

**AKFEN GAYRİMENKUL YATIRIM  
ORTAKLIĞI ANONİM ŞİRKETİ**

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



# EY

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

## Report on Review of Interim Consolidated 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 Group) 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. Group 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 to Going Concern*

The Group has current period profit of TL 57.785.172 and the current liabilities exceeded current assets by TL 273.237.164 as of March 31, 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group 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 35 of the financial statements, which describes the effects of a Coronavirus pandemic in the Group's operations. Our opinion is not modified in respect of this matter.

### *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 Group 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 consolidated 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 consolidated 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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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH**

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021**

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

ASSETS	Notes	<i>Reviewed</i>	<i>Audited</i>
		March 31, 2021	December 31, 2020
<b>CURRENT ASSETS</b>		<b>60,561,548</b>	<b>38,211,623</b>
Cash and cash equivalents	6	17,138,993	9,887,439
Financial investments	6	-	4,358,742
Trade receivables		16,804,546	10,081,741
- <i>Trade receivables from related parties</i>	9	4,528,949	-
- <i>Trade receivables from third parties</i>	9	12,275,597	10,081,741
Other receivables		1,922,257	143,982
- <i>Other receivables from third parties</i>	10	1,922,257	143,982
Derivative financial assets		6,134,860	-
- <i>Derivative financial assets held for hedging</i>	8	6,134,860	-
Inventories	14	1,232,413	1,236,291
Prepaid expenses	19	3,244,687	1,357,209
Other current assets	21	14,083,792	11,146,219
<b>NON-CURRENT ASSETS</b>		<b>3,599,231,801</b>	<b>2,865,753,016</b>
Financial investments	6	-	48,164,499
Investments accounted for using equity method	20	66,029,700	-
Other receivables		82,092,957	75,753,444
- <i>Other receivables from third parties</i>	10	82,092,957	75,753,444
Derivative financial assets		31,968,411	-
- <i>Derivative financial assets held for hedging</i>	8	31,968,411	-
Investment property	11	3,333,739,055	2,697,724,614
Property, plant and equipment	12	6,539,647	396,703
Intangible assets		37,927	36,527
- <i>Other intangible assets</i>	13	37,927	36,527
Prepaid expenses	19	9,712,589	9,827,521
Deferred tax assets	29	25,767,525	23,289,384
Other non-current assets	21	43,343,990	10,560,324
<b>TOTAL ASSETS</b>		<b>3,659,793,349</b>	<b>2,903,964,639</b>

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

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

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021**

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

		<i>Reviewed</i>	<i>Audited</i>
		<b>March 31,</b>	<b>December 31,</b>
<b>LIABILITIES</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT LIABILITIES</b>		<b>333,798,712</b>	<b>527,514,361</b>
Current portion of non-current borrowings		225,863,051	466,026,364
- <i>Bank loans</i>	7	209,994,846	219,198,912
- <i>Lease liabilities</i>	7	15,868,205	9,434,722
- <i>Issued debt instruments</i>	7	-	237,392,730
Trade payables		22,537,098	19,414,904
- <i>Trade payables to related parties</i>	5,9	16,673,933	16,615,668
- <i>Trade payables to third parties</i>	9	5,863,165	2,799,236
Other payables		65,607,222	33,931,584
- <i>Other payables to related parties</i>	5,10	33,620,845	31,571,903
- <i>Other payables to third parties</i>	10	31,986,377	2,359,681
Deferred revenue	19	18,547,353	7,812,610
Current tax liabilities		909,946	
Current provisions		334,042	328,899
- <i>Current provisions for employee benefits</i>	18	334,042	328,899
<b>NON-CURRENT LIABILITIES</b>		<b>1,819,701,295</b>	<b>1,658,495,276</b>
Non current borrowings		1,557,940,060	1,451,107,683
- <i>Bank loans</i>	7	1,508,067,279	1,408,484,738
- <i>Lease liabilities</i>	7	49,872,781	42,622,945
Non current provisions		249,548	238,653
- <i>Non current provisions for employee benefits</i>	18	249,548	238,653
Deferred tax liabilities	29	261,511,687	207,148,940
<b>EQUITY</b>		<b>1,506,293,342</b>	<b>717,955,002</b>
<b>Equity attributable to owners of parent</b>		<b>1,483,746,035</b>	<b>694,122,329</b>
Issued capital	22	344,646,332	184,000,000
Inflation adjustments on capital	22	317,344	317,344
Additional capital contribution of shareholders	7,22	-	20,702,778
Treasury shares (-)	22	-	(9,991,969)
Effects of business combinations under common control		53,748,727	53,748,727
Share premium	22	601,729,745	58,880,000
Other accumulated comprehensive income (loss)			
that will be reclassified in profit or loss		42,939,053	25,946,994
- <i>Exchange differences on translation</i>		42,939,053	25,946,994
Restricted reserves appropriated from profits		4,147	9,996,116
- <i>Legal reserves</i>	22	4,147	4,147
- <i>Legal reserves for treasury shares</i>	22	-	9,991,969
Prior years' profits		381,217,086	590,947,065
Net profit/(loss) for the period		59,143,601	(240,424,726)
<b>Non controlling interests</b>		<b>22,547,307</b>	<b>23,832,673</b>
<b>TOTAL LIABILITIES</b>		<b>3,659,793,349</b>	<b>2,903,964,639</b>

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

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

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

**CONSOLIDATED 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.)

		<i>Reviewed</i>	<i>Not reviewed</i>
		<b>January 1 –</b>	<b>January 1 –</b>
<b>PROFIT OR LOSS</b>	<b>Notes</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Revenue	23	26,646,019	21,471,274
Cost of sales (-)	23	(3,004,599)	(2,921,902)
<b>GROSS PROFIT</b>		<b>23,641,420</b>	<b>18,549,372</b>
General administrative expenses (-)	24	(2,703,506)	(2,400,928)
Selling and marketing expenses (-)	24	-	(50,650)
Other operating income from operating activities	25	4,094,799	56,184
Other operating expenses from operating activities (-)	25	(58,631)	(48,353)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>24,974,082</b>	<b>16,105,625</b>
Investment activity income	26	125,182,617	-
Financial income	27	48,362,508	909,887
Financial expenses (-)	28	(128,727,888)	(161,892,178)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>69,791,319</b>	<b>(144,876,666)</b>
Tax expenses		(12,006,147)	13,237,712
- Current tax expenses	29	(914,818)	-
- Deferred tax expenses/(income)	29	(11,091,329)	13,237,712
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>57,785,172</b>	<b>(131,638,954)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Non-controlling interests		(1,358,429)	(1,951,919)
Owners of the Group		59,143,601	(129,687,035)
<b>Net profit/(loss) for the period</b>		<b>57,785,172</b>	<b>(131,638,954)</b>
Profit/(loss) per share (Full TRY)	30	0.20	(0.70)
Diluted profit/(loss) per share (Full TRY)	30	0.21	(0.45)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>57,785,172</b>	<b>(131,638,954)</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>17,065,122</b>	<b>(29,930,092)</b>
<b>Other comprehensive income/(expense)</b>			
that will be reclassified to profit or loss		<b>17,065,122</b>	(29,930,092)
Gains/(losses) on exchange differences on translation		17,065,122	(29,930,092)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>74,850,294</b>	<b>(161,569,046)</b>
<b>Income/(loss) for the period attributable to:</b>			
Non-controlling interest		(1,285,366)	(3,463,054)
Owners of the parent		76,135,660	(158,105,992)

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

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

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

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

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

	Issued Capital	Inflation adjustment on capital	Additional capital contribution of shareholders	Treasury shares	Shares premium	Effect of business combinations under common control	Other comprehensive Income and items to be reclassified to profit or loss Exchange differences on translation	Restricted reserves appropriated from profits	Prior year's profits		Equity attributable to owners of the parent	Non-controlling interests	Total equity
									Prior year profit or loss	Net loss for the period			
<b>Balance as at January 1, 2020</b>	<b>184,000,000</b>	<b>317,344</b>	<b>20,763,729</b>	<b>(9,991,969)</b>	<b>58,880,000</b>	<b>53,748,727</b>	<b>25,922,296</b>	<b>9,996,116</b>	<b>425,591,512</b>	<b>165,355,553</b>	<b>934,583,308</b>	<b>24,960,414</b>	<b>959,543,722</b>
Transfers	-	-	-	-	-	-	-	-	165,355,553	(165,355,553)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	-	(28,418,957)	-	-	(129,687,035)	(158,105,992)	(3,463,054)	(161,569,046)
<b>Balance as at March 31, 2020</b>	<b>184,000,000</b>	<b>317,344</b>	<b>20,763,729</b>	<b>(9,991,969)</b>	<b>58,880,000</b>	<b>53,748,727</b>	<b>(2,496,661)</b>	<b>9,996,116</b>	<b>590,947,065</b>	<b>(129,687,035)</b>	<b>776,477,316</b>	<b>21,497,360</b>	<b>797,974,676</b>
<b>Balance as at January 1, 2021</b>	<b>184,000,000</b>	<b>317,344</b>	<b>20,702,778</b>	<b>(9,991,969)</b>	<b>58,880,000</b>	<b>53,748,727</b>	<b>25,946,994</b>	<b>9,996,116</b>	<b>590,947,065</b>	<b>(240,424,726)</b>	<b>694,122,329</b>	<b>23,832,673</b>	<b>717,955,002</b>
Transfers	-	-	(20,702,778)	-	-	-	-	-	(219,721,948)	240,424,726	-	-	-
Issue of equity (Note 22)	160,646,332	-	-	-	526,412,166	-	-	-	-	-	687,058,498	-	687,058,498
Total comprehensive income/(expense)	-	-	-	-	-	-	16,992,059	-	-	59,143,601	76,135,660	(1,285,366)	74,850,294
Increase/(decrease) through treasury share transactions (Note 22)	-	-	-	9,991,969	16,437,579	-	-	(9,991,969)	9,991,969	-	26,429,548	-	26,429,548
<b>Balance as at March 31, 2021</b>	<b>344,646,332</b>	<b>317,344</b>	<b>-</b>	<b>-</b>	<b>601,729,745</b>	<b>53,748,727</b>	<b>42,939,053</b>	<b>4,147</b>	<b>381,217,086</b>	<b>59,143,601</b>	<b>1,483,746,035</b>	<b>22,547,307</b>	<b>1,506,293,342</b>

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

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

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE PERIOD ENDED DECEMBER 31, 2020**

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

		<i>Reviewed</i>	<i>Not reviewed</i>
		<i>January 1 -</i>	<i>January 1 -</i>
	<b>Notes</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>A. Cash flows from operating activities</b>			
<b>Profit/(loss) from continuing operations</b>		<b>57,785,172</b>	<b>(131,638,954)</b>
<b>Adjustments to reconcile profit:</b>			
Adjustments for depreciation and amortisation expense	23,24	614,472	7,884
Adjustments for impairment loss		11,455	5,146
Adjustments for provisions related with employee benefits	18	16,038	18,625
Adjustments for interest income and expense	27,28	29,507,914	29,981,547
Adjustments for unrealised foreign exchange losses		72,984,312	129,353,472
Adjustments for fair value gains	22	(38,103,271)	-
- Adjustments for fair value gains on derivative financial instruments	27	(38,103,271)	-
Adjustments for tax expense	9	12,006,147	(13,237,712)
Adjustments for income caused by sale or changes in share of associates, joint ventures and financial investments	6	(125,182,617)	-
		<b>9,639,622</b>	<b>14,490,008</b>
<b>Changes in working capital:</b>			
Adjustments for (increase)/decrease in trade accounts receivable		(6,677,796)	8,161,218
Adjustments for increase in other receivables related with operations		(5,665,979)	(3,618,003)
Adjustments for decrease in inventories	14	3,878	1,323,808
Adjustments for increase/(decrease) in trade accounts payable		2,714,204	(1,054,758)
Adjustments for increase in other operating payables		29,349,663	15,374,581
Other adjustments for other (decrease)/increase in working capital		(1,240,242)	784,614
<b>Cash flows from operations</b>		<b>28,123,350</b>	<b>35,461,468</b>
Taxes paid		-	(12,193,719)
<b>Cash flows from operating activities</b>		<b>28,123,350</b>	<b>23,267,749</b>
<b>B. Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	12,13	(358,262)	(56,000)
Cash outflows from acquisition of investment property	11	(34,517)	(386,588)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint Ventures	3	(477,110,065)	-
<b>Cash flows used in investing activities</b>		<b>(477,502,844)</b>	<b>(442,588)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from capital advances		450,000,002	-
Loan repayments	7	(44,121,738)	(73,655,974)
Payments of lease liabilities	7	(2,897,437)	(2,581,835)
Cash inflows from sale of acquired entity's shares	22	26,429,548	-
Interest received		403,366	226,722
Interest paid	7	(25,128,206)	(19,238,712)
Other additions		51,945,534	52,140,622
<b>Cash flows from/(used in) financing activities</b>		<b>456,631,069</b>	<b>(43,109,177)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,251,575</b>	<b>(20,284,016)</b>
Cash and cash equivalents at the beginning of the period	6	9,887,825	25,592,340
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>17,139,400</b>	<b>5,308,324</b>

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

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

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2021**

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

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**1. ORGANIZATION AND OPERATIONS OF THE GROUP**

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("the Group" 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 Group 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 Group'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 Group'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. Akfen Holding signed a Memorandum of Understanding ("MoU") with a 100% owned subsidiary of ACCOR S.A., one of the world's leading hotel groups. The Group 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 Group was enlisted on Istanbul Stock Exchange (ISE) on May 11, 2011. The Group" phrase will be used for Akfen GYO and its subsidiaries in this report.

The Group acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat AŞ ("Akfen GT") on February 21, 2007 which was 100% owned by Akfen Holding. 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 Group, 2.11% and 3.63% participation of Cüneyt Baltaoğlu as at March 31, 2021 and December 31, 2020, respectively.

