

**AKFEN GAYRİMENKUL YATIRIM
ORTAKLIĞI ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
SEPARATE FINANCIAL STATEMENTS WITH
LIMITED AUDITORS' REPORT FOR THE PERIOD
JANUARY 1, 2024 – DECEMBER 31, 2024**



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

To the Shareholders of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

A) Audit of the Separate Financial Statements

Opinion

We have audited the financial statements of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company"), which comprise the separate statement of financial position as at 31 December 2024, the separate statements of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

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



Key Audit Matters

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

Valuation of investment properties

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

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
Valuation of investment properties	
<p>As of 31 December 2024, the investment properties amounting to TRY 12,742,265,359 represent 56% of the Group's total assets.</p> <p>The Company's investment properties consist of hotels, dormitories, offices and lands.</p> <p>As of 31 December 2024, Gains from changes in the fair value of investment properties amounting to TRY 616,562,591 are recognized in financial statements.</p> <p>Investment properties constitute a significant part of the Company's financial statements, and valuation methods include important estimates, assumptions and and the subjectivity of valuations to determine fair value. For this reasons, "determining the fair values of investment properties" has been considered as a key audit metter.</p>	<p>Our audit procedures for testing fair value measurement of investment property included below:</p> <ul style="list-style-type: none">- We assessed the procedures applied by the company management in determining the fair value of investment properties.- We evaluated the capabilities and competence of the external valuers appointed by the Group for valuation of investment property.- We assessed the valuation methods of the investment property and verified assumptions (discount rate, occupancy rates) with our external valuation specialist and appraised by comparing their consistency and suitability with observable market prices are within an acceptable range.- We assessed the adequacy of the disclosures including estimates and assumptions of investment properties in the notes to consolidated financial statements.



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Responsibilities of auditors in an audit are as follows:

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

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

- Identify and assess the risks of material misstatement of the separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 6 March 2025.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2024 and 31 December 2024, the Company's bookkeeping activities and separate financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Hatice Nesrin Tuncer, SMMM
Partner
6 March 2025
İstanbul, Türkiye

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
		December 31,	December 31,
ASSETS	Notes	2024	2023
CURRENT ASSETS		4,783,135,001	3,392,148,760
Cash and cash equivalents	5	1,559,662,805	3,080,169,555
Trade receivables		948,156,171	176,576,973
- <i>Trade receivables from related parties</i>	4,7	801,304,457	16,480,676
- <i>Trade receivables from third parties</i>	7	146,851,714	160,096,297
Other receivables		193,494,170	14,997,397
- <i>Other receivables from related parties</i>	4,8	193,353,374	14,996,237
- <i>Other receivables from third parties</i>	8	140,796	1,160
Inventories	13	2,050,012,043	-
Prepaid expenses		27,430,144	120,336,739
- <i>Prepaid expenses from related parties</i>	4,18	-	489,461
- <i>Prepaid expenses from third parties</i>	18	27,430,144	119,847,278
Other current assets	19	4,379,668	68,096
NON-CURRENT ASSETS		18,015,072,967	18,760,309,976
Financial investments		4,655,371,744	5,267,450,250
- <i>Subsidiaries and affiliates</i>	9	4,655,371,744	5,267,450,250
Trade receivables		-	90,702,759
- <i>Trade receivables from related parties</i>	4,7	-	90,702,759
Other receivables		365,713,326	1,753,910
- <i>Other receivables from related parties</i>	4,8	363,842,461	-
- <i>Other receivables from third parties</i>	8	1,870,865	1,753,910
Inventories	13	-	1,273,161,210
Investment properties	10	12,742,265,359	12,121,472,667
Property, plant, and equipment	11	803,221	1,142,172
Intangible assets	12	311,974	323,406
Prepaid expenses		250,607,343	4,303,602
- <i>Prepaid expenses to related parties</i>	4,18	242,500,065	-
- <i>Prepaid expenses to third parties</i>	18	8,107,278	4,303,602
TOTAL ASSETS		22,798,207,968	22,152,458,736

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2024	December 31, 2023
LIABILITIES			
CURRENT LIABILITIES		1,044,836,617	1,744,336,482
Current portion of non-current borrowings		415,415,649	337,967,611
- Bank loans	6	408,465,317	326,611,367
- Lease liabilities	6	6,950,332	11,356,244
Trade payables		279,050,416	71,859,036
- Trade payables to related parties	4,7	266,335,821	58,899,040
- Trade payables to third parties	7	12,714,595	12,959,996
Other payables		24,229,008	1,330,026,903
- Other payables to related parties	4,8	-	1,288,545,005
- Other payables to third parties	8	24,229,008	41,481,898
Deferred revenue	18	323,815,579	3,671,535
Current provisions		2,325,965	811,397
- Current provisions for employee benefits	17	2,325,965	811,397
NON CURRENT LIABILITIES		2,590,402,769	2,437,874,906
Non-current borrowings		1,464,355,904	2,378,675,401
- Bank loans	6	1,418,111,417	2,314,531,687
- Lease liabilities	6	46,244,487	64,143,714
Deferred revenue	18	-	57,495,278
Non-current provisions		1,439,384	1,704,227
- Non-current provisions for employee benefits	17	1,439,384	1,704,227
Deferred tax liability	27	1,124,607,481	-
EQUITY		19,162,968,582	17,970,247,348
Paid in capital	20	3,900,000,000	3,890,703,214
Inflation adjustments on capital	20	7,956,109,878	7,952,827,311
Share Premium	20	1,748,157,079	1,741,191,092
Restricted reserves appropriated from profits		24,143	24,143
- Legal reserves	20	24,143	24,143
Retained earnings		4,343,378,692	3,027,238,175
Net profit for the period		1,215,298,790	1,358,263,413
TOTAL LIABILITIES		22,798,207,968	22,152,458,736

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts are expressed in Turkish Lira (“TRY”) at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
		January 1, - December 31, 2024	January 1, - December 31, 2023
PROFIT OR LOSS	Notes		
Revenue	21	716,397,075	821,117,843
Cost of sales (-)	21	(26,750,897)	(30,837,561)
GROSS PROFIT		689,646,178	790,280,282
General administrative expenses (-)	22	(58,721,458)	(74,052,249)
Other operating income from operating activities	23	616,636,639	959,051,422
Other operating expenses from operating activities (-)	23	(568,580)	(2,406,058)
PROFIT FROM OPERATING ACTIVITIES		1,246,992,779	1,672,873,397
Income from investment activities	24	991,627,461	7,219,082
Expenses from investment activities	24	(5,074,020)	-
PROFIT BEFORE FINANCE INCOME/(EXPENSE)		2,233,546,220	1,680,092,479
Finance income	25	534,698,530	99,234,782
Finance expense (-)	26	(281,683,656)	(2,477,321,161)
Monetary (loss)/gain	29	(188,777,719)	2,058,444,296
PROFIT BEFORE TAX		2,297,783,375	1,360,450,396
Tax expense	27	(1,082,484,585)	(2,186,983)
- Current period tax expense (-)	27	-	(2,186,983)
- Deferred tax expense (-)	27	(1,082,484,585)	-
PROFIT FOR THE PERIOD		1,215,298,790	1,358,263,413
Earnings per share (TRY in full)	28	0.31	0.93
Diluted earnings per share (TRY in full)	28	0.31	0.93

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

	Issued capital	Inflation adjustment to share capital	Share premium	Restricted reserves allocated from profits	Accumulated profits		Total equity
					Retained earnings	Net profit for the period	
Balance as of January 1, 2023	1,300,000,000	6,803,105,053	1,698,011,397	24,143	2,432,736,598	594,501,577	12,828,378,768
Transfers	-	-	-	-	594,501,577	(594,501,577)	-
Total comprehensive income	-	-	-	-	-	1,358,263,413	1,358,263,413
Capital increase (Note 20)	2,590,703,214	1,149,722,258	(7,802,420)	-	-	-	3,732,623,052
Increase through treasury share transactions (Note 20)	-	-	50,982,115	-	-	-	50,982,115
Balance as of December 31, 2023	3,890,703,214	7,952,827,311	1,741,191,092	24,143	3,027,238,175	1,358,263,413	17,970,247,348
Balance as of January 1, 2024	3,890,703,214	7,952,827,311	1,741,191,092	24,143	3,027,238,175	1,358,263,413	17,970,247,348
Transfers	-	-	-	-	1,358,263,413	(1,358,263,413)	-
Total comprehensive income	-	-	-	-	-	1,215,298,790	1,215,298,790
Capital increase (Note 20)	9,296,786	3,282,567	6,965,987	-	-	-	19,545,340
Deferred tax impact from previous years (Note 2.4.16)	-	-	-	-	(42,122,896)	-	(42,122,896)
Balance as of December 31, 2024	3,900,000,000	7,956,109,878	1,748,157,079	24,143	4,343,378,692	1,215,298,790	19,162,968,582

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

		<i>Audited</i> January 1, - December 31, 2024	<i>Audited</i> January 1, - December 31, 2023
	Notes		
A. Cash flows from operating activities			
Profit from continuing operations		1,215,298,790	1,358,263,413
Adjustments to reconcile profit:			
Adjustments for depreciation and amortisation expense	21, 22	674,527	8,116,815
Adjustments for provisions			
related with employee benefits	17	2,602,301	1,294,297
Adjustments for fair value gains		(616,562,591)	(983,272,178)
- <i>Adjustments to fair value (gains)/losses of investment properties</i>	23	(616,562,591)	(957,719,555)
- <i>Adjustments for fair value gains of derivative financial instruments</i>	25, 26	-	(25,552,623)
Adjustments for impairment loss		-	530,160
Adjustments for interest income and expense	25, 26	(330,062,328)	590,013,818
Adjustments for unrealised foreign exchange losses		(206,311,285)	1,802,918,174
Adjustments related to gains arising from the disposal of subsidiaries or joint ventures	24	(978,193,053)	-
Adjustments for monetary loss/(gain)		276,781,325	(2,075,849,956)
Adjustments for tax expenses	27	1,082,484,585	2,186,983
Adjustments for other items that result in cash flows from investment or financing activities	24	(8,360,388)	(7,219,082)
		438,351,883	696,982,444
Changes in working capital:			
Adjustments for increase in trade receivable		(34,757,866)	(36,862,001)
Adjustments for increase in other receivables			
related with operations		(407,928,388)	(17,232,337)
Adjustments for increase in inventories	13	(776,850,833)	(298,605,638)
Adjustments for increase in trade payable		262,836,721	62,270,922
Adjustments for (decrease)/increase in other operating payables		(754,874,397)	381,712,779
Other adjustments for other (decrease)/increase in working capital		(186,450,567)	(34,542,143)
Cash flows (used in)/from operations		(1,459,673,447)	753,724,026
Payments related with provisions for employee benefits	17	(441,005)	(835,768)
Tax refund		-	508,316
Net cash flows (used in)/ from operating activities		(1,460,114,452)	753,396,574
B. Cash flows from investing activities			
Cash inflows arising from sales of shares or capital decrease of associates and/or joint ventures	9,24	2,883,841,910	-
Cash outflow from purchase of property, plant, equipment, and intangible assets	11,12	(324,144)	(596,530)
Cash inflows from sales of property, plant, equipment, and intangible assets	11,12	-	34,016
Cash outflows from acquisition of investment property			
Cash outflows related to additional share purchases in subsidiaries	10	(20,407,574)	(8,338,977)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	9	-	(26,930,451)
Cash outflows from acquisition of investment property	9	(2,033,854,691)	(879,498,590)
Other cash inflows	24	8,360,388	7,219,082
Cash flows from/(used in) investing activities		837,615,889	(908,111,450)
C. Cash flows from financing activities			
Cash inflows from capital advances	20	19,545,340	3,164,739,128
Cash inflows from borrowing	6	2,179,165,685	-
Cash outflows for loan repayments	6	(2,199,044,774)	(156,011,157)
Cash outflows for payments of lease liabilities	6	(29,738,596)	(34,031,787)
Cash inflows from derivative instruments ^(*)		-	197,395,530
Interest received		106,420,572	11,290,960
Interest paid	6	(236,493,215)	(210,680,915)
Cash outflows from the purchase of treasury shares	20	-	(211,105,550)
Cash inflows from the sale of treasury shares	20	-	262,087,665
Net cash used in financing activities		(160,144,988)	3,023,683,874
Net decrease/(increase) in cash and cash equivalents before the effect of currency translation differences		(782,643,551)	2,868,968,998
Effect of foreign currency translation differences on cash and cash equivalents		208,778,647	79,318,886
Net (decrease)/ increase in cash and cash equivalents		(573,864,904)	2,948,287,884
Cash and cash equivalents at the beginning of the period	5	3,080,478,332	217,814,067
Inflation effect on cash and cash equivalents		(946,869,420)	(85,623,619)
Cash and cash equivalents at the end of the period	5	1,559,744,008	3,080,478,332

^(*) Represents the proceeds received by the Company during the period from the sale of interest rate swap derivatives it held.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2024**

(Amounts are expressed in Turkish Lira (“TRY”) at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

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

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

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (“Akfen GT”), a subsidiary of Akfen Holding, have been transferred to the Company with a nominal value. Akfen GT’s main operations are also investing in real estates, forming real estate portfolio and develop real estate projects. Akfen GT which is 100% owned subsidiary of Akfen GYO has 286 rooms Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC). Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Şirket on April 13, 2023 regarding the transfer of the hotel, whose investment was completed in the TRNC and operated under Merit Park Hotel & Casino. Since the most appropriate transfer of the aforementioned hotel for the Company is to make the transaction in the form of a share transfer by turning the Company's subsidiary Akfen GT into a special purpose company related to the aforementioned hotel, Akfen GT has been rendered to have no activities or assets except the hotel. As a result of the fulfillment of the terms of the contract and the receipt of all necessary legal permissions, the transfer of all shares belonging to Akfen GT, a subsidiary of the Company, was completed on January 17, 2024. In this context, as of August 28, 2023, the division of Akfen GT in such a way that only the hotel will remain within its structure has been completed, and the shares of Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat Anonim Şirketi (“Akfen Karaköy”), which is 78.83% owned by Akfen GT, have been transferred to the newly established Akfen Güney Gayrimenkul İşletme Anonim Şirketi (“Akfen Güney”) through a partial division. In addition, as a result of the aforementioned division process; while Akfen GT had 97,8 % shares of YaroslavlInvest Limited Company (“YaroslavlInvest”), Samstroykom Limited Company (“Samstroykom”) and KaliningradInvest Limited Company (“KaliningradInvest”), which has hotel investments in Russia, and 96,17% shares of Volgastroykom Limited Company (“Volgastroykom”), where the office investment in Russia is located, and 100% shares of Severnyi Avtovokzal Limited Company (“Severnyi”), which has a hotel investment in Moscow, these shares of subsidiaries have been transferred to the newly established Akfen Kuzey Gayrimenkul İşletme Anonim Şirketi (Akfen Kuzey). The main activities of Akfen Güney and Akfen Kuzey companies, which were registered on August 28, 2023 and are 100% owned, are to invest based on real estate, create and develop a real estate portfolio.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

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

The simplified merger of Akfen Güney and Akfen Karaköy under Akfen Karaköy was completed with the registration dated November 29, 2024, and as a result of this merger, the Company's direct ownership interest in Akfen Karaköy became 100%.

