

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF  
THE FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 31 DECEMBER 2020  
TOGETHER WITH AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the financial statements**

**1. Our opinion**

We have audited the accompanying financial statements of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



### 3. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Valuation of investment properties and related disclosures</b></p> <p>As explained in Notes 2 and 6, investment properties are stated at cost less their depreciation and impairment loss, if any. As of December 31, 2020, the carrying amount of the investment properties is TRY 175,650,995. As disclosed in Note 6, fair value of the investment property has been valued at TRY 1,513,290,000 by independent appraisal firm.</p> <p>Significant assumptions have been associated with determining the fair value of the Company's investment property.</p> <p>Reasons for concentrating on this topic is the significance of the balance in relation to the financial statements as a whole and significant assumptions associated with determining the fair value of the investment property.</p>	<p><b>Procedures:</b></p> <ul style="list-style-type: none"> <li>- Testing of additions to carried cost amounts and testing of the depreciation charge,</li> <li>- Assessing the valuer's competence, capability, objectivity and independence,</li> <li>- Assessing the valuation method applied by valuers, and the appropriateness of the assumptions used and valuation report,</li> <li>- Assessing whether inputs such as unit sales value that are significant on the property value included within the valuation report are in an acceptable range by comparing the consistency of the inputs with the observable market prices,</li> <li>- Testing the inputs used in the valuation reports, which are significant influences on the property value, such as rental income, duration of rental contracts, occupancy rates and expenses,</li> <li>- Assessing whether the assumptions used by the valuer in valuation such as the real discount rate, inflation rate are within acceptable ranges through involvement of our experts,</li> <li>- Reviewing compliance of the information in the appraisal report with the disclosures related to the fair value of investment properties.</li> </ul>



#### **4. Other matters**

The financial statements of the Company as of 31 December 2019 were audited by another audit firm whose audit report dated 27 February 2020 expressed an unqualified opinion.

#### **5. Responsibilities of management and those charged with governance for the financial statements**

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

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

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

#### **6. Auditor's responsibilities for the audit of the financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

#### **B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 25 February 2021.

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, 25 February 2021

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**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Current assets</b>		<b>84,613,579</b>	<b>65,682,589</b>
Cash and cash equivalents	4	66,499,988	51,120,730
Financial investments			
<i>Financial assets measured at amortized cost</i>	24	3,004,243	-
Trade receivables			
<i>Receivables from third parties</i>	5	8,281,647	6,029,121
<i>Receivables from related parties</i>	5,20	154,871	-
Other receivables			
<i>Other receivables from third parties</i>	5	-	825,525
Prepaid expenses	10	4,528,978	4,054,248
Prepaid taxes and funds		341,263	883,452
Other current assets	10	1,802,589	2,769,513
<b>Non-current assets</b>		<b>181,133,543</b>	<b>192,819,035</b>
Investment property	6	175,650,995	183,070,169
Tangible assets	7	228,413	452,572
Intangible assets		241,473	105,009
Prepaid expenses	10	3,801,346	6,703,542
Other non-current assets	10	1,211,316	2,487,743
<b>Total assets</b>		<b>265,747,122</b>	<b>258,501,624</b>

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



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	31 December 2020	31 December 2019
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>23,365,482</b>	<b>7,226,140</b>
Trade payables			
<i>Due to related parties</i>	5, 20	629,777	558,735
<i>Due to third parties</i>	5	133,968	264,662
Other payables			
<i>Due to related parties</i>	5	17,514,080	-
<i>Due to third parties</i>	5	335,196	2,367,027
Deferred income ( <i>Excluding liabilities from customer contracts</i> )	10	3,651,114	3,237,628
Short-term provisions			
<i>Other short-term provisions</i>	8	181,691	144,000
<i>Provisions for employment termination benefits</i>	9	431,109	295,539
Other current liabilities	10	488,547	358,549
<b>Non-current liabilities</b>		<b>2,246,727</b>	<b>1,950,826</b>
Other payables			
<i>Other payables to third parties</i>	5	689,034	603,619
Long-term provisions			
<i>Provisions for employment termination benefits</i>	9	1,557,693	1,347,207
<b>Equity</b>		<b>240,134,913</b>	<b>249,324,658</b>
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 gains/(losses) arising from employee benefits</i>		(658,882)	(556,410)
Restricted reserves		94,395,562	87,986,155
Retained earnings	11	24,518,963	15,327,521
Net income for the period		56,870,007	81,558,129
<b>Total liabilities and equity</b>		<b>265,747,122</b>	<b>258,501,624</b>

Financial statements for the year ended 31 December 2020 have been approved by the Board of Directors on 25 February 2021. These financial statements shall be approved by the General Assembly.

