

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 JUNE 2019
TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

Report on Review of Interim Condensed Financial Statements

To the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) as of June 30, 2019 and the interim condensed statement of profit or loss and other comprehensive income, statement of changes in equity and the statement cash flows for the six-month period then ended, and explanatory notes. Company management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with TAS 34.

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



August 8, 2019
Istanbul, Turkey

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE CONDENSED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY- 30 JUNE 2019

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/ (BALANCE SHEET)
AT 30 JUNE 2019 AND 31 DECEMBER 2018**

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

	Notes	<i>Reviewed</i> 30 June 2019	<i>Audited</i> 31 December 2018
ASSETS			
Current assets		74,831,631	73,794,035
Cash and cash equivalents	4	33,564,072	41,333,713
Trade receivables			
<i>Receivables from third parties</i>	5	25,838,692	7,314,103
Other Receivables			
<i>Other Receivables from third parties</i>	5	2,063,812	405,972
Prepaid expenses	10	9,783,623	2,879,420
Prepaid taxes and funds		1,072,488	545,796
Other current assets	10	2,508,944	21,315,031
Non-current assets		193,563,092	191,744,404
Investment property	6	184,965,208	188,292,189
Tangible assets	7	571,658	688,448
Intangible assets		1,574	3,150
Prepaid expenses	10	5,716,139	561,082
Other non-current assets	10	2,308,513	2,199,535
Total assets		268,394,723	265,538,439

The accompanying explanations and notes form an integral part of these interim condensed financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/ (BALANCE SHEET)
AT 30 JUNE 2019 AND 31 DECEMBER 2018**

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

	Notes	Reviewed 30 June 2019	Audited 31 December 2018
LIABILITIES			
Current liabilities		58,238,982	5,081,825
Trade payables			
<i>Due to related parties</i>	5, 19	3,078,215	884,544
<i>Due to third parties</i>	5	1,318,284	475,247
Other payables			
<i>Due to related parties</i>	5, 19	50,306,400	-
<i>Due to third parties</i>	5	1,479,066	2,171,187
Deferred income	10	1,361,963	816,313
Provisions			
<i>Other provisions</i>	8	144,000	144,000
<i>Provisions for unused vacations</i>	9	323,143	226,547
Other current liabilities	10	227,911	363,987
Non-current liabilities		1,556,999	1,351,538
Other payables			
<i>Other payables to third parties</i>	5	663,349	665,281
Long term provisions			
<i>Provisions for employment termination benefits</i>	9	893,650	686,257
Equity		208,598,742	259,105,076
Share capital	11, 18	37,264,000	37,264,000
Adjustment to share capital		27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
<i>Actuarial gains/(losses) arising from employee benefits</i>		(47,598)	230,617
Restricted reserves		87,986,155	79,117,323
Retained earnings	11	15,327,521	26,098,217
Net income for the period	18	40,323,401	88,649,656
Total liabilities and equity		268,394,723	265,538,439

These interim financial statements for the period ended 30 June 2019 have been approved by the Board of Directors on 8 August 2019.

The accompanying explanations and notes form an integral part of these interim condensed financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX
MONTH INTERIM PERIODS ENDED 30 JUNE 2019 AND 2018**

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

	Notes	Reviewed 1 January - 30 June 2019	Reviewed 1 April - 30 June 2019	Reviewed 1 January - 30 June 2018	Reviewed 1 April - 30 June 2018
OPERATING INCOME					
Revenue	12	56,412,786	28,135,276	59,646,810	29,796,264
Cost of sales (-)	12	(17,597,505)	(9,053,031)	(17,876,856)	(8,025,122)
Gross profit		38,815,281	19,082,245	41,769,954	21,771,142
General administrative expenses (-)		(3,380,502)	(1,527,493)	(3,428,790)	(1,549,488)
Other operating income	14	2,576,981	1,248,105	1,436,486	91,390
Other operating expense (-)	14	(2,479,175)	(1,908,576)	(436,210)	(177,574)
Operating profit		35,532,585	16,894,281	39,341,440	20,135,470
Financial income	15	5,707,839	2,306,876	3,797,027	2,420,889
Financial expenses (-)	16	(917,023)	(397,536)	(371,083)	(311,716)
Profit before tax from continuing operations		40,323,401	18,803,621	42,767,384	22,244,643
Tax income/ (expenses) from continuing operations		-	-	-	-
Profit for the period from continuing operations	18	40,323,401	18,803,621	42,767,384	22,244,643
Earnings per share					
Earning per share from continuing operations	18	1.08	0.50	1.15	0.60
Earning per share from discontinuing operations		-	-	-	-
Diluted earnings per share					
Diluted earnings per share from continuing operations	18	1.08	0.50	1.15	0.60
Diluted earnings per share from discontinuing operations		-	-	-	-
OTHER COMPREHENSIVE INCOME / (EXPENSE)					
Items not to be classified to profit or loss					
Actuarial gains/ (losses) arising from employee benefits	9	(278,215)	(170,557)	11,296	(73,862)
Total comprehensive income		40,045,186	18,633,064	42,778,680	22,170,781

