



**AKMERKEZ GAYRİMENKUL
YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

**ANNUAL REPORT
COVERING THE PERIOD OF
01.01.2020 – 31.12.2020**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

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

1. Opinion

We have audited the annual report of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") for the 1 January - 31 December 2020 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report 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. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 25 February 2021 on the full set financial statements for the 1 January - 31 December 2020 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;



- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Company's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

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

Baki Erdal, SMMM
Partner

Istanbul, 26 February 2021

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**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**
**REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES IN
THE PERIOD OF**
01.01.2020 – 31.12.2020

This Annual Report (the 'Report') is issued pursuant to the provision of article 516 of the Turkish Commercial Code, the provisions of the 'Regulation on the Establishment of Minimum Content of Annual Reports of Companies' of the Ministry of Trade, which was published in the Official Gazette no. 28395 of 28.08.2012, and the provision of article 8 of the 'Communiqué on the Principles Applicable to Financial Reporting in Capital Market' (II-14.1), provisions of relevant articles of the 'Corporate Governance Communiqué' (II-17.1) and provisions of article 39 of the 'Communiqué on the Principles Applicable to Real Estate Investment Partnerships' (III-48.1), of the Capital Markets Board. The Report intends to evaluate, and provide information to our investors about, the business activities of the Company during the period of 01.01.2020-31.12.2020.

A. GENERAL INFORMATION

1.1. Corporate Information:

Trade Name	AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
Trade Registry Office:	İstanbul
Trade Registration Number:	260139
Stock Exchange where stocks of the Company are traded:	Borsa İstanbul A.Ş.
Market where the Capital Market Instrument is Traded, and Indexes where the Company Takes Place:	BIST MAIN BIST All Shares/ BIST Real Estate Investment Trusts/ BIST Corporate Governance/ BIST All Shares-100/ BIST Dividend/ BIST Main / BIST Financials
Trading Symbol:	AKMGY
Portfolio Details:	Date of Establishment: 08.12.1989 Date of Public Offering: 15.04.2005
Head Office:	Kültür Mah. Nispetiye Cad. Akmerkez No: 56/1 Beşiktaş/İstanbul
Corporate Website:	www.akmgyo.com
E-mail:	gyo@akmerkez.com.tr
Investor Relations E-mail:	yatirimciiliskileri@akmerkez.com.tr
KEP:	akmerkez@akmerkez.hs02.kep.tr
Mersis:	7352333284923116
Tax Office:	Büyük Mükellefler Vergi Dairesi
Tax Number:	837 003 1973
Phone Number:	+90 (212) 282 01 70
Fax Number:	+90 (212) 282 01 19

Akmerkez in Brief

Meeting venue in Istanbul

Opened in 1993 in Istanbul's central district Etiler, Akmerkez has remained the most popular meeting venue and ideal address of pleasurable experiences thanks to its elegant brands and stores, shopping, entertainment and food and beverage points. It is the indispensable meeting venue of business, arts, culture and entertainment world as it is home to various "firsts" with meticulously designed details for upholding the comfort of guests. Situated on eight floors in total of which four are shopping center floors and the remaining four are parking lot floors, Akmerkez offers services with 3 interconnected atriums, 2 office blocks of 14 and 17 floors, residence of 23 floors and 160 stores.

The "Akmerkez" concept originated with the collaboration of Akkök, Tekfen and Istikbal groups, all of which are pioneers of their own industries, yet focuses on the same goal. The goal is both to revolutionize the "shopping center" concept of Istanbulites in order to provide them with many opportunities in one place; as well as to provide high-quality living spaces to elite members of the business world. As a result of the joint forces of the Groups, Akmerkez was inaugurated on December 18, 1993 in Etiler, one of the busiest districts in Istanbul.

Even in its early years, the prudent strategies set forth by the founders of Akmerkez Shopping Center were recognized by prestigious institutions. In 1995, Akmerkez was named the "Best Shopping Center in Europe" by the International Council of Shopping Centers (ICSC). In 1996, Akmerkez received the "ICSC International Design and Development" award, which is the biggest award issued in this field. The fact that Akmerkez is the first shopping center to receive both awards simultaneously as well as its structural and design quality along with the appeal of elite stores has rendered Akmerkez an exemplary shopping center.

Outstanding service quality in a shopping center with an award-winning design...

Akmerkez has been awarded by various reputable platforms in the international arena since it was opened. One of these awards received by Akmerkez was the "Interior Design 5-Star" award granted at the Europe & Africa Property Awards 2010, organized by the International Property Awards for the successful interior restorations. The concept of the project was created by the world-famous and award-winning "Concept-i Corporate" design company.

Akmerkez provides its visitors with a wide range of services by combining residency and office opportunities with a shopping center. With its central location, structural and design quality, giant complex covering a 180.000 m² triangular area, Akmerkez has been enriching our urban lives since its establishment day. Through its automated building services, air-conditioning equipment, music broadcast, state-of-the-art security systems, and its housekeeping, security, maintenance and management services Akmerkez, provides its guests with a modern, peaceful, comfortable, and clean environment. The Shopping Center has a total of eight stories, of which four make up the 1.255-car capacity underground parking lots and the other four consist of the shopping floors. The shopping floors have 3 atriums linked to each other via main passages. There are a total of 35 escalators and 31 lifts, of which two are panoramic and the rest are passenger and service elevators, throughout the shopping center to ensure guests can browse around without wasting time or energy.

While being a pioneer in its industry by receiving both Europe's Best Shopping Center and The World's Best Shopping Center titles, Akmerkez sets out as an example to other shopping centers through its modern design and outstanding service quality.

A wellness center far beyond a shopping center...

Akmerkez regularly conducts customer research in order to continuously update its store diversity; and hence has attained a 100 percent rate of store rental for many years. Moreover, the Shopping Center provides visitors with elite brands, both local and international, under the same roof every day. The creation of a living area beyond the shopping center thanks to the cultural and artistic activities organized in Akmerkez. Moreover, the social responsibility events organized in light of its principle to invest in the future has made Akmerkez a significant brand that invests in society.

Akmerkez has reached its goal to "become the best shopping center of the world" through its innovative approach and continues to lead by monitoring sectoral needs and international developments very closely. Akmerkez has adopted the principle to extend its outstanding performance and success story in the industry well into the future.

Milestones of Akmerkez

Every step we take is a success story...

1990

Our journey starts

The laying of the foundation for the Akmerkez project, which would embellish the social life of the city, was started in Etiler, one of the popular districts in Istanbul. Istanbulites watched the structural development with curiosity.

1993

Istanbulites meet their new wellness center

Akmerkez Shopping Center opened its doors to guests showing of a giant facility with never-before-seen modern architecture built over a total of 180 thousand square meters area. Akmerkez collects elite brands under one roof and has since that day created a regular visitor base.

1995

Second anniversary gift: "Europe's Best Shopping Center" Award

Thanks to its guest satisfaction priority approach, state-of-the-art design, and meticulous service quality, Akmerkez reached its goal to be "the world's best shopping center" in only its second year. Akmerkez was named "The Best Suburban Shopping Center in Europe" by the International Council of Shopping Centers (ICSC). This award has a special place in the award-rich history of Akmerkez as it was the first in a series of acknowledgements.

1996

The pride of being the World's Best Shopping Center

The high quality of standards at Akmerkez was recognized by the International Council of Shopping Centers (ICSC) and it was named "The World's Best Shopping Center". The same year, ICSC awarded Akmerkez with the "ICSC International Design and Development" award, the largest award of the industry. Akmerkez is the first shopping center to have received both awards. Although Akmerkez was only in its third year, it indeed proved its leadership in the industry.

1998

Our brand leadership crowned with the TCSCR/AMPD Honorary Award

The Honorary Award Akmerkez received in the TCSCR / AMPD Awards was recognized by the Trade Council of Shopping Centers & Retailers (AMPD).

1999

We added new successes to our history every year

The Jean Louis Solal Marketing Award is among the most significant European awards and is presented to world-prominent retail institutions evaluated by the ICSC. Professionalism and successful marketing projects in the advertisement of Akmerkez won the Jean Louis Solal Marketing Award and showed that it had created an exemplary profile worldwide.

2001

Two awards from ICSC in one year

Only two years later, Akmerkez won the Jean Louis Solal Marketing Award for its exterior window displays. As a result, Akmerkez proved that creativity does not only present itself in service diversity but also in meticulous design. In 2001, Akmerkez also received the Maxi Award from the ICSC.

2003

Celebrated our tenth anniversary

Akmerkez Shopping Center announced its leadership in the industry worldwide through the awards it has gathered, each more prominent than the other, and shared this success with Istanbulites on its tenth anniversary with luminary celebrations on its exterior facade.

2004

Awarded for outstanding quality by the Consumers Magazine

Akmerkez was presented with the Consumers Quality Award by the Consumers Magazine at the Consumers Summit on March 15, 2004, which also happened to be the World Consumer Rights Day. This award was presented by the Consumers Magazine, stating that competition and high-quality service

can only increase via conscious consuming, and this award is a symbol of the high-quality service it offers and meticulous approach Akmerkez has towards to its guests.

2005

We have gone to public

Akmerkez has gone to public and started trading on the Istanbul Stock Exchange (ISE) on April 15, 2005.

2006

Our folding success is once again awarded by ICSC

By winning the Jean Louis Solal Marketing Award and the Maxi Award once more after receiving it in 2001, Akmerkez showed that it could continue to achieve in a sustainable way.

2008

Celebrated our fifteenth anniversary with steps towards renovation

On its fifteenth anniversary, Akmerkez decided to be fully renewed. The project, in which all the necessities of the modern age were combined with a creative design, was designed with a focus on technology and aesthetics.

2010

Awarded the “Real Estate Oscar” for our renovation project

Designing a totally new living space for its guests thanks to the renovation works started in 2008, Akmerkez was deemed worthy of “Interior Design 5 Star” award in the Europe & Africa Real Estate Awards 2010 organized within the scope of International Real Estate Awards considered to be a “Real Estate Oscar” due to its indoor space modifications realized within this scope.

2011

Our “FashionOnAir” Project brought another award to our shopping center

After opening its doors to the young designers who will give direction to the future of fashion in 2010, thanks to its “FashionOnAir” Project, Akmerkez was awarded in 2011 with “Silver Awards” in the Public Relations Category of the “ICSC Solal Marketing Awards 2011” which is the most prestigious marketing awards program of the world and received applications from 177 projects in 22 countries.

2012

11 awards in just one year

In 2012, Akmerkez was awarded with IPRA Golden Awards, one of the most established and prestigious marketing and communication awards of the world, Hermes Awards, ICSC Solal Marketing Awards, Stevie International Business Awards and MarCom Awards, totaling 11 awards, for four different projects developed by it.

2013

15 prestigious awards

Akmerkez was awarded with 15 prizes from Hermes Creative Awards, AVA Digital Awards, Platinum PR Awards, Stevie Awards and Marcom Awards for 6 different projects in 2013.

2014

City’s dynamism is reborn with Akmerkez in Etiler

Akmerkez continued to be a focus point of the city’s dynamism, a part of the social life in İstanbul with its brand new spaces which evoke a distinct atmosphere on the Nispetiye Street, with the movie theatres renewed with touch of the world’s famed designer, Aziz Saryyer and his team, with the world brands joined its body, and with its events which add value to the city.

Stores opened at Akmerkez in 2014

With its location at the center of the city, with ease of access and with care given to the layout of stores, Akmerkez added important local and international brands, such as Oysho, Serafina, Armani Jeans, to its body in 2014.

2015

Breathing in Akmerkez within the city

In 2015 Akmerkez continued to realize its renovations with 13 prestigious prizes, the brands such as Hugo Boss, Edwards, Carter’s included in its structure both from the world and Turkey, the “Young Lions Zone” providing the youngsters with a free working area, its open air spaces such as “Food Court Terrace” and the “Triangle Terrace” promising a totally different world within the city.