The Company has established a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in Istanbul Karaköy on May 31, 2011. After the capital increase on May 18, 2018, the Company's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%. As of February 16, 2023, 85.16% of Akfen Karaköy's 8.53% shares (7.26% of total shares) owned by third parties were taken over by Akfen GT as a deduction for the existing receivables of Akfen GT from the other partners of Akfen Karaköy together with the accrued interest until the share transfer date, and 14.84% of the remaining shares (1.27% of the total shares) by Akfen Holding with a price of 1,500,000 USD. On May 2, 2023, the Company purchased the 1.27% Akfen Karaköy shares belonging to Akfen Holding and with the aforementioned share transfer, Akfen Karaköy became a 100% subsidiary of the Company. The acquisition of shares in question results in Akfen GYO's direct and indirect ownership stake in Akfen Karaköy being 100% as of December 31, 2024, and 2023. An application was made to the Capital Markets Board on December 6, 2024, for the merger of Akfen GYO by acquiring all assets and liabilities owned by Akfen Karaköy at their recorded values as a whole, through a dissolution without liquidation, and the process is ongoing as of the reporting date.

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

As of February 9, 2021, all shares of Masanda Turizm Yatırım A.Ş. ("Masanda Turizm") belonging to Akfen Altyapı Holding A.Ş. ("Akfen Altyapı") registered in Muğla province, Bodrum district, Göl Mahallesi, block 112, parcel 4 to make and operate tourism investments and in Bodrum with the right of construction from the Ministry of Culture and Tourism, which has a tourism operation certificate and a 5-Star Holiday Village investment with a capacity of 92 rooms and 184 beds, on the allocated land, were purchased and Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt") shares, which has dormitory investments registered in Isparta City Central Province, in İstiklal 2 District, island 9, parcel 112 with a bed capacity of 4032, and registered in Kütahya City Central District in Cevli District, 102 island, 2 parcel with 3200 bed capacity, were purchased from Akfen İnşaat. At the Company's Board of Directors meeting as of June 1, 2021, in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board ("CMB") on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared, and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021. The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt and Masanda Turizm was taken over by Akfen GYO with all its assets and liabilities.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

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

On March 31, 2021, Akfen REIT acquired 51% of the shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Turizm") for consideration. Through this acquisition, the Company obtained the right to undertake the project involving the lease of the Söğütlüçeşme High-Speed Train Station located in Kadıköy, Istanbul, within the scope of the "Lease Agreement for Areas Including Construction," signed between Fıratcan Turizm and TCDD on July 5, 2018. The agreement grants a 2-year permit and licensing period, 2 years for construction, and 28 years for operation. Accordingly, the Company has committed to TCDD the implementation of the Söğütlüçeşme High-Speed Train Station Project, which includes the construction of a viaduct, terminal building, commercial areas, and a parking facility. Following a project revision dated September 6, 2022, the agreement was renewed and its term was extended until the year 2051. The remaining 49% of Fıratcan Turizm shares were acquired on July 18, 2023. Following this transaction, Fıratcan Turizm became a wholly-owned subsidiary of the Company.

The Company purchased a 22,197 square meter land in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits and started the construction of the villa project planned to be sold on the land.

The Company has purchased 100% shares of Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş. ("Gökliman") from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Gayrimenkul Yatırım Fonu ("Akfen GPYŞ 1. GMY Fonu") on December 29, 2022 for a consideration of TRY 785.966.822. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m2 of land in Muğla province, Milas district, Kıyıkışlacık Neighborhood, Gökliman Locality.

On April 3, 2023, Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Bafra"), a new wholly owned subsidiary, was established. The main activity of the Company is to invest in real estate in Cyprus, to create and develop a real estate portfolio.

The Company is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent-İstanbul address. As of December 31, 2024, the number of employees of the company is 10 (December 31, 2023: 9).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a *Statement of compliance*

The accompanying individual financial statements are based on the "Communiqué on Principles Regarding Real Estate Investment Companies" of the Capital Markets Board ("CMB") published in the Official Gazette No: 28660, Serial: III, No: 48.1, "investment companies that have the obligation to prepare consolidated financial statements, are obliged to prepare annual and interim consolidated financial statements as well as annual and interim individual financial statements.

In the individual financial statements, the subsidiaries, joint operations, affiliates, and joint ventures of the Company are not consolidated and are reflected in the individual financial statements as financial investments in accordance with TAS 27 "Individual financial statements" and by deducting the provision for impairment, if any, from the acquisition costs.

The Company, in accordance with the Financial Reporting Standards Turkey also prepares the consolidated financial statements prepared As of December 31, 2024. Therefore, the attached individual financial statements should be examined together with the consolidated financial statements of the Company prepared as of December 31, 2024, in order to obtain comprehensive information about the financial status of the Company on December 31, 2024 and December 31, 2023 and the financial performance and cash flows of the year ending on the same date.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

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

2.1. Basis of preparation (cont'd)

b Measurement principles

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

As of January 1, 2023, within the scope of TAS 29, the amount of "Retained Earnings" without inflation adjustment is TRY 1,148,702,621, and TRY 1,301,604,990 retained earnings after inflation adjustment, The amount of "Loss From Previous Year" dated January 1, 2023 is TRY 2,432,736,598 as brought to the purchasing power of December 31, 2024.

Financial Reporting in Hyperinflationary Economies

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. POA explained that it should be presented in accordance with the principles of inflation and adjusted for the effect of inflation. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29.

As a result, the financial statements of enterprises whose functional currency is TRY are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of December 31, 2024. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Turkey in general.

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

Date	Index	Conversion Factor
December 31, 2024	2,684.55	1.00000
December 31, 2023	1,859.38	1.44379
December 31, 2022	1,128.45	2.37897

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated January 1, 2022, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on December 31, 2024, are accepted as the opening statement of financial position.

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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(Amounts are expressed in Turkish Lira (“TRY”) at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.1. Basis of preparation (cont’d)

b Measurement principles (cont’d)

Financial Reporting in Hyperinflationary Economies (cont’d)

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

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

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders’ equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as “monetary gain / (loss)”.
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All amounts for comparative periods have been rearranged by applying the index change from the relevant comparative period to December 31, 2024.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.1. Basis of preparation (cont’d)

b Measurement principles (cont’d)

Financial Reporting in Hyperinflationary Economies (cont’d)

Group applied TAS 29 in the opening statement of financial position dated 1 January 2021 and rearranged the relevant amounts to reflect the effect of inflation from the date the assets were acquired and liabilities and equity were assumed, excluding retained earnings/losses, until the end of the reporting period.

c Compliance with Turkish Accounting Standards (“TAS”)

The accompanying financial statements have been prepared in accordance with the provisions of the Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1) (“the Communiqué”) published by the Capital Markets Board of Turkey (“CMB”) in the Official Gazette dated 13 June 2013 and numbered 28676, and in compliance with Turkish Financial Reporting Standards (“TFRS”) adopted by the CMB and issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). TFRS comprise standards and interpretations issued as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations by the POA.

The financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published by Capital Markets Board of Turkey (“CMB”). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes, and interpretations.

The financial statements of the Company as at December 31, 2024 have been approved by the Board of Directors on March 6, 2025. The General Assembly and relevant regulatory bodies have the right to revise the financial statements in accordance with the applicable legislation.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

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(Amounts are expressed in Turkish Lira (“TRY”) at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.1. Basis of preparation (cont’d)

d Functional and presentation currency

The presentation currency of the accompanying financial statements is TRY and all financial information presented in TRY unless otherwise stated. All other currencies are stated full unless otherwise stated.

e Subsidiaries/Affiliates

The Company, in the separate financial statements, recognizes its investments in subsidiaries at their cost value by discounting impairment value, if any.

The table below shows Akfen GYO’s ownership ratio in subsidiaries as of December 31, 2024 and December 31, 2023:

The Company	Direct or indirect shares of the Company (%)	
	December 31, 2024	December 31, 2023
Joint Ventures		
Akfen Karaköy	100.00	100.00
Severnyi	100.00	100.00
Gökliman	100.00	100.00
Fıratcan İnşaat	100.00	100.00
Akfen Kuzey	100.00	100.00
Akfen Bafra	100.00	100.00
Yaroslavl Invest, KalingradInvest, Samstroykom	97.80	97.80
Volgastroykom	96.17	96.17
Akfen GT (*)	-	100.00
Akfen Güney (**)	-	100.00

(*) The sale was completed on January 17, 2024.

(**) It was merged with Akfen Karaköy on 29 November 2024.

g Foreign currency transaction

Transactions in foreign currencies are translated to the functional currencies of the Company entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Except for the currency used for measuring the items in the separate financial statement, all currency units used are named as foreign currency.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.1. Basis of preparation (cont’d)

h Comparative information and restatement of prior periods’ financial statements

The accompanying individual financial statements are prepared in comparison with the previous period to determine the financial status, performance, and trends in cash flow of the Company. When the presentation or classification of the items of individual financial statements changes, to ensure comparability, the previous period's individual financial statements are also reclassified accordingly, and an explanation is made regarding these matters.

ı Going concern

Separate financial statements have been prepared according to the continuity of the business.

2.2. Accounting estimates and evaluations

The preparation of consolidated financial statement requires the use of assumptions and estimates that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues, expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Company management, the actual may differ from them. The estimates are used particularly in the following notes:

Note 10 Fair value measurement of investment property

The fair value of the investment real estate of the Company as of the balance sheet date has been obtained according to the valuation carried out by a real estate valuation company which is not related with the Company. The evaluation made according to the International Valuation Standards has been identified with the revenue reduction methods and various estimations and assumptions (discount rates, occupancy rates, etc.) are being used in these calculations. Any possible future changes in these estimations and assumptions may lead to significant impact on the Company financial statements.

Note 19 Long term VAT receivables

The Company classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 19).

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

2.2 Accounting estimates and evaluations (cont'd)

Accounting policies taken as basis for the preparation of consolidated financial statements for the accounting period of January 1 – December 31, 2024 are applied in consistence with the financial statements prepared as of December 31, 2023 except for the new and amended TAS/IFRS standards stated below which are valid as of January 1, 2024 and the interpretations of the Turkish Financial Reporting Interpretation Committee ("TFRIC").

If the changes in accounting estimates are related to only one period, they are applied prospectively in the current period in which the change is made and if they are related to future periods, to cover future periods. There are no changes in accounting estimates in the current period. Significant accounting errors are applied retrospectively, and prior period financial statements are restated. There are no significant accounting errors detected in the current period.

The new standards, amendments, and interpretations that effective on December 31, 2024 are as follows:

Changes that have entered into force and have been implemented

Changes that have become effective and have been adopted for annual periods beginning on or after January 1, 2024:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current 1
- IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- International Tax Reform – Pillar Two Model Rules- Amendments to IAS 12

These newly adopted amendments to standards have not been a significant impact on the financial statements of the Company.

The standards, amendments, and interpretations that are issued but not effective as of December 31, 2024

- Lack of Exchangeability – Amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority ("POA")

- IFRS 18 Presentation and Disclosure in Financial Statements
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Annual Improvements to IFRS Accounting Standards- Volume 1

These newly adopted amendments to standards have not been a significant impact on the financial statements of the Company.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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(Amounts are expressed in Turkish Lira (“TRY”) at purchasing power as of December 31, 2024 to reflect the effects of inflation, unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies

The important accounting principles used in the preparation of financial statements are explained below.

2.3.1 Revenue

Revenue includes rental income and real estate inventory sales.

Rental income

Rental income from investment property is recognized on accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Company and amount of the related income is measured confidently.

Income from real estate sales

Sales revenue is recognised significant risks and rewards associated with ownership of the real estate, have been transferred to the buyer, the entity is not related to the management of the properties sold as required by the ownership and there is no effective control over the properties in question, the amount of sales revenue can be measured reliably, it is probable that the economic benefit related to the transaction will be obtained by the entity. It is recorded when the costs incurred and to be incurred in connection with the transaction can be measured securely.

When the contractual terms of the projects that the Company has sold comply with the situations described above, the sales income and cost are reflected in the financial statements.

2.3.2 Offsetting

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Insignificant amounts are reflected by adding to each other based on their principles and functions. As a result of a requirement for offsetting due to nature of the transactions and events, reflection of such transactions and events from their net values or following up from their amount after deducting impaired value shall not be considered as violation of the rule of no offset.

2.3.3 Investment property

Operating investment properties

Investment properties are properties held to earn rental income, capital gains or both. Investment properties are initially recognized at cost, including transaction costs, and subsequently measured at fair value. Fair value is the price to be paid in a transaction, sale of an asset or transfer of debt between market participants at the measurement date.

The fair value of the investment properties is determined by adding the present values of the free cash flows to be generated by the investment properties in the following years. Fair valuation studies have been made considering the credibility of the tenants or those responsible for making the activity payments, the distribution of the maintenance and insurance of the investment property between the lessor and the lessee and the economic life of the investment property.

The fair value of the Company's investment property includes the fair value calculated by a real estate appraisal company, which is included in the list of “Real Estate Appraisal Companies” registered with the CMB, and the expenditures made for the real estates from the date of valuation to the end of the reporting period.

Gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss in the period in which they arise.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.3 Investment property (cont’d)

The Company classifies its rights to the land it leases to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as in the financial lease and in addition, the fair value method is used for the land in question. Since the fair values of investment properties developed on the leased lands of the Company have been made by deducting the estimated cash flows of the land to be paid for these lands, the discounted values of the related land and related lease amounts are mutually accounted in the investment properties and financial liabilities accounts.

Right to use assets

The Company classifies its rights to the land it leases to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as in the financial lease and in addition, the fair value method is used for the land in question. Since the fair values of investment properties developed on the leased lands of the Company have been made by deducting the estimated cash flows of the land to be paid for these lands, the discounted values of the related land and related lease amounts are mutually accounted in the investment properties and other liabilities accounts.

Lease liabilities

The Company measures its lease liability at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease liability on the date that the lease commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease starts:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- (c) Amounts expected to be paid by the Company under residual value commitments
- (d) the use price of this option and if the Company is reasonably certain that it will use the
- (e) fines for termination of the lease if the lease shows that the Company will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Lease liabilities (cont’d)

The revised discount rate for the remainder of the lease term of the Company is determined as; if it is not easily determined, the Company determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Company measures the lease liability as follows:

(a) increase the carrying amount to reflect the interest on the lease obligation; and

(b) Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

2.3.4 Property and equipment

Property, plant and equipment are carried at cost, which includes borrowing costs, less accumulated depreciation and any permanent impairment losses.

Depreciation

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related assets.

The estimated useful lives of the related assets are as follows:

Equipment	2-10 years
Furniture and fixture	3-10 years
Vehicles	3-5 years

Subsequent expenditure

Expenses arising from replacing any part of tangible fixed assets, including basic maintenance and repair expenses, can be capitalized. Other subsequent expenses can be capitalized if they increase the future economic benefit of the tangible fixed asset. All other expenses are recognized in profit or loss on the date they occur. Losses or gains resulting from disposal of tangible fixed assets are determined by comparing the proceeds from sales with the book value of the fixed asset and are reflected in the relevant income or expense accounts in the current period.