The accompanying explanations and notes form an integral part of these interim condensed financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH INTERIM PERIODS ENDED 30 JUNE 2019 AND 2018**

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

	Notes	Share capital	Adjustment to share capital	Other comprehensive income/expense not to be reclassified to profit or loss	Restricted reserves	Accumulated profit		Total equity
				Actuarial (losses) / gain arising from employee benefits		Retained earnings	Net profit for the period	
1 January 2018		37,264,000	27,745,263	164,383	73,043,290	16,968,330	77,807,440	232,992,706
Transfers		-	-	-	6,074,033	71,733,407	(77,807,440)	-
Dividend payable		-	-	-	-	(62,603,520)	-	(62,603,520)
Total comprehensive income (expense)		-	-	11,296	-	-	42,767,384	42,778,680
30 June 2018 (Reviewed)		37,264,000	27,745,263	175,679	79,117,323	26,098,217	42,767,384	213,167,866
1 January 2019	11	37,264,000	27,745,263	230,617	79,117,323	26,098,217	88,649,656	259,105,076
Transfers		-	-	-	8,868,832	79,780,824	(88,649,656)	-
Dividend payable		-	-	-	-	(90,551,520)	-	(90,551,520)
Total comprehensive income (expense)		-	-	(278,215)	-	-	40,323,401	40,045,186
30 June 2019 (Reviewed)	11	37,264,000	27,745,263	(47,598)	87,986,155	15,327,521	40,323,401	208,598,742

The accompanying explanations and notes form an integral part of these interim condensed financial statements,

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIODS ENDED 30 JUNE 2019 AND 2018**

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

	Notes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES		30,076,983	38,891,535
Profit for the year		40,323,401	42,767,384
Adjustments to profit/ (loss) for the year		1,718,650	(447,705)
Adjustments for depreciation and amortization expenses	13	4,541,133	3,796,621
Adjustments for impairment loss	5	199,319	(168,225)
Adjustments for provisions		479,445	(886,913)
Adjustments for interest (income)/ expenses		(3,450,281)	(2,496,298)
Adjustments for losses (gains) resulting from the disposal of fixed assets	14	(44,000)	-
Other adjustments for non-cash items		(6,966)	(692,890)
Change in working capital		(11,739,308)	(3,100,665)
Adjustments for decrease / (increase) in trade receivables			
<i>Decrease/ (increase) in trade receivables from related parties</i>		-	(21,615)
<i>Decrease/ (increase) in trade receivables from third parties</i>		(19,834)	(1,435,747)
(Increase)/ decrease in other assets related to operations		(14,243,791)	(3,743,356)
Adjustments regarding (decrease) / increase in trade payables			
<i>Increase / (decrease) in trade payable from related parties</i>		2,193,671	2,411,254
<i>Increase / (decrease) in trade payable from third parties</i>		843,037	(814,195)
Increase / (decrease) in other liabilities related to operations		(512,391)	502,994
Cash provided from operations		30,302,743	39,219,014
Employment termination benefit payments	9	(225,760)	(123,704)
Other cash inflows/ (outflows)		-	(203,775)
CASH FLOWS FROM INVESTING ACTIVITIES		2,405,473	1,682,271
Interest received		3,457,258	2,234,876
Cash inflows from the sales of tangible and intangible assets		215,397	-
Cash outflows from the purchase of investment properties	6	(1,267,182)	(525,056)
CASH FLOWS USED IN FINANCING ACTIVITIES		(40,245,120)	(25,339,520)
Dividends paid		(40,245,120)	(25,339,520)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(7,762,664)	15,234,286
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		41,313,519	20,786,601
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	33,550,855	36,020,887

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The main activity of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) is to create value through the ownership of real estate investment property. The address of the Company is as follows:

Nispetiye Cad, Akmerkez Tic. Merkezi E3 Kule K:1 Etiler / İstanbul-Türkiye.

The trade name “Akmerkez Gayrimenkul Yatırımı A.Ş.” has been changed as “Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.” in the Extraordinary Shareholders Meeting held on 17 February 2005 and this change has been registered on 24 February 2005 by the Ministry of Trade.

With respect to the Board Decision dated 21 June 2005, the trade name of the Company is set as “Akmerkez Alışveriş Merkezi” and this name is certified by the Istanbul Trade Registry as at 1 July 2005.

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and 50.82% of these shares are publicly quoted shares as of 30 June 2019.