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

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED  
31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
<b>PROFIT AND LOSSES</b>			
Revenue	12	87,417,743	117,658,596
Cost of sales (-)	12	(31,085,545)	(36,921,617)
<b>Gross profit</b>	<b>12</b>	<b>56,332,198</b>	<b>80,736,979</b>
General administrative expenses (-)	13	(6,544,008)	(6,513,580)
Other operating income	15	771,962	4,608,868
Other operating expenses (-)	15	(3,349,396)	(5,417,193)
<b>Operating profit</b>		<b>47,210,756</b>	<b>73,415,074</b>
Financial income	16	15,849,877	10,288,724
Financial expenses (-)	17	(6,190,626)	(2,145,669)
<b>Profit before tax from continuing operations</b>		<b>56,870,007</b>	<b>81,558,129</b>
Tax income/(expenses) from continuing operations		-	-
<b>Profit for the period from continuing operations</b>	<b>19</b>	<b>56,870,007</b>	<b>81,558,129</b>
<b>Earnings per share</b>			
Earnings per share from continuing operations	19	1.53	2.19
Earnings per share from discontinuing operations		-	-
<b>Diluted earnings per share</b>			
Diluted earnings per share from continuing operations	19	1.53	2.19
Diluted earnings per share from discontinuing operations		-	-
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be classified to profit or loss</b>			
Actuarial gains/(losses) arising from employee benefits	9	(102,472)	(787,027)
<b>Total comprehensive income</b>		<b>56,767,535</b>	<b>80,771,102</b>

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

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 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 gain / (loss) arising from employee benefits	Restricted reserves	Accumulated profit		Equity
						Retained earnings	Net profit for the period	
<b>1 January 2019</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>230,617</b>	<b>79,117,323</b>	<b>26,098,217</b>	<b>88,649,656</b>	<b>259,105,076</b>
Transfers		-	-	-	8,868,832	79,780,824	(88,649,656)	-
Dividends		-	-	-	-	(90,551,520)	-	(90,551,520)
Total comprehensive income		-	-	(787,027)	-	-	81,558,129	80,771,102
<b>31 December 2019</b>	<b>11</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>(556,410)</b>	<b>87,986,155</b>	<b>15,327,521</b>	<b>81,558,129</b>	<b>249,324,658</b>
<b>1 January 2020</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>(556,410)</b>	<b>87,986,155</b>	<b>15,327,521</b>	<b>81,558,129</b>	<b>249,324,658</b>
Transfers		-	-	-	6,409,407	75,148,722	(81,558,129)	-
Dividends (*)		-	-	-	-	(65,957,280)	-	(65,957,280)
Total comprehensive income		-	-	(102,472)	-	-	56,870,007	56,767,535
<b>31 December 2020</b>	<b>11</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>(658,882)</b>	<b>94,395,562</b>	<b>24,518,963</b>	<b>56,870,007</b>	<b>240,134,913</b>

(\*) At the Ordinary General Assembly Meeting dated April 14, 2020, it was decided to distribute dividend amounting to 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, TRY17,514,080, distributed in cash on 6 January 2021 due to the extension of the limitation of profit distribution for three months in accordance with the Presidential Decree after 31 December 2020.

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

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENTS OF  
CASH FLOWS FOR THE YEARS ENDED**

**31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>62,435,127</b>	<b>98,069,655</b>
Profit for the year		56,870,007	81,558,129
<b>Adjustments to profit/(loss) for the year</b>		<b>4,938,083</b>	<b>4,608,369</b>
Adjustments for depreciation and amortization expenses	14	8,980,561	8,805,728
Adjustments for impairment loss	5	125,290	737,287
Adjustments for provisions		955,133	665,762
Adjustments for interest (income)/expenses	16	(2,868,379)	(5,674,573)
Other adjustments for non-cash items		(2,254,522)	118,165
Adjustments for gains resulting from the disposal of fixed assets	15	-	(44,000)
<b>Change in working capital</b>		<b>850,651</b>	<b>12,267,455</b>
Adjustments for decrease/(increase) in trade receivables			
<i>Decrease/(increase) in trade receivables from related parties</i>		(154,871)	-
<i>Decrease/(increase) in trade receivables from third parties</i>		(2,377,816)	547,695
(Increase)/decrease in other assets related to operations		8,300,409	10,064,649
Adjustments regarding (decrease)/increase in trade payables			
<i>Increase/(decrease) in trade payable from related parties</i>		71,042	(325,809)
<i>Increase/(decrease) in trade payable from third parties</i>		(130,694)	(210,585)
Increase/(decrease) in financial investments		(3,004,243)	-
Increase/(decrease) in other liabilities related to operations		(1,853,176)	2,191,505
<b>Cash provided from operations</b>		<b>62,658,741</b>	<b>98,433,953</b>
Employment termination benefit payments	9	(223,614)	(364,298)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>1,376,972</b>	<b>2,281,720</b>
Interest received		2,850,664	5,687,411
Cash inflows from the purchase of tangible and intangible assets		-	215,399
Cash outflows from the purchase of tangible and intangible assets		(189,563)	(105,893)
Additions to investment property	6	(1,284,129)	(3,515,197)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(48,443,200)</b>	<b>(90,551,520)</b>
Dividends paid		(48,443,200)	(90,551,520)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>15,368,899</b>	<b>9,799,855</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		51,113,374	41,313,519
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>66,482,273</b>	<b>51,113,374</b>

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 estates investment property. The address of the Company is as follows:

Kültür Mah. Nispetiye Cad. Akmerkez No: 56 E-3 Kule Kat:1 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 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 52.60% of these shares are publicly quoted shares as of 31 December 2020.

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

Shareholders	31 December 2020	31 December 2019
Akkök Holding A.Ş.	12.66%	13.13%
Tekfen Holding A.Ş.	10.47%	10.79%
Public offering (*)	52.60%	50.82%
Other (**)	24.27%	25.26%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\*) 46% of public offering shares belong to Klepierre S.A. as of 31 December 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:

	31 December 2020	31 December 2019
Administrative	6	7

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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**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”) of Capital Market Board (“CMB”) 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 (“TFRIC”).

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year’s financial statements.

