AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF STANDALONE FINANCIAL STATEMENTS WITH LIMITED AUDITORS' REPORT FOR THE PERIOD JANUARY 1, 2021 – MARCH 31, 2021
(ORIGINALLY ISSUED IN TURKISH)

Building a better working world

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(Convenience translation of a report and financial statements originally issued in Turkish)

Report on Review of Interim Financial Statements

To Shareholders Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Introduction

We have reviewed the accompanying interim statement of financial position of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (the Company) as of March 31, 2021 and the interim statement of profit or loss and other comprehensive income, statement of changes in equity and the statement cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related ta Going Concern

The Company has current period loss of TL 81.163.680 and the current liabilities exceeded current assets by TL 221.303.250 as of March 31,2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company managements plans in connection with these matters are disclosed in Note 2.1 to the accompanying financial statements. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 31 of the financial statements, which describes the effects of a Coronavirus pandemic in the Company's operations. Our opinion is not modified in respect of this matter.

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Other Matter

While not affecting our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting for the non-consolidated (standalone) financial statements. Consolidated financial statements of the companies with subsidiaries should be prepared in accordance with IFRS 10. In this context, the consolidated financial statements of the Company as at and for the period ended March 31, 2021, have also been prepared separately and we have expressed an unqualified conclusion in our auditor's report dated May 3, 2021 in the aforementioned consolidated financial statements. The accompanying standalone financial statements have been prepared by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. in order to meet the reporting requirement of Capital Markets Board (CMB) Therefore, the use of standalone financial statements may not be suitable for other purposes.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the three-month period then ended in accordance with Turkish Accounting Standards.

Additional paragraph for convenience translation to English:

As at December 31, 2020, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Mehmet Can Altıntaş, SMMM
Partner

May 3, 2021
İstanbul, Türkiye

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE FINANCIAL POSITION AS AT MARCH 31, 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

		Reviewed	*Audited*
ASSETS	**Notes**	**March 31, 2021**	**December 31, 2020**
CURRENT ASSETS		**12,574,983**	**15,743,068**
Cash and cash equivalents	4	1,341,738	6,810,363
Trade receivables		7,308,847	5,742,286
- Trade receivables from related parties	*3,6*	6,907	5,742,286
- Trade receivables from third parties	*6*	*7,301,940*	
Inventories	*12*	946,924	946,924
Prepaid expenses	17	1,700,987	499,770
Other current assets	18	1,276,487	1,743,725
NON-CURRENT ASSETS		**1,886,238,220**	**1,375,299,566**
Financial investments		726,436,504	217,961,504
- Subsidiaries	8	*726,436,504*	217,961,504
Trade receivables		94,681,371	92,047,119
- Trade receivables from related parties	*3,6*	*94,681,371*	92,047,119
Other receivables		14,775,046	14,775,046
- Other receivables from third parties	*7*	*14,775,046*	14,775,046
Investment property	*9*	1,042,540,675	1,042,534,175
Property, plant and equipment	10	389,732	388,983
Intangible assets		1,425	25
- Other intangible assets	*11*	*1,425*	25
Prepaid expenses	17	2,669,827	2,850,152
Other non-current assets	18	4,743,640	4,742,562
TOTAL ASSETS		**1,898,813,203**	**1,391,042,634**

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 FINANCIAL POSITION AS AT MARCH 31, 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

LIABILITIES	**Notes**	**March 31, 2021**	**December 31, 2020**
CURRENT LIABILITIES		**233,878,233**	**410,653,968**
Current portion of non-current borrowings		143,435,177	358,091,902
- Bank loans	*5*	*135,679,356*	116,353,366
- Lease liabilities	*5*	*7,755,821*	4,345,806
- Issued debt instruments	*5*	-	237,392,730
Trade payables		21,414,089	19,365,062
- Trade payables to related parties	*3,6*	*16,605,514*	16,615,669
- Trade payables to third parties	*6*	*4,808,575*	2,749,393
Other payables		67,704,413	31,875,973
- Other payables to related parties	*3,7*	*38,049,548*	31,571,903
- Other payables to third parties	*7*	*29,654,865*	304,070
Deferred revenue	*17*	1,267,979	1,269,599
Current provisions		56,575	51,432
- Current provisions for employee benefits	*16*	56,575	51,432
NON-CURRENT LIABILITIES		**839,433,501**	**787,211,563**
Non-current borrowings		839,183,953	786,972,910
- Bank loans	*5*	*812,542,725*	757,000,242
- Lease liabilities	*5*	*26,641,228*	29,972,668
Non-current provisions		249,548	238,653
- Non-current provisions for employee benefits	*16*	249,548	238,653
EQUITY		**825,501,469**	**193,177,103**
Paid in capital	19	344,646,332	184,000,000
Inflation adjustments on capital	19	317,344	317,344
Additional capital contribution of shareholders	5,19	-	20,702,778
Treasury shares (-)	19	-	(9,991,969)
Share premium	19	601,729,745	58,880,000
Restricted reserves appropriated from profits		4,147	9,996,116
- Legal reserves	*19*	*4,147*	4,147
- Legal reserves for treasury shares	*19*	-	9,991,969
Prior years' (losses)/profits		(40,032,419)	171,020,137
Net loss period		(81,163,680)	(241,747,303)
TOTAL LIABILITIES		**1,898,813,203**	**1,391,042,634**

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 PERIOD ENDED MARCH 31, 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

		Reviewed	***Not reveiewed***
PROFIT OR LOSS	**Notes**	**January 1- March 31, 2021**	**January 1- March 31, 2020**
Revenue	*20*	6,803,560	9,006,750
Cost of sales (-)	*20*	(544,530)	(1,593,588)
GROSS PROFIT		**6,259,030**	**7,413,162**
General administrative expenses (-)	*21*	(1,529,318)	(1,101,840)
Selling and marketing expenses (-)	*21*	-	(50,650)
Other operating income from operating activities	*22*	-	23,735
Other operating expenses from operating activities (-)	*22*	(36,275)	(38)
PROFIT FROM OPERATING ACTIVITES		**4,693,437**	**6,284,369**
Financial income	*23*	1,607,696	1,304,985
Financial expenses (-)	*24*	(87,464,813)	(68,171,955)
LOSS BEFORE TAX		**(81,163,680)**	**(60,582,601)**
Tax expenses (-)	*25*	-	**-**
LOSS FOR THE PERIOD		**(81,163,680)**	**(60,582,601)**
Loss per share (Full TRY)	*26*	(0.24)	(0.33)
Diluted loss per share (Full TRY)	26	(0.27)	(0.19)

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

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED MARCH 31, 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

							Accumulated profits		
	Issued capital	**Inflation adjustment to share capital**	**Additional capital contribution of shareholders**	**Treasury shares**	**Share premium**	**Restricted reserves allocated from profits**	**Retained earnings /(loss)**	**Net profit/(loss) for the period**	**Total equity**
Balance as at January, 1 2020	**184,000,000**	**317,344**	**20,763,729**	**(9,991,969)**	**58,880,000**	**9,996,116**	**91,473,338**	**79,546,799**	**434,985,357**
Transfers	-	-	-	-	-	-	79,546,799	(79,546,799)	-
Total comprehensive income	-	-	-	-	-	-	-	(60,582,601)	(60,582,601)
Balance as at March 31, 2020	**184,000,000**	**317,344**	**20,763,729**	**(9,991,969)**	**58,880,000**	**9,996,116**	**171,020,137**	**(60,582,601)**	**374,402,756**
Balance as at January 1, 2021	**184,000,000**	**317,344**	**20,702,778**	**(9,991,969)**	**58,880,000**	**9,996,116**	**171,020,137**	**(241,747,303)**	**193,177,103**
Transfers	-	-	(20,702,778)	-	-	-	(221,044,525)	241,747,303	-
Issue of equity (Note 22)	160,646,332	-	-	-	526,412,166	-	-	-	687,058,498
Increase/(decrease) through treasury share transactions (Note 22)	-	-	-	9,991,969	16,437,579	(9,991,969)	9,991,969	-	26,429,548
Total comprehensive expense	-	-	-	-	-	-	-	(81,163,680)	(81,163,680)
Balance as at March 31, 2021	**344,646,332**	**317,344**	**-**	**-**	**601,729,745**	**4,147**	**(40,032,419)**	**(81,163,680)**	**825,501,469**

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 CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2021

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

		Reviewed	*Not reviewed*
PROFIT OR LOSS	**Notes**	**January 1 - March 31, 2021**	**January 1 - March 31, 2020**
A. Cash flows from operating activities			
Loss from continuing operations		**(81,163,680)**	**(60,582,601)**
Adjustments to reconcile losss:			
Adjustments for depreciation and amortisation expense	20,21	24,722	6,357
Adjustments for provisions related with employee benefits	16	16,038	18,626
Adjustments for impairment loss / (reversal of impairment loss)		23	(2,736)
Adjustments for interest income and expense	23,24	16,128,411	18,396,021
Adjustments for unrealised foreign exchange losses		73,493,314	52,606,272
		8,498,828	**10,441,939**
Changes in working capital:			
Adjustments for increase in trade accounts receivable		(3,067,402)	(5,663,676)
Adjustments for decrease in inventories	12	-	1,318,641
Adjustments for increase/(decrease) in trade accounts payable		2,049,027	(1,430,653)
Adjustments for icrease in other operating payables		7,881,981	810,439
Other adjustments for other (decrease)/increase in working capital		(2,123,669)	837,808
Cash flows from operating activities		**13,238,765**	**6,314,498**
Cash flows from operating activities, net		**13,238,765**	**6,314,498**
B. Cash flows from investing activities			
Cash outflows arising from capital increase of associates and/or joint ventures	8	(480,697,760)	(3,250,000)
Cash outflow from purchase of property, plant, equipment and intangible assets	10, 11	(26,871)	(56,000)
Cash outflows from acquition of investment property	9	(6,500)	(173,630)
Cash flows used in investing activities		**(480,731,131)**	**(3,479,630)**
C. Cash flows from financing activities			
Proceeds from capital advances		450,000,002	-
Cash inflows from sale of acquired entity's shares		26,429,548	-
Cash outflows for loan repayments	5	-	(12,307,971)
Cash outflows for payments of lease liabilities	5	(1,377,462)	(1,171,992)
Interest paid	5	(13,205,467)	(10,003,783)
Interest received		177,141	158,611
Cash flows from/(used in) financing activities		**462,023,762**	**(23,325,135)**
Net decrease in cash and cash equivalents		**(5,468,604)**	**(20,490,267)**
Cash and cash equivalents at the beginning of the period	4	6,810,749	24,603,791
Cash and cash equivalents at the end of the period	**4**	**1,342,145**	**4,113,524**

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("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 in 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 REIT 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 are 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).