The shareholding structure as of 30 June 2019 and 31 December 2018 is as follows:

Shareholders	30 June 2019	31 December 2018
Akkök Holding A.Ş.	13.12%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering (*)	50.82%	50.82%
Other (**)	25.27%	25.27%
Total	100%	100%

(*) 31.52% of public offering shares belong to Klepierre S.A. as of 30 June 2019 (31 December 2018: 31.52%).

(**) Other represents shareholders with less than 10% shareholdings.

The average number of personnel during the period by categories is as follows:

	30 June 2019	31 December 2018
Administrative	7	7

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting Standards

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations (“IFRIC”).

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

Adjustment of Financial Statements During Hyper-Inflationary Periods:

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, IAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the IASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Company’s functional and presentation currency is TRY.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Going concern

The Company has prepared the financial statements for the period 1 January - 30 June 2019 in accordance with the going concern principle.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 2019**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.2 Compliance with portfolio restrictions

The information included in Note 22, “Supplementary Note: Control of Compliance with Portfolio Restrictions” represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with serial II No:14.1 “Article 17 of Communiqué on Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of Serial III No:48.1 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

2.2 Changes in Accounting Policies

2.2.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed financial statements as at June 30, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

- i) **The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows:**

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The amendments did not have a significant impact on the financial position or performance of the Company.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Amendments to TAS 28 “Investments in Associates and Joint Ventures” (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in “TAS 12 Income Taxes” when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

The interpretation is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 2019**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Annual Improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- TAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Company.

Plan Amendment, Curtailment or Settlement” (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 “Plan Amendment, Curtailment or Settlement” The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Company.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortized cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortized cost some prepayable financial assets with so-called negative compensation.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE SIX MONTH
INTERIM PERIOD ENDED 30 JUNE 2019**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 17 - The new Standard for insurance contracts

The PAO issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of IFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under IFRS.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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NOTE 2 - BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Definition of Materiality (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendment is effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. Overall, the Company expects no significant impact on its balance sheet and equity.

2.3 Restatement and the errors in the accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. For the period 1 January - 30 June 2019 there is no change in accounting estimates.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2018. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

2.5 Significant Accounting Estimates and Assumptions

Preparation of financial statements require the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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NOTE 3 – SEGMENT REPORTING

As the only real estate owned by the Company is managed as a whole in a central location at Akmerkez Trade Center, segment reporting is not disclosed.

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
Cash	10,485	14,077
Reverse repo transactions	15,009,103	-
Banks		
- Foreign currency denominated time deposits	13,670,450	10,603,628
- TRY time deposits	4,778,074	30,642,373
- TRY demand deposits	92,936	1,782
- Foreign currency denominated demand deposits	3,024	71,853
	33,564,072	41,333,713

As of 30 June 2019, the interest rate on TRY deposit accounts at banks is 23.50% and the accrued interest of TRY deposit accounts is TRY 3,074. The interest rate on foreign currency denominated time deposits at banks is between 1% and 3.15%, the accrued interest of foreign currency denominated time deposits is TRY 1,040. (As of 31 December 2018, the interest rate on TRY deposit accounts at banks is between 23% and 23.25 %, and the accrued interest of TRY deposit accounts is TRY 19,373. The interest rate on foreign currency denominated deposit accounts at banks is between 1.60% and 4% and the accrued interests is TRY 821). The maturity of time deposits is less than one month (31 December 2018: less than one month).

As of 30 June 2019, interest rate on reverse repo agreements is 22.15% and accrued interest is TRY 9.103.

The cash and cash equivalents disclosed in the statements of cash flows are as follows:

	30 June 2019	31 December 2018
Cash and cash equivalents	33,564,072	41,333,713
Less: accrued interest	(13,217)	(20,194)
	33,550,855	41,313,519

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NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2019	31 December 2018
Post-dated cheques receivable (*)	20,066,195	560,000
Trade receivables	9,000,209	10,941,161
	29,066,404	11,501,161
Less: Provision for doubtful receivables	(3,227,712)	(4,187,058)
	25,838,692	7,314,103

(*) Explained in Note 10.

The movement of provisions for doubtful receivables is as follows:

	2019	2018
1 January	4,187,058	4,355,283
Provisions made during the period	199,319	-
Doubtful receivables collections	-	(168,225)
Doubtful receivables reversal	(1,158,665)	-
30 June	3,227,712	4,187,058

As at 30 June 2019, TRY 2,063,812 is in other receivables (31 December 2018: TRY 405,972).