2016

Akmerkez as the center of change

Akmerkez has received 18 international awards in total on various fields such as Marketing Communication and Public Relations with its YLZ, Triangle “Üçgen” Terrace projects and the sponsorship of GQ MOTY. It continued to act as a leader in terms of keeping up with contemporary trends and invest in the future in 2016 by hosting important investments. Akmerkez continued to offer the new generation shopping experience available in Turkey to its guests in the best manner.

2017

Akmerkez alters habits in 2017

Akmerkez received 14 prestigious international awards in 2017. Achieving an occupancy rate as high as 95% in terms of store leases, Akmerkez succeeded in varying its brand mix with several leading national and international brands including D&R, DoRe Music, Hemington, Knitss, Bluemint, Midpoint, Porland, Samsonite and Tumi. Akmerkez remained as the center of social life in Istanbul in 2017 as it continued to undertake brand new projects for the first time in Turkey in addition to acting as the host of a number of events which have become already traditional.

2018

Continues to add value to the lives of its guests

In 2018, Akmerkez received totally 9 international awards including Hermes Creative Awards, ICSC and The Stevie Awards. Having added several national and international brands to its brand mix. Also, it made a ground-breaking innovation in the industry by means of a store where instagram interactions were used instead of money for the first time in the world and Turkey.

2019

Akmerkez becomes one of the hot spots for social get-togethers

Akmerkez received eight outstanding awards in the international arena with the project “Givin Yard Sale Store” within which an online donation platform turned into a physical store in a shopping mall for the first time in the world and ensured regular income. Moreover, the usage area and season of the Triangular Terrace that offers a fresh space in the center of the city was also extended. Serving guests both during summer and winter, Akmerkez Triangular Terrace was not only swarmed by guests for summer events such as the Yoga Festival, Outdoor Theater, and the series of concerts known as Meeting with the Stars (Yıldızlı Buluşmalar), but also became a center of attraction for New Year’s eve concerts. During this year the shopping mall also added to its repertoire 14 new brands in categories ranging from sports and cosmetics to cafés and restaurants.

2020

Akmerkez becomes the go-to-address for a safe and joyful shopping

Thanks to its communication efforts conducted under the motto ‘No worries in Akmerkez’, the shopping mall went beyond just being a regular mall and turned into a ‘center of needs’ where people could meet their needs during these harsh days. In addition to a series of measures taken for adaptation to ‘new normal’ in line with the directives of the Turkish Ministry of Health, we also adopted extra precautions including contactless temperature measurement via thermal cameras, special checks regarding hygiene teams, and ventilation initiatives providing 100% fresh air in common areas and within stores. Thanks to these efforts, Akmerkez received the “TSE COVID-19 Safe Service Certificate”, proving that it meets all the designated relevant criteria. İpek’s Farm (İpek Hanım Çiftliği) - an initiative started early in the year to offer people the opportunity to shop for healthy food - became a favorite with guests during the Boutique Taste Days. With the service enabling guests to pay the parking fee digitally through BKM Express, contactless and secure payment became available. The Agriculture in the Terrace project highlighting the importance of sustainable agriculture and local production in the heart of the city was supported by the volunteering program receiving interest from all walks of life, university collaborations and press news. Akmerkez, increased its diversified options with five new brands from different categories joining the family in 2020.

Sectoral Activities in 2020

2020 Shopping Mall Index conducted by Association of Shopping Centers & Investors and Akademetre Research reveals that the turnover index decreased by 13,7 percent in 2020 when compared to 2019, regressing 258 points. The turnover index also decreased by 33,9 percent in December 2020 when compared to December of the previous year, regressing 248 points.

The productivity per leasable space (m2) in shopping malls was actualized as TL 1.019 in 2020. This ratio implies a decrease of 14,2 percent in productivity per m2 when compared to 2019. Productivity in 2020 was TL 1.247 in İstanbul with a decrease of 13,2 percent and TL 867 in Anatolia with a decrease of 15,1 percent compared to previous year.

Turnovers per leasable space (m2) in shopping malls were recorded as TL 943 in December 2020. Productivity was TL 1.245 in İstanbul and TL 742 in Anatolia.

The category where the only increase of the shopping mall index was observed was the technology with 11,9% increase. A decrease of 7,2 percent in the hypermarket category turnovers, a decrease of 26,4 percent in the other area¹ category turnovers, a decrease of 44,6 percent in the clothing category turnovers, a decrease of 47,8 percent in the shoes category turnovers and a decrease of 65,8 percent in the food & beverage category turnovers were observed in the Shopping Centers in December 2020 when compared with the month of the previous year.

The footfall index was 58 points in 2020, which marks a decrease of 47,2 percent when compared to the previous year. And it was 33 points in December 2020, which marks a decrease of 68,3 percent when compared to the previous year. In December 2020, the footfall index decreased by 38,9 percent compared to the previous month, November 2020.

¹ The other areas category consists of such stores as construction market, furniture, home textile, souvenir, toy, cinema, personal care and cosmetics, jewelry, hobby, pet shop, tailor and shoe repair services, exchange office, dry cleaning, pharmacy, etc.

Message from the Board of Directors

Dear Stakeholders,

2020 which was a challenging year for all of us actually started optimistic for the global economy. Initially with the economic developments gaining a positive momentum and the Federal Reserve (Fed) taking supportive political steps, the global risk appetite appeared quite dynamic in the first two months of the year. However not long after the coronavirus (COVID-19) spread outside China, resulting in deaths in many countries in the first quarter of 2020. As the virus turned into an epidemic, it was declared as a pandemic with countries implementing lockdowns one after another. What's more, these lockdowns brought the economy literally to an "instant halt".

In addition to the pandemic, many other global crises took place in the third quarter of 2020 including the second presidential election campaign of Donald Trump, the political tension between the US and China, the 'Black Lives Matter' protests that started in the US and spread all over the globe, the conflicts between Azerbaijan and Armenia over Nagorno-Karabakh, and the tension between Turkey and Greece owing to the gas reserves in the Eastern Mediterranean Region.

As was the case with all global economies, Turkey also directly felt the impacts of an economic slowdown that came with the COVID-19 measures. As a result of a significant decline in the export volumes in April and May due to the COVID-19 measures, various precautions were implemented in the first quarter of the year to prevent the fluctuations in demand and prices. These precautions also shaped the steps taken in the following months. Despite all the precautions, foreign currency rate increased at record pace.

After the third quarter, the global economy started to compensate the adverse impacts of the pandemic, and the sharp financial shrinking witnessed in the second quarter improved once again with the current growth figures. The normalization period that began in June as the measures were relieved and many businesses re-started their operations brought along positive results in the economy.

Owing to the pandemic that directly affected the social life throughout the year, many new procedures called the "new normal" were adopted as main rules in the service sector. One of the sectors affected by COVID-19 the most, the retail industry, on the other hand, began to undergo the normalization period in the third quarter of the year. To help the sector regain its previous dynamism, Akmerkez considered meeting the consumer demands correctly, managing the consumer psychology properly, and protecting employees physically and mentally as a necessity. Accordingly, Akmerkez took steps for achieving the union of forces. We performed the best analyses possible and rolled up our sleeves to make lifelong investments. We also closely examined the internationally successful models and implemented them.

We managed to maintain our profitability in light of our effective risk management approaches and advanced in line with our operational excellence goals despite the adverse impacts of the pandemic and the negative developments in the retail industry adding to the already challenging market conditions. With its financially strong structure, Akmerkez GYO managed to sustain its dividend performance this year as well and proved its value among the public companies by taking place within the main market in the index organization of the Borsa Istanbul (BIST). At Akmerkez GYO, we achieved the highest levels of occupancy rates for store leases by the end of the year as we were able to add many important brands to Akmerkez.

We did our best to minimize the pandemic's adverse economic impacts just like we took on responsibility to help our business partners who were affected by the foreign currency fluctuations experienced prior to the coronavirus. We could not have overcome this challenging process without the support of our dedicated employees and shareholders. To this end, we extend our sincere gratitude to them for their efforts and belief in us; we strongly believe that our cooperation will result in new achievements in the following periods.

Sincerely yours,

BOARD OF DIRECTORS

Message from the General Manager

Dear Stakeholders,

As we all know the pandemic in 2020 caused pressure on global trade and, as a result, adversely affected the economies around the world. European economies and the economies of many developing countries underwent a shrinking period; China, and other Asian countries that have been growing rapidly faced declines in their rates of growth. Moreover, improving the global growth dynamics ranging from manufacturing processes to designing the consumption and service sectors in the following periods also seems quite challenging. Expenses related to public health - a previously overlooked issue- had a role in this regard.

The year 2020 was also not that easy for Turkey. This period decreased the number of foreign currency reserves, triggered negative real interest rates and strong credit promotions, and increased external financial risks. To prevent the spread of the pandemic, Turkey also took strong actions like the other countries; education was suspended in March and activities of many businesses were halted for a temporary period. We started to witness dynamism again in June, on the other hand, with the help of the 'normalization' process, but the effects of this dynamism on economic data were more clearly experienced only at the end of the month. Although Turkish economy lost momentum during the process when the entire global trade slowed down due to COVID-19, it managed to grow by 6.7% in the third quarter of the year, showing recovery signs again.

Our internal data regarding 2020 indicate that with its financially strong structure, Akmerkez managed to sustain its dividend performance this year as well and proved its value among the public companies by taking place within the main market in the index organization of the Borsa Istanbul (BIST). Many important brands from different sectors joined us, helping us enrich the shopping experience of our customers. In this period when the new retail sector based on digital technologies became a leader in the global consumption industry, we predicted beforehand that the customers would especially prefer the contactless payment method. With the service enabling customers to digitally pay mall parking fee through BKM Express, we provided our guests the convenience of secure contactless payment through their mobiles, without the need for touching money or cards. Using the mobile kiosk application, we made the services offered by the guiding touch screens within Akmerkez contactless through QR code.

Although e-commerce turnovers reached record levels, Akmerkez took steps for the union of forces to prepare physical shopping that still holds a significant place in trade for the new period by taking the necessary measures. In addition to a series of measures taken for adaptation to 'new normal' in line with the directives of the Turkish Ministry of Health, we also adopted extra precautions including contactless temperature measurement via thermal cameras, special checks regarding hygiene teams, and ventilation initiatives providing 100% fresh air in common areas and within stores. Meeting the criteria set by the Turkish Standards Institution (TSE), Akmerkez received the "TSE COVID-19 Safe Service Certificate", proving that we meet all the criteria with regard to hygiene, infection measures and control documentation. Thanks to the communication efforts we conduct under the motto 'No worries in Akmerkez', the shopping mall went beyond just being a regular mall and turned into a 'center of needs' where people could meet their needs during these harsh days. As of June when we opened our doors once again, we also created areas and opportunities for our guests to relax with the healthy diet markets, shopping activities, and sports activities held in the terrace - all organized in line with social distancing rules.

In addition, we closely monitored the food sector, another rising star of 2020. Concepts such as sustainable food, locality and urban agriculture, within which have been pioneering the sector through our Agriculture in the Terrace project for the last four years, increased even more in importance during the pandemic. To this end, in 2020, we meticulously maintained the Agriculture in the Terrace project that was a first of its kind to initiate sustainable agriculture in the terrace of a shopping mall in Turkey in 2018 with the purpose of spreading conscious consumption and diet, as well as ethical and clean food production to further masses. With the volunteering program included in the project, we provided guests from all walks of life and age with the opportunity to experience working in our garden. In addition to the esteemed press members and opinion leaders we played host to, we also increased the popularity of our project with our special news efforts and presentations in the main news reports on TV.