2.3.5 Intangible assets

Intangible assets consist the software programmes. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the related assets of 3 or 5 years.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.6 Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that the carrying amount of its non-financial assets, excluding investment properties, may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of the asset (or cash generating unit) is less than its book value, the book value of the asset (or cash generating unit) is reduced to its recoverable amount. In this case, impairment losses are recognized in profit or loss. The increase in the registered value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the book value (net amount remaining after depreciation) that would occur if the impairment was not included in the financial statements in previous years. Cancellation of impairment is recorded in profit or loss.

2.3.7 Financial instruments

Classification

The Company recognizes its financial assets in three classes as “financial assets accounted for at amortized cost”, “financial assets at fair value through other comprehensive income” and “financial assets at fair value through profit or loss”. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Company classifies its financial assets at the date of purchase. Financial assets are not reclassified after initial recognition unless the business model used by the Company in the management of financial assets changes; In the case of a business model change, financial assets are reclassified on the first day of the subsequent reporting period.

Recognition and Measurement

“Financial assets at fair value through other comprehensive income” are non-derivative financial assets that are held as part of a business model aimed at collecting contractual cash flows and selling financial assets, and which only include interest payments arising from principal and principal balances on certain dates on contract terms. Gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment, gains and losses and foreign exchange differences. If the assets are sold, the valuation differences that are classified in other comprehensive income are reclassified to retained earnings. For investments made in equity instruments, the Company may irrevocably choose to reflect the subsequent changes in fair value on other comprehensive income for the first time. In case of making such preference, dividends obtained from related investments are accounted in individual income statement.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.7 Financial instruments (cont’d)

Recognition and Measurement (cont’d)

“Financial assets at fair value through profit or loss” consist of financial assets other than financial assets measured at amortized cost and fair value difference reflected to other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the individual income statement. Financial assets at fair value through profit or loss also include “derivatives” items in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

Derecognition

The Company derecognizes a financial asset when its rights to the cash flows that are incurred in accordance with the contract relating to financial assets expire or when the related rights are transferred to the ownership of all risks and returns related to this financial asset through a purchase and sale transaction. Any rights created or held by financial assets transferred by the Company are recognized as a separate asset or liability.

Impairment

Impairment of financial assets and contractual assets is calculated using “the expected credit loss” (ECL) model. The depreciation model is applied to amortized cost financial assets and contract assets. Provision for losses is measured based on the following: 12-month ECLs: the ECLs resulting from possible default events within 12 months of the reporting date. Lifetime ECLs: ECLs that arise from all possible default events over the expected life of a financial instrument. Lifetime ECL measurement is applied when the credit risk associated with a financial asset increases significantly after the initial recognition at the reporting date. In all other cases where there was no increase, the 12-month ECL calculation was applied.

The Company may determine that the credit risk of the financial asset does not increase significantly if the credit risk of the financial asset has a low credit risk at the reporting date. However, the lifetime ECL measurement (simplified approach) is always valid for trade receivables and contract assets without significant funding.

2.3.8 Financial liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of the related financial liability are also added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

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

2.3 Summary of significant accounting policies (cont'd)

Financial liabilities

Financial liabilities are initially recognized at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the financial statements from their amortised cost using effective interest rate on subsequent dates.

Financial liabilities are derecognized when the debts arising from these liabilities are raised, cancelled, and expired.

During initial recognition of the convertible bond as financial liability, the fair value (the present value of the redemption value) is reclassified from equity. In accordance with TAS 32, financial instrument components that provide for the grant of an obligation to convert an entity into a financial instrument based on the equity of the entity that generates the financial liability are presented separately as debt and equity components in the balance sheet. When the compound financial instrument is allocated to the initial book value equity and liability components, the remaining amount is transferred to the equity component after deducting separately the amount determined separately for the liability component from the fair value of the instrument.

The difference between the fair value of the amount to be paid at the maturity date or the amount to be converted by using the current market interest rate and the original export amount is classified under "Additional capital contribution of shareholders" item under equity. In the initial recognition, the sum of the book values distributed to the debt and equity components is always equal to the fair value attributable to the entire instrument. The fair value calculation is performed on the cash flow after classification under equity and the interest expense related to the obligation is recognized in profit or loss and other comprehensive income statement in the separate financial statements.

2.3.9 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.3.10 Inventories

Inventories are measured at the lower of cost or net realizable value. The cost elements included in the inventories consist of the lands owned by the Company to build real estate for sale and the costs of the real estates under construction on these lands. According to the construction completion and sales estimates of the real estates, these costs are accounted for under current and non-current assets. These costs include all acquisition costs, conversion costs, and other costs incurred to bring inventories to their current state and location. The unit cost of inventories is determined using the lower of cost or net realizable value method.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.11 Earnings per share and diluted earnings per share

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common shares at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 28).

In the calculation of diluted earnings per share presented in the comprehensive income statement, the profit or loss in the share of the ordinary shareholders of the parent company and the weighted average number of shares are adjusted according to the effects of dilutive potential ordinary shares. The profit or loss in the share of the parent shareholders of the parent company is increased by the amount of the post-tax dividend and interest accrued in the period with respect to the potential ordinary shares that are dilutive effects and by any other change resulting from the conversion of potential ordinary shares with dilutive effects and the weighted average number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares based on the assumption that all potential ordinary shares with dilution effects have been converted (Note 28).

2.3.12 Subsequent events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed on the financial position date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the financial position date (non-adjusting events after the balance sheet date).

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, Company’s financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.3.13 Provisions, contingent liabilities, and contingent assets

For any provision amount to be included in the financial statements; The Company must have an existing legal or implied obligation arising from past events, for this obligation to be fulfilled, it is probable that the resources containing economic benefits will be withdrawn from the enterprise and that the amount of the obligation can be estimated reliably. If these criteria are not met, the Company discloses the related issues in the notes.

If it is probable that the economic benefit will enter the entity, the disclosure is made in the notes to the financial statements of the contingent asset. If it is certain that the economic benefit will enter the entity, the asset and the related income are recognized in the financial statements at the date of the change.

2.3.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.14 Leases (cont’d)

Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.14 Leases (cont’d)

Company as a lessee (cont’d)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as a lessor

The Company allocates the price in the contract on the basis of the relative stand-alone price for a contract that includes a lease component and one or more additional lease components or non-lease components, at the inception of the contract or when the contract containing the lease component is modified.

When the company is in the position of lessor, it classifies each of the leases as operating leases or finance leases.

To classify each lease, the Company makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Company considers some other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

When the company is an intermediate lessor, it considers the main lease and the sublease separately. It evaluates the lease classification of a sublease by referring to the right-of-use asset arising from the lease, not by reference to the underlying asset. If a lease is a short-term lease to which the Company applies the exemption described above, it classifies the sublease as an operating lease.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.15 Related parties

To the accompanying financial statements, shareholders, key management, and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

The subject in question,

- (i) has control or joint control over the reporting entity.
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.3.16 Taxation

Akfen GYO is exempt from corporate income tax pursuant to Article 5, paragraph (d)-4 of the Corporate Tax Law. In accordance with Article 94, paragraph 6-a of the Income Tax Law, the earnings of real estate investment companies are subject to withholding tax; however, the withholding rate has been set at "0%" by the Council of Ministers’ Decree No. 93/5148. In accordance with Article 5/1(d)(4) of the Corporate Tax Law No. 5520, earnings derived by real estate investment companies are exempt from corporate income tax. However, with the enactment of Law No. 7524 on Amendments to Tax Laws and Certain Other Laws and Decree Law No. 375, published in the Official Gazette in August 2024, the application of the corporate tax exemption granted to real estate investment companies and real estate investment funds has been made conditional. The exemption now requires that at least 50% of the earnings derived from immovable properties owned by such companies and funds be distributed as dividends by the end of the second month following the month in which the corporate tax return is filed. Additionally, with the inclusion of subparagraph (c) under Article 32 of the Corporate Tax Law, a 10% domestic minimum corporate tax was introduced. It has been stipulated that, in the calculation of this minimum corporate tax, the earnings of real estate investment companies and real estate investment funds derived from immovable properties cannot be considered as exempt income or deductible. This regulation is also applicable to interim advance tax calculations. Accordingly, as of December 31, 2024, a tax rate of 30% applicable to undistributed earnings is used in the calculation of Akfen GYO’s deferred tax assets and liabilities (December 31, 2023: Exempt from corporate tax).

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.16 Taxation (cont’d)

Deferred tax is calculated using the liability method based on temporary differences between the carrying amounts and tax bases of assets and liabilities in the financial statements. Due to tax regulations, the taxable or deductible temporary differences recorded in Akfen GYO's financial statements as of December 31, 2024, have been multiplied by the 30% tax rate applicable for periods after January 1, 2025, to determine the deferred tax liability or asset. In accordance with the communiqué titled "Reporting of Tax Amounts in Real Estate Investment Trusts and Real Estate Investment Funds" issued by the Public Oversight, Accounting, and Auditing Standards Authority (KGK) on February 12, 2025, the deferred tax liability arising from legislative changes in the financial statements dated December 31, 2024, is recognized under retained earnings or losses for the impact related to 2023 and prior periods, and in the income statement for the impact related to 2024. As of December 31, 2024, a deferred tax liability of TRY 44,511,502 has been accounted for under retained earnings in the Group's individual financial position statements.

2.3.17 Employee termination benefits / Retirement pay provision

Retirement pay provision

In accordance with the existing labour code in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Company calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financials.

Vacation pay provision

The vacation pay provision accrued on the financial statements represent the estimated total liability for future probable obligation of the employees.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.18 Statement of cash flows/Cash and Cash Equivalents

The cash flow statements for the period are classified and reported in the cash flow statement based on investment and financing activities. The cash flows arising from the operating activities represent the cash flows arising from the Company activities. The cash flows related to investment activities represent the cash flows the Company uses and obtains in its investment activities (fixed investments and financial investments). The cash flows regarding the financing activities represent the resources used by the Company in its financing activities and repayments of those resources.

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

2.4 Determination of fair values

The Company’s various accounting policies and footnote 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. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

The fair value of the investment real estates is at Level 3 according to the revenue reduction method that is one of the valuation techniques.

2.5 Investment portfolio limitations on real estate investment trust

As of December 31, 2024 and 2023, the information contained in the footnote titled "Control of Compliance with Portfolio Limitations" are in the nature of summary information derived from the financial statements in accordance with the Article 16 of the CMB Serial: II, No: 14.1 “Communiqué on the Principles of Financial Reporting in the Capital Markets” and have been prepared within the framework of the provisions regarding the control of compliance with portfolio limitations related to Communiqué on “Principles Regarding Real Estate Investment Trusts”, Serial: III, No: 48.1, published in the Official Gazette No. 28660 on May 28 2013 and Communiqué Serial: III, No: 48.1a on the Amendment of the "Communiqué on Principles Regarding Real Estate Investment Trusts" published in the Official Gazette No. 28891 on January 23, 2014.

3. SEGMENT REPORTING

As of December 31, 2024 and 2023, since the Company carries out all its operational transactions from domestic markets, there are no different fields of activity and different geographical regions that require segment reporting.

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4. RELATED PARTY DISCLOSURES

4.1. Related party balances

Current trade receivables from related parties:

	December 31, 2024	December 31, 2023
Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (“Akfen Karaköy”) (*)	732,791,578	-
Akfen Turizm Yatırım ve İşletmecilik A.Ş. (“Akfen Turizm”) (**)	59,724,619	16,480,676
Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. (“Akfen Bafra”) (***)	8,788,260	-
	801,304,457	16,480,676

(*) The receivables arising from the transfer of all shares of Akfen Karaköy, a subsidiary of the Company, to Akfen Güney on November 14, 2024, and the merger of Akfen Karaköy and Akfen Güney within Akfen Karaköy on November 29, 2024 (Note: 9).

(**) It consists of trade receivables related to the Bodrum loft project..

(***) It consists of trade receivables related to expenditures made on behalf of Akfen Bafra.

Non-current trade receivables from related parties:

	December 31, 2024	December 31, 2023
Akfen Kuzey (*)	-	90,702,759
	-	90,702,759

(*) This represents the receivable amount arising from the sale of the entire shares of Akfen GYO’s 100% subsidiary in Russia to Akfen GT at fair value on March 27, 2016. This trade receivable was transferred to Akfen Kuzey on August 28, 2023, due to the partial demerger that took place at Akfen GT (As of December 31, 2024: None)

Current other receivables from related parties:

	December 31, 2024	December 31, 2023
Fıratcan İnşaat (*)	191,449,064	-
Akfen Karaköy (**)	1,904,310	-
Gökliman (***)	-	14,841,463
Akfen Bafra	-	154,774
	193,353,374	14,996,237

(*) The Company is a 100% subsidiary of the Company and the balance of the relevant short-term funding is subject to an interest rate under market conditions (December 31, 2024: 56%-65%, December 31, 2023: None).

(**) The related company is a 100% subsidiary of the Company and the relevant balance was formed as a result of the loan refinancing carried out by the Company on May 23, 2024, and the interest rate is charged on the relevant balance under market conditions (December 31, 2024: 58%-64%, December 31, 2023: None).

(***) The related company is a subsidiary of the Company and the interest rate on the relevant balance is operated under market conditions (December 31, 2024: 56%-64%, December 31, 2023: 14%-51%).

Current trade payables to related parties:

	December 31, 2024	December 31, 2023
Akfen İnşaat (*)	247,031,850	54,457,304
Akfen Holding (**)	19,303,971	4,441,264
Akfen Danışmanlık	-	472
	266,335,821	58,899,040

(*) As of December 31, 2024 and 2023, the balance of trade payables to related parties to Akfen İnşaat consists of the Company's debt balance related to the Yalıkavak project..

(**) As of December 31, 2024 and 2023, the balance of commercial debts to related parties to Akfen Holding consists of the Holding's general administration expenses.

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4. RELATED PARTY DISCLOSURES (cont’d)

4.1. Related party balances (cont’d)

Current other payables to related parties:

	December 31, 2024	December 31, 2023
Akfen International ^(*)	-	1,144,822,888
Akfen Karaköy ^(**)	-	63,585,058
Fıratcan İnşaat ^(**)	-	47,371,605
Akfen GT ^(**)	-	32,765,454
	-	1,288,545,005

^(*) It is one of the partners of the Company. As of December 31, 2023, the balance of other payables to Akfen International BV consists of the debts received by the Group within the scope of the Gökliman share purchase, and this debt has been closed as of December 31, 2024.

^(**) These companies are subsidiaries of the Company and interest rates are charged on the relevant balances under market conditions (December 31, 2023: TRY: 51%, USD: 7%, December 31, 2024: None).

Current prepaid expenses to related parties:

	December 31, 2024	December 31, 2023
Akfen İnşaat ^(*)	-	489,461
	-	489,461

^(*) It consists of construction advances given for the project that the Company plans to develop on the Yalıkavak.

Non-current prepaid expenses to related parties:

	December 31, 2024	December 31, 2023
Akfen Bafra ^(*)	174,957,934	-
Akfen Kuzey ^(*)	67,542,131	-
	242,500,065	-

^(*) As of December 31, 2024 it consists of capital advances sent by the Company (December 31, 2023: None).

Non-current other receivables from related parties:

	December 31, 2024	December 31, 2023
Akfen Karaköy ^(*)	363,842,461	-
	363,842,461	-

^(*) The related company is a 100% subsidiary of the Company and the relevant balance was formed as a result of the loan refinancing carried out by the Company on May 23, 2024, and the interest rate is charged on the relevant balance under market conditions (December 31, 2024: 58%-64%, December 31, 2023: None).

