

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2020
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL INFORMATION**

To the General Assembly of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

Introduction

We have reviewed the accompanying condensed statement of financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") as at 30 September 2020 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information 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 condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been 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 conclude that the accompanying interim condensed financial information of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. is not prepared, in all material respects, in accordance with TAS 34.



Other Matter

The financial statements of the Company as of 31 December 2019 were audited and the condensed interim financial information as of 30 September 2019 and for the nine-month period then ended were reviewed by another audit firm whose audit report dated 27 February 2020 expressed an unqualified opinion and whose review report dated 5 November 2019 expressed a conclusion that nothing has come to their attention that is not in compliance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read "Baki Erdal", is written over a light blue circular stamp.

Baki Erdal, SMMM
Partner

Istanbul, 6 November 2020

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/ (BALANCE SHEET)****AT 30 SEPTEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	Reviewed 30 September 2020	Audited 31 December 2019
ASSETS			
Current assets		67,625,127	65,682,589
Cash and cash equivalents	4	54,518,713	51,120,730
Trade receivables			
<i>Receivables from related parties</i>	5	23,805	-
<i>Receivables from third parties</i>	5	5,472,633	6,029,121
Other receivables			
<i>Other receivables from third parties</i>	5	-	825,525
Prepaid expenses	10	3,579,999	4,054,248
Prepaid taxes and funds		1,123,168	883,452
Other current assets	10	2,906,809	2,769,513
Non-current assets		184,295,593	192,819,035
Investment property	6	177,750,739	183,070,169
Tangible assets	7	276,579	452,572
Intangible assets		248,171	105,009
Prepaid expenses	10	4,492,433	6,703,542
Other non-current assets	10	1,527,671	2,487,743
Total assets		251,920,720	258,501,624

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 SEPTEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	Reviewed 30 September 2020	Audited 31 December 2019
LIABILITIES			
Current liabilities			
Trade payables			
<i>Due to related parties</i>	5, 19	2,577,550	558,735
<i>Due to third parties</i>	5	1,133,016	264,662
Other payables			
<i>Due to related parties</i>	5, 19	17,514,080	-
<i>Due to third parties</i>	5	338,572	2,367,027
Deferred income (Excluding customer contract liabilities)	10	1,938,681	3,237,628
Provisions			
<i>Other provisions</i>	8	144,000	144,000
<i>Provisions for unused vacations</i>	9	475,793	295,539
Other current liabilities	10	406,831	358,549
Non-current liabilities			
Other payables			
<i>Other payables to third parties</i>	5	750,589	603,619
Long-term provisions			
<i>Provisions for employment termination benefits</i>	9	1,564,297	1,347,207
Equity			
Share capital	11	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 losses arising from employee benefits</i>		(564,184)	(556,410)
Restricted reserves		94,395,562	87,986,155
Retained earnings	11	24,518,963	15,327,521
Net income for the period		41,717,707	81,558,129
Total liabilities and equity			
		251,920,720	258,501,624

These interim financial statements for the period ended 30 September 2020 have been approved by the Board of Directors on 6 November 2020.

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 NINE MONTH INTERIM PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

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

	Notes	Reviewed 1 January - 30 September 2020	Reviewed 1 July - 30 September 2020	Reviewed 1 January - 30 September 2019	Reviewed 1 July - 30 September 2019
OPERATING INCOME					
Revenue	12	60,963,948	24,382,974	85,490,345	29,077,559
Cost of sales (-)	12	(23,112,712)	(8,007,968)	(27,063,511)	(9,466,006)
Gross profit	12	37,851,236	16,375,006	58,426,834	19,611,553
General administrative expenses (-)		(4,926,935)	(1,586,230)	(4,919,561)	(1,539,059)
Other operating income	14	690,901	117,087	3,686,655	1,109,674
Other operating expense (-)	14	(2,456,885)	(754,702)	(4,392,008)	(1,912,833)
Operating profit		31,158,317	14,151,161	52,801,920	17,269,335
Financial income	15	11,823,196	4,569,696	8,222,922	2,515,083
Financial expenses (-)	16	(1,263,806)	(34,610)	(2,129,632)	(1,212,609)
Profit before tax from continuing operations		41,717,707	18,686,247	58,895,210	18,571,809
Tax (expense) income from continuing operations		-	-	-	-
Profit for the period from continuing operations	18	41,717,707	18,686,247	58,895,210	18,571,809
Earnings per share					
Earnings per share from continuing operations	18	1.12	0.50	1.58	0.50
Earnings per share from discontinuing operations		-	-	-	-
Diluted earnings per share					
Diluted earnings per share from continuing operations	18	1.12	0.50	1.58	0.50
Diluted earnings per share from discontinuing operations		-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not to be classified to profit or loss					
Actuarial gains/ (losses) arising from employee benefits	9	(7,774)	158,251	(344,731)	(66,516)
Total comprehensive income		41,709,933	18,844,498	58,550,479	18,505,293