The main objective of Russian Hotel – subsidiary of Akfen GT - is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russian Property – subsidiary of Akfen GT - is to develop office projects in Russia. The capital structures of RHI and RPI are designated as 97.89% and 96.37% of participation for the Company, 2.11% and 3.63% participation of Cüneyt Baltaoğlu as at March 31, 2021 and December 31, 2020 respectively.

The Company has set up a subsidiary in the Netherlands, Hotel Development and Investment BV ("HDI"), to develop hotel projects in Russia on 18 March 2011. In portfolio of HDI - %100 subsidiary of the Company –, there is an Ibis Hotel with 317 rooms completed in Moscow Russia as of March 31, 2021 and December 31, 2020. The hotel has started its operations as of July 16, 2015. All of the HDI shares owned by the Company were sold to Akfen GT which was wholly owned by the Company on March 27, 2017.

RHI is 100% owner of YaroslavlInvest Limited Company ("YaroslavlInvest"), Samstroykom Limited Şirketi ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which includes hotel investments in Russia, RPI is a 100% owner of Volgastroykom Limited Şirketi ("Volgastroykom"), HDI is the 100% owner of Severniy Avtovokzal Limited Company ("Severniy"), which includes hotel investment in Russia, and RHI is responsible for reducing operational costs, simplifying organizational structure and facilitating activities , RPI and HDI companies were liquidated on 3 November 2020. Companies in Russia have become direct subsidiaries of Akfen GT with 97.89%, 96.37% and 100% ownership ratios of Akfen GT in RHI, RPI and HDI.

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

The Company has established a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in Istanbul Karaköy on May 31, 2011. After the capital increase on May 18, 2018, the Company's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

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 m^2 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 liabilitites regarding to Bulvar Loft project has been transferred to the Joint Venture.

As of February 9, 2021, all shares of Masanda Turizm Yatırım A.Ş. ("Masanda Tourism") which has a tourism operation certificate of 92 rooms and 184 beds capacity 5-Star Holiday Village investment on the allocated land with the right of construction from the Ministry of Health registered in Muğla province, Bodrum district, Göl neighborhood, 112 block and all shares of Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt") beloinging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in Istiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

As of March 29, 2021, Akfen GYO, has been purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD in amount of TRY 58,375,000 (EUR 6,200,000). In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and a train station, commercial area and parking lot will be built within the scope of the project.

The Company is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent - İstanbul address. As at March 31, 2021, the number of employees of the company is 9 (December 31, 2020: 9).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

The accompanying standalone financial statements are in accordance with the provisions of the Capital Markets Board's ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), Serial II-14.1, published in the Official Gazette dated June 13, 2013 and numbered 28676. The reporting formats described in the "Financial Statement Samples and Usage Guide" published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the 5th Article of the Communiqué on May 20, 2013 and published with the decision number 30 on June 2, 2016 and subsequently TFRS-15 Revenue from Contracts with Customers, together with the changes in TFRS-9 Financial Instruments and TFRS-16 Leases standards, has been presented in accordance with the updated TAS taxonomy published under the name of "2019 TFRS", which was announced to the public on April 15, 2019. Turkey Accounting Standards, Turkey Financial Reporting Standards ("TFRS") and contains additional and comments on them. According to the related communiqué, investment trusts that are obliged to prepare consolidated financial statements are obliged to prepare annual and interim individual financial statements together with their annual and interim consolidated financial statements.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

2.1. Basis of preparation (cont'd)

a Statement of compliance (cont'd)

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 March 31, 2021. Therefore, the attached individual financial statements should be examined together with the consolidated financial statements of the Company prepared as of March 31, 2021, in order to obtain comprehensive information about the financial status of the Company on March 31, 2021 and the financial performance and cash flows of the year ending on the same date.

The Company keeps its accounting records pursuant to Turkish Commercial Code and ("TCC") and Turkish Taxation Legislation within the framework of "the Uniform Chart of Accounts" published by the Ministry of Finance.

b. Compliance with TAS

According to the Communique of CMB, the accompanying standalone financials are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing standards Authority of Turkey("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The accompanying individual financial statements as of March 31, 2021 have been approved by the Company's Board of Directors on May 3, 2021. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statue.

c. 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.

d Subsidiaries

The Company, in the standalone 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 affiliates and subsidiaries as at March 31, 2021 and December 31, 2020:

	Direct or indirect shares of the Company (%)	
The Company	**March 31, 2021**	**December 31, 2020**
Affiliates		
Akfen GT	100.00	100.00
Severniy	100.00	100.00
Masanda Turizm	100.00	-
Isparta Yurt	100.00	-
Yaroslavl Invest, KalingradInvest, Samstroykom	97.89	97.89
Volgastroykom	96.37	96.37
Akfen Karaköy	91.47	91.47
Subsidiaries		
Fıratcan İnşaat	51.00	-

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

e Joint ventures

Jointly controlled entities arise where the parties to the arrangement have joint control over the assets and liabilities related to the agreement. A joint activity participant is assessed according to the asset, liability, revenue and cost of ownership. Income, liabilities, equity items, income and expense accounts and cash flow statements of joint activities are included in the financial statements by proportionate consolidation method and these intercompany transactions, balances and unrealized gains / losses realized by these joint activities are eliminated from the financial statements.

Joint Ventures of The Company has been operating in Turkey and the main activity is shown as follow:

Joint Venture	Main Operations	Entrepreneur Partner
Joint Venture	Real estate investment	Akfen İnşaat Turizm ve Ticaret A.Ş.

	March 31, 2021		December 31, 2020	
portio(%)	Direct or indirect shares portion (%) (%)	Effective shares portionindirect of (%)	Direct or shares portion	Effective shares
Joint venture	99.00	99.00	99.00	99.00

f Foreign currency

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 standalone financial statement, all currency units used are named as foreign currency.

g. Comparative information and restatement of prior periods' financial statements

The accompanying individual financial statements are prepared in comparison with the previous period in order 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, in order to ensure comparability, the previous period's individual financial statements are also reclassified accordingly and an explanation is made regarding these matters.

h Going concern

As of March 31, 2021, the Company's current assets are TRY 12,574,983 and its short-term liabilities are TRY 233,878,233, and its short-term liabilities have exceeded its current assets by TRY 221,303,250. While this situation shows the existence of uncertainty regarding the ability of the enterprise to continue its continuity, the Company reached an agreement with its existing creditors on December 18, 2020 to restructure the existing loan debt with a term of 10 years in accordance with the estimated future cash flow and within this scope, the related transactions were carried out as planned and agreed with the lenders as of April 2021.

Standalone 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:

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

2.2. Accounting estimates and evaluations (cont'd)

Note 9 - 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 18 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 18).

Not 5 Fair value measurement of convertible bond

The Company used an interest rate that is in line with the market conditions at the time of issuance in order to calculate the fair value of the borrowing instrument that it has issued. The fact that there is no other product with a similar maturity interval and characteristics and that the interest rates of the rates can also be changed according to the creditworthiness of issuer companies, makes the determination of interest a subjective matter. For this reason, the interest rate is determined according to the interest rates of the related dates of the issuance of Akfen Holding, which has already purchased the entire convertible bond (Note 5).

Accounting policies taken as basis for the preparation of consolidated financial statements for the accounting period of January 1 - March 31, 2021 are applied in consistence with the financial statements prepared as of December 31, 2020 except for the new and amended TAS/TFRS standards stated below which are valid as of January 1, 2021 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 which are effective as at January 1, 2021 are as follows:

- Interest Rate Benchmark Reform - Phase 2 - Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Separately identifiable risk components
- Additional disclosures

These amendments did not have a significant impact on the financial position or performance of the Company.

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

2.2. Accounting estimates and evaluations (cont'd)

The new standards, amendments and interpretations issued but not yet effective and not early adopted

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions
- Annual Improvements - 2018-2020 Period

These standards, changes and improvements are assessed on the financial position of the Company and its possible impact on performance.

2.3 Changes in 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 confidingly.

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

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.

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

2.3.3 Investment property (cont'd)

Investment properties (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 other liabilities accounts.

Right to use assets

The Company recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

The cost of the right-of-use asset includes:

(a) the initial measurement of the lease liability,

(b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and

(c) all initial direct costs incurred by the Company.

Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably finalized, the Company depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

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 actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

(a) Fixed payments,

(b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.

(c) Amounts expected to be paid by the 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.

