

**AKFEN GAYRİMENKUL YATIRIM
ORTAKLIĞI ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
STANDALONE FINANCIAL STATEMENTS WITH
LIMITED AUDITORS' REPORT FOR THE PERIOD
JANUARY 1, 2021 – JUNE 30, 2021
(ORIGINALLY ISSUED IN TURKISH)**



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

Report on Review of Interim Financial Statements

To Shareholders Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Introduction

We have reviewed the accompanying interim statement of financial position of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (the Company) as of June 30, 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 six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim 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 Company has current period loss of TL 95.051.419 and the current liabilities exceeded current assets by TL 170.705.561 as of June 30, 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company managements plans in connection with these matters are disclosed in Note 2.1 to the accompanying financial statements. Our opinion is not modified in respect of this matter.

Other Matter

While not affecting our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting for the non-consolidated (standalone) financial statements. Consolidated financial statements of the companies with subsidiaries should be prepared in accordance with IFRS 10. In this context, the consolidated financial statements of the Company as at and for the period ended June 30, 2021, have also been prepared separately and we have expressed an unqualified conclusion in our auditor's report dated August 2, 2021 in the aforementioned consolidated financial statements. The accompanying standalone financial statements have been prepared by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. in order to meet the reporting requirement of Capital Markets Board (CMB) Therefore, the use of standalone financial statements may not be suitable for other purposes.



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with Turkish Accounting Standards.

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



Mehmet Can Altıntaş, SMMM
Partner

August 2, 2021
İstanbul, Türkiye

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE FINANCIAL POSITION AS AT JUNE 30, 2021

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

		<i>Reviewed</i>	<i>Audited</i>
ASSETS	Notes	June 30, 2021	December 31, 2020
CURRENT ASSETS		32,565,505	15,743,068
Cash and cash equivalents	4	15,765,062	6,810,363
Trade receivables		8,361,049	5,742,286
- <i>Trade receivables from related parties</i>	3, 6	8,700	-
- <i>Trade receivables from third parties</i>	6	8,352,349	5,742,286
Other receivables		1,463,372	-
- <i>Other receivables from third parties</i>	7	1,463,372	-
Inventories	12	946,924	946,924
Prepaid expenses	17	1,357,302	499,770
Other current assets	18	4,671,796	1,743,725
NON-CURRENT ASSETS		2,062,884,876	1,375,299,566
Financial investments		282,454,312	217,961,504
- <i>Subsidiaries</i>	8	282,454,312	217,961,504
Trade receivables		105,432,825	92,047,119
- <i>Trade receivables from related parties</i>	3, 6	105,432,825	92,047,119
Other receivables		14,775,046	14,775,046
- <i>Other receivables from third parties</i>	7	14,775,046	14,775,046
Investment property	9	1,618,004,452	1,042,534,175
Property, plant and equipment	10	5,918,909	388,983
Intangible assets		1,351	25
- <i>Other intangible assets</i>	11	1,351	25
Prepaid expenses	17	2,455,002	2,850,152
Other non-current assets	18	33,842,979	4,742,562
TOTAL ASSETS		2,095,450,381	1,391,042,634

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE FINANCIAL POSITION AS AT JUNE 30, 2021

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

LIABILITIES	Notes	June 30, 2021	December 31, 2020
CURRENT LIABILITIES		203,271,066	410,653,968
Current portion of non-current borrowings		89,710,482	358,091,902
- <i>Bank loans</i>	5	79,366,628	116,353,366
- <i>Lease liabilities</i>	5	10,343,854	4,345,806
- <i>Issued debt instruments</i>	5	-	237,392,730
Trade payables		21,328,026	19,365,062
- <i>Trade payables to related parties</i>	3,6	16,737,455	16,615,669
- <i>Trade payables to third parties</i>	6	4,590,571	2,749,393
Other payables		83,999,951	31,875,973
- <i>Other payables to related parties</i>	3,7	83,642,151	31,571,903
- <i>Other payables to third parties</i>	7	357,800	304,070
Deferred revenue	17	6,217,770	1,269,599
Current income tax liabilities	25	1,921,281	-
Current provisions		93,556	51,432
- <i>Current provisions for employee benefits</i>	16	93,556	51,432
NON-CURRENT LIABILITIES		946,295,313	787,211,563
Non-current borrowings		946,016,141	786,972,910
- <i>Bank loans</i>	5	908,103,950	757,000,242
- <i>Lease liabilities</i>	5	37,912,191	29,972,668
Non-current provisions		279,172	238,653
- <i>Non-current provisions for employee benefits</i>	16	279,172	238,653
EQUITY		945,884,002	193,177,103
Paid in capital	19	344,646,332	184,000,000
Inflation adjustments on capital	19	317,344	317,344
Additional capital contribution of shareholders	5,19	-	20,702,778
Treasury shares (-)	19	-	(9,991,969)
Share premium	19	626,779,745	58,880,000
Restricted reserves appropriated from profits		6,178	9,996,116
- <i>Legal reserves</i>	19	6,178	4,147
- <i>Legal reserves for treasury shares</i>	19	-	9,991,969
Prior years' profits		69,185,822	171,020,137
Net loss period		(95,051,419)	(241,747,303)
TOTAL LIABILITIES		2,095,450,381	1,391,042,634

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2021

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

		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Not reviewed</i>
		January 1- June 30, 2021	April 1- June 30, 2021	January 1- June 30, 2020	April 1- June 30, 2020
PROFIT OR LOSS	Notes				
Revenue	20	13,046,261	6,242,701	9,904,150	897,400
Cost of sales (-)	20	(1,094,486)	(549,956)	(2,061,250)	(467,662)
GROSS PROFIT		11,951,775	5,692,745	7,842,900	429,738
General administrative expenses (-)	21	(2,703,648)	(1,174,330)	(1,935,275)	(833,435)
Selling and marketing expenses (-)	21	(1,111)	(1,111)	(53,324)	(2,674)
Other operating income from operating activities	22	1,777	1,777	176,952	153,217
Other operating expenses from operating activities (-)	22	(743,180)	(706,905)	(38)	-
PROFIT FROM OPERATING ACTIVITIES		8,505,613	3,812,176	6,031,215	(253,154)
Financial income	23	3,228,905	1,621,209	2,638,235	1,333,250
Financial expenses (-)	24	(150,014,338)	(62,549,525)	(134,897,442)	(66,725,488)
LOSS BEFORE TAX		(138,279,820)	(57,116,140)	(126,227,992)	(65,645,392)
Tax expenses (-)		43,228,401	43,228,401	-	-
- <i>Deferred tax income</i>	25	43,228,401	43,228,401	-	-
LOSS FOR THE PERIOD		(95,051,419)	(13,887,739)	(126,227,992)	(65,645,392)
Loss per share (Full TRY)	26	(0.30)	(0.04)	(0.69)	(0.36)
Diluted loss per share (Full TRY)	26	(0.29)	(0.04)	(0.45)	(0.22)

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2021

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

	Issued capital	Inflation adjustment to share capital	Additional capital contribution of shareholders	Treasury shares	Share premium	Restricted reserves allocated from profits	Accumulated profits		
							Retained earnings /(loss)	Net profit/(loss) for the period	Total equity
Balance as at January, 1 2020	184,000,000	317,344	20,763,729	(9,991,969)	58,880,000	9,996,116	91,473,338	79,546,799	434,985,357
Transfers	-	-	-	-	-	-	79,546,799	(79,546,799)	-
Total comprehensive income	-	-	-	-	-	-	-	(126,227,992)	(126,227,992)
Balance as at June 30, 2020	184,000,000	317,344	20,763,729	(9,991,969)	58,880,000	9,996,116	171,020,137	(126,227,992)	308,757,365
Balance as at January 1, 2021	184,000,000	317,344	20,702,778	(9,991,969)	58,880,000	9,996,116	171,020,137	(241,747,303)	193,177,103
Transfers	-	-	(20,702,778)	-	-	-	(221,044,525)	241,747,303	-
Issue of equity (Note 22)	160,646,332	-	-	-	526,412,166	-	-	-	687,058,498
Merger effect (Note 2.6)	-	-	-	-	25,050,000	2,031	109,218,241	-	134,270,272
Increase/(decrease) through treasury share transactions (Note 22)	-	-	-	9,991,969	16,437,579	(9,991,969)	9,991,969	-	26,429,548
Total comprehensive expense	-	-	-	-	-	-	-	(95,051,419)	(95,051,419)
Balance as at June 30, 2021	344,646,332	317,344	-	-	626,779,745	6,178	69,185,822	(95,051,419)	945,884,002

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**STANDALONE STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2021**