The Group 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 Group –, there is an Ibis Hotel with 317 rooms completed in Moscow Russia. The hotel has started its operations as of July 16, 2015. All of the HDI shares owned by the Group were sold to Akfen GT which was wholly owned by the Group on 27 March 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, RPI and HDI companies were liquidated on November 3, 2020 in order to reduce operational costs, simplify the organizational structure and facilitate activities. 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.

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**1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont’d)**

The Group 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 Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%. Relating with Bulvar Loft agreement signed with İller Bankası A.Ş. (“İller Bankası”) and Akfen İnşaat Turizm ve Ticaret A.Ş. (“Akfen Construction”) related to the Land Sales Counterpart Revenue Sharing Work of the 120573 Island 1 Parcel in the size of 36,947 m2 at the Kızılcaşar Quarter of the Ankara Province Gölbaşı District, the joint venture established between Akfen GYO and Akfen İnşaat of the contract was transferred on November 9, 2017.

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”) belonging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in İstiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Cevli 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 Söğütluçeşme 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 Söğütluçeşme 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 Group 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 group is 19 (December 31, 2020: 17).

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**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1. Basis of preparation**

**a Statement of compliance**

The accompanying consolidated financial statements are prepared in accordance with the provisions of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No II-14.1 published in the Official Gazette dated June 13, 2013 and numbered 28676. Communiqué is prepared pursuant to Article 5. Public Oversight Accounting and Auditing Standards Board ("UPS") that have been put into force by Turkey Accounting Standards ("TAS") are considered. TASs; Turkey Accounting Standards, Turkey Financial Reporting Standards ("TFRS") and contains additional and comments on them. The reporting formats described in the "Financial Statement Samples and Usage Guide" published by the POA on 20 May 2013 and published with the decision numbered 30 on June 2, 2016 and subsequently, Revenue from TFRS 15 Customer Contracts, TFRS 9 Financial Instruments and TFRS 16 Leasing standards The amendments are presented in accordance with the updated TAS taxonomy published under the name of "2019 TFRS", which was announced to the public on 15 April 2019.

The Group and its subsidiaries, Akfen GT and Akfen Karaköy head offices maintain its legal books of account and prepare its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code ("TTC"), tax legislation and uniform chart of account. Akfen GT, is also operating in Turkish Republic of Northern Cyprus ("Northern Cyprus"), its branch has been registered by the decision of the Cabinet of Northern Cyprus as a foreign company under the limited liability companies Code Article 346, with the registry number YŞ00148, Chapter 113 of Northern Cyprus Corporate Registration Office. Akfen GT's branch operating in Northern Cyprus maintains its legal books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Commercial Code accepted in Northern Cyprus.

The Group's foreign entities Yaroslavlinvest, Kalingradinvest, Samstroykom, Volgastroykom and Severniy maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

**b. Compliance with TAS**

According to the Communiqué of CMB, the accompanying consolidated 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 consolidated financial statements as of March 31, 2021 have been approved by the Group'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 statute.

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

**2.1. Basis of preparation (cont'd)**

**c. Functional and presentation currency**

The presentation currency of the accompanying financial statements is TRY. The table below shows the functional currency of each Company:

<b>The Group</b>	<b>Functional currency</b>
Akfen GYO	TRY
Akfen GT	TRY
Akfen Karaköy	TRY
Samstroykom, Yaroslavlinvest, KaliningradInvest	RUB
Volgastroykom	RUB
Severniy	RUB
Joint Venture	TRY
Masanda Tourism	TRY
Isparta Yurt	TRY
Firatcan Tourism	TRY

All financial information presented in TRY unless otherwise stated. All other currencies are stated full unless otherwise stated.

**d. Basis of consolidation**

**Subsidiaries**

The consolidated financial statements of the Group include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Group owns control power, either directly or indirectly, over group's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the affiliate to end of that power.

Financial statements of the subsidiaries are prepared in line with the financial statements of the Group in the same accounting period using uniform accounting policies. Financial statements of the subsidiaries are consolidated based on full consolidation method.

The table below shows Akfen GYO's ownership ratio in subsidiaries as at March 31, 2021 and December 31, 2020:

<b>The Group</b>	<b>Direct or indirect shares of the Group (%)</b>	
	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Akfen GT	100.00	100.00
Severniy	100.00	100.00
Masanda Tourism	100.00	-
Isparta Yurt	100.00	-
Yaroslav Invest, KaliningradInvest, Samstroykom	97.89	97.89
Volgastroykom	96.37	96.37
Akfen Karaköy	91.47	91.47

**Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Transactions in foreign currencies are translated to the functional currencies of the Group 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 consolidated statement of comprehensive income.

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

**2.1. Basis of preparation (cont'd)**

**Transactions eliminated on consolidation (cont'd)**

The Group entities use TRY or RUB, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

**Joint agreements**

Business Partnerships have been established under a contract to undertake an economic activity to be jointly managed by one or more enterprising partners of the Company and its Subsidiaries. Business Partnerships have been established under a contract to undertake an economic activity to be jointly managed by one or more enterprising partners of the Company and its Subsidiaries. "TFRS 11 Joint Arrangements standard", which became effective as of the annual accounting periods that started on or after January 1, 2013 and repealed "TAS 31 Standard of Shares in Joint Ventures", requires that the shares in joint ventures be accounted for according to the equity method in accordance with "TAS 28 Investments in Subsidiaries and Joint Ventures".

According to the equity method, the joint venture investment is initially recognized at the acquisition cost. After the acquisition date, the share of the investor in the profit or loss of the investee is reflected in the financial statements by increasing or decreasing the book value of the investment. The share that the investor receives from the profit or loss of the invested enterprise is recognized as the investor's profit or loss. Distributions (dividends, etc.) received from an invested enterprise reduce the book value of the investment. The book value of the investee needs to be adjusted in proportion to the investor's share of changes in the company's other comprehensive profit.

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). According to the share transfer agreement, management of Fıratcan Turizm will be carried out jointly by Akfen GYO and Fıratcan Turizm companies, and decisions regarding Fıratcan Turizm's activities that significantly affect its returns require unanimity of the parties. For this reason, Fıratcan Turizm has been accounted for using the equity method.

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Ownership ratio	Voting right ratio	Ownership ratio	Voting right ratio
	(%)	(%)	(%)	(%)
Fıratcan Tourism	51,00	51,00	-	-

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

**2.1. Basis of preparation (cont'd)**

**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.

The details of the Company's direct joint ventures as of March 31, 2021 and 2020 are as follows:

Joint Venture	Main Operations		Entrepreneur Partner	
Ordinary Partnership	Real estate investment		Akfen İnşaat Turizm ve Ticaret A.Ş.	
	March 31, 2021		December 31, 2020	
	Direct or indirect shares portion (%)	Effective shares portion (%)	Direct or indirect shares portion (%)	Effective shares portion (%)
Joint venture	99.00	99.00	99.00	99.00

**e. Comparative information and restatement of prior periods' financial statements**

The accompanying consolidated financial statements are prepared in comparison with the previous period, to be able to indicate below the trends in the financial status, performance and flow of the Group. When the presentation or classification of the items of the consolidated financial statements changes, to ensure comparability, the previous period consolidated financial statements are also reclassified accordingly and these matters are made as painting.

**f. Going Concern**

As of March 31, 2021, the current assets of the Group are TRY 60,561,548, short-term liabilities are TRY 333,798,712, and the short-term liabilities exceed the current assets by TRY 273,237,164. Although this situation shows the existence of uncertainty regarding the continuity of the business, the Group reached an agreement with its existing creditors on 18 December 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. In addition, an agreement was reached with the creditors to refinance the tranche of the aforementioned loans to Russia on a Ruble basis.

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

**2.2. Accounting estimates**

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 Group management, the actual may differ from them.

The estimates are used particularly in the following notes:

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

**2.1. Basis of preparation (cont'd)**

**2.2. Accounting estimates (cont'd)**

*Note 9 - Fair value measurement of investment property*

The fair value of the investment real estate of the Group as of the balance sheet date has been obtained according to the valuation carried out by a real estate valuation Group which is not related with the Group. 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 Group financial statements.

*Note 18 Long Term VAT receivables*

The Group classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 18).

*Not 6 Fair value measurement of convertible bond*

The Group 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 7).

**2.3 Changes in accounting policies**

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, 2020 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 effective from January 1, 2021:***

- 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.

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

**Standards, amendments and improvements that have been published but not yet implemented and not put into effect early:**

- 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.

**2.4 Summary of significant accounting policies**

Significant accounting policies used in the preparation of the financial statements are summarized as follows:

**2.4.1 Revenue**

Revenue includes rental income and real estate 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 Group and amount of the related income is measured confidently.

**Sale of real estate stock (independent section)**

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Real estate inventories are projects developed for sale purposes and presented under inventories. Revenue from sales of real estate inventories is recognized only if the following conditions are met:

- Transfer of all control of the Group's ownership to the buyer (transfer of the risks and gains of the independent segments sold to the buyer usually occurs by the final delivery of the dwellings and / or the delivery of title deeds),
- the Group's right to collection of goods or services,
- the customer's legal ownership of the goods or services,
- transfer of possession of goods or services,
- the customer's control over the ownership of the goods or services,
- the conditions for the customer to accept the goods or services.

**2.4.2 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 Group activities. The cash flows related to investment activities represent the cash flows the Group 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 Group in its financing activities and repayments of those resources.

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

**2.4.3 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 Group’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. Accounting of rental income from investment properties is disclosed in Note 2.4.1.

*Right to use assets*

The Group 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 Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group 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 Group 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 Group 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.

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

*Lease liabilities*

The Group 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 Group under residual value commitments
- (d) the use price of this option and if the Group is reasonably certain that it will use the
- (e) fines for termination of the lease if the lease shows that the Group 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 Group is determined as; if it is not easily determined, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group 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.

**2.4.4. Property, plant 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
Motor vehicles	5 years

***Subsequent expenditures***

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the income statement as expense as incurred.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

**2.4.4. Property and equipment (cont’d)**

***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.

**2.4.5. Impairment of assets**

At each balance sheet date, the carrying of Group’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 Group 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.

**2.4.6. 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 Group 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.

**2.4.7. Financial assets**

***Classification***

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021

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

##### 2.4 Summary of significant accounting policies (cont’d)

###### 2.4.7. Financial assets (cont’d)

###### *Recognition and Measurement*

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

###### *Derecognition*

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

###### *Impairment*

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below; 12- Month ECL; results from default events that are possible within 12 months after reporting date. Lifetime ECL; results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

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

**2.4 Summary of significant accounting policies (cont’d)**

**2.4.7. Financial assets (cont’d)**

**Trade receivables and liabilities**

Trade receivables arisen from supply of a product or service to a customer by the Group 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 Group 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 6).

**2.4.8. Financial liabilities**

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

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

**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 consolidated financial statements from their amortised cost using effective interest rate on subsequent dates.

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

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

**2.4 Summary of significant accounting policies (cont'd)**

**2.4.8. Financial liabilities (cont'd)**

**Financial liabilities and borrowing cost (cont'd)**

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 consolidated financial statements.

**2.4.9 Share capital**

**Ordinary shares**

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

**2.4.10 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 30).

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 30).

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

**2.4 Summary of significant accounting policies (cont’d)**

**2.4.11 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, Group’s financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

**2.4.12 Provisions, contingent liabilities and contingent assets**

A provision is recognized when the Group has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements.

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.

**2.4.13 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 Group 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 from operating leases of the Group 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 Group 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.

**2.4.14 Related parties**

For the purpose of the accompanying consolidated 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.

**2.4.15 Segment reporting**

The Group has three reporting segments, which are the Group’s strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. The Group’s operating segments are in Turkey, Northern Cyprus and Russia in which the Group is operating in real estate investments.

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

**2.4 Summary of significant accounting policies (cont'd)**

**2.4.16 Government grants and incentives**

Investment incentives with government incentives are accounted for on an accrual basis at fair value when approved by the authorities in relation to Group's incentive requests. The government grants related to the expenses, the government incentives for the period in which the group becomes eligible, and the government expenditures related to the investment expenditures are shown as deferred income on the balance sheet and are linearly associated with the consolidated income statement over the estimated useful life of the asset.

**2.4.17 Taxation**

The Group 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 Group has no tax obligation over its earnings for the related period.

Joint ventures are not considered as independent entities in terms of tax legislation. Therefore, ordinary partners of the company are considered to be jointly liable as the main addressee in tax application. Since Akfen GYO is exempt from Corporate Tax, there is no tax liability arising from Joint venture earnings.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax. Since Akfen GYO has corporate tax exemption, it does not have any deferred tax assets and liabilities.

Akfen GT's head office operating in Turkey and Akfen Karaköy are subject to the 20% (22% for taxation periods of 2019 and 2020) of taxation on its taxable income. Akfen GT's branch operating in Northern Cyprus is subject to a corporate tax rate of 23.5%.

RHI, RPI and HDI are subject to 20% corporate tax income and are not subject to income tax for dividend yield according to regulations of the Netherlands.

Deferred tax liability or asset is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent periods will be reversed. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The current tax rates are used in the computation of deferred tax.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority.

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

**2.4 Summary of significant accounting policies (cont’d)**

**2.4.19 Employee termination benefits**

***Retirement pay provision***

In accordance with the existing labor code in Turkey, the Group 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 Group 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 Group pays contributions to the Social Security Institution on a mandatory basis. The Group 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.

**2.4.20 Offsetting**

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Unimportant 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.

**2.5. Investment portfolio limitations on real estate investment trust**

As of December 31,2020 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.