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.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

2.3. Changes in accounting policies (cont'd)

2.3.3 Investment property (cont'd)

Lease liabilities (cont'd)

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

Tangible assets acquired before January 1, 2005 are carried at restated cost for the effects of inflation in TRY units current at the December 31, 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Depreciation

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

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

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

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

2.3.6. Impairment of assets

At each balance sheet date, the carrying of Company's assets, other than investment property is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset (or cash generating unit) is less than its book value, the book value of the asset (or cash generating unit) is reduced to its recoverable amount. In this case, impairment losses are recognized in profit or loss. The increase in the registered value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the book value (net amount remaining after depreciation) that would occur if the impairment was not included in the financial statements in previous years. Cancellation of impairment is recorded in profit or loss.

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

2.3. Changes in accounting policies (cont'd)

2.3.7. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories consist of the assets held by the Company for the purpose of building residential buildings for sale and the costs of the ongoing residential construction on these land. The cost of inventories includes all procurement costs, conversion costs and other costs incurred to bring the inventories to their present state and position. The unit cost of inventories is determined using either the cost of acquisition or the net realizable value. Inventories are classified as short term considering the probable end date of the constructions.

2.3.8 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 measured at amortized cost" are non-derivative financial assets that are held within the scope of a business model aimed at collecting contractual cash flows and that only include interest and cash flows arising from the principal and principal balance on certain dates. The Company's financial assets accounted for at amortized cost are "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets are measured at fair value at initial recognition; in subsequent recognition, it is measured at amortized cost using the effective interest method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the individual income statement.

"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.

"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.

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.

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

2.3 Summary of significant accounting policies (cont'd)

2.3.8. Financial instruments (cont'd)

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 on the basis of 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.

Trade receivables and liabilities

Trade receivables arisen from supply of a product or service to a customer by the Company are reflected by netting against unrealized financing income. Trade receivables after unrealized financing income is calculated by discounting future amounts to be obtained in successive periods from the receivables recorded at their original invoice value by use of effective interest rate method. Short-term receivables not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

The Company sets aside provision for doubtful trade receivables in case of objective evidence that there is no possibility for collection. The amount of such provision is the recorded value of the receivable less the collectible amount. The collectible amount is the discounted amount of the trade receivable arisen, all cash flows including amounts likely to be collected guarantees and collaterals, based on the original effective interest rate.

Subsequent to setting aside provision for doubtful trade receivables, if whole or a part of the doubtful trade receivables are paid, the amount paid is deducted from the provision for doubtful trade receivables and recorded under the other income account.

"Simplified approach" is applied for the impairment of trade receivables, which are accounted for at amortized cost in the financial statements and that do not include a significant financing component (less than a yearlong). In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), provision for the loss of trade receivables is measured by an amount equal to "the expected loan losses".

Trade liabilities are liabilities arisen from direct purchase of product and service from suppliers. Trade liabilities and other liabilities are reflected by netting against unrealized financing expenses. Trade liabilities and other liabilities after unrealized financing expenses is calculated by discounting future amounts to be paid in successive periods from the liabilities recorded at their original invoice value by use of effective interest rate method. Short-term liabilities not having a determined interest rate are reflected from their cost value if the original effective interest rate has no substantial effect.

Cash and cash equivalents

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 (Note 5). Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments (Note 5).

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

2.3 Summary of significant accounting policies (cont'd)

2.3.9. 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.

Financial liabilities and borrowing cost

Financial liabilities are initially recognized at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the 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 standalone financial statements.

2.3.10. 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.

2.3.11.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 share at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 27).

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 27).

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

2.3 Summary of significant accounting policies (cont'd)

2.3.12. Subsequent events

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

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

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, 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

In order 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, in order 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Lease income from operating leases is recognized as income through the straight-line method over the lease term, unless there is any other systematic method that better reflects the timing of the reduction in the benefit earned from the leased asset. Rental income arising from operating leases of the Company is accrued at the rates determined by the gross revenue or gross operating profit of the operators at the end of each month in accordance with the agreements made with the operating companies.

The Company as lessee

Since the rights to the land leased to develop investment property are classified as investment property, the rights to these land are recognized as in the lease. For this reason, the discounted values of the rent amounts to be paid for these lands are accounted as "borrowings" in the individual financial statements.

2.4.15. Related parties

For the purpose of 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.

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

2.3 Summary of significant accounting policies (cont'd)

2.3.16. Taxation

The Company is exempt from corporate income taxes in accordance with paragraph d-4 of Article 5 of the Corporate Income Tax Law. In accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, with Council of Ministers decision No, 93/5148, the withholding rate is determined as "0", Therefore, the Company has no tax obligation over its earnings for the related period .

Joint Ventures are not considered as independent units in terms of tax legislation. Therefore, the partners of the ordinary companies are deemed to be jointly responsible for the application of tax. Since Akfen GYO is exempt from Corporate Tax, there is no tax liability arising from Joint Venture earnings.

According to Article 15/ (3) the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through Article 15/(34) of New Corporate Tax Law. In accordance with New Corporate Tax Law Article 15 / (2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/ (3) published in the Official Gazette dated February 3, 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. According to Article 5/1(d) (4) the income of REITs is subject to 0% withholding tax irrespective of its distribution.

As the profit of the Company is exempted of the corporate income tax pursuant to article 5 of the Corporate Tax Law, no deferred tax is calculated.

2.3.17. Employee termination benefits

Retirement pay provision

In accordance with the existing labor 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.

Defined contribution plans:

The Company pays contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Vacation pay provision:

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

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

2.3 Summary of significant accounting policies (cont'd)

2.3.18. Statement of cash flows

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

2.4. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;
Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;
Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

The fair value of the investment real estates is at Level 3 according to the revenue reduction method that is one of the valuation techniques. The movement table for amendment in the fair values is given in the Note 9.

2.5. Investment portfolio limitations on real estate investment trust

As of March 31, 2021 and December 31, 2020 the informations 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.

2.6 Convenience Translation into English of Financial Statements

As at December 31, 2020, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

3. RELATED PARTY DISCLOSURES

3.1. Trade receivables from related parties / Trade and other payables to related parties

Short term trade receivables from related parties:

	March 31, 2021	December 31, 2020
Akfen Holding	4,416	-
Akfen İnşaat	2,491	-
	6,907	**-**

Long term trade receivables from related parties:

	March 31, 2021	December 31, 2020
Akfen GT (*)	94,681,371	92,047,119
	94,681,371	**92,047,119**

(*) It is the receivables arising from Akfen GYO's selling its all shares related to HDI, a 100% subsidiary of the Company, to Akfen GT on March 27, 2016 at fair value.

Trade payables to related parties:

	March 31, 2021	December 31, 2020
Akfen İnşaat (*)	16,605,514	16,566,973
IBS Sigorta Brokerlık Hizmetleri A.Ş.	-	43,330
Akfen Holding	-	5,366
	16,605,514	**16,615,669**

(*) As of March 31, 2021 and December 31, 2020, due to related parties to Akfen İnşaat consists of the Company's borrowings related to progress payments and other project expenditures under the Bulvar Loft project.

Other payables to related parties:

	March 31, 2021	December 31, 2020
Akfen Holding	33,263,470	31,571,903
Masanda Turizm	4,786,078	-
	38,049,548	**31,571,903**

As of March 31, 2021 and December 31, 2020, other payables are related to the funds received by the Company.

Information on important guarantees provided and given from related parties is given in Note 5.

3.2. Related party transactions

a) Purchase of Affiliate share

	January 1,- March 31, 2021	January 1,- March 31, 2020
Akfen Altyapı (*)	235,000,000	-
Akfen İnşaat (*)	215,000,000	-
	450,000,000	**-**

(*) As of February 9, 2021, all shares of Masanda Tourism which has a tourism operation certificate of 92 rooms and 184 beds capacity 5-Star Holiday Village investment on the allocated land with the right of construction from the Ministry of Health registered in Muğla province, Bodrum district, Göl neighbourhood, 112 block and all shares of Isparta Yurt belonging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in Istiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

b) Rent expenses

	January 1,- March 31, 2021	January 1,- March 31, 2020
Hamdi Akın	-	70,714
	-	**70,714**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

3. RELATED PARTY DISCLOSURES (cont'd)

3.2. Related party transactions (cont'd)

Convertible bond transactions

Entire convertible bond explained on Note 5 having TRY 170,000,000 nominal amount issued by Akfen GYO on January 17, 2018 has been purchased by Akfen Holding and as of March 31, 2021 interest income of TRY 1.234.702 related to the related bond was recognized as profit or loss and other comprehensive income (December 31,2020: TRY 8.127.648).

c) Interest income

	January 1,- March 31, 2021	January 1,- March 31, 2020
Akfen GT	1,402,286	1,144,403
Akfen Karaköy	1,356	1,109
Akfen Holding	-	505
	1,403,642	**1,146,017**

d) Interest expenses

	January 1,- March 31, 2021	January 1,- March 31, 2020
Akfen Holding	1,437,577	-
	1,437,577	**-**

e) Remuneration of top management

	January 1,- March 31, 2021	January 1,- March 31, 2020
Remuneration of top management (*)	1,009,107	923,199
	1,009,107	**923,199**

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

4. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
Cash on hand	39,809	32,717
Cash at banks	1,300,305	6,776,000
- Demand deposits	*710,431*	*146,794*
- Time deposits	*589,874*	*6,629,206*
Other cash and cash equivalents	2,031	2,032
Impairment (Note 2)	(407)	(386)
Cash and cash equivalents	**1,341,738**	**6,810,363**
Impairment	407	386
Cash and cash equivalents in cash flow statement	**1,342,145**	**6,810,749**

Demand deposits

As at March 31, 2021 and December 31, 2020 demand deposits are comprised of the following currencies:

	31 Mart 2021	31 Aralık 2020
TRY	544,450	102,496
Avro	141,065	16,980
US Dollar	24,916	27,318
Total demand deposits	**710,431**	**146,794**

Time deposits

As at March 31, 2021 and December 31, 2020 time deposits are comprised of the following currencies:

Currency	Maturity	Interest rate	March 31, 2021
TRY	April 2021	17%-17.5%	589,874
Total			**589,874**

Currency	Maturity	Interest rate	December 31, 2020
TRY	January 2021	14%-18%	6,629,206
Total			**6,629,206**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES

As at March 31, 2021 and December 31, 2020 demand deposits are comprised of the following currencies:

	March 31, 2021	December 31, 2020
Current financial liabilities	**143,435,177**	**358,091,902**
Issued borrowing instruments	135,679,356	116,353,366
Current portion of long-term bank borrowings	7,755,821	4,345,806
Current portion of long-term lease liabilities	-	237,392,730
Non-current financial liabilities	**839,183,953**	**786,972,910**
Long-term bank borrowings	812,542,725	757,000,242
Long-term lease liabilities	26,641,228	29,972,668
Total financial liabilities	**982,619,130**	**1,145,064,812**

As at March 31, 2021 and December 31, 2020, the Company's bank loans are summarized as follows:

March 31, 2021:

Currency	Nominal interest rate	Original amount	Short term	Long term	Total
Euro (1) (*)	6.00%	97,013,749	135,679,356	812,542,725	948,222,081
			135,679,356	**812,542,725**	**948,222,081**

December 31, 2020:

Currency	Nominal interest rate	Original amount	Short term	Long term	Total
Euro (1) (*)	6.00%	96,954,185	116,353,366	757,000,242	873,353,608
			116,353,366	**757,000,242**	**873,353,608**

(*) Interest rates of the loans are 7.20% for the first 2 years, 6.80% for upcoming 2 years and 6.00% + Euribor (3 months) for upcoming years. As of April 18, 2019, the Company's loan interest rate is 6.00% + Euribor (3 months).

(1) On February 19, 2015 the loan agreement in amount of EUR 116,000,000 with 10 year maturity having 2 year grace period has been signed for refinancing of Akfen GYO's current loans and financing the investments of ongoing projects. The loans has been used March 18, 2015 and all loans of Akfen GYO has been refinanced.

Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of 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.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES (cont'd)

Issued borrowing instruments

Akfen GYO completed the issuance of convertible bonds amounting to TRY 170,000,000 as of January 17, 2018 and the summary information of the aforesaid bond is as follows:

Nominal amount sold	TRY 170,000,000
Sales completion date	January 17, 2018
Type	Private sector bonds
Maturity	January 15, 2021
Type of interest rate	Fixed
Interest rate – Annual simple (%)	12
Type of sale	Sales to qualified investors
Guarantees and warrants related to issuance	Akfen Holding has purchase guarantee
Number of coupons	None
Principal / due payment amount	TRY 238,837,760

(*)Convertible bonds issued on 15 January 2021 with a maturity and maturity amount of TRY 238,837,760, together with the interest on 12 January 2021, a capital increase transaction was realized based on TRY 238,627,432.

All of the mentioned issues have been purchased by Akfen Holding and the right to convert the bond into a share or repay the debts belongs to Akfen GYO. As of April 14, 2020, all of the bonds have been transferred to Hamdi Akın, the controlling partner of the Company, together with all the rights, principal and legal interest of Akfen Holding. The Company's Board of Directors decision dated December 25, 2020, has decided to pay the said bond debt as a share by capital increase method. With the approval of the CMB dated January 7, 2021, on January 12, 2021, a capital increase of TRY 59,066,196 was made from the conversion price of TRY 4.04 with the redemption of the bond with an interest-bearing balance of TRY 238,627,431.84.

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. TRY 20,702,778 (December 31, 2020: TRY 20,763,729), which is the difference between the fair value and the original issue amount, which is calculated by using the 17% interest rate which is determined as the current market interest rate to be paid or converted at the maturity date, is classified as "Additional capital contribution of the shareholders" 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 vehicle.

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 financial statements.

The movement table of the related debt instrument as of March 31, 2021 and 2020 is as follows:

	March 31, 2021	**March 31, 2020**
January 1	237,392,730	202,568,890
Interest accrual	1,234,702	8,127,648
Bond redemption (*)	(238,627,432)	-
Financial liabilities related to convertible bonds	**-**	**210,696,538**

(*) Convertible bond issued with a maturity of January 15, 2021 and a maturity of TRY 238,837,760 a capital increase transaction was realized on January 12, 2021 on the basis of TRY 238,627,432 with the interest.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES (cont'd)

The repayment schedule of financial liabilities is as follows:

	March 31, 2021	December 31, 2020
Less than one year	135,679,356	353,746,096
1 - 2 years	148,688,735	137,577,407
2 - 3 years	133,396,951	123,444,930
3 - 4 years	530,457,039	495,977,905
Total financial liabilities	**948,222,081**	**1,110,746,338**

The movements of the financial liabilities in the period of December 31,2020 and 2020 are as follows:

	March 31, 2021	March 31, 2020
January 1	1,110,746,338	844,612,026
Cash outflows from debt repayment	-	*(12,307,971)*
Addition of convertible bond to capital	*(238,627,433)*	-
Interest paid	*(13,205,467)*	*(10,003,783)*
Accrual	*14,942,250*	*17,942,306*
Foreign exchange loss	*74,366,393*	*53,980,237*
March 31	**948,222,081**	**894,222,815**

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:

	March 31, 2021	December 31, 2020
Less than 1 year	7,755,821	4,542,259
1 – 5 years	31,982,474	31,982,474
5 years and over	561,079,517	564,214,506
Less : Financial expense for future periods	(566,420,763)	(566,420,765)
Total operational lease liabilities	**34,397,049**	**34,318,474**

The movements of the lease liabilities in the periods of March 31, 2021 and 2020 are as follows:

	2020	2020
January 1	34,318,474	36,401,445
Finance expense	*1,329,765*	*1,490,396*
Foreign exchange loss	*126,272*	*16,382*
Payments	*(1,377,462)*	*(1,171,992)*
March 31	**34,397,049**	**36,736,231**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

6. TRADE RECEIVABLES AND PAYABLES

a) Short term trade receivables

As at March 31, 2021 and December 31, 2020, short-term trade receivables comprised the followings:

	March 31, 2021	December 31, 2020
Trade receivables from related parties	6,907	-
Trade receivables from third parties [(1)]	7,301,940	5,742,286
	7,308,847	**5,742,286**

[(1)] As at March 31, 2021, all of the total trade receivables (December 31, 2020: 5,729,798) is comprised of receivables of the Company from Tamaris Turizm A.Ş. - operator of the hotels in Turkey - related to hotel rental revenue.

b) Long term trade receivables

	March 31, 2021	December 31, 2020
Trade receivables from related parties (Note 3)	94,681,371	92,047,119
	94,681,371	**92,047,119**

c) Short and long-term trade payables

As at March 31, 2021 and December 31, 2020, short-term trade payables comprise the followings:

	March 31, 2021	December 31, 2020
Trade payables to related parties (Note 3)	16,605,514	16,615,669
Trade payables to third parties	4,808,575	2,749,393
- Other expenses accruals	*3,321,729*	*2,702,592*
- Other trade payables	*1,486,846*	*46,801*
	21,414,089	**19,365,062**

7. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As at March 31, 2021 and December 31, 2020, other current receivables comprise the followings:

	March 31, 2021	December 31, 2020
Other receivables from the tax office	14,632,127	14,632,127
Other receivables from third parties	142,919	142,919
	14,775,046	**14,775,046**

b) Other current payables

As at March 31, 2021 and December 31, 2020, other current payables comprise the followings:

	March 31, 2021	December 31, 2020
Other payables to related parties (Note 3)	38,049,548	31,571,903
Other payables to third parties	29,654,865	304,070
- Payables related to the acquisition of subsidiary shares (Note 8) [(*)]	29,322,300	
- Taxes and funds payable	*103,165*	*70,861*
- Social security premiums payable	*26,788*	*22,085*
- Other	*202,612*	*211,124*
	67,704,413	**31,875,973**

[(*)]Includes liabilities arising from the Company's acquisition of 51% of its shares in Fıratcan Turizm on March 29, 2021.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

8. FINANCIAL INVESTMENTS

Subsidiaries

As of March 31, 2021 and December 31, 2020, nominal values of the Company's affiliates/subsidiaries in balance sheet are as below:

	Ownership ratio (%)	March 31, 2021	Ownership ratio (%)	December 31, 2020
Masanda Turizm	100.00	235,000,000	-	-
Ispara Yurt	100.00	215,000,000	-	-
Akfen GT	100.00	193,882,192	100.00	193,882,192
Fıratcan İnşaat	51.00	58,375,000	-	-
Akfen Karaköy(1)	19.90	24,079,312	19.90	24,079,312
Total		**726,436,504**		**217,961,504**

(1) Akfen Karaköy is owned by the Company with a total of 91.47%, with a direct rate of 19.90% and an indirect rate of 71.57%.

As of February 9, 2021, all shares of Masanda Turizm Yatırım A.Ş. ("Masanda Tourism") which has a tourism operation certificate of 92 rooms and 184 beds capacity 5-Star Holiday Village investment on the allocated land with the right of construction from the Ministry of Health registered in Muğla province, Bodrum district, Göl neighborhood, 112 block and all shares of Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt") beloinging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in Istiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

As of March 29, 2021, Akfen GYO, has been purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD in amount of TRY 58,375,000 (EUR 6,200,000). In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and a train station, commercial area and parking lot will be built within the scope of the project. TRY 30,597,760, equivalent to EUR 3,200,000 of the purchase price of EUR 6,200,000, has been paid as of the reporting date, and TRY 29,322,300 equivalent to the remaining EUR 3,000,000 has been recognized in the individual financial statements as a short-term liability as of the reporting period (Note 7).

