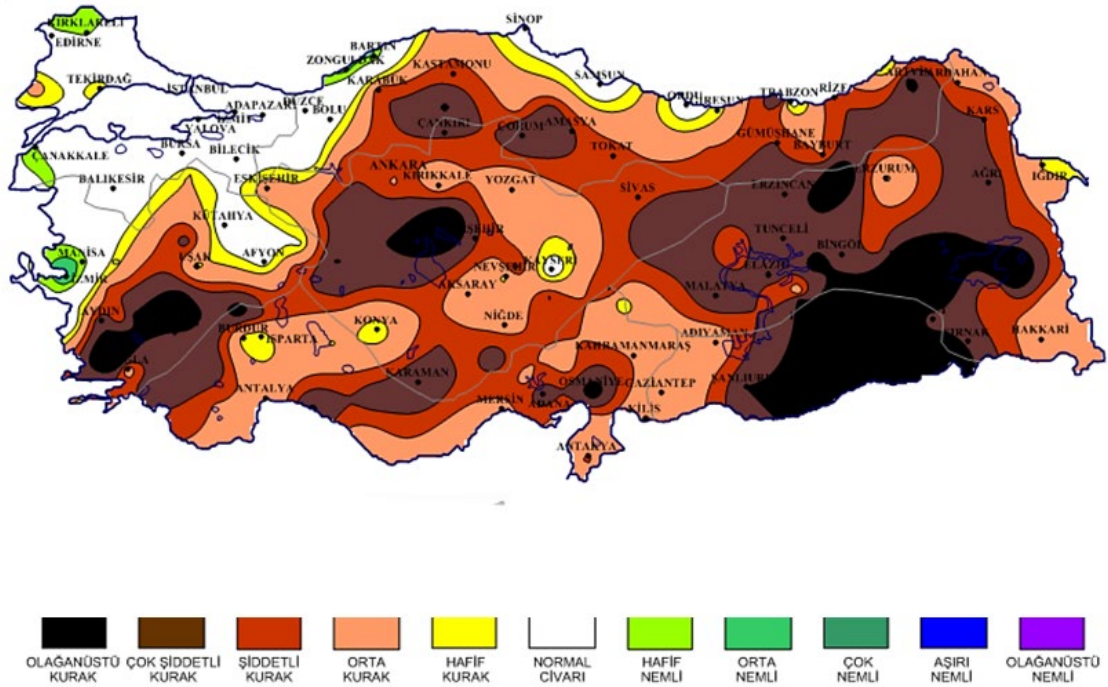
If the generation amount realized at the Company's power plants in the first 6 months of 2020 had been realized in the first 6 months of 2021, the contribution of the Company to the 6-month EBITDA amount for 2021 would have been 307 million TL.

Turkey-General Water/Agricultural Year Normals of Areal Precipitation and Comparison with Last Year



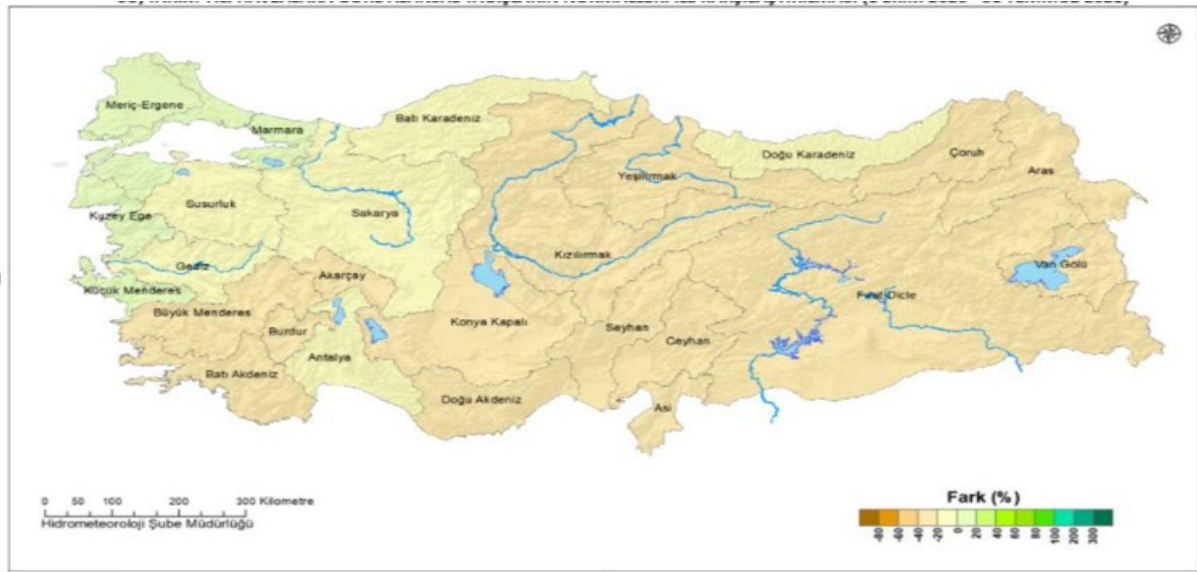
Blue color is between October 2019 and September 2020; The green color represents the period between October 2020 and September 2021. According to the table, 2021 is below the averages of 2020 and previous years.