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

PROFIT OR LOSS	Notes	<i>Reviewed</i> January 1 - June 30, 2021	<i>Reviewed</i> January 1 - June 30, 2020
A. Cash flows from operating activities			
Loss from continuing operations		(95,051,419)	(126,227,992)
<i>Adjustments to reconcile losses:</i>			
Adjustments for depreciation and amortisation expense	20,21	49,043	12,211
Adjustments for provisions related with employee benefits	16	82,643	(33,644)
Adjustments for (reversal of impairment loss)/impairment loss		4,361	(1,594)
Adjustments for interest income and expense	23,24	26,190,944	41,050,451
Adjustments for unrealised foreign exchange losses		120,037,086	99,625,097
Tax income	25	(43,228,401)	-
		8,084,257	14,424,529
Changes in working capital:			
Adjustments for increase in trade accounts receivable		(8,584,752)	2,563,800
Adjustments for decrease in inventories	12	-	1,318,641
Adjustments for increase/(decrease) in trade accounts payable		1,695,882	(1,436,938)
Adjustments for increase in other operating payables		74,996,697	2,223,036
Other adjustments for other (decrease)/increase in working capital		1,381,179	7,491,913
Cash flows from operating activities		77,573,263	26,584,981
Payments for provisions for employee benefits	16	-	(103,663)
Cash flows from operating activities, net		77,573,263	26,481,318
B. Cash flows from investing activities			
Cash outflows arising from capital increase of associates and/or joint ventures		(506,051,343)	(5,620,000)
Cash outflow from purchase of property, plant, equipment and intangible assets	10, 11	(34,805)	(56,000)
Cash outflows from acquisition of investment property	9	(26,500)	(218,478)
Cash flows used in investing activities		(506,112,648)	(5,894,478)
C. Cash flows from financing activities			
Proceeds from capital advances		450,000,002	-
Cash inflows from sale of acquired entity's shares		26,429,548	-
Cash outflows for loan repayments	5	(5,450,818)	(12,307,971)
Cash outflows for payments of lease liabilities	5	(2,876,992)	(2,351,652)
Interest paid	5	(30,823,854)	(10,003,783)
Interest received		216,314	282,411
Cash flows from/(used in) financing activities		437,494,200	(24,380,995)
Net decrease in cash and cash equivalents		8,954,815	(3,794,155)
Cash and cash equivalents at the beginning of the period	4	6,810,749	24,603,791
Cash and cash equivalents at the end of the period	4	15,765,564	20,809,636

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

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

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

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (“Akfen GT”), a subsidiary of Akfen Holding, have been transferred to the Company with a nominal value. Akfen GT’s main operations are also investing in real estates, forming real estate portfolio and develop real estate projects. Akfen GT which is 100% owned subsidiary of Akfen GYO has 286 rooms Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC).

The main objective of Russian Hotel – subsidiary of Akfen GT - is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russian Property – subsidiary of Akfen GT - is to develop office projects in Russia. The capital structures of RHI and RPI are designated as 97.89% and 96.37% of participation for the Company, 2.11% and 3.63% participation of Cüneyt Baltaoğlu as at June 30, 2021 and December 31, 2020 respectively.

The Company has set up a subsidiary in the Netherlands, Hotel Development and Investment BV (“HDI”), to develop hotel projects in Russia on 18 March 2011. In portfolio of HDI - %100 subsidiary of the Company –, there is an Ibis Hotel with 317 rooms completed in Moscow Russia as of June 30, 2021 and December 31, 2020. The hotel has started its operations as of July 16, 2015. All of the HDI shares owned by the Company were sold to Akfen GT which was wholly owned by the Company on March 27, 2017.

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

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021

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

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

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

The transfer of Bulvar Loft agreement signed with İller Bankası A.Ş. (“İller Bankası”) and Akfen Construction related to the Land Sales Counterpart Revenue Sharing Work of the 120573 Island 1 Parcel in the size of 36,947 m² at the Kızılcaşar Quarter of the Ankara Province Gölbaşı District, to the joint venture (Akfen GYO 99% - Akfen İnşaat 1%) established by Akfen GYO and Akfen İnşaat has been approved by İller Bankası. Within this scope, incorporation of Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. joint venture (“Joint Venture”) was completed on November 9, 2017 and all rights and liabilities regarding to Bulvar Loft project has been transferred to the Joint Venture.

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 Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

At the Company's Board of Directors meeting dated June 1, 2021; in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board (“CMB”) on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and other relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021. The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen GYO with all its assets and liabilities.

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

The Company is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent - İstanbul address. As at June 30, 2021, the number of employees of the company is 10 (December 31, 2020: 9).

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

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

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

The Company, in accordance with the Financial Reporting Standards Turkey also prepares the consolidated financial statements prepared as of June 30, 2021. Therefore, the attached individual financial statements should be examined together with the consolidated financial statements of the Company prepared as of June 30, 2021, in order to obtain comprehensive information about the financial status of the Company on June 30, 2021 and the financial performance and cash flows of the year ending on the same date.

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

b. Compliance with TAS

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

The accompanying individual financial statements as of June 30, 2021 have been approved by the Company’s Board of Directors on August 2, 2021. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statute.

c. Functional and presentation currency

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

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

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021**

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

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

2.1. Basis of preparation (cont’d)

d. Subsidiaries

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

The table below shows Akfen GYO’s ownership ratio in affiliates and subsidiaries as at June 30, 2021 and December 31, 2020:

The Company	Direct or indirect shares of the Company (%)	
	June 30, 2021	December 31, 2020
Affiliates		
Akfen GT	100.00	100.00
Severniy	100.00	100.00
Yaroslavl Invest, KalingradInvest, Samstroykom	97.89	97.89
Volgastroykom	96.37	96.37
Akfen Karaköy	91.47	91.47
Subsidiaries		
Fıratcan İnşaat	51.00	-

e. Joint ventures

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

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

Joint Venture	Main Operations	Entrepreneur Partner
Joint Venture	Real estate investment	Akfen İnşaat Turizm ve Ticaret A.Ş.
	June 30, 2021	December 31, 2020
	Direct or indirect shares of the Company (%)	Effective shares of the Company (%)
	Direct or indirect shares of the Company (%)	Effective shares of the Company (%)
Joint venture	99.00	99.00

f. Foreign currency

Foreign currency transaction

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

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

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

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

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

2.1 Basis of preparation (cont’d)

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

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

h. Going concern

As of June 30, 2021, the Company’s current assets are TRY 32,565,505 and its short-term liabilities are TRY 203,271,066, and its short-term liabilities have exceeded its current assets by TRY 170,705,561. Although this situation shows the existence of uncertainty regarding the continuity of the business, in order to increase the Company’s capital to TRY 900,000,000, an application was made to the CMB on June 2, 2021 and the report of the use of the fund to be obtained from the related capital increase has been published. According to the report, payables to Hamdi Akın and Akfen Holding, which are included in the short-term other payables to related parties in the Company’s individual financial statements, a total of TRY 78,211,161 will be used as a deduction for debts in capital increase, TRY 44,378,444 and TRY 33,832,717 respectively. In addition, it is expected that a fund will be obtained to be used in working capital with the capital increase. The related capital increase was approved at the meeting of the Capital Markets Board dated July 29, 2021 and numbered 38/1149.

In addition, Isparta Yurt and Masanda Turizm, which are 100% subsidiaries of the Company, were merged within the Company on June 30, 2021, the revenue to be obtained from the activities of these companies that do not have loan debts, it will also be used in the obligations of the Company.

It is expected by the Company management that the revenues that the Company will generate from its current hotel activities, together with all these resources, will be sufficient for the Company’s working capital.

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

2.2. Accounting estimates and evaluations

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

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

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

2.2. Accounting estimates and evaluations (cont’d)

Note 9 - Fair value measurement of investment property

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

Note 18 Long term VAT receivables

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

Note 5 Fair value measurement of convertible bond

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

Accounting policies taken as basis for the preparation of consolidated financial statements for the accounting period of January 1 - June 30, 2021 are applied in consistence with the financial statements prepared as of December 31, 2020 except for the new and amended TAS/IFRS standards stated below which are valid as of January 1, 2021 and the interpretations of the Turkish Financial Reporting Interpretation Committee (“TFRIC”).

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

The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

- Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 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
- Amendments to IFRS 16 – Covid-19 Rent Related Concessions

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

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

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

2.2. Accounting estimates and evaluations (cont’d)

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

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- 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
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- 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.

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

- IAS 8 Amendments – Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Application Notice 2 – Presentation of Accounting Policies

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

2.3 Changes in accounting policies

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

2.3.1 Revenue

Revenue includes rental income and real estate inventory sales.

Rental income

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

2.3.2 Offsetting

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

2.3.3 Investment property

Investment properties

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

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

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

2.3 Changes in accounting policies (cont’d)

2.3.3 *Investment property* (cont’d)

Investment properties (cont’d)

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

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

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

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

Right to use assets

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

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

- (a) the initial measurement of the lease liability,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
- (c) all initial direct costs incurred by the Company.

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

Right of use assets are subject to impairment assessment.

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

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

2.3 Changes in accounting policies (cont’d)

2.3.3 *Investment property (cont’d)*

Lease liabilities

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

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

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

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

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

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

- (a) increase the carrying amount to reflect the interest on the lease obligation; and
- (b) Decreases the carrying amount to reflect the lease payments made.

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

2.3.4. *Property and equipment*

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

Depreciation

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

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

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

Subsequent expenditure

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

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

2.3 Changes in accounting policies (cont’d)

2.3.5 *Intangible assets*

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

2.3.6. *Impairment of assets*

At each balance sheet date, the carrying of Company’s assets, other than investment property is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

2.3.7. *Inventories*

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

2.3.8 *Financial instruments*

Classification

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

Recognition and Measurement

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

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

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

2.3 Changes in accounting policies (cont’d)

2.3.8 *Financial instruments (cont’d)*

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

“Financial assets at fair value through profit or loss” consist of financial assets other than financial assets measured at amortized cost and fair value difference reflected to other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the individual income statement.

Derecognition

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

Impairment

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

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

2.3.9. *Financial liabilities*

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

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

Financial liabilities and borrowing cost

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

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

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

2.3 Changes in accounting policies (cont'd)

2.3.9. *Financial liabilities* (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 standalone financial statements.

2.3.10. *Share capital*

i) Share capital

Ordinary shares

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

2.3.11. *Earnings per share and diluted earnings per share*

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common share at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 27).

In the calculation of diluted earnings per share presented in the comprehensive income statement, the profit or loss in the share of the ordinary shareholders of the parent company and the weighted average number of shares are adjusted according to the effects of dilutive potential ordinary shares. The profit or loss in the share of the parent shareholders of the parent company is increased by the amount of the post-tax dividend and interest accrued in the period with respect to the potential ordinary shares that are dilutive effects and by any other change resulting from the conversion of potential ordinary shares with dilutive effects and the weighted average number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares based on the assumption that all potential ordinary shares with dilution effects have been converted (Note 27).