Short-term trade payables	30 June 2019	31 December 2018
Due to related parties (Note 19)	3,078,215	884,544
Trade payables to third parties	1,318,284	475,247
	4,396,499	1,359,791

Short-term other payables	30 June 2019	31 December 2018
Other payables to related parties (Note 19)	50,306,400	-
Tax and funds payable	1,428,043	2,148,306
Other	51,023	22,881
	51,785,466	2,171,187

Long-term other payables	30 June 2019	31 December 2018
Deposits and guarantees received	663,349	665,281
	663,349	665,281

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NOTE 6 - INVESTMENT PROPERTY

The movements of the investment property for the six-month interim periods ended 30 June 2019 and 2018 are as follows:

	1 January 2019	Additions	Disposals	Transfers	30 June 2019
Cost					
Buildings	276,355,777	378,813	(4,167,591)	888,370	273,455,369
Construction in progress (*)	94,287	888,370	-	(888,370)	94,287
	276,450,064	1,267,182	(4,167,591)	-	273,549,656
Accumulated Depreciation					
Buildings	(84,097,269)	(4,422,766)	640,914	-	(87,879,121)
Provision for impairment of buildings (-) (**)	(4,060,606)	-	3,355,280	-	(705,326)
Net book value	188,292,189	(3,155,584)	(171,397)	-	184,965,208

(*) The transfers amounting to TRY 888,370 from the construction in progress to the buildings are the costs that are reflected from the Üçgen Bakım ve Yönetim Hizmetleri A.Ş. within the scope of management services in accordance with the share of the Company.

(**) As of 31 December 2018, the Company has taken the lease payment which is in the lease agreement to the financial statements due to the early termination of the lease agreement of a tenant and about the same tenant; the amount of the impairment loss amounting to TRY 4,060,606 is reflected in the financial statements of the investment properties that cannot be used after the separation of the lessee. As of 30 June 2019, TRY 4,167,591 of the related investments has been derecognized from the financial statements.

	1 January 2018	Additions	Transfers	30 June 2018
Cost				
Buildings	274,079,832	-	501,113	274,580,945
Construction in progress (*)	-	552,605	(501,113)	51,492
	274,079,832	525,605	-	274,632,437
Accumulated amortization				
Buildings	(76,847,482)	(3,674,546)	-	(80,522,028)
	(76,847,482)	(3,674,546)	-	(80,522,028)
Net book value	197,232,350	(3,121,941)	-	194,110,409

(*) The additions amounting to TRY 552,605 from the construction in progress to the buildings are the costs that are reflected from the Üçgen Bakım ve Yönetim Hizmetleri A.Ş. within the scope of management services in accordance with the share of the Company.

The fair value of the Company's investment property based on the valuation report of Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated 7 August 2019 amount to TRY 1,406,230,000 (As of 31 December 2018, the fair value of the Company's investment property based on the valuation report of Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş. amount to TRY 1,009,247,000). The discount rate used in the valuation report dated August 7, 2019 is 17%. (31 December 2018: 21%).

Insurance coverage on assets as of 30 June 2019 and 31 December 2018 is as follows;

30 June 2019:	USD 156,341,963
31 December 2018:	USD 152,813,445

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NOTE 7 – TANGIBLE ASSETS

The movements of the tangible assets for the six-month interim periods ended 30 June 2019 and 2018 are as follows:

	1 January 2019	Additions	30 June 2019
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(8,128,126)	(116,790)	(8,244,916)
Net book value	688,448	(116,790)	571,658

	1 January 2018	Additions	30 June 2018
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(7,888,904)	(120,501)	(8,009,405)
Net book value	927,670	(120,501)	807,169

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NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions, contingent assets and liabilities consist of the following:

Real rights on immovables are as follows:

- a) There is a rental restriction in favor of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.

Guarantee notes, cheques and letters	Currency of denomination	Original Amount	30 June 2019
Letters of guarantees received	USD	1,588,975	9,144,712
Letters of guarantees received	TRY	8,965,132	8,965,132
Guarantee notes received	USD	765,252	4,404,102
Letters of guarantees received	EUR	151,866	994,829
Guarantee cheques received	TRY	71,000	71,000
Guarantee notes received	TRY	67,188	67,188
			23,646,963

Guarantee notes, cheques and letters	Currency of denomination	Original Amount	31 December 2018
Surety received	USD	6,000,000	31,565,400
Letters of guarantees received	USD	2,787,424	14,664,358
Guarantee notes received	USD	828,091	4,356,502
Letters of guarantees received	TRY	4,198,208	4,198,208
Letters of guarantees received	EUR	151,866	915,448
Guarantee cheques received	TRY	71,000	71,000
			55,770,916

The commitments received consist of letters of guarantees received from the tenants of the shopping mall.

