

(Convenience translation of the independent auditors' report and condensed consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi and its Subsidiaries

**Consolidated financial statements as of and for the year
ended December 31, 2021 with the independent
auditor's report**

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akfen Holding Anonim Şirketi

A) Report on the Audited of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akfen Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issues by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

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Key Audit Matters	How key audit matter addressed in the audit
<p><i>IFRS Comment 12 - Service Concession Agreements</i></p>	
<p>Taking into account the terms of the service concession agreement with the government, the Group applied IFRS Comment 12 financial asset model and defined a financial asset in its financial statements.</p> <p>The Group considers the service concession agreements as hybrid contracts that contain the main products in the nature of financial assets. Related contracts contain more than one embedded derivative product and vary with contractual cash flows, a certain inflation rate and exchange rate changes.</p> <p>Financial assets arising from concession agreements are recognized in the consolidated financial statements at their fair value. As of 31 December 2021, the total amount of these financial assets is 12.445.309 thousand TRY, which corresponds to 43% of the total assets. This matter is considered as a key audit matter since the amount of the balance is significant portion in the consolidated financial statements and fair value measurements involve significant assumptions and estimations.</p> <p>Explanations on service concession agreements are disclosed in Note 10.</p>	<p>The following audit procedures have been applied while auditing the financial assets related to service concession agreements;</p> <ul style="list-style-type: none"> - The service concession agreement was obtained, and the terms of the agreement were examined. - The reasonableness of the assumptions and estimates used in the fair value calculation has been evaluated by the audit team and experts on the subject matter. For this evaluation, valuation experts of another organization, which is included in the same audit network as our organization, were included in our work. - The end-of-period financial asset figure generated in the service concession model is mutually confirmed by the end-of-year financial statements. - In addition, within the scope of the above-mentioned special accounting, we questioned the appropriateness of the information contained in the financial statements and the explanatory notes and the adequacy of the information disclosed for the readers of the financial statements.



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<i>Valuation of Financial Assets</i>	
<p>The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği A.Ş. (MIP) as financial investments and recognized at fair value in the accompanying consolidated financial statements (Note 22).</p> <p>As a result of the fair valuation as of December 31, 2021, the Company carried the shares of MIP amounting to TRY 3.625.827 thousand at fair value in the accompanying consolidated financial statements.</p> <p>In our audit work, we have focused on this issue for the following reasons:</p> <ul style="list-style-type: none">- MIP has carried from fair value is significant for the accompanying consolidated financial statements and valuation requires to expertise.- The market approach method has been used in the fair value calculation and has been determined by the Company Value / Earnings before interest, tax, depreciation, and amortization ("EBITDA") multipliers of peer group companies that could be used in the valuation of MIP. As of December 31, 2021, fair value was calculated by applying peer group companies EBITDA multipliers to the company's 12-month backward EBITDA.	<p>The following Audit procedures have been applied while auditing the fair value calculation of MIP;</p> <ul style="list-style-type: none">- We included experts from another entity that is a part of same audit network to our audit team to examine the fair value calculations.- The compliance of the valuation calculations with the financial statements and the mathematical appropriateness of the calculations are checked.- The valuation methods and the technical data used were evaluated by the expert and the Group management with the support of our experts.- The expertise of the appraisers was evaluated in according to TDS 500.- Data obtained from external sources such as "peer group companies' multipliers" and "current transaction" used in valuation have been checked with relevant independent data sources.- In addition, TFRS compliance with the disclosures in the financial statements were also evaluated.



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Valuation of investment properties and important information disclosed	
<p>After the initial recognition, the Group recognised its investment properties with fair value method. As of December 31,2021, the fair value of investment properties has been determined by independent valuation company with CMB license and details are disclosed.</p> <p>Due to fact that investment properties which are detailed in Note 11 and Note 20 are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.</p>	<p>We assessed the qualifications, competencies, and independence of the professional appraisers engaged by the management.</p> <p>In our audit, the appropriateness of the appraisal methods used by appraisal experts in the appraisal reports of the investment properties were evaluated. In the appraisal reports, the agreement of the values appraised by the appraisal experts for the relevant real estates with the disclosed amounts has been checked. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents.</p> <p>Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures.</p> <p>Due to high level of judgement by the appraisers in the valuation of investment property and the existence of alternative assumptions and valuation methods we assessed if the result of the external valuation is within an acceptable range.</p> <p>We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.</p>

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4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

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

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



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B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Can Altıntaş.

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



Mehmet Can Altıntaş, SMMM
Partner

March 11, 2022
Ankara, Türkiye

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2021

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

AKFEN HOLDİNG ANONİM ŞİRKETİ	
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED	
DECEMBER 31, 2021	
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Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2021

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

ASSETS	Footnote references	Audited	Restated (Note 3) Audited	Restated (Note 3) Audited
		December 31, 2021	December 31, 2020	January 1, 2020
Current Assets				
Cash and cash equivalents	5	1,979,924	1,626,879	2,085,358
Short term financial investments	22	1,023,720	474,591	19,638
Trade receivables		102,743	75,000	73,898
-Trade receivables from related parties	7-32	19,996	21,521	24,775
-Trade receivables from third parties		82,747	53,479	49,123
Inventories	16	14,989	43,205	71,028
Other receivables		85,047	58,348	91,150
-Other receivables from related parties	8	9	173	105
-Other receivables from third parties	8	85,038	58,175	91,045
Financial assets related to concession agreements	10	1,368,338	861,978	422,851
Assets arising from customer contracts		-	-	76,912
-Receivables from ongoing construction and service contracts	10	-	-	76,912
Prepaid expenses	9	38,173	27,640	158,169
Current income tax assets	31	10,382	55,002	18,895
Other current assets	23	69,293	90,463	47,416
SUBTOTAL		4,692,609	3,313,106	3,065,315
Assets reclassified as held for sale	11	-	14,922	2,890
TOTAL CURRENT ASSETS		4,692,609	3,328,028	3,068,205
Non-Current Assets				
Financial investments	22	4,882,153	2,619,605	2,414,637
Trade receivables		9,061	12,264	14,673
-Trade receivables from third parties	7-32	9,061	12,264	14,673
Other receivables		847,511	752,437	534,511
-Other receivables from related parties	8-32	835,155	742,603	525,869
-Other receivables from third parties	8	12,356	9,834	8,642
Financial assets related to concession agreements	10	11,076,971	6,513,592	4,361,126
Assets arising from customer contracts		41,760	25,726	721,170
- Receivables from ongoing construction and service contracts	10	-	-	706,831
- Contract assets arising from sales of goods and services	9	41,760	25,726	14,339
Investments accounted using the equity method	20	5,110,706	2,188,084	1,368,198
Investment property	11	1,303,814	1,133,028	875,196
Right of use assets	13	7,792	10,486	8,391
Property, plant and equipment	14	90,492	358,023	110,357
Intangible assets		101,391	105,873	97,935
- Other intangible assets	15	101,391	105,873	97,935
Prepaid expenses	9	6,197	3,355	-
Deferred tax assets	31	991,463	913,824	627,297
Other non current assets	23	26,505	26,707	40,533
TOTAL NON-CURRENT ASSETS		24,495,816	14,663,004	11,174,024
TOTAL ASSETS		29,188,425	17,991,032	14,242,229

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

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Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2021

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

LIABILITIES	<i>Footnote references</i>	<i>Audited December 31, 2021</i>	<i>Restated (Note 3) Audited December 31, 2020</i>	<i>Restated (Note 3) Audited January 1, 2020</i>
Current Liabilities				
Short term borrowings	6	352,068	333,958	113,722
Short term portion of long-term borrowings	6	1,809,952	2,838,527	1,092,222
Trade payables		150,502	1,087,646	1,260,800
- Trade payables to related parties	7-32	9,230	895,171	1,132,906
- Trade payables to third parties	7	141,272	192,475	127,894
Employee benefit obligations		2,232	960	1,121
Other payables		73,085	48,058	57,265
- Other payables to related parties	8-32	40,495	11,948	10,117
- Other payables to third parties	8	32,590	36,110	47,148
Deferred revenue	17	16,559	10,586	6,944
Income tax payable	31	812	18,841	4,815
Current provisions		28,842	41,302	16,672
- Provision for employee benefits	18	9,655	7,222	8,356
- Other short-term provisions	18	19,187	34,080	8,316
Other current liabilities	23	62,386	51,950	9,163
TOTAL CURRENT LIABILITIES		2,496,438	4,431,828	2,562,724
Non-Current Liabilities				
Long term borrowings	6	11,536,810	5,777,097	5,832,694
Other payables		1,395,771	563,654	439,011
- Other payables to related parties	8-32	1,387,002	554,885	429,636
- Other payables to third parties	8	8,769	8,769	9,375
Derivative financial liabilities	12	280,559	266,190	141,290
Obligations arising from customer contracts	17	93,310	67,124	41,327
Non-current provisions		8,419	6,119	26,561
- Provision for employee benefits	18	8,419	6,119	6,417
- Other long-term provisions	18	-	-	20,144
Deferred tax liabilities	31	208,593	235,104	157,133
TOTAL NON-CURRENT LIABILITIES		13,523,462	6,915,288	6,638,016
TOTAL LIABILITIES		16,019,900	11,347,116	9,200,740
EQUITY				
Equity attributable to equity holders of the parent		13,168,525	6,643,916	5,041,489
Equity attributable to equity holders of the parent		13,202,434	6,665,458	5,066,136
Issued capital	24	700,000	667,181	667,181
Treasury shares (-)		(237,859)	(569,966)	(569,966)
Share premiums		50,231	2,376	2,376
Effect of business combinations under common control		(1,639,614)	(1,848,968)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		7,209,800	2,512,500	800,934
- Increases on revaluation of property, plant and equipment	24	4,461,126	1,279,681	-
- Losses on remeasurement of defined benefit plans		(6,018)	(5,230)	(4,177)
- Other gains on revaluation and remeasurement	24	2,754,692	1,238,049	805,111
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(1,385,525)	99,689	256,298
- Currency translation difference	24	590,699	281,403	256,298
- Hedge reserve fund	24	(1,976,224)	(181,714)	-
Restricted reserves appropriated from profits	24	2,493,382	2,812,069	2,789,693
Retained earnings		3,244,658	2,946,212	2,279,065
Net profit for the period		2,767,361	44,365	689,523
Non-controlling interests	24	(33,909)	(21,542)	(24,647)
TOTAL LIABILITIES AND EQUITY		29,188,425	17,991,032	14,242,229

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

		<i>Audited</i> <u>January 1,-</u> <u>December 31,</u> <u>2021</u>	<i>Restated</i> <i>(Note 3)</i> <i>Audited</i> <u>January 1,-</u> <u>December 31,</u> <u>2020</u>
PROFIT OR LOSS FROM CONTINUING OPERATIONS	<i>Footnote references</i>		
Revenue	25	600,556	1,183,531
Cost of sales (-)	25	(535,964)	(1,037,416)
GROSS PROFIT		64,592	146,115
General administrative expenses (-)	26	(117,322)	(80,272)
Marketing, selling and distribution expenses (-)	27	(6,249)	(3,980)
Other income from operating activities	28	6,552,729	1,734,241
Other expenses from operating activities (-)	28	(113,368)	(50,864)
Share of profit/(loss) from investments accounted using the equity method	20	895,364	(465,989)
OPERATING PROFIT FROM OPERATING ACTIVITIES		7,275,746	1,279,251
Income from investment activities	30	326,578	213,210
Expense from investment activities (-)	30	(162,928)	(19,054)
PROFIT BEFORE FINANCE INCOME/(LOSS)		7,439,396	1,473,407
Finance income	29	1,159,231	1,183,712
Finance expenses (-)	29	(5,947,878)	(2,835,442)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		2,650,749	(178,323)
Tax income		109,393	225,793
Current period tax expense (-)	31	(32,059)	(33,038)
Deferred tax income	31	141,452	258,831
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,760,142	47,470
PROFIT FOR THE PERIOD		2,760,142	47,470
Attributable to			
Non-controlling interests		(7,219)	3,105
Equity holders of the parent		2,767,361	44,365
Net profit for the period		2,760,142	47,470
Earnings per share			
Earnings per share (TRY in full)	33	4.12	0.07
Diluted earnings per share (TRY in full)	33	4.12	0.07

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

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Akfen Holding Anonim Şirketi
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

		<i>Restated (Note 3)</i>
	<i>Audited</i>	<i>Audited</i>
	<i>January 1,- December 31, 2021</i>	<i>January 1,- December 31, 2020</i>
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)	<i>Footnote references</i>	
PROFIT FOR THE YEAR		2,760,142
Other comprehensive income that will not be reclassified to profit or loss		4,851,733
Losses on remeasurements of defined benefit plans		(788)
Other comprehensive income items that will not be reclassified as other profit or loss	24	1,516,643
Gains on revaluation of property, plant and equipment	24	3,335,878
Other comprehensive income/loss that will be reclassified to profit or loss		(1,485,214)
Exchange differences on translation	24	309,296
Other comprehensive loss related with cash flow hedges	24	(1,794,510)
OTHER COMPREHENSIVE INCOME		3,366,519
TOTAL COMPREHENSIVE INCOME		6,126,661
Total comprehensive income/(loss) attributable to Non-controlling interests		(7,219)
Equity holders of the parent		3,108
Total comprehensive income		6,133,880
		1,602,427

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

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Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss			Retained earnings					
	Issued capital	Adjustments to share capital	Treasury shares	Share premiums	Effects of combinations of entities or businesses under common control	Currency translation differences	Losses on hedge	Other gains on revaluation and revaluation	Increases(Losses)/Gains on revaluations of defined benefit plans	Restricted reserves appropriated from profits	Retained earnings profits	Net profit for the period	Total	Non-controlling interests	Total Equity	
Balances as of January 1, 2020 (previously reported)	667,181	(7,257)	(569,966)	(72,955)	(704,281)	80,694	-	761,094	(4,307)	(3,294)	2,912,107	1,507,269	491,056	5,057,341	13,896	5,071,237
<i>Other adjustments (Note 3)</i>	-	7,257	-	75,331	(1,144,687)	175,604	-	44,017	4,307	(883)	(122,414)	771,796	198,467	8,795	(38,543)	(29,748)
Balances as of January 1, 2020	667,181	-	(569,966)	2,376	(1,848,968)	256,298	-	805,111	-	(4,177)	2,789,693	2,279,065	689,523	5,066,136	(24,647)	5,041,489
Transfers	-	-	-	-	-	-	-	-	-	-	22,376	667,147	(689,523)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	25,105	(181,714)	432,938	1,279,681	(1,053)	-	-	44,365	1,599,322	3,105	1,602,427
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	-	-	-	-	44,365	44,365	3,105	47,470
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	25,105	(181,714)	432,938	1,279,681	(1,053)	-	-	-	1,554,957	-	1,554,957
Balances as of December 31, 2020	667,181	-	(569,966)	2,376	(1,848,968)	281,403	(181,714)	1,238,049	1,279,681	(5,230)	2,812,069	2,946,212	44,365	6,665,458	(21,542)	6,643,916

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss			Retained earnings					
	Issued capital	Adjustments to share capital	Treasury shares	Share premiums	Effects of combinations of entities or businesses under common control	Currency translation differences	Losses on hedge	Other gains on revaluation	Increases on revaluation	(Losses)/Gains on revaluation	Restricted reserves appropriated from profits	Retained earnings profits	Net profit for the period	Total	Non-controlling interests	Total Equity
Balances as of January 1, 2021 (previously reported)	667,181	(7,257)	(569,966)	(72,955)	(704,281)	105,798	(181,714)	1,184,655	1,168,448	(4,351)	2,932,286	1,741,027	(61,661)	6,197,210	13,931	6,211,141
<i>Other adjustments (Note 3)</i>	-	7,257	-	75,331	(1,144,687)	175,605	-	53,394	111,233	(879)	(120,217)	1,205,185	106,026	468,248	(35,473)	432,775
Balances as of January 1, 2021	667,181	-	(569,966)	2,376	(1,848,968)	281,403	(181,714)	1,238,049	1,279,681	(5,230)	2,812,069	2,946,212	44,365	6,665,458	(21,542)	6,643,916
Transfers	-	-	-	-	97,236	-	-	-	(50,616)	-	(2,014)	(241)	(44,365)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	309,296	(1,794,510)	1,516,643	3,335,878	(788)	-	- 2,767,361	6,133,880	(7,219)	6,126,661	
<i>Profit/(loss) for the period</i>	-	-	-	-	-	-	-	-	-	-	-	- 2,767,361	2,767,361	(7,219)	2,760,142	
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	309,296	(1,794,510)	1,516,643	3,335,878	(788)	-	-	- 3,366,519	-	3,366,519	
Capital increase	32,819	-	-	-	17,057	-	-	-	-	-	-	(49,876)	-	-	-	
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	-	15,434	-	-	15,434	15,434	
Increase/(decrease) due to share repurchase transactions ^(*)	-	-	332,107	47,855	-	-	-	-	-	-	(332,107)	335,142	-	382,997	382,997	
Increase/(decrease) through share-based payment transactions ^(**)	-	-	-	-	130,853	-	-	-	(103,817)	-	-	(25,744)	-	1,292	1,292	
Merger effect ^(***)	-	-	-	-	(35,792)	-	-	-	-	-	-	39,165	-	3,373	(1,775)	
Balances as of December 31, 2021	700,000	-	(237,859)	50,231	(1,639,614)	590,699	(1,976,224)	2,754,692	4,461,126	(6,018)	2,493,382	3,244,658	2,767,361	13,202,434	(33,909)	13,168,525

^(*) It is related to the sale of the Group's repurchased shares amounting to TRY 332,107, the details of which are given in Note 24.

^(**) It is the effect of the share sales of Masanda Turizm Yatırımları A.Ş. on January 9, 2021, and IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. on January 29, 2021.

^(***) It is the effect of the merger of Akfen Enerji Üretim ve Ticaret A.Ş. on March 5, 2021 and Akfen Infrastructure Holding on November 10, 2021 under Akfen Holding.

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

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Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>Footnote references</i>	<i>Audited December 31, 2021</i>	<i>Restated (Note 3) Audited December 31, 2020</i>
A. Cash Flows from Operating Activities		2,750,663	458,679
Profit for the year		2,760,142	47,470
Adjustments to reconcile profit		(1,024,425)	419,829
Adjustments for depreciation and amortization	25-26	19,289	10,700
Adjustments for losses on disposal of property, plant and equipment		6,784	-
Adjustments for dividend income	30	(151,963)	(8,211)
Adjustments for participation fee and income from other financial instruments	30	-	(8,235)
Adjustments for fair value gains		(6,644,925)	(1,742,034)
<i>Adjustment for fair value gains of financial assets</i>	28-30	(6,207,952)	(1,608,058)
<i>Adjustment for fair value gains of investment properties</i>	28	(451,342)	(258,876)
<i>Adjustments for the fair value losses of derivative financial instruments</i>	29	14,369	124,900
Adjustments for impairment		5,063	28,044
<i>Adjustment for impairment on receivables</i>	28	5,063	9,844
Adjustments for impairment of tangible and intangible assets		-	18,200
Adjustments for provisions		35,771	14,890
<i>Adjustments for provisions related with employee benefits</i>		2,859	(996)
<i>Adjustments for other provisions</i>	28	32,912	15,886
Adjustments for the undistributed (incomes)/losses of investments accounted using the equity method	20	(895,364)	465,989
Adjustments for unrealized foreign exchange		6,078,533	1,614,151
Adjustments regarding gains related to changes in share or disposal of associates, joint ventures, and financial investments	30	-	(26,306)
Adjustments regarding gains from the disposal of subsidiaries	30	(34,491)	(26,774)
Adjustments for interest income and expenses	28-29	507,728	298,337
Adjustments for tax expenses	31	(109,393)	(225,793)
Adjustments for other items that cause cash flows from investing or financing activities	30	150,428	19,054
Other adjustment for profit/loss reconciliation	29	8,115	6,017
Changes in working capital		126,253	(483,310)
Adjustments for increase in trade receivables		(33,597)	(9,723)
Adjustments for decrease in other receivables related with operations		136,918	97,181
Adjustments for increase in receivables from ongoing construction and service contracts	10	-	(739,225)
Adjustments for decreases in inventories	16	7,889	5,904
Other adjustments for other increase in working capital		(15,443)	(29,224)
Adjustments for (decrease)/increase in trade payables		(54,721)	71,613
Adjustments for increase in other payables from operations		85,207	120,164
Cash flows from/(used in) operations		1,861,970	(16,011)
Tax payments		(45,860)	(73,436)
Payments for other provisions		(75,702)	(9,079)
Payments related with provisions for employee benefits		(334)	(882)
Other cash inflows	10	1,010,589	558,087

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

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Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

		<i>Audited</i>	<i>Restated</i>
	<i>Footnote</i>	<i>December 31,</i>	<i>(Note 3)</i>
	<i>references</i>	<i>2021</i>	<i>December</i>
			<i>31, 2020</i>
B. Cash Flows Used in Investment Operations		(1,321,517)	(432,600)
Interest received		7,872	46,345
Dividends received		151,963	9,183
Cash outflows from the purchase of tangible and intangible assets	14-15	(35,588)	(42,479)
Cash inflows from sales of tangible and intangible assets	14-15-30	398	7,565
Cash outflows from the purchase of investment property	11	-	(91,258)
Cash inflows from the sale of investment property		9,294	-
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		558,696	82,000
Cash outflows due to share purchase or capital increase of associates and/or joint ventures		(1,170,587)	(156,901)
Cash outflow from participation fee and other financial instruments		(843,565)	(287,055)
C. Cash Flows used in Financing Activities		(1,072,667)	(408,276)
Proceeds from borrowings	6	3,046,489	1,261,877
Repayments of borrowings	6	(3,853,608)	(1,241,295)
Interest paid	6	(643,654)	(498,878)
Cash outflows related to payments arising from lease agreements	6	-	(1,063)
Other cash (outflows)/inflows		(1,856)	71,083
Cash inflows from the sale of the entity's own shares and other equity instruments	24	379,962	-
Net increase/(decrease) in cash and cash equivalents		356,479	(382,197)
Cash and cash equivalents at the beginning of the period	5	1,620,286	2,002,483
Cash and cash equivalents at the end of the period	5	1,976,765	1,620,286

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Akfen Holding A.Ş. ("Akfen Holding" or the "Company") was established in Turkey in 1999, having established its first company in 1976, Akfen Holding operates to invest in, administer and coordinate its subsidiaries and affiliates operating in industries such as airport management and operations, construction, seaport management and operations, marine transportation, water distribution and wastewater services, energy and real estate, Akfen Holding, together with its subsidiaries and joint ventures, will be hereinafter referred to as the "Group".

Akfen Holding transferred its contracting operations in infrastructure construction projects that it had been performing since its establishment to a new sphere outside contracting when it was awarded the Build-Operate-Transfer ("BOT") model for Istanbul Atatürk Airport in 1997, transposing the investment planning models it applied for airports to many infrastructure projects in Turkey as an investor and thus transforming into one of Turkey's infrastructure investment holdings.

Consolidated financial statements of the Group as of December 31, 2021 and for the year ended includes the share of Akfen Holding and subsidiaries, the equity accounted joint ventures and financial investments.

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding ("Akfen Infrastructure"), which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. As a result of this merger, Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Consultancy"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen REPMC"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining") has been taken over and also Akfen İnşaat Turizm ve Ticaret A.Ş., which was previously considered as an associate, ("Akfen Construction") has become a subsidiary. In addition, Travelex Döviz Ticaret A.Ş. ("Travelex") and Tepe Akfen Reformer ("TAR") were taken over as financial investments.

However, as of December 31, 2021, there are 11 subsidiaries directly owned by Akfen Holding (December 31, 2020: 14, January 1, 2020: 14). The Company's direct subsidiaries are Akfen Construction, Akınısı, Akfen Consultancy, Akfen Tourism, Akfen REPMC, Akfen Merter, BİZ Mining, Adana İpekyolu Enerji Üretim Tic. San. A.Ş. ("Adana İpekyolu"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind Energy") and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy").

In addition, as of December 31, 2021, there are 5 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2020: 6 joint ventures and 3 financial investments, January 1, 2020: 7 joint ventures and 3 financial investments).

The Company has joint management rights in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), and Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş. ("MDO"). Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), TAV Yatırım Holding A.Ş. ("TAV Investment"), Travelex Döviz Ticaret A.Ş. ("Travelex") and Tepe Akfen Reformer are classified as financial investment. TAV Investment, which was accounted for in the "Assets classified as held for sale" in the Group's consolidated financial statements as of January 1, 2020 and 31 December 2020, was reclassified to financial investments as of December 31, 2021.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

However, with the Akfen Infrastructure merger, Company was taken over total of 6 indirect subsidiaries as Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta City Hospital"), Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir City Hospital"), Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ City Hospital"), Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent"), Ayrı Gayrimenkul Yatırım A.Ş. ("Ayrı Real Estate"), Zeki Grup İnşaat ve Ticaret A.Ş. ("Zeki Construction"). As of January 1, 2020 and December 31, 2020, Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation"), which is among Akfen Holding's subsidiaries was merged under Akfen Holding on March 5, 2021 and Isparta Yurt Yatırımları A.Ş., ("Isparta Dormitory") which is an indirect subsidiary of Akfen Holding and Masanda Turizm Yatırımları A.Ş. ("Masanda") which is a direct subsidiary were sold to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., which is also a subsidiary of the Company, on February 9, 2021.