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

2.3 Changes in accounting policies (cont’d)

2.3.12. *Subsequent events*

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

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

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

2.3.13. *Provisions, contingent liabilities and contingent assets*

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

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

2.3.14. *Leases*

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

The Company as lessor

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

The Company as lessee

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

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

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

2.3 Changes in accounting policies (cont’d)

2.3.15. *Related parties*

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

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

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

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

2.3.16. *Taxation*

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

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

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

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

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

2.3 Changes in accounting policies (cont’d)

2.3.16. Taxation (cont’d)

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

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

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

Although the pre-merger earnings of Masanda Turizm and Ispart Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax as a result of the merger. Current tax liabilities of the related companies as of the merger date continue to be recognized in the individual financial statements.

2.3.17. Employee termination benefits

Retirement pay provision

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

Defined contribution plans:

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

Vacation pay provision:

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

2.3.18. Statement of cash flows

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

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

2.4. Determination of fair values

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

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

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

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

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

2.5. Investment portfolio limitations on real estate investment trust

As of June 30, 2021 and December 31, 2020 the informations contained in the footnote titled "Control of Compliance with Portfolio Limitations" are in the nature of summary information derived from the financial statements in accordance with the Article 16 of the CMB Serial: II, No: 14.1 “Communiqué on the Principles of Financial Reporting in the Capital Markets” and have been prepared within the framework of the provisions regarding the control of compliance with portfolio limitations related to Communiqué on “Principles Regarding Real Estate Investment Trusts”, Serial: III, No: 48.1, published in the Official Gazette No. 28660 on May 28 2013 and Communiqué Serial: III, No: 48.1a on the Amendment of the "Communiqué on Principles Regarding Real Estate Investment Trusts" published in the Official Gazette No. 28891 on January 23, 2014.

2.6 Business combinations

At the Company's Board of Directors meeting dated June 1, 2021; in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board ("CMB") on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and other relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021. The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen GYO with all its assets and liabilities.

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

2.6 Business combinations (cont’d)

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

	Masanda Turizm	Isparta Yurt	Total
Assets	June 30, 2021	June 30, 2021	June 30, 2021
Current assets	4,773,556	10,360,891	15,134,447
Cash and cash equivalents	1,883,337	4,877,619	6,760,956
Trade receivables	8,699	1,034,146	1,042,845
- Trade receivables from related parties	8,699	-	8,699
- Trade receivables from third parties	-	1,034,146	1,034,146
Other receivables	271	1,462,364	1,462,635
- Other receivables from third parties	271	1,462,364	1,462,635
Prepaid expenses	173,120	257,700	430,820
Other current assets	2,708,129	2,729,062	5,437,191
Non current assets	322,511,993	311,292,623	633,804,616
Other receivables	13,266,603	9,975,036	23,241,639
- Other receivables from related parties (*)	13,266,603	9,975,036	23,241,639
Investment property	283,582,447	291,861,330	575,443,777
Property, plant and equipment	5,545,490	-	5,545,490
Other non-current assets	20,117,453	9,456,257	29,573,710
Total assets	327,285,549	321,653,514	648,939,063
	Masanda Turizm	Isparta Yurt	Total
Liabilities	June 30, 2021	June 30, 2021	June 30, 2021
Current liabilities	5,214,927	4,954,500	10,169,427
Current borrowings	551,801	2,079,728	2,631,529
- Lease liabilities	551,801	2,079,728	2,631,529
Trade payables	204,991	62,091	267,082
- Trade payables to related parties	112,710	-	112,710
- Trade payables to third parties	92,281	62,091	154,372
Other payables	391,494	8,250	399,744
- Other payables to third parties	368,130	1,000	369,130
- Other payables to related parties	23,364	7,250	30,614
Deferred revenue	4,066,641	883,150	4,949,791
Current income tax liabilities	-	1,921,281	1,921,281
Non current liabilities	5,900,753	48,598,611	54,499,364
Non-current borrowings	2,652,330	8,618,633	11,270,963
- Lease liabilities	2,652,330	8,618,633	11,270,963
Deferred tax liabilities (**)	3,248,423	39,979,978	43,228,401
Equity	316,169,869	268,100,403	584,270,272
Paid in capital	192,503,786	78,000,000	270,503,786
Share premium	-	25,050,000	25,050,000
Restricted reserves appropriated from profits	2,031	-	2,031
Prior years' profits	123,664,052	165,050,403	288,714,455
Total liabilities	327,285,549	321,653,514	648,939,063

(*) It consists of other receivables from Akfen GYO and has been derecognised from the the consolidated financial statements due to the merger.

(**) Although the pre-merger earnings of Masanda Turizm and Isparta Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax as a result of the merger and the related amount was recognized as deferred tax income in the profit or loss statement of the Company as of June 30, 2021. Current tax liabilities of the related companies as of the merger date continue to be recognized in the individual financial statements.

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

2.6 Business combinations (cont’d)

The effect of the merger on the equity of the related companies as of the merger date is as follows:

	June 30, 2021
Total capital amount of merging companies	270,503,786
Total retained earnings of the merging companies	288,714,455
Total share premiums of the merging companies	25,050,000
Total restricted reserves appropriated from profits of the merging companies	2,031
Total participation cost derecognized	(450,000,000)
Total merger effect	134,270,272

3. RELATED PARTY DISCLOSURES

3.1. Related party balances

Short term trade receivables from related parties:

	June 30, 2021	December 31, 2020
Akfen Turizm Yatırım ve İşletmecilik A.Ş. (“Akfen Turizm”)	8,700	-
	8,700	-

Long term trade receivables from related parties:

	June 30, 2021	December 31, 2020
Akfen GT (*)	105,432,825	92,047,119
	105,432,825	92,047,119

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

Trade payables to related parties:

	June 30, 2021	December 31, 2020
Akfen İnşaat (*)	16,737,455	16,566,973
IBS Sigorta Brokerlık Hizmetleri A.Ş.	-	43,330
Akfen Holding	-	5,366
	16,737,455	16,615,669

(*) As of June 30, 2021 and December 31, 2020, due to related parties to Akfen İnşaat consists of the Company’s borrowings related to progress payments and other project expenditures under the Bulvar Loft project.

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3. RELATED PARTY DISCLOSURES (cont’d)

3.1. Related party balances (cont’d)

Other payables to related parties:

	June 30, 2021	December 31, 2020
Akfen Holding	49,440,304	31,571,903
Hamdi Akın	33,914,717	-
Other	287,130	-
	83,642,151	31,571,903

As of June 30, 2021 and December 31, 2020, other payables are related to the funds received by the Company.

Deferred revenue:

	June 30, 2021	December 31, 2020
Akfen Turizm (*)	4,066,641	-
	4,066,641	-

(*)It consists of the rent amounts collected in advance for the months after the reporting period of the Bodrum Loft Hotel owned by the Company.

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

3.2. Related party transactions

a) Purchase of Affiliate share

	January 1 - June 30, 2021	April 1 - June 30, 2021	January 1 - June 30, 2020	April 1 - June 30, 2020
Akfen Altyapı (*)	235,000,000	-	-	-
Akfen İnşaat (*)	215,000,000	-	-	-
	450,000,000	-	-	-

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

b) Rent expenses

	January 1 - June 30, 2021	April 1 - June 30, 2021	January 1 - June 30, 2020	April 1 - June 30, 2020
Hamdi Akın	-	-	70,714	-
	-	-	70,714	-

Convertible bond transactions

Entire convertible bond explained on Note 5 having TRY 170,000,000 nominal amount issued by Akfen GYO on January 17, 2018 has been purchased by Akfen Holding and as of June 30, 2021 interest income of TRY 1,234,702 related to the related bond was recognized as profit or loss and other comprehensive income (June 30,2020: TRY 16,581,400).

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3. RELATED PARTY DISCLOSURES (cont’d)

3.2. Related party transactions (cont’d)

c) Interest income

	January 1- June 30, 2021	April 1 - June 30, 2021	January 1 - June 30, 2020	April 1- June 30, 2020
Akfen GT	2,983,619	1,581,332	2,353,204	1,208,801
Akfen Karaköy	1,893	538	1,554	445
Akfen Holding	-	-	505	-
	2,985,512	1,581,870	2,355,263	1,209,246

d) Interest expenses

	January 1- June 30, 2021	April 1 - June 30, 2021	January 1 - June 30, 2020	April 1- June 30, 2020
Akfen Holding	5,234,114	3,796,538	-	-
	5,234,114	3,796,538	-	-

e) Remuneration of top management

	January 1- June 30, 2021	April 1 - June 30, 2021	January 1 - June 30, 2020	April 1- June 30, 2020
Remuneration of top management (*)	1,559,481	550,374	1,410,738	487,539
	1,559,481	550,374	1,410,738	487,539

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

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4. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020
Cash on hand	30,203	32,717
Cash at banks	15,735,299	6,776,000
- <i>Demand deposits</i>	15,405,016	146,794
- <i>Time deposits</i>	330,283	6,629,206
Other cash and cash equivalents	62	2,032
Impairment (Note 2)	(502)	(386)
Cash and cash equivalents	15,765,062	6,810,363
Impairment	502	386
Cash and cash equivalents in cash flow statement	15,765,564	6,810,749

Demand deposits

As at June 30, 2021 and December 31, 2020 demand deposits are comprised of the following currencies:

	June 30, 2021	December 31, 2020
Avro	12,956,397	16,980
TRY	2,428,400	102,496
US Dollar	20,219	27,318
Total demand deposits	15,405,016	146,794