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

**2.6. 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 11.

**2.7 Convenience Translation into English of Consolidated 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.

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**3. SHARE PURCHASES OF AFFILIATES / SUBSIDIARIES**

On 09.02.2021, the Company provided funds of TRY 450,000,002.48 by increasing its nominal capital to TRY 344,646,332 in order to ensure a more sustainable structure that will reduce the impact of the epidemic in its revenues with the contribution of regular and continuous income-bringing assets, All shares of Masanda Tourism, which has a 184-bed 5 Star Resort investment in Bodrum, were leased from Akfen Altyapı Holding A.Ş. to the General Directorate of Loans and Dormitories for 13 years for TRY 235,000,000 has purchased all of Isparta Yurt's shares, which have two dormitory investments with a total of 7,232 beds, from Akfen Construction Tourism and Trade Inc. for TRY 215,000,000.

The financial statements of the related companies as of the date of acquisition are as follows:

	<b>Masanda Tourism</b>	<b>Isparta Yurt</b>
<b>Assets</b>	<b>January 31, 2021</b>	<b>January 31, 2021</b>
<b>Current assets</b>	<b>3,088,606</b>	<b>7,647,857</b>
Cash and cash equivalents	27,410	3,460,285
Trade receivables	2,756	42,253
- Trade receivables from related parties	2,756	-
- Trade receivables from third parties	-	42,253
Other receivables	200	1,473,190
- Other receivables from third parties	200	1,473,190
Prepaid expenses	879,611	124,869
Other current assets	2,178,629	2,547,260
<b>Non-current assets</b>	<b>310,477,022</b>	<b>303,468,979</b>
Other receivables	9,561	-
- Other receivables from third parties	9,561	-
Investment property	283,582,447	291,861,329
Property, plant and equipment	6,400,554	-
Other non-current assets	20,484,460	11,607,650
<b>Total assets</b>	<b>313,565,628</b>	<b>311,116,836</b>
	<b>Masanda Tourism</b>	<b>Isparta Yurt</b>
<b>Liabilities</b>	<b>January 31, 2021</b>	<b>January 31, 2021</b>
<b>Current liabilities</b>	<b>830,803</b>	<b>2,993,270</b>
Current portion of non-current borrowings	505,818	2,006,417
- Lease liabilities	505,818	2,006,417
Trade payables	315,462	92,530
- Trade payables to related parties	71,137	57,405
- Trade payables to third parties	244,325	35,125
Other payables	2,865	7,250
- Other payables to third parties	2,865	7,250
Deferred revenue	-	886,642
Other current liabilities	6,658	431
<b>Non-current liabilities</b>	<b>5,278,263</b>	<b>48,052,210</b>
Non-current borrowings	2,507,312	8,302,658
- Lease liabilities	2,507,312	8,302,658
Deferred tax liabilities	2,770,951	39,749,552
<b>Equity attributable to owners of parent</b>	<b>307,456,562</b>	<b>260,071,356</b>
Issued capital	192,503,786	78,000,000
Share premiums	-	25,050,000
Restricted reserves appropriated from profits	2,031	-
Retained earnings	115,451,921	156,600,972
Net (loss)/profit for the period	(501,176)	420,384
<b>Total liabilities</b>	<b>313,565,628</b>	<b>311,116,836</b>

**3. SHARE PURCHASES OF AFFILIATES / SUBSIDIARIES (cont'd)**

As of 31 March 2021, the difference between the acquisition prices of the related companies and the net

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assets at the acquisition date, which is reflected as bargain purchase gain in the Group's financials, is as follows:

<b>Isparta Yurt</b>	<b>March 31, 2021</b>
Affiliate cost	215,000,000
Net asset value on the date of purchase	260,071,355
<b>Negotiated purchase earnings (Note 26)</b>	<b>45,071,355</b>

  

<b>Masanda Tourism</b>	<b>March 31, 2021</b>
Affiliate cost	235,000,000
Net asset value on the date of purchase	307,456,562
<b>Negotiated purchase earnings (Note 26)</b>	<b>72,456,562</b>

In the consolidated income statement, the share of Isparta Yurt in the sales revenues obtained after the date of purchase has been realized as TRY 4,417,012, and Masanda Turizm has not contributed to the consolidated sales revenues after the date of purchase yet. In the same period, the contribution of Isparta Yurt and Masanda Tourism to the consolidated net profit has been TRY 3,265,238 and TRY 2,900,234, respectively.

The details of the cash outflow arising from purchases are as follows:

<b>Isparta Yurt</b>	
Total purchase price – cash	215,000,000
Cash and cash equivalents - acquired	(3,460,285)
<b>Cash outflow from purchasing (net)</b>	<b>211,539,715</b>

  

<b>Masanda Tourism</b>	
Total purchase price – cash	235,000,000
Cash and cash equivalents - acquired	(27,410)
<b>Cash outflow from purchasing (net)</b>	<b>234,972,590</b>

Additionally, 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.

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**3. SHARE PURCHASES OF AFFILIATES / SUBSIDIARIES (cont’d)**

The difference between the fair value of the company on the date of purchase and the purchase price has been recognized in the consolidated financial statement of the Group as bargain purchase earnings under the income from investment activities as of March 31, 2021, and the related calculation is as follows:

<b>Firatcan Tourism</b>	<b>March 31, 2021</b>
Fair value at the date of purchase	129,470,000
Group share of Firatcan Tourism’s fair value	66,029,700
Total purchase price paid – cash	30,597,760
Company purchase payables (Note 10)	29,322,300
Foreign currency difference <sup>(*)</sup>	(1,545,060)
<b>Negotiated purchase earnings (Note 26)</b>	<b>7,654,700</b>

<sup>(\*)</sup> As a result of the Company's acquisition of 51% shares of Firatcan Tourism on March 29, 2021, Euro 3.200.000 of the transfer fee was paid in cash and the remaining Euro 3.000.000 will be paid as of April 2021. Since the remaining amount is in foreign currency, currency valuation has been made.

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**4. SEGMENT REPORTING**

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. Since the Group operates only in real estate investments in Turkey, Northern Cyprus and Russia, operating segments are provided in geographical segment. Operating performances are measured at period profit /(loss).

**March 31, 2021:**

	<b>Turkey</b>	<b>TRNC</b>	<b>Russia</b>	<b>Elimination</b>	<b>Total</b>
Revenue	12,091,494	11,093,307	3,461,218	-	26,646,019
Cost of sales	(1,577,869)	(134,091)	(1,292,639)	-	(3,004,599)
<b>GROSS PROFIT</b>	<b>10,513,625</b>	<b>10,959,216</b>	<b>2,168,579</b>	<b>-</b>	<b>23,641,420</b>
General administrative expenses	(1,804,186)	(254,580)	(644,740)	-	(2,703,506)
Other operating income from operating activities	4,053,723	-	41,076	-	4,094,799
Other operating expenses from operating activities	(54,718)	(3,913)	-	-	(58,631)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>12,708,444</b>	<b>10,700,723</b>	<b>1,564,915</b>	<b>-</b>	<b>24,974,082</b>
Investment activity income	125,182,617	-	-	-	125,182,617
Financial income	2,840,330	38,103,272	8,194,492	(775,586)	48,362,508
Financial expenses	(116,537,599)	(6,949,813)	(6,016,062)	775,586	(128,727,888)
<b>PROFIT BEFORE TAX</b>	<b>24,193,792</b>	<b>41,854,182</b>	<b>3,743,345</b>	<b>-</b>	<b>69,791,319</b>
Tax expense	(1,676,607)	(9,836,649)	(492,891)	-	(12,006,147)
- <i>Current tax expense</i>	(714,722)	-	(200,096)	-	(914,818)
- <i>Deferred tax expense</i>	(961,885)	(9,836,649)	(292,795)	-	(11,091,329)
<b>PROFIT FOR THE PERIOD</b>	<b>22,517,185</b>	<b>32,017,533</b>	<b>3,250,454</b>	<b>-</b>	<b>57,785,172</b>
Reportable segment assets	3,580,836,837	630,674,165	633,524,456	(1,185,242,109)	<b>3,659,793,349</b>
Reportable segment liabilities	1,795,163,347	104,861,425	466,250,894	(212,775,659)	<b>2,153,500,007</b>
Investment and inventory expenditures, net <sup>(*)</sup>	392,779	-	-	-	<b>392,779</b>
Depreciation and amortization expenses	609,490	1,255	3,727	-	<b>614,472</b>

<sup>(\*)</sup> Investments related to the acquisition of shares in subsidiaries and affiliates are excluded.

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**4. SEGMENT REPORTING (cont'd)**

**March 31, 2020:**

	<b>Turkey</b>	<b>TRNC</b>	<b>Russia</b>	<b>Elimination</b>	<b>Total</b>
Revenue	10,231,302	8,263,704	2,976,268	-	21,471,274
Cost of sales	(1,610,888)	(109,777)	(1,201,237)	-	(2,921,902)
<b>GROSS PROFIT</b>	<b>8,620,414</b>	<b>8,153,927</b>	<b>1,775,031</b>	<b>-</b>	<b>18,549,372</b>
General administrative expenses	(1,395,731)	(272,222)	(732,975)	-	(2,400,928)
Selling and marketing expense	(50,650)	-	-	-	(50,650)
Other operating income from operating activities	39,242	-	16,942	-	56,184
Other operating expenses from operating activities	(20,886)	(27,467)	-	-	(48,353)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>7,192,389</b>	<b>7,854,238</b>	<b>1,058,998</b>	<b>-</b>	<b>16,105,625</b>
Financial income	1,421,732	-	-	(511,845)	909,887
Financial expenses	(84,460,362)	(4,969,690)	(72,973,971)	511,845	(161,892,178)
<b>(LOSS)/ PROFIT BEFORE TAX</b>	<b>(75,846,241)</b>	<b>2,884,548</b>	<b>(71,914,973)</b>	<b>-</b>	<b>(144,876,666)</b>
Tax (expense)/income	(251,372)	(705,108)	14,194,192	-	13,237,712
- <i>Deferred tax (expense)/income</i>	(251,372)	(705,108)	14,194,192	-	13,237,712
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(76,097,613)</b>	<b>2,179,440</b>	<b>(57,720,781)</b>	<b>-</b>	<b>(131,638,954)</b>

**December 31, 2020**

Reportable segment assets	2,409,257,897	630,658,677	572,106,029	(708,057,964)	<b>2,903,964,639</b>
Reportable segment liabilities	1,808,412,354	107,714,467	424,187,984	(154,305,168)	<b>2,186,009,637</b>

**March 31, 2020**

Investment and inventory expenditures, net	408,509	-	28,912	-	<b>437,421</b>
Depreciation and amortization expenses	6,358	609	917	-	<b>7,884</b>

For the period ended March 31, 2021, 42% of the Group's Revenue is from ACCOR SA, which is the operator of Ibis and Novotel hotels, and 42% is from Voyager Cyprus Limited, which is the operator of Merit Park Hotel in TRNC and 17% is obtained from Isparta Yurt Yatırımları A.Ş., which the Company added to its portfolio in 2021 (March 31, 2020: Accor SA: 52%, Voyager Cyprus Limited: 38%, Bulvar Loft: 10%).

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**5. RELATED PARTY DISCLOSURES**

**5.1. Related party balances**

*Trade receivables from related parties:*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Akfen İnşaat	4,521,777	-
Akfen Holding	7,172	-
	<b>4,528,949</b>	<b>-</b>

(\*) As of March 31, 2021, the trade receivable balance from Akfen İnşaat consists of the trade receivable balance of Masanda Tourism, which is an affiliate of the Company (31 December 2020: None).

*Trade payables to related parties:*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Akfen İnşaat (*)	16,605,514	16,566,973
Akfen Altyapı	68,419	-
IBS Sigorta Brokerlik Hizmetleri A.Ş.	-	43,329
Akfen Holding	-	5,366
	<b>16,673,933</b>	<b>16,615,668</b>

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

*Other payables to related parties:*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Akfen Holding (*)	33,263,470	31,571,903
Akfen Altyapı	194,221	-
Other	163,154	-
	<b>33,620,845</b>	<b>31,571,903</b>

(\*) As of March 31, 2021 and December 31, 2020, other payables to Akfen Holding are related to the funding received by the Company.

**5.2. Related party transactions**

**a) Purchase of Affiliate share**

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

(\*) 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) Revenues related to construction works**

	<b>January 1- March 31, 2021</b>	<b>January 1- March 31, 2020</b>
Akfen İnşaat(*)	4,000,000	-
	<b>4,000,000</b>	<b>-</b>

(\*) Other revenues obtained from the construction work of the Bodrum Loft project.

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**5. RELATED PARTY DISCLOSURES (cont’d)**

**5.2. Related party transactions (cont’d)**

**c) Rent expenses**

	<b>January 1- March 31, 2021</b>	<b>January 1- March 31, 2020</b>
Isparta Yurt	200,000	-
Hamdi Akın	-	70,714
	<b>200,000</b>	<b>70,714</b>

**d) Convertible bond transactions**

Entire convertible bond explained on Note 7 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).

**e) Interest income**

	<b>January 1- March 31, 2021</b>	<b>January 1- March 31, 2020</b>
Akfen Holding	-	505
	<b>-</b>	<b>505</b>

**f) Interest expense**

	<b>January 1- March 31, 2021</b>	<b>January 1- March 31, 2020</b>
Akfen Holding	1,437,577	-
Akfen Turizm	51,210	-
Akfen Altyapı	19,195	-
	<b>1,507,982</b>	<b>-</b>

**g) Remuneration of top management**

	<b>January 1- March 31, 2021</b>	<b>January 1- March 31, 2020</b>
Remuneration of top management (*)	1,517,803	1,180,471
	<b>1,517,803</b>	<b>1,180,471</b>

(\*) Top management of the company consist of the Independent Members of the Board of Directors, the General Manager and the Deputy General Managers.