As of December 31, 2021, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş., ("Tepe Construction"), İlbak Holding A.Ş., Kardan N.V., PSA International ("PSA"), Travelex Group, European Bank for Reconstruction and Development ("EBRD"), Global InfraCo SP NEUM SLU ("Global InfraCo") and International Finance Corporation ("IFC"). The Group also has a framework agreement with ACCOR S.A, ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey.

Akfen Holding shares had been traded in Borsa İstanbul A.Ş., ("BİAŞ") under the code "AKFEN" since May 14, 2010 but were de-listed as of May 12, 2016.

On March 10, 2020, Akfen Holding signed a "Share Sales Contract" to transfer its 123,250 shares (17% of the capital) in IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance") for a price of TRY 34mn. After the completion of the transaction, Akfen Holding's share in IBS Insurance decreased from 37% to 20%. Akfen Holding signed a sales agreement on December 28, 2020 to sell the remaining 20% of its shares in IBS Insurance for TRY 48,000. As of January 28, 2021, sale transaction has been completed.

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

As of December 31, 2021, 2020 ve January 1, 2020 the shareholders of Akfen Holding are as follows:

	December 31, 2021		December 31, 2020		January 1, 2020	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Pelin Akın Özalp	329,732	47.10	-	-	-	-
Selim Akın	329,732	47.10	-	-	-	-
Akfen Infrastructure	-	-	597,056	89.49	597,056	89.49
Akfen Holding (*)	15,883	2.27	65,839	9.87	65,839	9.87
Hamdi Akın (**)	23,002	3.29	0	0.00	0	0.00
Other Shareholders	1,651	0.24	4,286	0.64	4,286	0.64
Paid-in capital (nominal)	700,000	100	667,181	100	667,181	100

(*) It consists of Akfen Holding's Treasury shares.

(**) There is 1 B Group registered share of Hamdi Akın

Akfen Holding's legal residence address is as follows:

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06700 / Ankara-Türkiye

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As of December 31, 2021, the number of employees of the Company and Company's joint ventures/financial investments is 54 and 5,137 (December 31, 2020: 54, January 1, 2020: 62) (December 31, 2020: 4,944, January 1, 2020: 6,454) respectively.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

The main subsidiaries and joint ventures/financial investments of Akfen Holding are listed as follows:

i) Subsidiaries

Akfen Construction

A contract was signed between Akfen Holding and Akfen Infrastructure on March 13, 2018 for the transfer of the right to capital increase of Akfen Construction which is a 100% subsidiary of Akfen Infrastructure. As of the registration of Akfen Construction's capital increase on May 30, 2018, Akfen Holding has acquired a 48.81% stake in Akfen Construction. The Company's shares in Akfen Construction increased to 100% after Akfen Holding Board of Directors decided to merge Akfen Infrastructure Holding, which holds the majority shares of the Company (89.49%), with no liquidation and participation in the Company as a whole. As a result, while Akfen Construction was accounted for using the equity method in the pre-merger financial statements, it started to be accounted for using the full consolidation method after the merger.

Akfen Construction, one of the oldest companies in the group, was originally set up to realize the feasibility and engineering services of industrial facilities and has expanded its range of services with the manufacturing, installation and erection services of industrial plants.

So far, Akfen Construction has built a number of infrastructure, including airport terminals and associated infrastructure constructions, natural gas pipelines/distribution systems, hospitals, schools, student residences, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants project.

Currently, Akfen Construction's field of activity are hospital Public Private Partnership projects via its subsidiaries Isparta Şehir Hastanesi Yatırım İşletme A.Ş., Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş., Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. (currently, three hospitals built with a Public Private Partnership model with a total bed capacity of 2,316), the dormitory via Hacettepe Teknokent Eği. Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro San. Tic. A.Ş. (2,264 bed capacity Hacettepe Student Residence) and construction/commitment projects with Zeki Construction and real estate/housing projects with Ayrı Real Estate.

Akfen Energy Generation

Akfen Energy Generation obtained its production license on March 8, 2012 for its natural gas-based power plant investment in Mersin with an installed capacity of 450 MW. On December 18, 2012, an amendment application was made to EMRA to increase the installed power of Mersin Combined Natural Gas Power Plant from 570 MW to 1,148.4 MW, and the Environmental Impact Assessment ("EIA") Report prepared was accepted as final. In addition to this, a capital increase was made and the license modification was completed on January 13, 2014. The production license of the Mersin Combined Natural Gas Power Plant project was terminated with the Board decision of EMRA dated December 30, 2020, numbered 9943-9, after the positive evaluation of the application made to EMRA.

Akfen Holding took over the remaining 0.75% shares of Akfen Energy Generation, of which it has a 99.25% share from and Akfen Tourism, Akfen Construction and Akınısı equally, on January 18, 2021, thus becoming the 100% owner of the Company. Subsequently, merger transactions were initiated with Akfen Energy Generation, a 100% subsidiary of Akfen Holding. With the registration process that took place on March 5, 2021, Akfen Holding's merger with Akfen Energy Generation was completed.

Akfen Tourism

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates the Akfen Club hotel in Kuşadası, the Bodrum Loft holiday village, various facilities in Ankara Bulvar Loft and İncek Loft commercial areas, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals, and also generates rental income from hotel in Uludağ. It also provides catering services in Ankara.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

i) Subsidiaries (cont'd)

Akfen REPMC

Akfen Real Estate Portfolio Management was established in 2017. The main field of activity of the company is the establishment and management of real estate investment funds within the framework of the Capital Market Law and relevant legislation.

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumurtalık with an electric power generation capacity of 615 MWm-600 MWe. Inactive Adana İpekyolu Enerji Üretim Tic. A.S, the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş., Akfen Rüzgar Enerjisi ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies.

In addition, Akınısı, Akfen Consultancy, Akfen Merter and BİZ Mining companies were taken over from Akfen Infrastructure as subsidiaries.

ii) Joint Ventures/associates and financial investments

Akfen REIT

Akfen REIT was first incorporated on June 25, 1997 as a partnership of Hamdi Akın and Yüksel İnşaat A,Ş, to make domestic tourism investments, Akfen Holding then purchased Yüksel İnşaat A,Ş, shares in Aksel in 2006 and Akfen REIT became a subsidiary of Akfen Holding. The restructuring was registered on August 25, 2006 through the resolution of the CMB No, 31/894 of July 14, 2006 following the board resolution of April 25, 2006, thus transforming Akfen REIT into a "Real Estate Investment Trust", The acquisition of the trade name of Real Estate Investment Trust and the change in field of business were published on the Trade Registry Gazette of August 31, 2006.

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communique on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11), Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in Turkey under the brand names Novotel and Ibis Hotel, Akfen REIT mainly develops hotel projects under brand names Novotel and Ibis Hotel and leases this out to Tamaris Turizm A,Ş, ("Tamaris"), a 100% affiliate of Accor operating in Turkey, Akfen REIT shares have been traded on BİAŞ under the share code "AKFGY" since May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A,Ş, ("Akfen Trade"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value, The main field of business for Akfen Trade is to make real estate-based investments, and establish and develop a real estate portfolio, On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A,Ş, in order to develop a hotel project in Karaköy,İstanbul, After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

Akfen Trade holds 97.89% and 96.37% shares, respectively in Russian Hotel Investment BV ("Russian Hotel" or "RHI"), which was incorporated in the Netherlands on September 21, 2007, and in Russian Property Investment BV ("Russian Property" or "RPI"), which was incorporated in the Netherlands on January 3, 2008, The main field of business for the Russian Hotel is to develop hotel investments to be operated by Accor in the Ukraine and Russia. The main field of business of the Russian Property, on the other hand, is to carry out office projects in Russia.

On March 18, 2011, Akfen REIT set up a subsidiary named Hotel Development and Investment BV (HDI) with 100% ownership in the Netherlands to develop hotel projects in Russia, Ibis Hotel Moscow located in the center of Moscow has started to operate as of July 16, 2015.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

ii) Joint Ventures/associates and financial investments (cont'd)

Akfen REIT (cont'd)

100% subsidiary of Akfen REIT, Akfen Gayrimenkul Tic. ve İnş. A.Ş.'s subsidiaries residing in the Netherlands and owning the investments in Russia;

- o Russian Hotel Investment BV, in which it has 97.89% participation,
- o Russian Property Investment BV, of which 96.37% participated and
- o 100% owned Hotel Development Investment BV

In order to reduce the operational costs in the general structure of the company, to simplify the organizational structure and to facilitate the activities, it was liquidated on November 3, 2020 and the investments in Russia were directly transferred to Akfen Gayrimenkul Tic. ve İnş. A.Ş.'s subsidiary.

As of December 31, 2021, the total number of rooms in the 21 hotels (December 31, 2020: 20 hotels) owned by Akfen REIT is 3,720 (December 31, 2020 3,628) while the total number of beds corresponding to such number of rooms is 7,298 (December 31, 2020: 7,114). As of February 9, 2021, the acquisition of Akfen REIT's shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory (Kütahya and Isparta dormitories) has been completed. Thus, the company added a holiday village with a capacity of 92 rooms and two dormitories with a bed capacity of 7,232 to its portfolio. On June 30, 2021, with the registration of the merger, Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen REIT, along with all its assets and liabilities

As of March 29, 2021, Akfen REIT, 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 viaduct, train station, commercial area and parking lot will be built within the scope of the project.

On January 12, 2021, the Convertible Bonds were redeemed as TRY 238,627,431.84 as a result of the capital increase within the framework of the Board of Directors decision dated December 30, 2020 and the CMB approval dated January 7, 2021 the Company's capital was increased to TRY 243,066,196 by issuing 59,066,196 new Group B shares. On February 9, 2021, by providing a fund of TRY 450,000,002 during company acquisitions, of the issued capital amounting to TRY 243,066,196, 101,580,136 B group shares (traded on the stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın were issued, and the share capital of the Company was increased to TRY 344,646,332. Akfen Holding's share became 30.37% after Akfen REIT's dedicated, paid-in capital increase completed as of February 9, 2021. After the paid capital increase on August 20, 2021, Akfen Holding's share became 23.94%.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

ii) Joint Ventures/associates and financial investments (cont'd)

MIP

MIP was incorporated on May 4, 2007 by PSA-Akfen Holding Joint Venture Group, which submitted the highest bid and was awarded the contract on the transfer of operating rights for Mersin Port, which is owned by the Republic of Turkey State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Turkey Presidency of Privatization Administration ("ÖİB"). Through the concession agreement signed with ÖİB and TCDD on May 11, 2007, MIP took over Mersin Port from TCDD to operate the port for a period of 36 years.

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. The sale has been completed as of October 27, 2017, after that date, the value of the MIP's retained stake has been recognized under financial investments with its fair value on the consolidated financial statements.

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable")

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfen Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen WPP"), a subsidiary of the Company, into AkfenHES Yatırımları ve Enerji Üretim A.Ş. ("Akfen HEPP") completely (universally) and without liquidation and of changing the trade name of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş. were completed and registered as of January 19, 2016.

On December 15, 2015, Akfen Holding signed a shareholders' agreement with the EBRD worth USD 100 million for a total of 20 percent stake in the renewable energy company which will be incorporated through restructuring by a merger of renewable energy subsidiaries, namely Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale and Karine SPP, following the transfer of the latter to the Holding, under the same roof. On June 23, 2016, the previous agreement signed with the EBRD was amended, and a new agreement was signed with the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million. Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500 with the EBRD and the IFC transferring USD 44,444,444 for 5% of shares each to Akfen Renewable Energy. The capital increase was registered on July 12, 2016. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, EBRD and IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary, which gives rise to a loss of control, and the equity accounting of the Company's shares in Akfen Renewable Energy started.

On December 5, 2019, the capital of Akfen Renewable Energy was increased to 959,410 TL with a premium, within this scope, a total of USD 12,078,804 was transferred to Akfen Renewable Energy by the EBRD and IFC, thus EBRD and IFC's shares were from 15,982% to 16.993%. While the share of Akfen Holding decreased from 68,036% to 66,134%. On February 17, 2020, Akfen Renewable Energy's capital was increased to TL 1,016,032 at a premium, within this scope, US \$ 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91% and EBRD and IFC's share was 15.99%. As of December 31, 2020, Akfen Holding's share in Akfen Renewable is 66.91%.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

ii) Joint Ventures/associates and financial investments (cont'd)

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable") (cont'd)

HEPP Companies

As of December 31, 2021, the HEPP Companies have a total installed capacity of 235,7 MW and an annual power generation capacity of 916,8 GWh, with generation operations going on in 13 power plants.

As of December 31, 2021; Akfen Renewable Energy has 5 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK"), Kurtal Elektrik Üretim A.Ş. ("Kurtal") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk").

WPP Companies

As of December 31, 2021; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isıder Enerji Üretim Paz.İth.ve İhr.A.Ş., Korda Enerji Üretim Paz.İth.ve İhr.A.Ş. and Kovancı Enerji Üretim Paz.İth.ve İhr.A.Ş.

On December 23, 2019, a purchase agreement was signed with Zorlu Rüzgar Enerjisi Elektrik Üretim A.Ş., covering the entire share price of the company. Pursuant to the share purchase agreement, the purchase process was completed as of February 5, 2020, after obtaining permission and approval from the relevant institutions and organizations. As of February 5, 2020, the purchase has been completed. On April 21, 2020, Zorlu Rüzgar Enerjisi Elektrik Üretim A.Ş., İmbat Enerji A.Ş. combined with this purchase.

As of December 31, 2021, a WPP project with a total installed power of 348.9 MW is in operation.

SPP Companies

As of December 31, 2021, SPP Companies continue to work on a portfolio of projects with a total installed power of 121.4 MW, consisting of 26 MW unlicensed and 95.4 MW licensed projects. In this context, there are 33 project companies, Akfen Renewable, excluding two of these companies (Me-Se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Tic. A.Ş. (Solentegre)% 90) has 100% of the rest.

All of the HEPP Companies projects in the portfolio of Akfen Renewable Energy, except for Sırma HEPP, are covered by the Law on the Use of Renewable Energy Resources for the Purpose of Electric Energy Generation as of December 31, 2021. If the projects under this scope obtain Renewable Energy Resources Certificate and complete their investments by December 31, 2021, they have the right to benefit from the state's purchase guarantee from production for a period of 10 years, at least 7.3 US \$ cents/kWh, starting from the date of commissioning. Within the scope of the support mechanism, if the investments are completed by December 31, 2021, the WPP portfolio can benefit from a minimum purchase guarantee of 7.3 USD cents/kWh and the SPP portfolio from a minimum 13.3 USD cents/kWh purchase guarantee. Again, within the scope of the same law, if domestic manufactured equipment is used in the production facility, various local additives are also applicable. In this context, the application made on October 19, 2017 for the Solentegre SPP project within Solentegre, within the framework of the "Regulation on Supporting Domestic Parts Used in Facilities Generating Electrical Energy from Renewable Energy Sources" was evaluated positively and as of January 1, 2018, 0.44 USD cent/kWh deserved to receive contribution supplement. However, other licensed GES projects in Akfen Renewable portfolio, Me-Se, MT, Engil 208, Erciş and Yaysun, Engil 207 as of January 1, 2019, USD 0.44 cent/kWh as of January 1, 2020, and Iota M. As of January 2021, Üçpınar, Kocalar, Hasanoba and Denizli, which are licensed WPP projects of 0.44 USD cents/kWh, are entitled to receive a domestic contribution of 0.60 USD cents/kWh as of January 1, 2020.

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Akfen Holding Anonim Şirketi

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

ii) Joint Ventures/associates and financial investments (cont'd)

TAV Investment

TAV Investment was incorporated on July 1, 2005 to make investments in aviation and construction sectors. The main fields of business for TAV Investment are construction and car park operations, TAV Investment's subsidiary is TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. ("TAV Construction").

Akfen Holding acquired its 21.68% share in TAV Investment Holding, Gazelle Yatçılık Gayrimenkul Turizm Otomotiv İç ve Dış Ticaret A.Ş. on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019. ("Gazelle Yatçılık") and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share register. As of 31 December 2020, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is among the assets of the Group and is accounted for in the "Assets classified as held for sale" in the consolidated financial statements and it was reclassified to financial investments as of December 31, 2021.

Akfen Water

Akfen Water Güllük started operations on August 24, 2006. All the shares of Akfen Su Güllük which is a wholly owned subsidiary of Akfen Su, were transferred to Hız Environment and Water Investments Inc. with all its rights and obligations on April 19, 2021.

Akfen Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. (Akfen Water-Arbiogaz Dilovası) was incorporated on July 19, 2007. The company completed its investments on July 1, 2010 and started operations. It continues serving Dilovası district, which has an approximate population of 40,000, via the factories and plants currently operational at Dilovası Organized Industrial Zone. Akfen Water, which has 75% shares in Akfen Water-Arbiogaz Dilovası, signed Share Transfer Agreement on December 11, 2018 with the sale of all of its shares to Kocaeli Gebze Dilovası Organized Industrial Zone. After all the prerequisites regarding share transfer have been fulfilled, the transfer of the shares to Kocaeli Gebze Dilovası Organized Industrial Zone has been made on August 1, 2019.

In addition, Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

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

ii) Joint Ventures/associates and financial investments (cont'd)

İDO and MDO

The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 53 vessels (24 sea buses, 21 ferryboats, 7 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of December 31, 2021, sea buses, fast ferries and ferryboats have a total capacity of 35,443 passengers in summer season and 28,299 passengers in winter season while presenting a vehicle capacity of 2,570 in both seasons.

Akfen Holding's share became 50% (other partner is Tepe Construction with 50% share) after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe Construction. With the restructuring completed on July 8, 2021 after the reporting period, Akfen Holding and Tepe Construction transferred their shares in İDO to MDO and MDO became the 100% owner of İDO.

Acacia Mine

Asya Maden İşletmeleri A.Ş. was founded in 2007. In 2011, Akfen Group became a shareholder with a share of 30% in 2016. The Company is currently operating its Acacia Maden İşletmeleri A.Ş. under the name of Akfen Holding, İlbak Holding and İzbir Madencilik A.Ş. in partnership. The Company is constructing the Gökirmak copper mine project in the Hanönü district of Kastamonu province. As of March 15, 2019, Acacia Maden produced the first salable copper.

Travellex

Travellex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in 12 locations in Turkey.

IBS Insurance

IBS Insurance was established in 1997. In 2002, IBS Insurance, which has partnered with Lloyd's broker, United Insurance Brokers, has had the opportunity to expand into the world, IBS Insurance is one of the 104 largest companies in the insurance brokerage industry in which the firm's activities in Turkey. The Company currently operates in four regions; namely Istanbul, Mersin, Izmir and Ankara.

As of March 17, 2018, 268,250 Group A IBS Insurance shares (37% of the company's shares) belonging to Akfen Infrastructure were transferred to Akfen Holding at a price of TRY 80,000. After the transfer of Akfen Holding's 17% share in IBS Insurance on March 10, 2020, Akfen Holding's share in IBS Insurance decreased to 20%.

Akfen Holding signed a sales agreement on December 28, 2020 to sell its remaining 20% share in IBS. As of the reporting period, necessary permissions are obtained to complete the sales process and the processes regarding the terms of sale are ongoing. As of January 28, 2021, the sale transaction was completed. As the transfer process has not been completed as of December 31, 2020, IBS Insurance is among the assets of the Group and has been accounted for in the " Non-current assets classified as held for sale " account in the consolidated financial statements. Since the transfer was completed on January 28, 2021, IBS Insurance is not included in the Group's assets as of December 31, 2021.

In addition, Tepe Reformer company was taken over from Akfen Infrastructure as a financial investment. Established in Poland, the company owns a land in Poland. The company is pursuing opportunities to develop a real estate project on this land.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

Akfen Holding companies operating in Turkey employ the Uniform Chart of Accounts as well as the accounting principles set by the CMB in keeping accounting records and drafting TRY-denominated financial statements.

The consolidated financial statements attached are issued in line with the provisions of the "Communique on Principles Pertaining to Financial Reporting in the Capital Market" Serial II. No, 14.1 ("Communique") by the CMB, which was published in the Official Gazette No. 28676 of June 13, 2013.

The Group applies the Turkish Accounting Standards ("TAS") published by the Public Oversight, Accounting and Auditing Standards Authority as per Article 5 of the Communique, The TAS is comprised of the Turkish Financial Reporting Standards ("TFRS") and the appendices and comments pertaining thereto.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

The consolidated financial statements of the Group are approved by the Company's Board of Directors on March 11, 2022.

Going concern

The Group has prepared its financial statements in accordance with the going concern principle.

Principles of measurement

The consolidated financial statements are issued over historical costs except for financial assets whose fair value differences are recognized in profit or loss and whose fair value differences are classified in other comprehensive income.

Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Turkey and its affiliates under joint control keep their accounting records and financial statements in TRY in accordance with the Turkish Commercial Code and the Tax Procedure Code. The attached consolidated financial statements are presented in TRY, the Company's reporting currency, and are issued in accordance with the TAS by taking legal accounting records as basis and creating the required adjustment and classification records.

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Akfen Holding Anonim Şirketi

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Applicable currency and reporting currency (cont'd)

December 31, 2021 ve 2020 tarihleri itibarıyla bağlı ortaklıkların, iş ortaklıklarının ve finansal yatırımların geçerli para birimleri aşağıdaki gibidir:

<u>Company</u>	<u>Functional Currency</u>
Akfen REIT	TRY
Akfen Energy Generation (*)	TRY
Akfen Renewable	TRY
Akfen Water	TRY
MDO/İDO	TRY
IBS Insurance (*)	TRY
Akfen Construction	TRY
Akınısı	TRY
Akfen Consultancy	TRY
Akfen Tourism	TRY
Akfen REPMC	TRY
BİZ Mining	TRY
Acacia Mine	US Dollar

(*) As of December 31, 2020, it is among the assets of the Group, and as of December 31, 2021, it is not included in the Group assets due to the share sales and mergers. (Note 1).

Principles for consolidation

The attached consolidated financial statements, which are all prepared in consistence with the principles set in the consolidated financial statements for the accounting years ended on December 31, 2021, 2020 and January 1, 2020 include the accounts for investments in equity-accounted joint ventures by Akfen Holding, the parent company, and its subsidiaries that are consolidated via the full consolidation method.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

Subsidiaries are exposed to, or are eligible for, returns on variable returns due to the relationship Akfen Holding invests in refers to the companies in which it has control authority because it has the ability to influence it with its power on the enterprise.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Subsidiaries (cont'd)

	December 31, 2021	December 31, 2021	December 31, 2020	December 31, 2020	January 1, 2020	January 1, 2020	Main Operations
	Shareholding rate(%)	Voting rights(%)	Shareholding rate(%)	Voting rights(%)	Shareholding rate(%)	Voting rights(%)	
Direct subsidiaries							
Adana İpekyolu	99.96	99.96	99.96	99.96	99.96	99.96	Inactive
Akfen Energy Gas	100	100	100	100	100	100	Inactive
Akfen Wind Energy	100	100	100	100	100	100	Inactive
Akfen Solar Energy	100	100	100	100	100	100	Inactive
Akfen Construction ⁽¹⁾	100	100	100	100	100	100	Construction
Akımsı ⁽¹⁾	99.99	99.99	99.99	99.99	99.99	99.99	Inactive
Akfen Consultancy ⁽¹⁾	100	100	100	100	100	100	Consultancy services
Akfen Tourism ⁽¹⁾	99.99	99.99	99.99	99.99	99.99	99.99	Tourism/Restaurant administration
Akfen REPMC ⁽¹⁾	100	100	100	100	100	100	Real estate portfolio management
Akfen Merter ⁽¹⁾	91.52	75	91.52	75	91.52	75	Real estate
BİZ Mining ⁽¹⁾	100	100	100	100	100	100	Inactive
Akfen Energy Generation ⁽²⁾	-	-	99.25	99.25	99.25	99.25	Inactive
Masanda Tourism ⁽³⁾	-	-	100	100	100	100	Tourism
Indirect subsidiaries							
Isparta City Hospital ⁽⁴⁾	99.88	99.88	99.88	99.88	99.88	99.88	City hospital
Eskişehir City Hospital ⁽⁴⁾	100	100	100	100	100	100	City hospital
Tekirdağ City Hospital ⁽⁴⁾	100	100	100	100	100	100	City hospital
Ayrı Real Estate ⁽⁴⁾	100	100	100	100	100	100	Inactive
Hacettepe Teknokent ^{(*) (4)}	70	70	70	70	45	45	Dormitory management
Zeki Construction ⁽⁴⁾	100	100	100	100	100	100	Inactive
Isparta Dormitory ^{(3) (4)}	-	-	100	100	100	100	Dormitory management

⁽¹⁾ After the merger of Akfen Holding and Akfen Infrastructure Holding on November 10, 2021, it became a subsidiary of Akfen Holding.