Time deposits

As at June 30, 2021 and December 31, 2020 time deposits are comprised of the following currencies:

Currency	Maturity	Interest rate	June 30, 2021
TRY	July 2021	17%	330,283
Total			330,283
Currency	Maturity	Interest rate	December 31, 2020
TRY	January 2021	14%-18%	6,629,206
Total			6,629,206

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5. FINANCIAL LIABILITIES

As at June 30, 2021 and December 31, 2020 demand deposits are comprised of the following currencies:

	June 30, 2021	December 31, 2020
Current financial liabilities	89,710,482	358,091,902
Issued borrowing instruments	79,366,628	116,353,366
Current portion of long-term bank borrowings	10,343,854	4,345,806
Current portion of long-term lease liabilities	-	237,392,730
Non-current financial liabilities	946,016,141	786,972,910
Long-term bank borrowings	908,103,950	757,000,242
Long-term lease liabilities	37,912,191	29,972,668
Total financial liabilities	1,035,726,623	1,145,064,812

As at June 30, 2021 and December 31, 2020, the Company's bank loans are summarized as follows:

June 30, 2021:

Currency	Nominal interest rate	Original amount	Short term	Long term	Total
Euro (1)	% 6.00	95,274,309	79,366,628	908,103,950	987,470,578
			79,366,628	908,103,950	987,470,578

December 31, 2020:

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

(1) On February 19, 2015 the loan agreement in amount of EUR 116,000,000 with 10 year maturity having 2 year grace period has been signed for refinancing of Akfen GYO's current loans and financing the investments of ongoing projects. The loans has been used March 18, 2015 and all loans of Akfen GYO has been refinanced. The Company reached an agreement with its existing creditors on the restructuring of the existing loan debt with a maturity of 10 years on December 18, 2020, and the related transactions of the loan agreements were carried out as of April 11, 2021, as planned and agreed with the creditors. In general, the loan terms are the same as the previous contract and the loan maturity has been extended to December 30, 2030.

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

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Tuzla, Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,

Some of the non-public shares of Akfen Holding, one of the shareholders of the Company have been pledged in favor of the lender.

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5. FINANCIAL LIABILITIES (cont'd)

Issued borrowing instruments

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

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

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

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

In accordance with TAS 32, financial instrument components that provide for the grant of an obligation to convert an entity into a financial instrument based on the equity of the entity that generates the financial liability are presented separately as debt and equity components in the balance sheet. When the compound financial instrument is allocated to the initial book value equity and liability components, the remaining amount is transferred to the equity component after deducting separately the amount determined separately for the liability component from the fair value of the instrument. TRY 20,702,778 (December 31, 2020: TRY 20,763,729), which is the difference between the fair value and the original issue amount, which is calculated by using the 17% interest rate which is determined as the current market interest rate to be paid or converted at the maturity date, is classified as "Additional capital contribution of the shareholders" under equity. In the initial recognition, the sum of the book values distributed to the debt and equity components is always equal to the fair value attributable to the entire vehicle.

The fair value calculation is performed on the cash flow after classification under equity and the interest expense related to the obligation is recognized in profit or loss and other comprehensive income statement in the financial statements.

The movement table of the related debt instrument as of June 30, 2021 and 2020 is as follows:

	June 30, 2021	June 30, 2020
January 1	237,392,730	202,568,890
Interest accrual	1,234,702	16,581,400
Bond redemption ^(*)	(238,627,432)	-
Financial liabilities related to convertible bonds	-	219,150,290

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

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5. FINANCIAL LIABILITIES (cont’d)

The repayment schedule of financial liabilities is as follows:

	June 30, 2021	December 31, 2020
Less than one year	79,366,628	353,746,096
1 - 2 years	76,428,478	137,577,407
2 - 3 years	79,565,749	123,444,930
3 - 4 years	82,451,296	495,977,905
4 - 5 years	84,412,471	-
5 years and over	585,245,956	-
Total financial liabilities	987,470,578	1,110,746,338

The movements of the financial liabilities in the period of June 30, 2021 and 2020 are as follows:

	2021	2020
January 1	1,110,746,338	844,612,026
<i>Cash outflows from debt repayment</i>	(5,450,818)	(12,307,971)
<i>Addition of convertible bond to capital</i>	(238,627,433)	-
<i>Interest paid</i>	(30,823,854)	(10,003,783)
<i>Accrual</i>	21,499,690	40,807,630
<i>Foreign exchange loss</i>	130,126,655	101,687,785
June 30	987,470,578	964,795,687

Operational lease liabilities

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

Details of operational lease borrowings are as follows:

	June 30, 2021	December 31, 2020
Less than 1 year	10,067,953	4,542,259
1 – 5 years	45,304,081	31,982,474
5 years and over	604,573,203	564,214,506
Less : Financial expense for future periods	(611,689,192)	(566,420,765)
Total operational lease liabilities	48,256,045	34,318,474

The movements of the lease liabilities in the periods of June 30, 2021 and 2020 are as follows:

	2021	2020
January 1	34,318,474	36,401,445
<i>Finance expense</i>	2,659,529	2,973,153
<i>Foreign exchange loss</i>	252,542	120,879
<i>Payments</i>	(2,876,992)	(2,351,652)
<i>Merger effect (Note 2.6)</i>	13,902,492	-
June 30	48,256,045	37,143,825

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6. TRADE RECEIVABLES AND PAYABLES

a) Short term trade receivables

As at June 30, 2021 and December 31, 2020, short-term trade receivables comprised the followings:

	June 30, 2021	December 31, 2020
Trade receivables from related parties (Note 3)	8,700	-
Trade receivables from third parties ⁽¹⁾	8,352,349	5,742,286
	8,361,049	5,742,286

⁽¹⁾ As of June 30, 2021, TRY 7,307,874 of trade receivables from non-related parties (December 31, 2020: TRY 5,729,798) consists of the balance of receivables from Tamaris Turizm A.Ş., which is the operator of the Company's hotels, for hotel rental income and TRY 1,034,147 of the remaining amount consists of rent receivables from dormitories (December 31, 2020: None).

b) Long term trade receivables

As at June 30, 2021 and December 31, 2020, long-term trade receivables comprised the followings:

	June 30, 2021	December 31, 2020
Trade receivables from related parties (Note 3)	105,432,825	92,047,119
	105,432,825	92,047,119

c) Short and long-term trade payables

As at June 30, 2021 and December 31, 2020, short-term trade payables comprise the followings:

	June 30, 2021	December 31, 2020
Trade payables to related parties (Note 3)	16,737,455	16,615,669
Trade payables to third parties	4,590,571	2,749,393
- <i>Other expenses accruals</i>	3,594,618	2,702,592
- <i>Other trade payables</i>	995,953	46,801
	21,328,026	19,365,062

7. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As at June 30, 2021 and December 31, 2020, other current receivables comprise the followings:

	June 30, 2021	December 31, 2020
Other receivables from the tax office	1,462,364	-
Other	1,008	-
	1,463,372	-

b) Other non-current receivables

As at June 30, 2021 and December 31, 2020, other current receivables comprise the followings:

	June 30, 2021	December 31, 2020
Other receivables from the tax office	14,632,127	14,632,127
Deposits and guarantees given	142,919	142,919
	14,775,046	14,775,046

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7. OTHER RECEIVABLES AND PAYABLES (cont’d)

c) Other current payables

As at June 30, 2021 and December 31, 2020, other current payables comprise the followings:

	June 30, 2021	December 31, 2020
Other payables to related parties (Note 3)	83,642,151	31,571,903
Other payables to third parties	357,800	304,070
- <i>Taxes and funds payable</i>	68,116	70,861
- <i>Social security premiums payable</i>	26,722	22,085
- <i>Other</i>	262,962	211,124
	83,999,951	31,875,973

8. FINANCIAL INVESTMENTS

Subsidiaries

As of June 30, 2021 and December 31, 2020, nominal values of the Company’s affiliates/subsidiaries in balance sheet are as below:

	Ownership ratio (%)	June 30, 2021	Ownership ratio (%)	December 31, 2020
Akfen GT	100.00	200,000,000	100.00	193,882,192
Fıratcan İnşaat	51.00	58,375,000	-	-
Akfen Karaköy ⁽¹⁾	19.90	24,079,312	19.90	24,079,312
Total		282,454,312		217,961,504

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

As of 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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8. FINANCIAL INVESTMENTS (cont’d)

As of June 30, 2021 and 2020, the movement of the affiliates/subsidiaries are as below:

	Akfen GT	Akfen Karaköy	Isparta Yurt (*)	Masanda Turizm (*)	Fıratcan İnşaat	Total
January 1, 2020	171,750,000	24,079,312	-	-	-	195,829,312
Additions	5,620,000	-	-	-	-	5,620,000
June 30, 2020	177,370,000	24,079,312	-	-	-	201,449,312
January 1, 2021	193,882,192	24,079,312	-	-	-	217,961,504
Additions	6,117,808	-	215,000,000	235,000,000	58,375,000	514,492,808
Merger effect (Note 2.6)	-	-	(215,000,000)	(235,000,000)	-	(450,000,000)
June 30, 2021	200,000,000	24,079,312	-	-	58,375,000	282,454,312

(*) 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 Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

9. INVESTMENT PROPERTY

As at June 30, 2021 and December 31, 2020 details of investment property and investment property under development are as follows:

	June 30, 2021	December 31, 2020
Operating investment properties	1,571,063,000	1,008,247,500
Land leases	46,941,452	34,286,675
Total	1,618,004,452	1,042,534,175

Operating investment properties:

As at June 30, 2021 and 2020 movements in operating investment property are as follows:

	2021	2020
January 1	1,008,247,500	969,167,500
Additions	26,500	218,478
Merger effect (Note 2.6)	562,789,000	-
June 30	1,571,063,000	969,385,978

Fair values of the Company's investment properties are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of December 31, 2020. The fair value of investment properties is determined by discounting the free cash flows of these properties in the future.