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. Foreign Subsidiaries, Joint Ventures and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. 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 - 31 December 2020 in accordance with the going concern principle.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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**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 24. “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 financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020.

**a) Standards, amendments and interpretations applicable as at 31 December 2020:**

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:
  - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - ii) clarify the explanation of the definition of material; and
  - iii) incorporate some of the guidance in IAS 1 about immaterial 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 IASB, 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, IAS 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.

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

**2.2. Changes in Accounting Policies (Continued)**

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
  
- b) *Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:*
  - **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
  
  - **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 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 IAS 1 means when it refers to the ‘settlement’ of a liability.
  
  - **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 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 IAS 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.



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

**2.2. Changes in Accounting Policies (Continued)**

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The company evaluates the effects of the aforementioned standard changes and will apply them as of the effective date.

**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 recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. For the period 1 January - 31 December 2020 there has been no change in the accounting estimates.

**2.4 Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of the financial statements are summarized below:

**Financial assets**

*Classification*

The Company classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

*Recognition and Measurement*

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

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

**2.4 Summary of Significant Accounting Policies (Continued)**

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

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

*Derecognition*

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

*Impairment*

The Company chooses the simplified application for impairment calculations and uses the provision matrix, since its trade receivables that are accounted for at amortized cost in the financial statements do not contain a significant financing component. With this application, the Company measures the expected credit loss allowance at an amount equal to lifetime expected credit losses, in cases where trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, past credit loss experiences are taken into consideration, as well as the Company's expectations for the future.

*Trade receivables*

Trade receivables are carried at amortized rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. The Company has preferred to apply “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Company measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

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

#### 2.4 Summary of Significant Accounting Policies (Continued)

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “Other Operating Income/Expenses” in the statement of income or loss.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial.

#### Related parties

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venture. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

#### Trade payables

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilities are accounted for at amortized cost. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

#### Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in financial statements. Starting from 1 January 2009 requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs.

#### Current and deferred income taxes

The Corporate Tax Law No: 5520 was amended on June 21, 2006 with the Law announced in the Official Journal No 26205. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate is 20% after 1 January 2006 in Turkey. Corporation tax is payable at a rate of 20% (will be applied as 22% for 2019, 2020 and 2021 tax periods) on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

**2.4 Summary of Significant Accounting Policies (Continued)**

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The Company is exempt from corporate income tax in accordance with paragraph 4-d 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".

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date. As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these financial statements.

**Employment termination benefits**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TRY7,638.96 as of 31 December 2020 (31 December 2019: TRY6,379.86).

Provision which is allocated by using the defined benefit obligation's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in the comprehensive statement of income.

The employment termination benefit obligation as explained above is considered as a defined benefit plan under TFRS. TFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees using the long-term TRY interest rates.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TRY7,638.96 (TRY in full) which is effective from 31 December 2020 has been taken into consideration when calculating the liability (31 December 2019: TRY6,379.86).

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

**2.4 Summary of Significant Accounting Policies (Continued)**

**Provisions, contingent assets and liabilities**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities.

**Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied or utilised by the Company in the normal course of business, is classified as investment property.

Investment properties are stated at cost less their accumulated depreciation and impairment loss, if any. Investment properties are restated for the effects of inflation using the measuring unit current as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

Part of the Company’s investment property is used for administrative purposes; however, as the ratio is considered immaterial (i.e., with a gross value less than 1% of total gross value), they are not classified separately, but rather stated within the investment properties account.

**Impairment of assets**

The Company reviews all assets including tangible assets at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment.

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

#### 2.4. Summary of significant accounting policies (Continued)

##### Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is presented net of value added and sales taxes. The following criteria are necessary for the recognition of revenue:

##### *Rent income from investment properties*

Rent income from investment properties is recognised on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted of from rent revenues as they are not rent incentives for acquisition of new contracts.

The minimum amount of the total rent payments to be received in the future periods based on the existing contracts are summarised below (TRY):

	31 December 2020	31 December 2019
Less than a year	124,355,897	117,962,635
Between 1 - 5 years	400,176,497	420,560,350
More than 5 years	152,620,582	214,394,251
	<b>677,152,976</b>	<b>752,917,236</b>

##### Interest income and expense

Interest income and expense is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits and reverse repo transactions.

Interest expenses incurred from borrowings are calculated using the effective interest rate method.

##### Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

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

**2.4. Summary of significant accounting policies (Continued)**

**Earnings per share**

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares (“Bonus Shares”) to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

**Reporting of cash flows**

Cash flows statement includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits.

**Subsequent events**

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts or provides disclosure in its financial statements if such subsequent events arise that require an adjustment or disclosure to the financial statements.

**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.

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.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Cash	10,947	6,002
Reverse repo transactions	42,011,559	31,218,430
Banks		
- TRY time deposits	-	15,549,791
- Foreign currency denominated time deposits	24,247,166	4,214,073
- TRY demand deposits	223,480	123,813
- Foreign currency denominated demand deposits	6,836	8,621
	<b>66,499,988</b>	<b>51,120,730</b>

As of 31 December 2020, there are no TRY time deposits at banks. The interest rate on TRY deposit accounts at banks is 2.25%. the accrued interest of TRY deposit accounts is TRY1,495 (31 December 2019: The interest rate on TRY deposit accounts at banks is between 11.25% and interest rate on foreign currency denominated deposit accounts at banks is between 0.10% and 1.75%. and the accrued interests are TRY4,791 and TRY85 respectively). The maturity of time deposits is less than one month (31 December 2019: Less than one month).