At Akmerkez, we are looking to 2021 much more positively thanks to the satisfaction of successfully completing a challenging year when we sustained our profitability with good levels of leases, occupancy rates, and events. We hope that vaccine-related positive news reported as of late 2020 will continue throughout 2021. We will also continue adding new significant brands to the Akmerkez family in 2021 to maximize the number of options for our guests. Our shareholders and stakeholders, including in particular our employees who have always stood by our side with their dedicated efforts in creating value during these challenging times, all had great roles in this big success. I would like to take this opportunity to once again extend my thanks to them.

Best regards,

Murat KAYMAN

**Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
General Manager**

Management of the Shopping Center

Akmerkez becomes the hot spot for a safe and joyful shopping

Further enriching the shopping experience for its customers by welcoming various brands from different sectors, Akmerkez also expanded its customer base through the inclusion of more affordable brands. Standing out for its role in playing host to many first-of-its-kind events in Turkey, the shopping mall managed to turn every one of its events into annual celebrations and continued to organize such events in the first quarter of the year as well.

In 2020, Akmerkez continued its Agriculture in the Terrace project that paved the way for sustainable and local agriculture in the terrace of a shopping mall for the first time in Turkey, by including a volunteering program in the project and welcoming significant business partners from the sector into this initiative.

With the shopping events such as İpek's Farm and Boutique Taste Days that include boutique brands offering healthy, local and natural products, Akmerkez offered many healthy lifestyle options to its guests.

During the period when the shopping mall was closed due to COVID-19, Akmerkez sustained its social media activities with amusing and informative contents suiting the 'Stay at Home' strategy. As of June 1, the date of re-opening, guests started to once again enjoy shopping in a safe and clean environment thanks to the mall's intensive hygiene measures. Akmerkez also made contactless digital applications available, adding to the customer experience it offers.

100% fresh air in common areas and within stores

As one of the first shopping malls that voluntarily closed their doors due to the pandemic, Akmerkez only served with groceries and pharmacies for the two months it kept its doors shut. Having never stopped communicating with its guests on social media to provide them with useful and cheerful content, Akmerkez was totally ready with its highest level of actions and measures stipulated by the public health authorities when it re-opened its doors in June. With its dedicated hygiene teams responsible for performing all the necessary hygiene efforts and routine disinfecting services under the motto 'No Worries in Akmerkez', the shopping mall also stood out among other malls for its ventilation systems providing 100% fresh air in common areas and within stores. Therefore, bad air circulation risk considered as the greatest factor behind the spread of the pandemic was minimized, and a safe shopping experience was offered to guests.

Hygiene efforts proved by the TSE Safe Service Certificate

Meeting the criteria set by the Turkish Standards Institution (TSE), Akmerkez received the "TSE COVID-19 Safe Service Certificate", proving that we meet all the criteria with regard to hygiene, infection measures and control documentation. Acting in line with its motto 'No Worries in Akmerkez' throughout the pandemic, the shopping mall got the thumbs up from guests for its hygiene efforts. Akmerkez also did not forget its lessees, always supporting them through social media. Contents specific to stores and announcements regarding campaigns were shared with the followers through famous channels.

Explore Akmerkez through Mobile Kiosk

Bringing digital solutions to contact services following the pandemic, Akmerkez made the touch-screen kiosks that were out of service due to pandemic re-usable with the mobile kiosk project. The QR codes on the kiosks helped guests view the stores and campaigns on their mobiles, enjoying a contact-free tour in Akmerkez.

Akmerkez parking fee payment turned digital with BKM Express

Akmerkez combined digital applications with functionality and captured attention with the applications realized particularly after the pandemic. Enabling the popular digital payment method as an option in the parking lot, Akmerkez put its mark under a brand new application in collaboration with BKM Express. Guests are now able to pay digitally thanks to this application allowing for parking fee payments via

mobile phones. Visitors to the parking lot make their payments easily using the mobile BKM Express application at any location of the shopping mall, without the need for stopping by the payment points or kiosks.

Semester Festival

The Meeting Center for Mothers and Children held a 2-week festival in cooperation with Fisher-Price and Hipp on the semester break, attracting hundreds of children and parents. Including many events from games and dance performances to sports, contests, workshops and chat sessions, the festival was free of charge for all children from 0-12 and their parents.

Givin Store donations for TOÇEV with the help of celebrities

As a pioneer of firsts and innovations, Akmerkez also played host to celebrity-studded events within the scope of the "Givin Store" project where an online donation platform turned into a physical store in a shopping mall for the first time in the world and generated regular income. Ece Vahapoğlu, a successful TV presenter and an author, donated her son's clothes through Akmerkez Givin Store and Givin mobile application. The proceeds from the clothes contributed to the education of disadvantaged children with the help of TOÇEV.

Eltilerin Savaşı (War of the Daughters-in-Law) premiers in Akmerkez

The premier of the movie Eltilerin Savaşı took place at Akmerkez CinemaPink, which was closely followed by moviegoers and was one of the most favorite movies of the year. Hailed for its support for the youth that creates and realizes projects to generate solutions for social problems, the Community Volunteer Foundation (TOG) held a special screening for the movie Eltilerin Savaşı in Akmerkez. Gupse Özay, the writer and the leading actress of the movie, and Füsün Demirel also participated in the premiere. Popular names from business and social life were also present at the event.

A Valentine's Day Shopping Festival in Akmerkez

Akmerkez Valentine's Day Shopping Festival, which opened its doors for design enthusiasts from February 13-16, offered designer jewelry, clothes, accessories, home textile products, and decorative objects for the approval of the guests. The festival welcomed everyone for four days in a series of events including fun activities, workshops, and surprise raffles.

Valentine's Day Events

Akmerkez played host to numerous events within the scope of the February 14 Valentine's Day. A photo booth was placed next to the Information Desk in cooperation with the Community Volunteer Foundation (TOG). The income from the photos taken in this photo booth with fun objects and interesting masks was donated to TOG.

There was also a Digital Prize Wheel, made possible by Yapı Kredi Bank for the Valentine's Day, which saw guests winning various prizes.

Guests also enjoyed an all-day-long music feast during their shopping thanks to a jazz quartet. In addition, Nispetiye main entrance turned into an open air photo booth with the addition of the word "LOVE" to the New Year's Teddy Bear decor.

Metropolitan Operas livestreaming continued in 2020

Akmerkez, which live streams to the art-lovers of Istanbul the Metropolitan Opera performances that have been welcoming world-renowned artists for 130 years, continued these screenings until March. With their 6th season kicked in on September 2019, the performances including the most famous

composers from Mozart to Puccini were presented to the opera-lovers at Akmerkez CinemaPink simultaneously with the whole world.

Agriculture in the Terrace increases in value

i. Future chefs learn how to cultivate their own foods with Agriculture in the Terrace

Realizing sustainable and local agriculture in the terrace of a shopping mall for the first time in Turkey and proving that healthy food production is also possible in mega cities, Akmerkez continued to add important business partners to the Agriculture in the Terrace project in 2020. Akmerkez gave lectures to Özyeğin University Gastronomy and Le Cordon Bleu certificate students using the Agriculture in the Terrace model under the project "Future Chefs Meet Agriculture at the Heart of the City".

ii. Voluntary training throughout the summer

Within the volunteering project realized in July after the re-opening, we welcomed those who wanted to meet nature, learn about urban agriculture and gain experiences regarding sustainable production in our terrace garden for two days a week. Distinguished people from the food, media, agriculture and education sectors were invited to the Agriculture in the Terrace area to the accompaniment of special events organized in line with social distancing rules in September and October. Various influencers including the nutritionist Dilara Koçak worked in the area with their followers and shared their experiences on their accounts. The project found coverage in many magazines, newspapers and social media channels including NTV special news.

Fun zumba sessions by Mars Athletic Club in the Triangular Terrace

Adding dynamism to the social life in the city, Akmerkez Triangular Terrace has become a favourable place for sports activities. Outdoor zumba sessions organized in September by the experienced trainers of MAC Sports in line with social distancing rules attracted a great deal of attraction.

Akmerkez Boutique Taste Days

Known for its stands set in the activity area on special occasions to offer its guests a joyful shopping experience with different gift alternatives, Akmerkez continued to organize its now-traditional Boutique Taste Days in 2020 as well. The taste days attracted great attention from healthy lifestyle enthusiasts as they brought together organic textile products, natural and additive-free foods and boutique producers.

İpek's Farm

With hundreds of options from fruits and vegetables to meat and dairy and bakery products, İpek's Farm was another frequent destination for healthy lifestyle enthusiasts during the time Akmerkez was open for visitors.

November 10 Digital Commemoration Journal

The platform and commemoration journal normally placed in the Atatürk Corner was moved to the digital medium as a contactless measure against the pandemic. Guests visiting the Atatürk Corner left their messages for Atatürk on the micro site that appeared after scanning the QR code on the platform. All messages were then shared on social media for the remembrance of Atatürk.

The New Year's spirit kept alive in Akmerkez

A fun photo-taking area was created with a Teddy Bear positioned in the entrance and a Snowman decor on the entrance floor. A campaign of product and gift tokens from many brands was designed with the target audience being those who would visit those photo areas and then share their photos on Instagram with the hashtag 'Smile for the New Year in Akmerkez'.

1.2. Organization, Capital and Shareholding Structures of the Company and Changes to Them During the Accounting Period:

The rate of publicly held shares of stock pertaining to Akmerkez GYO A.Ş. is 52,60% as of 31.12.2020.

All shares representing the capital are listed in the İstanbul Stock Exchange (BIST).

The registered capital ceiling of Akmerkez GYO A.Ş. is TL 75.000.000,00 and the paid-in capital is TL 37.264.000,00. The paid-in capital of the company is divided into 3.726.400.000 shares at par value of 1 kurush each.

1.2.1. Shareholding Structure

List of the shareholders who own 5% and more of the capital of the Company as of 31.12.2020:

Tradename/Name-Surname of the Shareholder	Nominal Value (TL)	Share in the Capital (%)	Rate of Voting Right (%)
KLEPIERRE S.A.	17.141.439,88	46,00	46,00
AKKÖK HOLDİNG A.Ş.	4.718.694,00	12,66	12,66
TEKFEN HOLDİNG A.Ş.	3.901.279,04	10,47	10,47
DAVİT BRAUNŞTAYN	2.546.380,82	6,83	6,83
Other	8.956.206,26	24,04	24,04
TOTAL	37.264.000,00	100,00	100,00

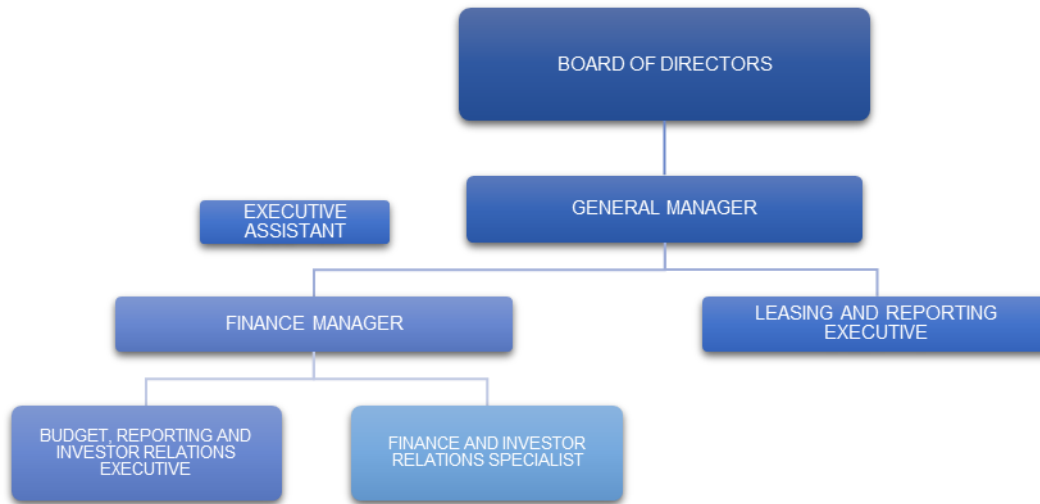
In 2020, Klepierre S.A.'s share in the capital decreased from 46,92% to 46%, Akkök Holding A.Ş.'s share in the capital decreased from 13,13% to 12,66%, Tekfen Holding A.Ş.'s share in the capital decreased from 10,79% to 10,47% and Davit Braunştayn's share in the capital decreased from 6,98% to 6,83%.