⁽²⁾ It merged with Akfen Holding on March 5, 2021.

⁽³⁾ On February 9, 2021, the Company sold all of its shares in Isparta Dormitory and Masanda to Akfen REIT, another subsidiary of the Company.

⁽⁴⁾ It is a subsidiary of Akfen Construction.

^(*) The Group controls the company by holding the majority of the voting rights.

Joint agreements and financial investments

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners.

In the equity method, the joint venture investment is initially recognized via the acquisition cost. Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's subsidiaries and financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Joint agreements and financial investments (cont'd)

	December 31, 2021		December 31, 2020		January 1, 2020		Main Operations
	Shareholding rate (%)	Voting rights (%)	Shareholding rate (%)	Voting rights (%)	Shareholding rate (%)	Voting rights (%)	
Financial investments							
MIP	10	10	10	10	10	10	Port management
TAV Investment (**)	21.68	21.68	21.68	21.68	21.68	21.68	Construction and parking management
Travelex ⁽¹⁾	10	10	10	10	10	10	Currency trading activity
Tepe Akfen Reformer ^{(*) (1)}	26	26	26	26	26	26	Inactive
Associates							
Akfen Water	50	50	50	50	50	50	Solid waste services
Akfen Renewable energy İDO ^(***)	66.91	66.91	66.91	66.91	66.91	66.91	Energy
MDO ^(***)	-	-	-	-	30	30	Sea bus transportation
Acacia Mine	50	50	50	50	-	-	Sea bus transportation
IBS Insurance ^(***)	30	30	30	30	30	30	Mine
	-	-	-	-	20	20	Insurance
							Real estate
Akfen REIT ^(****)	23.94	23.94	56.88	56.88	56.88	56.88	investment/Tourism

^(*) It is considered as a financial investment as it does not have a significant impact on the business.

^(**) TAV Investment transferred and delivered its shares to Gazelle Yachting on May 29, 2019 pursuant to the contract dated May 10, 2019, and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share book. TAV Investment, which was recognised in the "Assets classified as held for sale" in the Group's consolidated financial statements as of January 1, 2020 and December 31, 2020, was reclassified to financial investments as of December 31, 2021.

^(***) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat.

^(****) Akfen Holding transferred its remaining 20% share in IBS Insurance at the end of 2020 for a consideration of TRY 48,000, and as of December 31, 2021, Akfen Holding has no IBS Insurance shares.

^(*****) After the capital increases on January 12, 2021, February 9, 2021 and August 20, 2021, Akfen Holding's share in Akfen REIT decreased to 23.94%.

⁽¹⁾ After the merger of Akfen Holding and Akfen Infrastructure Holding on November 10, 2021, it became Akfen Holding's financial investment.

Combinations of businesses under joint control

Business combinations arising from the transfer of the shares of companies under the control of the shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered, and, if it took place later, on the date the joint control is established. To this end, comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders' equity items for the acquired companies are added to the same items in the Group's equity except for the capital and the resulting profit or loss is recognized within equity.

Adjustment transactions in consolidation

Intra-group transactions and balances among the companies included in the consolidation are written off during consolidation. Unrealized profits and losses arising from transactions between the company and its consolidated subsidiaries and joint ventures are adjusted to the extent of the Group's share in the joint venture.

Business combinations for purchasing from third persons

Purchasing from third persons are recognized by using the purchasing method. Purchasing cost is calculated as the total of the fair values of assets, of the liabilities that arise or are assumed, and of the equity capital instruments issued to acquire the control of the affiliate as well as the total of other costs directly attributable to acquisition. In accordance with TFRS 3, identifiable assets, liabilities and conditional liabilities which meet the registration requirements are registered over their fair values.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation of Financial Statements (cont'd)

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the relevant Group companies over the exchange rate on the date when the transaction took place. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency over the exchange rate on the reporting date. Foreign currency-denominated non-monetary assets and liabilities that could be measured by their historical costs are translated over the exchange rate on the transaction date. Exchange differences due to translation are recorded in the consolidated other comprehensive income statement.

Group companies prefer to use USD or TRY as the functional currency since they are widely used or have a significant impact on the operations of the relevant Group companies and reflect the key economic events and developments pertaining to such companies. All currencies except for the currency used to measure the items in financial statements are called a foreign currency. As per the relevant provisions of TAS 21 (Effects of Changes in Foreign Exchange Rates) standard, transactions and balances not calculated over the functional currencies are re-calculated over the relevant currencies, The Group adopts TRY as the reporting currency.

The assets and liabilities of Group companies that employ a functional currency other than the Group's reporting currency are translated into the Group's reporting currency over the exchange rate on the balance sheet date. The income and expenditures of such Group companies are translated into the reporting currency over the average exchange rate for the period. Equity capital items are reported over their cost value. Foreign currency translation differences are indicated in the equity capital under the item "Foreign currency translation difference". When the relevant Group companies are disposed of partially or fully, the relevant amount under "foreign currency translation difference" is classified into consolidated profit or loss.

Foreign operations

Assets and liabilities from operations abroad including fair value adjustments due to acquisition as well as goodwill are translated into TRY over the exchange rates on the reporting date. Income and expenditures from operations abroad are translated into TRY over the average rates for the relevant period.

Foreign currency translation differences are recorded under foreign currency translation differences under equity. In the event that operations abroad are sold out partially or fully, the relevant amount in the foreign currency translation difference is transferred to the profit or loss.

Comparative information and the adjustment of consolidated financial statements from previous periods

The attached consolidated financial statements are compared to the previous period in order to identify trends in the financial position, performance and cash flow of the Group. In order to ensure comparability if the way the items in the consolidated financial statements are represented or classified changes, consolidated financial statements from the previous periods are also re-classified accordingly and explanations are provided on such matters.

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

Changes in the financial statements of 2020

The reclassifications and adjustments made in the consolidated statements of financial position of the Group as of December 31, 2020 and January 1, 2020, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows as of December 31, 2021 are explained in Note 3.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.1 Summary of Significant Accounting Policies**

Inventories

The Group's inventories mainly include the costs of construction projects in progress and the units available for sale. Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Tangible fixed assets

Accounting and measurement

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs.

The cost reflects those expenditures that are directly related to the acquisition of the asset concerned. The cost of the assets constructed by the Group includes the material costs, labor costs and the costs directly related with making that asset available for the use of the Group as well as the costs for disassembly and replacement of parts and the costs for the restoration of the space such parts are in. Any software purchased in order to use the relevant equipment is capitalized as a part of that equipment. Items constituting tangible fixed assets are recognized as separate items (basic components) of tangible fixed assets if they have different economic lives.

Profits or losses regarding the disposal of tangible fixed assets are determined by comparing the disposal fee and the registered value of the asset concerned and are registered in the consolidated comprehensive income statement under "income and profits/(expenditures and losses) from investment operations".

Subsequent expenses

Expenses arising from replacing any part of tangible fixed assets and including research and maintenance and repair costs can be capitalized if they increase the future economic benefit of the said tangible fixed asset. The registered values of the changed parts are removed from the records. All other expenses are recognized in profit or loss as they occur.

Depreciation

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets. Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

<u>Description</u>	<u>Years</u>
Buildings	2-50
Furniture and fixtures	2-15
Machinery and Equipment	3-40
Vehicles	5
Special costs	1-15

Special costs are depreciated with straight-line method of depreciation over their relevant rental periods or economic lives, whichever is shorter.

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Intangible fixed assets

Licenses and other intangible fixed assets

Intangible fixed assets that are acquired by the Group and have a limited economic life are reflected after the accumulated amortization and accumulated impairments are deducted from historical cost.

Subsequent expenditures

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

Amortization

During their economic lives, intangible fixed assets are registered under profit or loss through the straight-line method of amortization starting from the date when they become available for use. Out of intangible fixed assets, Licenses are amortized within a range of 3-49 years while other intangible fixed assets are amortized within a range of 3-5 years.

Investment properties

Investment properties are initially valued at their cost and recognized at fair value at each reporting date. Gains or losses on the disposal of investment properties (calculated as the difference between the net income from disposal and property, plant and equipment) are recognized in the income statement. Fair value increases are recognized in the income statement.

The Group classifies its rights regarding the lands it leased 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 leasing, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group, which are developed above the leased lands, are made by deducting the lease fees to be paid for these lands from the estimated cash flows, the reduced values of the lease payable related to the lands are mutually accounted in the investment properties and borrowings accounts.

Leasing transactions

KGK published TFRS 16 "Leasing Transactions" standard in April 2018. The new standard eliminates the distinction between operating leasing and financial leasing, requiring many leases to be included in the balance sheet under a single model for companies that are tenants. Recognition for companies that are lessor has remained largely unchanged, and the difference between operating lease and financial leasing continues. TFRS 16 will replace the Interpretations on TAS 17 and TAS 17 and will be valid for annual periods beginning on or after 1 January 2019.

Tenants are exempt from applying this standard to short-term leases (leases with a lease term of 12 months or less) or leases where the underlying asset is of low value (e.g. personal computers, some office equipment, etc.). At the actual beginning of the lease, the tenant measures the lease liability over the present value of the lease payments not paid at that date (lease liability) and records the related right-of-use asset as of the same date and is subject to depreciation throughout the lease term. Lease payments are discounted using this rate if the interest rate implied on the lease can be easily determined. The tenant uses the lessee's alternative borrowing rate if this rate cannot be easily determined. The lessee must separately record the interest expense on the lease obligation and the depreciation expense of the right-of-use asset.

It is the case for the lessee to remeasure the lease obligation if certain events occur (for example, changes in the lease term, forward lease payments change due to changes in a particular index or rate, etc.). In this case, the lessee records the remeasurement effect of the lease obligation as an adjustment on the right-of-use asset.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Right to use assets

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

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

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

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

Right of use assets are subject to impairment assessment.

Financial Assets

Classification

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

Recognition and Measurement

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

"Financial assets reflected at fair value through other comprehensive income" are non-derivative instruments that are held within the scope of a business model that aims to collect contractual cash flows and sell the financial asset, and in which there are cash flows that include only interest payments arising from the principal and principal balance at certain dates in the terms of the contract. are financial assets. Gains or losses arising from the relevant financial assets other than impairment gains or losses and foreign exchange gains or expenses are reflected in other comprehensive income. In case the mentioned assets are sold, valuation differences classified to other comprehensive income are classified into previous years' profits. For investments in equity-based financial assets, the Group may irrevocably opt for the method of reflecting subsequent changes in fair value to other comprehensive income at initial recognition. In the event that the said choice is made, the dividends obtained from the relevant investments are accounted in the consolidated statement of profit or loss. The Group's financial assets, whose fair value difference is reflected in other comprehensive income, includes financial investments based on equity.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.2 Summary of Significant Accounting Policies (cont'd)**

Financial Assets (cont'd)

Recognition and Measurement (cont'd)

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

Financial assets at fair value through profit or loss also include “derivative instruments” and “financial assets related to concession agreements” in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

Financial assets related to concession agreements

Taking into account the terms of the service concession agreement with the government, the Group applied IFRIC 12 financial asset model and defined a financial asset in its financial statements.

The Group considers the service concession agreements as mixed contracts that contain the main products in the nature of financial assets. Related contracts contain more than one hidden derivative product and vary with contractual cash flows, a certain inflation rate and exchange rate changes.

The Group recognizes financial assets arising from service concession agreements at their fair values through profit or loss and classifies these changes in fair value as reflected in profit or loss as “other operating income expense”.

Derecognition

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

Impairment

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

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

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

2.2 Summary of Significant Accounting Policies (*cont'd*)

Trade Receivables

Trade receivables, generated by the Group by providing goods or services to a buyer, are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Group provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than 1 year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Financial liabilities

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

Financial liabilities and borrowing costs

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with effective interest rate.

Financial liabilities are debts arising from the disappearance of this obligation, the expiration of the cancellation period and the situation is derecognized.

Trade payables

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective interest method. Short-term payables with no stated interest rate are measured at cost unless the effect of the original effective interest rate is significant.

Cash and cash equivalents

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

Equity

Ordinary shares

Ordinary shares are classified as equity. The additional costs directly associated with the export of ordinary shares and stock options are recognized as a decrease in equity after deducting the tax effect

Employee benefits

Provision for severance pay

In accordance with existing labor law in Turkey, the Group is required to make payments of certain amounts to employees who have completed one year of service and who quite due to causes such as retirement and military service or who die. Provision for severance pay represents the present value of future probable obligation of the Group arising from the retirement of employees on a 30-day basis. Provision for severance pay is calculated on the assumption that all employees will receive such payment, and it is recognized in the consolidated financial statements on an accrual basis. Provision for severance pay is calculated in accordance with the severance pay cap announced by the Government. All actuarial gains and losses are recognized under other comprehensive income.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are calculated by discounting the estimated future cash flows at a pre-tax discount rate to be computed in consideration of the impact of time value of money and the risks associated with such obligation.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.2 Summary of Significant Accounting Policies (cont'd)**

Revenue

Revenue from customer contracts

Group started to use the following five-stage model in the recognition of revenue in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Recognition of revenue

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made for the transfer of the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time.

If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or service transfer commitments are recognized when the control of the goods or services is taken over by the customers.

The Group, while evaluating the transfer of control of the goods or services sold to the customer,

- a) Ownership of the Group's right to collect on goods or services
- b) The customer's ownership of the legal ownership of the goods or services
- c) Transfer of possession of goods or services,
- d) The customer's ownership of significant risks and rewards arising from owning the property or service,
- e) It takes into account the customer's acceptance of goods or services.

The Group accounts for a contract with a customer within the scope of TFRS 15, only if all of the following conditions are met.

- In case the parties of the contract approve the contract and undertake to perform their own actions.
- In case the company can define the rights regarding the goods or services to be transferred by each party.
- Where the company can define payment terms for the goods or services to be transferred.
- Where there is a contract of commercial importance.
- In the event that the company will collect a price for goods or services to be transferred to the customer.

Sale of goods

In cases where significant risks and returns of revenue are transferred to the customer, the probability of recovery of goods, associated costs and possible return of goods can be reliably calculated, and in the absence of an ongoing management relationship with the goods, the amount of income can be measured reliably. Revenues; Buy-backs, sales discounts, volume discounts are measured.

The timing of risks and transfer of services varies depending on the terms of the sales contract.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.2 Summary of Significant Accounting Policies (cont'd)**

Revenue (cont'd)

Revenue from customer contracts (cont'd)

Construction contracts

Contract revenue includes any difference, claim, incentive payments within the contract that may result in revenue or is likely to be measured reliably in addition to the initial amount accepted in the contract.

If the outcome of the construction contract can be estimated reliably, the contract revenue is recognized in the income statement in proportion to the stage of completion of the contract.

The completion stage of the work is measured by reference to a work study performed. Otherwise, contract revenue is recognized only at the cost of the contract which is likely to be collected.

Contract costs are recognized as they are incurred unless they create an asset related to future contract activities. An expected loss in a contract is immediately recognized in profit or loss.

Service concession agreements

TFRS Interpretation 12 provides an overview of the infrastructure investments made by companies (operators) that have acquired the right to operate for a certain period by signing a concession agreement with the public and how the services they provide during the operation should be accounted for. It requires the operators to account for the investments made in the scope of TFRS Comment 12 as financial assets and / or intangible assets in accordance with the terms of the agreement instead of accounting for the investments as buildings, fixed assets and fixtures. The Company recognizes the amount calculated as per the construction model based on the service concession agreement as a financial asset, as it is a guaranteed income in the contract made with the Ministry of Health. The accounting policy for the measurement and classification of financial assets is included in 2. Note "Classification and Measurement - Financial Assets" (Isparta City Hospital, Eskisehir City Hospital and Tekirdağ City Hospital).

Contract assets arising from ongoing construction and contracts

Company financial assets in the financial statements covered by the Republic of Turkey Health Ministry signed City Hospital, which was prepared in accordance with the Agreement Tekirdag City Hospital construction model compatible with the right to demand fees associated with the use of the concession infrastructure are accounted for. Related assets The Company takes financial assets arising from service concession agreements as ongoing receivables from service concession agreements to the financial statements in the projects under construction. Financial assets received as provision for construction or remediation services in a concession agreement are measured at amortized cost on the initial recognition date. The estimated useful life of a financial asset arising from a concession agreement is the period during which the Company may collect from the public sector until the end of the concession period to use the infrastructure.

- The Company management makes assumptions for inflation and foreign exchange rates during the contract period in order to calculate receivables from concession agreements. In addition, IFRIC 12 interest income is calculated using the internal rate of return foreseen future cash inflows.

The Group recognizes financial assets arising from service concession agreements as receivables from service concession agreements at amortized cost in the projects under construction.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.2 Summary of Significant Accounting Policies (cont'd)**

Revenue (cont'd)

Kira gelirleri

Rental revenues from investment properties are recognized in the consolidated comprehensive income statement by using the straight-line method during the term of the rental agreement. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidently.

Other transactions

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

Government incentives

Government incentives, including non-monetary government incentives measured by their fair values, are recognized in the consolidated financial statements when there is reasonable assurance that the entity will meet the conditions for obtaining them and that the incentives will be received by the entity.

Government incentives are presented in the financial statements in the same manner, even if they are obtained in cash or as a reduction of an obligation to the government.

Investment incentives are valued at their fair value if reasonable assurance is provided that the incentives will be received and that all conditions will be met. If the incentive is associated with an asset item, it is deducted during the calculation of the fair value of the asset. The incentive is recognized in profit or loss through the acquisition of rental income for the asset.

Financing income and expenses

Financing income includes interest income, exchange rate difference income, dividend income and gains from derivative instruments accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financing expenses include the interest expenses from bank loans, impairments accounted for in relation to financial assets (except for trade receivables), and the losses from ineffective portions of derivative hedge instruments accounted for in profit or loss. Borrowing costs which cannot be directly related to the acquisition, construction or production of an asset are recognized in profit or loss by using the effective rate of interest.

Rediscount and exchange rate difference income/expenses pertaining to trade transactions are recognized in other operating income and expenses.

Earnings per share

Earnings per share disclosed in the consolidated profit or loss statement are determined by dividing net income for the period from parent company shares by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (bonus shares) to existing shareholders from retained earnings and inflation adjustment. Such distribution of bonus shares is treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations are determined by giving the said distribution of shares a retroactive effect.

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

2.2 Summary of Significant Accounting Policies (*cont'd*)

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax is recognized in consolidated comprehensive income statement except for the taxes of items recognized directly in profit or loss.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Group is calculated using the tax rates enacted at the reporting date.

Furthermore, provisional corporate taxes are paid at 25% (will be applied as 23% for 2022 and 20% for 2023 and after tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time. Deferred tax is not recognized in the initial recognition of goodwill, the initial recognition of assets and liabilities that impact on neither financial profit nor commercial profit in transactions other than business combinations, and in differences pertaining to associates and joint ventures which are unlikely to be reversed in the near future. Deferred tax is calculated on the basis of laws applicable by the end of the reporting period and over the tax rates that are expected to be applied once temporary differences are reversed.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and their carrying amount is reduced to the extent that it is not probable that the relevant tax advantage will be available.

Deferred taxes arising from the fair value measurement for available-for-sale assets and their cash flow hedging is recognized in profit or loss before being recognized in consolidated comprehensive income statement together with other deferred gains that are previously recognized.

Out of the investment incentives the Group enjoys, those that ensure a corporate tax rebate are recognized under TAS 12.

The current tax amounts to be paid are offset with the prepaid tax amounts since they are related to corporate tax. Deferred tax asset and liability are also offset individually for each company.

Tax arrangements in Turkey do not allow a parent company and its subsidiaries to submit consolidated tax statements. Therefore, tax provisions are calculated on a company basis as reflected in the consolidated financial statements attached.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Related parties

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

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
 - (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.

Segment reporting

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd) **2.2 Summary of Significant Accounting Policies (cont'd)**

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 these 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 other long-term investments, the details of which are given in Note 22, are within the scope of level 3 valuation method techniques and the income discounting method.

Significant accounting evaluation, estimation and assumptions

In the preparation of consolidated financial statements; The Group management has made judgments, estimates and evaluations affecting the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assessments are reviewed continuously. Adjustments regarding the estimates are made prospectively.

Information on the accounting policies, assumptions and judgments made in applying the estimates that have the most significant impact on the amounts presented in the financial statements are presented in the following notes:

Financial assets related to concession agreements and contract assets arising from ongoing construction and contracts

Group's financial assets are recognized in the financial statements covered by the Republic of Turkey Health Ministry, signed City Hospital Agreement Pursuant During the City Hospital are entitled to charge a fee on the use of compatible concession infrastructure with the construction of the model. In projects that are under construction, the Group includes financial assets from service concession agreements at reduced cost, as receivables from service concession agreements, as financial assets related to Concession agreements at fair value in completed and operational projects. The Company management makes important estimates and assumptions for inflation and exchange rates during the contract period in order to calculate receivables from concession contracts.

As of December 31, 2021, the discount rate used in the fair value calculation is 10% (Euro) for Eskişehir and Tekirdağ City Hospitals and 11.5% (USD) for Isparta City Hospital. For inflation and exchange rate estimates, fair value calculations are made with different scenarios and the average value is accepted as the final result. The inflation values used in fair value calculations are in parallel with the medium and long term inflation rates announced by the CBRT.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Significant accounting evaluation, estimation and assumptions (cont'd)

Financial assets related to concession agreements and contract assets arising from ongoing construction and contracts (cont'd)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (Note 10). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Determining the fair value of equity instruments

The Group has classified and recorded the MIP, Travelex and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income/expense. MIP, Travelex and TAR financial investments carried at fair value are important in terms of financial statements and valuation studies require expertise. Valuations are made in accordance with market conditions, taking into account similar company multipliers, discount rates, current market transactions return and sales prices. In these estimates and assumptions, changes that may occur in the future may have a significant impact on the Group's consolidated financial statements

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets because it is in the development stage and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

Significant accounting evaluation, estimation and assumptions (cont'd)

Derivative instruments

Derivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group are mainly composed of forward foreign exchange purchase-sale contracts and foreign currency and interest rate swap transactions. Although these derivatives provide effective protection against risks for the Group economically, when they do not meet the necessary conditions in terms of risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated statement of profit or loss.

2.3 Amendments to the Turkish Financial Reporting Standards

New standards, amendments and interpretations effective from January 1, 2021:

- Interest Rate Benchmark Reform - Phase 2-Amendments to IFRS 9, IAS 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 TFRS 16 – Covid-19 Rent Related Concessions

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

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

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- TAS 8 Amendments – Definition of Accounting Estimates
- TAS 1 Amendments – Disclosure of Accounting Policies
- TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction
- 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.