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

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9. INVESTMENT PROPERTY (cont’d)

As at June 30, 2021 and December 31, 2020, the fair values of operating investment properties is as follows:

Name of investment property	Date of appraisal report	June 30, 2021	Date of appraisal report	December 31, 2020
		Fair value		Fair value
Ibis Otel ve Novotel Zeytinburnu	December 31, 2020	290,900,000	December 31, 2020	290,900,000
Novotel Trabzon	December 31, 2020	135,420,000	December 31, 2020	135,420,000
Ibis Otel Tuzla	December 31, 2020	94,696,500	December 31, 2020	94,670,000
Ibis Otel Ankara Airport	December 31, 2020	82,085,000	December 31, 2020	82,085,000
Ibis Otel Esenyurt	December 31, 2020	74,835,000	December 31, 2020	74,835,000
Ibis Otel ve Novotel Gaziantep	December 31, 2020	69,297,500	December 31, 2020	69,297,500
Ibis Otel Adana	December 31, 2020	67,835,000	December 31, 2020	67,835,000
Ibis Otel Alsancak İzmir	December 31, 2020	66,900,000	December 31, 2020	66,900,000
Ibis Otel ve Novotel Kayseri	December 31, 2020	65,060,000	December 31, 2020	65,060,000
Ibis Otel Bursa	December 31, 2020	48,050,000	December 31, 2020	48,050,000
Ibis Otel Eskişehir	December 31, 2020	13,195,000	December 31, 2020	13,195,000
Isparta Yurt ^(*)	December 31, 2020	161,082,000	-	-
Kütahya Yurt ^(*)	December 31, 2020	120,543,000	-	-
Bodrum Loft ^(*)	December 31, 2020	281,164,000	-	-
Total		1,571,063,000		1,008,247,500

^(*)It was taken over by the merger of Masanda Turizm and Isparta Yurt under Akfen GYO as of June 30, 2021.

As at June 30, 2021 and December 31, 2020, the fair value of operating investment properties comprise of value of appraisal reports dated December 31, 2020 and the expenditures till the reporting date.

As at June 30, 2021, total insurance amount on operating investment properties is TRY 3,071,839,738 (December 31, 2020: TRY 1,549,519,096).

As at June 30, 2021 the pledge amount on operating investment property is TRY 1,793,599,371 (December 31, 2020: TRY 1,603,876,277).

As of 31 December 2020, euro discount rates used in the hotel valuation report prepared in accordance with different versions are between 8.5-10.5% and try discount rates used in the dormitory is 18% in the calculation of fair values of operating investment properties. Sensitivity analysis regarding the fair values of investment properties is explained in Note 27.

Land Leases

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

As of June 30, 2021 and 2020, the movement table of the land leases is as follows:

	2021	2020
January 1	34,286,675	35,975,645
Merger effect (Note 2.6)	12,654,777	-
June 30	46,941,452	35,975,645

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10. PROPERTY AND EQUIPMENT

As at June 30, 2021 and 2020, the movement of property and equipment is as follows:

	Equipment	Vehicles	Furniture& fixture	Total
Cost value				
Balance at January 1, 2020	4,688	-	337,352	342,040
Additions	-	-	56,000	56,000
Balance at June 30, 2020	4,688	-	393,352	398,040
Cost value				
Balance at January 1, 2021	4,688	-	723,366	728,054
Additions	-	-	33,335	33,335
Merger effect (Note 2.6)		10,660,907	-	10,660,907
Balance at June 30, 2021	4,688	10,660,907	756,701	11,422,296
Accumulated depreciation				
Balance at January 1, 2020	(4,428)	-	(297,948)	(302,376)
Charge for the period	(192)	-	(10,185)	(10,377)
Balance at June 30, 2020	(4,620)	-	(308,133)	(312,753)
Balance at January 1, 2021	(4,661)	-	(334,410)	(339,071)
Charge for the period	(27)	-	(48,872)	(48,899)
Merger effect (Note 2.6)	-	(5,115,417)	-	(5,115,417)
Balance at June 30, 2021	(4,688)	(5,115,417)	(383,282)	(5,503,387)
Net carrying value				
January 1, 2020	260	-	39,404	39,664
June 30, 2020	68	-	85,219	85,287
January 1, 2021	27	-	388,956	388,983
June 30, 2021	-	5,545,490	373,419	5,918,909

As at June 30, 2021 there is no pledge on property and equipment (December 31, 2020: None).

As of June 30, 2021, depreciation expenses amounting to TRY 48,898 has been recognized in general administrative expenses (June 30, 2020: TRY 10,377).

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11. INTANGIBLE ASSETS

As at June 30, 2021 and 2020, the movement of intangible assets is as follows:

	Software
Cost value	
Balance at January 1, 2020	70,092
Additions	-
Balance at June 30, 2020	70,092
Balance at January 1, 2021	70,092
Additions	1,470
Balance at June 30, 2021	71,562
Accumulated amortization	
Balance at January 1, 2020	(67,380)
Charge for the period	(1,834)
Balance at June 30, 2020	(69,214)
Balance at January 1, 2021	(70,067)
Charge for the period	(144)
Balance at June 30, 2021	(70,211)
Net carrying value	
January 1, 2020	2,712
June 30, 2020	878
January 1, 2021	25
June 30, 2021	1,351

As of June 30, 2021, amortization expenses amounting to TRY 144 has been recognized in administrative expenses (June 30, 2020: TRY 1,834).

12. INVENTORIES

As of June 30, 2021, all inventories in the Company's financial statements consist of expenditures incurred after the date of transfer of uncompleted residences on the Bulvar Loft project which the General partnership took over on November 11, 2017. The project related contracting service is taken from Akfen İnşaat.

The movement of inventories as of June 30, 2021 and 2020 is as follows:

	2021	2020
January 1	946,924	2,475,587
Disposals	-	(1,318,641)
June 30	946,924	1,156,946

There are no mortgages on inventories as of June 30, 2021.

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13. GOVERNMENT GRANTS AND INCENTIVES

The Company has an investment incentive certificate as of June 30, 2021 within the scope of the Bodrum Loft project. The total investment amount realized within the scope of this document registered of Masanda Turizm A.Ş is TRY 159,683,611, the contribution amount to the investment is TRY 23,952,542, which is 15% of the investment amount. Income arising from the investment within the scope of the incentive certificate received for Bodrum Loft is subject to corporate tax at a reduced rate until the amount of investment contribution is reached. Masanda Turizm A.Ş. which has the Bodrum Loft project, and Akfen GYO merged on June 30, 2021, and as a result of this merger, Masanda Turizm A.Ş. was dissolved without liquidation and transferred to Akfen GYO. Since all earnings of Akfen GYO are exempt from corporate tax, as of the reporting date, the Company has not recognized deferred tax assets in the individual financial statements within the scope of the investment incentive.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The number of cases in which the Group is a party to the lawsuit as of June 30, 2021 is 4 (December 31, 2020: 3) There is no significant lawsuit expected to result out of countenance of the Company.

15. COMMITMENT AND CONTINGENCIES

15.1. CPM are given by the Company

As at June 30, 2021 and December 31, 2020, Company’s position related to commitments, pledges and mortgages (“CPM”) are as follows:

CPM are given by the Company	June 30, 2021	December 31, 2020
A. Total amount of CPM is given on behalf of own legal personality	1,872,545,361	1,629,916,958
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	640,499,660	575,654,180
C. Total amount of CPM is given for assurance of third party’s debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other company companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	2,513,045,021	2,205,571,138

Total original amount of foreign currency denominated CPM given on behalf of the Company’s own legal personality are EUR 178,052,185 and USD 793,441 as at June 30, 2021 (December 31, 2020: EUR 178,052,185 and USD 793,441). Total original amount of foreign currency denominated other CPM is EUR 47,800,000 as at June 30, 2021 (December 31, 2020: EUR 47,800,000).

As of June 30, 2021 and December 31, 2020, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes CPMs given only for the subsidiaries owned by 100%.

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15. COMMITMENT AND CONTINGENCIES (cont’d)

15.1. CPM are given by the Company (cont’d)

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

15.2. The Company as lessee

Operating lease arrangements

As at June 30, 2021, the Company has undergone 7 operating lease arrangements as lessee;

- The Company signed a rent agreement with the Ministry of Treasury and Finance, on December 4, 2003 to lease a land and for constructing a hotel in Zeytinburnu, Istanbul. The lease term is 49 years starting from November 18, 2002. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annually revenue generated by the hotel constructed on the land. The lease term of the Treasury land was extended to 49 years as of December 22, 2018 upon the approval of the Company's application to the Ministry of Culture and Tourism. Due to the COVID 19 epidemic, the 1% share of revenue to be paid over the revenue of 2019 in May 2020 and easement payments due in November 2020, has been postponed to December 2021; 1% revenue share to be paid over the revenue of 2020 to be paid in May 2021 and the easement to be paid in November 2021 have been postponed until 30 November 2022.
- The Company signed a rent agreement with Municipality of Eskişehir on August 8, 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from February 8, 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annually revenue generated by the hotel constructed on the land.
- The Company signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. on October 30, 2006 to lease a land and to construct a hotel in Trabzon. The lease term is 49 years starting from August 27, 2008. The lease payments will start after a five year rent free period subsequent to acquisition of the operational permissions from the Ministry of Culture and Tourism. The lease payment for the first 5 years is paid in advance. The administration has made a 75% discount for the 3-month land rent to be paid in June 2020 and 30% discount for the 3-month land rent to be paid in February 2021 due to the COVID 19 outbreak.
- The Company signed a rent agreement with Kayseri Chamber of Industry on November 4, 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from March 3, 2010. Lease payments will start after a five year rent free period. The lease payment for the first 5 years is paid in advance. Land lease payments to be made in April 2020 and July 2020 have been postponed by the administration until the day the COVID 19 pandemic period is officially ended.