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**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	59,736	43,887
Cash at banks	17,075,667	9,839,941
- Demand deposits	14,621,802	1,388,716
- Time deposits	2,453,865	8,451,225
Other cash and cash equivalents	3,997	3,997
Impairment	(407)	(386)
<b>Cash and cash equivalents</b>	<b>17,138,993</b>	<b>9,887,439</b>
Impairment	407	386
<b>Cash and cash equivalents in cash flow statement</b>	<b>17,139,400</b>	<b>9,887,825</b>

**Demand deposits**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
TRY	7,842,019	130,436
Euro	4,465,773	729,789
Russian Rubble	1,456,493	501,173
USD Dollar	857,517	27,318
<b>Total demand deposits</b>	<b>14,621,802</b>	<b>1,388,716</b>

**Time deposits**

As of March 31, 2021 and December 31, 2020, TL equivalent of time deposits in terms of currency is as follows:

<b>Currency</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>March 31, 2021</b>
TRY	April 2021	% 17,0 – % 17,5	2,453,865
<b>Total</b>			<b>2,453,865</b>
<b>Currency</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>December 31, 2020</b>
TRY	January 2021	% 14,0 – % 18,0	7,657,197
Russian Rubble	January 2021	% 3,5	794,028
<b>Total</b>			<b>8,451,225</b>

**Short and long term financial investments**

As at March 31, 2021 and December 31, 2020 short and long term financial assets are comprised of the following currencies:

*Short term financial investments:*

<b>Currency</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Euro	July 2021	6.00%	-	4,358,742
<b>Total</b>			-	<b>4,358,742</b>

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**6. CASH AND CASH EQUIVALENTS (cont'd)**

*Long term financial investments:*

<b>Currency</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Euro	July 2025	6,00%	-	48,164,499
<b>Total</b>			<b>-</b>	<b>48,164,499</b>

As at March 31, 2021 and December 31, 2020, time deposit on Credit Europe Bank is portion - in amount of EUR 15,000,000 in time blockage deposit- of EUR 30,000,000 loan obtained from Credit Europe Bank – details are disclosed in note 6- as guarantee of the loans used by HDI and RPI from the same bank. The time deposit has the same interest rate with the loans and as the principal payments are made by HDI and RPI, the guarantee amount in the blockage will be deducted in the same portion with the loans paid. The acquired interest income is net off with the interest expense. The amount remaining in the short term part represents the amount of deposits to be released with the principals to be paid within one year. As of March 31, 2021, the reserve in the blocked account has been closed by deducting from the related loan amount.

**7. FINANCIAL LIABILITIES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Current financial liabilities</b>	<b>225,863,051</b>	<b>466,026,364</b>
Issued borrowing instruments	-	237,392,730
Current portion of long-term bank borrowings	209,994,846	219,198,912
Current portion of long-term lease liabilities	15,868,205	9,434,722
<b>Non-current financial liabilities</b>	<b>1,557,940,060</b>	<b>1,451,107,683</b>
Long-term bank borrowings	1,508,067,279	1,408,484,738
Long-term lease liabilities	49,872,781	42,622,945
<b>Total financial liabilities</b>	<b>1,783,803,111</b>	<b>1,917,134,047</b>

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

**March 31, 2021:**

<b>Currency</b>	<b>Nominal interest rate</b>	<b>Original amount</b>	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
Euro (1) <sup>(*)</sup>	6,00%	97,013,749	135,679,356	812,542,725	948,222,081
Euro (2) <sup>(*)</sup>	6,00%	26,215,390	37,338,154	218,893,687	256,231,841
Euro (3) <sup>(*)</sup>	6,00%	13,275,743	16,778,179	112,980,265	129,758,444
Euro (4) <sup>(*)</sup>	6,00%	39,272,133	20,199,157	363,650,602	383,849,759
			<b>209,994,846</b>	<b>1,508,067,279</b>	<b>1,718,062,125</b>

**December 31, 2020**

<b>Currency</b>	<b>Nominal interest rate</b>	<b>Original amount</b>	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
Euro (1) <sup>(*)</sup>	6,00%	96,954,185	116,353,366	757,000,242	873,353,608
Euro (2) <sup>(*)</sup>	6,00%	26,206,467	35,404,852	200,660,381	236,065,233
Euro (3) <sup>(*)</sup>	6,00%	13,268,521	15,448,233	104,073,278	119,521,511
Euro (4) <sup>(*)</sup>	6,00%	44,265,955	51,992,461	346,750,837	398,743,298
			<b>219,198,912</b>	<b>1,408,484,738</b>	<b>1,627,683,650</b>

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**7. FINANCIAL LIABILITIES (cont’d)**

- (\*) 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.
- (1) 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 on 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 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 portion of the shares of Akfen GYO which are not publicly open, of Akfen Mühendislik – shareholder of the Group has been pledged to the favor of creditor.
- (2) Loan agreement with a maturity of 10 years, with a 2-year grace period of EUR 30.000.000, was signed and the loan was used on November 6, 2015 in order to use in the refinancing of all existing loans belonging to Akfen GT, a subsidiary of Akfen REIT. Bank borrowings obtained with this agreement is secured by the followings:
- Some portion of the shares which are non-public shares , of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor,
  - Shares of Akfen GYO on Akfen GT has been pledged to the favor of creditor,
  - Akfen GYO has corporate guarantee in amount of the loan,
  - All shares on Akfen Karaköy have been pledged to the favor of creditor,
  - Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
  - Right of tenancy of Merit Park Hotel is pledged in favor of the creditors in the 1st degree.
- (3) The loan agreement in amount of EUR 15,000,000 having 2 years grace period a 10 years maturity has been signed for refinancing of all loans related to Akfen Karaköy – subsidiary of Akfen GYO- and the loan has been used on November 6, 2015. Bank borrowings obtained with this agreement is secured by the followings:
- Some portion of the shares which are not publicly open, of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor,
  - Right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2nd degree,
  - Rent revenue of Novotel İstanbul Bosphorus, Karaköy is alienated in favor of the creditor,
- (4) Total of EUR 59,000,000 loan agreement was signed with a maturity of 10 years with 2 years of principal repayment and the use of the loan was realized on November 6, 2015 and November 17, 2015 in order to use in the refinancing of the loans of the companies in Russia. Bank borrowings obtained with this agreement is secured by the followings:
- Some portion of the shares which are not publicly open, of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor,
  - All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
  - Akfen GT has corporate guarantee in amount of the loans used,
  - A portion of Euro 15,000,000 of the loan used by Akfen GT is kept as cash collateral. The related cash collateral has been closed with loan debt as of March 31, 2021 and the remaining amount as of December 31, 2020 is Euro 5,770,210,
  - Right of tenancies of Ibis Hotel Yaroslavl, Ibis Hotel Samara, Samara Office, Ibis Hotel Kaliningrad and Ibis Hotel Moscow are pledged in favor of the creditors
  - Operating rental income is alienated in favor of the creditor.

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**7. FINANCIAL LIABILITIES (cont'd)**

The Group 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. In addition, an agreement was reached with the creditors to refinance the tranche of the aforementioned loans to Russia on a Ruble basis.

**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 <sup>(*)</sup>	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 <sup>(*)</sup>	None
Principal / due payment amount	TRY 238,837,760

<sup>(\*)</sup>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 decided to pay the said bond debt as a share by the capital increase method, with the Board of Directors decision dated December 25, 2020. With the approval of the CMB dated 7 January 2021, a capital increase transaction of TRY 59,066,196 was realized from the conversion price of TRY 4.04 with the redemption of the bond with interest rate of TRY 238,627,431.84 on January 12, 2021.

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 20,702,778) 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 consolidated financial statements.

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**7. FINANCIAL LIABILITIES (cont'd)**

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

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
January 1	237,392,730	202,568,890
Interest accrual	1,234,702	8,127,648
Bond redemption (*)	(238,627,432)	-
<b>Issued borrowing instruments</b>	<b>-</b>	<b>210,696,538</b>

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

The repayment schedule of financial liabilities is as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Less than one year	209,994,846	456,591,642
1 - 2 years	236,600,399	216,178,612
2 - 3 years	236,143,447	218,075,796
3 - 4 years	627,600,840	585,434,662
4 - 5 years	407,722,593	388,795,668
<b>Total financial liabilities</b>	<b>1,718,062,125</b>	<b>1,865,076,380</b>

The movements of bank loans and debt instruments within the periods of 31 March 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
<b>January 1</b>	<b>1,865,076,380</b>	<b>1,453,592,481</b>
<i>Cash outflows from debt repayment</i>	<i>(44,121,738)</i>	<i>(73,655,974)</i>
<i>Addition of convertible bond to capital</i>	<i>(238,627,433)</i>	<i>-</i>
<i>Interest paid</i>	<i>(25,128,206)</i>	<i>(19,238,712)</i>
<i>Accrual</i>	<i>26,179,997</i>	<i>27,833,476</i>
<i>Foreign exchange loss</i>	<i>97,732,879</i>	<i>145,028,539</i>
<i>Currency translation differences</i>	<i>36,950,246</i>	<i>(49,656,183)</i>
<b>March 31</b>	<b>1,718,062,125</b>	<b>1,483,903,627</b>

**Operation lease liabilities**

The Group has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Group'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.

The details of operating lease liabilities are as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Less than 1 year	15.868.204	10.292.067
1 – 5 years	61.412.179	61.412.179
5 years and over	728.851.460	720.744.279
Less : Financial expense for future periods	<i>(740.390.857)</i>	<i>(740.390.858)</i>
<b>Total operational lease liabilities</b>	<b>65.740.986</b>	<b>52.057.667</b>

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**7. FINANCIAL LIABILITIES (cont’d)**

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

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>January 1</b>	52.057.668	51.098.328
<i>Finance expense</i>	3.127.338	2.583.877
<i>Foreign exchange loss</i>	131.213	17.073
<i>Payments</i>	(2.897.437)	(2.581.835)
<i>Effect of acquisitions (Note 3)</i>	13.322.205	-
<b>March 31</b>	<b>65.740.986</b>	<b>51.117.443</b>

**8. DERIVATIVE FINANCIAL ASSETS**

The Group provides protection from foreign exchange risk on the balance sheet by borrowing in the same currency against foreign currency risks arising from foreign currency sales amounts to be realized in the future within the scope of the contracts it has signed.

In this context, the repayments of foreign currency borrowings that are subject to hedge accounting and designated as a hedging tool are made with foreign currency sales cash flows, which are realized on close dates and determined as hedged items within the scope of hedge accounting. Accordingly, on May 15, 2012, a lease agreement was signed between the parties for the 20-year lease of the 5-star Merit Park Hotel, located in TRNC / Kyrenia, in the Akfen GT portfolio, together with the casino and all its outbuildings and the Group has protected against exchange rate risks for the repayment of foreign currency borrowings based on its amount.

Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting to hedge the unrecorded firm fair value risk currency risk component and aims providing a healthier income statement by netting the exchange rate fluctuations that have occurred on the hedged item and the hedging instrument that have not yet been realized.

The Group takes care to maintain a 100% hedging ratio and hedging efficiency between 70% and 130% within the scope of the hedge accounting it has established, and as of March 31, 2021, the hedging ratio is 99% and the hedging efficiency is 100%.

As of 31 March 2021, derivative financial assets are as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Derivative instruments for short term hedging	6,134,860	-
Derivative instruments for long term hedging	31,968,411	-
	<b>38,103,271</b>	<b>-</b>

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**9. 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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Trade receivables from related parties	4,528,949	-
Trade receivables from third parties <sup>(1)</sup>	12,275,597	10,081,741
	<b>16,804,546</b>	<b>10,081,741</b>

<sup>(1)</sup> As at March 31, 2021, TRY 8,877,232 (December 31, 2020: TRY 7,496,818) and TRY 3,360,235 (December 31, 2020: TRY 1,619,004) portions of total trade receivables are comprised of receivables of the Group from Tamaris Turizm A.Ş. - operator of the hotels in Turkey and Russian Hotel Management Company - operator of the hotels in Russia - related to hotel rental revenue.

**b) Short and long-term trade payables**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Trade payables to related parties (Note 5)	16,673,933	16,615,668
Trade payables to third parties	5,863,165	2,799,236
- <i>Other expenses accruals</i>	3,419,451	2,741,894
- <i>Other trade payables</i>	2,443,714	57,342
	<b>22,537,098</b>	<b>19,414,904</b>

**10. OTHER RECEIVABLES AND PAYABLES**

**a) Other current receivables**

As at March 31, 2021 and December 31, 2020, other current receivables are comprised of the followings:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Other receivables from the tax office <sup>(*)</sup>	1,873,455	-
Other receivables from third parties	48,802	143,982
	<b>1,922,257</b>	<b>143,982</b>

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**10. OTHER RECEIVABLES AND PAYABLES (cont'd)**

**b) Other non-current receivables**

As at March 31, 2021 and December 31, 2020, other non-current receivables are comprised of the followings:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Other receivables from the tax office (*)	14,632,127	14,632,127
Deposits and guarantees given	165,107	165,107
Other receivables from third parties (**)	67,295,723	60,956,210
	<b>82,092,957</b>	<b>75,753,444</b>

(\*) Other receivables from the tax office in the short term consist of the Isparta Yurt company, while the other receivables in the long term consist of VAT receivables related to the Bulvar Loft project.

(\*\*) As at March 31, 2021 and December 31, 2020, other non-current receivables are comprised of capital receivables of Akfen GT related to capital paid on behalf other shareholders of Akfen Karaköy.