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES

The merger transaction of Akfen Holding and Akfen Infrastructure Holding which was completed on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method (Note 4). When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred. As a result of this merger; the effect of the adjustments made in the prior period consolidated financial statements, the profit or loss and other comprehensive income and expense statement and the consolidated cash flow statement as of December 31, 2020 and January 1, 2020, are as follows:

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

ASSETS	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2020</u>
Current Assets			
Cash and cash equivalents	1,345,933	280,946	1,626,879
Short term financial investments	474,591	-	474,591
Trade receivables	8,384	66,616	75,000
-Trade receivables from related parties	8,384	13,137	21,521
-Trade receivables from third parties	-	53,479	53,479
Financial assets related to concession agreements	-	861,978	861,978
Other receivables	798	57,550	58,348
-Other receivables from related parties	-	173	173
-Other receivables from third parties	798	57,377	58,175
Inventories	-	43,205	43,205
Prepaid expenses	1,206	26,434	27,640
Current income tax assets	7,032	47,970	55,002
Other current assets	6	90,457	90,463
SUBTOTAL	1,837,950	1,475,156	3,313,106
Assets reclassified as held for sale	14,922	-	14,922
TOTAL CURRENT ASSETS	1,852,872	1,475,156	3,328,028
Non-Current Assets			
Financial investments	2,560,858	58,747	2,619,605
Trade receivables	-	12,264	12,264
-Trade receivables from third parties	-	12,264	12,264
Financial assets related to concession agreements	-	6,513,592	6,513,592
Other receivables	770,961	(18,524)	752,437
-Other receivables from related parties	770,945	(28,342)	742,603
-Other receivables from third parties	16	9,818	9,834
Investments accounted using the equity			
Method	3,597,845	(1,409,761)	2,188,084
Investment property	58,000	1,075,028	1,133,028
Property, plant and equipment	4,679	353,344	358,023
Intangible assets	846	105,027	105,873
-Other intangible assets	846	105,027	105,873
Right of use assets	-	10,486	10,486
Assets arising from customer contracts	-	25,726	25,726
-Contract assets arising from sales of goods and services	-	25,726	25,726
Prepaid expenses	3,355	-	3,355
Deferred tax assets	8,010	905,814	913,824
Other non current assets	9	26,698	26,707
TOTAL NON-CURRENT ASSETS	7,004,563	7,658,441	14,663,004

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended

December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

TOTAL ASSETS	8,857,435	9,133,597	17,991,032
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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

LIABILITIES	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2020</u>
Current Liabilities			
Short term borrowings	-	333,958	333,958
Short term portion of long-term borrowings	2,001,813	836,714	2,838,527
Trade payables	3,903	1,083,743	1,087,646
-Trade payables to related parties	1,398	893,773	895,171
-Trade payables to third parties	2,505	189,970	192,475
Employee benefit obligations	145	815	960
Other payables	13,358	34,700	48,058
-Other payables to related parties	10,439	1,509	11,948
-Other payables to third parties	2,919	33,191	36,110
Income tax payable	13,441	5,400	18,841
Deferred revenue	-	10,586	10,586
Current provisions	38,227	3,075	41,302
- Provision for employee benefits	4,147	3,075	7,222
-Other short-term provisions	34,080	-	34,080
Other current liabilities	51,870	80	51,950
TOTAL CURRENT LIABILITIES	2,122,757	2,309,071	4,431,828
Non-Current Liabilities			
Long term borrowings	308,634	5,468,463	5,777,097
Other payables	101,866	461,788	563,654
-Other payables to related parties	101,864	453,021	554,885
-Other payables to third parties	2	8,767	8,769
Derivative financial liabilities	-	266,190	266,190
Obligations arising from customer contracts	-	67,124	67,124
Non-current provisions	2,361	3,758	6,119
-Provision for employee benefits	2,361	3,758	6,119
-Other long-term provisions	-	-	-
Deferred tax liabilities	110,675	124,429	235,104
TOTAL NON-CURRENT LIABILITIES	523,536	6,391,752	6,915,288
TOTAL LIABILITIES	2,646,293	8,700,823	11,347,116

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2020</u>
EQUITY	6,211,141	432,775	6,643,916
Equity attributable to equity holders of the parent	6,197,210	468,248	6,665,458
Issued capital	667,181	-	667,181
Capital adjustment differences	(7,257)	7,257	-
Treasury shares (-)	(569,966)	-	(569,966)
Share premiums	(72,955)	75,331	2,376
Effect of business combinations under common control	(704,281)	(1,144,687)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit	2,348,752	163,748	2,512,500
<i>Revaluation and measurement gains</i>	2,348,752	163,748	2,512,500
<i>-Increases on revaluation of property, plant and equipment</i>	1,168,448	111,233	1,279,681
<i>-Losses on remeasurement of defined benefit plans</i>	(4,351)	(879)	(5,230)
<i>-Other gains on revaluation and remeasurement</i>	1,184,655	53,394	1,238,049
Other accumulated comprehensive income that will be reclassified to (loss) or profit	(75,916)	175,605	99,689
<i>-Currency translation difference</i>	105,798	175,605	281,403
<i>-Hedge reserve fund</i>	(181,714)	-	(181,714)
Restricted reserves appropriated from profits	2,932,286	(120,217)	2,812,069
Retained earnings	1,741,027	1,205,185	2,946,212
Net (loss)/profit for the period	(61,661)	106,026	44,365
Non-controlling interests	13,931	(35,473)	(21,542)
TOTAL LIABILITIES AND EQUITY	8,857,434	9,133,598	17,991,032

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

ASSETS	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>January 1, 2020</u>	<u>January 1, 2020</u>	<u>January 1, 2020</u>
Current Assets			
Cash and cash equivalents	1,750,395	334,963	2,085,358
Short term financial investments	19,638	-	19,638
Trade receivables	5,382	68,516	73,898
-Trade receivables from related parties	5,382	19,393	24,775
-Trade receivables from third parties	-	49,123	49,123
Financial assets related to concession agreements	-	422,851	422,851
Assets arising from customer contracts	-	76,912	76,912
- Receivables from ongoing construction and service contracts	-	76,912	76,912
Other receivables	288	90,862	91,150
-Other receivables from related parties	-	105	105
-Other receivables from third parties	288	90,757	91,045
Inventories	-	71,028	71,028
Prepaid expenses	1,259	156,910	158,169
Current income tax assets	322	18,573	18,895
Other current assets	6	47,410	47,416
SUBTOTAL	1,777,290	1,288,025	3,065,315
Assets reclassified as held for sale	2,890	-	2,890
TOTAL CURRENT ASSETS	1,780,180	1,288,025	3,068,205
Non-Current Assets			
Financial investments	2,365,760	48,877	2,414,637
Trade receivables	-	14,673	14,673
-Trade receivables from third parties	-	14,673	14,673
Financial assets related to concession agreements	-	4,361,126	4,361,126
Assets arising from customer contracts	-	721,170	721,170
- Receivables from ongoing construction and service contracts	-	706,831	706,831
-Contract assets arising from sales of goods and services	-	14,339	14,339
Other receivables	552,023	(17,512)	534,511
-Other receivables from related parties	552,007	(26,138)	525,869
-Other receivables from third parties	16	8,626	8,642
Investments accounted using the equity method	2,645,114	(1,276,916)	1,368,198
Investment property	-	875,196	875,196
Property, plant and equipment	69,050	41,307	110,357
Intangible assets	584	97,351	97,935
-Other intangible assets	584	97,351	97,935
Right of use assets	-	8,391	8,391
Deferred tax assets	6,637	620,660	627,297
Other non current assets	16	40,517	40,533

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TOTAL NON-CURRENT ASSETS	5,639,184	5,534,840	11,174,024
TOTAL ASSETS	7,419,364	6,822,865	14,242,229

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

LIABILITIES	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>January 1, 2020</u>	<u>January 1, 2020</u>	<u>January 1, 2020</u>
Current Liabilities			
Short term borrowings	-	113,722	113,722
Short term portion of long-term borrowings	436,949	655,273	1,092,222
Trade payables	2,998	1,257,802	1,260,800
-Trade payables to related parties	498	1,132,408	1,132,906
-Trade payables to third parties	2,500	125,394	127,894
Employee benefit obligations	280	841	1,121
Other payables	14,042	43,223	57,265
-Other payables to related parties	9,772	345	10,117
-Other payables to third parties	4,270	42,878	47,148
Income tax payable	4,074	741	4,815
Deferred revenue	-	6,944	6,944
Current provisions	13,124	3,548	16,672
-Provision for employee benefits	4,808	3,548	8,356
-Other short-term provisions	8,316	-	8,316
Other current liabilities	9,163	-	9,163
TOTAL CURRENT LIABILITIES	480,630	2,082,094	2,562,724
Non-Current Liabilities			
Long term borrowings	1,683,721	4,148,973	5,832,694
Other payables	117,479	321,532	439,011
-Other payables to related parties	117,477	312,159	429,636
-Other payables to third parties	2	9,373	9,375
Derivative financial liabilities	-	141,290	141,290
Obligations arising from customer contracts	-	41,327	41,327
Non-current provisions	22,758	3,803	26,561
-Provision for employee benefits	2,614	3,803	6,417
-Other long-term provisions	20,144	-	20,144
Deferred tax liabilities	43,539	113,594	157,133
TOTAL NON-CURRENT LIABILITIES	1,867,497	4,770,519	6,638,016
TOTAL LIABILITIES	2,348,127	6,852,613	9,200,740

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>January 1, 2020</u>	<u>January 1, 2020</u>	<u>January 1, 2020</u>
EQUITY	5,071,237	(29,748)	5,041,489
Equity attributable to equity holders of the parent	5,057,341	8,795	5,066,136
Issued capital	667,181	-	667,181
Capital adjustment differences	(7,257)	7,257	-
Treasury shares (-)	(569,966)	-	(569,966)
Share premiums	(72,955)	75,331	2,376
Effect of business combinations under common control	(704,281)	(1,144,687)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit	753,493	47,441	800,934
<i>Revaluation and measurement gains</i>	753,493	47,441	800,934
- <i>(Decreases)/Increases on revaluation of property, plant and equipment</i>	(4,307)	4,307	-
- <i>Losses on remeasurement of defined benefit plans</i>	(3,294)	(883)	(4,177)
- <i>Other gains on revaluation and remeasurement</i>	761,094	44,017	805,111
Other accumulated comprehensive income that will be reclassified to (loss) or profit	80,694	175,604	256,298
- <i>Currency translation difference</i>	80,694	175,604	256,298
- <i>Hedge reserve fund</i>	-	-	-
Restricted reserves appropriated from profits	2,912,107	(122,414)	2,789,693
Retained earnings	1,507,269	771,796	2,279,065
Net profit for the period	491,056	198,467	689,523
Non-controlling interests	13,896	(38,543)	(24,647)
TOTAL LIABILITIES AND EQUITY	7,419,364	6,822,865	14,242,229

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

<u>December 31, 2020:</u>	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>January 1- December 31, 2020</u>	<u>January 1- December 31, 2020</u>	<u>January 1- December 31, 2020</u>
PROFIT OR LOSS FROM CONTINUING OPERATIONS			
Revenue	6,633	1,176,898	1,183,531
Cost of sales (-)	-	(1,037,416)	(1,037,416)
GROSS PROFIT	6,633	139,482	146,115
General administrative expenses (-)	(39,583)	(40,689)	(80,272)
Marketing, selling and distribution expenses (-)	-	(3,980)	(3,980)
Other income from operating activities	12,560	1,721,681	1,734,241
Other expenses from operating activities (-)	(34,267)	(16,597)	(50,864)
Share of profit/(loss) from investments accounted using the equity method	(336,105)	(129,884)	(465,989)
OPERATING (LOSS)/PROFIT FROM OPERATING ACTIVITIES	(390,762)	1,670,013	1,279,251
Income from investment activities	212,227	983	213,210
Expense from investment activities (-)	(19,050)	(4)	(19,054)
(LOSS)/PROFIT BEFORE FINANCE (LOSS)/INCOME	(197,585)	1,670,992	1,473,407
Finance income	337,273	846,439	1,183,712
Finance expenses (-)	(132,952)	(2,702,490)	(2,835,442)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6,736	(185,059)	(178,323)
Tax (expense)/income	(68,362)	294,155	225,793
Current period tax expense (-)	(24,900)	(8,138)	(33,038)
Deferred tax (expense)/income	(43,462)	302,293	258,831
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(61,626)	109,096	47,470
(LOSS)/PROFIT FOR THE PERIOD	(61,626)	109,096	47,470
Attributable to			
Non-controlling interests	35	3,070	3,105
Equity holders of the parent	(61,661)	106,026	44,365
Net (loss)/profit for the period	(61,626)	109,096	47,470
(Losses)/Earnings per share			
(Losses)/earnings per share (TRY in full)	(0.09)	0.16	0.07
Diluted (losses)/earnings per share (TRY in full)	(0.09)	0.16	0.07

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

<u>December 31, 2020:</u>	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>January 1- December 31, 2020</u>	<u>January 1- December 31, 2020</u>	<u>January 1- December 31, 2020</u>
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)			
(LOSS)/PROFIT FOR THE YEAR	(61,626)	109,096	47,470
Other comprehensive income that will not be reclassified to profit or loss	1,595,259	116,307	1,711,566
Losses/(earnings) on remeasurements of defined benefit plans	(1,057)	4	(1,053)
Gains on revaluation of property, plant and equipment	1,172,755	106,926	1,279,681
Other comprehensive income items that will not be reclassified as other profit	423,561	9,377	432,938
Other comprehensive income/loss that will be reclassified to profit or loss	(156,610)	1	(156,609)
Exchange differences on translation	25,104	1	25,105
Other comprehensive loss related with cash flow hedges	(181,714)	-	(181,714)
OTHER COMPREHENSIVE INCOME	1,438,649	116,308	1,554,957
TOTAL COMPREHENSIVE INCOME	1,377,023	225,404	1,602,427
Total comprehensive income attributable to			
Non-controlling interests	35	3,070	3,105
Equity holders of the parent	1,376,988	222,334	1,599,322
Total comprehensive income	1,377,023	225,404	1,602,427
	<u>Previously reported</u>	<u>Akfen Infrastructure merger effect</u>	<u>Restated</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2020</u>
A. Cash Flows from Operating Activities	230,850	227,829	458,679
(Loss)/profit for the year	(61,626)	109,096	47,470
Adjustments to reconcile (loss)/profit	449,387	(29,558)	419,829
Changes in working capital	(125,192)	(358,118)	(483,310)
Cash flows from/(used in) operations	262,569	(278,580)	(16,011)
B. Cash Flows Used in Investment Operations	(317,156)	(115,444)	(432,600)
C. Cash Flows used in Financing Activities	(318,152)	(90,124)	(408,276)
Net (decrease)/increase in cash and cash equivalents	(404,458)	22,261	(382,197)
Cash and cash equivalents at the beginning of the period	1,750,404	252,079	2,002,483
Cash and cash equivalents at the end of the period	1,345,946	274,340	1,620,286

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of subsidiaries

As of February 9, 2021 Company sold all of the shares of Masanda, which has a 184-bed 5-Star Holiday Village investment in Bodrum, for TRY 235.000 and sold all of its shares in Isparta Dormitory, which has been leased to the General Directorate of Credits and Dormitories for 15 years and has two dormitories with a total of 7,232 beds, to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. amounting to TRY 215.000. For the statement of financial position on the date of sale, the date of January 31, 2021, which is the closest to the aforementioned date and where no significant change has occurred from this date to the date of sale, is taken as a basis.

The financial statements of the related companies as of January 31, 2021 are as follows:

	Masanda Tourism	Isparta Dormitory	Total
Assets	January 31, 2021	January 31, 2021	January 31, 2021
Current assets	3,089	7,647	10,736
Cash and cash equivalents	27	3,460	3,487
Trade receivables	3	42	45
- Trade receivables from related parties	3	-	3
- Trade receivables from third parties	-	42	42
Other receivables	-	1,473	1,473
- Other receivables from third parties	-	1,473	1,473
Prepaid expenses	880	125	1,005
Other current assets	2,179	2,547	4,726
Non-current assets	310,477	297,063	607,540
Other receivables	10	-	10
- Other receivables from third parties	10	-	10
Right of use assets (Note 12)	2,394	-	2,394
Investment property (Note 10)	-	285,453	285,453
Property, plant and equipment (Note 13)	287,565	-	287,565
Other non-current assets	20,508	11,610	32,118
Total assets	313,566	304,710	618,276
Liabilities	January 31, 2021	January 31, 2021	January 31, 2021
Current liabilities	831	1,794	2,625
Short-term borrowings (Note 5)	506	806	1,312
- Lease liabilities (Note 5)	506	806	1,312
Trade payables	315	92	407
- Trade payables to related parties	71	57	128
- Trade payables to third parties	244	35	279
Other payables	3	7	10
- Other payables to third parties	3	7	10
Deferred revenue	-	887	887
Other current liabilities	7	2	9
Non-current liabilities	5,278	42,845	48,123
Long-term borrowings (Note 5)	2,507	3,096	5,603
- Lease liabilities (Note 5)	2,507	3,096	5,603
Deferred tax liabilities (Note 30)	2,771	39,749	42,520
Equity attributable to owners of parent	307,457	260,071	567,528
Issued capital	192,504	78,000	270,504
Share premiums	-	25,050	25,050
Restricted reserves appropriated from profits	2	-	2
Retained earnings	115,452	156,601	272,053
Net (loss)/profit for the period	(501)	420	(81)
Total liabilities	313,566	304,710	618,276

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of subsidiaries (cont'd)

The difference between the sale price of Isparta Dormitory and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Isparta Dormitory	June 30, 2021
Sale price	215,000
Net asset value on the date of sale	260,071
Losses on disposal of subsidiary (Note 32)	45,071

Isparta Dormitory	
Total sale price – cash	215,000
Cash and cash equivalents - disposed	(3,460)
Cash inflow from sales, (net)	211,540

The difference between the sale price of Masanda and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Masanda Tourism	June 30, 2021
Sale price	235,000
Net asset value on the date of sale	307,457
Losses on disposal of subsidiary (Note 32)	72,457

Masanda Tourism	
Total sale price – cash	235,000
Share transfer expenses	(2,250)
Cash and cash equivalents - disposed	(27)
Cash inflow from sales, (net)	232,723

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3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of associate

IBS Insurance

On March 10, 2020, Akfen Holding signed a "Share Sales Agreement" to transfer its 17% stake in IBS Insurance for a price of TRY 34,000. After the completion of the transaction, Akfen Holding's share in IBS Insurance decreased to 20%. The positive difference between the mentioned sales price and the net asset derecognized from the records has been recorded as income from investment activities in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2020.

	<u>On the date of sale</u>
Net assets	42,506
IBS Insurance's share of shares sold	%17
IBS Insurance's net asset amount sold (Note 11) (A)	7,226
Sales price (B)	34,000
Earnings arising from the disposal of subsidiaries (Note 26) (B-A)	26,774

Furthermore, Akfen Holding signed a "Share Sale Agreement" on December 28, 2020 to transfer its remaining 20% share in IBS Insurance for a consideration of TRY 48,000, and the sale was completed on January 28, 2021. After the transaction was completed, Akfen Holding had no shares in IBS Insurance. The positive difference between the mentioned sale price and the net asset derecognized, was recorded as income from investment activities in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2021.

	<u>On the date of sale</u>
Net assets	67,544
IBS Insurance's share of shares sold	%20
IBS Insurance's net asset amount sold (A)	13,509
Sales price (B)	48,000
Earnings arising from the disposal of subsidiaries (Note 30) (B-A)	34,491

Akfen REIT

On 20 August 2021, Akfen REIT paid capital increase was realized by using the right to preference of the existing shareholders and the Group transferred 6.43% of its shares in Akfen REIT for a price of TRY 66,433 before the capital increase and sale price and the value of the shares subject to sale and the loss amounting to TRY 11,304, which is the difference between the mentioned sale price and the value of the shares subject to sale, is accounted for in the expense from investment activities in the consolidated statement of profit or loss and other comprehensive income of the Group (Note 30).

Akfen Renewable Energy

On February 17, 2020, Akfen Renewable Energy's capital was increased to TRY 1,016,032 at a premium, within this scope, USD 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91%, and EBRD's share 17.10% and IFC's share was 15.99%. The effect of the change in the net assets of Akfen Renewable due to this transaction amounting to TRY 26,306 has been recognized in the Group's consolidated financial statements in the income from investment activities as of December 31, 2020 (Note 30).

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4. SEGMENT REPORTING

	<u>Investments accounted using the equity method</u>										<u>Consolidation adjustment and classification</u>	<u>Consolidated Total</u>	
	<u>Akfen Holding</u>	<u>Akfen Construction</u>	<u>Akfen Tourism</u>	<u>Akfen REIT (*)</u>	<u>Akfen Renewable</u>	<u>MDO- İDO (**)</u>	<u>Akfen Water</u>	<u>Acacia</u>	<u>Other (***)</u>	<u>Total</u>			
January 1-December 31, 2021													
Revenue	8,162	520,950	72,966	55,647	863,793	401,776	54,354	509,761	8,117	2,495,526	(1,894,970)	600,556	
Cost of sales	-	(465,447)	(92,042)	(4,198)	(405,868)	(316,575)	(49,867)	(246,475)	(4,740)	(1,585,212)	1,049,248	(535,964)	
Gross profit/(loss)	8,162	55,503	(19,076)	51,449	457,925	85,201	4,487	263,286	3,377	910,314	(845,722)	64,592	
Selling and marketing expenses	-	(5,855)	(1,133)	-	-	(7,905)	-	(22,715)	(33)	(37,641)	31,392	(6,249)	
General administrative expenses	(61,854)	(54,230)	(1,049)	(3,612)	(22,153)	(32,715)	(2,016)	(21,343)	(5,930)	(204,902)	87,580	(117,322)	
Other operating income	51,077	6,501,840	5,522	603,812	53,655	6,028	68	(2,381)	2,717	7,222,338	(669,609)	6,552,729	
Other operating expenses	(94,384)	(18,376)	(600)	(529)	(63,123)	(11,288)	(3,781)	-	(1,387)	(193,468)	80,100	(113,368)	
Share of profit from investments accounted using the equity method	-	-	-	-	-	1,374	-	-	-	1,374	893,990	895,364	
Operating (loss)/profit	(96,999)	6,478,882	(16,336)	651,120	426,304	40,695	(1,242)	216,847	(1,256)	7,698,015	(422,269)	7,275,746	
Investment activity income	593,091	-	12,758	71,204	-	123	-	-	516	677,692	(351,114)	326,578	
Investment activity expenses	(352,148)	(45,071)	-	-	-	-	-	-	-	(397,219)	234,291	(162,928)	
Finance income	267,715	897,725	30,027	78,479	5,478	80,425	20,914	54,751	7,516	1,443,030	(283,799)	1,159,231	
Finance expense	(585,415)	(5,365,516)	(24,494)	(203,478)	(249,436)	(988,598)	(14,813)	(53,526)	(1,191)	(7,486,467)	1,538,589	(5,947,878)	
(Loss)/profit before tax from continuing Operations	(173,756)	1,966,020	1,955	597,325	182,346	(867,355)	4,859	218,072	5,585	1,935,051	715,698	2,650,749	
Tax income/(expense) for the period	146,389	(34,881)	(1,011)	(59,509)	88,426	-	(474)	(74,707)	(1,463)	62,770	46,623	109,393	
(Loss)/profit after tax from continuing Operations	(27,367)	1,931,139	944	537,816	270,772	(867,355)	4,385	143,365	4,122	1,997,821	762,321	2,760,142	
Profit/(loss) for the period from parent company													
Shares	(27,367)	1,939,097	944	531,271	272,997	(867,355)	4,385	143,365	4,122	2,001,459	765,902	2,767,361	
Depreciation and amortization expenses	1,974	12,378	4,633	969	208,208	68,011	110	80,662	312	377,257	(357,968)	19,289	
Tangible and intangible fixed asset, investment property and other investments	7,112	18,668	13,643	261	4,002	39,155	426	78,266	2	161,535	(121,426)	40,109	
December 31, 2021													
Segment assets	8,078,333	15,381,029	50,792	1,643,104	9,747,000	1,267,426	29,633	1,477,874	368,641	38,043,832	(8,855,407)	29,188,425	
Segment liabilities	5,089,156	10,825,985	31,364	600,930	6,083,721	3,287,934	4,969	879,079	52,039	26,855,177	(10,835,277)	16,019,900	

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method (Note 3). When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred. As a result of the merger, Akfen Consultancy, Akfen REPMC, Akfen Tourism, Akınısı, Biz Mining, Akfen Merter, Tralelex and TAR companies were taken over and Tralevex and TAR are not included in the segment reporting as they are financial investments.

(*) After the capital increases on January 12, 2021 and February 9, 2021, details of which are given in Note 2, the ownership rate of Akfen REIT decreased from 56.88% to 30.37% and with the capital increase realized on August 20, 2021, it decreased to 23.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021.

(**) With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. 50% of İDO's pre-transfer rate is indirectly included in the Group's consolidation.

(***) Other companies include Akfen Consultancy, Akfen REPMC, Akınısı, Biz Mining, Akfen Merter, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy (subsidiaries).

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4. SEGMENT REPORTING (cont'd)

January 1-December 31, 2020	Investments accounted using the equity method										Consolidation adjustment and classification	Consolidated Total
	Akfen Holding	Akfen Construction	Akfen Tourism	Akfen REIT	Akfen Renewable (*)	İDO (**)	Akfen Water	Acacia	Other (***)	Total		
Revenue	6,633	1,224,017	22,054	37,022	682,757	200,338	16,716	285,425	26,820	2,501,782	(1,318,251)	1,183,531
Cost of sales	-	(1,077,288)	(28,716)	(5,166)	(279,429)	(154,144)	(15,734)	(128,721)	(12,099)	(1,701,297)	663,881	(1,037,416)
Gross profit/(loss)	6,633	146,729	(6,662)	31,856	403,328	46,194	982	156,704	14,721	800,485	(654,370)	146,115
Selling and marketing expenses	-	(3,732)	(992)	(42)	-	3,580	-	(15,803)	(185)	(17,174)	13,194	(3,980)
General administrative expenses	(42,531)	(33,303)	(1,613)	(4,914)	(16,853)	(30,709)	(2,248)	(16,660)	(8,758)	(157,589)	77,317	(80,272)
Other operating income	892	1,721,599	664	151,851	21,201	3,706	14	384	165,871	2,066,182	(331,941)	1,734,241
Other operating expenses	(28,047)	(4,611)	-	(556)	(55,738)	(20,734)	(12)	-	(41,119)	(150,817)	99,953	(50,864)
Share of profit/(loss) from investments accounted using the equity method	-	-	22,053	-	-	402	-	-	(22,054)	401	(466,390)	(465,989)
Operating (loss)/profit	(63,053)	1,826,682	13,450	178,195	351,938	2,439	(1,264)	124,625	108,476	2,541,488	(1,262,237)	1,279,251
Investment activity income	386,312	38	588	-	-	-	-	-	21,645	408,583	(195,373)	213,210
Investment activity expenses	(21,811)	-	-	-	-	(71)	-	-	(859)	(22,741)	3,687	(19,054)
Finance income	341,506	814,962	252	2,220	2,542	16,122	5,872	18,622	55,862	1,257,960	(74,248)	1,183,712
Finance expense	(211,102)	(2,640,141)	(1,884)	(300,374)	(600,596)	(229,962)	(1,436)	(115,027)	(5,170)	(4,105,692)	1,270,250	(2,835,442)
Profit/(loss) before tax from continuing operations	431,852	1,541	12,406	(119,959)	(246,116)	(211,472)	3,172	28,220	179,954	79,598	(257,921)	(178,323)
Tax (expense)/income for the period	(45,767)	269,459	1,932	(16,723)	45,858	-	(1,078)	(23,889)	(28,010)	201,782	24,011	225,793
Profit/(loss) after tax from continuing operations	386,085	271,000	14,338	(136,682)	(200,258)	(211,472)	2,094	4,331	151,944	281,380	(233,910)	47,470
Profit/(loss) for the period from parent company shares	386,085	268,747	(7,715)	(136,754)	(198,647)	(211,471)	2,094	4,331	173,965	280,635	(236,270)	44,365
Depreciation and amortization expenses	1,605	6,952	2,062	28	136,219	39,398	322	57,596	483	244,665	(233,965)	10,700
Tangible and intangible fixed asset, investment property and other investments	1,472	776,462	3,642	1,201	128,081	15,714	338	59,889	91,345	1,078,144	(197,093)	881,051
December 31, 2020												
Segment assets	10,134,357	10,249,082	29,203	1,651,777	5,640,330	1,138,832	30,199	873,070	551,364	30,298,214	(12,307,182)	17,991,032
Segment liabilities	4,165,878	7,365,176	29,028	1,243,402	3,790,228	2,027,888	7,014	661,153	92,712	19,382,479	(8,035,363)	11,347,116

(*)Due to the capital increase realized on February 17, 2020 and the details of which are given in Note 2, the ownership rate of Akfen Renewable increased from 66.13% to 66.91%. Profit or loss items of Akfen Renewable were consolidated at the rate of 66.13%, which was the pre-capital increase ownership rate, until 31 March 2020, the accounting period closest to the capital increase date.