The details regarding significant guarantees provided and received from related parties is disclosed in Note 6.

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4. RELATED PARTY DISCLOSURES (cont’d)

4.2. Related party transactions

a) Rent expenses

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen GPYŞ 1. GMY Fonu (Merkez Ofis)	1,437,810	1,536,194
Isparta Şehir Hastanesi (Isparta Yurt)	4,008,679	3,955,886
	5.446.489	5.492.080

b) Interest income

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen Karaköy	128,423,500	1,856,594
Fıratcan İnşaat	72,767,624	-
Gökliman	17,600,862	1,205,199
Akfen Kuzey	1,010,409	-
Akfen Holding	150,343	-
Akfen Güney	37,256	-
Akfen GT	-	16,513,764
	219,989,994	19,575,557

c) Interest expense

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen GT	492,773	-
Akfen International BV	-	61,637,075
	492,773	61,637,075

d) Ongoing construction progress

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen İnşaat (*)	774,520,277	296,912,150
	774,520,277	296,912,150

(*) Ongoing construction progress payments belonging to Akfen İnşaat consist of progress payment invoices received by the Company within the scope of the Yalıkavak Project.

e) Share Purchases

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen Holding (Not9)	-	33,126,389
	-	33,126,389

On May 2, 2023, the Company acquired 1.27% of Akfen Karaköy shares belonging to Akfen Holding for TRY 33,126,389.

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4. RELATED PARTY DISCLOSURES (cont’d)

4.2. Related party transactions (cont’d)

f) Share Sales

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen Güney (Note 9)	740,284,340	-
	740,284,340	-

g) Hotel Revenues

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen Turizm (Bodrum Loft)	63,456,394	90,794,294
	63,456,394	90,794,294

h) Other expenses

	January 1, - December 31, 2024	January 1, - December 31, 2023
Akfen Holding (*)	6,397,711	4,374,156
	6,397,711	4,374,156

(*) It consists of expense allocations.

h) Remuneration of top management

	January 1, - December 31, 2024	January 1, - December 31, 2023
Remuneration of top management (*)	18,671,107	17,930,958
	18,671,107	17,930,958

(*) Top management of the Company includes Independent Members of the Board of Directors, General Manager and Deputy General Managers.

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5. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash on hand	72,473	105,066
Cash at banks	45,903,465	2,891,931,210
- Demand deposits	45,402,890	162,116,047
- Time deposits	500,575	2,729,815,163
Other cash and cash equivalents ^(*)	1,513,768,070	188,442,056
Impairment	(81,203)	(308,777)
Cash and cash equivalents	1,559,662,805	3,080,169,555
Impairment	81,203	308,777
Cash and cash equivalents in cash flow statement	1,559,744,008	3,080,478,332

^(*) As of December 31, 2024, and 2023, all other cash and cash equivalents consist of the Company's daily investment funds and repo assets. As of December 31, 2024, TRY 1,451,159,411 of the relevant balance consists of Euro-denominated assets, while the remaining amount consists of Turkish Lira-denominated assets (December 31, 2023: TRY 188,442,056 of Euro-denominated assets). Regarding these assets, as of December 31, 2024, a net amount of TRY 8,360,388 has been recognized under investment income/(expenses) as securities sale gains (Note 27) (December 31, 2023: TRY 7,219,082).

Demand deposits

As of December 31, 2024 and December 31, 2023, demand deposits are comprised of the following currencies:

	December 31, 2024	December 31, 2023
Euro	32,124,770	4,378,218
US Dollar	12,151,906	554,664
TRY	1,126,214	157,183,165
Total demand deposits	45,402,890	162,116,047

Time deposits

As of December 31, 2024, time deposits are comprised of the following currencies:

Currency	Maturity	Interest rate	December 31, 2024
TRY	January 2025	42%	500,575
Total			500,575

As of December 31, 2023, time deposits are comprised of the following currencies:

Currency	Maturity	Interest rate	December 31, 2023
TRY	January 2024	28-44%	1,395,236,302
US Dollar	January 2024	0.75%	1,334,578,861
Total			2,729,815,163

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6. FINANCIAL LIABILITIES

As of December 31, 2024 and December 31, 2023 financial liabilities are comprised of the following:

	December 31, 2024	December 31, 2023
Short term financial liabilities	415,415,649	337,967,611
Current portion of long term secured financial liabilities	408,465,317	326,611,367
Current portion of long term secured financial liabilities	6,950,332	11,356,244
Long term financial liabilities	1,464,355,904	2,378,675,401
Long term secured bank loans	1,418,111,417	2,314,531,687
Long term secured lease liabilities	46,244,487	64,143,714
Total financial liabilities	1,879,771,553	2,716,643,012

As of December 31, 2024, and 2023, the summary information regarding the book and nominal values of the Company's bank loans is as follows:

December 31, 2024:

Book value

Currency	Nominal interest rate	Original Amount	Short term	Long term	Total
EUR(1)	6.80% + Euribor ^(*)	49,632,000	408,465,317	1,418,111,417	1,826,576,734
			408,465,317	1,418,111,417	1,826,576,734

Nominal value

Currency	Nominal interest rate	Original Amount	Short term	Long term	Total
EUR(1)	6.80% + Euribor ^(*)	49,368,564	279,520,250	1,537,361,377	1,816,881,627
			279,520,250	1,537,361,377	1,816,881,627

December 31, 2023:

Book value

Currency	Nominal interest rate	Original Amount	Short term	Long term	Total
EUR (2)	6.00%+Euribor ^(*)	56,057,910	326,611,367	2,314,531,687	2,641,143,054
			326,611,367	2,314,531,687	2,641,143,054

Nominal value

Currency	Nominal interest rate	Original Amount	Short term	Long term	Total
EUR (2)	6.00%+Euribor ^(*)	49,453,586	105,339,254	2,224,644,029	2,329,983,283
			105,339,254	2,224,644,029	2,329,983,283

^(*) As of December 31, 2024, the Euribor interest rate is 3.685% (December 31, 2023: 3.956%).

⁽¹⁾ All of the loans belonging to Akfen GYO and Akfen Karaköy were refinanced on May 23, 2024, and the refinancing of these loans was carried out by Akfen GYO. The interest rate of the newly used loan is 4.4%+ Euribor (3 months) and the maturity date of the loan is April 25, 2031. The loans used within the scope of the contract are secured within the following issues:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Tuzla, Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor.

⁽²⁾ The loans to be used within the scope of the contract are secured within the following issues:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Tuzla, Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors.
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,
- Some of the non-public shares of Akfen Holding, one of the shareholders of the Company have been pledged in favor of the lender.

The entire amount of the mentioned credit has been paid off on May 23, 2024.

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6. FINANCIAL LIABILITIES (cont’d)

The repayment schedule of book value of bank loans is as follows:

	December 31, 2024	December 31, 2023
Less than 1 year	408,465,317	326,611,367
1 - 2 years	353,562,480	319,029,547
2 - 3 years	304,885,887	310,792,755
3 - 4 years	261,892,559	316,399,933
4 - 5 years	274,872,821	303,800,803
5 years and over	222,897,670	1,064,508,649
Total financial liabilities	1,826,576,734	2,641,143,054

The repayment schedule of nominal value of bank loans is as follows:

	December 31, 2024	December 31, 2023
Less than 1 year	279,520,250	105,339,254
1 - 2 years	279,520,250	133,601,004
2 - 3 years	279,520,250	167,001,256
3 - 4 years	279,520,250	220,955,507
4 - 5 years	349,400,313	256,925,009
5 years and over	349,400,314	1,446,161,253
Total financial liabilities	1,816,881,627	2,329,983,283

The movements of the financial liabilities in the period of January 1- December 31, 2024 and 2023 are as follows:

	2024	2023
January 1,	2,641,143,054	2,637,678,458
<i>Loans received</i>	2,179,165,685	-
<i>Cash outflows from debt repayment</i>	(2,199,044,774)	(156,011,157)
<i>Interest paid</i>	(236,493,215)	(210,680,915)
<i>Accrual</i>	250,027,443	514,094,731
<i>Adjustments related to loan restructuring (*)</i>	(212,870,980)	-
<i>Foreign exchange loss</i>	-	1,209,512,825
<i>Monetary gain</i>	(595,350,479)	(1,353,450,888)
December 31	1,826,576,734	2,641,143,054

(*) The income includes the cancelled financial cost adjustments amounting to TRY 212.870.980, resulting from the loans belonging to Akfen GYO that were closed in the first half of 2024.

Operational lease liabilities

The Company has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Company's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

Details of operational lease borrowings are as follows:

	December 31, 2024	December 31, 2023
Less than 1 year	9,104,250	11,356,244
1 - 5 years	73,603,558	68,843,484
5 years and over	361,098,448	898,467,395
Less: Financial expense for future periods	(390,611,437)	(903,167,165)
Total operational lease liabilities	53,194,819	75,499,958

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6. FINANCIAL LIABILITIES (cont'd)

The movements of the lease liabilities in the periods of December 31, 2024 and 2023 are as follows:

	2024	2023
January 1	75,499,958	120,549,436
<i>Interest expense</i>	<i>10,955,727</i>	<i>11,596,233</i>
<i>Foreign exchange loss</i>	<i>13,835,640</i>	<i>14,824,515</i>
<i>Payments</i>	<i>(29,738,596)</i>	<i>(34,031,787)</i>
<i>Arrangements</i>	<i>5,981,375</i>	<i>10,612,394</i>
<i>Monetary gain</i>	<i>(23,339,285)</i>	<i>(48,050,833)</i>
December 31	53,194,819	75,499,958

7. TRADE RECEIVABLES AND PAYABLES

a) Short term trade receivables

As of December 31, 2024 and 2023, short-term trade receivables are as follows:

	December 31, 2024	December 31, 2023
Trade receivables from related parties (Note 4)	801,304,457	16,480,676
Trade receivables from third parties ⁽¹⁾	146,851,714	160,096,297
	948,156,171	176,576,973

⁽¹⁾ As of December 31, 2024 and 2023, the majority of trade receivables from non-related parties consist of receivables based on hotel rental income, and the average maturity of trade receivables is approximately 45 days.

b) Long term trade receivables

As of December 31, 2024 and 2023, long-term trade receivables are as follows:

	December 31, 2024	December 31, 2023
Trade receivables from related parties (Note 4)	-	90,702,759
	-	90,702,759

c) Short term trade payables

As of December 31, 2024 and 2023, short-term trade payables are as follows:

	December 31, 2024	December 31, 2023
Trade payables to related parties (Note 4)	266,335,821	58,899,040
Trade payables to third parties	12,714,595	12,959,996
- <i>Other trade payables</i>	<i>2,276,056</i>	<i>3,542,984</i>
- <i>Other expense accruals</i>	<i>10,438,539</i>	<i>9,417,012</i>
	279,050,416	71,859,036

8. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As of December 31, 2024 and 2023, other current receivables are as follows:

	December 31, 2024	December 31, 2023
Other payables to related parties (Note 4)	193,353,374	14,996,237
Other payables to third parties	140,796	1,160
- <i>Other</i>	<i>140,796</i>	<i>1,160</i>
	193,494,170	14,997,397

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8. OTHER RECEIVABLES AND PAYABLES (cont’d)

b) Other non-current receivables

As of December 31, 2024 and 2023, other non-current receivables are as follows:

	December 31, 2024	December 31, 2023
Other payables to related parties (Note 4)	363,842,461	-
Other payables to third parties	1,870,865	1,753,910
- <i>Deposits and guarantees given</i>	1,870,865	1,753,910
	365,713,326	1,753,910

c) Other current payables

As of June 31, 2024 and 2023, other current payables are as follows:

	December 31, 2024	December 31, 2023
Other payables to related parties (Note 4)	-	1,288,545,005
Other payables to third parties	24,229,008	41,481,898
- <i>Taxes and funds payable</i>	23,466,750	41,227,056
- <i>Social security premiums payable</i>	762,258	254,407
- <i>Other</i>	-	435
	24,229,008	1,330,026,903

9. FINANCIAL INVESTMENTS

Subsidiaries and Affiliates

As of December 31, 2024 and the dates of 2023, the nominal values of the Company's subsidiaries/affiliates in the balance sheet are as follows:

	Ownership ratio (%)	December 31, 2024	Ownership ratio (%)	December 31, 2023
Gökliman	100.00	1,190,334,717	100.00	1,134,769,241
Fıratcan Turizm	100.00	1,751,944,045	100.00	1,114,100,609
Akfen Kuzey	100.00	1,144,422,149	100.00	313,809,196
Akfen Karaköy ^{(1) (3)}	100.00	568,565,122	21.17	305,795,121
Akfen Bafra	100.00	105,711	100.00	105,711
Akfen GT ⁽²⁾	-	-	100.00	2,231,030,080
Akfen Güney ⁽³⁾	-	-	100.00	167,840,292
Total		4,655,371,744		5,267,450,250

⁽¹⁾ As of December 31, 2024, the Company owns 100% of Akfen Karaköy's direct shares (December 31, 2023: 100% in total, 21.17% and indirect 78.83%).

⁽²⁾ It was sold on January 17, 2024.

⁽³⁾ The merger of Akfen Güney and Akfen Karaköy within Akfen Karaköy in a facilitated manner was completed with the registration dated November 29, 2024, and as a result of the said merger, the Company's direct ownership rate in Akfen Karaköy became 100%.

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9. FINANCIAL INVESTMENTS (cont’d)

Subsidiaries and Affiliates (cont’d)

As of December 31, 2024, and 2023, the movement of the subsidiaries are as below:

	Akfen GT ^{(1) (2) (5)}	Akfen Kuzey ^{(2) (5)}	Akfen Güney ^{(2) (5) (6) (7)}	Akfen Karaköy ⁽³⁾	Fırat Can İnşaat ⁽⁴⁾	Gökliman	Akfen Bafra	Total
January 1, 2023	2,650,730,320	-	-	272,668,732	302,852,916	1,134,769,241	-	4,361,021,209
Additions	61,949,248	-	-	33,126,389	811,247,693	-	105,711	906,429,041
Demerger impact	(481,649,488)	313,809,196	167,840,292	-	-	-	-	-
December 31, 2023	2,231,030,080	313,809,196	167,840,292	305,795,121	1,114,100,609	1,134,769,241	105,711	5,267,450,250
January 1, 2024	2,231,030,080	313,809,196	167,840,292	305,795,121	1,114,100,609	1,134,769,241	105,711	5,267,450,250
Additions	109,107,996	830,612,953	400,724,830	-	637,843,436	55,565,476	-	2,033,854,691
Disposals	(2,340,138,076)	-	-	(305,795,121)	-	-	-	(2,645,933,197)
Merger impact ⁽⁶⁾	-	-	(568,565,122)	568,565,122	-	-	-	-
December 31, 2024	-	1,144,422,149	-	568,565,122	1,751,944,045	1,190,334,717	105,711	4,655,371,744

⁽¹⁾ Disposals arose from the Company’s transfer of all shares of its subsidiary, Akfen GT, on January 17, 2024. The difference between the sales price of TRY 2,883,841,910 and the carrying amount of Akfen GT, TRY 2,340,138,076, amounting to TRY 543,703,834, has been recognized as income from investment activities (Note 24).

⁽²⁾ Additions during the relevant periods consist of cash capital increases.