1.2.2. Information about the Shares Representing the Capital:

Share Group	Registered/Bearer Share	Total Nominal Value (TL)	Ratio to Total Capital (%)	Exchange Traded or Not
A	Registered	4.075.750,00	10,93	Not Traded
B	Registered	2.841.380,00	7,63	Not Traded
C	Registered	2.398.870,00	6,44	Not Traded
D	Bearer	27.948.000,00	75,00	70,13% Traded
Total		37.264.000,00	100,00	52,60% Traded

The share of publicly traded shares in Group D shares increased from 67,76% to 70,13%, and in the total capital increased from 50,82% to 52,60%.

1.2.3. Organization Chart:



The number of employees decreased by one individuals in the organizational structure of the Company. The company has six employees, excluding Board of Directors, as of the end of 2020.

No change occurred in the shareholding structure, capital stock and organizational structure of the Company within the period other than the above mentioned changes.

1.3. Remarks on the Privileged Shares and Voting Rights of the Shares:

The Group (A), (B), (C) and (D) shares of the Company have privilege to nominate candidates to the board of directors. 4 members of the board of directors of the Company are elected by the general meeting among the candidates nominated by majority of the owners of the Group (A) registered shares, 3 members among the candidates nominated by majority of the owners of the Group (B) registered shares, 2 members among the candidates nominated by majority of the owners of the Group (C) registered shares and 1 member among the candidates nominated by majority of the owners of the Group (D) bearer shares offered to public, who attended the General Meeting.

If, however, the owners of the Group (D) bearer shares offered to public, who attended the general meeting cannot nominate a candidate and/or agree on a candidate by majority during the general meeting, the Board of Directors of the Company is formed by 9 (nine) members elected by the General Meeting among the candidates 4 of whom were nominated by the majority of the owners of the Group (A) registered shares, 3 by the majority of the owners of the Group (B) registered shares, and 2 by the majority of the Group (C) registered shares.

Apart from the privilege of nominating candidates to the board of directors as described above, there isn't any other privilege.

Each shareholder is entitled to cast one vote per share.

1.4. Information about Board of Directors, Senior Managers and Number of Employees:

1.4.1. Board of Directors:

Chairman	:	RAIF ALİ DİNÇKÖK
Vice Chairman	:	MURAT GİĞİN
Member	:	SİNAN KEMAL UZAN
Member	:	DAVİT BRAUNŞTAYN
Member	:	ALİZE DİNÇKÖK
Member	:	AHMET CEMAL DÖRDÜNCÜ
Member	:	BENAT ORTEGA
Member	:	AYCAN AVCI
Member	:	ATİLLA ALTINORDU
Member	:	F. DİLEK BİL

The Members of the Board of Directors that were elected at the ordinary general meeting held on 29.03.2019 for an office term of three years are RAİF ALİ DİNÇKÖK, AHMET CEMAL DÖRDÜNCÜ and ALİZE DİNÇKÖK who were proposed by majority of the Class (A) registered shares; MURAT GİĞİN and SİNAN KEMAL UZAN who were proposed by majority of the Class (B) registered shares; DAVİT BRAUNŞTAYN who was proposed by majority of the Class (C) registered shares; AYCAN AVCI, FATMA DİLEK BİL and ATİLLA ALTINORDU who were nominated and proposed to be elected based on the joint proposal of the shareholders of the Classes (A), (B), (C) and (D) within the framework of the principles regarding the independency of the Board members as provided for in the Corporate Governance Principles of the Capital Market Board and BENAT ORTEGA who was nominated by majority of the Class (D) bearer shares subject to public offering and participating in the general assembly meeting.

Of the Members of the Board of Directors F. DİLEK BİL, ATİLLA ALTINORDU and AYCAN AVCI, are independent directors, who have been elected pursuant to the provisions of the 'Corporate Governance Communiqué' (II-7.1) of the Capital Market Board.

All members of the board of directors are eligible according to the requirements set forth in the Communiqué on the Real Estate Investment Partnerships (III-48.1) of the Capital Market Board. Apart from BENAT ORTEGA, a national of France, all members of the board of directors are citizens of Turkey.

There is not any restriction regarding undertaking of duties by the members of the Board of Directors outside the Company and there is not any definite rule in this respect. Duties of the members of the board of directors outside the Company are informed to investors in the Company General Information Form, which is published on the Public Disclosure Platform (KAP), and on the corporate Internet site of the Company.

Three independent members were nominated as candidate to the Corporate Governance Committee and the report dated 27.02.2019 indicating that the candidates had the qualifications regarding independence was submitted to the Board of Directors on 27.02.2019.

The Company's independent Board members have submitted their declaration to the effect that they are independent to the Corporate Governance Committee of the Company in writing. No situation which put an end to the independency of the independent members occurred in 2020.

Independent board members' term of office is maximum three years and they may be nominated and elected again provided that the restrictions arising from capital market legislations shall remain applicable.

The Company shall be managed and represented and committed towards third persons by the Board of Directors consisting of the members to be elected by the general assembly from among the members meeting the requirements of the Turkish Commercial Code and the capital market legislation for a period of maximum 3 (three) years within the framework of the provisions of the Turkish Commercial Code and the Capital Market Legislation. The Board of Directors shall elect one chairman and one vice-chairman to chair the meeting in the absence of the chairman from among its members at its first convention.

The Board of Directors of the Company shall consist of 10 (ten) members elected by the general meeting among the nominees 4 of whom are nominated by majority of holders of Group (A) registered shares, 3 by majority of holders of Group (B) registered shares, 2 by majority of holders of Group (C) registered shares and 1 by majority of holders of Group (D) bearer shares offered to public, who are present at the general meeting.

In the event that the holders of the Group (D) bearer shares offered to public, who are present at the general meeting, do not and/or cannot nominate a candidate by majority, the Board of Directors shall be formed by 9 (nine) members elected by the General Meeting from among the nominees 4 of whom are nominated by majority of the holders of Group (A) registered shares, 3 by majority of the holders of Group (B) registered shares and 2 by majority of the holders of Group (C) registered shares, who are present at the general meeting.

Adequate number of independent directors, not to be less than 2, shall be elected by the general meeting in accordance with the corporate governance principles concerning the independency of members of board of directors as set out in the Corporate Governance Communiqué of the Capital Market Board.

1.4.1.1. Members of Board of Directors and Their External Duties:

Full Name	Gender	Position	Occupation	Positions Undertaken in the Company for the Last 5 Years	Duties Undertaken Outside of the Company Currently	Rate of Share Held in the Company (%)	Participated Committees and Tasks Undertaken
Raif Ali Dinçök	Male	Chairman	Industrialist	Chairman	Chairman of Akkök Holding A.Ş./ Chairman, Vice Chairman or Member of Board of Directors at Aksa Akriilik, Akış GYO, Ak-kim, Ak Havacılık, Karlıtepe Gayrimenkul Geliştirme and various Group Companies of Akkök.		
Murat Gigin	Male	Vice Chairman	High Engineer	Vice Chairman	Chairman of Tekfen Holding A.Ş. / Vice Chairman of ANG Yatırım Holding A.Ş. / Chairman and Executive Director of group companies of Viem Ticari ve Sanayi Yatırımları Ltd. Şti. / Member of Board of Trustees of TEMA Foundation / Vice Chairman of KMD (Category Retail Association), EDRA (European DIY - Retail Association) / Member of Board of Directors at Turkish Federation of Shopping Centers And Retailers (TAMPF) / Member of IKVS Board of Trustees and / Member of Board of Directors at GHIN (Global Home Improvement Network)		
Sinan Kemal Uzan	Male	Director	Manager	Director	Director of Tekfen Holding A.Ş. / Founder of Ankaa LLC / Chairman of Tekfen Venture Management LLC / Member of the Entrepreneurship and Youth Working Group and Entrepreneurship Ecosystem Working Group of TUSIAD		Member of Early Risk Detection Committee
Davit Braunştayn	Male	Director	Industrial Engineer	Director	CEO of Lignadekor Üretim ve Pazarlama A.Ş. / Director of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. and Akmerkez Lokanta Gıda Sanayi ve Ticaret A.Ş.	6,83	
Alize Dinçök	Female	Director	Manager	Director	Board Member and Member of Executive Board in Akkök Holding A.Ş./ Chairman, Vice Chairman or Member of Aksa Akriilik, Akış GYO, Akmerkez Lokantacılık, Üçgen Bakım, Ak-Pa Tekstil, Akyaşam, Akasya Çocuk Dünyası, Ak Havacılık, Aktek, Ak-kim, Akcoat, Dinkal and various Group Companies of Akkök.		Member of Early Risk Detection Committee
Ahmet Cemal Dördüncü	Male	Director	Manager	Director	Board Member and Chairman of Executive Board in Akkök Holding A.Ş./ Chairman, Vice Chairman or Member of Akış GYO, Aksa Akriilik, Akenerji, Ak-kim, Akcoat, Akcez, Aktek, Akasya Çocuk Dünyası and various Group Companies of Akkök / Chairman of United Nations Global Compact Turkey/ Board Member in International Paper Co./ Board Member of Aras Kargo		
Benat Ortega	Male	Director	Manager	Director	Member of the Executive Board of Klepierre S.A. France and Chief Operating Officer of Klepierre S.A. France		
Aycan Avcı	Male	Independent Director	Manager	Independent Director	Partner of Aya Danışmanlık Hizmetleri A.Ş., Board Member of Erak Giyim Sanayi ve Ticaret A.Ş., Tatko Otomobil Lastik Makine Ticareti ve İnşaat T.A.Ş., Tatko Lastik Sanayi ve Ticaret A.Ş., Fu Gayrimenkul Yatırım Danışmanlık A.Ş., Waternet Su Hizmetleri A.Ş., Tapucom Teknoloji Pazarlama ve Ticaret A.Ş., Apsiyon Bilişim Sistemleri Sanayi ve Ticaret A.Ş., Bimsir Çözüm Yazılım Ticaret A.Ş., Alsa Danışmanlık A.Ş., GBS Çözüm Yazılım Ticaret A.Ş. and Yüzyıl Lastik Sanayi ve Ticaret A.Ş./ Independent Board Member of Bosch Fren Sistemleri San. Tic. A.Ş.		Chairman of Corporate Governance Committee / Member of Audit Committee / Member of Early Risk Detection Committee
Atilla Altınordu	Male	Independent Director	Engineer	Independent Director	-		Chairman of Audit Committee / Member of Corporate Governance Committee
Fatma Dilek Bil	Female	Independent Director	Manager	Independent Director	Board Member of World Wildlife Fund (WWF)/ Founding Partner of Kangaroo İletişim Danışmanlık ve Ticaret A.Ş./ Member of Global Contact -Turkey Member of High Advisory Council of Türkiye Turkish Women Entrepreneurship Association (KAGİDER) / Chairwoman of Wine Lovers Association / Member of Strategic Advisory Group of International Council on Women's Business Leadership-Washington DC/ President of Accademia Italiana della Cucina-Turkey / Sustainability Consultant of TGSD / Member of EURATEX (European Apparel & Textile Confederation) Circular Economy Working Group / Founding Partner of Financial Literacy and Inclusion Association of Turkey(FODER).		Chairwoman of Early Risk Detection Committee / Member of Audit Committee / Member of Corporate Governance Committee

1.4.1.2. Statements of Independent Directors

REPUBLIC OF TURKEY
56th Notary Public of Ankara
Journal Entry Date: 25th February 2019
Journal Entry No.: 03064

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as "Independent Member" in the Board of Directors of AKMERKEZ GAYRIMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the "**Company**") in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

(a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;

(b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;

(c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;

(ç) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academican in any university, provided that the same complies with the relevant legislation;

(d) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;

(e) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;

(f) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;

(g) I did not perform duty on the Board of the Company more than six years during the last ten years;

(ğ) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange;

(i) I have not been registered and announced on behalf of the legal entity selected as the Board of Directors.