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 NINE MONTH INTERIM PERIODS ENDED 30 SEPTEMBER 2020 AND 2019**

(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 Actuarial gains/ (losses) arising from employee benefits	Restricted reserves	Retained earnings Retained earnings	Net profit for the period	Total equity
1 January 2019		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)	-
Dividends		-	-	-	-	(90,551,520)	-	(90,551,520)
Total comprehensive income		-	-	(344,731)	-	-	58,895,210	58,550,479
30 September 2019 (Reviewed)		37,264,000	27,745,263	(114,114)	87,986,155	15,327,521	58,895,210	227,104,035
1 January 2020	11	37,264,000	27,745,263	(556,410)	87,986,155	15,327,521	81,558,129	249,324,658
Transfers		-	-	-	6,409,407	75,148,722	(81,558,129)	-
Dividend payable		-	-	-	-	(65,957,280)	-	(65,957,280)
Total comprehensive income		-	-	(7,774)	-	-	41,717,707	41,709,933
30 September 2020 (Reviewed)	11	37,264,000	27,745,263	(564,184)	94,395,562	24,518,963	41,717,707	225,077,311

(*) At the Ordinary General Assembly Meeting dated April 14, 2020, it was decided to distribute a dividend of TRY 65,957,280. In line with the decision taken at the Ordinary General Assembly Meeting, the first installment of the total amount of TRY 48,443,200 was distributed to the shareholders in cash on April 15, 2020. The second installment, TRY 17,514,080, will be distributed in cash to the partners after 31 December 2020, due to the extension of the limitation of profit distribution for three months in accordance with the Presidential Decree.

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 NINE MONTH INTERIM PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

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

	Notes	Reviewed 1 January - 30 September 2020	Reviewed 1 January - 30 September 2019
CASH FLOWS FROM OPERATING ACTIVITIES		51,619,518	60,697,163
Profit for the year		41,717,707	58,895,210
Adjustments to profit (loss) for the year		4,229,995	3,065,255
Adjustments for depreciation and amortization expenses	13	6,747,650	6,922,775
Adjustments for impairment loss	5	54,494	700,273
Adjustments for provisions		823,851	559,905
Adjustments for interest (income) expenses	15	(1,624,410)	(5,132,576)
Adjustments for losses (gains) resulting from the disposal of fixed assets	14	-	(44,000)
Other adjustments for non-cash items		(1,771,590)	58,878
Change in working capital		5,737,574	(1,035,254)
Adjustments for decrease (increase) in trade receivables			
<i>Decrease (increase) in trade receivables from related parties</i>		(23,805)	-
<i>Decrease (increase) in trade receivables from third parties</i>		501,994	(7,714,979)
(Increase) decrease in other assets related to operations		5,872,889	4,909,994
Adjustments regarding (decrease) increase in trade payables			
<i>Increase (decrease) in trade payable from related parties</i>		2,018,815	1,834,426
<i>Increase/ (decrease) in trade payable from third parties</i>		868,354	704,384
Increase (decrease) in other liabilities related to operations		(3,500,673)	(769,079)
Cash provided from operations		51,685,276	60,925,211
Employment termination benefit payments	9	(65,758)	(228,048)
CASH FLOWS FROM INVESTING ACTIVITIES		208,347	3,458,546
Interest received		1,603,736	5,145,171
Cash inflows from the sales of tangible and intangible assets		-	215,399
Cash outflows from the addition of tangible and intangible assets		(180,059)	(30,000)
Additions to investment property	6	(1,215,330)	(1,872,024)
CASH FLOWS USED IN FINANCING ACTIVITIES		(48,443,200)	(70,864,181)
Dividends paid		(48,443,200)	(71,919,520)
Cash inflows from the borrowings		-	1,055,339
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,384,665	(6,708,472)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		51,113,374	41,313,519
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	54,498,039	34,605,047