⁽³⁾ On May 2, 2023, the Company acquired a 1.27% stake in Akfen Karaköy, previously owned by Akfen Holding, for TRY 33,126,389.

⁽⁴⁾ On July 18, 2023, the Company completed the acquisition of the remaining 49% stake in Fıratcan Turizm, in which it already held a 51% interest, for TRY 811,247,693. The addition amount for the period ending December 31, 2024, consists of cash capital increases.

⁽⁵⁾ As of August 28, 2023, the demerger process was completed, leaving only the hotel operations under Akfen GT. As a result of this partial demerger, the 78.83% stake in Akfen Karaköy, previously owned by Akfen GT, was transferred to the newly established Akfen Güney. Additionally, following the same demerger process, Akfen GT, which previously owned 97.8% of YaroslavlInvest, Samstroykom, and KaliningradInvest, 96.17% of Volgastroymkom, and 100% of Severnyi, transferred the shares of these subsidiaries to the newly established Akfen Kuzey (Note 1).

⁽⁶⁾ The simplified merger of Akfen Güney and Akfen Karaköy within Akfen Karaköy was registered and completed on November 29, 2024.

⁽⁷⁾ Disposals resulted from the Company’s transfer of all shares in Akfen Karaköy to Akfen Güney on November 14, 2024, and the subsequent merger of Akfen Karaköy and Akfen Güney under Akfen Karaköy on November 29, 2024. The difference between the sales price of TRY 740,284,340 and the carrying amount of TRY 305,795,121, amounting to TRY 434,489,219, has been recognized as income from investment activities. The said sales price was determined based on the fair value of Akfen Karaköy as of the disposal date, and as of December 31, 2024, the consideration has not yet been collected in cash.

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10. INVESTMENT PROPERTY

As of December 31, 2024 and 2023, details of investment property and investment property under development are as follows:

	December 31, 2024	December 31, 2023
Operating investment properties	12,676,214,000	12,052,719,625
Land leases	51,506,359	68,753,042
Land	14,545,000	-
Total	12,742,265,359	12,121,472,667

Operating investment properties and lands

As of December 31, 2024 and 2023, the movements of investment properties (excluding land use rights) is as follows:

	2024	2023
January 1	12,052,719,625	11,085,422,736
Fair value increase	617,631,801	958,957,912
Additions	20,407,574	8,338,977
December 31	12,690,759,000	12,052,719,625

The fair values of the Company's investment properties have been determined by a real estate valuation company included in the "Real Estate Appraisal Companies" list registered with the CMB. As of December 31, 2024, and 2023, the fair values of investment properties consist of the appraisal report values as of December 31, 2024, and the adjusted values of the 2023 appraisal report figures, restated to reflect the purchasing power as of December 31, 2024.

In the valuations, the rental period of the relevant right of construction for projects developed on lands with a right of construction, and a projection period suitable for the duration of the lease agreement with the operator in projects developed on lands owned by the Company are taken as basis. The cash flows obtained from projections in Euro and TRY currency have been discounted to the present value with a discount rate appropriate to the risk level of the economy, sector and enterprise and the values of investment properties have been calculated.

As of December 31, 2024 and 2023, the fair values of operating investment properties is as follows:

		December 31, 2024		December 31, 2023
Property	Date of Appraisal report	Fair value	Date of Appraisal report	Fair value
Ibis Otel ve Novotel Zeytinburnu ⁽¹⁾	December 31, 2024	2,996,020,000	December 31, 2023	2,987,572,165
Bodrum Loft ⁽¹⁾	December 31, 2024	1,751,010,000	December 31, 2023	1,736,299,105
Novotel Trabzon ⁽¹⁾	December 31, 2024	1,298,075,000	December 31, 2023	1,274,980,055
Ibis Otel Tuzla ⁽²⁾	December 31, 2024	1,204,947,000	December 31, 2023	1,024,543,525
Ibis Otel ve Novotel Gaziantep ⁽¹⁾	December 31, 2024	743,355,000	December 31, 2023	682,868,275
Ibis Otel Alsancak İzmir ⁽¹⁾	December 31, 2024	700,745,000	December 31, 2023	680,756,014
Ibis Otel Adana ⁽²⁾	December 31, 2024	717,825,000	December 31, 2023	637,013,577
Isparta Dormitory ⁽¹⁾	December 31, 2024	704,010,000	December 31, 2023	621,117,475
Ibis Otel Esenyurt ⁽²⁾	December 31, 2024	531,573,000	December 31, 2023	580,818,472
Ibis Otel ve Novotel Kayseri ⁽¹⁾	December 31, 2024	569,780,000	December 31, 2023	514,031,740
Kütahya Yurt ⁽¹⁾	December 31, 2024	516,960,000	December 31, 2023	458,893,487
Ibis Otel Ankara Airport ⁽²⁾	December 31, 2024	523,307,000	December 31, 2023	431,732,953
Ibis Otel Bursa ⁽¹⁾	December 31, 2024	369,382,000	December 31, 2023	368,948,400
Ibis Otel Eskişehir ⁽¹⁾	December 31, 2024	49,225,000	December 31, 2023	53,144,382
Bodrum (Eskiçeşme) Land ^{(2) (*)}	December 31, 2024	14,545,000	-	-
Total		12,690,759,000		12,052,719,625

⁽¹⁾ It consists of real estate on land leased by the Company.

⁽²⁾ It consists of real estate on land owned by the Company.

^(*) It was purchased on July 22, 2024.

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10. INVESTMENT PROPERTY (cont'd)

As of December 31, 2024, the total amount of insurance on investment properties is TRY 12,898,374,660 (December 31, 2023: TRY 14,199,578,665).

As of December 31, 2024, the mortgage amount on investment properties is TRY 2,760,180,000 (December 31, 2023: TRY 8,388,848,032).

In the calculation of the fair value of investment properties, the discount rates for assets valued in Euros are in the range of 8%-10% (December 31, 2023: 9.75%-12%), and the discount rate for assets valued in TRY is 23% (December 31, 2023: 27%), which is used in the valuation report prepared according to the operating model and leasing model dated December 31, 2024. The sensitivity analysis on the fair value of investment properties is described in Note 30.

Land Leases

The Company classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease and in addition, the fair value model is used for the related land that is accounted for. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property.

As of December 31, 2024 and 2023, the movements of the land leases are as follows:

	2024	2023
January 1	68,753,042	104,123,549
Arrangements	(16,177,473)	(34,132,150)
Fair value decrease, net	(1,069,210)	(1,238,357)
December 31	51,506,359	68,753,042

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11. TANGIBLE ASSETS

As of December 31, 2024, and 2023, the movement of tangible asset is as follows:

	Equipment	Vehicles	Furniture& fixture	Total
Cost value				
Balance on January 1, 2023	58,147	27,109,567	4,652,490	31,820,204
Additions	-	-	328,488	328,488
Disposals	-	-	(167,868)	(167,868)
Balance on December 31, 2023	58,147	27,109,567	4,813,110	31,980,824
Cost value				
Balance on January 1, 2024	58,147	27,109,567	4,813,110	31,980,824
Additions	-	-	281,751	281,751
Balance on December 31, 2024	58,147	27,109,567	5,094,861	32,262,575
Accumulated depreciation				
Balance on January 1, 2023	(58,147)	(19,608,801)	(3,273,860)	(22,940,808)
Period expense	-	(7,454,686)	(577,010)	(8,031,696)
Disposals	-	-	133,852	133,852
Balance on December 31, 2023	(58,147)	(27,063,487)	(3,717,018)	(30,838,652)
Balance on January 1, 2024	(58,147)	(27,063,487)	(3,717,018)	(30,838,652)
Period expense	-	(25,797)	(594,905)	(620,702)
Balance on December 31, 2024	(58,147)	(27,089,284)	(4,311,923)	(31,459,354)
Net carrying value				
January 1, 2023	-	7,500,766	1,378,630	8,879,396
December 31, 2023	-	46,080	1,096,092	1,142,172
January 1, 2024	-	46,080	1,096,092	1,142,172
December 31, 2024	-	20,283	782,938	803,221

As of December 31, 2024, there is no pledge on property and equipment (December 31, 2023: None).

As of December 31, 2024, the depreciation expense for tangible assets amounted to TRY 620,702, of which TRY 25,797 was recognized in the cost of sales and 594,905 TL was recognized in general administrative expenses (As of December 31, 2023, the depreciation expense for tangible assets amounted to TRY 8,031,696, of which TRY 7,387,091 was recognized in the cost of sales and TRY 644,605 was recognized in general administrative expenses)

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12. INTANGIBLE ASSETS

As of December 31, 2024, and 2023, the movement of intangible assets is as follows:

	Software
Cost value	
Balance on January 1, 2023	591,012
Additions	268,042
Balance on December 31, 2023	859,054
Balance on January 1, 2024	859,054
Additions	42,393
Balance on December 31, 2024	901,447
Accumulated amortization	
Balance on January 1, 2023	(450,529)
Period expense	(85,119)
Balance on December 31, 2023	(535,648)
Balance on January 1, 2024	(535,648)
Period expense	(53,825)
Balance on December 31, 2024	(589,473)
Net carrying value	
January 1, 2023	140,483
December 31, 2023	323,406
January 1, 2024	323,406
December 31, 2024	311,974

As of December 31, 2024, all intangible asset amortization expenses amounting to TRY 53,825 have been recognized in general administration expenses (December 31, 2023: TRY 85,119).

13. INVENTORIES

As of December 31, 2024, and 2023, the movement of inventories is as follows:

	2024	2023
January 1	1,273,161,210	974,555,572
Additions	776,850,833	298,605,638
December 31	2,050,012,043	1,273,161,210

Akfen GYO acquired a 22,197 square meter plot of land in Bodrum Yalıkavak on September 15, 2022, with all permits and licenses in place. A villa project is planned to be developed and built on the land, with the completed villas to be sold. As of December 31, 2024 and 2023, the inventories relate to the land acquisition and other costs associated with the company's villa project in Bodrum Yalıkavak. As of December 31, 2023, the project is planned to be completed in more than one year, so the inventories are classified as long-term. However, as of December 31, 2024, since the project is planned to be completed in less than one year, the inventories are classified as short-term.

As of December 31, 2024 and 2023, there is no pledge on the inventories.

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14. GOVERNMENT GRANTS AND INCENTIVES

None.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The number of cases in which the Group is a party to the lawsuit as of December 31, 2024 is 6 (December 31, 2023: 6) There is no significant lawsuit expected to result out of countenance of the Company.

16. COMMITMENT AND CONTINGENCIES

16.1. CPM are given by the Company

As of December 31, 2024 and 2023, Company's position related to commitments, pledges, and mortgages ("CPM") are as follows:

CPM are given by the Company	December 31, 2024	December 31, 2023
A. Total amount of CPM is given on behalf of own legal personality	2,801,022,498	8,451,002,576
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	253,849,993	2,176,003,823
C. Total amount of CPM is given for assurance of third party's debts to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other company companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	3,054,872,491	10,627,006,399

As of December 31, 2024, the balances of the Corporate Guarantees (CPMs) provided by the Company in its own name, denominated in Euro and U.S. Dollar, amount to EUR 75,000,000 and U.S. Dollars 770,424, respectively (December 31, 2023: EUR 178,052,185 and U.S. Dollars 770,424). As of December 31, 2024, the foreign currency balance of the CPMs provided by the Company in favor of subsidiaries included in the full consolidation scope amounts to EUR 6,897,648 (December 31, 2023: 36,348,603 Euros).

As of December 31, 2024, and December 31, 2023, the CPMs provided by the Company in favor of subsidiaries included in the full consolidation scope consist solely of those given in favor of 100% owned subsidiaries.

As of December 31, 2024, the CPMs provided by the Company in favor of subsidiaries included in the full consolidation scope consist of guarantees given for loans used by Severnyi (December 31, 2023: 28,756,152 Euros for Akfen GYO's 100% subsidiary Akfen GT, EUR 7,592,451 for Severnyi, a 100% subsidiary of Akfen GT, and TRY 463,455,856 for the share pledges provided as collateral for the loans used by Akfen GT). The CPMs provided by the Company are in relation to loans used for project financing..

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16. COMMITMENT AND CONTINGENCIES (cont’d)

16.2. The Company as lessee

Operating lease arrangements

As of December 31, 2024, the operating lease agreements of the Company as lessee are as follows;

- The Company signed a rent agreement with the Ministry of Treasury and Finance, on December 4, 2003 to lease a land and for constructing a hotel in Zeytinburnu, Istanbul. The lease term is 49 years starting from November 18, 2002. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annually revenue generated by the hotel constructed on the land. The lease term of the Treasury land was extended to 49 years as of December 22, 2018 upon the approval of the Company's application to the Ministry of Culture and Tourism.
- The Company signed a rent agreement with Municipality of Eskişehir on August 8, 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from February 8, 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annually revenue generated by the hotel constructed on the land.
- The Company signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. on October 30, 2006 to lease a land and to construct a hotel in Trabzon. The lease term is 49 years starting from August 27, 2008.
- The Company signed a rent agreement with Kayseri Chamber of Industry on November 4, 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from March 3, 2010.
- The Company signed a rent agreement with Municipality of Gaziantep on May 31, 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from December 3, 2009.
- The Company signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on May 9, 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from October 6, 2010.
- The Company signed a rent agreement with Prime Ministry General Directorate of Foundations on September 16, 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The relevant lease agreement was annotated in the Land Registry Office.
- The Company signed a land rent agreement with State Treasury on December 1, 2013, to establish the right of use and to construct a 5-star holiday village and units in Muğla Province, Bodrum District, Göltürkbükü neighbourhood for 49 years starting from October 1, 2012 to October 1, 2061, for Bodrum Loft Hotel, which the Company added to its portfolio in February 9, 2021. The rental amount consists of the fixed rent to be paid annually, determined by the State Treasury, and the rent amounting to 1% of the facility built on it and the total annual revenue of the Company from this facility. This rental agreement was renewed with the Official Deed on March 6, 2019 and extended the rental period until December 21, 2067.

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16. COMMITMENT AND CONTINGENCIES (cont’d)

16.2. The Company as lessee (cont’d)

- The Company signed a rent agreement on December 25, 2020, to be built for the student dormitory, social life centre and parking lot, with a gross indoor area of 67,000 m2, on the 178,651.12 m2 part belonging to the Isparta City Hospital, which is in Isparta Province, Istiklal 2 District, on block 9, parcel 112, that is the Company added to its portfolio in February 9, 2021. According to the contract, the lease term is until July 1, 2042.
- The Company signed a rent agreement on July 22, 2016, for the purpose of establishing an easement right to make parking lot and landscaping with a Private Student Dormitory with a closed area of at least 30,000 m2 and a Social Life Centre of at least 2,500 m2 on the 24,878 sqm immovable that the Company added to its portfolio in February 9, 2021, which is in Dumlupınar University, located in Kütahya province, Merkez Civli district, plot 25.I.1-2, volume 15, block 102 and 2 parcel. The right of easement is 29 years starting from December 16, 2016, and the rental amount consists of the fixed annual rent determined by Dumlupınar University and the rent amounting to 1% of the facility built on it and the Company's annual total revenue from this facility.