As of March 31, 2021 and 2020, the movement of the affiliates/subsidiaries are as below:

	Akfen GT	Akfen Karaköy	Isparta Yurt	Masanda Tourism	Fıratcan Tourism	Total
Januar 1, 2020	171,750,000	24,079,312	-	-	-	195,829,312
Additions	3,250,000	-	-	-	-	3,250,000
March 31, 2020	**175,000,000**	**24,079,312**	**-**	**-**	**-**	**199,079,312**
Januar 1, 2021	193,882,192	24,079,312	-	-	-	217,961,504
Additions	100,000	-	215,000,000	235,000,000	58,375,000	508,475,000
March 31, 2021	**193,982,192**	**24,079,312**	**215,000,000**	**235,000,000**	**58,375,000**	**726,436,504**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

9. INVESTMENT PROPERTY

As at March 31, 2021 and December 31, 2020 details of investment property and investment property under development are as follows:

	March 31, 2021	December 31, 2020
Operating investment properties	1,008,254,000	1,008,247,500
Land leases	34,286,675	34,286,675
Total	**1,042,540,675**	**1,042,534,175**

Operating investment properties:

As at March 31, 2021 and 2020 movements in operating investment property are as follows:

	2021	2020
January 1	1,008,247,500	969,167,500
Additions	6,500	173,630
March 31	**1,008,254,000**	**969,341,130**

Fair values of the Company's investment properties are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. The fair value of investment properties is determined by discounting the free cash flows of these properties in the future.

The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Company owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with ACCOR S.A. The cash flows obtained from projections in Euro 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 at March 31, 2021 and December 31, 2020, the fair values of operating investment properties is as follows:

		March 31, 2021		December 31, 2020
Name of investment property	**Date of appraisal report**	**Fair value**	**Date of appraisal report**	**Fair value**
Ibis Otel ve Novotel Zeytinburnu	December 31, 2020	290.900.000	December 31, 2020	290,900,000
Novotel Trabzon	December 31, 2020	135.420.000	December 31, 2020	135,420,000
Ibis Otel Tuzla	December 31, 2020	94.676.500	December 31, 2020	94,670,000
Ibis Otel Ankara Airport	December 31, 2020	82.085.000	December 31, 2020	82,085,000
Ibis Otel Esenyurt	December 31, 2020	74.835.000	December 31, 2020	74,835,000
Ibis Otel ve Novotel	December 31, 2020		December 31, 2020	
Gaziantep	December 31, 2020	69.297.500	December 31, 2020	69,297,500
Ibis Otel Adana	December 31, 2020	67.835.000	December 31, 2020	67,835,000
Ibis Otel Alsancak İzmir	December 31, 2020	66.900.000	December 31, 2020	66,900,000
Ibis Otel ve Novotel Kayseri	December 31, 2020	65.060.000	December 31, 2020	65,060,000
Ibis Otel Bursa	December 31, 2020	48.050.000	December 31, 2020	48,050,000
Ibis Otel Eskişehir	December 31, 2020	13.195.000	December 31, 2020	13,195,000
Total		**1.008.254.000**		**1,008,247,500**

As at March 31, 2021 and December 31, 2020, the fair value of operating investment properties comprise of value of appraisal reports dated December 31, 2020 and the expenditures till the reporting date.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

9. INVESTMENT PROPERTY (cont'd)

Operating investment properties (cont'd):

As at March 31, 2021, total insurance amount on operating investment properties is TRY 1,681,292,740 (December 31, 2020: TRY 1,549,519,096).

As at March 31, 2021 the pledge amount on operating investment property is TRY 1,740,299,861 (December 31, 2020: TRY 1,603,876,277).

As of 31 December 2020, the discount rates used in the valuation report prepared in accordance with different versions are between 8.5-10.5% (December 31, 2020: 8,5-10,5%) in the calculation of fair values of operating investment properties. Sensitivity analysis regarding the fair values of investment properties is explained in Note 27.

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 March 31, 2021 and March 31, 2020, the movement table of the land leases is as follows:

	2021	**2020**
January 1	34,286,675	35,975,645
March 31	**34,286,675**	**35,975,645**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

10. PROPERTY AND EQUIPMENT

As at March 31, 2021 and 2020, the movement of property and equipment is as follows:

	Equipment	Furniture& fixture	Total
Cost value			
Balance at January 1, 2020	4,688	337,352	342,040
Additions	-	56,000	56,000
Balance at March 31, 2020	**4,688**	**393,352**	**398,040**
Cost value			
Balance at January 1, 2021	4,688	723,366	728,054
Additions	-	25,401	25,401
Balance at March 31, 2021	**4,688**	**748,767**	**753,455**
Accumulated depreciation			
Balance at January 1, 2020	(4,428)	(297,948)	(302,376)
Charge for the period	(96)	(5,344)	(5,440)
Balance at March 31, 2020	**(4,524)**	**(303,292)**	**(307,816)**
Balance at January 1, 2021	(4,661)	(334,410)	(339,071)
Charge for the period	-	(24,652)	(24,652)
Balance at March 31, 2021	**(4,661)**	**(359,062)**	**(363,723)**
Net carrying value			
January 1, 2020	260	39,404	39,664
March 31, 2020	164	90,060	90,224
January 1, 2021	**27**	**388,956**	**388,983**
March 31, 2021	**27**	**389,705**	**389,732**

As at March 31, 2021 there is no pledge on property and equipment (December 31, 2020: None).

As of March 31, 2021, depreciation expenses amounting to TRY 24,652 has been recognized in general administrative expenses (March 31, 2020: TRY 5,440).

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

11. INTANGIBLE ASSETS

As at March 31, 2021 and 2020, the movement of intangible assets is as follows:

	Software
Cost value	
Balance at January 1, 2020	70,092
Additions	-
Balance at March 31, 2020	**70,092**
Balance at January 1, 2021	70,092
Additions	1,470
Balance at March 31, 2021	**71,562**
Accumulated amortization	
Balance at January 1, 2020	(67,380)
Charge for the period	(917)
Balance at March 31, 2020	**(68,297)**
Balance at January 1, 2021	(70,067)
Charge for the period	(70)
Balance at March 31, 2021	**(70,137)**
Net carrying value	
January 1, 2020	**2,712**
March 31, 2020	**1,795**
Ja**nuary 1, 2021**	**25**
March 31, 2021	**1,425**

As of March 31, 2021, amortization expenses amounting to TRY 70 has been recognized in administrative expenses (March 31, 2020: TRY 917).

12. INVENTORIES

As of March 31, 2021, all inventories in the Company's financial statements consist of expenditures incurred after the date of transfer of uncompleted residences on the Bulvar Loft project which the General partnership took over on November 11, 2017 The project related contracting service is taken from Akfen İnşaat.

The movement of inventories as of March 31, 2021 and 2020 is as follows:

	2021	2020
January 1	946,924	2,475,587
Disposals	-	(1,318,641)
March 31	**946,924**	**1,156,946**

There are no mortgages on inventories as of March 31, 2021.

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

13. GOVERNMENT GRANTS AND INCENTIVES

None.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The number of cases in which the Group is a party to the lawsuit as of March 31, 2021 is 3 (December 31, 2020: 3) There is no significant lawsuit expected to result out of countenance of the Company.

15. COMMITMENT AND CONTINGENCIES

15.1. CPM are given by the Company

As at March 31, 2021 and December 31, 2020, Company’s position related to commitments, pledges and mortgages (“CPM”) are as follows:

CPM are given by the Company	March 31, 2021	December 31, 2020
A. Total amount of CPM is given on behalf of own legal personality	1,767,122,478	1,629,916,958
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	612,278,540	575,654,180
C. Total amount of CPM is given for assurance of third party’s debts in order 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	-	-
	2,379,401,018	**2,205,571,138**

Total original amount of foreign currency denominated CPM given on behalf of the Company’s own legal personality are EUR 178,052,185 and USD 793,441 as at March 31, 2021 (December 31, 2020: EUR 178,052,185 and USD 793,441). Total original amount of foreign currency denominated other CPM is EUR 47,800,000 as at March 31, 2021 (December 31, 2020: EUR 47,800,000).

As of March 31, 2021 and December 31, 2020, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes CPMs given only for the subsidiaries owned by 100%.

As of March 31, 2021 and December 31, 2020, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes securities of Akfen GYO in amount of EUR 30,000,000 and EUR 17,800,000 given for respectively Akfen GT and HDI which are 100% subsidiaries of Akfen GYO as a result of loans used by the companies, share pledges of Akfen GYO in amount of TRY 145,076,560 given for Akfen GT as a result of the loan used by Akfen GT. The CPMs given by the Company are related to the loans for project financing.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.2. The Company as lessee

Operating lease arrangements

As at March 31, 2021, the Company has undergone 7 operating lease arrangements as lessee;

- 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 revenue share payment based on revenue in May 2020 and the fixed lease payments to be paid in December 2020 have been postponed until December 2021 due to the COVID 19 outbreak.
- 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 lease payments will start after a five year rent free period subsequent to acquisition of the operational permissions from the Ministry of Culture and Tourism. The lease payment for the first 5 years is paid in advance. The administration has made a 75% discount for the 3-month land rent to be paid in June 2020 due to the COVID 19 outbreak.
- 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. Lease payments will start after a five year rent free period. The lease payment for the first 5 years is paid in advance. Land lease payments to be made in April 2020 and July 2020 have been postponed by the administration until the day the COVID 19 pandemic period is officially ended.
- 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 lease payment for the first 5 years is paid in advance. Due to the COVID 19 outbreak, the municipality has reduced the annual rent amount paid in June 2020 by the municipality for the 3-month rent amount corresponding to April, May and June.
- 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. Lease payments will start after a five year rent free period. Due to COVID 19, the 3-month rent for 2020 was deemed appropriate and not paid by the administration.
- 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 rents for April, May and June 2020 within the COVID 19 pandemic period were not collected by the administration and the total amount not paid will be paid in 6 equal installments as of July 1, 2020, without interest.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.2. The Company as lessee (cont'd)

Operating lease arrangements

Most of operating lease contracts contains clauses on review of market conditions in the event that the Company exercises its option to renew.