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15. COMMITMENT AND CONTINGENCIES (cont’d)

15.2. The Company as lessee (cont’d)

Operating lease arrangements (cont’d)

- The Company signed a rent agreement with Municipality of Gaziantep on May 31, 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from December 3, 2009. The lease payment for the first 5 years is paid in advance. Due to the COVID 19 outbreak, the municipality has reduced the annual rent amount paid in June 2020 by the municipality for the 3-month rent amount corresponding to April, May and June.
- The Company signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on May 9, 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from October 6, 2010. Lease payments will start after a five year rent free period. Due to COVID 19, the 3-month amount of the rental fee for 2020, which should be paid on June 15, 2020, has not been paid and the remaining amount was postponed to August 31, 2020 and paid. The rental fee of 2021, which was due on June 15, 2021, the postponement on August 31, 2021 was deemed appropriate and was not paid by the administration
- The Company signed a rent agreement with Prime Ministry General Directorate of Foundations on September 16, 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The relevant lease agreement was annotated in the Land Registry Office. The rents for April, May and June 2020 within the COVID 19 pandemic period were not collected by the administration and the total amount not paid will be paid in 6 equal installments as of July 1, 2020, without interest.

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

15.3. The Company as lessor

Operating lease arrangements

As at June 30, 2021, the Company has undergone 11 operating lease arrangements as:

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

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15. COMMITMENT AND CONTINGENCIES (cont’d)

15.2. The Company as lessor (cont’d)

Operating lease arrangements (cont’d)

- The Company signed a rent agreement with ACCOR S.A. on February 2, 2011 to lease a hotel which was completed and starts its operations in 2013 in İzmir.
- The Company signed a rent agreement with ACCOR S.A. on March 28, 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Company signed a rent agreement with ACCOR S.A. on March 1, 2014 to lease a hotel which is planned to complete and starts its operations on July 1, 2017 in Tuzla.

All of the eleven agreements have similar clauses described below;

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

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

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

Valid starting from January 1, 2013;

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

AGOP is calculated as deduction of the Gross Operating Profit (“GOP”) corresponds to operational costs borne by ACCOR S.A. and costs corresponding to furniture, fixture and equipment (FF&E) reserve fund from GOP. Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%. Currently, the AGOP rent ratio which is 70% in Turkey, increased to %72.5. With the new agreement signed on March 11, 2021, the lease agreements of 19 hotels operated by Accor as of January 1, 2021 have been revised so that the rental income is 95% of the operational operating profit (AGOP) of the hotels.

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

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

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

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16. EMPLOYEE TERMINATION BENEFITS

	June 30, 2021	December 31, 2020
Provision for vacation pay liability-short term	93,556	51.432
Provision for employee termination benefits-long term	279,172	238.653
	372,728	290.085

In accordance with existing social legislation in Turkey, leaving due to retirement or resignation and the end of the job for reasons other than misconduct staff is obliged to pay a certain amount of severance pay. These indemnities are calculated on the basis of the wage on the date of the termination of the employment and the salary of 30 days for each year worked (As at June 30, 2021 and December 31, 2020, the ceiling of severance payments is TRY 7,639 / year and TRY 7,117 / year, respectively).

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

As at June 30, 2021 and December 31, 2020 the liability is calculated using the following assumptions:

	June 30, 2021	December 31, 2020
Net discount rate	4.15%	4.15%
Anticipated retirement turnover rate	100.00%	100.00%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied reflects the expected realization of the inflation rate. As the termination indemnity provision is issued every six months, is calculated over the ceiling amounting to TRY 8,285 which is effective from January 1, 2021. (31 December 2020: TRY 7,117 effective from January 1, 2020).

Movement of provision for employee termination benefits is as follows:

	2021	2020
January 1	238,653	312,896
Interest costs	7,756	35,983
Service costs	68,291	58,575
Paid during the period	-	(103,663)
Actuarial (gain)/loss	(35,528)	8,203
June 30	279,172	311,994

Movement of vacation pay liability is as follows:

	2021	2020
January 1	51,432	161,171
Increase/(decrease) in current period	42,124	(136,405)
June 30	93,556	24,766

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17. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	June 30, 2021	December 31, 2020
Prepaid expenses	618,619	-
Advances given to suppliers	736,984	499,370
Other	1,699	400
	1,357,302	499,770

b) Long term prepaid expenses

	June 30, 2021	December 31, 2020
Prepaid expenses	2,455,002	2,850,152
	2,455,002	2,850,152

c) Deferred revenue

As of 30 June 2021, amounting to TRY 1,267,979 of the short-term deferred income, which is TRY 6,217,770, (December 31, 2020: TRY 1,269,599) is related with advance amount received for the flats and commercial areas for which the sales contract has been signed related to the Bulvar Loft project of the Company and will be recognized as revenue with the title deed transfer in the coming months, amounting to TRY 4,066,641 (December 31, 2020: None) is related with rent collected from Bodrum Loft Hotel for the months after the reporting period, and remaining amount which is TRY 883,150 (December 31, 2020: None) is related with the rent amounts collected in advance for the months after the reporting period for the dormitories.

18. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	June 30, 2021	December 31, 2020
Deferred VAT	4,315,064	628,843
Prepaid taxes and funds	355,239	1,114,527
Other	1,493	355
	4,671,796	1,743,725

b) Other non-current assets

	June 30, 2021	December 31, 2020
Deferred VAT	33,842,979	4,742,562
	33,842,979	4,742,562

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19. EQUITY

19.1. Paid in capital

The capital structure As at June 30, 2021 and December 31, 2020 is as follows:

Shareholders	(%)	June 30, 2021	(%)	December 31, 2020
Hamdi Akın	56.81	195,806,758	18.76	34,527,468
Akfen Holding	30.37	104,654,831	56.88	104,654,831
Publicly trade (1)	12.81	44,141,225	24.33	44,774,183
Akınısı Makina Sanayi ve Tic. A.Ş.	<0.001	43,513	0.02	43,513
Akfen İnşaat	<0.001	2	<0.001	2
Mehmet Semih Çiçek	<0.001	1	<0.001	1
Mustafa Dursun Akın	<0.001	1	<0.001	1
Ahmet Seyfi Usluoğlu	<0.001	1	<0.001	1
Total		344,646,332		184,000,000
Inflation adjustments		317,344		317,344
Adjusted equity		344,963,676		184,317,344

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

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

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

On February 9, 2021, during the acquisitions of the companies, by providing TRY 450,000,002 of funds, 101,580,136 B group shares (tradable on stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın has been issued and the issued capital of the company in amount of TRY 243,066,196 increased to TRY 344,646,332, As of June 30, 2021, the Company's capital consists of 344,646,332 shares (December 31, 2020: 184,000,000, TRY 1), each with a nominal value of TRY 1.

19.2. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TRY 58,800,000 during the initial public offering of the shares at May 11, 2011 were accounted as share premium. In addition, the difference in the amount of TRY 527,981,104 due to the addition of the Convertible Bond to the capital in 2021 and the effect of the capital increases made for the acquisitions of the companies, was also accounted as share premiums, and taxes, duties, fees, etc. related to capital increases amounting to TRY 1,568,938 have also been deducted from this item. In addition, the difference resulting from the sale of the treasury shares for TRY 26,429,548 on March 29, 2021 has also been accounted for in this item. The premium amount for the shares amounting to TRY 25,050,000 was taken over by the merger of Isparta Yurt on June 30, 2021.

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19. EQUITY (cont'd)

19.3. Restricted reserves allocated from profit

As of June 30, 2021 and December 31, 2020, the legal reserve of the Company is TRY 4,147.

The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. The premium amount for the shares amounting to TRY 2,031 was taken over by the merger of Isparta Yurt on June 30, 2021.

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.

19.4 Treasury shares

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

Shares of Akfen GYO amounting to TRY 9,991,969 (December 31, 2020: 9,991,969), 6,233,384 shares (December 31, 2020: 6,233,384 shares) have been purchased by Akfen GYO as of June 30, 2021 within the scope of "Repurchase Program" according to a decree taken in the Ordinary General Assembly which was held on May 24, 2016. Following the recent capital increases, 6,233,384 shares (December 31, 2020: 6,233,384), corresponding to 1.81% (31 December 2020: 3.39%) of the Company's total capital which purchased at BIST was sold for TRY 26,429,548 on March 19, 2021.

19.5 Additional capital contributions of shareholders

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

In accordance with the decision taken at the meeting of CMB dated June 7, 2014 and numbered 20/670, for the capital market institutions which are included in the Communiqué on Principles of Financial Reporting in Capital Markets, "Financial statements prepared in accordance with" Capital ", " Restricted Reserves "and" Share Premiums "are required to be presented in the statutory amounts. Differences in the valuation of items (such as inflation correction differences):

- if the difference arises from the "Paid-in Capital" and not yet added to the capital, with the "Capital Adjustment Differences" to be issued after the "Paid-in Capital";
- "Retained Earnings / Accumulated Losses" from "Restricted Reserves Appropriated from Profit" and "Share Premiums" and not yet subject to profit distribution or capital increase, Other shareholders' equity items are presented with their amounts recognized in the scope of Turkish Financial Reporting Standards.