(**)As of October 14, 2020, Akfen Holding's share became 50% after the share transfers made within the scope of the restructuring of the project finance completed by İDO as of the reporting date. Profit or loss items of İDO were consolidated at the rate of 30% before the share increase until September 30, 2020, which is the accounting period closest to the share increase date, and at the rate of 50%, which is the new ownership rate after September 30, 2020.

(***)Other companies include Akfen Energy Generation, Akfen Consultancy, Akfen REPMC, Akınısı, Biz Mining, Akfen Merter, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy, Akfen Solar Energy (subsidiaries), IBS Insurance (associates).

Due to the share sale that took place on March 10, 2020 and the details of which are given in Note 2, the ownership rate of IBS Insurance decreased from 37% to 20%. Profit or loss items of IBS Insurance were consolidated at the rate of 37%, which is the pre-sales ownership rate until March 31, 2020, which is the accounting period closest to the share sale date, and 20% with the post-sale ownership rate from March 31, 2020 until December 31, 2020.

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5. CASH AND CASH EQUIVALENTS

As of December 31, 2021, 2020 and January 1, 2020 cash and cash equivalents are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Cash on hand	1,494	992	804
Banks	780,347	908,881	1,118,342
- Demand deposits	51,630	47,078	157,158
- Time deposits	728,717	861,803	961,184
Other cash and cash equivalents (*)	1,198,105	717,019	966,221
Impairment	(22)	(13)	(9)
Cash and cash equivalents	1,979,924	1,626,879	2,085,358
Restricted bank balance (-)	(3,181)	(6,606)	(82,884)
Impairment	22	13	9
Cash and cash equivalents in the cash flow statement	1,976,765	1,620,286	2,002,483

(*) As of December 31, 2021, 2020 and January 1, 2020 all of the other cash and cash equivalents consist of Group's overnight repos, fixed investment funds whose duration is less than 3 months and government and private sector bonds.

As of December 31, 2021, TRY 3,172 of the bank's restricted bank balance has been blocked for loan payments, and the blockage disappears when credit payments are made (December 31, 2020: TRY 5,354, January 1, 2020: TRY 82,191). The remaining amount, TRY 9, is blocked for insurance payments and the blockage is removed when insurance payments are made (December 31, 2020: TRY 1,252, January 1, 2020: TRY 693).

Demand deposits

As of December 31, 2021, 2020 and January 1, 2020 TRY equivalent of demand deposits in currency terms is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
US Dollar	42,390	27,028	4,967
EUR	6,717	15,388	143,136
TRY	2,322	4,542	9,047
Other	201	120	8
Total	51,630	47,078	157,158

Time deposits

As of December 31, 2021, 2020 and January 1, 2020 the TRY equivalent of time deposits in currency terms is as follows:

		December 31, 2021		December 31, 2020		January 1, 2020
	Maturity	Interest rate (%)	Maturity	Interest rate (%)	Maturity	Interest rate (%)
					<i>Restated</i>	<i>Restated</i>
US Dollar	January 2022	0.01 - 0.2	467.865	January 2021	0.01 - 0.65	647.012
EUR	January 2022	0.01 - 0.25	243.378	January 2021	0.01 - 0.75	188.316
TRY	January 2022	4.75 - 20	17.474	January 2021	5.00 - 16.00	26.475
Total			728.717			861.803
						961.184

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5. CASH AND CASH EQUIVALENTS (cont'd)

Other cash and cash equivalents

As of December 31, 2021, 2020 and January 1, 2020 the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
US Dollar	1,189,573	716,857	899,330
TRY	8,532	162	66,891
Total	1,198,105	717,019	966,221

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 34.

6. FINANCIAL BORROWINGS

The details for financial borrowings as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Short-term financial borrowings	2,162,020	3,172,485	1,205,944
Short-term secured bank loans	352,068	333,958	113,722
Current portion of long-term secured bank loans	1,633,364	2,583,242	703,736
Current portion of long-term bonds	155,398	228,182	384,243
Current portion of long-term financial lease borrowings	16,871	22,653	-
Current portion of long-term lease liabilities	4,319	4,450	4,243
Long-term financial liabilities	11,536,810	5,777,097	5,832,694
Long-term secured bank loans	11,527,812	5,612,533	5,646,335
Bonds issued	-	134,966	174,108
Long-term financial lease borrowings	-	15,486	-
Long-term lease liabilities	8,998	14,112	12,251
Total	13,698,830	8,949,582	7,038,638

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6. FINANCIAL BORROWINGS (cont'd)

The details for financial borrowings as of December 31, 2021, 2020 and January 1, 2020 are as follows:

December 31, 2021	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan ⁽¹⁾	TRY	7.50-31	2022-2023	458,987	466,780
Collateralized bank loan ⁽²⁾	TRY	10.00	2022-2023	1,800	1,878
Financial lease borrowings ⁽¹⁾	TRY	10.70	2022	16,541	16,871
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.50	2035	2,537,771	2,552,671
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	2,135,828	2,128,036
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.10	2034	2,135,828	2,130,200
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.05	2029	1,161,374	1,175,215
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	153,790	155,967
Collateralized bank loan ⁽³⁾	Euro	Euribor +6.55	2022	218,396	218,851
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	87,661	87,775
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +5.15	2029	1,137,017	1,151,170
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor +4.90	2027	216,175	216,390
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +6.20	2029	149,951	152,188
Collateralized bank loan ⁽³⁾	US Dollar	1.33	2026	534,120	535,580
Collateralized bank loan ⁽³⁾	US Dollar	1.40	2026	934,710	935,218
Collateralized bank loan ⁽³⁾	US Dollar	1.36	2025	1,602,360	1,605,325
Bond ⁽⁴⁾	TRY	TRYREF Index + 2	2022	150,000	155,398
				13,632,309	13,685,513

December 31, 2020	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
				<i>Restated</i>	<i>Restated</i>
Collateralized bank loan ⁽¹⁾	TRY	10.69-18.50	2020-2023	450,699	454,926
Financial lease borrowings ⁽¹⁾	TRY	10.70	2021-2022	37,373	38,139
Collateralized bank loan ⁽²⁾	TRY	10.00	2022-2023	3,000	2,437
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.50	2035	1,612,938	1,623,195
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	1,363,504	1,357,620
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.10	2034	1,363,504	1,359,038
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.05	2029	754,021	763,008
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	100,139	101,557
Collateralized bank loan ⁽³⁾	Euro	Euribor +6.55	2022	130,164	130,411
Collateralized bank loan ⁽³⁾	Euro	Euribor +0.60	2021	40,536	40,568
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	52,246	52,313
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +5.15	2029	682,283	694,729
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor +4.90	2027	133,740	133,797
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +6.20	2029	90,264	92,134
Collateralized bank loan ⁽³⁾	US Dollar	3.55	2021	513,835	514,894
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	367,025	369,816
Collateralized bank loan ⁽³⁾	US Dollar	1Y Libor + 0.6	2021	400,057	396,832
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	440,430	442,458
Bond ⁽⁴⁾	TL	TRYREF Index + 2	2022	150,000	154,120
Bond ⁽⁵⁾	TL	3M TRYLIBOR +2.50	2021	200,000	209,028
				8,885,758	8,931,020

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6. FINANCIAL BORROWINGS (cont'd)

January 1, 2020	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
				Restated	Restated
Collateralized bank loan ⁽¹⁾	TRY	11.40-18.50	2020-2021	317,595	318,622
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	1,094,398	1,089,163
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+6.10	2034	1,094,398	1,090,420
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+5.75	2035	909,470	911,511
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.05	2029	598,340	604,291
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	82,326	83,298
Collateralized bank loan ⁽³⁾	Euro	Euribor+6.55	2022	96,101	96,302
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	38,573	38,624
Collateralized bank loan ⁽³⁾	Euro	Euribor+0.60	2021	29,928	29,952
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor+5.15	2029	593,106	602,130
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor+4.90	2027	119,204	119,316
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor+6.20	2029	81,319	82,724
Collateralized bank loan ⁽³⁾	US Dollar	3.55	2021	415,814	416,671
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	356,412	358,058
Collateralized bank loan ⁽³⁾	US Dollar	1Y Libor + 0.6	2021	323,741	323,386
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	297,010	299,325
Bond ⁽⁵⁾	TRY	3M TRYLIBOR+2.50	2021	200,000	203,551
Bond ⁽⁶⁾	TRY	DİBS ^(**) + 4.50	2020	252,570	262,881
Bond ⁽⁷⁾	TRY	DİBS ^(**) + 4.50	2020	92,013	91,919
				6,992,318	7,022,144

⁽¹⁾ Akfen Construction loans.

⁽²⁾ Akfen Tourism loans.

⁽³⁾ Akfen Holding loans.

⁽⁴⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 150,000 on February 7, 2020.

⁽⁵⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 200,000 on November 20, 2019.

⁽⁶⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 3 years and a quarterly coupon payment amounting to TRY 300,000 on January 9, 2017.

⁽⁷⁾ It shows the debt arising from the issuance of floating rate bond with a maturity of 3 years and a quarterly coupon payment amounting to TRY 150,360 on March 23, 2017.

Secured project bank loans are secured by the following instruments:

- Transfer and assignment of receivables,
- Pledge of accounts
- Mortgage of rights of construction,
- Share pledge,

Collateralized bank loans are secured by the main Shareholder and other Group Companies.

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6. FINANCIAL BORROWINGS (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Within 1 year	2,157,701	3,168,035	1,201,701
Between 1 – 2 years	1,178,517	1,004,992	2,034,041
Between 2 – 3 years	1,125,810	644,648	572,691
Between 3 – 4 years	2,574,530	612,205	435,207
Over 5 years	6,648,955	3,501,140	2,778,504
Total	13,685,513	8,931,020	7,022,144

The movements in financial borrowings for the years ended December 31, 2021 ve 2020 are as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	2,310,447	2,120,670
<i>Merger effects (Note 3)</i>	6,620,573	4,901,474
Financial liabilities at the beginning of the year	8,931,020	7,022,144
<i>Proceeds from borrowings</i>	3,046,489	1,261,877
<i>Repayments of borrowings</i>	(3,853,608)	(1,241,295)
<i>Interest paid</i>	(643,654)	(498,878)
<i>Accrual</i>	650,474	514,010
<i>Foreign exchange difference</i>	5,554,792	1,873,162
Financial liabilities at the year end	13,685,513	8,931,020

Operation lease liabilities

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

The details of operating lease liabilities are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Less than 1 year	4,319	4,450	4,243
1 - 5 years	7,863	13,029	12,248
5 years and over	36,554	60,297	63,834
Less: Financial expense for future periods	(35,419)	(59,214)	(63,831)
Total operational lease liabilities	13,317	18,562	16,494

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6. FINANCIAL BORROWINGS (cont'd)

Operation lease liabilities (cont'd)

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

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	-	-
<i>Merger effects (Note 3)</i>	18,562	16,494
January 1	18,562	16,494
<i>Finance expense</i>	1,670	2,887
<i>Addition</i>	-	244
<i>Payments</i>	-	(1,063)
<i>Subsidiary sales impact (Note 3)</i>	(6,915)	-
December 31	13,317	18,562

7. TRADE RECEIVABLES AND PAYABLES

The short-term trade receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Trade receivables due from related parties (Note 32)	19,996	21,521	24,775
Trade receivables due from third parties	82,747	53,479	49,123
- <i>Receivables from the Ministry of Health (*)</i>	75,176	39,669	34,737
- <i>Notes receivables (**)</i>	97	1,098	9,233
- <i>Other trade receivables</i>	7,474	12,712	5,153
Total	102,743	75,000	73,898

The long-term trade receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Trade receivables from third parties	9,061	12,264	14,673
- <i>Notes receivables (**)</i>	9,061	12,264	14,673
Total	9,061	12,264	14,673

(*) As of December 31, 2021, 2020 and January 1, 2020 trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

(**) As of December 31, 2021 notes receivable consists of notes receivable from Incek-Loft. (December 31, 2020 and January 1, 2020: Incek-Loft and Bulvar-Loft)

The short-term trade payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Trade payables due to related parties (Note 32)	9,230	895,171	1,132,906
Trade payables due to third parties	141,272	192,475	127,894
- <i>Trade payables</i>	141,268	183,940	116,001
- <i>Expense accruals</i>	4	8,535	11,893
Total	150,502	1,087,646	1,260,800

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8. OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other receivables due from related parties	9	173	105
Other receivables due from third parties	85,038	58,175	91,045
- <i>Receivables from tax office</i>	84,188	56,776	90,506
- <i>Deposits and guarantees given</i>	157	156	214
- <i>Other receivables</i>	693	1,243	325
Total	85,047	58,348	91,150

The long-term other receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other receivables from related parties (Note 32)	835,155	742,603	525,869
Other receivables from third parties	12,356	9,834	8,642
- <i>Deposits and guarantees given</i>	542	250	225
- <i>Other long-term receivables</i>	11,814	9,584	8,417
Total	847,511	752,437	534,511

The short-term other payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other payables to related parties (Note 32)	40,495	11,948	10,117
Other payables to third parties	32,590	36,110	47,148
- <i>Deposit and guarantees received</i>	21,969	23,682	40,790
- <i>Taxes and funds payable</i>	10,275	12,235	5,919
- <i>Other payables</i>	346	193	439
Total	73,085	48,058	57,265

The long-term other payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other payables to related parties (Note 32)	1,387,002	554,885	429,636
Other payables to third parties	8,769	8,769	9,375
- <i>Deposit and guarantees received</i>	11	11	14
- <i>Other payables</i>	8,758	8,758	9,361
Total	1,395,771	563,654	439,011

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9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2021, 2020 and January 1, 2020 short-term prepaid expenses are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advance given (*)	25,838	17,172	152,718
Prepaid expenses	11,928	10,020	4,902
Other	407	448	549
Total	38,173	27,640	158,169

(*) It consists of the advances given for construction works as of December 31, 2021, 2020 and January 1, 2020.

Long-term prepaid expenses as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advances given	6,197	3,355	-
Total	6,197	3,355	-

Long-term assets arising from customer contracts as of December 31, 2021, 2020 and January 1, 2020 are as follows:

Long-term assets arising from customer contracts/ assets arising from sales of goods and services	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Assets arising from customer contracts/ Contract assets arising from sales of goods and services (*)	41,760	25,726	14,339
Total	41,760	25,726	14,339

(*) The Group has evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and financial statements. As of December 31, 2021, 2020 and January 1, 2020, the balances consist of the advance payments made for the extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.

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10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS/CONTRACTUAL ASSETS ARISING FROM ONGOING CONSTRUCTION AND COMMITMENTS

As of December 31, 2021, 2020 and January 1, 2020 financial assets related to short and long term concession agreements are as follows:

	December 31, 2021	<i>Restated</i> December 31, 2020	<i>Restated</i> January 1, 2020
Isparta City Hospital			
Short-term financial assets related to concession agreements (*)	398,834	254,774	164,468
Long-term financial assets related to concession agreements (*)	3,158,983	1,761,087	1,612,850
	3,557,817	2,015,861	1,777,318
Eskişehir City Hospital			
Short-term financial assets related to concession agreements (*)	621,114	407,937	258,383
Long-term financial assets related to concession agreements (*)	5,447,920	3,257,162	2,748,276
	6,069,034	3,665,099	3,006,659
Tekirdağ City Hospital			
Short-term financial assets related to concession agreements (*)	348,390	199,267	-
Contract assets arising from ongoing construction and commitments (*)	-	-	76,912
Short-term financial assets related to concession agreements (*)	2,470,068	1,495,343	-
Contract assets arising from ongoing construction and commitments (*)	-	-	706,831
	2,818,458	1,694,610	783,743
Total City Hospital			
Short-term financial assets related to concession agreements (*)	1,368,338	861,978	422,851
Contract assets arising from ongoing construction and commitments (*)	-	-	76,912
Long-term financial assets related to concession agreements (*)	11,076,971	6,513,592	4,361,126
Contract assets arising from ongoing construction and commitments (*)	-	-	706,831
	12,445,309	7,375,570	5,567,720

(*) The purchase of service concession contracts includes the right to charge fees for the use of the concession infrastructure arising from the City Hospital contract for the construction of City Hospitals models signed with the Ministry of Health. The estimated amortization period of a financial asset in concession agreements is the period during which the Group can allocate to the public to use the infrastructure until the end of the concession period.

Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital started their activities and collections related to the operation of the hospitals as of March 31, 2017, October 27, 2018 and November 30, 2020, respectively.

For the years ended December 31, 2021 and 2020, financial asset movements are as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	-	-
<i>Merger effects (Note 3)</i>	7,375,570	5,567,720
January 1	7,375,570	5,567,720
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	6,080,328	1,464,390
IFRIC 12 interest income (Note 29)	-	162,322
Additions to contract assets arising from ongoing construction and contracts (Note 25)	-	739,225
Collections	(1,010,589)	(558,087)
December 31	12,445,309	7,375,570

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11. INVESTMENT PROPERTIES

As of December 31, 2021, 2020 and January 1, 2020 t investment properties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Investment properties	1,303,814	1,129,189	869,187
Land leases	-	3,839	6,009
	1,303,814	1,133,028	875,196

As of December 31, 2021 pledge on property, plant and equipment and investment property is TRY 2,177,690 (December 31, 2020: TRY 1,335,940 TL, January 1, 2020: 1,101,927).

As of December 31, 2021, 2020 and January 1, 2020 the types of investment properties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Land	655,516	516,747	344,865
Building	640,343	607,571	520,128
Hotel	7,955	4,871	4,194
Land leases	-	3,839	6,009
	1,303,814	1,133,028	875,196

For the years ended at December 31, 2021 and 2020, the movement table of investment properties is as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	58,000	-
<i>Merger effects (Note 3)</i>	<i>1,075,028</i>	<i>875,196</i>
January 1	1,133,028	875,196
Transfer to tangible fixed assets (Note 14) (*)	-	(158,065)
Transfer from tangible fixed assets (Note 14) (**)	649	46,262
Additions	-	91,258
Transfer from inventories (Note 16)	20,327	21,919
Fair value increase (Note 28)	451,342	258,876
Disposals	(16,079)	-
Transfer to right of use assets-Land leases (Note 13)	-	(2,418)
Subsidiary sales impact-Land leases (Note 3)	(3,839)	-
Subsidiary sales impact (Note 3)	(281,614)	-
December 31	1,303,814	1,133,028

(*) The Group management has decided that the Bodrum Loft project, which is planned to be leased to a third-party company that is not included in the scope of consolidation as of January 1, 2020, will be operated by Akfen Tourism with the contract signed in June 2020. For this reason, the value of the project, which was accounted for as investment property as of January 1, 2020, was reclassified to tangible assets as of December 31, 2020.

(**) The generation license of the Mersin Natural Gas Combined Cycle Power Plant project owned by the Group was terminated with the Board decision of EMRA dated December 30, 2020, numbered 9943-9, after the positive evaluation of the application made to EMRA. With the revocation of the license, the land amount recognized under the investments in progress under tangible fixed assets was classified into investment properties and accounted with its fair value as of December 31, 2020.

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11. INVESTMENT PROPERTIES (cont'd)

Land leases

The Group classifies its rights on land leased to develop investment properties as investment property. In such a case, the right to the relevant land is accounted for as it was in the lease, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group developed on the leased lands are made by deducting the rental prices to be paid for these lands from the estimated cash flows, the reduced values of the rental prices to be paid related to the relevant lands are accounted in the investment property account. As of January 1, 2020, amounting to TRY 3,591 of the relevant figure is related with Akfen Construction and the remaining TRY 2,418 is related with Masanda Tourism. With the Group management's decision to operate the Bodrum Loft project by Akfen Tourism with the contract signed in June 2020, the related balance is TRY 3,839 as of December 31, 2020, due to the transfer of the mentioned project, which is accounted for as investment property, to right-of-use assets. As of February 9, 2021, the sales transactions of the shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory (Kütahya and Isparta dormitories) to Akfen REIT have been completed and there is no land rent due to the sale of the mentioned company and have been started to be accounted for under investments accounted using the equity method in the consolidated financial statements as of December 31, 2021.

As of December 31, 2021, 2020 and January 1, 2020 the fair value classifications of investment properties are as follows:

December 31, 2021	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	7,955
Investment properties – Building	-	-	640,343
Investment properties – Land	-	655,516	-
<i>Restated</i>			
December 31, 2020	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	4,871
Investment properties – Building	-	-	607,571
Investment properties – Land	-	516,747	-
Investment properties – Land leases	-	-	3,839
<i>Restated</i>			
January 1, 2020	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	4,194
Investment properties – Building	-	-	520,128
Investment properties – Land	-	344,865	-
Investment properties – Land leases	-	-	6,009

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12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2021, 2020 and January 1, 2020 liabilities from derivative instruments are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Liabilities from derivative instruments	(280,559)	(266,190)	(141,290)
Total	(280,559)	(266,190)	(141,290)

December 31, 2021			
	<u>Currency</u>	<u>Original contract value</u>	<u>Liability</u>
Derivative liabilities	US Dollar	104,371,438	(8,688)
Derivative liabilities	Euro	295,936,694	(271,871)
Total			(280,559)

Restated

December 31, 2020			
	<u>Currency</u>	<u>Original contract value</u>	<u>Liability</u>
Derivative liabilities	US Dollar	118,778,271	(23,619)
Derivative liabilities	Euro	313,923,438	(242,571)
Total			(266,190)

Restated

January 1, 2020			
	<u>Currency</u>	<u>Original contract value</u>	<u>Liability</u>
Derivative liabilities	US Dollar	120,460,647	(11,872)
Derivative liabilities	Euro	272,502,883	(129,418)
Total			(141,290)

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13. RIGHT OF USE ASSETS

Within the scope of the first application of TFRS 16 "Leases", it has been accounted as leasing obligation in the individual financial statements related to leasing commitments classified as "operating leases" in accordance with TAS 17 "Leasing Transactions" before 1 January 2019. This lease liability is measured at the present value of the unrealized lease payments as of the transition date, discounted using the alternative borrowing interest rate at the date of initial application. Right-of-use assets are accounted for at an amount equal to the lease liabilities under the simplified transition application of the relevant standard.

As of December 31, 2021, 2020 and January 1, 2020 right of use assets are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Right of use assets (*)	7,792	10,486	8,391
Total	7,792	10,486	8,391

(*) As of December 31, 2021, these are right-of-use assets recognized in relation to the leases of the lands leased by Akfen Merter and on which the project is under development/construction. (December 31, 2020 and January 1, 2020: Akfen Merter and Masanda Tourism). The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. Due to the unilateral termination of the contract, the compensation lawsuit filed for the compensation of possible losses that the Group may incur is continuing.

As of December 31, 2021 ve 2020 the movement table of right of use assets is as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	-	-
<i>Merger effects (Note 3)</i>	10,486	8,391
January 1	10,486	8,391
Transfer from investment properties (Note 11) (*)	-	2,418
Subsidiary sales impact (Note 3)	(2,394)	-
Amortization expense	(300)	(323)
Year end	7,792	10,486

(*) Group management decided to operate the Bodrum Loft project, which is planned to be leased to a third party company that is not included in the scope of consolidation as of January 1, 2020, by Akfen Tourism with the agreement signed in June 2020. For this reason, the value of the project in question, which was recognized as investment property as of January 1, 2020, was reclassified to tangible fixed assets as of December 31, 2020. For this reason, the land rents for the project in question, which were accounted for under investment property as of January 1, 2020, were reclassified to right usage assets as of December 31, 2020.