15.3. The Company as lessor

Operating lease arrangements

As at March 31, 2021, the Company has undergone 11 operating lease arrangements as:

- 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.

All of 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.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.3. The Company as lessor (cont'd)

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. ACCOR S.A. has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. ACCOR S.A. has the right to terminate the agreement, if the Company fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to EUR 750,000.

According to Agreement of Nature signed in December 2012, yearly rent amount to be paid by lessee to lessor:

Valid starting from January 1, 2013;

- In Ibis Hotel Zeytinburnu, Ibis Hotel Eskişehir, Ibis Hotel Kayseri, Ibis Hotel Gaziantep, Ibis Hotel Bursa, Ibis Hotel Adana, Ibis Hotel Esenyurt and Ibis Hotel Alsancak İzmir, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Novotel Zeytinburnu, Novotel Trabzon, Novotel Kayseri ve Novotel Gaziantep, 22% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ibis Hotel Ankara Airport, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as 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%. Currently, the AGOP rent ratio which is 70% in Turkey, increased to %72.5. With the new agreement signed on March 11, 2021, the lease agreements of 19 hotels operated by Accor as of January 1, 2021 have been revised so that the rental income is 95% of the operational operating profit (AGOP) of the hotels.

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 Company has additional one operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

- The Group signed a rent agreement for a bar/café and a restaurant in Eskişehir İbis Hotel on at May 11, 2007 and February 1, 2019.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

16. EMPLOYEE TERMINATION BENEFITS

	March 31, 2021	December 31, 2020
Provision for vacation pay liability-short term	56.575	51.432
Provision for employee termination benefits-long term	249.548	238.653
	306.123	**290.085**

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 on the basis of the wage on the date of the termination of the employment and the salary of 30 days for each year worked (As at March 31, 2021 and December 31, 2020, the ceiling of severance payments is TRY 7,639 / year and TRY 7,117 / 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 taking into account the net present value of the total amount of the liability arising due to retirement of all employees.

As at March 31, 2021 and December 31, 2020 the liability is calculated using the following assumptions:

	March 31, 2021	December 31, 2020
Net discount rate	4.15%	4.15%
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 7,639 which is effective from January 1, 2021. (31 December 2020: TRY 7,117 effective from January 1, 2020).

Movement of provision for employee termination benefits is as follows:

	2021	2020
January 1	238,653	312,896
Interest costs	7,756	38,017
Service costs	63,280	49,472
Actuarial loss	(60,141)	(76,921)
March 31	**249,548**	**323,464**

Movement of vacation pay liability is as follows:

	2021	2020
January 1	51,432	161,171
Increase in current period	5,143	8,058
March 31	**56,575**	**169,229**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

17. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	March 31, 2021	December 31, 2020
Advances given to suppliers	1,688,668	499,370
Other	12,319	400
	1,700,987	**499,770**

b) Long term prepaid expenses

	March 31, 2021	December 31, 2020
Prepaid expenses	2,669,827	2,850,152
	2,669,827	**2,850,152**

c) Deferred revenue

As of March 31, 2021, short term deferred revenue amounting to TRY 1,267,979 consists of the advance receivables received for the apartments and commercial areas where the sales contract related to the Bulvar Loft project of the Company is signed and will be recognized as title deed revenue and revenue in the coming months (December 31, 2020: TRY 1,269,599).

18. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	March 31, 2021	December 31, 2020
Prepaid taxes and funds	1,103,352	1,114,527
Deferred VAT	172,017	628,843
Other	1,118	355
	1,276,487	**1,743,725**

b) Other non-current assets

	March 31, 2021	December 31, 2020
Deferred VAT	4,743,640	4,742,562
	4,743,640	**4,742,562**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

19. EQUITY

19.1. Paid in capital

The capital structure As at March 31, 2021 and December 31, 2020 is as follows:

Shareholders	**(%)**	**March 31, 2021**	**(%)**	**December 31, 2020**
Hamdi Akın	56.51	194,985,550	18.76	34,527,468
Akfen Holding	30.37	104,654,831	56.88	104,654,831
Publicly trade (1)	13.05	44,962,433	24.33	44,774,183
Akınısı Makina Sanayi ve Tic. A.Ş.	<0.001	43,513	0.02	43,513
Akfen İnşaat	<0.001	2	<0.001	2
Mehmet Semih Çiçek	<0.001	1	<0.001	1
Mustafa Dursun Akın	<0.001	1	<0.001	1
Ahmet Seyfi Usluoğlu	<0.001	1	<0.001	1
Total		**344,646,332**		**184,000,000**
Inflation adjustments		317,344		317,344
Adjusted equity		**344,963,676**		**184,317,344**

(1) There are publicly traded shares that are not included in the shares of other shareholders. In addition, the specified amount including 6,233,384 shares (December 31, 2020: 6,233,384 shares), which correspond to 1.81% (December 31, 2020: 3.39%) of the total capital which purchased by Akfen GYO on BIST, has been sold for TRY 26,429,548 on March 19, 2021.

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 as a result of the allocated capital increase in accordance with the decision of our Board of Directors dated December 30, 2020 and the approval of the CMB dated January 7, 2021, 59,066,196 new Group B shares were issued and the Company The capital of Turkey has been increased to TRY 243,066,196.

On February 9, 2021, during the acquisitions of the companies, by providing TRY 450,000,002 of funds, 101,580,136 B group shares (tradable on stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın has been issued and the issued capital of the company in amount of TRY 243,066,196 increased to TRY 344,646,332, As of March 31, 2021, the Company's capital consists of 344,646,332 shares (December 31, 2020: 184,000,000, TRY 1), each with a nominal value of TRY 1.

19.2. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TRY 58,800,000 during the initial public offering of the shares at May 11, 2011 were accounted as share premium. In addition, the difference in the amount of TRY 527,981,104 due to the addition of the Convertible Bond to the capital in 2021 and the effect of the capital increases made for the acquisitions of the companies, was also accounted as share premiums, and taxes, duties, fees, etc. related to capital increases amounting to TRY 1,568,938 have also been deducted from this item. In addition, the difference resulting from the sale of the treasury shares for TRY 26,429,548 on March 29, 2021 has also been accounted for in this item.

19. EQUITY (cont'd)

19.3. Restricted reserves allocated from profit

As of March 31, 2021 and December 31, 2020, the legal reserve of the Company is TRY 4,147.

The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code "TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.
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.

19.4 Treasury shares

The amount that is paid when the shares that are registered as paid capital are received again, the paid amount shall be deducted from the equities covering the amount remaining after the tax effect of the costs are deducted. The shares that are received back are shown as decrease in the equities.

Shares of Akfen GYO amounting to TRY 9,991,969 (December 31, 2020: 9,991,969), 6,233,384 shares (December 31, 2020: 6,233,384 shares) have been purchased by Akfen GYO as of March 31, 2021 within the scope of "Repurchase Program" according to a decree taken in the Ordinary General Assembly which was held on May 24, 2016. Following the recent capital increases, 6,233,384 shares (December 31, 2020: 6,233,384), corresponding to 1.81% (31 December 2020: 3.39%) of the Company's total capital which purchased at BIST was sold for TRY 26,429,548 on March 19, 2021.

19.5 Additional capital contributions of shareholders

The difference between the fair value of the convertible bond issued at the maturity date of the Company and the amount to be converted at the maturity date according to the TAS 32 standard using the current market interest rate and the amount of original issue amounting to TRY 20,763,729 under shareholders' equity issued as of January 17, 2018 capital contributions".

"Restricted Reserves from Profit" and "Share Premiums" must be shown over the amounts in the legal records

- if the difference arises from the "Paid-in Capital" and not yet added to the capital, with the "Capital Adjustment Differences" to be issued after the "Paid-in Capital";

- "Retained Earnings / Accumulated Losses" from "Restricted Reserves Appropriated from Profit" and "Share Premiums" and not yet subject to profit distribution or capital increase,Other shareholders' equity items are presented with their amounts recognized in the scope of Turkish Financial Reporting Standards.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

20. REVENUE AND COST OF SALES

For the years ended March 31, 2021 and 2020, sales and cost of sales are as follows:

	January 1 March 31, 2021	January 1 March 31, 2020
Rent revenues	6,803,560	6,861,390
Real estate sales revenues [1]	-	2,145,360
Total revenue	**6,803,560**	**9,006,750**
Insurance expenses	(361,437)	(115,800)
Taxes and duties expenses	(164,048)	(156,931)
Costs of real estate sales [1]	-	(1,318,642)
Other	(19,045)	(2,215)
Total cost of sales	**(544,530)**	**(1,593,588)**

[1] Consists of income and expenses related to residences and commercial areas sold in the Bulvar Loft project.

21. GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES

For the periods ended March 31, 2021 and 2020, administrative expenses are as follows:

	January 1 March 31, 2021	January 1 March 31, 2020
Personnel expenses	748,165	728,664
Outsourced service expenses	318,975	90,540
Consultancy expenses	227,691	63,735
Tax and duties expenses	82,014	6,393
Travel and hosting expenses	34,404	29,619
Operating lease expenses	24,676	102,334
Depreciation expenses	24,652	5,440
Amortization expense	70	917
Other	68,671	74,198
Total	**1,529,318**	**1,101,840**

Personnel expenses

	January 1 March 31, 2021	January 1 March 31, 2020
Wages and salaries	704,079	657,443
Social security premiums	24,486	35,564
Severance pay expense	10,895	10,568
Other	8,705	25,089
Total	**748,165**	**728,664**

For the periods ended March 31, 2021 and 2020, selling and marketing expenses are as follows:

	January 1 March 31, 2021	January 1 March 31, 2020
Other expenses	-	50,650
Total	**-**	**50,650**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

22. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the periods ended March 31, 2021 and 2020, other operating incomes are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Foreign exchange gain	-	12,681
Other	-	11,054
Total	**-**	**23,735**

b) Other operating expenses

For the periods ended March 31, 2021 and 2020, other operating expenses are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Foreign exchange gain	36,275	-
Other	-	38
Total	**36,275**	**38**

23. FINANCIAL INCOME

For the periods ended March 31, 2021 and 2020, financial expenses are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Foreign exchange gain	1,581,180	1,304,985
Interest income	26,516	-
Total	**1,607,696**	**1,304,985**

24. FINANCIAL EXPENSES

For the periods ended March 31, 2021 and 2020, financial expenses are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Foreign exchange loss	69,583,822	48,351,787
Interest expenses	17,709,591	19,701,006
Other	171,400	119,162
Total	**87,464,813**	**68,171,955**

25. TAX ASSETS AND LIABILITIES

The Company is exempted of corporate income tax pursuant to subparagraph d-4 of article 5 of the Corporate Tax Law. Even if the revenues of real estate investment trusts are subject to withholding tax pursuant to subparagraph 6-a of article 94 of the Income Tax Law, the withholding rate was determined as "0" in the decision of the Council of Ministers numbered 93/5148. Therefore, the Company has no tax liability related to its revenues in the relevant period.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

26. EARNINGS/(LOSS) 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 periods ended March 31, 2021 and 2020, the (loss)/earning per share computation are as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Number of shares in circulation		
January 1	184,000,000	184,000,000
Shares issued for cash	160,646,332	-
Closing balance	**344,646,332**	**184,000,000**
Weighted average number of shares	291,624,112	184,000,000
Loss for the period	**(81,163,680)**	**(60,582,601)**
(Losses)/gains per share (Full TRY)	(0.24)	(0.33)

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 of the number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares with the assumption that all potential ordinary shares with dilution effect are converted. (Loss)/earning per diluted share The calculation For the periods ended March 31, 2021 and 2020 is as follows:

	January 1- March 31, 2021	January 1- March 31, 2020
Adjusting amount (Note 7)	1,234,702	8,127,648
Adjusted loss for the period	**(79.928.978)**	**(52.454.953)**
Number of nominal shares	291,624,112	184,000,000
Number of potential shares (*)	-	87,597,689
Number of total potential shares	**291,624,112**	**271,597,689**
Losses per diluted share (Full TRY)	(0.27)	(0.19)

(*) It is equal to the amount calculated by dividing the Company's market price for its one share as of reporting date to the discounted amount of the convertible bond amounting to TRY 238,627,432 on the expiration date, issued by the Company on January 17, 2018, which has the nominal value of TRY 170,000,000 given in Note 6.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. 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:

<u>Financial Assets</u>

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.

<u>Financial Liabilities</u>

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

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

Classes and fair values of financial instruments

March 31, 2021	**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	**1,341,738**	**-**	**1,341,738**	**1,341,738**	**4**
Trade receivables - current	**7,308,847**	**-**	**7,308,847**	**7,308,847**	**6**
Trade receivables – non-current	**94,681,371**	**-**	**94,681,371**	**94,681,371**	**6**
Financial Liabilities					
Financial liabilities	**-**	**982,619,130**	**982,619,130**	**982,619,130**	**5**
Trade payables	**-**	**21,414,089**	**21,414,089**	**21,414,089**	**6**

December 31, 2020	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	6,810,363	-	6,810,363	6,810,363	4
Trade receivables - current	5,742,286	-	5,742,286	5,742,286	6
Trade receivables – non-current	92,047,119	-	92,047,119	92,047,119	6
Financial Liabilities					
Financial liabilities	-	1,145,064,812	1,145,064,812	1,145,064,812	5
Trade payables	-	19,365,062	19,365,062	19,365,062	6

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. THE FAIR VALUE EXPLANATIONS (cont'd)

<u>Non-Financial Assets</u>

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 9). As of December 31, 2020, the fair values of investment properties include the appraisal report values of the relevant periods and the investments made until the reporting period.

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

March 31, 2021			**Fair Value Level**
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Operating investment properties	**-**	**-**	**1,008,254,000**

December 31, 2020			Fair Value Level
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Operating investment properties	-	-	1,008,247,500

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

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

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

	March 31, 2021	December 31, 2020	**Valuation method**	**Unobservable significant inputs**	Weighted average amount December 31, 2020
Hotel Level 3	**1,008,254,000**	1,008,247,500	Discounted cash flows	* Room price (per day) – EUR * Occupancy rate	37 %66

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. 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 in order to create the current value of the income flow.
Period of the cash flow and certain schedule of the inputs and outputs are determined by events such as review of the rents, renewal of the lease contracts and relative rental periods, rent again, re-development and renewal.

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

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, 2020	**Sensitivity Analysis**	**Profit/(loss) effect on the fair value (TRY)**	**Profit/(loss) effect on the fair value (TRY)**
Hotel			
Discount rate	**0.50 %**	**(49,718,435)**	**54,975,883**
Room price ramping rate	**1 Euro**	**24,529,181**	**(24,541,354)**
Occupancy rate	**Variable(*)**	**15,543,801**	**(15,555,974)**

28. 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 as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or 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.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

(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. Since the Company operates in real estate businesses geographically the concentration of credit risk for the Company's entities operating in the mentioned businesses are mainly in Turkey and Russia.

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.

(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 and EUR in balance by pooling/ portfolio model.

The EUR / TRY, Rubble/TRY and USD / TRY exchange rate as at the end of each period are as follows:

	March 31, 2021	**December 31, 2020**
Euro / TRY	9.7741	9.0079
US Dollar / TRY	8.3260	7.3405
Rubble/TRY	0.1092	0.0984

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

(iv) 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.

(v) 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 of the Company's operations.

The Company's objective is to manage operational risk so as 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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. 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 March 31, 2021 and December 31, 2020, the net debt-to-invested capital rate is given below:

	March 31, 2021	December 31, 2020
Total liabilities	1,073,311,734	1,197,865,531
Cash and cash equivalents	(1,341,738)	(6,810,363)
Net liabilities	1,071,969,996	1,191,055,168
Equity	825,501,469	193,177,103
Total capital	**1,897,471,465**	**1,384,232,271**
Net liabilities/ total equity rate	**%56**	**%86**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.1. 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 March 31, 2021 and December 31, 2020 is as follows:

	Receivables					
	Trade receivables		Other receivables			
March 31, 2021	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on bank**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D)	**94,688,278**	**7,301,940**	**-**	**14,775,046**	**1,299,898**	**2,031**
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	94,688,278	7,301,940	-	14,775,046	1,300,305	2,031
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	(407)	-
- Overdue (gross book value	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	14,150	-	-	-	-
- Impairment (-)	-	*(14,150)*	-	-	*(407)*	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D.Off balance sheet items with credit risks	-	-	-	-	-	-

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.1. Credit risk disclosures

	Receivables					
	Trade receivables		**Other receivables**			
December 31, 2020	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on bank**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D)	**92,047,119**	**5,742,286**	**-**	**14,775,046**	**6,775,614**	**2,032**
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	92,047,119	5,742,286	-	14,775,046	6,776,000	2,032
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	(386)	-
- Overdue (gross book value	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	14,150	-	-	-	-
- Impairment (-)	-	*(14,150)*	-	-	*(386)*	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D.Off balance sheet items with credit risks	-	-	-	-	-	-

As at March 31, 2021 and December 31, 2020, the Company does not have any financial assets which are overdue but not impaired

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.2. 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:

March 31, 2021:

Contractual maturities	Book value	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
		(I)+(II)+(III)+(IV)	(I)	(II)	(III)	(IV)
Non-derivative financial liabilities						
Financial liabilities	982,619,130	1,538,637,507	40,577,206	347,285,325	1,011,598,980	139,175,996
Trade payables	21,414,089	21,414,089	21,414,089	-	-	-
Other payables and liabilities (monetary items)	67,704,413	67,704,413	29,654,865	38,049,548	-	-

December 31, 2020:

Contractual maturities	Book value	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
		(I)+(II)+(III)+(IV)	(I)	(II)	(III)	(IV)
Non-derivative financial liabilities						
Financial liabilities	1,145,064,812	1,446,382,703	36,092,352	330,116,351	950,650,177	129,523,823
Trade payables	19,365,062	19,365,062	19,365,062	-	-	-
Other payables and liabilities (monetary items)	31,875,973	31,875,973	304,070	31,571,903	-	-