Below are the amounts of guarantees, pledges and mortgages of Company:

	30 June 2019	31 December 2018
CPM's given by the company		
(Collaterals, Pledges, Mortgages)		
A, CPM's given for companies own legal personality	2,931,729	1,729
B, CPM's given on behalf of fully consolidated companies	-	-
C, CPM's given for continuation of its economic activities on behalf of third parties	-	-
D, Total amount of other CPM's		
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
	2,931,729	1,729

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other provisions	30 June 2019	31 December 2018
Provision for lawsuits	144,000	144,000
	144,000	144,000

Provision for lawsuits

The provision for the lawsuits against the company as of 30 June 2019 is TRY 144,000 (31 December 2018: TRY 144,000). The movements of provision for lawsuits are as follows:

	2019	2018
1 January	144,000	1,322,074
Payments	-	(372,000)
Reversals	-	(803,074)
30 June	144,000	147,000

The Company’s cases on trail that are claimed by shareholder and not required to allocate any provision in the financial statements and counsels’ opinion are summarized below:

Ömer Dinçök filed a lawsuit on 30 June 2014 with the request for the cancellation of the decisions taken on agenda items 2, 5, 7, 10 and 11, which were discussed at the General Assembly meeting for 2013. The case has been concluded in the first instance court and following the examination of the appeal of the plaintiff. Supreme Court has decided to approve the decision made by the first instance court. The plaintiff has requested of revision of stated decision and it is expected to be approved in favor of the Company as a result of the appeal examination.

Ömer Dinçök filed a lawsuit on 30 June 2015 with a demand of appointment of a special auditor of General Assembly in 2014 for the Company. The case has been concluded in the first instance court and appeal request has been refused by Supreme Court. The plaintiff has requested of revision of stated decision and it is expected to be approved in favor of the Company as a result of the appeal examination.

Ömer Dinçök filed a lawsuit on June 30, 2015 with the request for the cancellation of the decisions taken on the agenda items 2, 3, 4 and 9, which were discussed at the General Assembly meeting for 2014. The case has been concluded in favor of the Company in the first instance court. The plaintiff appealed to the court and is expected to be approved in favor of the Company as a result of the appeal examination.

Ömer Dinçök filed a lawsuit on June 30, 2016 with the request for the cancellation of the decisions taken on the agenda items numbered 5 and 11, which were discussed at the General Assembly meeting for 2015. The case was dismissed a nonsuit by the first instance court however the decision can be appealed. The plaintiff side is appealed to appeal and the appellate review is expected to result in favor of the Company.

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NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Ömer Dinçkök filed a lawsuit on 30 June 2016 with the request to appoint a special auditor for the Company's General Assembly for 2015. The first instance court decided to reject the case. Since this provision is a final decision the appealing party has not appealed and it has been appealed to the Supreme Court. It is expected that examination of appeal is concluded in favor of the Company.

Including the cases detailed above, there are 15 lawsuits and 20 executive proceedings that the Company is currently a party of them.

NOTE 9 - EMPLOYEE BENEFITS

The short-term provisions for employee benefits at 30 June 2019 and 31 December 2018 are as follows:

Short term provisions	30 June 2019	31 December 2018
Unused vacation allowances	323,143	226,547
	323,143	226,547

The provision for unused vacation amounts to TRY 81,792 which consists of the unused vacation provisions of the Company's personnel and TRY 217,287 is the portion of the Company's share of unused vacation allowance related to the personnel of Üçgen Bakım ve Yönetim Hizmetleri A.Ş., while TRY 24,064 is the portion of the Company's share of unused vacation allowance related to the personnel of ISS Tesis Yönetim Hizmetleri A.Ş.

At 30 June 2019, the amount payable consists of one month's salary limited to a maximum of TRY 6,017.60 for each year of service. (31 December 2018: TRY 5,434.42)

In the financial statements, Company management reflected a liability calculated in accordance with IAS 19 and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds, All actuary gain and losses are recognized in comprehensive income statement, Accordingly, the actuarial assumptions used to calculate the liability as of 30 June 2019 and 31 December 2018 are as follows:

	1 January - 30 June 2019	1 January - 31 December 2018
Discount rate (%)	6.86	6.86
Turnover rate to estimate the probability of retirement (%)	75.62	94.09

Movements in the provision for employment termination benefits are as follows (TRY):

	2019	2018
1 January	686,257	884,830
Cost of service (Note 13)	98,390	115,879
Cost of interest (Note 16)	56,548	53,094
Actuarial (gain)/ losses	278,215	(11,296)
Payments made during the period (-)	(225,760)	(123,704)
30 June	893,650	918,803

Provision for employment termination benefits amounting to TRY 56,363 comprise of the Company's personnel termination benefits provisions and TRY 837,227 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel termination benefits provisions, while TRY 60 is the portion of the Company's share of employment termination benefit related to the personnel of ISS Tesis Yönetim Hizmetleri A.Ş.