16.3. The Company as lessor

Operating lease arrangements

The operating lease agreements of the Company as lessor as of December 31, 2024 are as follows;

- The Company signed a rent agreement with ACCOR S.A. on November 18, 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.
- The Company signed a rent agreement with ACCOR S.A. on December 12, 2005 to lease two hotels which were completed in 2007 and started operations in Istanbul.
- The Company signed a rent agreement with ACCOR S.A. on July 26, 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- The Company signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- The Company signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.
- The Company signed a rent agreement with ACCOR S.A. on July 31, 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.
- The Company signed a rent agreement with ACCOR S.A. on September 7, 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- The Company signed a rent agreement with ACCOR S.A. on August 16, 2010 to lease a hotel which was completed at the end of 2012 and starts its operations in beginning of 2013 in Esenyurt.
- The Company signed a rent agreement with ACCOR S.A. on February 2, 2011 to lease a hotel which was completed and starts its operations in 2013 in Izmir.
- The Company signed a rent agreement with ACCOR S.A. on March 28, 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Company signed a rent agreement with ACCOR S.A. on March 1, 2014 to lease a hotel which is planned to complete and starts its operations on July 1, 2017 in Tuzla.

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16. COMMITMENT AND CONTINGENCIES (cont’d)

16.3. The Company as lessor (cont’d)

Operating lease arrangements (cont’d)

All the eleven agreements have similar clauses described below;

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by ACCOR S.A. and ACCOR S.A. has 100% guarantees over these agreements.

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty-five full calendar years with an optional extension of ten years. Both parties have mutually agreed to grant Tamaris the right to terminate the contract at the end of the fifteenth fiscal year.

Yearly rent amount to be paid by lessee to lessor:

- In Ibis Hotel Zeytinburnu, Ibis Hotel Eskişehir, Ibis Hotel Kayseri, Ibis Hotel Gaziantep, Ibis Hotel Bursa, Ibis Hotel Adana, Ibis Hotel Esenyurt, Ibis Hotel Alsancak İzmir, Ibis Hotel Tuzla, and Ibis Hotel Ankara Airport, Tamaris Tourism A.Ş. pays rent income to Akfen GYO for 25% of the turnover or 95% of Adjusted Gross Operating Profit (AGOP).
- In Novotel Zeytinburnu, Novotel Trabzon, Novotel Kayseri, and Novotel Gaziantep, Tamaris Tourism Inc. pays Akfen REIT rental income for turnover exceeds 22% or 95% of Adjusted Gross Operating Profit (AGOP).

AGOP is calculated as deduction of the Gross Operating Profit (“GOP”) corresponds to operational costs borne by ACCOR S.A. and costs corresponding to furniture, fixture, and equipment (FF&E) reserve fund from GOP.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2.5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

Annual rent is paid quarterly (January, April, July, and October) based on the higher of AGOP ratio or gross revenue ratio actualized in related quarter.

The details of the operational leasing agreements signed by the company, in addition to the lease agreements mentioned above as the lessor and with ACCOR S.A. for hotels in Turkey, are provided below:

- On May 11, 2007 and February 1, 2019, the company signed a lease agreement for a bar/café and a restaurant located in the Eskişehir project.
- A commercial area in Kütahya Yurt was rented for 4 years with the contract signed in October 2019, and a commercial area for 2 years with the contract signed in December 2021.

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17. EMPLOYEE TERMINATION BENEFITS

	December 31, 2024	December 31, 2023
Provision for vacation pay liability-short term	2.325.965	811.397
Provision for employee termination benefits-long term	1.439.384	1.704.227
	3.765.349	2.515.624

In accordance with existing social legislation in Turkey, leaving due to retirement or resignation and the end of the job for reasons other than misconduct staff is obliged to pay a certain amount of severance pay. These indemnities are calculated based on the wage on the date of the termination of the employment and the salary of 30 days for each year worked (As of December 31, 2024 and 2023, the ceiling of severance payments is TRY 46,655/year and TRY 35,059/year, respectively).

In accordance with TAS 19 “Employee Benefits”, it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Company. The Company has calculated the provision for employee termination indemnity using the “Projected Unit Cost Method” in accordance with TAS 19 and based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by considering the net present value of the total amount of the liability arising due to retirement of all employees.

As of December 31, 2024 and 2023, the liability is calculated using the following assumptions:

	December 31, 2024	December 31, 2023
Net discount rate	4.27%	3.00%
Anticipated retirement turnover rate	100.00%	100.00%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied reflects the expected realization of the inflation rate. As the termination indemnity provision is issued every six months, is calculated over the ceiling amounting to TRY 46.655 which is effective from January 1, 2025. (December 31, 2023: TRY 35,059 effective from January 1, 2023).

Movement of provision for employee termination benefits is as follows:

	2024	2023
January 1	1,704,227	2,151,177
Interest and service costs	621,620	783,658
Payments	(441,005)	(338,031)
Monetary loss	(445,458)	(892,577)
December 31	1,439,384	1,704,227

Movement of vacation pay liability is as follows:

	2024	2023
January 1	811,397	1,266,486
Interest and service costs	1,980,681	510,639
Payments	-	(497,737)
Monetary loss	(466,113)	(467,991)
December 31	2,325,965	811,397

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18. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	December 31, 2024	December 31, 2023
Prepaid expenses to related parties (Note 4)	-	489,461
Prepaid expenses to third parties	27,430,144	119,847,278
- <i>Advances given to suppliers</i>	20,351,534	114,434,237
- <i>Prepaid expenses</i>	7,078,610	5,409,979
- <i>Other</i>	-	3,062
	27,430,144	120,336,739

b) Long term prepaid expenses

	December 31, 2024	December 31, 2023
Advances given to related parties (Note 4)	242,500,065	-
Prepaid expenses	8,107,278	4,303,602
	250,607,343	4,303,602

c) Deferred revenue

Short term deferred revenue	December 31, 2024	December 31, 2023
Villa Sales Revenues (*)	319,870,639	-
Dormitory Revenues	3,944,940	3,671,535
	323,815,579	3,671,535

Long term deferred revenue

	December 31, 2024	December 31, 2023
Villa Sales Revenues (*)	-	57,495,278
	-	57,495,278

(*) The Group's deferred revenues are related to the advance payments received for the sales of the Yalıkavak project villas. As of December 31, 2023, since the villa project is planned to be completed in more than one year, the deferred revenues are classified as long-term. However, as of December 31, 2024, since the villa project is planned to be completed in less than one year, the deferred revenues are classified as short-term.

19. OTHER CURRENT ASSETS

	December 31, 2024	December 31, 2023
Deferred VAT	4,333,494	68,096
Other	46,174	-
	4,379,668	68,096

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20. EQUITY

20.1. Paid in capital

The capital structure as of December 31, 2024 and 2023 is as follows:

Ortaklar	(%)	December 31, 2024	(%)	December 31, 2023
Publicly traded ⁽¹⁾	44.54	1,736,971,208	44.41	1,727,674,422
Akfen Holding	45.27	1,765,386,014	13.97	543,715,754
Hamdi Akın	10.18	397,150,364	10.21	397,150,364
Akfen Turizm	<0.013	492,391	<0.013	492,391
Akfen İnşaat	<0.001	23	<0.001	23
Akfen International BV	-	-	31.40	1,221,670,260
Total		3,900,000,000		3,890,703,214
Inflation adjustments		7,956,109,878		7,952,827,311
Adjusted equity		11,856,109,878		11,843,530,525

⁽¹⁾ Except for publicly traded shares, there are also publicly traded shares on the other partners listed in the table.

The share company of A, C, D owning 1,000-unit share for each, has the privilege to select 2 nominees for each for the board of directors' member selection. On August 6, 2018, Akfen GYO's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akın, the indirect owner of the management control of these shares.

On January 12, 2021, TRY 238,627,431.84 of the Convertible Bond was paid off, and because of the allocated capital increase in accordance with the decision of our Board of Directors dated December 30, 2020 and the approval of the CMB dated January 7, 2021, 59,066,196 new Group B shares were issued, and the Company The capital of Turkey has been increased to TRY 243,066,196.

On February 9, 2021, during the acquisitions of the companies, by providing TRY 450,000,002 of funds, 101,580,136 B group shares (tradable on stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın has been issued and the issued capital of the company in amount of TRY 243,066,196 increased to TRY 344,646,332. The process of increasing the Company's issued capital from TRY 344,646.332 to TRY 900,000,000 by using the preferred rights of the existing shareholders by TRY 555,353,668, all in cash, was completed as on August 20, 2021. With this, the process of increasing the Company's paid-in capital from TRY 900,000,000 to TRY 1,300,000,000 by increasing TRY 400,000,000 to be covered by emission premiums was published in the trade registry gazette numbered 10467 on December 7, 2021. The Company has a registered capital ceiling of TRY 6,500,000,000 and an issued capital of TRY 1,300,000,000. It was approved by the Capital Markets Board (CMB) in its meeting dated December 7, 2023, with decision number 76/1684, to increase the issued capital by TRY 2,600,000,000 on a 200% paid-in basis, raising it to TRY 3,900,000,000. As of December 31, 2023, a capital increase of TRY 2,590,703,214 has been made, raising the Company's paid-in capital to TRY 3,890,703,214. On January 4, 2024, the unpaid capital of TRY 9,296,786 was transferred to the Company. As of December 31, 2024, the Company's capital consists of 3,900,000,000 shares, each with a nominal value of TRY 1 (as of December 31, 2023: 3,900,000,000 shares with a nominal value of TRY 1). As of December 31, 2024, the Company's paid-in capital is 3,900,000,000 TL (as of December 31, 2023: TRY 3,890,703,214). Following the implementation of inflation accounting in 2023, as of December 31, 2024, capital adjustment differences of TRY 7,956,109,878 have been recognized in the consolidated financial statements (as of December 31, 2023: TRY 7,952,827,311).

The Capital Markets Board's approval for the increase of the registered capital ceiling from TRY 1,000,000,000 to TRY 6,500,000,000, which was decided in the Board of Directors meeting on December 14, 2021, was obtained on December 30, 2021. This increase in the capital ceiling was registered by the Istanbul Trade Registry Office on February 1, 2022, following the Extraordinary General Assembly meeting held on January 27, 2022.

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20. EQUITY (cont'd)

20.1. Paid in capital (cont'd)

With the Tax Procedure Law dated December 30, 2023 and numbered 32415, according to the relevant Communiqué published in the Official Gazette No. 30, 2024, the balance sheet dated June 30, 2024, prepared in accordance with the Tax Procedure Law, has been adjusted by using the Producer Price General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting practice. The attached financial statements were adjusted for inflation using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with IAS 29, and ultimately the amounts for the current and previous reporting period were expressed in terms of purchasing power as of June 30, 2024. Due to the use of different indices in the Tax Procedure Law and IAS 29 inflation accounting application and the correction of the amounts of the previous reporting periods in the IAS 29 application and bringing them to the purchasing power of 30 June 2024; There were differences between the amounts in the balance sheet prepared in accordance with the Tax Procedure Law regarding the items "Capital Adjustment Differences", "Premiums for Shares" and "Restricted Reserves Separated from Profits" and the amounts included in the financial statements prepared pursuant to IAS/IFRS. These differences are reflected in the "Profits or Losses of Previous Years" item in the TMS/IFRS financial statements, and these differences are detailed below:

	Inflation-adjusted amounts included in financial statements prepared in accordance with Law No. 6102 and other legislation	Amounts adjusted according to TAS 29 requirements in accordance with TFRS	Difference classified in retained earnings/(loss)
December 31, 2024			
Share capital adjustments	9,777,552,314	7,956,109,878	(1,821,442,436)
Share premiums	1,332,347,904	1,748,157,079	415,809,175
Restricted reserves appropriated from profits	140,859	24,143	(116,716)

20.2. Share Premiums

Within the framework of the share buyback program, Akfen GYO began repurchasing shares on April 27, 2023, with a total value of TRY 211,105,550 for 30,000,000 nominal shares. On August 8, 2023, these shares were sold for TRY 262,087,665, and the difference of TRY 50,982,115 was recognized as share premium. Additionally, in 2024, a share premium of TRY 6,965,987 was generated, resulting in a total share premium of TRY 1,748,157,079 as of December 31, 2024 (as of December 31, 2023: TRY 1,741,191,092).

20.3. Restricted reserves allocated from profit

As of December 31, 2024, the Company's legal reserve amount is TRY 24,143. (As of December 31, 2023: TRY 24,143). According to the Turkish Commercial Code, legal reserves consist of the first and second category legal reserves. The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. If the second category legal reserves exceed 5% of the paid-up capital, 10% of the distributed profit shall be allocated. The first and second category legal reserves cannot be distributed as long as they do not exceed 50% of the total capital; however, they can be used to cover losses if the optional reserves are depleted.

Accordingly, the inflation adjustments provided for within the framework of TAS/TFRS, for paid-in capital has been presented under inflation adjustment on capital, whereas for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented with their TAS/TFRS values.

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21. REVENUE AND COST OF SALES

For the years ended December 31, 2024 and 2023, sales and cost of sales are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Rent income	613,731,753	720,694,146
Dormitory incomes	102,665,322	100,423,697
Total revenue	716,397,075	821,117,843
Insurance expenses	(18,275,012)	(12,006,757)
Taxes and duties expenses	(8,083,362)	(9,131,783)
Outsourced service expenses	(74,203)	(1,294,240)
Depreciation	(25,797)	(7,387,091)
Other	(292,523)	(1,017,690)
Total cost of sales	(26,750,897)	(30,837,561)

22. GENERAL ADMINISTRATIVE EXPENSES

For the years ended December 31, 2024 and 2023, administrative expenses are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Personnel expenses	23,451,910	12,551,817
Consultancy expenses	21,295,252	29,404,836
Outsourced service expenses	3,255,378	1,454,460
Operating lease expenses	1,979,810	1,880,793
Travel and hosting expenses	1,556,015	5,297,699
Advertising expenses	3,529,012	16,315,218
Tax and duties expenses	839,163	506,346
Depreciation expense	594,905	644,605
Amortization expense	53,825	85,119
Donations and grants	6,679	4,433,800
Other	2,159,509	1,477,556
Total	58,721,458	74,052,249

Personnel expenses

	January 1,- December 31, 2024	January 1,- December 31, 2023
Wages and salaries	17,918,175	10,344,449
Social security premiums	2,007,208	794,235
Severance pay liability	1,980,681	510,639
Indemnity pay liability	621,620	783,658
Other	924,226	118,836
Total	23,451,910	12,551,817

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23. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the years ended December 31, 2024 and 2023, other operating income are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Investment property fair value increase, net	616,562,591	957,719,555
Foreign exchange gains	8,298	-
Other	65,750	1,331,867
Total	616,636,639	959,051,422

b) Other operating expenses

For the years ended 31 December, 2024 and 2023, other operating expense are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Foreign exchange loss	499,305	1,826,570
Impairment of trade receivables	-	141,060
Other	69,275	438,428
Total	568,580	2,406,058

24. INCOME/(EXPENSE) FROM INVESTMENT ACTIVITIES

For the years ended December 31, 2024 and 2023, income from investment activities are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Profit from sale of subsidiaries (Note 9)	978,193,053	-
Profit from sale of securities (Note 5)	13,434,408	7,219,082
Total	991,627,461	7,219,082

For the years ended December 31, 2024 and 2023, expense from investment activities are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Losses from sale of securities (Note 5)	(5,074,020)	-
Total	(5,074,020)	-

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25. FINANCIAL INCOME

For the years ended December 31, 2024 and 2023, financial income are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Interest income (*)	534,698,530	30,866,517
Fair value increase of derivative instruments (**)	-	68,368,265
Total	534,698,530	99,234,782

(*) As of December 31, 2024, the Company's interest income includes revenues from the cancellation of amortized cost adjustments amounting to TRY 212,870,980, related to the loans of Akfen GYO that were closed in the first half of 2024 (As of December 31, 2023: None).