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14. TANGIBLE ASSETS

The movements of tangible assets as of December 31 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
<i>January 1, 2021 opening balance - previously reported</i>	862	166	3,592	4,154	-	969	-	9,743
<i>Merger effect adjustments (Note 3)</i>	304,681	12,423	3,331	23,526	18,040	21,179	62	383,242
Balance as of January 1, 2021	305,543	12,589	6,923	27,680	18,040	22,148	62	392,985
Additions	-	747	12,587	8,998	792	11,126	524	34,774
Disposals	-	(811)	(862)	-	-	-	-	(1,673)
Subsidiary sales impact (Note 3)	(287,843)	-	-	(30)	-	-	-	(287,873)
Transfer to investment properties	(649)	-	-	-	-	-	-	(649)
Balance as of December 31, 2021	17,051	12,525	18,648	36,648	18,832	33,274	586	137,564
Accumulated depreciation								
<i>January 1, 2021 opening balance - previously reported</i>	64	166	870	3,236	-	728	-	5,064
<i>Merger effect adjustments (Note 3)</i>	3,723	8,680	2,755	11,028	-	3,650	62	29,898
Balance as of January 1, 2021	3,787	8,846	3,625	14,264	-	4,378	62	34,962
Current period depreciation	845	889	2,440	5,335	-	4,070	114	13,693
Disposals	-	(677)	(598)	-	-	-	-	(1,275)
Subsidiary sales impact (Note 3)	(279)	-	-	(29)	-	-	-	(308)
Balance as of December 31, 2021	4,353	9,058	5,467	19,570	-	8,448	176	47,072
<i>Net book value as of January 1, 2021 - previously reported</i>	798	-	2,722	918	-	241	-	4,679
<i>Merger effect adjustments (Note 3)</i>	300,958	3,743	576	12,498	18,040	17,529	-	353,344
Balance as of January 2021 - Restated	301,756	3,743	3,298	13,416	18,040	17,770	-	358,023
Net book value as of December 31, 2021	12,698	3,467	13,181	17,078	18,832	24,826	410	90,492

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14. TANGIBLE ASSETS (cont'd)

The movements of tangible assets as of December 31 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
<i>January 1, 2020 opening balance - previously reported</i>	862	166	3,592	3,536	63,860	831	-	72,847
<i>Merger effect adjustments (Note 3)</i>	16,839	9,978	3,303	11,728	17,703	7,359	62	66,972
Balance as of January 1, 2020	17,701	10,144	6,895	15,264	81,563	8,190	62	139,819
Additions	-	2,907	28	12,416	836	13,958	-	30,145
Transfer from investment properties (Note 11) ^(*)	158,065	-	-	-	-	-	-	158,065
Transfer to investment properties (Note 11)	-	-	-	-	(46,262)	-	-	(46,262)
Disposals	(7,584)	(462)	-	-	-	-	-	(8,046)
Value increase/(decrease) (Note 24) (Note 28)	137,361	-	-	-	(18,097)	-	-	119,264
Balance as of December 31, 2020	305,543	12,589	6,923	27,680	18,040	22,148	62	392,985
Accumulated depreciation								
<i>January 1, 2020 opening balance - previously reported</i>	57	166	9	2,880	-	685	-	3,797
<i>Merger effect adjustments (Note 3)</i>	3,185	8,363	2,546	10,051	-	1,458	62	25,665
Balance as of January 1, 2020	3,242	8,529	2,555	12,931	-	2,143	62	29,462
Current period depreciation	545	778	1,070	1,353	-	2,235	-	5,981
Disposals	-	(461)	-	(20)	-	-	-	(481)
Balance as of December 31, 2020	3,787	8,846	3,625	14,264	-	4,378	62	34,962
<i>January 1, 2020 net book value - previously reported</i>	805	-	3,583	656	63,860	146	-	69,050
<i>Merger effect adjustments (Note 3)</i>	13,654	1,615	757	1,677	17,703	5,901	-	41,307
Balance as of January 1, 2020 - Restated	14,459	1,615	4,340	2,333	81,563	6,047	-	110,357
Net book value as of December 31, 2020	301,756	3,743	3,298	13,416	18,040	17,770	-	358,023

^(*) The Group management decided to operate the Bodrum Loft project, which is planned to be leased to a third-party company that is not included in the scope of consolidation as of January 1, 2020, by Akfen Tourism with a contract signed in June 2020. Therefore, the value of the project in question, which was recognized as investment property as of January 1, 2020, was reclassified to tangible fixed assets as of December 31, 2020.

As of December 31, 2021, mortgages and pledges on property, plant and equipment and investment properties amounting to TRY 2,177,690 (December 31, 2020: TRY 1,335,940, January 1, 2020: TRY 1,101,927).

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15. INTANGIBLE ASSETS

The movements of intangible assets as of December 31, are as follows:

Cost	Rights	Other	Total
January 1, 2020 opening balance - previously reported	5,733	1,878	7,611
<i>Merger effect adjustments (Note 3)</i>	<i>127,017</i>	<i>1,280</i>	<i>128,297</i>
Balance as of January 1, 2020	132,750	3,158	135,908
Additions	1,451	10,986	12,437
Impairment (Note 28)	(103)	-	(103)
Balance as of December 31, 2020	134,098	14,144	148,242
January 1, 2021 opening balance - previously reported	6,222	2,002	8,224
<i>Merger effect adjustments (Note 3)</i>	<i>127,876</i>	<i>12,142</i>	<i>140,018</i>
Balance as of January 1, 2021	134,098	14,144	148,242
Additions	795	19	814
Balance as of December 31, 2021	134,893	14,163	149,056
Accumulated amortization	Rights	Other	Total
January 1, 2020 opening balance - previously reported	5,149	1,878	7,027
<i>Merger effect adjustments (Note 3)</i>	<i>30,205</i>	<i>741</i>	<i>30,946</i>
Balance as of January 1, 2020	35,354	2,619	37,973
Current period amortization	4,065	331	4,396
Balance as of December 31, 2020	39,419	2,950	42,369
January 1, 2021 opening balance - previously reported	5,448	1,930	7,378
<i>Merger effect adjustments (Note 3)</i>	<i>33,971</i>	<i>1,020</i>	<i>34,991</i>
Balance as of January 1, 2021	39,419	2,950	42,369
Current period amortization	1,991	3,305	5,296
Balance as of December 31, 2021	41,410	6,255	47,665
Net book value			
January 1, 2020 net book value - previously reported	584	-	584
<i>Merger effect adjustments (Note 3)</i>	<i>96,812</i>	<i>539</i>	<i>97,351</i>
Balance as of January 1, 2020	97,396	539	97,935
- Restated	97,396	539	97,935
Net book value as of December 31, 2020	94,679	11,194	105,873
January 1, 2021 net book value - previously reported	774	72	846
<i>Merger effect adjustments (Note 3)</i>	<i>93,905</i>	<i>11,122</i>	<i>105,027</i>
Balance as of January 1, 2021	94,679	11,194	105,873
- Restated	94,679	11,194	105,873
Net book value as of December 31, 2021	93,483	7,908	101,391

(*) As of December 31, 2021, 2020 and January 1, 2020 majority of the intangible assets consist of the right of construction of the projects of Akfen Merter and Hacettepe.

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16. INVENTORIES

As of December 31, 2021, 2020 and January 1, 2020 inventories are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Finished goods	9,911	41,987	70,537
Food and beverage stocks	5,078	1,218	491
Total	14,989	43,205	71,028

As of December 31, 2021, 2020 and January 1, 2020 the finished goods consist of the existing apartments for sale in Incek and Gölbaşı related to the housing project.

As of December 31, 2021 and 2020 the movement of inventories is as follows:

	2021	2020
		<i>Restated</i>
<i>Opening balance - previously reported</i>	-	-
<i>Merger effects (Note 3)</i>	43,205	71,028
January 1	43,205	71,028
Additions	6,032	8,238
Disposals	(13,921)	(14,142)
Transfers to investment properties (Note 11)	(20,327)	(21,919)
December 31	14,989	43,205

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17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2021, 2020 and January 1, 2020 short-term deferred revenue is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Hotel lease revenues (*)	15,592	8,654	-
Advances received (**)	911	934	5,869
Other	56	998	1,075
Total	16,559	10,586	6,944

(*) Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. The mentioned income consists of rent collected in advance for the months after the reporting period as of December 31, 2021 and 2020 (January 1, 2020: None).

(**) As of December 31, 2021 the majority of the advances received are related to the Incek Loft and Bodrum Loft projects (December 31, 2020: Incek Loft and Bodrum Loft, January 1, 2020: Incek Loft, Bulvar Loft and Bodrum Loft).

As of December 31, 2021, 2020 and January 1, 2020 long-term obligations arising from customer contracts are as follows:

Long term obligations arising from customer contracts	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Long term obligations arising from customer contracts (*)	93,310	67,124	41,327
Total	93,310	67,124	41,327

(*) Group evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and carried its effect to its consolidated financial statements as of December 31, 2021, 2020 and January 1, 2020. As of December 31, 2021, 2020 and January 1, 2020 deferred revenues consist of the revenue amounts obtained in advance for the extraordinary maintenance and repair service fee to be provided to the Ministry of Health.

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18. PROVISIONS

As of December 31, 2021, 2020 and January 1, 2020 short term provisions are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Unused vacation provision	9,655	7,222	8,356
Other provisions ^(*)	19,187	34,080	8,316
Total	28,842	41,302	16,672

As of December 31, 2021, 2020 and January 1, 2020 long term provisions are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Provision for severance pay	8,419	6,119	6,417
Other provisions ^(*)	-	-	20,144
Total	8,419	6,119	26,561

^(*) As of December 31, 2021, 2020 and January 1, 2020 other provisions are the amounts expected to be paid to the previous shareholders of the HEPP project companies belonging to Akfen Renewables, depending on the share transfer agreement.

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19. GOVERNMENT INCENTIVES AND GRANTS

In accordance with the Investment Incentives Law No. 47/2000, Akfen REIT has a 100% investment incentive without any time restrictions for its investments in the TRNC until December 31, 2008.

Akfen REIT also has investment incentives as of December 31, 2021 within the Bodrum Loft project. The total investment amount realized within the scope of this document registered of Masanda Tourism 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 Tourism which has the Bodrum Loft project, and Akfen REIT merged on June 30, 2021, and as a result of this merger, Masanda Tourism was dissolved without liquidation and transferred to Akfen REIT. Since all earnings of Akfen REIT are exempt from corporate tax, as of the reporting date, Akfen REIT has not recognized deferred tax assets in the individual financial statements within the scope of the investment incentive.

With the decision of the Council of Ministers dated July 1, 2003 and numbered 2003/5868, the amount of the vessels carrying cargo and passengers exclusively in the cabotage line registered to the Turkish International Ship Registry and National Ship Registry, commercial yachts, service and fishing vessels shall be determined according to the technical characteristics of each ship and has decided to reduce the special consumption tax amount of the fuel to be given to the logbook of the vessel that will use this fuel to zero since the beginning of 2004. Since 2004, IDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, IDO is using corporate tax and income tax discounts.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer fee support.

Akfen Construction's hospital projects are subject to corporate tax at reduced rates, effective from the financial year in which the investment is partially or fully operational until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit from investment incentive companies as deferred tax asset in the financial statements.

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Investments accounted using the equity method

The carrying amounts of investments accounted using the equity method of the Group as of as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Shareholding Rates (%)	<u>December 31,</u> <u>2021</u>	Shareholding Rates (%)	<u>December 31,</u> <u>2020</u>	Shareholding Rates (%)	<u>January 1,</u> <u>2020</u>
				<i>Restated</i>		<i>Restated</i>
Akfen Renewable	66.91	3,420,676	66.91	1,607,499	66.13	694,323
Akfen REIT	23.94	1,027,841	56.88	394,817	56.88	534,087
Acacia Mine	30.00	637,525	30.00	254,338	30.00	222,197
Akfen Water	50.00	24,664	50.00	23,186	50.00	21,037
MDO/İDO (*)	50.00	-	50.00	(91,756)	30.00	(115,807)
IBS Insurance	-	-	20.00	-	37.00	12,361
		5,110,706		2,188,084		1,368,198

(*) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe Construction. On July 8, 2021, all shares of İDO were transferred to MDO.

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or loss statement for periods ended on December 31 are as follows:

	<u>2021</u>	<u>2020</u>
		<i>Restated</i>
Akfen REIT	531,271	(136,754)
Akfen Renewable	273,001	(222,501)
Acacia Mine	139,674	641
IBS Insurance (*)	1,477	7,848
Akfen Water	4,385	2,094
MDO/İDO	(54,444)	(117,317)
	895,364	(465,989)

(*) On January 28, 2021, the remaining 20% shares of IBS Insurance, whose details are given in Note 2, were sold. Profit or loss items of IBS Insurance were consolidated at the rate of 20% before the share sale until January 31, 2021, which is the closest accounting period to the share sale date, and profit or loss items after this date are not included in the consolidation.

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

As of December 31, 2021 and 2020, the movements in investments accounted using the equity method are as follows:

	<u>January 1, 2021</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment^(*)</u>	<u>Other adjustments related to profit or loss in consolidation^(**)</u>	<u>Sale of shares</u>	<u>December 31, 2021</u>
Akfen Renewable	1.607.499	273.001	1.540.176	-	-	-	3.420.676
Akfen REIT	394.817	531.271	179.489	-	-	(77.736)	1.027.841
Acacia Mine	254.338	143.365	243.513	-	(3.691)	-	637.525
Akfen Water	23.186	4.385	(2.907)	-	-	-	24.664
MDO/İDO	(91.756)	(867.355)	146.200	812.911	-	-	-
	2.188.084	84.667	2.106.471	812.911	(3.691)	(77.736)	5.110.706

In addition to the profit/(loss) figures in the table above, as of December 31, 2021, the profit of TRY 1,477 realized until the date of sale of IBS Insurance, which is not included in the Group assets due to the share sale in 2021, has been recognized in the consolidated statement of profit or loss of the Group.

	<u>January 1, 2020</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment^(*)</u>	<u>Earnings due to change in partnership shares^(***)</u>	<u>Other adjustments related to profit or loss in consolidation^(**)</u>	<u>Net assets recorded as a result of the sale of joint venture shares^(***)</u>	<u>Transfer to non-current assets classified as held for sale</u>	<u>December 31, 2020</u>
Akfen Renewable	694,323	(198,649)	1,109,371	-	26,306	(23,852)	-	-	1,607,499
Akfen REIT	534,087	(136,754)	(2,516)	-	-	-	-	-	394,817
Acacia Mine	222,197	4,332	31,500	-	-	(3,691)	-	-	254,338
Akfen Water	21,037	2,094	55	-	-	-	-	-	23,186
IBS Insurance	12,361	7,848	(952)	-	-	-	(7,226)	(12,031)	-
MDO/İDO	(115,807)	(211,471)	141,368	94,154	-	-	-	-	(91,756)
	1,368,198	(532,600)	1,278,826	94,154	26,306	(27,543)	(7,226)	(12,031)	2,188,084

(*) After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2021. (According to the guarantee and equity contribution agreement between İDO and the Company, sponsorship contributions and guarantee payments will not exceed USD 12,500,000 annually as of December 31, 2020).

(**) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 4,613 (December 31, 2020: TRY 4,612) and deferred tax income amounting to TRY 922 (December 31, 2020: TRY 923) belonging to the assets related to the mineral reserve accounted in the "Share of income/(loss) from investments accounted using the equity method" in the consolidated financial statement of profit or loss.

As of January 1, 2017, Goodwill is belonging to Akfen Renewables was accounted provisionally in the consolidated financial statements has been distributed to the related financial statements as of December 31, 2020, as a result of the valuation report made in accordance with the sale date in 2017 and as of December 31, 2020, regarding TRY 14,826 depreciation expense based on property, plant and equipment and intangible assets and deferred tax income amounting to TRY 2,965 based on depreciation has been accounted under "Share of income/(loss) from investments accounted using the equity method". As of December 31, 2020, Akfen Renewable has chosen the revaluation method as the accounting policy for the land, ground improvements, buildings, machinery and equipment of its power plants as the accounting policy specified in TAS 16 and the related value increases in the Akfen Renewable consolidated financial statement are under equity as other comprehensive income. Due to their accounting, as of December 31, 2021 and 2020, the mentioned increases in value are not reflected in Akfen Holding's consolidated financial statements.

(***) Note 3

Equity effect arising from hedging agreements made by subsidiaries, functional currency differences between Akfen Holding and joint ventures, remeasurements of defined benefit plans and revaluation of property, plant and equipment are accounted for under other comprehensive income items (Note 24).

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen Renewable Energy:

Summary financial information on Akfen Renewable Energy is provided below:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
Total Assets	14,567,983	8,430,104	3,963,643
Total Liabilities	9,092,802	5,664,920	3,649,836
Net Assets	5,475,181	2,765,184	313,807
Group's share in Akfen Renewable Energy's net Assets	3,663,279	1,850,102	207,533
Value increase of property, plant and equipment (*)	-	-	398,267
Value increase of property, intangible assets (*)	-	-	572,224
Deferred tax liability (*)	-	-	(194,098)
Change in the share of partnership (**)	(242,603)	(242,603)	(289,603)
Carrying value	3,420,676	1,607,499	694,323
		<u>January 1-</u> <u>December 31, 2021</u>	<u>January 1-</u> <u>December 31, 2020</u> <i>Restated</i>
Revenue		1,291,036	1,023,255
Gross profit		684,421	604,497
General administrative expenses		(33,111)	(25,302)
Other operating income expense, net		(14,151)	(51,677)
Operating profit		637,159	527,518
Profit/(loss) before tax		272,537	(372,590)
Profit/(loss) after tax		404,699	(304,048)
Profit/(loss) for the year from parent company shares		408,025	(301,610)
Group's share in Akfen Renewable's profit/(loss) for the year before purchase price allocation		272,997	(198,649)
Group's share in Akfen Renewable's profit/(loss) for the year after purchase price allocation (**)		273,001	(222,501)
Depreciation and amortization expenses		311,190	204,151

(*) As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of December 31, 2020, as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 14,826 depreciation expense based on property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 2,965 based on the depreciation expense has been accounted under "Share of income/(loss) from investments accounted using the equity method". As of December 31, 2020, Akfen Renewable has chosen the revaluation method as the accounting policy for the land, ground improvements, buildings, machinery and equipment of its power plants as the accounting policy specified in TAS 16 and the related value increases in the Akfen Renewable consolidated financial statement are under equity as other comprehensive income. Due to their accounting, as of December 31, 2021 and 2020, the mentioned increases in value are not reflected in Akfen Holding's consolidated financial statements.

In calculating Akfen Renewable's fair values, the government's minimum purchase prices, details of which are given in Note 1 are used during the Renewable Energy Resources Support Mechanism ("Yekdem") period, and the estimated average market selling prices after Yekdem are used. The discount rates used in the valuation reports prepared as of December 31, 2021 are 11.31% (December 31, 2020: 9.1%) in USD terms.

(**) The ownership rate of Akfen Renewable increased from 66.13% to 66.91% due to the capital increase realized on February 17, 2020 and the adjustments regarding this change are reflected in the consolidated financial statements. The profit or loss items of Akfen Renewable have been subjected to consolidation at the rate of 66.13% which is the pre-capital increase ownership rate until March 31, 2020, which is the closest accounting period to the capital increase date and from March 31, 2020 to December 31, 2021, it was consolidated at the rate of 66.91% after the capital increase.

As of 1 July 2020, Akfen Renewables has started to apply hedge accounting (hedging against cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, and the Group has been able to hedge against cash flow risk amounting to TRY 1,794,510 in the other comprehensive income statement on December 31, 2021. (December 31, 2020: TRY 181,714).

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen REIT:

The summary financial information of Akfen REIT is as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
Total Assets	6,863,235	2,903,965	2,662,936
Total Liabilities	2,569,952	2,209,843	1,723,965
Net Assets	4,293,283	694,122	938,971
Group's share in Akfen REIT's net asset	1,027,841	394,817	534,087

	<u>January 1,-</u> <u>December 31,</u> <u>2021</u> ^(*)	<u>January 1,-</u> <u>December 31,</u> <u>2020</u> <i>Restated</i>
Revenue	191,494	65,089
Gross profit	177,496	56,006
General administrative and selling marketing expenses	(11,890)	(8,712)
Other operating income, net	2,518,981	265,990
Operating profit	2,684,587	313,284
Profit/(loss) before tax	2,364,461	(210,896)
Profit/(loss) after tax	2,114,335	(240,296)
Profit/(loss) for the period from parent company shares	2,083,753	(240,425)
Group's share in Akfen REIT's profit/(loss) for the period	531,271	(136,754)
Depreciation and amortization expenses	3,374	49

(*) After the capital increases on January 12, 2021 and February 9, 2021, the details of which are given in Note 2, the ownership rate of Akfen REIT decreased from 56.88% to 30.37%. Profit or loss items of Akfen REIT were consolidated at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021.

Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of December 31, 2021 and 2020. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As of December 31, 2021, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 7.9-10.5% (December 31, 2020: %7.7-%10.5) and the discount rates for assets valued in TRY are determined as 19% (December 31, 2020: None) in the calculation of the fair values of operating investment properties.

On August 6, 2018, Akfen REIT's privileged shares of Akfen Holding's 1000 A group and 1000 D group were transferred to Hamdi Akın, the indirect ultimate owner of management control of these shares. In order for the investor to have power over the business that he invested in, he must already have the right to enable him to manage the relevant activities. Due to the change in Akfen REIT's Board of Directors at the 2018 Ordinary General Assembly meeting of Akfen REIT, which took place on April 16, 2019, after the transfer of the privileged shares of Akfen REIT to Hamdi Akın, the situation in question caused a loss of control by Akfen Holding. The partnership has been evaluated as share sales and the shares of the Company in Akfen REIT have been recorded with their fair value. The fair value of Akfen REIT has been calculated from Akfen REIT's equity in the consolidated statement of financial position at that date.

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

MDO/İDO

The summary financial information of Akfen MDO/İDO is as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
Total Assets	2,534,852	2,277,660	1,876,285
Total Liabilities	6,575,868	4,055,772	3,687,436
Net Assets	(4,041,016)	(1,778,112)	(1,811,151)
Group's share in MDO/İDO's net asset	(2,020,508)	(889,056)	(543,345)
Group's share recognized in the net assets of MDO/İDO (*)	-	(91,756)	(115,807)
	<u>January 1, -</u> <u>December 31,</u> <u>2021</u>	<u>January 1, -</u> <u>December 31,</u> <u>2020</u> <i>Restated</i>	
Revenue	803,552	574,760	
Gross profit	170,402	135,095	
General administrative and selling marketing expenses	(81,241)	(75,788)	
Other operating expense, net	(10,520)	(32,901)	
Share of profit from investments accounted using the equity method	2,747	907	
Operating profit	81,388	27,313	
Loss before tax	(1,734,710)	(743,375)	
Loss after tax	(1,734,710)	(743,375)	
Loss for the period from parent company shares	(1,734,710)	(743,375)	
Group's share in MDO/İDO's loss for the period	(867,355)	(211,471)	
Group share of MDO/İDO recognized as loss for the period	(54,444)	(117,317)	
Depreciation and amortization expenses	136,022	112,263	

(*) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2021. (According to the guarantee and equity contribution agreement between İDO and the Company, sponsorship contributions and guarantee payments will not exceed USD 12,500,000 annually as of December 31, 2020). Therefore, not the entire group's share in the net period loss and other comprehensive income or expenses of İDO is included, the part that will not exceed the mentioned liability in the consolidated profit or loss statement.