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20. REVENUE AND COST OF SALES

For the years ended June 30, 2021 and 2020, sales and cost of sales are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Rent revenues	13,046,261	6,242,701	7,758,790	897,400
Real estate sales revenues ⁽¹⁾	-	-	2,145,360	-
Total revenue	13,046,261	6,242,701	9,904,150	897,400
Insurance expenses	(746,074)	(384,637)	(432,336)	(316,536)
Taxes and duties expenses	(325,897)	(161,849)	(308,057)	(151,126)
Costs of real estate sales ⁽¹⁾	-	-	(1,318,642)	-
Other	(22,515)	(3,470)	(2,215)	-
Total cost of sales	(1,094,486)	(549,956)	(2,061,250)	(467,662)

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

21. GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES

For the periods ended June 30, 2021 and 2020, administrative expenses are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Personnel expenses	1,239,314	491,149	1,190,644	461,980
Outsourced service expenses	482,494	163,519	243,320	152,780
Consultancy expenses	587,268	359,577	185,531	121,796
Tax and duties expenses	117,236	35,222	14,028	7,635
Travel and hosting expenses	54,335	19,931	48,564	18,945
Operating lease expenses	49,717	25,041	133,955	31,621
Depreciation expenses	48,899	24,246	10,377	4,937
Amortization expense	144	74	1,834	917
Donations	185	185	-	-
Other	124,056	55,386	107,022	32,824
Total	2,703,648	1,174,330	1,935,275	833,435

Personnel expenses

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Wages and salaries	1,088,759	384,680	1,009,844	352,401
Social security premiums	47,289	22,803	57,646	22,082
Severance pay expense	40,519	29,624	102,761	92,193
Other	62,747	54,042	20,393	(4,696)
Toplam	1,239,314	491,149	1,190,644	461,980

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**21. GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES
(cont’d)**

For the periods ended June 30, 2021 and 2020, selling and marketing expenses are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Other expenses	1,111	1,111	53,324	2,674
Total	1,111	1,111	53,324	2,674

22. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the periods ended June 30, 2021 and 2020, other operating incomes are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Foreign exchange gain	-	-	12,681	-
Other	1,777	1,777	164,271	153,217
Total	1,777	1,777	176,952	153,217

b) Other operating expenses

For the periods ended June 30, 2021 and 2020, other operating expenses are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Foreign exchange loss	121,756	90,969	-	-
Other	621,424	615,936	38	-
Total	743,180	706,905	38	-

23. FINANCIAL INCOME

For the periods ended June 30, 2021 and 2020, financial expenses are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Interest income	3,202,389	1,621,209	2,638,235	1,333,250
Foreign exchange gain	26,516	-	-	-
Total	3,228,905	1,621,209	2,638,235	1,333,250

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24. FINANCIAL EXPENSES

For the periods ended June 30, 2021 and 2020, financial expenses are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Foreign exchange loss	120,295,103	50,711,281	90,965,115	42,613,328
Interest expense	29,393,333	11,683,742	43,688,686	23,987,680
Other	325,902	154,502	243,641	124,480
Total	150,014,338	62,549,525	134,897,442	66,725,488

25. TAX ASSETS AND LIABILITIES

The Company is exempted of corporate income tax pursuant to subparagraph d-4 of article 5 of the Corporate Tax Law. Even if the revenues of real estate investment trusts are subject to withholding tax pursuant to subparagraph 6-a of article 94 of the Income Tax Law, the withholding rate was determined as “0” in the decision of the Council of Ministers numbered 93/5148. Therefore, the Company has no tax liability related to its revenues in the relevant period. Although the pre-merger earnings of Masanda Turizm and Isparta Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, as of the merger date, current income tax liability of Isparta Yurt amounting to TRY 1,921,281 is included in the individual financial statements. The deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax as a result of the merger. (Note 2.6) Although the pre-merger earnings of Masanda Yurt and Isparta Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability of TRY 43,228,401, which was recognized in the financial statements of the companies as of the merger date, was derecognized as REITs are exempt from corporate tax as a result of the merger and the related amount was recognized as deferred tax income in the profit or loss statement of the Company as of June 30, 2021.

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26. EARNINGS/(LOSS) PER SHARE

Earnings per share are calculated by dividing net income For the years ended by the weighted average number of shares of the Company during the period. For the periods ended June 30, 2021 and 2020, the (loss)/earning per share computation are as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Number of shares in circulation				
January 1	184,000,000	184,000,000	184,000,000	184,000,000
Shares issued for cash	160,646,332	160,646,332	-	-
Closing balance	344,646,332	344,646,332	184,000,000	184,000,000
Weighted average number of shares	318,281,692	344,646,332	184,000,000	184,000,000
Loss for the period	(95,051,419)	(13,887,739)	(126,227,992)	(65,645,392)
Losses per share (Full TRY)	(0.30)	(0.04)	(0.69)	(0.36)

Dilutive 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)/earning per diluted share The calculation For the periods ended June 30, 2021 and 2020 is as follows:

	January 1- June 30 2021	April 1- June 30 2021	January 1- June 30 2020	April 1- June 30 2020
Adjusting amount (Note 7)	1,234,702	-	16,581,400	8,453,752
Adjusted loss for the period	(93,816,717)	(13,887,739)	(109,646,592)	(57,191,640)
Number of nominal shares	318,281,692	344,646,332	184,000,000	184,000,000
Number of potential shares (*)	-	-	58,290,551	72,944,120
Number of total potential shares	318,281,692	344,646,332	242,290,551	256,944,120
Losses per diluted share (Full TRY)	(0.29)	(0.04)	(0.45)	(0.22)

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

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27. THE FAIR VALUE EXPLANATIONS

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

Financial Instruments

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

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

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 Company have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Classes and fair values of financial instruments

June 30, 2021	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair Value	Note
Financial Assets					
Cash and cash equivalents	15,765,062	-	15,765,062	15,765,062	4
Trade receivables - current	8,361,049	-	8,361,049	8,361,049	6
Trade receivables – non-current	105,432,825	-	105,432,825	105,432,825	6
Other receivables - current	1,463,372	-	1,463,372	1,463,372	7
Other receivables – non-current	14,775,046	-	14,775,046	14,775,046	7
Financial Liabilities					
Financial liabilities	-	1,035,726,623	1,035,726,623	1,035,726,623	5
Trade payables	-	21,328,026	21,328,026	21,328,026	6
Other payables	-	83,999,951	83,999,951	83,999,951	7
December 31, 2020					
Financial Assets					
Cash and cash equivalents	6,810,363	-	6,810,363	6,810,363	4
Trade receivables - current	5,742,286	-	5,742,286	5,742,286	6
Trade receivables – non-current	92,047,119	-	92,047,119	92,047,119	6
Financial Liabilities					
Financial liabilities	-	1,145,064,812	1,145,064,812	1,145,064,812	5
Trade payables	-	19,365,062	19,365,062	19,365,062	6

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27. THE FAIR VALUE EXPLANATIONS (cont’d)

Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation company authorized by the CMB are based on while determining the fair values of the investment real estates which are measured with their fair values in the financial statements (Note 9). As of December 31, 2020, the fair values of investment properties include the appraisal report values of the relevant periods and the investments made until the reporting period.

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

June 30, 2021	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Operating investment properties	-	-	1,571,063,000

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

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

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

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

	June 30, 2021	December 31, 2020	Valuation method	Unobservable significant inputs	Weighted average amount December 31, 2020
Hotel					
Level 3	1,289,438,000	1,008,247,500	Discounted cash flows	* Room price (per day) – EUR * Occupancy rate	37 %66
Dormitory					
Level 3	281,625,000	-	Discounted cash flows	* Total number of beds	7,232

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27. THE FAIR VALUE EXPLANATIONS (cont’d)

Discounted cash flows (DCF)

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

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

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

Discount rate:

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

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

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

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

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

		If it increases	If it decreases
December 31, 2020	Sensitivity Analysis	Profit/(loss) effect on the fair value (TRY)	Profit/(loss) effect on the fair value (TRY)
Hotel			
Discount rate	0.50 %	(49,718,435)	54,975,883
Room price ramping rate	1 Euro	24,529,181	(24,541,354)
Occupancy rate	Variable ^(*)	15,543,801	(15,555,974)
Dormitory			
Discount rate	%0.5	(9,862,000)	10,464,000

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28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

(i) General

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

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

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

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

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

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

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

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

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

(ii) Credit risk

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

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

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

(iii) Market risk

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

Currency risk

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

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

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

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

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

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

	June 30, 2021	December 31, 2020
Euro / TRY	10.3645	9.0079
US Dollar / TRY	8.7052	7.3405
Rubble/TRY	0.1194	0.0984

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

(iv) *Liquidity risk*

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

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

(v) *Operational risk*

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

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

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

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

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

Capital management

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

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

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

As of June 30, 2021 and December 31, 2020, the net debt-to-invested capital rate is given below:

	June 30, 2021	December 31, 2020
Total liabilities	1,149,566,379	1,197,865,531
Cash and cash equivalents	(15,765,062)	(6,810,363)
Net liabilities	1,133,801,317	1,191,055,168
Equity	945,884,002	193,177,103
Total capital	2,079,685,319	1,384,232,271
Net liabilities/ total equity rate	%55	%86

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

28.1. Credit risk disclosures

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

The maximum exposure to credit risk as June 30, 2021 and December 31, 2020 is as follows:

June 30, 2021	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)	105,441,525	8,352,349	-	16,238,418	15,734,797	62
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	105,441,525	8,352,349	-	16,238,418	15,735,299	62
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	(502)	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	18,395	-	-	-	-
- Impairment (-)	-	(18,395)	-	-	(502)	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