Meteorological Drought Map



Source: General Directorate of Meteorology, 12 Monthly (August 2020-July 2021) data were used. (The black one represents the extraordinary droughty)

Water /Agricultural Year Comparison of Areal Precipitation by Basin with Normals (1 October 2020- 31 July 2021)



Source: <https://www.mgm.gov.tr/veridegerlendirme/havzalara-gore-yagis.aspx?y=k>

Accordingly, the total revenues for 2021/first six months were 23% below the 2021 semi-annual estimated turnover due to the low generation due to drought, and accordingly, 30% below the EBITDA. In addition to the Company's electricity revenues, it also generates revenue from carbon sales. The company forecasts 650,000 tons of carbon assets per year and conservatively predicts an average carbon price of US\$1.5/tonne. With these assumptions, Aydem Renewable's portfolio has an annual revenue potential of US\$980,000. These revenues are expected to rise due to the increased demand with the Paris Agreement and the expected increase in the carbon unit price.

Another additional income potential for the Aydem Renewable portfolio comes from the International Green Energy Certificate (IREC). The annual potential yield is US\$1.3 million with an average unit price of US\$2/ton. As the demand for certificate increases, the unit price is expected to increase. In addition, the expansion of the portfolio will increase the revenues that can be obtained from it.

8. Company's Growth Opportunities

The company has several opportunities for both short-term and long-term growth. Our near-term opportunities include additional capacity via hybrid generation at existing power plants, “shovel-ready” projects that we already have licenses for, and wind capacity expansion.

The company plans to take advantage of the opportunities offered by EMRA to generate electricity in power plants through hybrid power plants. For this, the investment expenditure will be less compared to the investment expenditure required for a typical SPP of similar size, since it is possible to use the existing infrastructure connections at the power plants. In addition, since the operational expenses of hybrid power plants will be lower, the contribution of income from hybrid power plants to EBITDA will be higher compared to other power plants.

The 300 MW hybrid capacity investment plan, which is stated in the section 7.2.1 under the title of Short-Term Growth Opportunities of the prospectus, has increased to approximately 600 MW with the opportunity to expand the power plant areas for hybrid investment within the scope of the relevant legislation changes.

Aydem Renewable Energy Inc. In the first phase of the hybrid power plant investments planned to be made by our company, for 4 solar power plant projects with a total power of 236 MWp;

- Regarding the Akıncı HEPP Auxiliary Source Solar Power Plant Project (74.5 MWp) planned in the districts of Tokat, Reşadiye and Niksar; The EIA Application File was uploaded to the e-EIA system of the Ministry of Environment and Urbanization on 27.05.2021, and the EIA process was started after the application was approved in accordance with Article 8 of the EIA Regulation.

- Regarding the Koyulhisar HEPP Auxiliary Source Solar Power Plant Project (56.4 MWp), planned in Sivas Province, Koyulhisar district; The EIA Application File was uploaded to the e-EIA system of the Ministry of Environment and Urbanization on 19.05.2021, and the

EIA process was initiated after the application was approved in accordance with Article 8 of the EIA Regulation.

- Regarding the Uşak WPP Auxiliary Source Solar Power Plant Project (55.6 MWp), planned in the Banaz district of Uşak; The EIA Application File was uploaded to the e-EIA system of the Ministry of Environment and Urbanization on 29.05.2021. The evaluation of the said application within the scope of the EIA Regulation by the Ministry of Environment and Urbanization continues and is expected to be concluded in a short time..

- Regarding Mentaş HEPP Auxiliary Source Solar Power Plant Project (49.4 MWp), planned in Adana Province, İmamoğlu district; The EIA Application File preparation works have been completed, and the EIA application process will be completed by uploading it to the e-EIA system of the Ministry of Environment and Urbanization in a short time; progress will be shared.

Hybrid power plants, which enable the generation of electrical energy from more than one source in a single generation facility, enable more efficient use of generation facilities and produce more electricity within their electricity generation capacity. In hybrid power plants, the effect of seasonal conditions can be minimized by producing from SPP (Solar Power Plant) when the precipitation is low and from HEPP (Hydroelectric Power Plant) when the sun light is low.

The prominent advantages of hybrid power plant investments are that the investment and operational costs are lower, and the electrical energy produced from auxiliary sources is evaluated within the scope of Feed in Tariff if the main source is within the scope of Feed in Tariff.