(**) As of December 31, 2023, the Company's consolidated financial statements include fair value gains arising from derivative instruments accounted for the purpose of hedging currency risk (As of December 31, 2024: None).

26. FINANCIAL EXPENSES

For the years ended December 31, 2024 and 2023, financial expenses are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Interest expenses	204,636,202	620,880,335
Foreign exchange loss	71,115,378	1,811,406,315
Fair value decrease of derivative instruments (*)	-	42,815,642
Other	5,932,076	2,218,869
Total	281,683,656	2,477,321,161

(*) The fair value decreases arising from interest rate swap transactions and derivative instruments related to the consolidated financial statements of the Company as of December 31, 2023 (December 31, 2024: None).

27. TAX ASSETS AND LIABILITIES

According to Article 5/1(d)(4) of the Corporate Tax Law No. 5520 ("CTL"), the profits derived from real estate investment trusts (REITs) are exempt from corporate tax. However, with the publication of Law No. 7524 in the Official Gazette in August 2024, which amends various tax laws, including the Law on Changes to Certain Laws and the Decree-Law No. 375, the corporate tax exemption for the profits of real estate investment trusts and real estate investment funds has been conditioned on the requirement that at least 50% of the profits derived from real estate owned by these entities must be distributed as dividends by the end of the second month following the month in which the corporate tax return is due. Additionally, a new provision under Article 32 of the Corporate Tax Law introduces a 10% minimum domestic corporate tax application. It has been specified that the profits from real estate that REITs and REIFs earn will not be eligible for exemptions or reductions when calculating the minimum corporate tax on the company's taxable profits. This exemption also applies to interim advance tax calculations. As a result, as of December 31, 2024, the deferred tax assets and liabilities of the Company are calculated using the 30% tax rate applicable to undistributed earnings (As of December 31, 2023: Exempt from corporate tax).

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27. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax is calculated using the liability method, based on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Due to tax regulations, the taxable or deductible temporary differences of Akfen GYO as of December 31, 2024, have been multiplied by the 30% tax rate applicable in the period after January 1, 2025, to calculate the deferred tax liability or asset. In accordance with the letter sent by the Public Oversight Accounting and Auditing Standards Authority (POA) on February 12, 2025, titled "Reporting of Tax Amounts for Real Estate Investment Trusts and Real Estate Investment Funds," the deferred tax liability resulting from the legislative change in the financial statements as of December 31, 2024, is reflected as follows: the impact related to prior years (2023 and earlier) is recognized under equity, under retained earnings or losses, while the impact for the year 2024 is reflected in the income statement. As of December 31, 2023, a tax expense for the period was incurred due to the base increase made for that year, ending on December 31, 2023.

The components of the tax expense for the years ending December 31, 2024 and 2023 are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Current corporate tax expense	-	(2,186,983)
Deferred tax expense	(1,082,484,585)	-
Total	(1,082,484,585)	(2,186,983)

The differences between the total tax provision for the years ending December 31, 2024 and 2023 and the amount calculated by multiplying the statutory tax rate by the pre-tax loss figure are shown in the table below:

		January 1,- December 31, 2024		January 1,- December 31, 2023
	(%)		(%)	
Profit before tax		2,297,783,375		1,360,450,396
Tax expense calculated over tax rate	(30)	(689,335,013)	(30)	(408,135,118)
Income exempt from tax ⁽¹⁾	12	284,792,165	30	411,855,492
Non-deductible expenses	(12)	(270,866,301)	(0)	(3,720,374)
The deferred tax effect associated with losses from previous years	2	42,122,896	-	-
The deferred tax effect of inflation adjustments that do not affect the corporate tax base	(20)	(449,198,332)	-	-
Effect of tax rate differences	-	-	(0)	(2,186,983)
Tax expense	(47)	(1,082,484,585)	(0)	(2,186,983)

⁽¹⁾ The effect is due to Akfen GYO's exemption from Corporate Income Tax as of December 31, 2024, and 2023.

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27. TAX ASSETS AND LIABILITIES (cont’d)

Deferred tax assets and liabilities

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base of assets and liabilities and their carrying amounts in the financial statements prepared in accordance with Turkish Financial Reporting Standards (TFRS). These differences generally arise from the fact that certain income and expense items are recognized in different periods for tax purposes and under TFRS.

As detailed in Note 2, the tax exemption granted to real estate investment trusts (REITs) under Article 5, paragraph d-4 of the Corporate Tax Law has been conditioned by Law No. 7524, published on August 2, 2024. Starting from January 1, 2025, at least 50% of the profits derived from real estate must be distributed as dividends.

Since the decision on dividend distribution is under the authority of the general assembly, the tax rate used in calculating the deferred tax assets and liabilities for 2024 is 30% (as of December 31, 2023: 0%).

As of December 31, 2024 and 2023, the items constituting the deferred tax assets and liabilities are as follows:

	December 31, 2024	December 31, 2023
Investment properties	(1,065,297,398)	-
Other	(59,310,083)	-
Deferred tax liabilities, net	(1,124,607,481)	-

The movements of deferred tax liabilities for the years ending on December 31, 2024, and 2023 are as follows:

	December 31, 2024	December 31, 2023
As of January 1, deferred tax assets, net	-	-
Associated with losses from previous years	(42,122,896)	-
Recognized in the income statement	(1,082,484,585)	-
The deferred tax liability as of the end of the period, net	(1,124,607,481)	-

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28. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the years ended by the weighted average number of shares of the Company during the period. For the years ended December 31, 2024 and 2023, the earnings per share computation are as follows:

	January 1,- December 31, 2024	January 1,- December 31, 2023
Number of shares in circulation		
January 1	3,890,703,214	1,300,000,000
Capital increase	9,296,786	2,590,703,214
Closing balance	3,900,000,000	3,890,703,214
Weighted average number of shares	3,899,864,281	1,464,278,274
Profit for the period	1,215,298,790	1,358,263,413
Earnings per share (Full TRY)	0,31	0,93
Diluted earnings per share (Full TRY)	0,31	0,93

29. DISCLOSURES ON NET MONETARY POSITION GAINS/(LOSSES)

The item Net Monetary Position Gains/(Losses) reported in the profit or loss statement arises from the following non-monetary financial statement items:

Non-monetary items	January 1- December 31, 2024
Statement of Financial Position Items	(59,669,613)
Investment properties	3,707,053,340
Prepaid expenses	29,742,433
Deferred revenues	(68,204,743)
Deposits and guarantees given	1,513,527
Financial Investment (*)	337,193,806
Inventories	320,129,118
Tangible and intangible assets	112,650
Paid capital	(1,727,489,519)
The profits from the previous year and other equity items	(2,659,720,225)
Profit or Loss Statement Items	(129,108,106)
Revenue	(84,422,089)
Cost of sales	3,026,894
General administrative expenses	6,385,513
Other income and expenses	66,309
Income and expenses from investment activities	(1,871,677)
Financing income and expenses	(52,293,056)
Total	(188,777,719)

(1) The net monetary position regarding financial investments includes part of the income effect arising from investment activities (the amount related to affiliated company sale profits).

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30. THE FAIR VALUE EXPLANATIONS

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial Instruments

The Company has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Company can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

Financial Assets

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear since they are short-term.

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Company have been repriced in the recent history, it is considered that its fair values reflect the value that they carry.

The classes of financial instruments and their fair values

December 31. 2024	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair Value	Note
Financial Assets					
Cash and cash equivalents	1,559,662,805	-	1,559,662,805	1,559,662,805	5
Trade receivables - current	948,156,171	-	948,156,171	948,156,171	7
Other receivables - current	193,494,170	-	193,494,170	193,494,170	8
Other receivables – non-current	365,713,326	-	365,713,326	365,713,326	8
Financial Liabilities					
Financial liabilities	-	1,879,771,553	1,879,771,553	1,879,771,553	6
Trade payables	-	279,050,416	279,050,416	279,050,416	7
Other payables	-	24,229,008	24,229,008	24,229,008	8
December 31. 2023	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair Value	Note
Financial Assets					
Cash and cash equivalents	3,080,169,555	-	3,080,169,555	3,080,169,555	5
Trade receivables - current	176,576,973	-	176,576,973	176,576,973	7
Trade receivables – non-current	90,702,759	-	90,702,759	90,702,759	7
Other receivables - current	14,997,397	-	14,997,397	14,997,397	8
Other receivables – non-current	1,753,910	-	1,753,910	1,753,910	8
Financial Liabilities					
Financial liabilities	-	2,716,643,012	2,716,643,012	2,716,643,012	6
Trade payables	-	71,859,036	71,859,036	71,859,036	7
Other payables	-	1,330,026,903	1,330,026,903	1,330,026,903	8

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30. THE FAIR VALUE EXPLANATIONS (cont’d)

Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation company authorized by the CMB are based on while determining the fair values of the investment real estates which are measured with their fair values in the financial statements (Note 10). As of December 31, 2024, and December 31, 2023, the fair values of investment properties include the values adjusted for purchasing power as of December 31, 2024, based on the appraisal reports dated December 31, 2024, and 2023, as well as the expenditures incurred up to the reporting date.

The fair value classifications of the non-financial assets which are calculated with their fair values are as follows:

December 31, 2024		Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Operating investment properties	-	-	12,676,214,000	
Land	-	14,545,000	-	
December 31, 2023		Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Operating investment properties	-	-	12,052,719,625	

The fair value of the assets and liabilities are determined as follows:

- First level: It increases in value from the stock exchange prices that are traded on the active market in terms of the identical assets and liabilities.
- Second level: It increases in value from the inputs which are used to find the price that can be directly or indirectly observed other than the stock exchange rate of the related asset or liability which is specified in the first level.
- Third Level: It increases in value from the inputs which are used to find the fair value of the asset or liability and which do not depend on any observable data in the market.

The fair values of the investment real estates on the sector basis, and the methods that are used to identify the fair values and significant unobservable assumptions are as follows:

	December 31, 2024	December 31, 2023	Valuation method	Unobservable significant inputs	Weighted average amount December 31, 2024	Weighted average amount December 31, 2023
				* Room price (per day) – EUR	69	61
				* Villa daily fee (per day)-EUR	964	733
				* Occupancy rate (*)	76%	74%
Hotel						
Level 3	11,455,244,000	10,972,708,663	Discounted cash flows			
Dormitory						
Level 3	1,220,970,000	1,080,010,962	Discounted cash flows	* Total number of beds	7,232	7,232
Land						
Level 2	14,545,000	-	Benchmark comparison	-	-	-

(*) The provided figures exclude Bodrum Loft. In the valuation report dated December 31, 2024, and 2023, the average occupancy rate for Bodrum Loft during the approximately 6-month operational season has been estimated at 95%.

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30. THE FAIR VALUE EXPLANATIONS (cont’d)

Discounted cash flows (DCF)

The fair value of an asset under the discounted cash flows is estimated by referring to the net assumptions on the benefits and liabilities of the property including the output and final value. This estimation includes estimation of a series of cash flow and a discount rate depending on an appropriate market is applied to create the current value of the income flow.

Period of the cash flow and certain schedule of the inputs and outputs are determined by events such as review of the rents, renewal of the lease contracts and relative rental periods, rent again, re-development and renewal.

The costs incurred during the development of the assets and constructional costs, development costs and anticipated sales revenue will be estimated to reach a series of net cash flow which is discounted over the additional development and marketing expenditures that are foreseen for duration of the rent. Certain development risks such as planning, licenses, zoning permits should be separately evaluated.

Discount rate:

Used to reduce net cash flows (estimated up to 40 years) from rental activities during the analysis period.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

Significant unobservable inputs used in the appraisal study, which are evaluated as Level 3 in terms of measurement bases in determining the fair value of the Company's completed investment properties, are as follows:

- Leasable area (m2) (Office)
- Discount rate
- Annual rate of increase in room rate
- Occupancy rate (annual)

The sensitivity analysis for the unobservable inputs which are used in measurement of the fair values of the active and ongoing investment real estates of the Company is as follows:

		If it increases	If it decreases
December 31, 2024	Sensitivity Analysis	Profit/(loss) effect on the fair value (TRY)	Profit/(loss) effect on the fair value (TRY)
Hotel			
Discount rate	0.50%	(448,732,683)	482,713,668
Room price	1 Euro	113,882,220	(114,616,944)
Occupancy rate	1%	132,801,363	(133,168,725)
Dormitory			
Discount rate	0.5%	(36,173,278)	37,955,823
Bodrum Loft			
Discount rate	0.5%	(113,514,858)	126,739,890
Room price	10%	185,885,172	(168,619,158)
Occupancy rate	1%	19,470,186	(19,102,824)

		If it increases	If it decreases
December 31, 2023	Sensitivity Analysis	Profit/(loss) effect on the fair value (TRY)	Profit/(loss) effect on the fair value (TRY)
Hotel			
Discount rate	0.50%	(389,694,923)	420,044,332
Room price	1 Euro	135,210,666	(135,210,666)
Occupancy rate	1%	125,334,409	(124,864,111)
Dormitory			
Discount rate	0.5%	(30,059,103)	31,388,504
Bodrum Loft			
Discount rate	0.5%	(97,351,679)	107,698,234
Room price	10%	181,535,015	(165,074,586)
Occupancy rate	1%	18,811,919	(18,811,919)

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

(i) General

The Company exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company’s exposure to each of the above risks and explains the Company’s objectives, policies, and processes for measuring and managing risks, and the Company’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Company’s risk management vision is defined as, identifying variables and uncertainties that will impact the Company’s objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders’ risk preference.

Corporate Risk Management activities are executed within the Company in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management-oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector, or company
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

The Board of Directors (“BOD”) has overall responsibility for the establishment and oversight of Akfen GYO’s risk management framework.

Board of Directors states the risk options and ensures performing of the risk management implementations. Akfen GYO’s BOD has the ultimate responsibility for Corporate Risk Management.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s receivables from customers and investment securities.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company’s customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. The company operates in the real estate sector.

In monitoring customer credit risk, customers are companied according to their credit characteristics, geographic location, industry, ageing profile, maturity, and existence of previous financial difficulties.

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**31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(cont’d)**

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Company’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on various foreign currency denominated income and expenses and resulting receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of Company entities.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Company keeps part of its idle cash in foreign currencies.

The Company keeps cash in USD, EUR, and TRY to manage the foreign currency risk.

The Company realizes the medium- and long-term bank borrowings in the currency of project revenues. Additionally, the Company realizes short term bank borrowings in TRY, USD, and EUR in balance by pooling/ portfolio model.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’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 Company’s reputation.

Typically, the Company’s entities ensure that they have sufficient cash on demand to meet expected operational expenses in terms of the relevant characteristics of the businesses they operate, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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**31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(cont’d)**

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’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 the Company’s operations.