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 NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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:

Kültür Mah. Nispetiye Cad. Akmerkez No: 56 E-2 Kule Kat:1 Etiler Beşiktaş/İstanbul

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 September 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 September 2020.

The shareholding structure as of 30 September 2020 and 31 December 2019 is as follows:

Shareholders	30 September 2020	31 December 2019
Akkök Holding A.Ş.	13.13%	13.13%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering (*)	50.82%	50.82%
Other (**)	25.26%	25.26%
Total	100%	100%

(*) 46.92% of public offering shares belong to Klepierre S.A. as of 30 September 2020 (31 December 2019: 31.52%).

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

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

	30 September 2020	31 December 2019
Administrative	6	7

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 September 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 September 2020 in accordance with the going concern principle.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTHS
INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

2.1 Basis of Presentation (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

a. *Standards, amendments and interpretations applicable as at 30 September 2020:*

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, “Presentation of financial statements”; and TAS 8, “Accounting policies, changes in accounting estimates and errors”; and consequential amendments to other IFRSs:
 - i) Use of the definition of materiality consistent with IFRS and financial reporting framework,
 - ii) Clarification of the definition of materiality and,
 - iii) The inclusion of some guidance in TAS 1 on non-essential information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the TASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, TAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

2.2. Changes in accounting policies (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 30 September 2020:

- **Amendments to TAS 1, Presentation of financial statements on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to TAS 1, “Presentation of financial statements”; clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, TAS 16, TAS 17 and some annual improvements on IFRS 1, IFRS 9, TAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** “Business combinations” update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16,** “Property, plant and equipment” prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** “Provisions, contingent liabilities and contingent assets” specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, “First-time Adoption of IFRS”, IFRS 9, “Financial instruments” accompanying IFRS 16, “Leases”.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

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 September 2020 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 2019. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

2.5 Significant accounting assessments, 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.

In December 2019, a new type of coronavirus was reported in Wuhan, China. The World Health Organization has announced that the epidemic constituted "Emergency for International Public Health". As a result, the Covid-19 outbreak caused shopping centers in Turkey to experience a decline in customer traffic gradually. In line with the recommendation decision of the Shopping Centers and Investors Association, Akmerkez Shopping Center has provided services limited to pharmacies and markets between 19 March 2020 - 31 May 2020 in order to protect public health. The Company management takes the necessary measures to minimize the negative effects of the epidemic on the Company's financial position, financial performance and cash flows. Together with this, the Company management has reviewed the Company's continuity assessments and believes that the Company can successfully manage its business risks. The management has the expectation that it will have the necessary resources to provide sufficient liquidity reserves in the upcoming period to maintain the operational existence of the Company. In addition, the Company's budget projections were revised, the possible effects of cash flow risk, the estimates and assumptions used for the expected credit loss, the impairment assumptions and the revenue expectations were reevaluated, and the financial statements prepared on the basis of the going concern.