As of 31 December 2020, there are TRY42,011,559 reverse repo transactions. The interest rate on TRY reverse repo transaction accounts at bank is 15.50%. the accrued interest of TRY reverse repo transaction accounts is TRY15,496 (31 December 2019: the interest rate on TRY reverse repo transaction accounts at bank is 9%. the accrued interest of TRY reverse repo transaction accounts is TRY740). As of 31 December 2020, the interest rate on TRY reverse repo transaction accounts at bank is 1.60%. the accrued interest of TRY reverse repo transaction accounts is TRY724. (31 December 2019: The interest rate of foreign currency reverse repo transaction at banks is 2.25% the accrued interest is TRY1,740).

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

	31 December 2020	31 December 2019
Cash and cash equivalents	66,499,988	51,120,730
Less: accrued interest	(17,715)	(7,356)
	<b>66,482,273</b>	<b>51,113,374</b>



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**NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES**

<b>Short-term trade receivables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade receivables from third parties	7,750,402	6,370,088
Trade receivables from related parties (Note 20)	154,871	-
Post-dated cheques receivable	1,781,030	1,627,954
Notes receivables	203,767	-
	<b>9,890,070</b>	<b>7,998,042</b>
Less: Provision for doubtful receivables	(1,453,552)	(1,968,921)
	<b>8,436,518</b>	<b>6,029,121</b>

The movement of provisions for doubtful receivables is as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>1,968,921</b>	<b>4,187,058</b>
Provisions made during the period	125,290	737,287
Doubtful receivables collections	(242,661)	-
Doubtful receivables reversal	(397,998)	(2,955,424)
<b>31 December</b>	<b>1,453,552</b>	<b>1,968,921</b>

As of 31 December 2020, there are no other receivables (31 December 2019: TRY825,525).

<b>Short-term trade payables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade payables to related parties (Note 20)	629,777	558,735
Trade payables to third parties	133,968	264,662
	<b>763,745</b>	<b>823,397</b>
<b>Short-term other payables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Other payables to related parties	17,514,080	-
Taxes payables and other taxes	319,002	2,345,551
Other	16,194	21,476
	<b>17,849,276</b>	<b>2,367,027</b>
<b>Long-term other payables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Deposits and guarantees received	689,034	603,619
	<b>689,034</b>	<b>603,619</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 6 - INVESTMENT PROPERTY

Movements of investment properties for the years ending on 31 December 2020 and 31 December 2019 are as follows:

	1 January 2020	Additions	Transfers	31 December 2020
<b>Cost</b>				
Buildings	275,797,670	-	1,284,129	277,081,799
Construction in progress (*)	-	1,284,129	(1,284,129)	-
	<b>275,797,670</b>	<b>1,284,129</b>	<b>-</b>	<b>277,081,799</b>
<b>Accumulated Depreciation</b>				
Building	(92,022,173)	(8,703,303)	-	(100,725,476)
Provision for impairment of buildings (-)	(705,328)	-	-	(705,328)
<b>Net book value</b>	<b>183,070,169</b>	<b>(7,419,174)</b>	<b>-</b>	<b>175,650,995</b>

(\*) The transfers amounting to TRY1,284,129 of the amounting to 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	31 December 2019
<b>Cost</b>					
Buildings	276,355,777	1,111,743	(4,167,591)	2,497,741	275,797,670
Construction in progress (*)	94,287	2,403,454	-	(2,497,741)	-
	<b>276,450,064</b>	<b>3,515,197</b>	<b>(4,167,591)</b>	<b>-</b>	<b>275,797,670</b>
<b>Accumulated Depreciation</b>					
Building	(84,097,269)	(8,565,818)	640,914	-	(92,022,173)
Provision for impairment of buildings (-)	(4,060,606)	-	3,355,278	-	(705,328)
<b>Net book value</b>	<b>188,292,189</b>	<b>(5,050,621)</b>	<b>(171,399)</b>	<b>-</b>	<b>183,070,169</b>

(\*) The transfers amounting to TRY2,359,595 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 Ter Ra Gayrimenkul Değerleme ve Danışmanlık A.Ş dated 31 December 2020 amount to TRY1,513,290,000 (27 December 2019: The fair value of the Company’s investment property based on the valuation report of Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş. amount to TRY1,494,204,000).

The methods used to determine the fair values of investment properties and the significant unobservable assumptions are as follows:

	Discount rate	Annual rent growth rate	Capitalization rate
31 December 2020	17%	average 12.50%	6.25%
27 December 2019	17%	average 12.50%	6.60%

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 6 - INVESTMENT PROPERTY (Continued)

The Company's sensitivity analysis of unobservable inputs used in the measurement of fair values of investment properties is as follows:

31 December 2020	Sensitivity analysis	If increase		If decrease	
		Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)
Discount rate	3%	(238,035,000)		308,498,000	
Rent growth rate	1%	82,955,000		(77,840,000)	
Capitalization rate	1%	(104,675,000)		144,552,000	

  

31 December 2019	Sensitivity analysis	If increase		If decrease	
		Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)	Profit/(loss) effect on fair value (TRY)
Discount rate	3%	(237,852,000)		307,914,000	
Rent growth rate	1%	96,696,000		(90,018,000)	
Capitalization rate	1%	(96,891,000)		131,127,000	

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

31 December 2020: USD166,467,609

31 December 2019: USD166,341,963

#### NOTE 7 - TANGIBLE ASSETS

The movement schedule of tangible assets as of 31 December 2020 and 31 December 2019 are as follows:

	1 January 2020	Additions	31 December 2020
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	27,452	8,744,324
Accumulated depreciation	(8,364,002)	(251,611)	(8,615,613)
<b>Net book value</b>	<b>452,572</b>	<b>(224,159)</b>	<b>228,413</b>

  

	1 January 2019	Additions	31 December 2019
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(8,128,126)	(235,876)	(8,364,002)
<b>Net book value</b>	<b>688,448</b>	<b>(235,876)</b>	<b>452,572</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Real rights on immovables are as follows:

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

<b>Guarantee notes and letters</b>	<b>Currency</b>	<b>Original Amount</b>	<b>31 December 2020</b>
Letters of guarantees received	TRY	14,430,768	14,430,768
Letters of guarantees received	USD	879,589	6,456,622
Guarantee notes received	USD	620,053	4,551,499
Letters of guarantees received	EUR	151,866	1,367,994
Guarantee cheques received	TRY	531,560	531,560
Guarantee notes received	TRY	67,188	67,188
			<b>27,405,631</b>

<b>Guarantee notes and letters</b>	<b>Currency</b>	<b>Original Amount</b>	<b>31 December 2019</b>
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
			<b>25,795,997</b>

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.

<b>Other short-term provision</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision for lawsuits	181,691	144,000
	<b>181,691</b>	<b>144,000</b>

#### Provision for lawsuits

The provision for the lawsuits against the company as of 31 December 2020 is TRY181,691 (31 December 2019: TRY144,000). A provision amounting to TRY37,691 is booked in the current period.

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.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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 5 and 11 which were discussed at the General Assembly meeting for 2015. The case has been concluded in favor of the Company in the first instance court. The plaintiff appealed to the court and is rejected to be approved in favor of the Company as a result of the appeal examination.

Including the cases detailed above, there are 12 lawsuits and 20 executive proceedings that the Company is currently a party of them.

#### NOTE 9 - EMPLOYEE BENEFITS

As of 31 December 2020 and 2019, provisions for employee benefits are as follows:

<b>Short-term provisions</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Allowances for unused-vacations	431,109	295,539
	<b>431,109</b>	<b>295,539</b>

The provision for unused vacation amounts to TRY237,686 which consists of the unused vacation provisions of the Company’s personnel and TRY186,553 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 TRY6,870 is the portion of the Company’s share of unused vacation allowance related to the personnel of ISS Tesis Yönetim Hizmetleri A.Ş..

<b>Long-term provisions</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision for employee termination benefits	1,557,693	1,347,207
	<b>1,557,693</b>	<b>1,347,207</b>

As of 31 December 2020, the amount payable consists of one month’s salary limited to a maximum of TRY7,638.96 for each year of service (31 December 2019: TRY6,379.86).

In the financial statements, Company management reflected a liability calculated in accordance with TAS 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 following actuarial assumptions were used in the calculation of the total liability:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Discount rate (%)	4.70	3.19
Turnover rate to estimate the probability of retirement (%)	91.41	90.24

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### NOTE 9 - EMPLOYEE BENEFITS (Continued)

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

	2020	2019
<b>1 January</b>	<b>1,347,207</b>	<b>686,257</b>
Cost of interest	169,908	83,380
Cost of service	161,720	154,841
Actuarial (gain) / losses	102,472	787,027
Payments made during the period (-)	(223,614)	(364,298)
<b>31 December</b>	<b>1,557,693</b>	<b>1,347,207</b>

Provision for employment termination benefits amounting to TRY137,686 comprise of the Company's personnel termination benefits provisions and TRY1,337,207 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel termination benefits provisions. While TRY82,800 is the portion of the Company's share of employment termination benefit related to the personnel of ISS Tesis Yönetim Hizmetleri A.Ş..

### NOTE 10 - OTHER ASSETS AND LIABILITIES

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

<b>Prepaid expenses - short-term</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Prepaid expenses (*)	4,519,208	4,038,923
Advances given	9,770	15,325
	<b>4,528,978</b>	<b>4,054,248</b>

(\*) Amount to TRY2,905,144 consists of part of costs related to short-term in order to rent the store. These amounts have been amortized in the contract period of the store (Note 15). Amount to TRY1,497,950 is prepaid management service expenses to Üçgen Bakım ve Yönetim Hizmetleri A.Ş., TRY102,945 consists of insurance expenses and TRY13,169 is for other expenses.

<b>Prepaid expenses - long-term</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Prepaid expenses (*)	3,801,346	6,703,542
	<b>3,801,346</b>	<b>6,703,542</b>

(\*) Long-term prepaid expenses consists of costs more than one year in order to rent the store. These amounts have been amortized in the contract period of the store (Note 15).

<b>Other current assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Income accruals for store rent (*)	1,802,589	2,769,513
	<b>1,802,589</b>	<b>2,769,513</b>

(\*) Consists of short-term period of income accruals for store rents.