28.1. Credit risk disclosures

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)	92,047,119	5,742,286	-	14,775,046	6,775,614	2,032
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	92,047,119	5,742,286	-	14,775,046	6,776,000	2,032
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	(386)	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	14,150	-	-	-	-
- Impairment (-)	-	(14,150)	-	-	(386)	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

As at June 30, 2021 and December 31, 2020, the Company does not have any financial assets which are overdue but not impaired

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

28.2. Liquidity risk

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

June 30, 2021:

Contractual maturities	Book value	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
		(I)+(II)+(III)+(IV)	(I)	(II)	(III)	(IV)
Non-derivative financial liabilities						
Financial liabilities	1,035,726,623	1,930,990,671	28,878,170	305,001,623	430,116,787	1,166,994,091
Trade payables	21,328,026	21,328,026	21,328,026	-	-	-
Other payables and liabilities (monetary items)	85,921,232	85,921,232	2,279,081	83,642,151	-	-

December 31, 2020:

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

The Company does not have any derivative financial liabilities as at and June 30, 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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28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis

June 30, 2021

Foreign currency position		TRY Equivalent (Functional currency)	US Dollar	EUR	GBP	RUB
1	Trade receivables	25,445	2,923	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	12,993,115	2,973	1,251,069	44	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	909,972	-	87,797	-	-
4	Current assets (1+2+3)	13,928,532	5,896	1,338,866	44	-
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	Non-current assets (5+6+7)	-	-	-	-	-
9	Total assets (4+8)	13,928,532	5,896	1,338,866	44	-
10	Trade payables	1,094,905	34,424	76,727	-	-
11	Financial liabilities	81,860,538	239,607	7,696,918	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	Short-term liabilities (10+11+12)	82,955,443	274,031	7,773,645	-	-
14	Trade payables	-	-	-	-	-
15	Financial liabilities	929,692,094	2,113,806	87,924,260	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	Long-term liabilities (14+15+16)	929,692,094	2,113,806	87,924,260	-	-
18	Total liabilities (13+17)	1,012,647,537	2,387,837	95,697,905	-	-
19	Net asset / (liability) position of off-balance sheet items (19a-19b)	-	-	-	-	-
19a	Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
19b	Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20	Net foreign currency position (9-18+19)	(998,719,005)	(2,381,941)	(94,359,039)	44	-
21	Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	(999,628,977)	(2,381,941)	(94,446,836)	44	-
22	Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
23	Amount of foreign currency assets hedged	-	-	-	-	-
24	Amount of foreign currency liabilities hedged	-	-	-	-	-

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

28.3. Market risk (cont’d)

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

December 31, 2020		TRY Equivalent (Functional currency)	US Dollar	EUR	GBP	RUB
Foreign currency position						
1	Trade receivables	101,805	13,869	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	58,475	4,372	2,880	44	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	434,133	42,729	13,375	-	-
4	Current assets (1+2+3)	594,413	60,970	16,255	44	-
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	Non-current assets (5+6+7)	-	-	-	-	-
9	Total assets (4+8)	594,413	60,970	16,255	44	-
10	Trade payables	512,695	64,886	4,041	-	-
11	Financial liabilities	118,579,874	258,392	12,953,424	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	Short-term liabilities (10+11+12)	119,092,569	323,278	12,957,465	-	-
14	Trade payables	-	-	-	-	-
15	Financial liabilities	779,147,256	2,537,105	84,428,517	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	Long-term liabilities (14+15+16)	779,147,256	2,537,105	84,428,517	-	-
18	Total liabilities (13+17)	898,239,825	2,860,383	97,385,982	-	-
19	Net asset / (liability) position of off-balance sheet items (19a-19b)	-	-	-	-	-
19a	Amount of derivative off-balance sheet items in foreign currency in asset characteristics	-	-	-	-	-
19b	Amount of off derivative-balance sheet items in foreign currency in liability characteristics	-	-	-	-	-
20	Net foreign currency position (9-18+19)	(897,645,412)	(2,799,413)	(97,369,727)	44	-
21	Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	(898,079,545)	(2,842,142)	(97,383,102)	44	-
22	Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-
23	Amount of foreign currency assets hedged	-	-	-	-	-
24	Amount of foreign currency liabilities hedged	-	-	-	-	-

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

28.3. Market risk (cont’d)

Foreign currency sensitivity analysis

June 30, 2021:

	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(4,147,055)	4,147,055
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	(4,147,055)	4,147,055
4- Net Euro denominated asset/liability	(195,596,850)	195,596,850
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	(195,596,850)	195,596,850
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	104	(104)
8- Hedged portion of TRY against other currencies risk (-)	-	-
9- Net effect of other foreign currencies (7+8)	104	(104)
TOTAL (3+6+9)	(199,743,801)	199,743,801

December 31, 2020:

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

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

28.3. Market risk (cont’d)

b) Interest rate risk table and sensitivity analysis

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

	June 30, 2021	December 31, 2020
Fixed rate instruments		
Financial assets	330,283	6,629,206
Financial liabilities	-	237,392,730
Variable rate instruments		
Financial liabilities	987,470,578	873,353.608

Fair value sensitivity analysis for fixed rate instruments

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

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

Cash flow sensitivity analysis for variable rate instruments

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

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

Euribor	Increase / (Decrease)	Effect profit / (loss) before tax
June 30, 2021	(0.01%)	285,990
	0.01%	(285,957)
Euribor	Increase / (Decrease)	Effect profit / (loss) before tax
December 31, 2020	(0.01%)	165,080
	0.01%	(165,089)

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29. FINANCIAL INSTRUMENTS

29.1. Fair value risk

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

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

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

Financial assets

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

Financial liabilities

The Company assumes that the carrying value of the trade payables and other liabilities are close to their fair value because of their short-term nature. Bank borrowings are measured with their amortized cost value and transaction costs are added to their acquisition costs. It is assumed that the borrowings’ fair values are equal to their carrying values since interest rates of variable rate instruments are updated with changing market conditions and the maturities of fixed rate instruments are short term.

30. SUBSEQUENT EVENTS

An application was made to the CMB on June 2, 2021 in order to increase the Company's capital to TRY 900,000,000 and on the same date, the updated report of use of the fund to be obtained from the capital increase was published on July 1, 2021. The evaluation process at the CMB regarding the capital increase continues.

The application of the Capital Markets Board to increase the issued capital of TRY 344,646.332, within the registered capital ceiling of TRY 1,000,000,000, to TRY 900,000,000, with an increase of TRY 555,353,668, all in cash and at the rate of 161,13726, it was approved at its meeting dated July 29 and numbered 38/1149.

The prospectus approved by the CMB was published on the Public Disclosure Platform on July 30, 2021.

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

Uncertainties Regarding the Covid-19 Outbreak

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

Hotel	Closing Date	Opening Date
Novotel Zeytinburnu	The hotel is not closed.	
Ibis Otel Zeytinburnu	March 27, 2020	August 4, 2020
Ibis Otel Eskişehir	March 26, 2020	August 4, 2020
Novotel Trabzon	April 1, 2020	September 1, 2020
Novotel Gaziantep	April 1, 2020	July 1, 2020
Ibis Otel Gaziantep	The hotel is not closed.	
Novotel Kayseri	The hotel is not closed.	
Ibis Otel Kayseri	April 1, 2020	August 4, 2020
Ibis Otel Bursa	April 1, 2020	July 1, 2020
Ibis Otel Adana	The hotel is not closed.	
Ibis Otel Esenyurt	March 23, 2020	August 4, 2020
Ibis Otel Alsancak İzmir	The hotel is not closed.	
Ibis Otel Ankara Airport	June 30, 2020	August 4, 2020
Ibis Otel Tuzla	April 3, 2020	August 4, 2020

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

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

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

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

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APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

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

Unconsolidated (separate) financial statement main account items		Related Regulation	June 30, 2021	December 31, 2020
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	15,765,062	6,810,364
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	1,618,951,376	1,043,481,099
C	Participations	III-48.1. S/N 24 / (b)	282,454,312	217,961,504
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	Other assets		178,279,631	122,789,667
D	Total assets	III-48.1. S/N 3 / (p)	2,095,450,381	1,391,042,634
E	Financial liabilities	III-48.1. S/N 31	987,470,578	1,110,746,338
F	Other financial liabilities	III-48.1. S/N 31	48,256,045	34,318,474
G	Finance lease liabilities	III-48.1. S/N 31	-	-
H	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	83,642,151	31,571,903
I	Shareholders' equity	III-48.1. S/N 31	945,884,002	193,177,103
	Other liabilities		30,197,605	21,228,816
D	Total liabilities and equity	III-48.1. S/N 3 / (p)	2,095,450,381	1,391,042,634
Unconsolidated (separate) other financial information		Related Regulation	June 30, 2021	December 31, 2020
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)		
A2	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	-	-
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	15,734,859	6,777,646
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B2	Idle lands	III-48.1. S/N 24 / (c)	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
J	Non-cash loans	III-48.1. S/N 31	502,546,590	436,618,301
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-
L	Money and capital market instrument			
	Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

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

Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	Minimum/Maximum Ratio
1 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. S/N 22 / (e)	0.00%	0.00%	<10%
2 Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	77.26%	75.01%	>51%
3 Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	14.23%	16.16%	<50%
4 Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	13.48%	15.67%	<50%
5 Idle Lands	III-48.1. S/N 24 / (c)	0.00%	0.00%	<20%
6 Participation to the Operator Company	III-48.1. S/N 28 / 1(a)	0.00%	0.00%	<10%
7 Borrowing Limit	III-48.1. S/N 31	171.47%	835.12%	<500%
8 Time / Demand TRY / Foreign Currency	III-48.1. S/N 24 / (b)	0.75%	0.49%	<10%
9 Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	0.00%	0.00%	<10%

Presented information in the footnote of “Compliance Control on Portfolio Limitations” as at June 30, 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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