The Company does not have any derivative financial liabilities as at and March 31, 2021 and December 31, 2020. Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.3. Market risk

a) Foreign currency position table and sensitivity analysis

March 31, 2021 Foreign currency position		TRY Equivalent (Functional currency)	US Dollar	EUR	GBP	RUB
1	Trade receivables	25,444	3,056	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	181,629	3,643	15,428	44	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	1,297,531	-	132,752	-	-
4	**Current assets (1+2+3)**	**1,504,604**	**6,699**	**148,180**	**44**	**-**
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)**	**1,504,604**	**6,699**	**148,180**	**44**	**-**
10	Trade payables	1,444,214	12,971	136,710	-	-
11	Financial liabilities	138,375,345	257,537	13,937,968	-	-
12a	Other monetary financial liabilities	29,322,300	-	3,000,000	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	**Short-term liabilities (10+11+12)**	**169,141,859**	**270,508**	**17,074,678**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	834,130,871	2,210,077	83,458,300	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	**Long-term liabilities (14+15+16)**	**834,130,871**	**2,210,077**	**83,458,300**	**-**	**-**
18	**Total liabilities (13+17)**	**1,003,272,730**	**2,480,585**	**100,532,978**	**-**	**-**
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**	**-**	**-**	**-**	**-**	**-**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**-**	**-**	**-**	**-**	**-**
20	**Net foreign currency position (9-18+19)**	**(1,001,768,126)**	**(2,473,886)**	**(100,384,798)**	**44**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(1,003,065,657)**	**(2,473,886)**	**(100,517,550)**	**44**	**-**
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**	**-**	**-**	**-**	**-**	**-**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.3. Market risk (cont'd)

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

December 31, 2020 **Foreign currency position**		**TRY Equivalent (Functional currency)**	**US Dollar**	**EUR**	**GBP**	**RUB**
1	Trade receivables	101,805	13,869	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	58,475	4,372	2,880	44	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	434,133	42,729	13,375	-	-
4	**Current assets (1+2+3)**	**594,413**	**60,970**	**16,255**	**44**	**-**
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)**	**594,413**	**60,970**	**16,255**	**44**	**-**
10	Trade payables	512,695	64,886	4,041	-	-
11	Financial liabilities	118,579,874	258,392	12,953,424	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	**Short-term liabilities (10+11+12)**	**119,092,569**	**323,278**	**12,957,465**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	779,147,256	2,537,105	84,428,517	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	**Long-term liabilities (14+15+16)**	**779,147,256**	**2,537,105**	**84,428,517**	**-**	**-**
18	**Total liabilities (13+17)**	**898,239,825**	**2,860,383**	**97,385,982**	**-**	**-**
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**	**-**	**-**	**-**	**-**	**-**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**-**	**-**	**-**	**-**	**-**
20	**Net foreign currency position (9-18+19)**	**(897,645,412)**	**(2,799,413)**	**(97,369,727)**	**44**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(898,079,545)**	**(2,842,142)**	**(97,383,102)**	**44**	**-**
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**	**-**	**-**	**-**	**-**	**-**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.3. Market risk (cont'd)

Foreign currency sensitivity analysis

March 31, 2021:

	Profit / (Loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(4,119,515)	4,119,515
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(4,119,515)**	**4,119,515**
4- Net Euro denominated asset/liability	(196,234,209)	196,234,209
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(196,234,209)**	**196,234,209**
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	99	(99)
8- Hedged portion of TRY against other currencies risk (-)	-	-
9- Net effect of other foreign currencies (7+8)	**99**	**(99)**
TOTAL (3+6+9)	**(200,353,625)**	**200,353,625**

December 31, 2020:

	Profit / (Loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(4,109,817)	4,109,817
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(4,109,817)**	**4,109,817**
4- Net Euro denominated asset/liability	(175,419,354)	175,419,354
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(175,419,354)**	**175,419,354**
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	89	(89)
8- Hedged portion of TRY against other currencies risk (-)	-	-
9- Net effect of other foreign currencies (7+8)	**89**	**(89)**
TOTAL (3+6+9)	**(179,529,082)**	**179,529,082**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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

28.3. Market risk (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:

	March 31, 2021	December 31, 2020
Fixed rate instruments		
Financial assets	589,874	6,629,206
Financial liabilities	-	237,392,730
Variable rate instruments		
Financial liabilities (*)	948,222,081	873,353.608

(*) As of April 18, 2019, Akfen GYO's loan interest rate was 6.00% + Euribor (3 months).

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore; a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore; a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

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

The following table shows the sensitivity of the Group with regard to the effect of the interest rates on the profit (loss) for a possible change (0.01%) when all other factors remain as fixed.

Euribor	**Increase / (Decrease)**	**Effect profit / (loss) before tax**
March 31, 2021	**(0.01%)**	**169,738**
	0.01%	**(169,738)**

Euribor	Increase / (Decrease)	Effect profit / (loss) before tax
December 31, 2020	(0.01%)	165,080
	0.01%	(165,089)

29. FINANCIAL INSTRUMENTS

29.1. 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. It is assumed that the borrowings' fair values are equal to their carrying values since interest rates of variable rate instruments are updated with changing market conditions and the maturities of fixed rate instruments are short term.

30. SUBSEQUENT EVENTS

The Company has reached an agreement with its existing creditors on the restructuring of the existing loan debt with a 10-year term on December 18, 2020, and the loan agreements have been executed in this context as of April 11, 2021, as planned and agreed with the creditors.

In accordance with the Law No. 7316 on the Procedure for the Collection of Public Claims and the Law Amending Certain Laws published in the Official Gazette No. 31462 dated April 22, 2021, the corporate tax rate in Turkey has been increased to 25% for 2021, the corporate tax rate in Turkey has been increased to 23% for 2022. These rates will be applied to the earnings of the accounting period starting in the relevant year for the institutions with a special accounting period.

In the calculation of deferred tax assets and liabilities, the tax rates expected to be applied in the periods when the assets turn into income or the debts are paid are taken into account. In the calculation of deferred tax assets and liabilities that the Company has accounted for temporary timing differences as of March 31, 2021, the rate of 20% valid as of this date has been used.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

31. OTHER MATTERS THAT MAY HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL STATEMENTS OR BE EXPLAINED FOR THE CLEAR, INTERPRETABLE AND UNDERSTANDABLE OF FINANCIAL STATEMENTS

Uncertainties Regarding the Covid-19 Outbreak

Due to the coronavirus (COVID-19) global epidemic, most of the hotels in the Group's portfolio have been temporarily closed to protect public health, and the status of hotels being closed during the pandemic process is shown in the table below.

Hotel	Closing Date	Opening Date
Novotel Zeytinburnu	The hotel is not closed.	
Ibis Otel Zeytinburnu	March 27, 2020	August 4, 2020
Ibis Otel Eskişehir	March 26, 2020	August 4, 2020
Novotel Trabzon	April 1, 2020	September 1, 2020
Novotel Gaziantep	April 1, 2020	July 1, 2020
Ibis Otel Gaziantep	The hotel is not closed.	
Novotel Kayseri	The hotel is not closed.	
Ibis Otel Kayseri	April 1, 2020	August 4, 2020
Ibis Otel Bursa	April 1, 2020	July 1, 2020
Ibis Otel Adana	The hotel is not closed.	
Ibis Otel Esenyurt	March 23, 2020	August 4, 2020
Ibis Otel Alsancak İzmir	The hotel is not closed.	
Ibis Otel Ankara Airport	March 31, 2020	August 4, 2020
Ibis Otel Tuzla	April 3, 2020	August 4, 2020

No rental income could be obtained from the related hotels during their closed period. Except for Novotel Trabzon, all of the hotels in the Group's portfolio have opened as of the reporting period, but it is estimated that the recovery in the tourism sector will take time due to international travel restrictions, decrease in the number of visitors during the summer period and similar reasons.

Valuation of the hotels included in the Company portfolio was made using the discounted cash flow method as of December 31, 2020, in accordance with the International Valuation Standards.

In line with the measures taken due to the coronavirus epidemic, the sensitivity analysis for the inputs used in measuring the fair values of these immovables determined at the end of the period is explained in Note 27.

The general opinion in the market is that the effect of the coronavirus epidemic and the uncertainties that occurred after it on the fair values of real estates is not clearly measurable in the short term and the changes in fair values can be seen more clearly in the valuation to be made at the end of the period due to the decrease in uncertainties.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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	March 31, 2021	December 31, 2020
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	1,341,739	6,810,364
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	1,043,487,599	1,043,481,099
C	Participations	III-48.1. S/N 24 / (b)	726,436,504	217,961,504
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	Other assets		**127,547,361**	**122,789,667**
D	**Total assets**	**III-48.1. S/N 3 / (p)**	**1,898,813,203**	**1,391,042,634**
E	Financial liabilities	III-48.1. S/N 31	948,222,081	1,110,746,338
F	Other financial liabilities	III-48.1. S/N 31	34,397,049	34,318,474
G	Finance lease liabilities	III-48.1. S/N 31	-	-
H	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	38,049,548	31,571,903
I	Shareholders' equity	III-48.1. S/N 31	825,501,469	193,177,103
	Other liabilities		**52,643,056**	**21,228,816**
D	**Total liabilities and equity**	**III-48.1. S/N 3 / (p)**	**1,898,813,203**	**1,391,042,634**

	Unconsolidated (separate) other financial information	Related Regulation	March 31, 2021	December 31, 2020
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)		
A2	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	-	-
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	1,301,929	6,777,646
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B2	Idle lands	III-48.1. S/N 24 / (c)	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
J	Non-cash loans	III-48.1. S/N 31	474,024,597	436,618,301
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-
L	Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

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. S/N 22 / (e)	0.00%	0.00%	<10%
2	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	54.95%	75.01%	>51%
3	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	38.33%	16.16%	<50%
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	38.26%	15.67%	<50%
5	Idle Lands	III-48.1. S/N 24 / (c)	0.00%	0.00%	<20%
6	Participation to the Operator Company	III-48.1. S/N 28 / 1(a)	0.00%	0.00%	<10%
7	Borrowing Limit	III-48.1. S/N 31	181.06%	835.12%	<500%
8	Time / Demand TRY / Foreign Currency	III-48.1. S/N 24 / (b)	0.07%	0.49%	<10%
9	Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	0.00%	0.00%	<10%

Presented information in the footnote of "Compliance Control on Portfolio Limitations" as at March 31, 2021 and December 31, 2020, 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.

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