<b>Other non-current assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Income accruals for store rent (*)	1,211,113	2,487,540
Deposits given	203	203
	<b>1,211,316</b>	<b>2,487,743</b>

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 10 - OTHER ASSETS AND LIABILITIES (Continued)

<b>Deferred income (Excluding customer contract liabilities)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Advances received	2,157,251	2,945,965
Deferred income	1,493,863	291,663
	<b>3,651,114</b>	<b>3,237,628</b>
<b>Other current liabilities</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Expense accruals	488,547	358,549
	<b>488,547</b>	<b>358,549</b>

#### NOTE 11 - EQUITY

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

<b>Shareholders</b>	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>
Akkök Holding A.Ş.	12.66	4,718,694	13.13	4,890,900
Tekfen Holding A.Ş.	10.47	3,901,279	10.79	4,019,839
Quoted to İstanbul Stock Exchange	52.60	19,600,621	50.82	18,938,898
Other (*)	24.27	9,043,406	25.26	9,414,363
<b>Total paid-in capital</b>	<b>100.00</b>	<b>37,264,000</b>	<b>100.00</b>	<b>37,264,000</b>

(\*) 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. amendmend 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 amendmend 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 of 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 31 December 2020 and 31 December 2019.

The Company’s (A). (B). (C) and (D) class shares have privileges to nominate members to the Board of Directors. Four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 11 - EQUITY (Continued)

There are 9 members of the Board of Directors who are assigned by the General Assembly as follows; four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.

There is no other privilege for nominating members to the Board of Directors except the privileges stated above.

Each shareholder has one voting power for each share that is held.

Retained earnings consist of the following:

	31 December 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
	<b>24,518,963</b>	<b>15,327,521</b>

#### NOTE 12 - OPERATING INCOME

Sales	1 January - 31 December 2020	1 January - 31 December 2019
Shops and warehouse rent income	75,517,440	105,421,878
Apart hotel rent income	7,596,795	5,732,840
Other income	4,303,508	6,503,878
	<b>87,417,743</b>	<b>117,658,596</b>
<b>Cost of sales</b>		
Cost of services	(22,382,242)	(28,355,799)
Depreciation expense	(8,703,303)	(8,565,818)
	<b>(31,085,545)</b>	<b>(36,921,617)</b>
<b>Gross profit</b>	<b>56,332,198</b>	<b>80,736,979</b>



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 13 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	2,937,096	2,954,924
Legal expenses	1,309,975	1,451,723
Consultancy expenses	1,169,646	1,008,448
Depreciation and amortization expenses	277,258	239,910
Insurance, duties, taxes and levies expenses	109,232	195,718
Provision for vacation	90,352	69,072
Provision for employment termination benefits	23,279	21,357
Other	627,170	572,428
	<b>6,544,008</b>	<b>6,513,580</b>

#### NOTE 14 - EXPENSES BY NATURE

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Depreciation and amortization expenses</b>		
Cost of sales	8,703,303	8,565,818
General administrative expenses	277,258	239,910
	<b>8,980,561</b>	<b>8,805,728</b>
<b>Allocation of depreciation and amortisation charges</b>		
Investment properties (Note 6)	8,703,303	8,565,818
Tangible assets (Note 7)	251,611	235,876
Intangible assets	25,647	4,034
	<b>8,980,561</b>	<b>8,805,728</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**NOTE 15 - OTHER OPERATING INCOME/(EXPENSES)**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
<b>Other operating income</b>		
Foreign exchange gain on trade receivables and payables	97,784	3,121,665
Rent indemnity income	116,874	481,926
VAT adjustment on non-worthy receivables	60,203	431,427
Income from guarantee reversal	-	139,020
Gain on sale of fixed asset	-	44,000
Other	497,101	390,830
	<b>771,962</b>	<b>4,608,868</b>
<b>Other operating expense</b>		
Amortisation expenses (*)	(2,961,514)	(2,155,418)
Foreign exchange gain on trade receivables and payables	(224,901)	(1,717,801)
Provisions for doubtful receivables	(125,290)	(737,287)
Provision for lawsuit	(37,691)	-
VAT adjustment on fixed asset issuance	-	(634,802)
Other	-	(171,885)
	<b>(3,349,396)</b>	<b>(5,417,193)</b>
<b>Other operating income/ (expenses) - net</b>	<b>(2,577,434)</b>	<b>(808,325)</b>

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

**NOTE 16 - FINANCIAL INCOME**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
<b>Financial Income</b>		
Foreign exchange gains	12,981,498	4,614,151
Interest income	2,868,379	5,674,573
	<b>15,849,877</b>	<b>10,288,724</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 17 - FINANCIAL EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Financial Expenses</b>		
Foreign exchange expenses	(6,020,718)	(2,035,278)
Interest expenses related to employee benefits	(169,908)	(83,380)
Bank commissions	-	(27,011)
	<b>(6,190,626)</b>	<b>(2,145,669)</b>

#### NOTE 18 - 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 19 - 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 "bonus 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 - 31 December 2020	1 January - 31 December 2019
Weighted average number of shares as of the reporting date (per share of TRY 1 nominal value)	37,264,000	37,264,000
Net profit for the period	56,870,007	81,558,129
<b>Earnings per share</b>	<b>1.53</b>	<b>2.19</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### NOTE 20 - RELATED PARTY DISCLOSURES

As of 31 December 2020 and 2019, receivables from related parties and payables to related parties are as follows:

	31 December 2020	31 December 2019
<b>Due to related parties</b>		
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	140,286	-
Akip Gıda San. Tic. A.Ş.	13,170	-
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	1,414	-
	<b>154,870</b>	<b>-</b>

	31 December 2020	31 December 2019
<b>Payables to related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	496,857	528,564
Akkök Holding A.Ş.	132,105	29,393
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	815	778
	<b>629,777</b>	<b>558,735</b>

As of 31 December 2020 and 2019, sales and purchases from related parties are as follows:

	31 December 2020	31 December 2019
<b>Sales to related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	14,336,064	16,141,492
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	1,770,472	2,835,419
Tekfen Turizm İşl. A.Ş.	412,948	898,506
Akip Gıda San. Tic. A.Ş.	142,870	221,545
	<b>16,662,354</b>	<b>20,096,962</b>

	31 December 2020	31 December 2019
<b>Purchases from related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	22,447,714	27,201,250
Akkök Holding A.Ş.	469,626	395,186
Dinkal Sigorta Acenteliği A.Ş. (*)	139,592	149,833
Akhan Bakım Yönetim Servis Hizmet Güvenlik Tic. A.Ş.	20,006	1,437
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	9,007	10,815
	<b>23,085,945</b>	<b>27,758,521</b>

(\*) This balance includes insurance payments through the agency of Dinkal Sigorta Acenteliği A.Ş..

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

Purchases and sales consist of rent income and purchase and sales of services. The related party purchases amounting to TRY22,447,714 comprise of management expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (“Üçgen”). The remaining balance amounting to TRY638,232 comprise of other related party 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 TRY14,336,064 regarding the revenue collected on behalf of the Company for the year of 2020 (1 January - 31 December 2019: TRY16,141,492). As of 1 January - 31 December 2020, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TRY1,979,772 (1 January - 31 December 2019: TRY1,789,506).

#### NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

##### *Liquidity Risk*

The ability to fund the Company’s financial and trade liabilities are managed by taking into account its expected undiscounted cash flows.

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. As of 31 December 2020, the Company’s current assets exceeded its current liabilities by TRY61,248,097 (31 December 2019: TRY58,456,449). The management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company considering the cash that will be generated from rental operations and the ability to reach to the high quality borrowers.

The analysis of the Company’s financial liabilities with respect to their maturities as of 31 December 2020 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 Months	1-5 years	Longer than 5 years
<b>Non-derivative financial liabilities</b>						
Trade payables	763,745	763,745	763,745	-	-	-
Other payables and liabilities	18,538,310	18,538,310	17,849,276	-	689,034	-
	<b>19,302,055</b>	<b>19,302,055</b>	<b>18,613,021</b>	<b>-</b>	<b>689,034</b>	<b>-</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The analysis of the Company’s financial liabilities with respect to their maturities as of 31 December 2019 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 Months	1-5 years	Longer than 5 years
<b>Non-derivative financial liabilities</b>						
Trade payables	823,397	823,397	823,397	-	-	-
Other payables and liabilities	2,970,646	2,970,646	2,367,027	-	603,619	-
	<b>3,794,043</b>	<b>3,794,043</b>	<b>3,190,424</b>	-	<b>603,619</b>	-

#### *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, “fixed interest/floating interest”, “short-term/long-term”, “TRY/foreign currency” balance should be structured consistent within and with assets in the balance sheet.

The interest position is set out in the table below:

	31 December 2020	31 December 2019
<b>Financial instruments with fixed interest</b>		
Time deposits and reverse repo transactions	66,258,725	50,982,294

As of 31 December 2020 and 2019, there are no financial instruments with variable interest.

#### *Credit Risk*

The Company is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Company management evaluates trade receivables taking into consideration the collaterals received, past experiences and current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee additional risk related to the Company’s trade receivables other than the related provisions made.

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**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

*Credit risk disclosures*

Credit and receivable risk of financial instruments as of 31 December 2020 is as follows:

31 December 2020	Receivables		Other receivables		Reverse repo transactions	
	Trade receivables		Related party	Third party		
	Related party	Third party	Related party	Third party	Related party	
<b>Maximum credit risk exposed as of the reporting date (A+B+C+D)</b>	<b>154,871</b>	<b>8,281,647</b>	-	-	<b>24,477,482</b>	<b>42,011,559</b>
- Secured portion of the maximum credit risk by guarantees	-	3,649,042	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	154,871	2,278,498	-	-	24,477,482	42,011,559
B. Net book value of overdue assets that are not impaired	-	6,003,149	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	1,453,552	-	-	-	-
- Impairment (-)	-	(1,453,552)	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

*Credit risk disclosures*

Credit and receivable risk of financial instruments as of 31 December 2019 is as follows:

31 December 2019	Receivables		Other receivables		Trade receivables	Related party
	Trade receivables		Related party	Third party		
	Related party	Third party				
<b>Maximum credit risk exposed as of the reporting date (A+B+C+D)</b>	-	<b>6,029,121</b>	-	<b>825,525</b>	<b>19,826,298</b>	<b>31,218,430</b>
- Secured portion of the maximum credit risk by guarantees	-	<b>4,070,708</b>	-	<b>825,525</b>	-	-
E. Net book value of financial assets that are neither overdue nor impaired	-	2,566,202	-	-	19,826,298	31,218,430
F. Net book value of overdue assets that are not impaired	-	3,462,919	-	825,525	-	-
G. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	1,968,921	-	-	-	-
- Impairment (-)	-	(1,968,921)	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
H. Off balance sheet items with credit risks	-	-	-	-	-	-



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2020 and 31 December 2019, aging of financial assets that are past due but not impaired is as follows:

<b>Maturity</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
0 - 1 months past due	3,759,077	2,170,520
1 - 3 months past due	2,148,187	1,020,839
3 - 12 months past due	250,755	271,560
	<b>6,158,019</b>	<b>3,462,919</b>

There is no significant change on financial risk policies and credit risk management of the Company compared to prior periods.