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.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Cash	10,713	6,002
Reverse Repo Transactions	33,440,951	31,218,430
Banks		
- Foreign currency denominated time deposits	10,187,490	4,214,073
- TRY time deposits	10,196,013	15,549,791
- TRY demand deposits	66,360	123,813
- Foreign currency denominated demand deposits	617,186	8,621
	54,518,713	51,120,730

As of 30 September 2020, the interest rate on TRY deposit accounts at banks is between 11.65% and 12% and the accrued interest of TRY time deposit accounts is TRY3,305. The interest rate on foreign currency denominated time deposits at banks is 1.50%, the accrued interest of foreign currency denominated time deposits is TRY419 (As of 31 December 2019, the interest rate on TRY deposit accounts at banks is 11.25% and the accrued interest of TRY deposit accounts is TRY4,791. The interest rate on foreign currency denominated deposit accounts at banks is between 0.10% and 1.75% and the accrued interests is TRY85). The maturity of time deposits is less than one month (31 December 2019: Less than one month).

As of September 30, 2020, the interest rate of TRY reverse repo transactions is 9.75% and the interest amount accrued is TRY 2.671. (31 December 2019: The interest rate of TRY reverse repo transactions is 9% and the interest amount accrued is TRY740). As of September 30, 2020, the interest rate of foreign currency reverse repo transactions is between 1.60% and 1.65% and the interest amount accrued is TRY 14,279 (31 December 2019: The interest rate of the foreign currency reverse repo transactions is 2.25% and the interest amount accrued is TRY 1.740).

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

	30 September 2020	31 December 2019
Cash and cash equivalents	54,518,713	51,120,730
Less: Accrued interest	(20,674)	(7,356)
	54,498,039	51,113,374

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
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NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	30 September 2020	31 December 2019
Trade receivables	6,558,395	6,370,088
Trade receivables from related parties (Note 19)	23,805	-
Post-dated cheques receivable	140,580	1,627,954
Notes receivables	156,414	-
	6,879,194	7,998,042
Less: Provision for doubtful receivables	(1,382,756)	(1,968,921)
	5,496,438	6,029,121

The movement of provisions for doubtful receivables is as follows:

	2020	2019
January 1	1,968,921	4,187,058
Provisions made during the period	54,494	700,273
Doubtful receivables collections	(242,661)	-
Doubtful receivables reversal	(397,998)	(2,150,889)
September 30	1,382,756	2,736,442

As at 30 September 2020, there is no in other receivables (31 December 2019: TRY825,525).

Short-term trade payables	30 September 2020	31 December 2019
Due to related parties (Note 19)	2,577,550	558,735
Trade payables to third parties	1,133,016	264,662
	3,710,566	823,397

Short-term other payables	30 September 2020	31 December 2019
Other payables to related parties (Note 19)	17,514,080	-
Taxes payables and other taxes	324,302	2,345,551
Other	14,270	21,476
	17,852,652	2,367,027

Long-term other payables	30 September 2020	31 December 2019
Deposits and guarantees received	750,589	603,619
	750,589	603,619

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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NOTE 6 - INVESTMENT PROPERTY

The movements of the investment property for the nine-month interim periods ended 30 September 2020 and 2019 are as follows:

	1 January 2020	Additions	Transfers	30 September 2020
Cost				
Buildings	275,797,670	-	1,215,330	277,013,000
Construction in progress (*)	-	1,215,330	(1,215,330)	-
	275,797,670	1,215,330	-	277,013,000
Accumulated Depreciation				
Buildings	(92,022,173)	(6,534,760)	-	(98,556,933)
Provision for impairment of buildings (-)	(705,328)	-	-	(705,328)
Net book value	183,070,169	(5,319,430)	-	177,750,739

(*) The transfers amounting to TRY1,215,330 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.

	1 January 2019	Additions	Disposals	Transfers	30 September 2019
Cost					
Buildings	276,355,777	589,155	(4,167,591)	1,377,156	274,154,497
Construction in progress (*)	94,287	1,282,869	-	(1,377,156)	-
	276,450,064	1,872,024	(4,167,591)	-	274,154,497
Accumulated Depreciation					
Buildings	(84,097,269)	(6,743,702)	640,914	-	(90,200,057)
Provision for impairment of buildings (-) (**)	(4,060,606)	-	3,355,278	-	(705,328)
Net book value	188,292,189	(4,871,678)	(171,399)	-	183,249,112

(*) The transfers amounting to TRY1,377,156 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 TRY4,060,606 is reflected in the financial statements of the investment properties that cannot be used after the separation of the lessee. As of 30 September 2019, TRY4,167,591 of the related investments has been derecognized from the financial statements.