Independent Board Member Candidate's:

Name – Surname : ATILLA ALTINORDU
TR Identity Number :
(signature)

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as "Independent Member" in the Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the "**Company**") in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

- (a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;
- (b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;
- (c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;
- (ç) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academician in any university, provided that the same complies with the relevant legislation;
- (d) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;
- (e) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;
- (f) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;
- (g) I did not perform duty on the Board of the Company more than six years during the last ten years;
- (ğ) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange;
- (i) I have not been registered and announced on behalf of the legal entity selected as the Board of Directors.

Independent Board Member Candidate's:

Name – Surname : AYCAN AVCI
TR Identity Number :
(signature)

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as "Independent Member" in the Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the "**Company**") in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

- (a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;
- (b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;
- (c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;
- (ç) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academician in any university, provided that the same complies with the relevant legislation;
- (d) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;
- (e) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;
- (f) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;
- (g) I did not perform duty on the Board of the Company more than six years during the last ten years;
- (ğ) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange;
- (i) I have not been registered and announced on behalf of the legal entity selected as the Board of Directors.

Independent Board Member Candidate's:

Name – Surname : FATMA DİLEK BİL
TR Identity Number :
(signature)

1.4.1.3. Curriculum Vitae of the Members of the Board of Directors and the General Manager

Raif Ali DİNÇKÖK **Chairman**

Mr. Raif Ali Dinçkök was born in 1971 in Istanbul. After receiving his bachelor's degree from the Department of Business Management in Boston University in 1993, he began his professional career at different group companies of Akkök Holding. He worked at the Purchasing Department in Ak-Al Tekstil San. A.Ş. from 1994 to 2000 and acted as the Coordinator of Akenerji Elektrik Üretim A.Ş. between 2000 and 2003. Raif Ali Dinçkök functioned as the Director and Vice Chairman of Executive Board of Akkök Holding A.Ş. before he was assigned as the Chairman of Akkök Holding. In addition to his positions as the Chairman of Aksa Akrilik, Ak-Kim and Akiş GYO since 1st of January 2019, Raif Ali Dinçkök acts as the Director of several other group companies of Akkök Holding.

Murat GİGİN **Vice Chairman**

Murat Gigin was born in İstanbul in 1952. Having received his B.Sc. degree from the Construction and Building Engineering Department in University of Bradford in 1974, he completed his M.Sc. degree studies at the Department of Mechanical Engineering in University of London in 1975. He was conferred the diploma of Ocean Engineer by University College London in 1976.

Gigin started his career at Tekfen İnşaat as civil engineer at the construction sites in Kuwait in 1977 where he worked until turning back to the head office in Istanbul in 1983. He assumed the position of coordinator in the Business Development Division in addition to several international projects until 1986, and as coordinator at various international projects. Following his promotion to the position of Assistant General Manager of Tekfen İnşaat in 1986, Gigin acted as the General Manager of Tekfen İnşaat during 1988-1998 and took office as a member of the Board of Directors at the companies of Tekfen Contracting Group until 2000. After acting as a member of the Board of Directors at Tekfen Holding between 1998 and 2015, Murat Gigin was elected as the Chairman of Board of Directors at Tekfen Holding on May 7, 2015.

Murat Gigin has been acted as the Chairman and Executive Director of group companies of Viem Ticari ve Sanayi Yatırımları Ltd. Şti. (Tekzen Ticaret ve Yatırım A.Ş., Agromak Makine İmalat Sanayi ve Ticaret A.Ş., Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş., Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İthalat İhracat İnşaat Sanayi Ticaret A.Ş., İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd. Şti., Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti., ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş.), and as the Chairman of Zen Enerji A.Ş. ve Salda Enerji A.Ş. since 1998.

Gigin, who took office at various non-governmental organizations in the past, acted as Chairman of the International Pipeline and Offshore Contractors Association (IPLOCA) during 1995-1996, and is currently a member of the Board of Trustees of TEMA Foundation and a member of the Board of Directors of KMD (Category Retail Association), EDRA (European DIY-Retail Association) and GHIN (Global Home Improvement Network).

Davit BRAUNŞTAYN **Director**

Born in İstanbul in 1964, Davit Braunştayn graduated from the Industrial Engineering Department of the Boğaziçi University and received MBA degree in finance from Columbia University. Having started his career as analyst at the Investment Banking department of Lazard Frenes&Co. in the United States, Mr. Braunştayn took another position in Lignadekor

Üretim ve Pazarlama A.Ş. where he is currently the general manager. Mr. Braunştayn speaks English, French and German.

Mr. Davit Braunştayn is a member of the board of directors of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. and Akmerkez Lokanta Gıda Sanayi ve Ticaret A.Ş.

Alize DİNÇKÖK
Director

Born 1983 in İstanbul, Alize Dinçkök received her bachelor's degree from the Business Administration Department of Sawyer School of Management of Suffolk University in 2004. She completed General Management program at Harvard Business School successfully in 2015. She completed the Innovative Thinking program at MIT Sloan School of Management in 2018. She started her career at Ak-AI Tekstil Sanayi A.Ş. as the Strategic Planning Specialist in 2005. In 2006, she joined the newly established Akiş Gayrimenkul Yatırım A.Ş. and worked there as the Project Coordinator, the Sales and Marketing Manager and the Assistant General Manager in charge of Sales and Marketing, respectively. Currently acting as a member of the Board of Directors and Executive Board of Akkök Holding A.Ş., Alize Dinçkök is also the Chairwoman of Akmerkez Lokantacılık, Ak-Pa Tekstil and Üçgen Bakım and member of board of directors of Akiş GYO. Also, she assumes several positions at the board of directors of other companies of Akkök Group. Ms. Alize Dinçkök is also in charge of Akkök Group Marketing Platform, which was established in 2015.

Ahmet Cemal DÖRDÜNCÜ
Director

Born in 1953 in Istanbul, Ahmet Cemal Dördüncü received his bachelor's degree from the Business Administration Department of Çukurova University and pursued post-graduate studies at Mannheim and Hannover Universities. Having started his business career in Claas OHG in Germany, Dördüncü worked in Mercedes Benz A.Ş. in Turkey from 1984 till 1987. In 1987, Ahmet C. Dördüncü joined Sabancı Group where he assumed several positions at Kordsa A.Ş. until 1998. In 1998, he served as Managing Director/ President in DUSA South America and then DUSA North America of the Group. Following his role as Strategic Planning and Business Development Group President of Sabancı Holding in 2004, he acted as the CEO of Sabancı Holding from 2005 till 2010. Ahmet C. Dördüncü is the CEO of Akkök Holding since January 2013. In addition to his roles in the board of directors of Akkök Holding and several other group companies of Akkök Holding, Dördüncü acts as the Chairman of Akenerji, Akcez and Akcoat and the Vice Chairman of Aksa Akrilik, Ak-Kim and Akiş GYO. Dördüncü is also acts as the Chairman of the United Nations Global Compact Turkey and among the directors of International Paper Co Companies.

Dördüncü is fluent in English, German and Portuguese.

Sinan Kemal UZAN
Director

Sinan Kemal Uzan was born in New York in 1986. After receiving his Bachelor's degree from the International Business Administration program in Pepperdine University (USA) in 2008, he participated in the program of Family Undertakings Management in the Northwestern University Kellogg School of Management (Illinois) in 2012. He acted as the Vice Chairman of StarClub, a company that is involved in the fields of music production and internet strategies in Los Angeles, California, and as the Azerbaijan Project Coordinator for Tekfen İnşaat ve Tesisat A.Ş. respectively during his business career. Sinan Kemal Uzan was elected as a member of the Board of Directors at Tekfen Holding in 2014.

Mr. Sinan Kemal Uzan currently acts as the Chairman of Tekfen Venture Management, LLC, a portfolio management company dealing with venture funds in New York and he is also the founder of Ankaa LLC (California), a company investing in internet technologies and a member of the Entrepreneurship and Youth Working Group and Entrepreneurship Ecosystem Working Group of TUSİAD.

Benat ORTEGA
Director

Benat Ortega has been a member of the Klépierre Executive Board since November 16, 2020.

Benat Ortega acted as the Deputy Chief Operating Officer as from November 2, 2012 before he was assigned as the Chief Operating Officer of Klepierre S.A.

After he began his career as a Credit Specialist at the Royal Bank of Scotland, he joined the investment and asset management team of Offices Section at Unibail-Rodamco in 2003, where he acted as a specialist. He assumed the management of the team in 2010 and became in charge of value creation strategy through purchases, asset management, development and disposals.

He holds a Master of Engineering degree from Ecole Centrale Paris.

Atila ALTINORDU
Director (Independent)

Born in Ankara in 1949, Atilla Altınordu graduated from the Department of Petroleum Engineering, the Middle East Technical University (ODTÜ), and received an M.Sc. degree from ODTÜ and Imperial College for Science and Technology, London in addition to an MBA degree from Hacettepe University.

After graduation, he worked at international projects of public enterprises such as Türkiye Petrolleri A.O. and Botaş, and assumed various managerial positions (e.g. manager, coordinator, assistant general manager, general manager, member of board of directors) in private construction and energy sectors after 1980. He worked as a part-time instructor at the Middle East Technical University between 1987 and 2009. He is married with one child and fluent in English.

Aycan AVCI
Director (Independent)

Aycan Avcı was born in 1970 and graduated from Georgetown University Department of International Economics in 1992. Mr. Avcı started his professional career in 1993 at Koç Group and held various positions in Istanbul and Moscow. Between 1996 and 1998, Mr. Avcı served as the chief representative of CIS at Interbank. In 2000, he received his MBA (Finance and Economics) from Columbia Business School. Mr. Avcı worked as a consultant at McKinsey & Company between 2000-2002 and at Reform Corporate Consultancy between 2002-2004 and

as a manager at PCG Consultancy between January 2005 and September 2005. In October 2005, he turned his family-owned company Aya Consulting into a financial consultancy-oriented consulting company and continues currently in Aya Consulting on financial consultancy services. In addition, he has been a member of the Board of Directors of Tatko TAŞ. since 2014, Tapu.com since 2015, Apsiyon.com since 2016, Tatko Lastik, FU Gayrimenkul and Waternet since 2017, Erak Giyim and Bimser Cözüm since 2018, and Yüzyıl Lastik Sanayi ve Ticaret A.Ş. since 2019. He has also been an independent member of the Board of Directors of Bosh Fren Sistemleri since 2019.

F. Dilek BİL
Director (Independent)

Having graduated from Northport High School in the USA, Dilek Bil received her BBA degree in International Finance and International Marketing from University of North Texas. In 12 years of 37 years of corporate and entrepreneurship, she worked in banking on loans and marketing in American Express Bank, Koç- Amerikan Bank, BNP-AK-Dresdner and Societe Generale. In 1994, Mrs. Bil founded Kangaroo Communications and Consulting Company where she provided services on strategic brand communication and creative advertising solutions to several national and international brands until 2013. She acts as an advisor on sustainable development since 2014. As the founder of “Purpose-Sustainable Ideas” platform, she devises solutions to provide valuable insight to the business world for that purpose. She also acts as Sustainability Consultant of TGSD (Turkish Clothing Manufacturers’ Association) and as a member of EURATEX (European Apparel & Textile Confederation) Circular Economy Working Group to spread circular economy.