The Company’s objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company’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 Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Capital management

The Company manages its capital by minimizing the investment risk through portfolio diversification. The Company’s objective: is to ensure its continuity as an income-generating business, look after interests of shareholders and corporate members besides to ensure sustainability of its efficient capital structure by reducing cost of capital and continuing net debt-to-equity rate at market averages.

The Company’s goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Company to protect its ability for conducting its activity for preserving the most suitable capital structure to reduce the cost of capital.

For preserving its capital structure or reorganizing it, the Company determines dividend amounts to be paid to members, may issue new shares, and may sell assets to restrict borrowings.

As of December 31, 2024 and 2023, the net debt-to-invested capital rate is given below:

	December 31, 2024	December 31, 2023
Total liabilities	3,635,239,386	4,182,211,388
Cash and cash equivalents	(1,559,662,805)	(3,080,169,555)
Net (asset)liabilities	2,075,576,581	1,102,041,833
Equity	19,162,968,582	17,970,247,348
Total capital	21,238,545,163	19,072,289,181
Net (asset) liabilities/ total equity rate	10%	6%

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

31.1. Credit risk disclosures

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party.

The maximum exposure to credit risk as December 31, 2024 and 2023, is as follows:

December 31, 2024	Receivables				Deposits on bank	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Exposure to maximum credit risk as of reporting date (A+B+C+D)	801,304,457	146,851,714	557,195,835	2,011,661	45,903,465	1,513,768,070
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A Net carrying value of financial assets which are neither impaired nor overdue	801,304,457	146,851,714	557,195,835	2,011,661	45,903,465	1,513,768,070
B Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc,	-	-	-	-	-	-
- Undue (gross book value)	-	259,860	-	-	81,203	-
- Impairment (-)	-	(259,860)	-	-	(81,203)	-
- Covered portion of net book value (with letter of guarantee etc,)	-	-	-	-	-	-
D Off balance sheet items with credit risks	-	-	-	-	-	-

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

31.1. Credit risk disclosures (cont'd)

December 31, 2023	Receivables				Deposits on bank	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Exposure to maximum credit risk as of reporting date (A+B+C+D)	107,183,435	160,096,297	14,996,237	1,755,070	2,891,931,210	188,442,056
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A Net carrying value of financial assets which are neither impaired nor overdue	107,183,435	160,096,297	14,996,237	1,755,070	2,891,931,210	188,442,056
B Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	283,801	-	-	308,777	-
- Impairment (-)	-	(283,801)	-	-	(308,777)	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D Off balance sheet items with credit risks	-	-	-	-	-	-

As of December 31, 2024 and 2023, the Company does not have any financial assets which are overdue but not impaired.

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

31.2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The table analyses the financial liabilities of the Company by companying the terms. The contractual cash flow is not discounted:

December 31, 2024:

Contractual maturities	Book value	Contractual cash flows (I)+(II)+(III)+(IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	1,879,771,553	3,178,918,780	200,338,723	329,040,278	1,659,259,953	990,279,826
Trade payables	279,050,416	279,050,416	279,050,416	-	-	-
Other payables and liabilities (monetary items)	24,229,008	24,229,008	24,229,008	-	-	-

December 31, 2023:

Contractual maturities	Book value	Contractual cash flows (I)+(II)+(III)+(IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	2,716,643,012	4,520,784,478	179,293,968	265,218,977	1,679,054,990	2,397,216,543
Trade payables	71,859,036	71,859,036	71,859,036	-	-	-
Other payables and liabilities (monetary items)	1,330,026,903	1,330,026,903	41,481,898	-	1,288,545,005	-

Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

30.3. Market risk

a) Foreign currency position table and sensitivity analysis

December 31, 2023		Original amount				
Foreign currency position		TRY Equivalent (Functional currency)	US Dollar	EUR	GBP	RUB
1	Trade receivables	-	-	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	1,495,497,561	345,089	40,377,631	45	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	-	-	-	-	-
4	Current assets (1+2+3)	1,495,497,561	345,089	40,377,631	45	-
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	Non-current assets (5+6+7)	-	-	-	-	-
9	Total assets (4+8)	1,495,497,561	345,089	40,377,631	45	-
10	Trade payables	333,314	6,536	2,780	-	-
11	Financial liabilities	409,509,793	50,319	11,078,933	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	Short-term liabilities (10+11+12)	409,843,107	56,855	11,081,713	-	-
14	Trade payables	-	-	-	-	-
15	Financial liabilities	1,438,317,749	556,495	38,547,733	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	Long-term liabilities (14+15+16)	1,438,317,749	556,495	38,547,733	-	-
18	Total liabilities (13+17)	1,848,160,856	613,350	49,629,446	-	-
19	Net asset / (liability) position of off-balance sheet items (19a-19b)	-	-	-	-	-
19a	Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
-	Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20	Net foreign currency position (9-18+19)	(352,663,295)	(268,261)	(9,251,815)	45	-
	Net foreign currency position of monetary assets / (liabilities)					
21	(1+2a+5+6a-10-11-12a-14-15-16a)	(352,663,295)	(268,261)	(9,251,815)	45	-
22	Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
23	Amount of foreign currency assets hedged	-	-	-	-	-
24	Amount of foreign currency liabilities hedged	-	-	-	-	-

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

31.3. Market risk (cont'd)

a) Foreign currency position table and sensitivity analysis (cont'd)

December 31, 2023		Original amount				
Foreign currency position		TRY Equivalent (Functional currency) (*)	US Dollar	EUR	GBP	RUB
1	Trade receivables	74,766,651	-	1,589,772	-	-
2a	Monetary financial assets (cash and bank accounts included)	1,339,588,597	31,413,700	94,090	45	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	682,992	-	14,523	-	-
4	Current assets (1+2+3)	1,415,038,240	31,413,700	1,698,385	45	-
5	Trade receivables	57,577,957	-	1,224,287	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	Non-current assets (5+6+7)	57,577,957	-	1,224,287	-	-
9	Total assets (4+8)	1,472,616,197	31,413,700	2,922,672	45	-
10	Trade payables	603,877	466	12,396	-	-
11	Financial liabilities	328,866,820	66,246	6,920,286	-	-
12a	Other monetary financial liabilities	1,192,177,114	26,886,511	1,005,456	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	Short-term liabilities (10+11+12)	1,521,647,811	26,953,223	7,938,138	-	-
14	Trade payables	-	-	-	-	-
15	Financial liabilities	2,345,596,472	681,129	49,169,411	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	Long-term liabilities (14+15+16)	2,345,596,472	681,129	49,169,411	-	-
18	Total liabilities (13+17)	3,867,244,283	27,634,352	57,107,549	-	-
19	Net asset / (liability) position of off-balance sheet items (19a-19b)	-	-	-	-	-
19a	Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
-	Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20	Net foreign currency position (9-18+19)	(2,394,628,086)	3,779,348	(54,184,877)	45	-
	Net foreign currency position of monetary assets / (liabilities)	(2,395,311,078)	3,779,348	(54,199,400)	45	-
21	(1+2a+5+6a-10-11-12a-14-15-16a)					-
22	Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
23	Amount of foreign currency assets hedged	-	-	-	-	-
24	Amount of foreign currency liabilities hedged	-	-	-	-	-

(*) TRY provisions of the related amounts included in the table brought to the purchasing power of December 31, 2024.

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Foreign currency position table and sensitivity analysis

December 31, 2024:

	Profit / (Loss) and Equity	
	Appreciation of foreign currency	Depreciation of foreign currency
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(1,900,655)	1,900,655
2- Hedged portion of TRY against USD risk (-)	-	-
3-Net effect of USD (1+2)	(1,900,655)	1,900,655
20% change of the EUR against TRY		
4- Net Euro denominated asset/liability	(68,632,399)	68,632,399
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	(68,632,399)	68,632,399
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	398	(398)
8- Hedged portion of TRY against other currencies risk	-	-
9- Net effect of other foreign currencies (7+8)	398	(398)
TOTAL (3+6+9)	(70,532,656)	70,532,656

December 31, 2023:

	Profit / (Loss) and Equity	
	Appreciation of foreign currency	Depreciation of foreign currency
20% change of the USD against TRY		
1- Net USD denominated asset/liability	31,702,638	(31,702,638)
2- Hedged portion of TRY against USD risk (-)	-	-
3-Net effect of USD (1+2)	31,702,638	(31,702,638)
20% change of the EUR against TRY		
4- Net Euro denominated asset/liability	(510,628,726)	510,628,726
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	(510,628,726)	510,628,726
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	487	(487)
8- Hedged portion of TRY against other currencies risk	-	-
9- Net effect of other foreign currencies (7+8)	487	(487)
TOTAL (3+6+9)	(478,925,601)	478,925,601

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31. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Interest rate risk table and sensitivity analysis

The interest rate profile of the Company’s interest-bearing financial instruments is as follows:

	December 31, 2024	December 31, 2023
Fixed rate instruments		
Financial assets	500,575	2,729,815,163
Variable rate instruments		
Financial liabilities	1,826,576,734	2,641,143,054

Cash flow sensitivity analysis for variable rate instruments

The floating interest loans which are classified by the Group as the financial liabilities in the consolidated financial statement are exposed to the interest risk depending on the interest changes.

The following table shows the sensitivity of the Group about the effect of the interest rates on the profit (loss) for a possible change (0.01%) when all other factors remain as fixed. As of December 31, 2024 and 2023, the mentioned calculation has been made for the portion that is not included in the Group's interest rate swap transaction.

Euribor	Increase / (Decrease)	Effect profit / (loss) before tax and equity
December 31, 2024	(0.01%)	106,606
	0.01%	(106,582)

Euribor	Increase / (Decrease)	Effect profit / (loss) before tax and equity
December 31, 2023	(0.01%)	1,030,270
	0.01%	(1,030,270)

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32. FINANCIAL INSTRUMENTS

32.1. Fair value risk

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Following assumptions and methods are used to estimate fair value of financial instruments if fair values are applicable. The assumptions used in determining the fair value of the related assets and liabilities are disclosed in the related notes.

Financial assets

The Company assumes that the carrying value of cash equivalents are close to their fair value because of their short-term nature and insignificant amount of impairment risk. Trade receivables after netting the allowance for doubtful receivables are close to their fair value due to short-term nature.

Financial liabilities

The Company assumes that the carrying value of the trade payables and other liabilities are close to their fair value because of their short-term nature. Bank borrowings are measured with their amortized cost value and transaction costs are added to their acquisition costs.

33. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the POA pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the POA letter dated August 19, 2021 are as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
Audit fee for the reporting period	3,645,701	1,515,977
Fee for other assurance services	306,614	389,823
	3,952,315	1,905,800

34. SUBSEQUENT EVENTS

At the meeting of the Board of Directors on December 6, 2024, it was decided, in accordance with Articles 19 and 20 of the Corporate Tax Law No. 5520, the relevant provisions of the Turkish Commercial Code No. 6102 ("TCC"), and the Capital Markets Board's ("CMB") Communiqué No. II-23.2 on Mergers and Divisions ("Communiqué"), that Akfen Karaköy, a 100% subsidiary of the Company, will be merged with the Company through a non-liquidation dissolution, with all assets and liabilities of Akfen Karaköy being acquired as a whole at their registered values. As of the reporting date, the related process is ongoing.

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APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

	Unconsolidated (separate) financial statement main account items	Related Regulation	December 31, 2024	December 31, 2023
A	Cash and capital market instruments	III-48.1. Md. 24 / (b)	1,559,662,807	3,080,169,555
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (a)	14,792,277,402	13,394,633,877
C	Affiliates	III-48.1. Md. 24 / (b)	4,655,371,744	5,267,450,250
	Due from related parties (non-trade) (*)	III-48.1. Md. 23 / (f)	557,195,835	14,996,237
	Other assets		1,233,700,180	395,208,817
D	Total assets	III-48.1. Md. 3 / (p)	22,798,207,968	22,152,458,736
E	Financial liabilities	III-48.1. Md. 31	1,826,576,734	2,641,143,054
F	Other financial liabilities	III-48.1. Md. 31	53,194,825	75,499,958
G	Finance lease liabilities	III-48.1. Md. 31	-	-
H	Due to related parties (non-trade)	III-48.1. Md. 23 / (f)	-	1,288,545,005
I	Shareholders' equity	III-48.1. Md. 31	19,162,968,582	17,970,247,348
	Other liabilities		1,755,467,827	177,023,371
D	Total liabilities and equity	III-48.1. Md. 3 / (p)	22,798,207,968	22,152,458,736
	Unconsolidated (separate) other financial information	Related Regulation	December 31, 2024	December 31, 2023
A1	The portion of money and capital market instruments held for 3-year real estate payments	III-48.1. Md. 24 / (b)	-	-
	Time and demand deposits/special current participation accounts in foreign currency and			
A2	time deposits/participation accounts in TRY	III-48.1. Md. 24 / (b)	45,822,262	2,891,622,433
A3	Foreign capital market instruments	III-48.1. Md. 24 / (d)	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (d)	-	-
B2	Idle lands	III-48.1. Md. 24 / (c)	14,545,000	-
C1	Foreign subsidiaries	III-48.1. Md. 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. Md. 28/1 (a)	-	-
J	Non-cash loans	III-48.1. Md. 31	294,692,491	1,745,826,755
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. Md. 22 / (e)	-	-
L	Money and capital market instrument			
	Investments held on One Unique Company	III-48.1. Md. 22 / (I)	41,390,674	2,860,972,365

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APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS (cont’d)

Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	Minimum /Maximum Ratio
1 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 22 / (e)	0.00%	0.00%	<10%
2 Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. Md. 24 / (a).(b)	64.88%	60.47%	>51%
3 Cash and Capital Market Instruments and Participations	III-48.1. Md. 24 / (b)	27.26%	37.68%	<50%
4 Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. Md. 24 / (d)	0.00%	0.00%	<50%
5 Idle Lands	III-48.1. Md. 24 / (c)	0.06%	0.00%	<20%
6 Participation to the Operator Company	III-48.1. Md. 28 / 1(a)	0.00%	0.00%	<10%
7 Borrowing Limit	III-48.1. Md. 31	11.35%	32.00%	<500%
8 Time deposit / private current - participation account in foreign currency and time deposit / participation account in TRY (*)	III-48.1. Md. 24 / (b)	0.20%	13.05%	<10%
9 Money and capital market instrument Investments held on One Unique Company	III-48.1. Md. 22 / (I)	0.18%	12.91%	<10%

Presented information in the footnote of “Compliance Control on Portfolio Limitations” as of December 31, 2024 and 2023, in accordance with Capital Markets Board’s Communiqué Serial: II, No: 14.1 “Financial Reporting in Capital Markets” Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board’s Communiqué Serial: III, No: 48.1 “Real Estate Investment Company” published in the Official Gazette dated May 28, 2013 numbered 28660. In addition, since the information given “Restrictions on the Investment Portfolio of Real Estate Investment” comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements and in the Official Gazette No. 28891 on January 23, 2014 published in the “Communiqué on Principles Regarding Real Estate Investment Trusts” with Series: III, No: 48.1a. The provisions of the Communiqué on Making Amendments regarding the control of compliance with portfolio limitations. It has been prepared within the framework.

(*) As of December 31, 2024 and 2023, all non-trade receivables from related parties consist of receivables from 100% subsidiaries of the Company (Note 4).

(**) As of December 31, 2023, the exceeding of the mentioned limitation is due to the cash inflows related to the capital increase made by the Company in December 2023, and there will be no such exceeding as of December 31, 2024.