According to Ter Ra Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report dated 27 December 2019, the fair value of the investment property of the Company is TRY 1,494,204,000. The discount rate used in the valuation report dated 27 December 2019 is 17%. Since the assumptions used in valuation studies may vary due to COVID-19, the fair value of the investment property may differ from the valuation report dated 27 December 2019.

Insurance coverage on assets as of 30 September 2020 and 31 December 2019 is as follows:

30 September 2020: USD186,467,609

31 December 2019: USD156,341,963

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NOTE 7 - TANGIBLE ASSETS

The movements of the tangible assets for the nine-month interim periods ended 30 September 2020 and 2019 are as follows:

	1 January 2020	Additions	30 September 2020
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	17,952	8,734,824
Accumulated depreciation	(8,364,002)	(193,945)	(8,557,947)
Net book value	452,572	(175,993)	276,579

	1 January 2019	Additions	30 September 2019
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(8,128,126)	(176,707)	(8,304,833)
Net book value	688,448	(176,707)	511,741

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 September 2020
Letters of guarantees received	TRY	13,560,127	13,560,127
Letters of guarantees received	USD	890,589	6,953,718
Guarantee notes received	USD	765,252	5,975,088
Letters of guarantees received	EUR	151,866	1,386,248
Guarantee cheques received	TRY	478,100	478,100
Guarantee notes received	TRY	67,188	67,188
			28,420,469

Guarantee notes and letters	Currency of denomination	Original Amount	31 December 2019
Letters of guarantees received	TRY	12,780,685	12,780,685
Letters of guarantees received	USD	1,116,305	6,631,074
Guarantee notes received	USD	765,252	4,545,750
Letters of guarantees received	EUR	151,866	1,010,000
Guarantee cheques received	TRY	761,300	761,300
Guarantee notes received	TRY	67,188	67,188
			25,795,997

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

There is no guarantees, pledges and mortgages of Company as of balance sheet date.

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

Other provisions	30 September 2020	31 December 2019
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 September 2020 is TRY144,000 (31 December 2019: TRY144,000) and there are no movements of provision for lawsuits.

The Company’s cases on trial 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 request for correction by the plaintiff party against this decision of the Supreme Court was rejected and the court’s ruling in favor of the Company was finalized.

Ömer Dinçök filed a lawsuit on 30 June 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 30 June 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.

Including the cases detailed above, there are 14 lawsuits and 20 executive proceedings that the Company is currently a party of them.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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NOTE 9 - EMPLOYEE BENEFITS

The short-term provisions for employee benefits at 30 September 2020 and 31 December 2019 are as follows:

Short-term provisions	30 September 2020	31 December 2019
Unused vacation allowances	475,793	295,539
	475,793	295,539

The provision for unused vacation amounts to TRY259,113 which consists of the unused vacation provisions of the Company's personnel and TRY186,969 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 TRY29,711 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 September 2020, the amount payable consists of one month's salary limited to a maximum of TRY7,117.17 for each year of service (31 December 2019: TRY6,379.86).

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 actuarial gain and losses are recognized in comprehensive income statement, Accordingly, the actuarial assumptions used to calculate the liability as of 30 September 2020 and 31 December 2019 are as follows:

	1 January - 30 September 2020	1 January - 31 December 2019
Discount rate (%)	4.19	3.19
Turnover rate to estimate the probability of retirement (%)	92.72	90.24

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

	2020	2019
1 January	1,347,207	686,258
Cost of service	162,148	95,163
Cost of interest (Note 16)	112,926	84,821
Actuarial gains	7,774	344,731
Payments made during the period (-)	(65,758)	(228,048)
30 September	1,564,297	982,925

Provision for employment termination benefits amounting to TRY132,345 comprise of the Company's personnel termination benefits provisions and TRY1,349,434 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel termination benefits provisions, while TRY82,518 is the portion of the Company's share of employment termination benefit related to the personnel of ISS Tesis Yönetim Hizmetleri A.Ş..