Dilek Bil is the laureate of “2017 Women of the Decade in Media and Social Change” awarded by the Women Economic Forum. A member of the Strategic Advisory Group for “International Council on Women’s Business Leadership-Washington DC”, she also acted as the President of KAGİDER where she currently assumes the position of Member of High Advisory Council. She is the founding partner and former Vice President of FODER (Turkish Financial Literacy and Inclusion Association) and a member of the Board of Trustees of WWF Turkey. In addition to acting as an advisor to the 35th President of Galatasaray Sports Club, she also acted as a member of the Executive Board of DEİK Turkish-British Business Association. She anchored TV show “Sürsün Bu Dünya!”® on CNBC-e in order to contribute to making sustainability a principal part of corporate management in Turkey.

Dilek Bil is married to Faruk Bil and mother of Ömer Fuad Bil.

Murat KAYMAN
General Manager

Born in Germany in 1974, Murat Kayman achieved MBA degree from Zicklin School of Business of New York Baruch College. He worked at STFA, Ekinciler Holding, Federation of International Trade Association, Blade Fencing Inc., ECE Germany, ECE Turkey, AVM MFI Partners and Akbatı Shopping Mall owned by Akiş GYO A.Ş.

Married with two children, Murat Kayman speaks English and German.

1.4.1.4. Committees under the Board of Directors

1.4.1.4.1. Working Principles of Committees Including the Members, Meeting Frequency and Activities:

The Board of Directors has formed an Audit Committee, Corporate Governance Committee and Early Risk Detection Committee by reviewing the structure and activities of the existing committees in accordance with the provisions of the Corporate Governance Communiqué of the Capital Market Board. The duties and responsibilities of the Nomination Committee and Remuneration Committee stipulated in the Corporate Governance Communiqué are performed and fulfilled by the Corporate Governance Committee. All of the committees fulfill their duties effectively.

Audit Committee

Name Surname	Title	Position
Atilla ALTINORDU	President	Independent Director
F. Dilek BİL	Member	Independent Director
Aycan AVCI	Member	Independent Director

Early Risk Identification Committee

Name Surname	Title	Position
F. Dilek BİL	President	Independent Director
Aycan AVCI	Member	Independent Director
Alize DİNÇKÖK	Member	Director
Sinan Kemal UZAN	Member	Director

Corporate Governance Committee

Name Surname	Title	Position
Aycan AVCI	President	Independent Director
F. Dilek BİL	Member	Independent Director
Atilla ALTINORDU	Member	Independent Director
Ayşegül CANBAZ	Member	Finance Manager
Hilal KAYALAR	Member	Budget, Reporting and Investor Relations Executive

Duties, working principles and members of the committees have been determined by the board of directors and disclosed to the public on the Public Disclosure Platform and the corporate Internet site of the Company.

All members of the Audit Committee are the independent directors assigned in the Board of Directors.

Chairman of the Corporate Governance Committee Aycan Avcı, members Fatma Dilek Bil and Atilla Altınordu are independent directors. Hilal Kayalar, another member of the Corporate Governance Committee, is the Investor Relations Department Manager holding Capital Market Activities Level 3 (License No: 211131) and Corporate Governance Rating (License No: 701470) licenses. She has been assigned to the committee pursuant to article 11.2 of the Corporate Governance Communiqué. Ayşegül Canbaz, another member, is also the Finance Manager of the Company.

As for the Early Risk Detection Committee, Chairwoman Fatma Dilek Bil and member Aycan Avcı are independent directors while other members are non-executive directors.

The General Manager does not assume duty in any committee.

Although the management makes efforts in order not to assign a director in more than one committee, some of the members undertake positions in two or more committees owing to their knowledge and experience on the relevant fields.

Every kind of resource and support required for carrying out of duties of the committees is provided by the board of directors. The committees are able to invite any manager to their meetings for opinion exchange to the extent necessary.

The committees benefit from the opinions of independent specialists where they deem necessary regarding their activities. The cost of any such consultancy services is covered by the Company. In this case, however, the information about the person/firm from whom/which the service is received and the information about whether that person/firm has any relationship with the company should be provided in the annual report.

The committees document and keep a record of all the works they carried out. The committees meet with the frequency as deemed necessary for efficiency of the works and as set in the working principles. They submit the reports containing the information about their works and the outcomes of their meetings to the board of directors.

Corporate Governance Committee determines whether the corporate governance principles are complied with by the company or not and, if not complied with, the reasons thereof and any conflict of interest arising from failure to comply with these principles in full and makes recommendations for improvement of the corporate governance practices to the board of directors and supervises the works of the investor relations department.

The corporate governance committee also fulfills the duties and responsibilities of the Nomination Committee and the Remuneration Committee, which are provided in the Corporate Governance Communiqué.

In that respect, the Corporate Governance Committee held 2 (two) meetings in 2020 and the outcomes of the meeting were submitted to the board of directors by means of a report.

Early Risk Detection Committee is responsible for determining the risks that may endanger existence, development and continuation of the company early, taking necessary measures for the relevant risks and managing the risks according to which it reviews the risk management systems at least once a year. The committee assesses the current situation, points of dangers, if any, and remedies by means of a report to be submitted to the board of directors every two months.

In that respect, the Early Risk Detection Committee held 6 (six) meetings once every two months in 2020 and issued 6 (six) reports.

Audit Committee supervises the accounting system of the company, the disclosure of the financial data to the public, the independent audit, and the operation and efficiency of the internal control and internal audit systems of the company. Audit Committee is also in charge of selection of the independent audit firm, preparation of independent audit contracts and commencement of the independent audit process, and performance of the audit tasks by the independent audit firm.

Audit Committee shall determine the independent audit firm to be contracted by the Company as well the services to be procured from the relevant firm and present the same to the Board of Directors to be escalated to the general assembly for approval.

Audit Committee shall be responsible for setting the methods and criteria to be applicable for examining and resolving the complaints filed to the company regarding its accounting and internal control system as well as independent audit processes and evaluating the reports made by the employees regarding the accounting and independent audit practices at the Company in a strictly confidential manner.

Audit Committee informs the Board of Directors in writing of its assessments regarding the accuracy and correctness of the annual and interim financial statements to be disclosed to the public in terms of their compliance with the accounting principles of the Company by preparing a report containing its own assessments along with those of the relevant managers and independent auditors of the Company.

Activities by the Audit Committee, results of meetings and written reports submitted to the board of directors within the accounting period:

Audit Committee performed its functions indicated in the Corporate Governance Communiqué in 2020.

Audit Committee held 5 (five) meetings in 2020 and presented the resolutions to the Board of Directors by means of a report indicating meeting results in detail. The Committee made a suggestion to procure independent audit services from PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in 2020, noted that the annual and interim financial statements and footnotes to be disclosed to the public were compatible with the relevant regulations and principles and evaluated and monitored the actions suggested on the basis of the findings of the internal audit.

1.4.1.4.2. Evaluation of the Board of Directors regarding the Activities Conducted by the Committees:

In 2020, all of the Committees fulfilled the tasks and obligations required under the Corporate Governance Principles and their respective regulations and conducted their activities effectively.

In 2020, pursuant to the annual meeting plans that are deemed necessary, indicated in the relevant Regulations and duly created for the effectiveness of the activities;

- Audit Committee convened 5 (five) times,
- Early Risk Detection Committee convened 6 (six) times, and
- Corporate Governance Committee convened 2 (two) times,

In that respect, the Corporate Governance Committee presented 2 (two) reports to the Board of Directors while the Early Risk Detection Committee and Audit Committee submitted 6 (six) and 5 (five) reports respectively each.

The “Audit Committee” which is responsible for taking all necessary measures in order to ensure performance of any and all internal and independent audits adequately and transparently in addition to implementation of the internal control system effectively informed the Board of Directors of its suggestions for the relevant matters including opinions and suggestions about internal audit and internal control system.

The “Corporate Governance Committee” which is supposed to monitor the company in terms of compliance with the Corporate Governance Principles, undertake improvement activities and make suggestions to the Board of Directors ascertained whether or not the Company implemented the Corporate Governance Principles, made suggestions to improve the Corporate Governance principles to the Board of Directors and supervised the activities of the Investor Relations Division. The activities related to the grading of the compliance of the Corporate Governance Committee and Investor Relations Division with Corporate Governance Principles were reviewed by Saha Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş. (“Saha”) as a result of which our first Rating for Compliance with Corporate Governance Principles was announced in 2016 (9,22) while the periodical revision rating for 2017 was

(9,37). In 2018, this rating (9,37) was confirmed again. In 2019 our rating was announced as (9,43) while the periodical revision rating for 2020 was (9,44). The rating report and periodical revision report were disclosed to the investors by means of the Special Condition Disclosure on 06.12.2016, 06.12.2017, 06.12.2018, 06.12.2019 and 07.12.2020 respectively.

The “Early Risk Detection Committee” took necessary steps to ensure early detection of the risks that may endanger the existence, development and continuity of the Company, to take the necessary measures regarding the risks so detected and to manage such risks in addition to reviewing the risk management systems of the Company in line with the Corporate Governance Principles.

1.4.1.5. Meetings Held by the Board of Directors and Attendance of Directors:

The Board of Directors convenes as frequently as it is required to fulfill its duties efficiently in compliance with the relevant working principles. The Board of Directors four (4) times with the average participation rate of 98% in 2020. Throughout the year, 31 board resolution were adopted in total. The resolutions were made as per article 390.4 of Turkish Commercial Code. All of the Board resolutions requiring were passed unanimously in 2020. In other words, none of the directors raised an objection to the resolutions passed in 2020.

1.4.1.6. Distribution of Tasks Among Directors, Duties and Powers of Directors, Limitations of Powers Granted to Directors and Senior Managers, Term of Offices (Start Date and End Date), Collective Bargaining Practices, Benefits Provided to Employees:

The Chairman and Vice Chairman were elected from among directors and the tasks were distributed accordingly.

The resolution on internal directive adopted by the board of directors on 06.06.2017 is announced in Turkish Trade Registry Gazette on issue number 9346 of 13.06.2017, and the resolution on distribution of tasks on 17.05.2019 is announced in Turkish Trade Registry Gazette on issue number 9841 of 31.05.2019

The directors and senior managers of the company are endowed with the powers indicated in Capital Market Act, Turkish Commercial Code, Articles of Association of the company, and several applicable legislations. The duties and powers of the General Manager and Finance Manager of the Company are provided in the Internal Directive of the company.

Term of office designated for the directors is indicated in section “1.4.1 Board of Directors” herein.

The Company does not pursue collective bargaining processes in that it pays wages to its employees in line with the applicable labour contracts. The benefits provided to the directors and senior managers are explained in section “B. Financial Benefits Provided to Directors and Senior Managers” herein.

1.4.2. Information about the Senior Manager and His External Positions:

MURAT KAYMAN is the General Manager of the Company. Murat Kayman is a non-executive director of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. in addition to being the General Manager of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

1.4.3. Headcount:

The company has six employees, including the general manager, as of the end of 2020.

1.5. Information about the Transactions Carried Out by Directors with the Company on behalf of Themselves or Third Parties Pursuant to the Permission of the General Assembly and Activities subject to the Rule of Non-Competition, if any:

The Directors did not carry out any transaction with the Company on behalf of themselves or third parties in 2020. The tasks assumed by the Directors outside the Company based on the permission of the General Assembly are indicated in section "1.4. Information about Board of Directors, Senior Managers and Number of Employees".

B. FINANCIAL BENEFITS PROVIDED TO DIRECTORS AND SENIOR MANAGERS:

Below are the details about the wages and all other benefits provided to the directors and senior managers.

a) Total amount of the financial benefits such as attendance fee, remuneration, premium, bonus, dividend etc.:

Directors received financial benefit of monthly net TL-6.240,00 per person until 14th of April and monthly TL-7.500,00 per person thereafter as decided at general assembly meeting on 14.04.2020, making gross TL-1.122.659,20 in total while the senior manager was paid gross TL-830.913,03 in total during 2020. Remunerations and salaries paid and all other benefits provided to the members of the directors and the senior manager were disclosed collectively to the public through the footnotes to the financial statements in the annual report.