**c) Other current payables**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Other payables to related parties (Note 5)	33.620.845	31.571.903
Other payables to third parties	31.986.377	2.359.681
- Payables related to the acquisition of subsidiary shares (Note 3) (*)	29.322.300	-
- Taxes and funds payable	1.706.253	1.483.470
- Social security premiums payable	28.459	22.694
- Other	929.365	853.517
	<b>65.607.222</b>	<b>33.931.584</b>

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

**11. INVESTMENT PROPERTY**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Operating investment properties	3,268,206,326	2,644,846,660
Land lease	65,532,729	52,877,954
<b>Total</b>	<b>3,333,739,055</b>	<b>2,697,724,614</b>

**Operating investment properties:**

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

	<b>2021</b>	<b>2020</b>
January 1	2,644,846,660	2,363,854,200
Additions	34,517	386,588
Effect of acquisitions (Note 3)	562,789,001	-
Currency translation difference	60,536,148	(70,500,961)
<b>March 31</b>	<b>3,268,206,326</b>	<b>2,293,739,827</b>

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**11. INVESTMENT PROPERTY (cont'd)**

Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. 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 Group 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. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As at March 31, 2021 and December 31, 2020, the fair values of operating investment properties in Turkey, Russia and Northern Cyprus are as follows:

Name of investment property	March 31, 2021		December 31, 2020	
	Date of appraisal report	Fair value	Date of appraisal report	Fair value
Merit Park Otel – TRNC Kyrenia	December 31, 2020	621,825,000	December 31, 2020	621,825,000
Novotel Istanbul Bosphorus, Karaköy	December 31, 2020	474,438,017	December 31, 2020	474,410,000
Ibis Hotel and Novotel Zeytinburnu	December 31, 2020	290,900,000	December 31, 2020	290,900,000
Bodrum Loft	December 31, 2020	281,164,000	December 31, 2020	-
Ibis Hotel Moskova	December 31, 2020	278,606,496	December 31, 2020	250,539,005
Isparta Dormitory	December 31, 2020	161,082,000	December 31, 2020	-
Novotel Trabzon	December 31, 2020	135,420,000	December 31, 2020	135,420,000
Kütahya Dormitory	December 31, 2020	120,543,000	December 31, 2020	-
Ibis Hotel Kaliningrad	December 31, 2020	106,789,624	December 31, 2020	96,031,380
Ibis Hotel Tuzla	December 31, 2020	94,676,500	December 31, 2020	94,670,000
Ibis Hotel Ankara Airport	December 31, 2020	82,085,000	December 31, 2020	82,085,000
Ibis Hotel Yaroslavl	December 31, 2020	79,802,502	December 31, 2020	71,763,006
Ibis Hotel Samara	December 31, 2020	78,221,847	December 31, 2020	70,341,587
Ibis Hotel Esenyurt	December 31, 2020	74,835,000	December 31, 2020	74,835,000
Ibis Hotel and Novotel Gaziantep	December 31, 2020	69,297,500	December 31, 2020	69,297,500
Ibis Hotel Adana	December 31, 2020	67,835,000	December 31, 2020	67,835,000
Ibis Hotel Alsancak İzmir	December 31, 2020	66,900,000	December 31, 2020	66,900,000
Ibis Hotel and Novotel Kayseri	December 31, 2020	65,060,000	December 31, 2020	65,060,000
Samara Office	December 31, 2020	57,479,840	December 31, 2020	51,689,182
Ibis Hotel Bursa	December 31, 2020	48,050,000	December 31, 2020	48,050,000
Ibis Hotel Eskişehir	December 31, 2020	13,195,000	December 31, 2020	13,195,000
<b>Total</b>		<b>3,268,206,326</b>		<b>2,644,846,660</b>

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

As at March 31, 2021, total insurance amount on operating investment properties is TRY 4,443,689,825 (December 31, 2020: TRY 2,960,088,541),

As at March 31, 2021 the pledge amount on operating investment property is TRY 3,365,767,175 (December 31, 2020: TRY 3,101,921,827).

As of March 31, 2021, the discount rates used in the valuation report prepared according to different versions are in the range of 7.7-10.5% in the calculation of the fair values of operating investment properties. Sensitivity analysis regarding the fair values of investment properties is explained in Note 31.

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**11. INVESTMENT PROPERTY (cont'd)**

***Land Leases***

The Group 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 and other liabilities accounts.

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

	<b>2021</b>	<b>2020</b>
January 1	52,877,954	51,240,749
Effect of acquisitions (Note 3)	12,654,775	-
<b>March 31</b>	<b>65,532,729</b>	<b>51,240,749</b>

**12. PROPERTY AND EQUIPMENT**

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

	<b>Equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost value</b>				
Balance at January 1, 2020	4,688	406,486	68,569	479,743
Additions	-	56,000	-	56,000
<b>Balance at March 31, 2020</b>	<b>4,688</b>	<b>462,486</b>	<b>68,569</b>	<b>535,743</b>
<b>Cost value</b>				
Balance at January 1, 2021	4,688	796,248	68,569	869,505
Additions	-	29,149	327,643	356,792
Effect of acquisitions (Note 3)	-	-	10,017,700	10,017,700
<b>Balance at March 31, 2021</b>	<b>4,688</b>	<b>825,397</b>	<b>10,413,912</b>	<b>11,243,997</b>
<b>Accumulated depreciation</b>				
Balance at January 1, 2020	(4,428)	(358,262)	(66,655)	(429,345)
Depreciation charge for the period	(96)	(5,217)	(1,654)	(6,967)
<b>Balance at March 31, 2020</b>	<b>(4,524)</b>	<b>(363,479)</b>	<b>(68,309)</b>	<b>(436,312)</b>
Balance at January 1, 2021	(4,661)	(399,572)	(68,569)	(472,802)
Depreciation charge for the period	-	(27,020)	(587,382)	(614,402)
Effect of acquisitions (Note 3)	-	-	(3,617,146)	(3,617,146)
<b>Balance at March 31, 2021</b>	<b>(4,661)</b>	<b>(426,592)</b>	<b>(4,273,097)</b>	<b>(4,704,350)</b>
<b>Net carrying value</b>				
January 1, 2020	260	48,224	1,914	50,398
March 31, 2020	164	99,007	260	99,431
January 1, 2021	27	396,676	-	396,703
March 31, 2021	27	398,805	6,140,815	6,539,647

As at March 31, 2021 there is no pledge on property and equipment (December 31, 2020: None). As of March 31, 2021, TRY 585,467 of the depreciation expenses of property and equipment was recognized in the cost of sales and TRY 28,935 in general administrative expenses (March 31, 2020: TRY 6,967).

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**13. INTANGIBLE ASSETS**

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

	<b>Software</b>
<b>Cost value</b>	
Opening balance at January 1, 2020	106,066
Additions	-
<b>Closing balance at March 31, 2020</b>	<b>106,066</b>
Opening balance at January 1, 2021	106,066
Additions	1,470
<b>Closing balance at March 31, 2021</b>	<b>107,536</b>
<b>Accumulated amortisation</b>	
Opening balance at January 1, 2020	(66,852)
Charge for the period	(917)
<b>Closing balance at March 31, 2020</b>	<b>(67,769)</b>
Opening balance at January 1, 2021	(69,539)
Charge for the period	(70)
<b>Closing balance at March 1, 2021</b>	<b>(69,609)</b>
<b>Net asset value</b>	
January 1, 2020	39,214
<b>March 31, 2020</b>	<b>38,297</b>
January 1, 2021	36,527
<b>March 31, 2021</b>	<b>37,927</b>

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

**14. INVENTORIES**

As of March 31, 2021, TRY 946,923 of the inventories in the Group's consolidated 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 (December 31, 2020: TRY 1,156,946). The project related contracting service is taken from Akfen İnşaat.

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

	<b>2021</b>	<b>2020</b>
1 January	1,236,291	2,767,634
Disposals	(3,878)	(1,323,808)
<b>March 31</b>	<b>1,232,413</b>	<b>1,443,826</b>

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

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**15. GOVERNMENT GRANTS AND INCENTIVES**

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment allowance on capital expenditures made until December 31, 2008 in TRNC.

The Group also has investment incentives as of March 31, 2021 within the Bodrum Loft project. Incomes arising from investments within the scope of the incentive certificates received from Bodrum Loft are subject to corporate tax at reduced rates, effective from the fiscal year in which the investment is partially or fully operated until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage, which it anticipates to provide benefits in the foreseeable future, as deferred tax assets in the financial statements.

**16. 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 4 (December 31, 2020: 6) and there are no significant lawsuits at the Group level that require provisions.

**17. COMMITMENT AND CONTINGENCIES**

**17.1. CPM are given by the Group**

As at March 31, 2021 and December 31, 2020, Group's position related to commitments, pledges and mortgages ("CPM") are as follows:

<b>CPM are given by the Group</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
A. Total amount of CPM is given on behalf of own legal personality	2,981,790,032	2,749,383,614
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	1,220,227,560	1,135,945,560
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 group 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	-	-
	<b>4,202,017,592</b>	<b>3,885,329,174</b>

Total original amount of foreign currency denominated CPM given on behalf of the Group's own legal personality are EUR 302,302,899 and USD 793,441 as at March 31, 2021 (December 31, 2020: EUR 302,302,899 and USD 793,441). Total original amount of foreign currency denominated other CPM is EUR 110,000,000 as at March 31, 2021 (December 31, 2020 EUR 110,000,000).

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**17. COMMITMENT AND CONTINGENCIES**

**17.2. The Group as lessee**

Based upon the loans used from Credit Europe related to Ibis Hotel Yaroslavl, Ibis Hotel Samara and Ibis Hotel Kaliningrad, the Group pledged, the shares of RHI in Akfen GT and Cüneyt Baltaoğlu in ratio of 97.72% and 2.28%, respectively.

As of March 31, 2021 and December 31, 2020, total amount of CPM is given in favor of subsidiaries which are fully consolidated of Akfen GYO 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 Group 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 remaining balance includes the securities of Akfen GT in amount of EUR 15,000,000 and EUR 26,200,000 given for respectively Karaköy and RHI, RPI as a result of the loan used by the companies and mortgage in amount of EUR 21,000,000 on Merit Park Hotel in 2nd degree for the loan used by Akfen Karaköy. The CPMs given by the Group are related to the loans for project financing.

*Operating lease arrangements*

As at March 31, 2021, the Group has undergone 13 operating lease arrangements as lessee;

- The Group signed a rent agreement with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land for constructing a hotel in Kyrenia and establishing right of tenancy on July 15, 2003. The lease payments started in 2003 and the payments are made annually. The lease term is 49 years starting from agreement date.
- On December 4, 2003, the Group signed a land lease agreement with the Treasury Treasury for 49 years, starting from November 18, 2002, in order to establish a property right and build a hotel in Zeytinburnu, Istanbul. The lease amount consists of the annual fixed rent to be paid as determined by the Treasury of the Treasury and the rental fee of the facility built on it and 1% of the total annual revenue obtained by the Group from this facility. The final allocation period of the Treasury land has been extended to 49 years as of December 22, 2018, with the approval of the Company's application to the Ministry of Culture and Tourism. The share of revenue to be paid on revenue in May 2020 and fixed lease payments to be paid in December 2020 have been postponed until December 2021 due to the COVID 19 outbreak..
- The Group 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 Group 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 27 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.

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**17. COMMITMENT AND CONTINGENCIES**

**17.2. The Group as lessee (cont'd)**

*Operating lease arrangements (cont'd)*

- The Group, with the Kayseri Chamber of Industry on November 4, 2006, with the purpose of establishing the upper usage right and building a hotel in Kayseri, with the lease term starting from March 3, 2010. It has made a 49-year land lease agreement. The rent for the first five years has been paid in cash after the construction license is obtained. 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 Group signed a land lease agreement with Gaziantep Metropolitan Municipality on May 31, 2007, for a 30-year lease term, starting from December 3, 2009, in order to establish a property right and build a hotel in Gaziantep. The rent for the first five years has been paid in cash after the construction license is obtained. In the annual rent paid in June 2020, the municipality has made a 50% discount for the 3-month rental fee corresponding to April, May and June.
- The Group 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.
- The Group 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.
- The Group has signed a lease agreement for the land located in Beyoğlu District of Istanbul, within the framework of the 49-year build-operate-transfer model, starting from the date of the lease agreement signed on September 1, 2009 between the 1st Regional Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret Anonim Şirketi, 22 It took over in June 2011. 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.
- Group signed a lease agreement with Moscow City Administration on April 20, 2010 valid till 24 September 2056 related to land on which Ibis Hotel Moscow was constructed and all object is projected as hotel. An additional lease agreement has been signed on June 2, 2011 related to aforesaid lease agreement.
- On December 1, 2013, for Bodrum Loft Hotel, which the Group has added to its portfolio as of February 9, 2021, the land lease term with the Treasury has been signed with 49-year period from October 10, 2012 until 01.10.2061, for the purpose of establishing upper usage rights and building 5-star holiday villages and units in Göltürkbükü neighborhood of Muğla province, Bodrum district. The lease amount consists of the fixed rent to be paid annually as determined by the Treasury and the rental fee of the facility built on it and 1% of the total annual revenue obtained by the Group from this facility. This lease agreement was renewed with the Official Deed issued on March 6, 2019 and extended the lease term until December 31, 2067.
- On December 25, 2020, an agreement with Isparta City Hospital for constructing student dormitory with a gross indoor area of 67.000 m2, a social life center and a car park on the 178,651.12 m2 part of the immovable property belonging to Isparta City Hospital in Isparta Province, İstiklal 2 District 9 block, 112 parcel, which the Group added to its portfolio as of February 9, 2021. According to the agreement, the rental period is until July 1, 2042.

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**17. COMMITMENT AND CONTINGENCIES**

**17.2. The Group as lessee (cont’d)**

*Operating lease arrangements (cont’d)*

- The lease agreement was signed on July 22, 2016 for the purpose of establishing easement rights in order to make the Private Student Dormitory with a closed area of at least 30,000 m2 and the Social Life Center of at least 2,500 m2, parking lot and landscaping on the 24,878 m2 immovable property located in Kütahya province, Merkez Cıvli neighborhood 25.I.1-2 section, 15 volumes, 102 island, 2 parcel of which top right belongs to the Dumlupınar university and which the Group has added to its portfolio as of February 9, 2021. The right of easement is 29 years starting from December 16, 2016, and the rental amount consists of the fixed rent to be paid annually as determined by Dumlupınar University and the rent amounting to 1% of the total annual revenue obtained by the facility built on it and the Group from this facility.
- Within the scope of the project of Söğütluçeşme train station High Speed Train Station in Istanbul province, Kadıköy district, Hasanpaşa district, which The Group added to its portfolio as of March 29, 2021, a lease agreement has been signed with TCDD on July 5, 2018 according to the Real Estate Lease Regulation for 2 years of permission and license, 2 years of construction period and 25 years of operation.