#### Foreign Currency Risk

The Company’s foreign currency balances arising from operating, investment, and financial activities are disclosed below as of the reporting date. The Company may be exposed to foreign currency risk due to foreign exchange differences at the time its foreign currency receivables and payables are converted to Turkish Lira. The foreign currency risk is monitored through continuous analysis of the foreign currency position and measured on the basis of sensitivity analyses.

	<b>31 December 2020</b>	<b>31 December 2019</b>
Assets	32,747,631	32,443,704
Liabilities	(635,095)	(565,018)
<b>Net balance sheet position</b>	<b>32,112,536</b>	<b>31,878,686</b>

As of 31 December 2020, fluctuation of USD had been 10% higher/lower ceteris paribus. pretax income after foreign exchange profit/loss resulting from foreign exchange net position for the period would have been TRY3,215,521 higher/lower (31 December 2019: TRY2,928,802 higher/lower).

As of 31 December 2020, fluctuation of EUR had been 10% higher/lower ceteris paribus. pretax income after foreign exchange profit/loss resulting from foreign exchange net position for the period would have been TRY4,437 lower/higher (31 December 2019: TRY255,074 higher/lower).

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
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**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

As of 31 December 2020, fluctuation of GBP had been 10% higher/lower ceteris paribus. pretax income after foreign exchange profit/loss resulting from foreign exchange net position for the period would have been TRY169 higher/lower (31 December 2019: TRY132 higher/lower).

As of 31 December 2020 and 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 and liabilities are as follows:

<b>31 December 2020</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>TRY equivalent</b>
<b>Current assets</b>				
Cash and cash equivalents	575	4,460,291	170	32,747,631
<b>Total Assets</b>	<b>575</b>	<b>4,460,291</b>	<b>170</b>	<b>32,747,631</b>
<b>Non-current liabilities</b>				
Other payables	(5,500)	(79,770)	-	(635,095)
<b>Total liabilities</b>	<b>(5,500)</b>	<b>(79,770)</b>	<b>-</b>	<b>(635,095)</b>
<b>Net foreign currency asset position</b>	<b>4,925</b>	<b>4,380,521</b>	<b>170</b>	<b>32,112,536</b>

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

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### *Capital Risk Management*

For proper management of capital risk, the Company aims;

- To maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and
- To increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Company determines the amount of share capital in proportion to the risk level. The equity structure of the Company is arranged in accordance with the economic outlook and the risk attributes of assets.

The Company monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long-term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

	31 December 2020	31 December 2019
Total Debt (*)	25,612,209	9,176,966
Less: cash and cash equivalents (Note 4)	(66,499,988)	(51,120,730)
Net asset	(40,887,779)	(41,943,764)
Total equity	240,134,913	249,324,658
<b>Net asset/equity ratio (%)</b>	<b>(17)</b>	<b>(17)</b>

(\*) The balance covers the sum of short-term and long-term liabilities.

### NOTE 22 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING)

#### *Fair value of financial instruments*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 22 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING) (Continued)

##### *Financial assets:*

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

Values appraised by the independent valuation expert are disclosed within notes to financial statements regarding the fair values of investment properties.

The carrying value of trade receivables which are measured at amortised cost, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at year-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

##### *Financial liabilities:*

The Company has no financial assets held for speculative purposes (including derivative instruments) and has no operations related to the trade of such instruments.

Short-term trade payables are considered to approximate their respective carrying values due to their short-term nature.

##### *Classification of Fair Value Measurement*

TFRS 13 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company.

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

Classification requires using observable market data if possible.

#### NOTE 23 - SUBSEQUENT EVENTS

None.

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**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
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**NOTE 24 - FINANCIAL INVESTMENTS**

The details of financial investments as of 31 December 2020 and 31 December 2019 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Foreign currency bonds	3,004,243	-
	<b>3,004,243</b>	<b>-</b>

As of 31 December 2020, the interest rate on the foreign currency bonds is 3.63% and the accrued interest is TRY 21,360 (31 December 2019: None).

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 25 - 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 31 December 2020 and 31 December 2019:

Non-consolidated (stand-alone) financial statement accounts items	Related regulations	31 December 2020	31 December 2019
A Cash and capital market instruments	Art.24/(b)	66,499,988	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)	175,650,995	183,070,169
C Affiliates	Art.24/(b)	-	-
Due from related parties (non-trade)	Art.23/(f)	-	-
Other assets		23,596,139	24,310,725
<b>D Total assets</b>	<b>Art.3/(p)</b>	<b>265,747,122</b>	<b>258,501,624</b>
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	240,134,913	249,324,658
Other liabilities		7,751,184	9,176,966
<b>D Total liabilities</b>	<b>Art.3/(p)</b>	<b>265,747,122</b>	<b>258,501,624</b>

  

Other non-consolidated (stand-alone) financial information	Related regulations	31 December 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)	24,477,483	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	-	-
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/(l)	24,254,027	10,120,675

  

Portfolio Restriction	Related regulations	31 December 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)	66%	71%	≥51%
3 Cash and capital market instruments and Affiliates ((A+C-A1)/D)	Art,24/(b)	25%	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	7%	-	≤500%
8 TRY/foreign currency denominated time/demand deposits ((A2-A1)/D)	Art,24/(b)	9%	8%	≤10%
9 Total investments of monetary and capital market instruments at one company (L/D)	Art,22/(l)	9%	4%	≤10%