Below is the breakdown of the gross benefits provided to the directors in 2020:

Director	Amount (TL)
Raif Ali Dinçök	112.265,92
Murat Gigin	112.265,92
Sinan Kemal Uzan	112.265,92
Davit Braunştayn	112.265,92
Alize Dinçök	112.265,92
Ahmet Cemal Dördüncü	112.265,92
Benat Ortega	112.265,92
Atilla Altınordu	112.265,92
F. Dilek Bil	112.265,92
Aycan Avcı	112.265,92
Total	1.122.659,20

b) Information about total amount of given allowances, travel, accommodation and representation expenses and cash and non-cash facilities, insurances and similar securities:

The general manager is the only senior manager of the Company. The General Manager was provided with a healthcare insurance cover of TL-26.200,00.

C. RESEARCH AND DEVELOPMENT ACTIVITIES OF THE COMPANY:

The Company does not carry out any R&D activity.

Ç. CORPORATE ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING THE ACTIVITIES:

a) Information about the investments made by the company during the respective accounting period:

The current real estate of the company held for investment purposes increased in the relevant accounting period. The increase was attributable to the expenses incurred by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for management services which were posted to the Company in pro rata basis for investment purposes and the Company's own fixed assets expenses.

b) Information about the internal control system and internal audit activities of the Company along with the opinion of the board of directors:

The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

The Board of Directors establishes the internal control systems to include the risk management and information systems and processes which can minimize the impacts of the risks which may affect the stakeholders of the Company, primarily the shareholders, by taking into account the views of the relevant committees of the board of directors.

The existing internal control system intended for various purposes including increasing efficiency and productivity in corporate activities, ensuring reliability of financial reporting and compliance with the laws and regulations was audited by Ginini Danışmanlık Hizmetleri A.Ş. based on the annual internal audit plan created and the professional services agreement and the results of the audit were reported to the Audit Committee.

c) Information about direct or indirect affiliates of the Company as well as share rates:

The Company does not have any subsidiary or affiliate.

d) Information about treasury shares acquired by the Company:

The Company did not acquire its treasury shares.

e) Remarks about the private audit and public audit conducted during the accounting period:

Any private or public audit was not conducted during the accounting period of 2020 other than the tax review for 2019 initiated by the Istanbul Sectoral-3 Inspection Department of the Tax Inspection Board.

f) Information about litigations filed against the Company, which may affect the financial standing and activities of the company, and their potential results:

There is no litigation initiated filed the Company which may affect the financial standing and activities of the Company. However, the litigations filed against the Company are summarized in the appendix to this Annual Report (Annex:1).

g) Remarks about any administrative or judicial sanctions imposed on the company and directors owing to actions in breach of regulatory provisions:

There is no administrative or judicial sanction imposed on the directors owing to actions in breach of regulatory provisions.

The information about the litigation filed by one of the shareholders of the Company against a number of the directors is provided in the appendix to this Annual Report (Annex:1).

h) Information and evaluations about whether the targets established in the previous periods have been achieved or not, whether resolutions of the general meeting have been fulfilled or not, and if the targets have not been achieved or the resolutions have not been fulfilled, reasons thereof:

Although the Company failed to achieve some of its financial targets for the previous period due to the pandemic, it has managed to maintain its occupancy rate, it continued to earn net profits and paid dividends. The resolutions of the general assembly meeting were duly fulfilled.

i) Information about the extraordinary general meeting, if applicable, including the date of the meeting, the resolution passed in the meeting, and transactions executed in this regard:

No extraordinary general assembly meeting was held during 2020.

j) Information about any donations and aids made and expenses incurred in relation with social responsibility projects carried out by the Company during the year:

The company did not make any donation and aid in 2020 and there isn't any expense incurred within the scope of the social responsibility projects within the relevant year.

k) Information about regulatory modifications which might have a significant impact on the corporate activities:

No regulatory modifications has been made which might have a significant impact on the corporate activities.

l) Information about other important developments on the corporate activities:

As of June 1st 2020, our shopping center has started to serve safely and healthily with full capacity with the hygiene precautions taken and in the following months, the necessity to accept visitors gradually, with certain rules, on limited days and hours has arisen where limited services with the pharmacy and the market had been provided between the dates March 19th 2020 - May 31st 2020 as part of the measures taken due to Covid-19 pandemic, which affects the whole world and Turkey.

D. FINANCIAL STANDING:

a) Analysis and evaluation of the managing body regarding the financial standing and the results of the activities; degree of realization of the planned activities; and position of the company against the established strategic goals:

Due to limited services with the pharmacy and the market had been provided between the dates March 19th 2020 - May 31st 2020 in our shopping center and the necessity to accept visitors on limited days and hours with certain rules due to the Covid-19 pandemic, the Company could not perform some of its planned activities, it has achieved some of its strategic goals in 2020.

b) Information about sales, productivity, income generating capacity, profitability, and liability/shareholders' equity ratio of the Company in comparison with previous years, and about other matters which may give an idea about the results of the activities of the company, and prospects for the future:

The occupancy rate was maintained in 2020 and the loss in revenue due to the pandemic was balanced with cost savings and the Company continued to be profitable.

Primary financial indicators:

Balance-Sheet Items (Million TL)	31.12.2020	31.12.2019
Current assets	84,61	65,68
Fixed assets	181,13	192,82
Total assets	265,75	258,50
Short term liabilities	23,37	7,23
Long term liabilities	2,25	1,95
Shareholders' equity	240,13	249,32
Total Liabilities and Shareholders' equity	265,75	258,50
Income Statement Items (Million TL)	2020	2019
Net sales	87,42	117,66
Cost of sales (-)	31,09	36,92
Gross profit	56,33	80,74
Operating profit	47,21	73,42
Net Profit for the Year	56,87	81,56
Financial Indicators (Million TL)	2020	2019
Gross Profit Margin	64,44%	68,62%
Net Profit Margin	65,06%	69,32%
Debt-Equity Ratio	10,67%	3,68%
Total Debts/Total Assets	9,64%	3,55%

Total amount of the minimum rental payments to be obtained in the future within the framework of the lease agreements executed in connection with the income generating capacity of the Company and the amount thereof for each period are specified hereinbelow (TL):

	31.12.2020	31.12.2019
Less than 1 Year	124.355.897	117.962.635
Between 1 and 5 Years	400.176.497	420.560.350
Over 5 years	152.620.582	214.394.251
Total	677.152.976	752.917.236

Akmerkez intends to continue to conduct its activities within the framework of the capital market legislation and the other legal legislation by maintaining its profitability without sacrificing quality in 2021.

c) Considerations and evaluations of the board of directors as to whether the company has lost its capital or has gone into debt, and actions considered to be taken to improve the financial construction of the company:

The company has not lost its capital or any situation of debt-choked is not in question.

d) Information about the dividend distribution policy, and if dividend will not be distributed, its reason and proposal as to how the retained profit will be used:

Our Company's updated Profit Distribution Policy was adopted by the majority of votes at the Ordinary General Assembly for the year 2018 held on 29.03.2019.

Dividend distribution policy of the company is as follows:

The Dividend Distribution Policy of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ seeks that the shareholders earn regular income from the shares. For the purpose to attain the goals set out in the mission and vision of the Company, our DIVIDEND DISTRIBUTION POLICY has been established by the provisions of Turkish Commercial Code, Capital Markets Board (CMB) Communiqué on Corporate Governance, Profit Share Communiqué numbered II-19.1 and other related capital markets legislations, tax legislations and other relevant legislations within the framework of article 30, titled 'DIVIDEND DISTRIBUTION', of the Articles of Association of the Company which is paraphrased below.

1. Article 30 "DIVIDEND DISTRIBUTION" of the Articles of Association of the Company reads as follows:

"The company shall observe the principles in Turkish Commercial Code and capital market regulations with respect to distribution of profits.

Net profit is that amount remaining after the deduction of any and all amounts such as the general expenses of the Company and miscellaneous depreciation values, provisions and all taxes and other financial obligations which should be paid out or set aside by the company from the total revenues determined at the end of the accounting period. After the losses of the previous year are deducted from the net profit to be determined pursuant to the foregoing article:

General Legal Reserve Fund

a. 5% of the remaining amount will be set aside as legal reserve fund until it amounts to 20% of the paid-in capital pursuant to article 519 of the Turkish Commercial Code.

First Dividend

b. The first dividend shall be set aside from the assessment to be calculated by adding the donations made within the relevant accounting year to the remaining sum to be determined by the general assembly in line with the dividend policy of the company provided that it shall not remain below the ratio and amount specified by the Capital Market Board.

c. General assembly may resolve to set aside up to 5% of the remaining sum to be distributed to directors.

Second Dividend

d. After deducting the amounts mentioned in subparagraphs a, b, and c from net profit, at least 80% of the remainder shall be distributed as second dividend,

e. In case there is still a remainder after deducting the amounts mentioned in subparagraphs a, b, c, and d from net profit, the general assembly shall be authorized to distribute this portion in part or in whole by adding in second dividend, to leave in the balance sheet as end-of-period profit, to add in legal or optional reserves or to set aside as extraordinary reserves.

f. The amounts obtained pursuant to article 519, paragraph 2 of the Turkish Commercial Code will be added to the general legal reserve fund.

g. Unless the statutory reserves and dividends determined for shareholders under the articles of association are set aside, it shall not be possible to make a resolution to set aside any further

statutory reserves, transfer profits to the upcoming year and to distribute profit shares to directors and employees and profit shares may not be distributed to such person without paying the duly determined profit share.

The Company may distribute advance for profit share to the shareholders pursuant to the provisions of the capital market legislations.”

2. There is no privilege applicable for dividends pursuant to the Articles of Association.
3. The dividend set aside for distribution to the shareholders shall be distributed equally to all of the existing shares as of the distribution date in pro rata basis without having regard to the issue and acquisition dates of the relevant shares.
4. Dividend distribution may be fulfilled in cash or bonus shares or else partially in cash and partially in bonus shares.
5. Dividend distribution date shall be determined by the General Assembly based on the proposal of the Board of Directors provided that it shall not contradict with the capital market regulations and the dividend distribution processes shall be initiated as of the end of the accounting period when the general assembly meeting is held at the latest.
6. In the event that the general assembly makes a resolution for dividend distribution, it shall be possible to require distribution of dividends within a certain date range or until as late as the end of the year in that the general assembly shall authorize the board of directors to ascertain the dividend distribution date. In that respect, the date of cash distribution of dividends shall be ascertained through a board resolution to be adopted minimum fifteen days in advance and the investors shall be duly informed of the dividend distribution date by means of a special condition disclosure to be published on the Public Disclosure Platform.
7. Dividends might be distributed in instalments of equal or varying sums so long as such distribution is resolved in the relevant general assembly meeting. The number of instalments shall be determined by the general assembly or the board of directors if explicitly authorized by the general assembly.
8. According to the Articles of Association, the board of directors may distribute advance for dividends to the shareholder in line with the capital market regulations provided that the board of directors should be authorized to make such distribution by the general assembly and comply with the relevant capital market regulations.
 - a. It shall be possible to distribute dividend advance in cash based on the profit indicated in the interim financial statements. Dividend advance for a certain interim period shall not be distributed in instalments.
 - b. If the board of directors is empowered to distribute dividend advance by the general assembly, the board of directors shall adopt a resolution as to whether or not to distribute dividend advance and disclose this resolution to the public based on the Board regulations regarding disclosure of special conditions to the public as of the date of public disclosure of interim financial statements at the latest.
 - c. Dividend advance shall be distributed equally to all of the existing shares as of the distribution date in pro rata basis without having regard to the issue and acquisition dates of the relevant shares. Dividend advance may not be distributed to anyone other than the shareholders. Dividend advance shall be paid without regard to the privileges of the privileged shares.
9. If the dividend distribution policy is intended to be amended, the board resolution adopted for the amendment and the justification thereof shall be disclosed to the public pursuant to the Board regulations regarding disclosure of special conditions to the public.