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen Water:

The summary financial information of Akfen Water is as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
Total Assets	59,266	60,394	66,166
Total Liabilities	9,938	14,022	24,092
Net Assets	49,328	46,372	42,074
Group's share in the net assets of Akfen Water	24,664	23,186	21,037
	<u>January 1,-</u> <u>December 31,</u> <u>2021</u>	<u>January 1,-</u> <u>December 31,</u> <u>2020</u> <i>Restated</i>	
Revenue	108,707	33,431	
Gross profit	8,976	1,964	
General administrative expenses	(4,033)	(4,497)	
Other operating (expense)/income, net	(7,427)	5	
Operating loss	(2,483)	(2,528)	
(Loss)/profit before tax	9,719	6,344	
(Loss)/profit after tax	8,770	4,188	
Profit for the period from parent company shares	8,770	4,188	
Group's share in Akfen Water's profit for the period	4,385	2,094	
Depreciation and amortization expenses	219	643	

Acacia Mine:

The summary financial information of Acacia Mine is as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
Total Assets	4,926,247	2,910,233	2,269,193
Total Liabilities	2,930,264	2,203,844	1,682,244
Net Assets	1,995,983	706,389	586,949
Group's share in the net assets of Acacia Mine	598,795	211,917	176,085
Mining property reserves (*)	35,060	38,751	42,442
Goodwill carried at Group level (*)	3,670	3,670	3,670
Carrying value	637,525	254,338	222,197
	<u>January 1,-</u> <u>December 31,</u> <u>2021</u>	<u>January 1,-</u> <u>December 31,</u> <u>2020</u> <i>Restated</i>	
Revenue	1,699,202	951,417	
Gross profit	877,617	522,347	
General administrative and selling marketing expenses	(146,858)	(108,209)	
Other operating (expense)/income, net	(7,937)	1,279	
Operating profit	722,822	415,417	
Profit before tax	726,906	94,068	
Profit after tax	477,883	14,439	
Profit for the period from parent company shares	477,883	14,439	
Group's share in Acacia Mine's profit for the period before purchase price allocation	143,365	4,332	
Group's share in Acacia Mine's profit for the period after purchase price allocation (*)	139,674	641	
Depreciation and amortization expenses	268,874	191,987	

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Acacia Mine (cont'd)

(*) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,613 (December 31, 2020: TRY 4,612) and deferred tax income amounted to TRY 922 (December 31, 2020: TRY 923) have been recognized under "Share in profits/(losses) on investments accounted for using the equity method "in the consolidated financial statements.

On April 27, 2014, Acacia Mine received investment incentive certificate for the mining facility in Kastamonu in the "Lage Scale Investment" plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption.

IBS Insurance:

The summary financial information of IBS Insurance is as follows:

	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
	<i>Restated</i>	<i>Restated</i>
Total Assets	324,421	329,206
Total Liabilities	264,265	295,797
Net Assets	60,156	33,409
Group's share in the net assets of IBS Insurance	12,031	12,361
Transfer to fixed assets classified for sale	(12,031)	-
Group share in the net assets of IBS Insurance after the classifications	-	12,361

As of December 31, 2020, IBS Insurance is included in the Group assets as non-current assets classified as held for sale, and after the sale of shares on January 28, 2021, it is not included in the Group assets as of December 31, 2021.

	<u>January 1,-</u> <u>December 31,</u> <u>2021</u>	<u>January 1,-</u> <u>December 31,</u> <u>2020</u>
		<i>Restated</i>
Revenue	8,611	73,133
Gross profit	6,929	50,441
General administrative and selling marketing expenses	(838)	(12,535)
Other operating income, net	3,152	3,249
Operating profit	9,243	41,155
Profit before tax	9,178	40,394
Profit after tax	7,403	31,501
Profit for the period from parent company shares	7,403	31,501
Group's share in Akfen Water's profit for the period (*)	1,477	7,848
Depreciation and amortization expenses	152	1,920

(*) Ownership rate of IBS Insurance decreased from 37% to 20% due to the sale of shares that took place on March 10, 2020 and details of which are given in Note 2. The profit or loss items of IBS Insurance shall be 37%, which is the pre-sale ownership rate of shares until 31 March 2020, which is the closest accounting period to the share sale date, and 20%, which is the share after sale ownership rate from 31 March 2020 to 30 June. On January 28, 2021, the remaining 20% shares of IBS Insurance were sold and details of which are given in Note 2. The profit or loss items of IBS Insurance were consolidated at the rate of 20%, which is the pre-sale ownership rate of shares until January 31, 2021, the closest accounting period to the date of share sale and profit or loss items after this date are not included in the consolidation.

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Non-Current Assets Classified as Held for Sale

Akfen Holding has transferred its 21,68% share in TAV Investment Holding on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019 and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share ledger. As of December 31, 2020, since the transfer transaction has not been recorded in TAV Investment's share book, TAV Investment is included the assets of the Group with the sale price of TRY 2,890 and it is accounted in the "Assets classified for sale" in the consolidated financial statements then reclassified to financial investments as of December 31, 2021. Furthermore, Akfen Holding signed a sales agreement on December 28, 2020 to sell its remaining 20% shares in IBS Insurance. As of December 31, 2020, since the aforementioned transfer transaction has not been completed, IBS Insurance is among the assets of the Group and has been accounted for in the "Assets classified as held for sale" account in the consolidated financial statements with an amount of TRY 12,031. Since the aforementioned sale transaction has been completed as of January 28, 2021, IBS Insurance is not included in the Group assets as of the reporting period.

21. COMMITMENTS

Letters of guarantee, pledges and mortgages given

As of December 31, 2021, 2020 and January 1, 2020 the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

<u>GPM given by the Group</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u> <i>Restated</i>	<u>January 1,</u> <u>2020</u> <i>Restated</i>
A. Total Amount of GPM Given on Behalf of Own Legal Entity	25,049,379	14,821,775	11,314,735
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	524,566	445,203	426,056
C.Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	-	-	-
D. Total Amount of Other GPM Given	3,598,864	4,288,282	3,139,362
i. Total Amount of GPM Given in Favor of the Parent Company	-	-	-
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	3,598,864	4,288,282	3,109,362
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	-	-	30,000
Total	29,172,809	19,555,260	14,880,153

As of December 31, 2021, the ratio of other GPM given by the Company to equity is %27 (December 31, 2020: %65, January 1, 2020: %47).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	December 31, 2021 ^(*)			December 31, 2020 ^(*)			January 1, 2020 ^(*)		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	391,557	15,484,511	9,173,311	437,623	9,243,417	5,140,735	360,609	6,835,138	4,118,988
GPM given in favor of companies under full consolidation	306,170	218,396	-	315,039	130,164	-	329,955	96,101	-
Total of other GPMs given	96,824	132,924	3,369,116	111,696	338,239	3,838,347	45,779	99,183	2,994,400
	794,551	15,835,831	12,542,427	864,358	9,711,820	8,979,082	736,343	7,030,422	7,113,388

(*) All amounts are expressed in TRY equivalent.

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22. FINANCIAL INVESTMENTS

Short-term financial investments

The details for short-term financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Financial assets at fair value through profit or loss	1,023,720	474,591	19,638
Total short-term financial investments	1,023,720	474,591	19,638

Long-term financial investments

The details for long-term financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Financial assets at fair value through profit or loss	1,159,125	495,670	519,893
Financial assets at fair value through other comprehensive income	3,723,028	2,123,935	1,668,211
Financial assets at amortized cost	-	-	226,533
Total long-term financial investments	4,882,153	2,619,605	2,414,637

Financial assets at fair value through profit or loss

As of December 31, 2021, 2020 and January 1, 2020, all of the financial assets whose short and long term fair value differences are reflected to profit / loss consist of the Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of December 31, 2021, fair value gain amount of TRY 127,624 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2020: TRY 143,668).

Financial assets at amortized cost

As of January 1, 2020, the Group's financial assets to be held until maturity in the form of long-term financial investments amounting to TRY 226,533 consists of Akfen Holding's nominal amount of TRY 170,000 issued by Akfen REIT on 17 January 2018 and detailed in "Note 6 Financial Borrowings" the amortised cost of the convertible bond at fair value using the interest rate of 17% determined as the current market interest rate. All of the aforementioned bonds were transferred to Hamdi Akin for a price of TRY 215,718, together with all the rights, principal and legal interest as of April 14, 2020.

The decrease in the value of the mentioned bond from January 1, 2020 to the bond sale date, amounting to TRY 8,235 is recognized in the Group's profit or loss and other comprehensive income and expense under "Expense from investment activities" (Note 30). As of 31 December 2020, the negative difference between the sale price of the mentioned bond and the amortized value of the bond, which is TRY 234,768, is recognised in the Group's profit or loss and other comprehensive income and expense statement under the "expenses from investment activities". As of 31 December 2020, the negative difference which is amounting to TRY 19,050, between the sale price of the said bond and the amortized cost of the bond, which is TRY 234,768, is recognised in the Group's profit or loss and other comprehensive income and expense statement under the "expenses from investment activities".

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22. FINANCIAL INVESTMENTS (cont'd)

Financial assets at fair value through other comprehensive income

	2021	2020
		<i>Restated</i>
<i>Opening balance - previously reported</i>	-	-
<i>Merger effects (Note 3)</i>	2,123,935	1,668,211
January 1	2,123,935	1,668,211
Revaluation increases accounted for as other comprehensive income	1,596,465	455,724
Transfer	2,890	-
Other	(262)	-
December 31	3,723,028	2,123,935

As of December 31, 2021, TRY 3,625,827 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 80,056 of Tepe Akfen Reformer TAR shares and TRY 6,489 of Tav Investment shares. (December 31, 2020 : MIP; TRY 2.065.188, Travelex; TRY 10.530, Tepe Akfen Reformer TAR; TRY 47.824) Sensitivity analysis regarding the fair value of MIP recognized in the consolidated financial statements of the Group is given in Note 34.

23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT/NON-CURRENT LIABILITIES

As of December 31, 2021, 2020 and January 1, 2020 other current assets are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
VAT carryforward	67,539	90,463	46,300
Other	1,754	-	1,116
Total	69,293	90,463	47,416

As of December 31, 2021, 2020 and January 1, 2020 other non-current assets are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
VAT carryforward	25,934	26,207	17,095
Prepaid taxes and funds	-	-	22,938
Other	571	500	500
Total	26,505	26,707	40,533

Other current and non-current liabilities

As of December 31, 2021, 2020 and January 1, 2020 other current liabilities are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advances received ⁽¹⁾	60,017	50,890	2,970
Other	2,369	1,060	6,193
	62,386	51,950	9,163

⁽¹⁾ As of 31 December 2021, TRY 53,522 of the advances received consists of the advances received by the Group regarding Acacia Mine. (As of December 31, 2020: TRY 48,000 of advances received consists of advances received by the Group for the sale of remaining 20% shares in IBS Insurance, January 1, 2020: It consists of advances received regarding share sales).

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24. EQUITY

Issued Capital

December 31, 2021, 2020 and January 1, 2020 tarihleri itibarıyla Şirket'in sermaye dağılımı aşağıdaki gibidir:

	December 31, 2021		December 31, 2020		January 1, 2020	
	Share ratio (%)	Share amount	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Name of shareholder						
Pelin Akın Özalp	47.10	329.732	-	-	-	-
Selim Akın	47.10	329.732	-	-	-	-
Hamdi Akın	3.29	23.002	0.00	0	0.00	0
Akınısı Makine Sanayi ve Ticaret A.Ş.	0.24	1.651	0.43	2.858	0.43	2,858
Akfen Holding A.Ş. (*)	2.27	15.883	9.87	65.839	9.87	65,839
Akfen Infrastructure	-	-	89.49	597.056	89.49	597,056
Akfen Tourism (**)	-	-	0.21	1.428	0.21	1,428
Nominal	100	700.000	100	667.181	100	667,181
Total issued capital	100	700.000	100	667.181	100	667,181

(*) Akfen Holding sold 38,362,889 shares out of 65,838,800 shares, which corresponds to 9,868% (The portion corresponding to 5.75% of the total number of shares of the company) of Akfen Holding's total shares taken over from Akfen Infrastructure on August 24, 2021, to Hamdi Akın for TRY 379,962. The cost of the shares sold is amounting to TRY 332,107 and the difference between the selling price and the cost of the sold shares is TRY 47,855, which is accounted for as share premium in the consolidated financial statements of the Group.

(**) Akfen Holding shares owned by Akfen Tourism were sold to Hamdi Akın for a transfer fee amounting to TRY 12,500 as of December 10, 2021, with all its rights and obligations. The all mentioned sale price has been recognised in the consolidated statement of profit or loss and other comprehensive income under income from investment activities (Note 30).

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Infrastructure Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. Since the companies were merged together with all their assets and liabilities through dissolution without liquidation, the nominal value of the shares of Akfen Holding, in which Akfen Infrastructure Holding participates, amounting to TRY 597,057 and the registered value of the shares in Akfen Infrastructure Holding's assets has been deducted, the capital of Akfen Holding A.Ş., which took over, became TRY 650,124 as a result of the merger and thus a capital decrease amounting TRY 17,057 has occurred. However, in line with the decision taken, a simultaneous capital increase of TRY 49,876 was made. The entire capital increase was covered by Akfen Holding's profits from previous years. As a result of the aforementioned simultaneous capital decrease and capital increase, the capital of Akfen Holding A.Ş., which took over, became TRY 700,000.

Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased. As of December 31, 2021, legal reserves in the financial statements is TRY 2,493,382 (December 31, 2020: TRY 2,812,069, January 1, 2020: TRY 2.789.693).

Foreign currency translation differences

As of December 31, 2021 the translation reserve amounting to TRY 590,699 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY. (December 31, 2020: TRY 281,403 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble) (January 1, 2020: TRY 256,298 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble).

Currency translation differences recognized in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2021 are TRY 309,296 (December 31, 2020: TRY 25,105).

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24. EQUITY (cont'd)

Tangible asset revaluation increases

As of December 31, 2021, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 4,461,126 (TRY 4,455,054 from the power plant valuation of Akfen Renewable, TRY 6,072 consists of valuations for buildings owned by Akfen Construction). (December 31, 2020, TRY 1,279,681-TRY 1,169,792 consists of the power plant valuation of Akfen Renewable, TRY 6,072 consists of Akfen Construction and TRY 103,817 consists of valuations related to buildings owned by Masanda Tourism). (January 1, 2020: None). As of December 31, 2021, the value increase in the buildings item under tangible fixed assets amounting to TRY 3,335,878 including the effect of deferred tax income (TRY 4,169,848 excluding deferred tax income effect) in the buildings under tangible assets, has been accounted for under the other comprehensive income statement. (December 31, 2020: TRY 1,279,681 including deferred tax income effect (TRY 1,599,601 excluding deferred tax income effect) , January 1, 2020: TRY 5,575 including deferred tax income effect (TRY 6,969 excluding deferred tax income effect)).

Effect of business combinations under common control

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Infrastructure Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. All of these transactions were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects.

Non-controlling interests

Out of the net assets of subsidiaries, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within the item "Non-controlling interest" in the consolidated balance sheet.

As of December 31, 2021, the amount classified under non-controlling interests in the balance sheet is TRY (33,909) (December 31, 2020: TRY (21,542), (January 1, 2020: TRY (24,647))). The net profit / (loss) of the subsidiaries that are not directly and / or indirectly controlled by the parent company is classified under the "Non-controlling interest" in the consolidated statement of comprehensive income. For the years ended at December 31, 2021 and 2020, (losses)/profits of non-controlling interests are TRY (7,219) and TRY 3,105, respectively.

Other revaluation and measurement gains

The fair value of MIP, Travelex Group Investment and Tepe Akfen Reformer TAR, which are recognized as financial investments in the Group's financial statements, as of December 31, 2021. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 1,516,643 of the change of TRY 1,596,465, net of deferred tax, is recognized as revaluation and measurement gains in the Group's consolidated financial statements under accumulated other comprehensive income that will not be reclassified to profit or loss. (December 31, 2020: TRY 432,938 net of the change in the value of the financial investment amounting to TRY 455,724 of deferred tax).

Reserve hedge fund

The Group's hedging losses amounting to TRY 1,976,224 as of December 31, 2021 (December 31, 2020: TRY 181,714, January 1, 2020: None) are due to Akfen Renewables has started to apply hedge accounting (hedging in cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, as of July 1, 2020. The Group has recognized other comprehensive expense for hedging cash flow risk in the other comprehensive income statement amounting to TRY 1,794,510 including the effect of deferred tax income (TRY 2,243,138, excluding the effect of deferred tax income) for year ended December 31, 2021. (December 31, 2020: TRY 181,714 - including deferred tax income effect, (TRY 227,143 excluding deferred tax income effect)).

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25. SALES AND COST OF SALES

The breakdown of revenue for the years ended December 31 is as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
<u>Construction revenues</u>		<i>Restated</i>
Tekirdağ City Hospital project revenues	-	739,225
Revenues from service concession projects (Note 10)	-	739,225
<u>Operational revenues</u>		
Hospital service revenues (*)	490,619	362,182
Incek Loft apartment sales revenues	25,472	25,555
Dormitory revenues	11,778	33,308
Accommodation income (**)	47,789	12,829
Commercial area revenues	25,178	9,225
Other	6,639	8,582
Sales returns (-)	(6,919)	(7,375)
	600,556	444,306
	600,556	1,183,531

(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

(**) Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. Accommodation income also includes other income such as food, beverage, etc.

As of December 31, 2021 and 2020, all of the revenue is obtained in Turkey.

For the years ended as of December 31, details of cost of sales are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
Hospital service expenses (*)	401,989	<i>Restated</i> 291,673
Personnel expenses	33,690	19,345
Operational lease expenses	24,058	4,985
Food and beverage expenses	19,893	6,282
Insurance expenses	12,627	295
Construction costs	10,327	688,930
Depreciation and amortization expenses	5,377	4,030
Energy expenses	3,835	2,117
Tax and duties expenses	1,491	531
Dormitory services revenues	537	759
Other	22,140	18,469
	535,964	1,037,416

(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

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26. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
		<i>Restated</i>
Personnel expenses	48,911	33,645
Consultancy expenses	18,014	12,168
Depreciation expenses	13,912	6,670
Travel and hosting expenses	7,660	3,107
Donations	7,156	1,991
Rent expenses	6,328	6,957
Office expenses	3,753	3,605
Taxes, duties and fees	3,317	4,042
Insurance expenses	1,023	1,212
Advertising expenses	81	16
Other	7,167	6,859
	117,322	80,272

27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
		<i>Restated</i>
Dues expenses	1,723	2,303
Advertising expenses	1,373	1,000
Other	3,153	677
	6,249	3,980

28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
		<i>Restated</i>
Increase in value due to Service Concession Agreements (Note 10)	6,080,328	1,464,390
Increase in value of investment properties (Note 11)	451,342	258,876
Rent revenue	10,415	5,746
Other	10,644	5,229
	6,552,729	1,734,241

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28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

Other expenses from operating activities for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
Rediscount interest expense (Note 32)	62,360	5,951
Transfer fee expenses (*)	28,938	14,700
Loss on sales of investment properties	6,785	-
Impairment of receivables	5,063	9,844
Provision for doubtful receivables	3,974	1,186
Exchange difference expense	2,907	717
Impairment of tangible assets (Note 24) (**)	-	18,200
Other	3,341	266
	113,368	50,864

(*)Akfen Holding's Hydroelectric Power Plants belonging to Akfen Renewable Energy are the amounts paid and expected to be paid to the previous shareholders of the project companies in accordance with the share transfer agreement.

(**) For 2020, it is the impairment resulting from the termination of the generation license of Mersin Natural Gas Combined Cycle Power Plant project on December 30, 2020. Amounting TRY 18,097 of the aforementioned impairment was recognised in tangible fixed assets and TRY 103 in intangible assets.

29. FINANCE INCOMES AND EXPENSES

Finance incomes for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
Exchange difference income	886,629	945,039
Interest income	167,419	46,344
IFRIC 12 interest income (Note 10)	-	162,322
Rediscount interest income (Note 32)	105,183	30,007
	1,159,231	1,183,712

Finance expenses for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
Exchange difference expense	5,207,424	2,173,466
Interest expense	717,970	531,059
Fair value decreases of derivative instruments	14,369	124,900
Commission expenses	833	-
Other	7,282	6,017
	5,947,878	2,835,442

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30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES

Incomes from investment activities:

The breakdown of incomes from investment activities for the years ended December 31, is as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
<i>Gains due to the sale in the share of subsidiaries (Note 3)</i>	34,491	26,774
<i>Gains due to the changes in the share of joint ventures (Note 3)</i>	-	26,306
Total of the gains arising from the disposal of subsidiaries, joint ventures and financial investments or changes in shares	34,491	53,080
Dividend income (*)	151,963	8,211
Fair value gains of financial assets (Note 22)	127,624	143,668
Profits from sales of company shares (***)	12,500	-
Income from other financial instruments (Note 22)**)	-	8,235
Other	-	16
	326,578	213,210

(*)Dividend income as of December 31, 2021 consists of dividend income from MIP. (December 31, 2020: MIP and Travelex)

(**) Income from other financial instruments as of December 31, 2020 consists of the change in the fair value of Akfen REIT's convertible bond transferred to Hamdi Akın on April 14, 2020 from January 1, 2020 until the bond transfer date.

(***) As of December 31, 2021, all of the profits from the sales of the company's shares consist of the share sale of Akfen Tourism to Hamdi Akın (Note 24).

Expenses from investment activities:

The breakdown of expenses from investment activities for the years ended December 31, is as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
Loss due to share sale of associates/subsidiaries (Note 3)	131,082	-
Other (*)	31,846	19,054
	162,928	19,054

(*) Expenses from other investment activities for December 31, 2021 consist of the Group's investment expenses related to Acacia. (December 31, 2020: TRY 19,050 consist of the negative difference between the sale price of Akfen REIT's convertible bond transferred to Hamdi Akın on April 14, 2020 and the amortized value of the bond on the sale date) (Note 22).

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31. TAX ASSETS AND LIABILITIES

a) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 25% (will be applied as 23% for 2022 and 20% for 2023 and after tax periods) over profits declared for interim periods in 2021 in order to be deducted from the final corporate tax.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

For the temporary differences that are expected to be realized/closed in the deferred tax calculation, a tax rate of 22% for 2020, 25% for 2021, (2022: 23% and 20% for 2023 and later) is used.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

b) Corporate tax

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied as 22% to the profits of the entities for 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) and 25% in 2021 (2022: 23%, 2023 and after: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 25% (2020: 22%) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to companies in Turkey, those who are not liable for corporate tax and income tax and those who are exempted, and to real persons and legal entities not in Turkey, are subject to 15% income tax.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

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31. TAX ASSETS AND LIABILITIES (cont'd)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

c) Transfer pricing arrangements

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communique of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

Tax income/(expense)

The details of tax (expense)/income for the years ended December 31, are as follows:

	<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u>
		<i>Restated</i>
Current corporate tax expense	(32,059)	(33,038)
Deferred tax income	141,452	258,831
Total tax income	109,393	225,793
	December 31, 2021	December 31, 2020
		<i>Restated</i>
Profit/(loss) before tax	2,650,749	(178,323)
Local tax rate	%25	%22
Tax (expense)/income calculated over tax rate	(662,687)	39,231
Non-deductible expenses	(51,852)	(6,011)
Tax exemptions and exceptions (*)	163,331	13,585
Deferred tax on investment incentives	353,462	288,546
The effect of the shares in the profits/(loss) of the investments accounted in equity method	223,841	(102,518)
Previous period tax expense	(6,563)	(11,603)
Temporary differences not subject to deferred tax income	(11,964)	5,809
Current period losses not subject to deferred tax income	(12,006)	-
Effect of tax rate differences	56,282	(2,498)
Tax base increase	(6,336)	-
Revaluation deferred tax difference (**)	65,051	-
Other	(1,166)	1,252
Total tax (expense)/income	109,393	225,793

(*) Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

(**) As of December 31, 2021, the company revalued its buildings within the scope of the legal legislation, and it is the deferred tax effect that occurs after the legal valuation as the related fixed asset is accounted for as "investment property" at the end of the year with fair value in the IFRS financial statements (December 31, 2020: None).

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31. TAX ASSETS AND LIABILITIES (cont'd)

	December 31, 2021	December 31, 2020
		<i>Restated</i>
Deferred tax income	141,452	258,831
Current period tax expense	(32,059)	(33,038)
Tax deductible	41,629	69,199
Current income tax assets, net	9,570	36,161

(*)As of 31 December 2021 and 2020, tax exemptions and exemptions are the effect of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of December 31, 2021, 2020 and January 1, 2020 the Group's deferred tax assets are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Investment incentives	1,329,878	983,900	715,146
Accumulated losses	410,194	275,149	98,960
Service concession agreements	(941,415)	(447,409)	(311,140)
Investment properties and fixed assets	11,287	(48,616)	21,730
Discount on debts	14,245	(33,969)	(30,524)
Other	(41,319)	(50,335)	(24,008)
Deferred tax assets, net	782,870	678,720	470,164

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

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	(102,665)	(36,902)
<i>Merger effects (Note 3)</i>	<i>781,385</i>	<i>507,066</i>
January 1	678,720	470,164
Recognized in the statement of profit or loss	141,452	258,831
Subsidiary sales impact (Note 3)	42,520	-
Recognized in the statement of profit or loss	(79,822)	(50,275)
December 31	782,870	678,720

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32. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term trade receivables from related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	13,438	16,784	20,303
Akfen Renewable	3,896	3,529	3,229
Kurtal Elektrik Üretim A.Ş. ("Kurtal")	-	-	880
Other	2,662	1,208	363
	19,996	21,521	24,775

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term trade payables to related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen Water	3,220	2,260	1,679
Akfen REIT	3,909	-	-
MIP	1,892	-	-
Company Founding Partner (*)	-	882,016	1,126,781
IBS Insurance (**)	-	10,640	4,151
Other	209	255	295
	9,230	895,171	1,132,906

(*) It is the commercial debt amount resulting from the transfer of Akfen Holding shares to Akfen Infrastructure, details of which are given in Note 1. The related debt amount has been accounted for by discounting.