Hybrid investment opportunities will increase our total capacity factor and efficiency and allow us to diversify our generation portfolio. The license change application process continues to install approximately 592 MW of additional capacity at our existing power plant sites. Regarding the said hybrid generation activities, for the 236 MW (or 39.9%) capacity planned to be commissioned in 2021, 356 MW (60.1%) capacity planned to be commissioned in the fourth quarter of 2021 and in the second half of 2022. It is expected that the necessary official approvals will be obtained in the second half of 2021. The total mechanical installed power of the Company is 1,094.12 MWm, of which approximately 84%, or 921 MWm, comes from HEPPs, 15%, 165 MWm, from WPPs, and the remainder from GPP and LFG power plants. consists of. As a result of the completion of the hybrid investments, the mechanical installed power from 1,094.12 MWm will increase to 1,789.32 MWm. Thus, the ratio of hydroelectric power plants to the total installed power will decrease to 51.5%, and the effect of seasonal generation loss will be minimized.

The sales and issuance of green bond abroad, with a nominal value of USD 750 million and a maturity of 5.5 years, was completed on 2 August 2021. With the amount obtained through the bond issuance, the entire loans of the Company to the banks has been repaid, and the remaining amount will be used in the next 3 years in line with the target of doubling the installed power

of the Company. Hybrid investment opportunities are intended to be financed with the proceeds from the green bond issuance and cash flows from other activities of the Company.

The Government has also recently introduced a capacity expansion opportunity for WPPs, and we intend to take advantage of this opportunity for our Uşak WPP. Once completed, this project would provide 102.6 MW of additional generation capacity. We have obtained the required permissions and approvals for 52.6 MW of this capacity, and the licensing process is expected to be completed by EMRA by September 2021. After the licensing process for the first expansion is complete, we will apply to TEİAŞ for the remaining 50 MW of capacity.

The nature, installed power information, geographical distribution and information about the Company's power plant investments under construction are as follows:

NAME OF POWER PLANT	TRADE NAME	INSTALLED CAPACITY	LOCATION
Yağmur Hydro	Ey-tur Enerji Elektrik Üretim ve Ticaret A.Ş.	23,95 MWe	Kars/Kağızman
Armağan Hydro	Başat Elektrik Üretim ve Ticaret A.Ş.	34,10 MWe	Erzincan/Üzümlü

As of 30 June 2021, 30,346,841 TL for Yağmur HPP and 19,499,723 TL for Armağan HPP have been spent, and the related investments have already been stopped. The company continues to evaluate within the scope of the new Feed-in-Tariff ("FiT") in order to continue its investments.

In addition to the short-term growth opportunities of hybrid investments and wind capacity expansion, our investments include (i) shovel-ready projects of two HPPs for which we already have licenses, Armağan and Yağmur, with installed capacities of 34 MW and 24 MW, respectively, (ii) the MENR tender auction for solar energy-based YEKA and (iii) other growth opportunities including HPP privatization tenders with more than 600 MW of additional capacity, as well as other renewable assets. We intend to take an opportunity-based approach to these potential acquisitions, based on our investment criteria and internal acquisition capabilities. As two of the plants in our portfolio, totaling 110 MW of installed capacity, were acquired through privatization tenders, we have proven our ability to complete mergers and acquisitions and expand through inorganic growth, and we will continue to seek out opportunities in the market.

9. Results & Assessment

Hydrology-based generation increase is expected in the remaining months of the year, and it is expected that FiT revenues will increase with the dollar exchange rate effect. In addition, after the bond issuance on 2 August 2021 and the closure of domestic bank loans, with the remaining funds and cash obtained from the Company's operations will be used directly in hybrid investments. The Company is going to pay its principals for the bonds after 3.5 years and this is going to be benefit for the Company in order to funds to hybrid investments. It is expected to increase its installed power by 236 MW in 2021, 356 MW in 2022 and 103 MW in 2023, while significantly increasing its revenues and EBITDA figures. The company plans to take advantage of the opportunities offered by EMRA to generate electricity in power plants through hybrid power plants. For this, the investment expenditure will be less compared to the investment expenditure required for a typical SPP of similar size, since it is possible to use the existing infrastructure connections at the power plants. In addition, since the operational expenses of hybrid power plants will be lower, the contribution of income from hybrid power plants to EBITDA will be higher compared to other power plants. As a result of all these investments, fair values of each power plant that started operating is going to be reflected to the consolidated financial statements, a significant increase is expected in the Company's asset size and equity size.

In the light of all this information, we believe that the Company's year-end targets will be achieved with its strong financial structure, investments in line with the targets, and revenues secured by FiT, which makes up 89% of total revenues.

Best Regards,

Audit Committee

Ersin AKYÜZ
President
(The original copy has been signed.)

Mehmet Hayati ÖZTÜRK
Member
(The original copy has been signed.)

Serpil DEMİREL
Member
(The original copy has been signed.)

Fatma Dilek BİL
Member
(The original copy has been signed.)