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

**17.3. The Group as lessor**

*Operating lease arrangements*

Other guarantees given by the shareholders and the alienation of rent revenue which will be generated from the hotels are presented at Note 7.

As at March 31, 2021, the Group has undergone 24 operating lease arrangements as;

- The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group signed a rent agreement with ACCOR S.A. on December 19, 2012 to lease a hotel which was completed and starts its operations in 2016 in Karaköy.

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**17. COMMITMENT AND CONTINGENCIES (cont'd)**

**17.3. The Group as lessor (cont'd)**

*Operating lease arrangements (cont'd)*

- The Group 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 Group 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 April 1, 2017 in Tuzla.

All of the twelve agreements have similar clauses described below;

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

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. 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 Group 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 and 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 Novotel İstanbul Bosphorus, Karaköy, 22% 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.
- 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.
- In Ibis Hotel Tuzla, 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 Gross Operating Profit ("GOP") corresponding to operational costs borne by ACCOR S.A. and costs related to 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, since the Tuzla project will start its operations in 2016, 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.

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**17. COMMITMENT AND CONTINGENCIES (cont'd)**

**17.3. The Group as lessor (cont'd)**

Details of the operational agreements signed by the Group as lessor in addition to operating lease agreements signed with ACCOR S.A. in Turkey as below:

- An agreement related to rental of Merit Park Hotel in TRNC/Kyrenia within the portfolio of Akfen GT with its casino and all equipment for 20 years had been signed between the parties in May 15, 2012 and first year rent amount is EUR 4,750,000. The start date of the agreement is set as January 2013. In first 5 year, the rent amount will not increase, from 6<sup>th</sup> year, the rent will increase if yearly Euribor is less than 2%, in ratio of Euribor, if yearly Euribor is higher than 2%, in ratio of 2%, additional to previous year's rent amount.
- 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.
- Samstroykom signed a lease agreement for IBIS Hotel building located in Samara, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- Severny signed a lease agreement for 317 rooms IBIS Hotel building under operation in Moscow, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia on January 29, 2014. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP"). ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement
- LLC Yaroslavl Otel Invest signed a lease agreement for IBIS Hotel building located in Yaroslavl, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of 15th year of the lease agreement.
- LLC KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad, Russia Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of 15th year of the lease agreement.
- Volgastroykom leased 1,562 square meters of a total leasable area of 4,637 square meters of the Samara Office in its portfolio with an agreement signed to OAO Bank VTB on March 11, 2013. With the additional contract signed on May 1, 2019, the rental period was extended until April 30, 2024. 2,452 square meters of the areas in the same building were leased to Hilti Group on August 31, 2018, until September 30, 2025, and the remaining 624 square meter section was leased to Benchmark company until February 28, 2025, with the contract signed on March 1, 2020.
- LLC YaroslavlOtelInvest has signed a lease agreement on August 2, 2014 for use of the shop located in the basement of Ibis Hotel Yaroslavl as a gym, and the lease expires on August 30, 2021. Additionally, a rental agreement was signed on March 1, 2015 for the use of the shop located on the ground floor of Ibis Hotel Yaroslavl as a flower shop, and the lease term expires on July 31, 2021.
- 2 shops (4 independent sections) in Novotel Istanbul Bosphorus (Karaköy) were rented on October 10, 2018 and January 31, 2019, respectively. Except for the mentioned leases, a lease agreement for 1 shop expired on December 12, 2019.

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**18. EMPLOYEE TERMINATION BENEFITS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Provision for vacation pay liability-short term	334,042	328,899
Provision for employee termination benefits-long term	249,548	238,653
	<b>583,590</b>	<b>567,552</b>

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 Group. The Group 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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Net discount rate	4.15%	4.15%
Anticipated retirement turnover rate	100%	100%

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. (December 31, 2020: TRY 7,117 effective from 1 January 2020).

Reserve for employee termination indemnity is calculated according to the net present value of liability to occur in the future due to retirement of all employees and it is reflected in related financial statements.

Movement of provision for employee termination benefits is as follows:

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

Movement of vacation pay liability is as follows:

	<b>2021</b>	<b>2020</b>
January 1	328,899	438,638
Increase during the period	5,143	8,057
<b>March 31</b>	<b>334,042</b>	<b>446,695</b>

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**19. PREPAID EXPENSES AND DEFERRED REVENUE**

**a) Short term prepaid expenses**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Prepaid expenses <sup>(1)</sup>	1,854,445	332,576
Advances given to suppliers	1,265,126	941,862
Job advances	125,116	82,771
	<b>3,244,687</b>	<b>1,357,209</b>

**b) Long term prepaid expenses**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Prepaid expenses (1)	9,712,589	9,827,521
	<b>9,712,589</b>	<b>9,827,521</b>

<sup>(1)</sup> TRY 7,269,958 (December 31, 2020: TRY 7,183,229) of short term and long term prepaid expenses is related to prepaid amount made by Akfen Karaköy to Hakan Madencilik for transfer of land lease agreement related to Novotel İstanbul Bosphorus, Karaköy which is recorded as profit or loss by the straight-line basis over the lease term.

**c) Deferred revenue**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Hotel rental income <sup>(*)</sup>	16,396,224	6,152,665
Project advances <sup>(**)</sup>	1,267,979	1,269,599
Other	883,150	390,346
	<b>18,547,353</b>	<b>7,812,610</b>

<sup>(\*)</sup> TRY 7,233,113 of the related amount (December 31, 2020: TL 6.152.665) is from the rent income obtained by the Group in cash for the lease of Merit Park Hotel in TRNC to Voyager and the remaining consists of the rental amounts collected in advance for the months after the reporting period of Bodrum Loft Hotel, owned by Masanda Tourism Company, which the Company purchased as of February 9, 2021.

<sup>(\*\*)</sup> It consists of the advance payments received for the flats for which the sales contract related to the Bulvar Loft project of the Group has been signed and that will be classified as revenue with the deed transfer in the following months.

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**20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

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 Söğütluçeşme 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). According to the share transfer agreement, management of Fıratcan Turizm will be carried out jointly by Akfen GYO and Fıratcan Turizm companies, and decisions regarding Fıratcan Turizm's activities that significantly affect its returns require unanimity of the parties. For this reason, Fıratcan Turizm has been accounted for using the equity method. The shares of the Group in Fıratcan Tourism have been recorded with their fair value on the date of purchase.

<b>Fıratcan Tourism</b>	<b>March 31, 2021</b>
Fair value at the date of purchase	129,470,000
Group share of Fıratcan Tourism's fair value	66,029,700
Total purchase price paid – cash	30,597,760
Company purchase payables (Note 10)	29,322,300
Foreign currency difference (*)	(1,545,060)
<b>Negotiated purchase earnings (Note 26)</b>	<b>7,654,700</b>

(\*) As a result of the Company's acquisition of 51% shares of Fıratcan Tourism on March 29, 2021, Euro 3.200.000 of the transfer fee was paid in cash and the remaining Euro 3.000.000 will be paid as of April 2021. Since the remaining amount is in foreign currency, currency valuation has been made.

**21. OTHER CURRENT AND NON-CURRENT ASSETS**

**a) Other current assets**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Deferred VAT	8,572,265	5,644,312
Prepaid taxes and funds	5,510,132	5,501,268
Other	1,395	639
	<b>14,083,792</b>	<b>11,146,219</b>

**b) Other non-current assets**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Deferred VAT	43,343,990	10,560,324
	<b>43,343,990</b>	<b>10,560,324</b>

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**22. EQUITY**

**22.1. Paid in capital**

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

Shareholders	(%)	March 31, 2020	(%)	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
<b>Total</b>		<b>344,646,332</b>		<b>184,000,000</b>
Inflation adjustments		317,344		317,344
<b>Adjusted capital</b>		<b>344,963,676</b>		<b>184,317,344</b>

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

**22.2. Purchase of share of entity under common control**

100% of Akfen GT and 50% of RHI and RPI were acquired with the nominal value from parents of the Group in 2007 and 2009, respectively. The acquired subsidiary, Akfen GT could be treated as an integrated operation of Akfen GYO by nature or by transfer of knowledge, were under common control with Akfen GYO since the beginning of their operations. This subsidiary under common control has been recorded in the financial statements with its book value.

In business combinations under common control, this merger was recorded with the cost method, since the shares are transferred from one company of the group to another, independent third parties are not parties to the acquisition and especially the purchase price is not determined according to the market value. The part of the net asset value exceeding the purchase price is shown under the item "Effect of business combinations under common control" in the equity.

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**22. EQUITY (cont'd)**

**22.3. Foreign currency translation reserves**

The translation reserve comprise of foreign exchange difference arising from the translation of the financial statements of Yaroslavlinvest, Kalingradinvest, Samstroykom, Volgastroykom and Severniy from their functional currency to the presentation currency TRY which is recognized in equity.

**22.4. Share Premiums**

The surplus of sales price over the nominal value of the shares amounted to TRY 58,880,000 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.

**22.5. Restricted reserves allocated from profit**

As of March 31, 2021 and December 31, 2020, the legal reserve of the Group 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 Group'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/IFRS, 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/IFRS values.

**22.6 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.

**22.7 Additional capital contributions of shareholders**

TRY 20,702,778, which is the difference between the fair value of the amount to be paid or converted into shares on the maturity date and the original issue amount, which is calculated by using the current market interest rate, of the bond issued on 17 January 2018 in accordance with the standards of TAS 32 was classified under equity from "Additional capital contributions of shareholders" to retained earnings, due to the redemption of the Convertible Bond, as of March 31, 2021 (December 31, 2020: Additional capital contributions of shareholders – TRY 20,763,729).

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**22. EQUITY (cont'd)**

**22.7 Additional capital contributions of shareholders (cont'd)**

Pursuant to the decision taken at the CMB's meeting dated June 7, 2013 and numbered 20/670, for capital market institutions covered by the Communiqué on Principles Regarding Financial Reporting in Capital Markets, "Paid in Capital", "Restricted Reserves from Profit" and "Share Premiums" must be shown over the amounts in the legal records, according to the financial statement samples and usage guide that came into effect from the interim periods ending after December 31, 2013. Differences in the valuation of these items (such as differences due to inflation adjustment):

- 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 / 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.

**23. REVENUE AND COST OF SALES**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Rent revenues	22,156,653	18,969,944
Dormitory revenues	4,417,012	-
Real estate sales revenues (**)	-	2,145,360
Other	72,354	355,970
<b>Total revenue</b>	<b>26,646,019</b>	<b>21,471,274</b>
Taxes and duties expenses	(1,124,364)	(1,065,843)
Depreciation expenses	(585,467)	-
Insurance expenses	(472,240)	(133,316)
Outsourced service expenses	(338,232)	(291,287)
Costs of real estate sales (*)	-	(1,318,642)
Other	(484,296)	(112,814)
<b>Total cost of sales</b>	<b>(3,004,599)</b>	<b>(2,921,902)</b>

(\*) Related revenue and cost consist of income and expenses related to residential and commercial areas sold in Bulvar Loft project.

**24. GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Personnel expenses	1,662,656	1,534,528
Consultancy expenses	392,027	334,069
Outsourced service expenses	330,063	111,367
Tax and duties expenses	120,963	39,673
Travel and hosting expenses	42,741	83,170
Operating lease expenses	38,800	160,026
Depreciation expenses	28,935	6,967
Advertising expenses	-	22,369
Amortization expense	70	917
Other	87,251	107,842
<b>Total</b>	<b>2,703,506</b>	<b>2,400,928</b>

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**24. GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES  
(cont'd)**

**Personnel expenses**

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Wages and salaries	1,441,808	1,308,602
Social security premiums	149,076	161,749
Severance pay expense	10,895	10,568
Other	60,877	53,609
<b>Total</b>	<b>1,662,656</b>	<b>1,534,528</b>

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Other expenses	-	50,650
<b>Total</b>	<b>-</b>	<b>50,650</b>

**25. OTHER OPERATING INCOME/EXPENSES**

**a) Other operating income**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Foreign exchange gain	-	12,562
Other <sup>(*)</sup>	4,094,799	43,622
<b>Total</b>	<b>4,094,799</b>	<b>56,184</b>

<sup>(\*)</sup> TRY 4,000,000 of other income for the period ending on March 31, 2021 consists of other revenues obtained from Akfen Construction related to the construction work of the Bodrum Loft project (Note 5).

**b) Other operating expenses**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Foreign exchange gain	43,275	12,933
Impairment	11,432	7,882
Other	3,924	27,538
<b>Total</b>	<b>58,631</b>	<b>48,353</b>

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**26. INVESTMENT ACTIVITY INCOME**

For the periods ended March 31, 2021 and 2020, investment activity income is as follows:

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Negotiated purchase earnings (Note 3)	125,182,617	-
<b>Total</b>	<b>125,182,617</b>	<b>-</b>

**27. FINANCIAL INCOME**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Fair value gains of derivative financial instruments (Note 8)	38,103,271	-
Foreign exchange gain	9,855,871	-
Interest income	403,366	909,887
<b>Total</b>	<b>48,362,508</b>	<b>909,887</b>

**28. FINANCIAL EXPENSES**

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

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Foreign exchange loss	97,622,855	130,823,572
Interest expenses	30,891,570	30,891,434
Other	213,463	177,172
<b>Total</b>	<b>128,727,888</b>	<b>161,892,178</b>

**29. TAX ASSETS AND LIABILITIES**

According to Article 5/1(d) (4) of the New Corporate Tax Law 5520, the income of real estate investment trusts are exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. Therefore, deferred tax is not recognized for the income of the Group from the operations as a real estate investment trust since those are exempt from income tax.