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
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NOTE 10 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 30 September 2020 and 31 December 2019 are as follows:

Prepaid expenses - short-term	30 September 2020	31 December 2019
Prepaid expenses (*)	3,570,059	4,038,923
Advances given	9,940	15,325
	3,579,999	4,054,248

(*) Amount to TRY2,954,831 consists of the short-term portion of the costs incurred in order to rent out the stores. These amounts amortize in the contract period of the store. The portion amounting to TRY539,495 consists of real estate taxes, TRY55,188 portion consists of insurance expenses and TRY20,545 portion consists of other expenses.

Prepaid expenses - long-term	30 September 2020	31 December 2019
Prepaid expenses (*)	4,492,433	6,703,542
	4,492,433	6,703,542

(*) TRY 4.490.865 of the expenses for the next years consists of more than one year of the costs incurred in order to rent the stores. The said amount is amortized over the lease terms. TRY 1,568 of it consists of other expenses.

Other current assets	30 September 2020	31 December 2019
Income accruals for store rent (*)	2,906,809	2,769,513
	2,906,809	2,769,513

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

Other non-current assets:	30 September 2020	31 December 2019
Income accruals for store rent (*)	1,527,468	2,487,540
Deposits given	203	203
	1,527,671	2,487,743

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

Deferred income (Excluding customer contract liabilities)	30 September 2020	31 December 2019
Advances received	1,653,798	2,945,965
Deferred income	284,883	291,663
	1,938,681	3,237,628

Other current liabilities	30 September 2020	31 December 2019
Expense accruals	406,831	358,549
	406,831	358,549

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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NOTE 11 - EQUITY

At 30 September 2020 and 31 December 2019 the issued and fully paid-in share capital held is as follows:

Shareholders	30 September 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
Akkök Holding A.Ş.	13.13	4,890,900	13.13	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 (*)	25.26	9,414,363	25.26	9,414,363
Total paid-in capital	100.00	37,264,000	100.00	37,264,000

(*) Represents individual shareholdings less than 10%.

The registered capital ceiling of the Company is TRY75,000,000. 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 2018 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 2018, the amendment has been issued in the Trade Registry Gazette numbered 9323 and dated 10 May 2018.

The Company's issued and fully paid share capital amounting to TRY37,264,000 is represented by 3,726,400,000 shares with Kuruş 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 September 2020 and 31 December 2019.

The Company's (A), (B), (C) and (D) Group shares have the privilege to nominate candidates for the Board of Directors, and 4 of the members of the Company's board of directors hold the majority of the registered Class (A) shares; 3 of the members hold the majority of the Group registered Class (B) shares; 2 of the members hold the majority of the Group registered Class (C) shares and 1 of them is offered to the public and attended the general assembly meeting Class (D) shares is selected by the general assembly from among the candidates to be identified and proposed by the bearer.

However, in case the shares of the (D) Group bearer that was offered to the public and attended the general assembly meeting did not nominate candidates in the general assembly and / or mostly cannot determine a candidate the Company's Board of Directors, 4 of the (A) Group registered shares, the majority; 3 (B) and the majority of Group 2 of the registered shares (C) Group among the nominees proposed by the majority of registered shares at the General Assembly will be elected by nine (9) consists of members.

Apart from the privilege of nominating candidates for the board of directors presented above, there is no other privilege.

Each shareholder has one voting right for each share owned.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
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NOTE 11 - EQUITY (Continued)

Retained earnings consist of the following:

	30 September 2020	31 December 2019
Retained earnings	9,708,834	6,603,698
Extraordinary reserves	10,826,913	4,740,607
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	24,518,963	15,327,521

NOTE 12 - OPERATING INCOME

Sales	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Shops and warehouse rent income	52,707,120	21,346,925	76,692,552	25,764,398
Apart hotel rent income	5,165,077	1,937,839	4,147,593	1,923,975
Other income	3,091,751	1,098,210	4,650,200	1,389,186
	60,963,948	24,382,974	85,490,345	29,077,559
Cost of sales				
Cost of services	(16,577,952)	(5,798,127)	(20,319,809)	(7,239,352)
Depreciation expense	(6,534,760)	(2,209,841)	(6,743,702)	(2,226,654)
	(23,112,712)	(8,007,968)	(27,063,511)	(9,466,006)
Gross profit	37,851,236	16,375,006	58,426,834	19,611,553