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NOTE 10 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
Prepaid expenses - short term		
Prepaid expenses (*)	9,771,334	2,863,993
Advances given	12,289	15,427
	9,783,623	2,879,420

(*) Amount to TRY 3,847,048 consists of part of costs related to short term in order to rent the store. These amounts amortize in the contract period of the store. Amount to TRY 4,916,671 is prepaid management service expenses to Üçgen Bakım ve Yönetim Hizmetleri A.Ş., TRY 969,637 consists of real estate and environment taxes, TRY 30,599 consists of insurance expenses and amount to TRY 7,379 consists of other expenses.

	30 June 2019	31 December 2018
Prepaid expenses - long term		
Prepaid expenses (*)	5,716,139	561,082
	5,716,139	561,082

(*) Long term prepaid expenses consists of costs more than one year in order to rent the store. These amounts amortize in the contract period of the store.

	30 Haziran 2019	31 Aralık 2018
Other current assets		
Income accruals for store rent (*)	2,508,944	2,901,881
Rent compensation income accrual (**)	-	18,413,150
	2,508,944	21,315,031

(*) Income accrual for store rents which includes short-term period.

(**) As at 31 December 2018, the Company recognized a rent compensation fee amounting to TRY 18,413,150 (USD 3,500,000) which is the early termination fee in the lease agreement, due to the early termination decision of a lessee. As of June 30, 2019, TRY equivalent of remaining amount after the collection, TRY 18,704,075 (USD 3,250,000) has been recognized in the short-term trade receivables with the cheques received.

	30 June 2019	31 December 2018
Other non-current assets		
Income accruals for store rent (*)	2,308,310	2,199,332
Deposits given	203	203
	2,308,513	2,199,535

(*) Income accrual for store rents which includes long-term period.

Deferred income

	30 June 2019	31 December 2018
Advances received	699,623	404,744
Deferred income	662,340	411,569
	1,361,963	816,313

Other current liabilities

	30 June 2019	31 December 2018
Expense accruals	227,911	363,987
	227,911	363,987

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NOTE 11 - EQUITY

At 30 June 2019 and 31 December 2018 the issued and fully paid-in share capital held is as follows:

Shareholders	30 June 2019		31 December 2018	
	Share (%)	Amount	Share (%)	Amount
Akkök Holding A.Ş.	13.12	4,890,900	13.12	4,890,900
Tekfen Holding A.Ş.	10.79	4,019,839	10.79	4,019,839
Quoted to İstanbul Stock Exchange	50.82	18,938,898	50.82	18,938,898
Other (*)	25.27	9,414,363	25.27	9,414,363
Total paid-in capital	100	37,264,000	100,00	37,264,000

(*) Represents individual shareholdings less than 10%.

The registered capital ceiling of the Company is TRY 75,000,000. In order to extend validity of upper limit of the Company's authorized capital, amendment regarding to the Articles of Association of the Company has been approved by a large majority at the Ordinary General Assembly for year 2016 held on 27 April 2017 within the framework of Communiqué No, III-48,1 on Principles Regarding Real Estate Investment Trusts and Communiqué No, II-17,1 on Corporate Governance of the Capital Market Board and after the registration on 4 May 2017, the amendment has been issued in the Trade Registry Gazette numbered 9323 and dated 10 May 2017.

The Company's issued and fully paid share capital amounting to TRY 37,264,000 is represented by shares with Kuruluş 1 nominal value of which 407,575,000 are Class A shares, 284,138,000 are Class B shares, 239,887,000 are Class C shares and 2,794,800,000 are Class D shares as of 30 June 2019 and 31 December 2018.

Retained earnings consist of the following:

	30 June 2019	31 December 2018
Retained earnings	6,603,698	3,364,528
Extraordinary reserves	4,740,607	18,750,473
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	15,327,521	26,098,217

NOTE 12 - OPERATING INCOME

Sales	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Shops and warehouse rent income	50,928,154	25,375,831	53,674,291	26,734,758
Apart hotel rent income	2,223,618	1,192,384	2,216,895	1,253,070
Other income	3,261,014	1,567,061	3,755,624	1,808,436
	56,412,786	28,135,276	59,646,810	29,796,264
Cost of sales				
Cost of services	(13,174,739)	(6,831,704)	(14,202,310)	(6,172,182)
Depreciation expense	(4,422,766)	(2,221,327)	(3,674,546)	(1,852,940)
	(17,597,505)	(9,053,031)	(17,876,856)	(8,025,122)
Gross profit	38,815,281	19,082,245	41,769,954	21,771,142

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NOTE 13 - EXPENSES BY NATURE