Deferred tax has been recognized for the temporary differences of Akfen GT and its branch operating in Northern Cyprus arising between its financial statements as reported in compliance with CMB standards and its statutory financial statements. The corporate tax rates are 23.5% and 20% in Northern Cyprus and Holland, respectively.

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**29. TAX ASSETS AND LIABILITIES (cont’d)**

For the periods ended March 31, 2021 and 2020, the main components of tax expenses are as follows:

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Deferred tax expense	(914.818)	-
Current period tax expense	(11.091.329)	13.237.712
<b>Total</b>	<b>(12.006.147)</b>	<b>13.237.712</b>

The differences between the total tax provision for the periods ended March 31, 2021 and 2020 and the amount calculated by multiplying the statutory tax rate with the profit/(loss) before tax figure are shown in the table below:

	<b>(%)</b>	<b>January 1 March 31, 2020</b>	<b>(%)</b>	<b>January 1 March 31, 2020</b>
<b>Profit/(loss) for the period before tax</b>		<b>69,791,319</b>		<b>(144,876,666)</b>
Tax (expense)/income using the domestic tax expense rate	(20)	(13,958,264)	(22)	31,872,867
Tax-exempt income/(loss) <sup>(1)</sup>		8,803,787		(13,251,991)
Non-deductible expenses		99,141		(402,501)
Tax loss not subjected to deferred tax asset		(5,508,163)		(3,432,940)
Changes in legal tax rate		(12)		(57,495)
Effect of different tax rates in foreign countries		(1,465,031)		(1,488,488)
Other		22,395		(1,740)
<b>Tax expenses/(income)</b>		<b>(12,006,147)</b>		<b>13,237,712</b>

<sup>(1)</sup> Akfen GYO is exempt from Corporate Tax.

Deferred tax asset movements For the years ended at March 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Deferred tax liability as of January 1, net	(183,859,556)	(154,214,112)
Recognized in statement of profit or loss	(11,091,329)	13,237,712
Foreign currency translation differences	1,727,226	(812,444)
Effect of acquisitions (Note 3)	(42,520,503)	-
<b>Deferred tax liability as of March 31, net</b>	<b>(235,744,162)</b>	<b>(141,788,844)</b>

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**29. TAX ASSETS AND LIABILITIES (cont'd)**

**Recognized deferred tax assets and liabilities**

Deferred tax assets and deferred tax liabilities as at March 31, 2021 and December 31, 2020 were attributable to the items detailed in the table below:

	Deferred tax assets		Deferred tax liabilities		Net	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Investment incentive <sup>(1)</sup>	27,944,093	7,664,142	-	-	27,944,093	7,664,142
Fair value gain on investment property	-	-	(286,357,696)	(218,627,791)	(286,144,564)	(218,627,791)
Tax losses carried forward	32,409,805	28,724,335	-	-	32,409,805	28,724,335
Derivative financial assets	-	-	(8,954,269)	-	(8,954,269)	-
Other	-	-	(786,095)	(1,620,242)	(999,227)	(1,620,242)
<b>Deferred tax asset / (liability)</b>	<b>60,353,898</b>	<b>36,388,477</b>	<b>(296,098,060)</b>	<b>(220,248,033)</b>	<b>(235,744,162)</b>	<b>(183,859,556)</b>
Net off tax	(34,586,373)	(13,099,093)	34,586,373	13,099,093	-	-
<b>Net deferred tax asset / (liability)</b>	<b>25,767,525</b>	<b>23,289,384</b>	<b>(261,511,687)</b>	<b>(207,148,940)</b>	<b>(235,744,162)</b>	<b>(183,859,556)</b>

<sup>(1)</sup> The Group has recognized deferred tax assets on the capital expenditures subject to 100% of investment allowance completed until December 31, 2008 in Northern Cyprus.

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**30. 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 Group during the period. For the periods ended March 31, 2021 and 2020, the earnings/(loss) per share computation are as follows:

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
<b>Number of shares in circulation</b>		
January 1	184,000,000	184,000,000
Shares issued for cash	107,624,112	-
<b>Closing balance</b>	<b>291,624,112</b>	<b>184,000,000</b>
Weighted average number of shares	291,624,112	184,000,000
Profit for the period/(loss)	57,785,172	(129,687,035)
Earnings/(losses) per share (Full TRY)	0.20	(0.70)

**Dilution effect**

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 per diluted share the calculation For the periods ended March 31, 2021 and 2020 is as follows:

	<b>January 1 March 31, 2021</b>	<b>January 1 March 31, 2020</b>
Adjusting amount (Note 7)	1,234,702	8,127,648
<b>Adjusted profit/(loss) for the period</b>	<b>60,378,303</b>	<b>(121,559,387)</b>
Number of nominal shares	291,624,112	184,000,000
Number of potential shares (*)	-	87,597,689
<b>Number of total potential shares</b>	<b>291,624,112</b>	<b>271,597,689</b>

Earnings/(losses) per diluted share (Full TRY) 0.21 (0.45)

(\*) 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 238,837,760 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 7. On January 12, 2021, the redemption of the Convertible Bond was realized and the related potential share turned into capital.

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#### 31. 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 Group 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 Group can obtain in a current market transaction.

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

##### Financial Assets

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

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

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

##### Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear 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 Group 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
<b>Financial Assets</b>					
Cash and cash equivalents	17,138,993	-	17,138,993	17,138,993	6
Trade receivables from non-related parties	12,275,597	-	12,275,597	12,275,597	9
<b>Financial Liabilities</b>					
Financial liabilities	-	1,783,803,111	1,783,803,111	1,783,803,111	7
Trade payables to related parties	-	16,673,933	16,673,933	16,673,933	5
Trade payables to non-related parties	-	5,863,165	5,863,165	5,863,165	9
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
<b>Financial Assets</b>					
Cash and cash equivalents	9,887,439	-	9,887,439	9,887,439	6
Trade receivables from non-related parties	10,081,741	-	10,081,741	10,081,741	9
<b>Financial Liabilities</b>					
Financial liabilities	-	1,917,134,047	1,917,134,047	1,917,134,047	7
Trade payables to related parties	-	16,615,668	16,615,668	16,615,668	5
Trade payables to non-related parties	-	2,799,236	2,799,236	2,799,236	9

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**31. THE FAIR VALUE EXPLANATIONS (cont'd)**

Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation Group 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 consolidated financial statements (Note 11). As of December 31, 2020, the fair values of investment properties include the foreign currency conversion differences that occurred during the accounting of the hotels in Russia and the investments of the relevant years.

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

<b>March 31, 2021</b>	<b>Fair Value Level</b>		
	<b>Level 1 TRY</b>	<b>Level 2 TRY</b>	<b>Level 3 TRY</b>
<b>Operating investment properties</b>	-	-	<b>3,268,206,326</b>

  

<b>December 31, 2020</b>	<b>Fair Value Level</b>		
	<b>Level 1 TRY</b>	<b>Level 2 TRY</b>	<b>Level 3 TRY</b>
<b>Operating investment properties</b>	-	-	<b>2,644,846,660</b>

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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>Valuation method</b>	<b>Unobservable significant inputs</b>	<b>Weighted average amount December 31, 2020</b>
<b>Hotel</b>					
Level 3	<b>2,929,101,486</b>	2,593,157,478	Discounted cash flows	* Room price (per day) – Euro * Occupancy rate	46 %69
<b>Dormitory</b>					
Level 3	<b>281,625,000</b>	-	Discounted cash flows	* Total number of beds	7,232
<b>Office</b>					
Level 3	<b>57,479,840</b>	51,689,182	Discounted cash flows	* Rentable area / m2 * Occupancy rate	4.637 %97

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**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**

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**31. 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.

**Level 3 Sensitivity analysis of significant changes in unobserved inputs that are used in the fair value calculations**

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 Group 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)
<b>Hotel</b>			
Discount rate	0.50%	(123,064,524)	134,226,813
Room price increase rate	1 Euro	57,783,278	(57,479,223)
Occupancy rate	1%	39,073,442	(38,928,124)
<b>Office</b>			
Discount rate	0.5%	(930,192)	959,908
Occupancy rate	1%	706,023	(706,023)
<b>Dormitory</b>			
Discount rate	0.5%	(9,862,000)	10,464,000

<sup>(\*)</sup>In the increase part, the effect on the occupancy rates used in the valuation report dated December 31, 2020 is calculated according to the situation where 1% is added each year. In the decrease part, the occupancy rates used in the valuation report dated December 31, 2020 were calculated according to the case of a decrease of 50% for the first year following the date of the valuation report, 75% for the second year, and an additional 1% for the following years.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021

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#### 32. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

##### (i) *General*

The Group 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 Group's exposure to each of the above risks and explains the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group'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 Group 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 group
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans ,
- Supporting strategic processes with a risk management approach.

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

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

##### (ii) *Credit risk*

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in real estate businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey and Russia.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties (Note 4).

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

##### (iii) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group'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 Group 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 Group entities.

As at March 31, 2021 and December 31, 2020, the companies in the Group have foreign currency balances other than their functional currencies, such as Euro, as mentioned in the related notes of the consolidated financial statements.

The Group realizes the medium and long term bank borrowings in the currency of project revenues. Additionally, the Group 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
EUR / TRY	9.7741	9.0079
US Dollar / TRY	8.3260	7.3405
Rubble/TRY	0.1092	0.0984

##### *Interest rate risk*

The Group is exposed to basis risk for its floating rate borrowings, which is the difference in reprising characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

##### (iv) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group'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.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate cash and available line of credit.

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

##### (v) *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group’s operations.

The Group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

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

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

**Capital management**

The Group manages its capital by minimizing the investment risk through portfolio diversification. The Group’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 Group’s goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Group 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 Group 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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	2,153,500,007	2,186,009,637
Cash and cash equivalents (*)	(17,138,993)	(62,410,680)
Net liabilities	2,136,361,014	2,123,598,957
Equity	1,506,293,342	717,955,002
<b>Total capital</b>	<b>3,642,654,356</b>	<b>2,841,553,959</b>
<b>Net liabilities/total equity rate</b>	<b>%59</b>	<b>%75</b>

(\*) The amount of the liquid assets as from December 31, 2020 includes the long-term financial investments possessed by the Group and amounted to TRY 52,523,241 as well as the cash and cash equivalents.

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

**32.1. 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		Deposits on bank	Other
	Related party	Third party	Related party	Third party		
<b>March 31, 2021</b>						
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D)</b>	<b>4,528,948</b>	<b>12,275,597</b>	<b>-</b>	<b>84,015,214</b>	<b>17,075,260</b>	<b>3,997</b>
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	4,528,948	12,275,597	-	84,015,214	17,075,260	3,997
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)	-	20,051	-	121,351	-	-
- Impairment (-)	-	(20,051)	-	(121,351)	(407)	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

**32.1. Credit risk disclosures (cont'd)**

December 31, 2020	Receivables				Deposits on bank	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Exposure to maximum credit risk as of reporting date (A+B+C+D)	-	10,081,741	-	75,897,426	62,362,796	3,997
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	10,081,741	-	75,897,426	62,363,182	3,997
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)	-	20,051	-	109,919	-	-
- Impairment (-)	-	(20,051)	-	(109,919)	(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 Group does not have any financial assets which are overdue but not impaired.

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

**32.2. 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 Group by grouping the terms. The contractual cash flow is not discounted:

**March 31, 2021:**

<b>Contractual maturities</b>	<b>Carrying amount</b>	<b>Contractual cash flows (I)+(II)+(III)+(IV)</b>	<b>3 months or less (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non-derivative financial liabilities</b>						
Financial liabilities	1,783,803,111	2,679,277,666	70,841,880	426,744,441	1,880,669,531	301,021,814
Trade payables	22,537,098	22,537,098	22,537,098	-	-	-
Other payables (other liabilities included)	65,607,222	65,607,222	31,986,377	33,620,845	-	-

**December 31, 2020:**

<b>Contractual maturities</b>	<b>Carrying amount</b>	<b>Contractual cash flows (I)+(II)+(III)+(IV)</b>	<b>3 months or less (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non-derivative financial liabilities</b>						
Financial liabilities	1,917,134,047	2,569,593,987	74,895,333	429,621,863	1,773,164,363	291,912,428
Trade payables	19,414,904	19,414,904	19,414,904	-	-	-
Other payables (other liabilities included)	33,931,587	33,931,587	2,359,684	31,571,903	-	-

The Group does not have any derivative financial liabilities as at 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.