(**) It is a subsidiary of the main partner of the Company and is the insurance services provider of the hospital. As of December 31, 2021, it is not a related party of the Company.

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2021, 2020 and January 1, 2020 the Group's long-term other receivables from related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen Renewable (*)	328,998	233,559	199,399
Acacia Mine (*)	298,208	369,217	123,573
İzbir Mine	207,142	107,952	81,875
Hamdi Akın	199	-	-
Akfen Water	-	31,304	-
İDO	-	-	115,807
Other	608	571	5,215
	835,155	742,603	525,869

(*) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

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32. RELATED PARTY DISCLOSURES (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term other payables to related parties related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Company Main Partner	25,465	-	-
İlbak Madencilik San. Ve Tic. A.Ş.	14,682	7,439	6,084
Company Founding Partner	-	3,000	3,000
MIP	-	1,313	813
Other	348	196	220
	40,495	11,948	10,117

As of December 31, 2021, 2020 and January 1, 2020 the Group's long-term other payables to related parties related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen International BV (*)	542,532	290,675	229,083
MIP Other Partners	293,127	39,091	-
Company Founding Partner	193,103	46,193	85,972
MIP (**)	185,588	112,744	73,179
Firatcan Tourism	162,232	-	-
Akfen Water	6,449	8,026	5,500
Company Main Partner	-	54,022	4,814
TAV Investment (***)	-	-	23,188
Other	3,971	4,134	7,900
	1,387,002	554,885	429,636

(*) It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

(**) The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.

(***) These companies are joint ventures of the Company's partner and the related balances consist of debts with interest rates at market conditions.

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32. RELATED PARTY DISCLOSURES (cont'd)

The main transactions with related parties for the years ended December 31, are as follows:

		<u>January 1,- December 31, 2021</u>	<u>January 1,- December 31, 2020</u> <i>Restated</i>
MIP	Dividend income	151,962	8,211
Travelex	Dividend income	-	1,936
Acacia	Interest income	89,516	18,676
Akfen Renewable Energy	Interest income	51,452	27,247
İzbir Mine	Interest income	h6,875	5,508
Other	Interest income	767	1,372
MIP	Rediscount interest income (Note 29)	105,183	30,007
Company founding partner	Sales of convertible bonds	-	215,718
Akfen Renewable Energy	Other	3,411	2,878
Company founding partner	Rediscount interest expense ^(*)	(62,360)	(5,951)
Akfen International	Interest expense	(11,150)	-
Other	Interest expense	(60)	(3,069)
Company founding partner	Rent expense	-	(1,009)
Company main partner	Rent expense	(1,629)	(1,442)
Akfen Water	Other expense	(14,272)	-
Akfen REIT	Loss on sales of company (Note 3)	(45,071)	-
Akfen REIT	Loss on sales of company (Note 3)	(74,707)	-
Akfen International	Right to preference sale loss (Note 3)	(11,304)	-

^(*) It is the amount of the trade debt that arises as a result of the transfer of Akfen Holding shares to Akfen Infrastructure, details of which are given in Note 1. Related debt amount has been accounted by discounting.

Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2021 is TRY 21,708 (December 31, 2020: TRY 14,030, January 1, 2020: TRY 13,750).

33. EARNINGS PER SHARE

The Group's earnings per share for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Net profit for the period belonging to the shareholders of the parent company	2,767,361	44,365
Number of shares at the end of the period	700,000,000	667,180,686
Number of shares available during the period	671,766,398	667,180,686
Earnings per share (full TRY)	4.12	0.07

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

	Receivable						Financial assets related to concession agreements	Bank Deposits (*)
	Trade receivables		Other receivables					
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party			
December 31, 2021								
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	19,996	91,808	835,164	-	97,394	12,445,309	4,161,275	
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-	
A. Net book value of financial assets that are not overdue or not impaired	19,996	91,808	835,164	-	97,394	12,445,309	4,161,297	
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-	
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	(22)	
- Net book value of impaired assets	-	19,490	-	-	-	-	-	
- Impairment (-)	-	(19,490)	-	-	-	-	-	
- Not overdue (gross book value)	-	7,518	-	-	-	-	-	
- Impairment (-)	-	(7,518)	-	-	-	-	(22)	
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	
	Receivables							
	Trade Receivables	Other Receivables						
December 31, 2021								
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	19,489	-						
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

(*) As of December 31, 2021, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,198,105 and other short-term and long-term investment funds and deposits amounting to TRY 2,182,845 are included in the bank deposits.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

i. Credit risk (cont'd)

	Receivables					Financial assets related to concession agreements	Bank Deposits (*)
	Trade receivables		Other receivables				
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party		
December 31, 2020 (Restated)							
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	21,521	65,743	742,776	-	68,009	7,375,570	2,596,148
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	21,521	65,743	742,776	-	68,009	7,375,570	2,596,162
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(14)
- Overdue (gross book value)	-	15,516	-	-	-	-	-
- Impairment (-)	-	(15,516)	-	-	-	-	-
- Not overdue (gross book value)	-	5,876	-	-	-	-	-
- Impairment (-)	-	(5,876)	-	-	-	-	(14)
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-
	Receivables						
	Trade Receivables	Other Receivables					
December 31, 2020							
0-3 months overdue	-	-					
3-12 months overdue	-	-					
1-5 years overdue	15,516	-					
1-5 years overdue	-	-					
Total receivables overdue	-	-					
Total provisions reserved	-	-					
Portion guaranteed with a collateral, etc.	-	-					

(*) As of December 31, 2020, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 717,019 and other short-term and long-term investment funds and deposits amounting to TRY 970,261 are included in the bank deposits.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

i. Credit risk (cont'd)

	Receivables					Financial assets related to concession agreements	Bank Deposits (*)	Other (**)
	Trade receivables		Other receivables					
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party			
January 1, 2020 (Restated)								
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,085	226,533
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,094	226,533
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(9)	-
- Overdue (gross book value)	-	14,330	-	-	-	-	-	-
- Impairment (-)	-	(14,330)	-	-	-	-	-	-
- Not overdue (gross book value)	-	3,600	-	-	-	-	-	-
- Impairment (-)	-	(3,600)	-	-	-	-	(9)	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	-
	Receivables							
	Trade Receivables	Other receivables						
January 1, 2020								
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	14,330	-						
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

(*) As of January 1, 2020, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 966,222 and other short-term and long-term investment funds and deposits amounting to TRY 539,531 are included in the bank deposits.

(**) As of January 1, 2020, shares issued by Akfen REIT, details of which are disclosed in Note 22, relate to the fair value of the convertible bond amounting to TRY 226,533.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

ii. Liquidity risk

Possession of financial instruments also involves the risk that the counterparty will fail to comply with the terms of the agreement. The Group management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and by obtaining collaterals if necessary.

December 31, 2021

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	13,698,830	(17,328,894)	(717,127)	(1,523,245)	(8,200,990)	(6,887,532)
Trade payables to third parties	141,272	(141,272)	(141,272)	-	-	-
Due to related parties	1,436,727	(1,707,921)	(9,230)	(40,495)	(1,264,335)	(393,861)
Other payables ^(*)	144,050	(144,050)	(35,634)	(72,041)	(36,375)	-
Total	15,420,879	(19,322,137)	(903,263)	(1,635,781)	(9,501,700)	(7,281,393)

December 31, 2020

(Restated)

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	8,949,582	(9,561,912)	(402,443)	(2,840,627)	(2,939,982)	(3,378,860)
Trade payables to third parties	192,475	(192,475)	(192,475)	-	-	-
Due to related parties	1,462,004	(1,570,722)	(895,171)	(11,948)	(465,410)	(198,193)
Other payables ^(*)	164,051	(164,051)	(55,911)	(59,172)	(48,968)	-
Total	10,768,112	(11,489,160)	(1,546,000)	(2,911,747)	(3,454,360)	(3,577,053)

January 1, 2020

(Restated)

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	7,038,638	(8,601,879)	(203,121)	(658,827)	(3,715,467)	(4,024,464)
Trade payables to third parties	127,894	(127,894)	(127,894)	-	-	-
Due to related parties	1,572,659	(1,723,903)	(1,132,906)	(10,117)	(420,495)	(160,385)
Other payables ^(*)	114,855	(114,855)	(53,084)	(25,835)	(35,936)	-
Total	8,854,046	(10,568,531)	(1,517,005)	(694,779)	(4,171,898)	(4,184,849)

^(*) Non-financial liabilities such as deposits and advances received are not included in other liabilities

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

iii. Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the financial statements. The interest rate details of the Group's interest-bearing financial instruments at the reporting date are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
<u>Fixed-Interest financial instruments</u>	(2,920,732)	(1,013,193)	(243,592)
Financial assets	728,695	861,790	1,187,708
Financial liabilities	(3,649,427)	(1,874,983)	(1,431,300)
<u>Floating-Interest financial instruments</u>	(6,668,451)	(5,368,757)	(3,352,794)
Financial assets	3,380,952	1,687,280	1,470,801
Contract assets arising from ongoing construction and contracts	-	-	783,743
Financial liabilities	(10,049,403)	(7,056,037)	(5,607,338)

As of December 31, 2021, 2020 and January 1, 2020, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

Interest Position Statement		December 31, 2021	December 31, 2020	January 1, 2020
			<i>Restated</i>	<i>Restated</i>
Interest Position Statement		(29,207)	(10,132)	(2,436)
Financial assets	Assets at fair value through profit or loss	7,287	8,618	11,877
Financial liabilities		(36,494)	(18,750)	(14,313)
Floating-Interest Financial Instruments		(66,684)	(53,687)	(33,528)
Financial assets		33,810	16,873	14,708
Contract assets arising from ongoing construction and contracts		-	-	7,837
Financial liabilities		(100,494)	(70,560)	(56,073)

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans.

iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2021, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2021			
	TRY Equivalent	US Dollar	Euro	Other(*)
1. Trade receivables	3,000	53	152	-
2a. Monetary Financial Assets (including safe and bank accounts)	2,979,220	204,380	16,600	256
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,368,398	29,927	64,262	-
4. Current Assets (1+2+3)	4,350,618	234,360	81,014	256
5. Trade Receivables	641	30	16	-
6a. Monetary Financial Assets	1,159,130	86,963	-	-
6b. Non-Monetary Financial Assets	3,632,486	272,525	-	-
7. Other	11,588,761	275,219	524,990	-
8. Non-Current Assets (5+6+7)	16,381,018	634,737	525,006	-
9. Total Assets (4+8)	20,731,636	869,097	606,020	256
10. Trade Payables	32,115	209	1,608	278
11. Financial Liabilities	1,519,597	18,136	84,520	-
12a. Other Monetary Liabilities	308,322	21,407	1,487	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	1,860,034	39,752	87,615	278
14. Trade Payables	-	-	-	-
15. Financial Liabilities	11,524,989	326,047	474,483	-
16a. Other Monetary Liabilities	1,276,455	75,233	17,988	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	12,801,444	401,280	492,471	-
18. Total Liabilities (13+17)	14,661,478	441,032	580,086	278
19. Net Foreign Currency Asset/(Liability) Position (9-18)	6,070,158	428,065	25,934	(22)
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(10,519,487)	(149,606)	(563,318)	(22)
21. Export	-	-	-	-
22. Import	-	-	-	-

(*)Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2021, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	1,141,136	(1,141,136)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	1,141,136	(1,141,136)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	78,252	(78,252)	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	78,252	(78,252)	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(79)	79	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	(79)	79	-	-
TOTAL (3+6+9)	1,219,309	(1,219,309)	-	-

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2020, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2020			
	TRY Equivalent	US Dollar	Euro	Other(*)
		<i>Restated</i>		
1. Trade receivables	2,922	53	152	1,164
2a. Monetary Financial Assets (including safe and bank accounts)	2,161,121	266,699	22,564	163
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	585,420	34,712	36,703	-
4. Current Assets (1+2+3)	2,749,463	301,464	59,419	1,327
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	403,861	55,018	-	-
6b. Non-Monetary Financial Assets	2,065,191	281,342	-	-
7. Other	5,207,581	254,761	370,509	-
8. Non-Current Assets (5+6+7)	7,676,633	591,121	370,509	-
9. Total Assets (4+8)	10,426,096	892,585	429,928	1,327
10. Trade Payables	120,171	3,579	10,383	370
11. Financial Liabilities	2,474,562	252,036	69,327	-
12a. Other Monetary Liabilities	63,914	6,254	1,999	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,658,647	261,869	81,709	370
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5,597,808	108,248	533,222	-
16a. Other Monetary Liabilities	679,166	47,440	36,738	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	6,276,974	155,688	569,960	-
18. Total Liabilities (13+17)	8,935,621	417,557	651,669	370
19. Net Foreign Currency Asset/(Liability) Position (9-18)	1,490,475	475,028	(221,741)	957
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(6,367,717)	(95,787)	(628,953)	957
21. Export	-	-	-	-
22. Import	-	-	-	-

(*)Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2020, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2020				
<i>Restated</i>				
	Profit/Loss		Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	697,257	(697,257)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	697,257	(697,257)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(399,355)	399,355	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(399,355)	399,355	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	191	(191)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	191	(191)	-	-
TOTAL (3+6+9)	298,093	(298,093)	-	-

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of January 1, 2020, assets and liabilities denominated in foreign currencies are as follows:

	January 1, 2020			
	TRY Equivalent	US Dollar	Euro	Other(*)
	<i>Restated</i>			
1. Trade receivables	2,922	53	152	1,164
2a. Monetary Financial Assets (including safe and bank accounts)	2,161,121	266,699	22,564	163
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	585,420	34,712	36,703	-
4. Current Assets (1+2+3)	2,749,463	301,464	59,419	1,327
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	403,861	55,018	-	-
6b. Non-Monetary Financial Assets	2,065,191	281,342	-	-
7. Other	5,207,581	254,761	370,509	-
8. Non-Current Assets (5+6+7)	7,676,633	591,121	370,509	-
9. Total Assets (4+8)	10,426,096	892,585	429,928	1,327
10. Trade Payables	120,171	3,579	10,383	370
11. Financial Liabilities	2,474,570	252,036	69,328	-
12a. Other Monetary Liabilities	63,914	6,254	1,999	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,658,655	261,869	81,710	370
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5,597,808	108,248	533,222	-
16a. Other Monetary Liabilities	679,166	47,440	36,738	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	6,276,974	155,688	569,960	-
18. Total Liabilities (13+17)	8,935,629	417,557	651,670	370
19. Net Foreign Currency Asset/(Liability) Position (9-18)	1,490,467	475,028	(221,742)	957
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(6,367,725)	(95,787)	(628,954)	957
21. Export	-	-	-	-
22. Import	-	-	-	-

(*)Assets and liabilities denominated in other currencies are stated in TRY.

As of January 1, 2020, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
January 1, 2020				
<i>Restated</i>				
	Profit/Loss		Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	697,389	(697,389)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	697,389	(697,389)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(399,484)	399,484	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(399,484)	399,484	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	191	(191)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	191	(191)	-	-
TOTAL (3+6+9)	298,096	(298,096)	-	-

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

v. Capital Risk Management

The Group's objectives in capital management are;

- To be able to provide returns to partners and benefit to other shareholders by ensuring the continuity of their activities
- To increase profitability by pricing services in accordance with the risk level.

The Group determines the amount of capital in proportion to the risk level. The Company regulates the structure of shareholders' equity according to economic conditions and risk characteristics of assets.

The Group monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (total of short-term and long-term liabilities stated in the consolidated statement of financial position) less cash and cash equivalents. Total capital is the sum of the equity stated in the consolidated financial statements.

As of December 31, 2021, 2020 and January 1, 2020, the ratio of total capital to net liabilities is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
Total financial liability	13,698,830	<i>Restated</i> 8,949,582	<i>Restated</i> 7,038,638
Less: cash and cash equivalents (*)	(4,162,769)	(2,597,140)	(2,624,889)
Net debt	9,536,061	6,352,442	4,413,749
Equity	13,168,525	6,643,916	5,041,489
Net financial debt / equity ratio	0.72	0.96	0.88

(*) Cash and bank deposits as of December 31, 2021; short-term and long-term financial investments of the Group amounting to TRY 2,182,845, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2020: TRY 970,261, January 1, 2020: TRY539,531).

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

Financial Instrument classifications and fair values

December 31, 2021	Amortized cost	Fair value reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents ^(c)	1,979,924	-	-	1,979,924	1,979,924	5
Trade receivables from third parties	91,808	-	-	91,808	91,808	7
Trade receivables from related parties	19,996	-	-	19,996	19,996	7-32
Other receivables from third parties	97,394	-	-	97,394	97,394	8
Other receivables from related parties	835,164	-	-	835,164	835,164	8-32
Financial assets related to concession agreements	-	12,445,309	-	12,445,309	12,445,309	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,182,845	-	2,182,845	2,182,845	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	3,723,028	3,723,028	3,723,028	-
Financial liabilities						
Financial borrowings	13,698,830	-	-	13,698,830	13,698,830	6
Trade payables to third parties	141,272	-	-	141,272	141,272	7
Trade payables to related parties	9,230	-	-	9,230	9,230	7-32
Other payables to third parties	41,359	-	-	41,359	41,359	8
Other payables to related parties	1,427,497	-	-	1,427,497	1,427,497	8-32

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

December 31, 2020 (Restated)	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	1,626,879	-	-	1,626,879	1,626,879	5
Trade receivables from third parties	65,743	-	-	65,743	65,743	7
Trade receivables from related parties	21,521	-	-	21,521	21,521	7-32
Other receivables from third parties	68,009	-	-	68,009	68,009	8
Other receivables from related parties	742,776	-	-	742,776	742,776	8-32
Financial assets related to concession agreements	-	7,375,570	-	7,375,570	7,375,570	10
Financial investments whose fair value difference is reflected in profit / loss	-	970,261	-	970,261	970,261	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	2,123,935	2,123,935	2,123,935	-
Financial liabilities						
Financial borrowings	8,949,582	-	-	8,949,582	8,949,582	6
Trade payables to third parties	192,475	-	-	192,475	192,475	7
Trade payables to related parties	895,171	-	-	895,171	895,171	7-32
Other payables to third parties	44,879	-	-	44,879	44,879	8
Other payables to related parties	566,833	-	-	566,833	566,833	8-32

(*) As of December 31, 2021, the cash and cash equivalents include short-term and long-term financial investments amounting to TRY 2,125,502 (December 31, 2020: TRY 970,261, January 1, 2020: TRY 539,531).

January 1, 2020 (Restated)	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Finansal varlıklar						
Cash and cash equivalents (*)	2,085,358	-	-	2,085,358	2,085,358	5
Trade receivables from third parties	63,796	-	-	63,796	63,796	7
Trade receivables from related parties	24,775	-	-	24,775	24,775	7-32
Other receivables from third parties	99,687	-	-	99,687	99,687	8
Other receivables from related parties	525,974	-	-	525,974	525,974	8-32
Receivables from service concession agreements / Financial assets related to concession agreements	783,743	4,783,977	-	5,567,720	5,567,720	10
Financial investments whose fair value difference is reflected in profit / loss	-	539,531	-	539,531	539,531	22
Financial assets at amortized cost	226,533	-	-	226,533	226,533	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	1,668,211	1,668,211	1,668,211	22
Financial liabilities						
Financial borrowings	7,038,638	-	-	7,038,638	7,038,638	6
Trade payables to third parties	127,894	-	-	127,894	127,894	7
Trade payables to related parties	1,132,906	-	-	1,132,906	1,132,906	7-32
Other payables to third parties	56,520	-	-	56,520	56,520	8
Other payables to related parties	439,753	-	-	439,753	439,753	8-32

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2021		Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Short term financial investments				
Financial assets at fair value through profit or loss (Note 22)	1,023,720	-	-	
Long term financial investments				
Financial assets at fair value through profit or loss (Note 22)	1,159,125	-	-	
Other financial investments (Note 22)	-	-	3,723,028	
Interest rate swap transactions (Note 12)	-	(280,559)	-	
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	12,445,309	
<hr/>				
December 31, 2020		Fair Value Level		
<i>(Restated)</i>				
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Short term financial investments				
Financial assets at fair value through profit or loss (Note 22)	474,591	-	-	
Long term financial investments				
Financial assets at fair value through profit or loss (Note 22)	495,670	-	-	
Other financial investments (Note 22)	-	-	2,123,935	
Interest rate swap transactions (Note 12)	-	(266,190)	-	
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	7,375,570	
<hr/>				
January 1, 2020		Fair Value Level		
<i>(Restated)</i>				
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Short term financial investments				
Financial assets at fair value through profit or loss (Note 22)	19,638	-	-	
Long term financial investments				
Financial assets at amortized cost (Note 22)	226,533	-	-	
Financial assets at fair value through profit or loss	519,893	-	-	
Other financial investments (Note 22)	-	-	1,668,211	
Interest rate swap transactions (Note 12)	-	(141,290)	-	

The fair value of assets and liabilities is determined as follows:

- Level 1: Valued at the quoted market prices for active assets and liabilities
- Level 2: Appraised from inputs used to find the directly or indirectly observable price in the market other than the market price stated in the first level of the related asset or liability.
- Level 3: Valued at inputs that are not based on observable market data used to determine the fair value of the asset or liability.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

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

As of December 31, 2021 and 2020, the sensitivity analysis of the important assumptions used in the fair value calculation of the financial asset regarding the concession agreements are as follows::

December 31, 2021 Sensitivity level	Discount rate change (*)	
	%1 decrease	%1 increase
Fair value change	890,790	(795,874)

Restated

December 31, 2020 Sensitivity level	Discount rate change (*)	
	%1 decrease	%1 increase
Fair value change	534,761	(479,973)

(*) It refers to the change in the discount rate expectations of the model used in determining the fair value of the years in the first 10 years of the contract period.

The fair value of MIP, which is recognized as a financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of December 31, 2021 and 2020, and the change in the value of the financial investment has been recognized in the other comprehensive income or expense statement in the consolidated financial statements of the Group. The fair value of MIP, which is recognized as a financial investment in the consolidated financial statements of the Group, has been calculated using the the market approach method as of December 31, 2021 and 2020. While applying the market approach method, the Interest Amortization and Pre-Tax Profit (EBITDA) multiplier technique was used. The market approach used in fair value measurement ideally reflects fair value in current conditions.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

December 31, 2021	Sensitivity analysis	if increases	if decreases
		Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%	131,021	(131,021)
December 31, 2020	Sensitivity analysis	if increases	if decreases
		Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%	72,210	(72,210)

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35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2021, 2020 and January 1, 2020, information on the Group's major subsidiaries in which non-controlling interests are as follows:

December 31, 2021				
	Hacettepe Clinic^(*)	Akfen Merter	Isparta City Hospital	Total
Total assets	285,657	73,238	4,115,175	4,474,070
Total liabilities	360,117	22,673	2,706,443	3,089,233
Equity	(74,460)	50,565	1,408,731	1,384,836
Profit/(loss) for the period	(14,352)	(1,657)	662,814	646,805
Non-controlling interest ratio	0.5500	0.0848	0.0012	
Equity – Non-controlling interest	(40,953)	4,288	1,795	(34,870)
Profit/(loss) for the period – Non-controlling interest	(7,894)	(141)	814	(7,221)
December 31, 2020				
<i>Restated</i>				
	Hacettepe Clinic^(*)	Akfen Merter	Isparta City Hospital	Total
Total assets	169,989	73,934	2,485,078	2,729,001
Total liabilities	230,096	21,716	1,739,158	1,990,970
Equity	(60,108)	52,220	745,920	738,032
Profit/(loss) for the period	5,805	(1,828)	25,116	29,093
Non-controlling interest ratio	0.5500	0.5308	0.0012	
Equity – Non-controlling interest	(33,059)	27,718	981	(4,360)
Profit/(loss) for the period – Non-controlling interest	3,193	(970)	30	2,253
January 1, 2020				
<i>Restated</i>				
	Hacettepe Clinic^(*)	Akfen Merter	Isparta City Hospital	Total
Total assets	126,067	75,275	2,192,076	2,393,418
Total liabilities	191,980	21,019	1,471,274	1,684,273
Equity	(65,913)	54,256	720,802	709,145
(Loss)/profit for the period	(23,850)	(1,641)	328,627	303,136
Non-controlling interest ratio	0.5500	0.5308	0.0012	
Equity – Non-controlling interest	(36,252)	28,799	840	(6,613)
(Loss)/profit for the period – Non-controlling interest	(13,118)	(871)	404	(13,585)

^(*) Information about the companies that do not have a controlling interest in Akfen Holding and Akfen Construction.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

36. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

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

	January 1, - December 31, 2021	January 1, - December 31, 2020
Independent audit fee for the reporting period	3,509,215	1,986,293
Fees for tax services	644,115	488,618
Fee for other assurance services	167,497	233,369
	4,320,827	2,708,280

37. SUBSEQUENT EVENTS

The Group management monitors the developments regarding the events that started between Russia and Ukraine at the end of February 2022 and continues to evaluate the possible effects of this situation on the Group's activities and financial situation. Akfen REIT, which is accounted as the Group's investments accounted using the equity method, the operations of its hotels in Russia continue, and its tenants in the Samara Office building in Russia also continue their activities.