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Cost of service	12,996,599	6,786,878	14,056,545	6,167,858
Depreciation and amortization expenses	4,541,133	2,281,630	3,796,621	1,913,979
Personnel expenses	1,554,614	705,651	1,215,069	564,415
Legal expenses	718,726	367,169	1,277,934	587,427
Consultancy expenses	522,670	234,225	325,635	138,204
Insurance, duties, taxes and levies expenses	111,764	62,845	139,761	62,814
Provision for employment termination benefits	98,390	1,466	115,879	(8,355)
Provision for unused vacations	96,596	28,754	97,406	37,959
Other	337,515	111,906	280,794	110,307
	20,978,007	10,580,524	21,305,644	9,574,608
Depreciation and amortization expenses				
Cost of sales	4,422,766	2,221,327	3,674,546	1,852,940
General administrative expenses	118,367	60,303	122,075	61,039
	4,541,133	2,281,630	3,796,621	1,913,979

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Other operating income				
Foreign exchange gain on trade receivables and payables	2,296,814	1,010,521	91,390	91,390
VAT revenue on doubtful trade receivable reversal	116,740	116,740	-	-
Gain on sale of fixed asset	44,000	36,500	-	-
Provisions no longer required	35,083	-	1,192,831	-
Other	84,344	84,344	152,265	-
	2,576,981	1,248,105	1,436,486	91,390
Other operating expense				
Amortization expense (*)	(776,516)	(709,446)	(299,367)	(149,683)
Foreign Exchange loss on trade receivables and payables	(696,712)	(651,287)	(136,826)	(27,889)
VAT expense related to disposal of fixed assets	(634,802)	(214,454)	-	-
Doubtful provision expense	(199,319)	(199,319)	-	-
Other	(171,826)	(134,070)	(17)	(2)
	(2,479,175)	(1,908,576)	(436,210)	(177,574)
Other operating income - net	97,806	(660,471)	1,000,276	(86,184)

(*)The expenses comprise of the amortized part of the expenses in order to rent the stores in the related period.

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NOTE 15 - FINANCIAL INCOME

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Financial income				
Interest income	3,450,281	1,376,818	2,496,298	1,482,242
Foreign exchange income	2,257,558	930,058	1,300,729	938,647
	5,707,839	2,306,876	3,797,027	2,420,889

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Financial expenses				
Foreign exchange expense	(833,804)	(356,110)	(317,379)	(285,091)
Interest expenses related to employee benefits	(56,548)	(28,276)	(53,094)	(26,549)
Bank commissions	(26,671)	(13,150)	(610)	(76)
	(917,023)	(397,536)	(371,083)	(311,716)

NOTE 17 - TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph d-4 of Article 5 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes. According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0".

NOTE 18 - EARNINGS PER SHARE

The earnings per share stated in income statement is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

The companies in Turkey are allowed to increase their paid-in capital by issuing "free shares" which represent the increases from retained earnings and revaluation funds. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. The weighted average number of shares includes such shares and their retrospective effects.

The earnings per share amount is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Weighted average number of shares as of the reporting date (per share of TRY 1 nominal value)	37,264,000	37,264,000	37,264,000	37,264,000
Net profit for the period	40,323,401	18,803,621	42,767,384	22,244,643
Profit per share	1.08	0.50	1.15	0.60

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NOTE 19 - RELATED PARTY DISCLOSURES

As of 30 June 2019 and 31 December 2018 receivables from related parties and due to related parties are as follows:

	30 June 2019	31 December 2018
Due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	3,051,987	785,384
Akkök Holding A.Ş.	25,437	98,612
Aktek Bilgi İşlem Tekn, San,Tic, A.Ş.	791	548
	3,078,215	884,544

As at 30 June 2019 and 31 December 2018, the non-trade payables to the shareholders of the Company under other liabilities are as follows:

	30 June 2019	31 December 2018
Dividend payable	50,306,400	-
	50,306,400	-

	1 January - 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
Purchases from related party	15,776,015	7,864,224	16,974,911	8,418,985
Sales to related parties	10,063,352	4,779,658	10,274,819	4,781,127

Purchases and sales consist of rent income, purchase and sales of services. The related party purchases amounting to TRY 15,556,450 comprise of management expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş (“Üçgen”). The remaining balance amounting to TRY 219,565 comprise of other expenses. The Company provides common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen, in addition to these the Company has cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TRY 8,041,942 regarding the revenue collected on behalf of the Company for the first six months of 2019 (1 January - 30 June 2018: TRY 8,304,509).

As of 1 January - 30 June 2019, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TRY 993,520 (1 January-30 June 2018: TRY 678,496).

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NOTE 20 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

There has been no significant change in the Company's financial risk policies and credit risk management practices compared to previous periods.

Foreign Currency Risk

The foreign currency amounts stated in the assets and liabilities are as follows:

	30 June 2019	31 December 2018
Assets	32,382,853	29,095,865
Liabilities	(648,349)	(650,281)
Net position	31,734,504	28,445,584

As of 30 June 2019, fluctuation of USD had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY 2,934,831 (31 December 2018: TRY 2,387,729 higher/ lower) higher/ lower.