NOTE 13 - EXPENSES BY NATURE

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Cost of service	16,370,243	5,801,039	20,170,162	7,173,563
Depreciation and amortization expenses	6,747,650	2,276,425	6,922,775	2,381,642
Personnel expenses	2,619,835	791,065	2,429,695	680,095
Legal expenses	979,549	332,919	1,087,975	369,249
Consultancy expenses	800,041	248,051	782,727	260,057
Insurance, duties, taxes and levies expenses	83,674	26,444	116,063	4,299
Other	438,655	118,255	473,675	136,160
	28,039,647	9,594,198	31,983,072	11,005,065
Depreciation and amortization expenses				
Cost of sales	6,534,760	2,209,841	6,743,702	2,226,654
General administrative expenses	212,890	66,584	179,073	154,988
	6,747,650	2,276,425	6,922,775	2,381,642

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NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Other operating income				
Foreign exchange gain on trade receivables and payables	16,744	-	2,911,049	614,235
VAT adjustment of non-worthy receivables	60,203	-	321,449	204,710
Income from guarantee reversal	-	-	165,373	165,373
Gain on sale of fixed asset	-	-	44,000	-
Other	613,954	117,087	244,784	125,356
	690,901	117,087	3,686,655	1,109,674
Other operating expenses				
Depreciation expenses (*)	(2,221,133)	(740,375)	(1,333,967)	(557,451)
Foreign exchange loss on trade receivables and payables	(181,258)	(84,851)	(1,551,139)	(854,427)
Provision for doubtful receivable	(54,494)	70,524	(700,273)	(500,954)
VAT expense related to disposal of fixed assets	-	-	(634,802)	-
Other	-	-	(171,827)	(1)
	(2,456,885)	(754,702)	(4,392,008)	(1,912,833)
Other operating income/(expenses), net	(1,765,984)	(637,615)	(705,353)	(803,159)

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

NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Financial income				
Foreign exchange income	10,198,786	4,211,924	3,090,346	832,788
Interest income	1,624,410	357,772	5,132,576	1,682,295
	11,823,196	4,569,696	8,222,922	2,515,083

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Financial expenses				
Foreign exchange expense	(1,150,880)	-	(2,017,868)	(1,184,064)
Interest expenses related to employee benefits	(112,926)	(34,610)	(84,821)	(28,277)
Bank commissions	-	-	(26,943)	(268)
	(1,263,806)	(34,610)	(2,129,632)	(1,212,609)

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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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 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Weighted average number of shares as of the reporting date (per share of TRY1 nominal value)	37,264,000	37,264,000	37,264,000	37,264,000
Net profit for the period	41,717,707	18,686,247	58,895,210	18,571,809
Profit per share	1.12	0.50	1.58	0.50

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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NOTE 19 - RELATED PARTY DISCLOSURES

As of 30 September 2020 and 31 December 2019 receivables from related parties and due to related parties are as follows:

	30 September 2020	31 December 2019
From related parties		
Akip Gıda San. Tic. A.Ş.	23,805	-
	23,805	-
	30 September 2020	31 December 2019
Due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	2,514,651	528,564
Dinkal Sigorta Acenteliği A.Ş. (*)	27,760	-
Akkök Holding A.Ş.	34,774	29,393
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	365	778
	2,577,550	558,735

(*) Dinkal Sigorta Acenteciliği A.Ş. payments to other insurance companies.