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

**32.3. Market risk**

**a) Foreign currency position table and sensitivity analysis**

March 31, 2021		TRY Equivalent				
Foreign currency position		(Functional currency)	USD	EUR	GBP	RUB
1	Trade receivables	3,100,144	3,056	-	-	28,161,752
2a	Monetary financial assets (cash and bank accounts included)	6,797,601	103,643	458,115	45	13,340,291
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	1,944,359	-	167,211	-	2,839,549
<b>4</b>	<b>Current assets (1+2+3)</b>	<b>11,842,104</b>	<b>106,699</b>	<b>625,326</b>	<b>45</b>	<b>44,341,592</b>
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	67,417,070	-	6,897,522	-	-
<b>8</b>	<b>Non-current assets (5+6+7)</b>	<b>67,417,070</b>	<b>-</b>	<b>6,897,522</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total assets (4+8)</b>	<b>79,259,174</b>	<b>106,699</b>	<b>7,522,848</b>	<b>45</b>	<b>44,341,592</b>
10	Trade payables	1,441,969	12,721	135,585	-	99,219
11	Financial liabilities	212,779,203	268,150	21,541,276	-	-
12a	Other monetary financial liabilities	29,322,300	-	3,000,000	-	-
12b	Other non-monetary financial liabilities	2,850,528	-	-	-	26,108,517
<b>13</b>	<b>Short-term liabilities (10+11+12)</b>	<b>246,394,000</b>	<b>280,871</b>	<b>24,676,861</b>	<b>-</b>	<b>26,207,736</b>
14	Trade payables	-	-	-	-	-
15	Financial liabilities	1,530,624,988	2,326,528	154,618,258	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
<b>17</b>	<b>Long-term liabilities (14+15+16)</b>	<b>1,530,624,988</b>	<b>2,326,528</b>	<b>154,618,258</b>	<b>-</b>	<b>-</b>
<b>18</b>	<b>Total liabilities (13+17)</b>	<b>1,777,018,988</b>	<b>2,607,399</b>	<b>179,295,119</b>	<b>-</b>	<b>26,207,736</b>
<b>19</b>	<b>Net asset / (liability) position of off-balance sheet items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a</b>	<b>Amount of derivative off-balance sheet items in foreign currency in asset characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b</b>	<b>Amount of off derivative-balance sheet items in foreign currency in liability characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20</b>	<b>Net foreign currency position (9-18+19)</b>	<b>(1,697,759,814)</b>	<b>(2,500,700)</b>	<b>(171,772,271)</b>	<b>45</b>	<b>18,133,856</b>
<b>21</b>	<b>Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,764,270,715)</b>	<b>(2,500,700)</b>	<b>(178,837,004)</b>	<b>45</b>	<b>41,402,824</b>
<b>22</b>	<b>Fair value of the financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23</b>	<b>Amount of foreign currency assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Amount of foreign currency liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**32.3. Market risk (cont'd)**

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

<b>December 31, 2020</b>		<b>TRY Equivalent</b>				
<b>Foreign currency position</b>		<b>(Functional currency)</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>RUB</b>
1	Trade receivables	1,981,821	13,869	-	-	20,302,543
2a	Monetary financial assets (cash and bank accounts included)	6,427,220	4,371	566,112	45	13,987,043
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	1,009,926	42,730	16,116	-	5,951,350
<b>4</b>	<b>Current assets (1+2+3)</b>	<b>9,418,967</b>	<b>60,970</b>	<b>582,228</b>	<b>45</b>	<b>40,240,936</b>
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	48,164,800	-	5,346,951	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	61,066,130	-	6,779,175	-	-
<b>8</b>	<b>Non-current assets (5+6+7)</b>	<b>109,230,930</b>	<b>-</b>	<b>12,126,126</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total assets (4+8)</b>	<b>118,649,897</b>	<b>60,970</b>	<b>12,708,354</b>	<b>45</b>	<b>40,240,936</b>
10	Trade payables	522,067	64,886	4,090	-	96,425
11	Financial liabilities	221,555,041	276,050	24,370,685	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	2,651,689	-	-	-	28,635,952
<b>13</b>	<b>Short-term liabilities (10+11+12)</b>	<b>224,728,797</b>	<b>340,936</b>	<b>24,374,775</b>	<b>-</b>	<b>28,732,377</b>
14	Trade payables	-	-	-	-	-
15	Financial liabilities	1,431,550,428	2,662,256	156,752,200	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
<b>17</b>	<b>Long-term liabilities (14+15+16)</b>	<b>1,431,550,428</b>	<b>2,662,256</b>	<b>156,752,200</b>	<b>-</b>	<b>-</b>
<b>18</b>	<b>Total liabilities (13+17)</b>	<b>1,656,279,225</b>	<b>3,003,192</b>	<b>181,126,975</b>	<b>-</b>	<b>28,732,377</b>
<b>19</b>	<b>Net asset / (liability) position of off-balance sheet items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a</b>	<b>Amount of derivative off-balance sheet items in foreign currency in asset characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b</b>	<b>Amount of off derivative-balance sheet items in foreign currency in liability characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20</b>	<b>Net foreign currency position (9-18+19)</b>	<b>(1,537,629,328)</b>	<b>(2,942,222)</b>	<b>(168,418,621)</b>	<b>45</b>	<b>11,508,559</b>
<b>21</b>	<b>Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,597,053,695)</b>	<b>(2,984,952)</b>	<b>(175,213,912)</b>	<b>45</b>	<b>34,193,161</b>
<b>22</b>	<b>Fair value of the financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23</b>	<b>Amount of foreign currency assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Amount of foreign currency liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**32.3. Market risk (cont'd)**

**Foreign currency sensitivity analysis**

<b>March 31, 2021:</b>	<b>Profit or (Loss)</b>		<b>Equity</b>	
	<b>Appreciation of foreign currency</b>	<b>Devaluation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Devaluation of foreign currency</b>
20% change of the USD against TRY				
1- Net USD denominated asset/liability	(4,164,166)	4,164,166	-	-
2- Hedged portion of TRY against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1+ 2)</b>	<b>(4,164,166)</b>	<b>4,164,166</b>	<b>-</b>	<b>-</b>
4- Net Euro denominated asset/liability	(335,783,871)	335,783,871	-	-
5- Hedged portion of TRY against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(335,783,871)</b>	<b>335,783,871</b>	<b>-</b>	<b>-</b>
20% change of other foreign currencies against TRY				
7- Net other foreign currencies denominated asset/liability	-	-	396,074	(396,074)
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>-</b>	<b>-</b>	<b>396,074</b>	<b>(396,074)</b>
<b>TOTAL(3+6+9)</b>	<b>(339,948,037)</b>	<b>339,948,037</b>	<b>396,074</b>	<b>(396,074)</b>

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

**32.3. Market risk (cont'd)**

**Foreign currency sensitivity analysis (cont'd)**

<b>December 31, 2020:</b>	<b>Profit or (Loss)</b>		<b>Equity</b>	
	<b>Appreciation of foreign currency</b>	<b>Devaluation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Devaluation of foreign currency</b>
20% change of the USD against TRY				
1- Net USD denominated asset/liability	(4,319,476)	4,319,476	-	-
2- Hedged portion of TRY against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1+ 2)</b>	<b>(4,319,476)</b>	<b>4,319,476</b>	<b>-</b>	<b>-</b>
4- Net Euro denominated asset/liability	(303,419,622)	303,419,622	-	-
5- Hedged portion of TRY against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(303,419,622)</b>	<b>303,419,622</b>	<b>-</b>	<b>-</b>
20% change of other foreign currencies against TRY				
7- Net other foreign currencies denominated asset/liability	-	-	213,232	(213,232)
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>-</b>	<b>-</b>	<b>213,232</b>	<b>(213,232)</b>
<b>TOTAL(3+6+9)</b>	<b>(307,739,098)</b>	<b>307,739,098</b>	<b>213,232</b>	<b>(213,232)</b>

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

**a) Interest rate risk table and sensitivity analysis**

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Fixed rate instruments</b>		
Financial assets	2,453,865	8,451,225
Financial instruments	-	237,392,730
<b>Variable rate instruments</b>		
Financial instruments	3,997	52,527,238
Financial liabilities (*)	1,718,062,125	1,627,683,650

(\*)As of March 31, 2021, Akfen GYO's loan interest rate has been made 6.00% + Euribor (3 months).

**Fair value sensitivity analysis for fixed rate instruments**

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

Additionally, the Group 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.

<b>Euribor</b>	<b>Increase / (Decrease)</b>	<b>Effect profit / (loss) before tax</b>
<b>March 31, 2021</b>	<b>(0.01%)</b>	<b>258,247</b>
	<b>0.01%</b>	<b>(276,934)</b>
<b>Euribor</b>	<b>Increase / (Decrease)</b>	<b>Effect profit / (loss) before tax</b>
December 31, 2020	(0.01%)	206,955
	0.01%	(208,135)

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**33. DISCLOSURES RELATED TO THE SHARES IN OTHER ENTITIES**

Information for the Group's subsidiaries having non-controlling interests in significant level as below.

<b>March 31, 2021</b>	<b>Non-controlling interest (%)</b>	<b>Loss for non-controlling interest</b>	<b>Non-controlling interest</b>
<b>Subsidiary</b>			
Akfen Karaköy	8.53	1,361,606	22,379,892
<b>December 31, 2020</b>	<b>Non-controlling interest (%)</b>	<b>Profit for non-controlling interest</b>	<b>Non-controlling interest</b>
<b>Subsidiary</b>			
Akfen Karaköy	8.53	1,361,606	22,379,892

Summarized financial figures before elimination for related subsidiaries are shown as below:

**Balance sheet summary:**

<b>Akfen Karaköy</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents	926,246	357,317
Other current assets	5,384,074	7,640,745
Investment property	491,634,863	491,606,846
Other non-current assets	11,708,011	9,930,422
<b>TOTAL ASSETS</b>	<b>509,653,194</b>	<b>509,535,330</b>
Current portion of long-term financial liabilities	22,089,180	20,585,555
Other current liabilities	48,400,500	42,137,621
Long term financial liabilities	124,625,516	104,073,279
Other non-current liabilities	68,799,831	80,372,038
<b>TOTAL LIABILITIES</b>	<b>263,915,027</b>	<b>247,168,493</b>
<b>TOTAL EQUITY</b>	<b>245,738,167</b>	<b>262,366,837</b>

**Statement of profit or loss summary:**

<b>Akfen Karaköy</b>	<b>January 1– March 31, 2021</b>	<b>January 1– March 31, 2020</b>
<b>PROFIT OR LOSS</b>		
Revenue	870,922	1,224,552
Cost of sales (-)	(73,001)	(17,300)
<b>GROSS PROFIT</b>	<b>797,921</b>	<b>1,207,252</b>
General administrative expenses (-)	(80,232)	(93,887)
Other operating income, net	(12,680)	2,544
<b>OPERATING PROFIT</b>	<b>705,009</b>	<b>1,115,909</b>
Financial expenses, net (-)	(17,173,615)	(11,973,476)
<b>LOSS BEFORE TAX</b>	<b>(16,468,606)</b>	<b>(10,857,567)</b>
Current tax expense	(160,064)	(200,682)
- Current tax expense	(160,064)	(200,682)
<b>NET LOSS FOR THE PERIOD</b>	<b>(16,628,670)</b>	<b>(11,058,249)</b>

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**34. SUBSEQUENT EVENTS**

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

**35. 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.

<b>Hotel</b>	<b>Closing Date</b>	<b>Opening Date</b>
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
Novotel İstanbul Bosphorus, Karaköy	March 31, 2020	August 4, 2020
Ibis Otel Tuzla	April 3, 2020	August 4, 2020
Merit Park Otel – TRNC Kyrenia	March 14, 2020 September 14, 2020 January 27, 2021	June 1, 2020 October 8, 2020 April 15, 2021
Ibis Hotel Yaroslavl	April 1, 2020	June 1, 2020
Ibis Otel Samara	April 2, 2020	June 2, 2020
Ibis Otel Kaliningrad	The hotel is not closed.	
Ibis Otel Moskova	The hotel is not closed.	

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, decreasing number of visitor during the summer period and similar reasons.

Valuation of the hotels included in the Group 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 31.

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.

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**APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS**

The Group'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:

<b>Unconsolidated (separate) financial statement main account items</b>		<b>Related Regulation</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>A</b>	Cash and capital market instruments	III-48.1. S/N 24 / (b)	1,341,739	6,810,364
<b>B</b>	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	1,043,487,600	1,043,481,099
<b>C</b>	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)	-	-
	<b>Other assets</b>		<b>127,547,361</b>	<b>122,789,667</b>
<b>D</b>	<b>Total assets</b>	<b>III-48.1. S/N 3 / (p)</b>	<b>1,898,813,203</b>	<b>1,391,042,634</b>
<b>E</b>	Financial liabilities	III-48.1. S/N 31	948,222,081	1,110,746,338
<b>F</b>	Other financial liabilities	III-48.1. S/N 31	34,397,049	34,318,474
<b>G</b>	Finance lease liabilities	III-48.1. S/N 31	-	-
<b>H</b>	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	38,049,548	31,571,903
<b>I</b>	Shareholders' equity	III-48.1. S/N 31	825,501,469	193,177,103
	<b>Other liabilities</b>		<b>52,643,056</b>	<b>21,228,816</b>
<b>D</b>	<b>Total liabilities and equity</b>	<b>III-48.1. S/N 3 / (p)</b>	<b>1,898,813,203</b>	<b>1,391,042,634</b>
<b>Unconsolidated (separate) other financial information</b>		<b>Related Regulation</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>A1</b>	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)		
<b>A2</b>	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	-	-
<b>A3</b>	Foreign capital market instruments	III-48.1. S/N 24 / (d)	1,301,929	6,777,646
<b>B1</b>	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
<b>B2</b>	Idle lands	III-48.1. S/N 24 / (c)	-	-
<b>C1</b>	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
<b>C2</b>	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
<b>J</b>	Non-cash loans	III-48.1. S/N 31	474,024,597	436,618,301
<b>K</b>	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)		
<b>L</b>	Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

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

<b>Portfolio Constraints Related Regulation</b>	<b>Portfolio Constraints Related Regulation</b>	<b>Current Period</b>	<b>Previous Year</b>	<b>Minimum/ Maximum Ratio</b>
<b>1</b> 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%
<b>2</b> Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a).(b)	54.95%	75.01%	>51%
<b>3</b> Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	38.33%	16.16%	<50%
<b>4</b> 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%
<b>5</b> Idle Lands	III-48.1. S/N 24 / (c)	0.00%	0.00%	<20%
<b>6</b> Participation to the Operator Company	III-48.1. S/N 28 (a)	0.00%	0.00%	<10%
<b>7</b> Borrowing Limit	III-48.1. S/N 31	181.06%	835.12%	<500%
<b>8</b> Time / Demand TRY / Foreign Currency	III-48.1. S/N 22 / (b)	0.07%	0.49%	<10%
<b>9</b> 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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