As of 30 June 2019, fluctuation of EUR had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY 238,362 (31 December 2018: TRY 521,622 higher/lower) higher/lower.

As of 30 June 2019, fluctuation of GBP had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY 258 (31 December 2018: TRY 235) higher/lower.

As of 30 June 2019, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and foreign currency amounts stated in the assets are as follows:

30 June 2019	Euro	USD	GBP	TRY Equivalent
Current assets				
Cash and cash equivalents	363,872	1,962,187	354	13,678,778
Trade receivables	-	3,250,000	-	18,704,075
Total assets	363,872	5,212,187	354	32,382,853
Long term liabilities				
Other payables	-	(112,656)	-	(648,349)
Total liabilities	-	(112,656)	-	(648,349)
Net foreign currency asset position	363,872	5,099,531	354	31,734,504

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NOTE 20 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2018 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and foreign currency amounts stated in the assets are as follows:

31 December 2018	EUR	USD	GBP	TRY equivalent
Current assets				
Cash and cash equivalents	865,331	1,038,633	354	10,682,715
Other current assets	-	3,500,000	-	18,413,150
Total assets	865,331	4,538,633	354	29,095,865
Long term liabilities				
Other payables	-	(123,606)	-	(650,281)
Total liabilities	-	(123,606)	-	(650,281)
Net foreign currency asset position	865,331	4,415,027	354	28,445,584

NOTE 21 - SUBSEQUENT EVENTS

None.

NOTE 22 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Disclosures made within the framework of Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts state that joint ventures are obliged to comply with the provisions of the Board's Communiqué No. II-14.1 on Principles Regarding Financial Reporting in Capital Markets when issuing and making public financial statements. The financial statements should include the information about portfolio limitation controls defined in Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts taken from unconsolidated financial statement account items in the manner defined by the Board.

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NOTE 22 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 30 June 2019 and 31 December 2018:

Non-consolidated (stand-alone) financial statement accounts items		Related regulations	30 June 2019	31 December 2018	
A	Cash and capital market instruments	Art,24/(b)	33,564,072	41,333,713	
B	Real estate, real estate-based project, Real estate-based rights	Art,24/(a)	184,965,208	188,292,189	
C	Affiliates	Art,24/(b)	-	-	
	Due from related parties (non-trade)	Art,23/(f)	-	-	
	Other assets		49,865,443	35,912,537	
D	Total assets	Art,3/(p)	268,394,723	265,538,439	
E	Borrowings	Art,31	-	-	
F	Other financial liabilities	Art,31	-	-	
G	Leasing obligation	Art,31	-	-	
H	Due to related parties (non-trade)	Art,23/(f)	50,306,400	-	
I	Equity	Art,31	208,598,742	259,105,076	
	Other liabilities		9,489,581	6,433,363	
D	Total liabilities	Art,3/(p)	268,394,723	265,538,439	
Other non-consolidated (stand-alone) financial information		Related regulations	30 June 2019	31 December 2018	
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	Art,24/(b)	-	-	
A2	TRY/foreign currency denominated time/demand deposits	Art,24/(b)	18,451,548	41,319,636	
A3	Foreign capital market instruments	Art,24/(d)	-	-	
B1	Foreign real estates, real estate-based projects, real estate-based rights	Art,24/(d)	-	-	
B2	Lands on which no projects developed	Art,24/(c)	-	-	
C1	Foreign affiliates	Art,24/(d)	-	-	
C2	Participation in administrator companies	Art,28/1(a)	-	-	
J	Non-cash loans	Art,31	2,931,729	1,729	
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	Art,22/(e)	-	-	
L	Total investments of monetary and capital market instruments at one company	Art,22/(i)	18,501,615	30,228,426	
Portfolio Restriction	Related regulations	30 June 2019	31 December 2018	Minimum / Maximum Rate	
1	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	Art,22/(e)	-	-	≤10%
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D)	Art,24/(a),(b)	69%	71%	≥51%
3	Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art,24/(b)	13%	16%	≤49%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D)	Art,24/(d)	-	-	≤49%
5	Lands on which no projects developed (B2)/D)	Art,24/(c)	-	-	≤20%
6	Participation in administrator companies (C2)/D)	Art,28/1(a)	-	-	≤10%
7	Borrowing ceiling (E+F+G+H+J)/I)	Art,31	26%	-	≤500%
8	TRY/foreign currency denominated time/demand deposits (A2-A1)/D)	Art,24/(b)	7%	16%	≤10%
9	Total investments of monetary and capital market instruments at one company (L)/D)	Art,22/(i)	7%	11%	≤10%