As at 30 September 2020 and 31 December 2019, the non-trade payables to the shareholders of the Company under other liabilities are as follows:

	30 September 2020	31 December 2019
Dividend payable	17,514,080	-
	17,514,080	-

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Purchases from related party	25,399,120	7,575,358	23,692,985	7,864,224
Sales to related parties	11,578,804	3,960,019	14,985,872	4,779,659

Purchases and sales consist of rent income, purchase and sales of services, The related party purchases amounting to TRY25,035,565 comprise of management expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (“Üçgen”). The remaining balance amounting to TRY363,555 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 TRY10,067,026 regarding the revenue collected on behalf of the Company for the first nine months of 2020 (1 January - 30 September 2019: TRY12,005,163).

As of 1 January - 30 September 2020, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TRY1,485,251 (1 January - 30 September 2019: TRY1,390,665).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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 September 2020	31 December 2019
Assets	34,235,212	32,443,704
Liabilities	(673,049)	(565,018)
Net balance sheet position	33,562,163	31,878,686

As of 30 September 2020, fluctuation of USD had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY3,305,951 (31 December 2019: TRY2,928,802 higher/ lower) higher/ lower.

As of 30 September 2020, fluctuation of EUR had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY50,095 (31 December 2019: TRY255,074 higher/lower) higher/lower.

As of 30 September 2020, fluctuation of GBP had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY171 (31 December 2019: TRY132) higher/lower.

As of 30 September 2020, 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 September 2020	EUR	USD	GBP	TRY Equivalent
Current assets				
Cash and cash equivalents	60,380	4,313,826	170	34,235,212
Total assets	60,380	4,313,826	170	34,235,212
Long-term liabilities				
Other payables	(5,500)	(79,770)	-	(673,049)
Total liabilities	(5,500)	(79,770)	-	(673,049)
Net foreign currency asset position	54,880	4,234,056	170	33,562,163

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTHS
INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

As of 31 December 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:

31 December 2019	EUR	USD	GBP	TRY equivalent
Current assets				
Cash and cash equivalents	389,036	5,025,935	170	32,443,704
Total Assets	389,036	5,025,935	170	32,443,704
Non-current liabilities				
Other payables	(5,500)	(88,960)	-	(565,018)
Total liabilities	(5,500)	(88,960)	-	(565,018)
Net foreign currency asset position	383,536	4,936,975	170	31,878,686

NOTE 21 - SUBSEQUENT EVENTS

None.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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.

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 30 September 2020 and 31 December 2019:

Non-consolidated (stand-alone) financial statement accounts items	Related regulations	30 September 2020	31 December 2019	
A, Cash and capital market instruments	Art,24/(b)	54,518,713	51,120,730	
B Real estates, projects based on real estate, rights based on real estate, Real Estate Investment Fund participation shares and companies within the scope of subparagraph (ç) of the first paragraph of Article 28, in which they participate 100% in the capital	Art,24/(a)	177,750,739	183,070,169	
C Affiliates	Art,24/(b)	-	-	
Due from related parties (non-trade)	Art,23/(f)	-	-	
Other assets		19,651,268	24,310,725	
D Total assets	Art,3/(p)	251,920,720	258,501,624	
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)	17,514,080	-	
I Equity	Art,31	225,077,311	249,324,658	
Other liabilities		9,329,329	9,176,966	
D Total liabilities	Art,3/(p)	251,920,720	258,501,624	
Other non-consolidated (stand-alone) financial information	Related regulations	30 September 2020	31 December 2019	
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)	21,067,050	19,896,298	
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	-	-	
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/(l)	14,995,733	10,120,675	
Portfolio Restriction	Related regulations	30 September 2020	31 December 2019	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 estates, projects based on real estate, rights based on real estate, Real Estate Investment Fund participation shares and companies within the scope of subparagraph (ç) of the first paragraph of Article 28, in which they participate 100% in the capital	Art,24/(a),(b)	71%	71%	≥51%
3 Cash and capital market instruments and Affiliates ((A+C-A1)/D)	Art,24/(b)	22%	20%	≤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)/İ)	Art,31	8%	-	≤500%
8 TRY/foreign currency denominated time/demand deposits ((A2-A1)/D)	Art,24/(b)	8%	8%	≤10%
9 Total investments of monetary and capital market instruments at one company (L/D)	Art,22/(l)	6%	4%	≤10%