E. RISKS AND EVALUATION OF THE BOARD OF DIRECTORS:

a) Information regarding the risk management policy, if any, to be applied against the anticipated risks:

The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

The corporate risk inventory of the Company is one of the most important monitoring tools used by Akmerkez GYO in its risk management works. The risk inventory covers operational, financial, reputational and strategic risks of the Company, and the risks with high and very high risk score are monitored at the Board of Directors level, and detailed action plans are drawn up and a risk owner is appointed to each risk. The risk owner is responsible for management of the respective risk in accordance with the established action plan. Hence, the risk management philosophy has become a constant issue in the routine business agendas of the executives of Akmerkez GYO. Updated in line with the sectorial and corporate developments, this philosophy has become an integral part of the practices of the Company.

The existing internal control system intended for various purposes including increasing efficiency and productivity in corporate activities, ensuring reliability of financial reporting and compliance with the laws and regulations was audited by Ginini Danışmanlık Hizmetleri A.Ş. based on the annual internal audit plan created and the professional services agreement and the results of the audit were reported to the Audit Committee.

b) Information about the activities and reports of the Early Risk Detection and Management Committee, if any:

The Early Risk Detection Committee is responsible for conducting studies in order to early detect the risks which may endanger the existence, development and continuity of the Company, to take the necessary measures regarding the risks so detected and to manage such risks and this Committee reviews the risk management systems at least once a year. The Committee evaluates the situation and point out the dangers, if any, and indicates the remedies in this respect in the report to be submitted to the board of directors every two months.

In that respect, the Early Risk Detection Committee held 6 (six) meetings once every two months and issued 6 (six) reports in 2020.

c) Prospective risks involving sales, productivity, income generating capacity, profitability, debt - equity ratio and similar issues:

Due to Covid-19 pandemic, inability of shops and restaurants in the shopping center, except the pharmacy and the market between the dates March 19th 2020 and May 31st 2020, the possibility that the number of visitors will not return to normal for a certain period of time due to the requirement to accept visitors with certain rules and limited days and hours poses a financial risk for our Company as it may cause a decrease in rental levels.

In addition to the Covid-19 pandemic effects, the increase in exchange and interest rates resulting in the increase in producer and consumer prices result in a rise of production costs accompanied with a drop in consumption which might have an effect on retailers with negative impacts on the payment power of tenants along with consistency in payments. This, in turn, might constitute a financial risk for the Company.

No risk is expected regarding the debt-equity ratio of the Company for the above mentioned risks.

F. OTHER MATTERS:

There is not any significant event which have occurred, except for the mentioned decision, following expiration of the activity year and which might affect the rights of the shareholders and creditors of the Company and/or other related persons.

a) Independent Auditor:

Pursuant to the Turkish Commercial Code and Communiqué on the Independent Audit Standards in the Capital Market as amended through the Communiqué Series X no. 28 of the Capital Market Board and as per the resolution of the board of directors on the subject matter, it was resolved by majority of votes at the annual general meeting held on 14.04.2020 that PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, which was recommended by the Committee in charge of audit, be elected as the independent audit firm for audit of financial statements and reports of the Company in the 2020 in order to cover the accounting period of 2020.

b) Summary of the Valuation Report Issued on the Assets in the Portfolio:

Below is the summary of the real estate valuation carried out by Ter Ra Gayrimenkul Değerleme Danışmanlık A.Ş.:

Estimated market value as of 24.12.2020 (18% VAT excluded) : TL-1.513.290.000.

c) Current Status, Completion Rate and Duration of the Projects, Realization Potential of the Predictions, Problems, etc.:

The Company did not undertake any project in 2020.

d) Detailed Information about Leases of Portfolio Assets:

The portfolio of the Company is comprised of Akmerkez shopping mall, trade center and residence complex. The complex has a total of 600 independent units, 473 of which are owned by Akmerkez GYO comprised of 445 units in the shopping mall and 27 units in the residential section in addition to 1 office.

e) Comparative Financial Statements:

Please see the appendix (Annex:2).

f) Information About the Control of Portfolio Limitations which is Set Out In Article 38.2 of the Communiqué on the Principles Applicable to Real Estate Investment Partnerships:

Information about the control of portfolio limitations set out in article 38.2 of the Communiqué on the Principles for Real Estate Investment Partnerships is provided in the footnotes to the financial statement (Annex:2-footnote 25).

g) Information about the Sector of the Enterprise along with its Position in the Sector:

Information about the sector of the enterprise is active along with its position in the sector is provided in sections "Sectoral Activities in 2020" and "Akmerkez in Brief" of the annual report.

h) Developments in the Investments, Incentives and their Beneficial Outcomes, if applicable:

The Company does not have any investment other than the existing real estates in Akmerkez Commercial Center.

i) Financial Sources of the Company, and Nature and amount of any Capital Market Instruments Issued by the Company, if any:

Financial sources of the Company consist of rental income. The Company has not issued any securities.

j) Amendments to the Articles of Association Introduced and Reasons Thereof:

The Company did not amend its Articles of Association within the relevant year.

k) Corporate Governance Principles Compliance Report:

a. Statement of Compliance with Corporate Governance Principles

In this current era marked with global competition and change, Akmerkez aims to attain the fair company level by keeping pace with the change through the corporate governance practices besides its financial successes. Accordingly, the Company is dedicated to create sustainable value for its stakeholders as part of its primary goals. Akmerkez maintains its privileged status a respectable, innovative, hardworking, creative and cooperative enterprise thanks to the long-standing Corporate Governance Principles which make it possible to form a good standing and reliable stance toward its clients, employees and the society as well as its shareholders and society at large.

The purpose of these principles is to strengthen the trust of all beneficiaries in the Company. In line with this goal, Akmerkez has declared that it will observe the Corporate Governance Principles and introduce the regulations required by these principles in accordance with the current practices.

Pursuant to the Corporate Governance Communiqué no. II-17.1 adopted through the Capital Market Resolution no. 2/49 of 10.01.2019, the Corporate Governance Compliance Reports shall be disclosed in the Public Disclosure Platform in line with the drafts of Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF). The reports are available at the “Corporate Governance” and “Corporate Governance Principles Compliance Reports” tabs on <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1399-akmerkez-gayrimenkul-yatirim-ortakligi-a-s>.

The Company complies with all of the mandatory corporate governance principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board.

Below is the principle from which Akmerkez is exempt as per article 6 of the Corporate Governance Communiqué (II-17.1) of the Capital Market Board:

Paragraph one of the aforesaid article reads as follows: ‘The criteria stated under the principle numbered (4.3.4.) regarding the number of independent board member shall not be applied for the third group corporations and the joint ventures, except for the banks, formed of two real persons or legal entities who, do not have a relationship on capital, management or auditing relation with respect to 51% of the capital of each other as minimum, independent from each other and sharing the management control of the partnership equally with an agreement requiring positive votes of both parties for significant decisions with regard to the corporations provided that any application made in relation thereto should be accepted by the Board Independent members in number of two shall be sufficient in these corporations.’ Based on the relevant provision, Akmerkez, which is in the Third Group, has determined the number of the independent board members as three.

Reasons for non-implementation of the principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory, are presented below on the basis of principle:

Regarding the Principle No. 1.5.2 of the Corporate Governance Communiqué: Maximum care is given to letting use of the minority rights. The minority rights have not been granted by the articles of association to those who own less than one twentieth of the capital.

Regarding the Principle No. 2.1.4 of the Corporate Governance Communiqué: The fundamental information and reports available in the corporate website are also provided in English.

Regarding the Principle No. 3.1.3 of the Corporate Governance Communiqué: The corporate website contains some of the policies and procedures related to the rights of the beneficiaries.

Regarding the Principle No. 3.3.5 of the Corporate Governance Communiqué: Decisions taken in connection with the employees or developments concerning the employees are communicated to the employees. No representative has been appointed due to small number of the employees.

Regarding the Principle No. 4.4.2 of the Corporate Governance Communiqué: The information and documents related to the meeting agenda of the board of directors are made available to the examination of the members of the board of directors within an adequate time before the meeting by ensuring equal information flow.

Regarding the Principle No. 4.4.7 of the Corporate Governance Communiqué: Member of the Board of Directors spares adequate time for the business of the Company. If Member of the Board of Directors is a manager or member of board of directors in any other company, this does not lead to a conflict of interest and interfere with the duty of the member in the company. For this reason, undertaking of other duty or duties by the Members of the Board of Directors outside the Company has not been bound with certain rules or has not been limited. Any duties undertaken by the Members of the Board of Directors outside the company are stated in the "General Information Form of the Company" which is disclosed to the public through the KAP [Public Disclosure Platform]. In addition, if election of members of the board of directors is in the agenda of the general meeting, in respect of the persons whose candidacy to a seat in the board of directors, information about their curriculum vitae, duties carried out by them during the last ten years and reasons for resignation, nature and degree of importance of their relations with the company and the parties related with the company, whether they have the qualification for independency or not, and similar matters which may affect the activities of the company if they are elected as members of the board of directors is provided in the KAP and the "General Meeting Information Document" published on the Internet site of the company. Duties undertaken by the members of the board of directors outside the Company, and the reasons thereof, are informed to the shareholders during the general meeting where their elections are discussed under the item of the agenda concerning the election by making segregation between the duties within and outside of the group.

Regarding the Principle No. 4.5.5 of the Corporate Governance Communiqué: The management makes efforts in order not to assign a director in more than one committee. Nevertheless, some of the members undertake positions in two or more committees owing to their knowledge and experience on the relevant fields.

There is not any conflict of interest arising from the above stated principles set out in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory. Necessary activities are performed for ensuring compliance with the Corporate Governance Principles based on the developments in the legislations and practices.

b. Sustainability Principles Compliance Report

Disclosures on Sustainability Principles

The Communiqué on the Amendment (II-17.1.a) of the Capital Markets Board's "Corporate Governance Communiqué (II-17.1)", which was published in the Official Gazette dated 02.10.2020 and numbered 31262, and whose implementation is based on voluntary basis In the assessment made within the scope of the Sustainability Principles Compliance Framework, our Company's activities and practices are generally formed in accordance with the spirit of sustainability principles, and to move forward with a more effective work over time for full compliance; All policies, procedures and strategies required in this field are planned to be written down by our board of directors and shared with the public. In this context, current situation evaluations and explanations on the basis of sustainability principles are given below.

	Compliance Status	Remarks
A. General Principles		
A1. Strategy, Policy and Targets		
The Board of Directors shall determine the priorities, risks and opportunities regarding ESG and create appropriate ESG policies accordingly. Internal directives, business procedures etc. may be prepared for promoting effective implementation of the policies. These policies shall be adopted through a Board resolution which will be disclosed to the public.	Partial	Although the company does not have written policies and procedures about all of the ESG priorities, it implements a number of written policies and procedures such as Wage Policy for Board of Directors and Senior Management, Corporate Policy for Beneficiaries, Personnel Compensation Policy, Policy on Female Members of Board, Human Resources Policy, Diversity and Equal Opportunity Policy, Human Resources Development Policy, energy and water management. The company intends to document policies, procedures and strategy that have not yet been written, in writing and disclose them by means of a board resolution in the medium term.
It shall determine a Partnership Strategy in line with ESG policies, risks and opportunities. It shall determine short- and long-term objectives in line with the Partnership Strategy and ESG policies and disclose them to the public.	Partial	The company refers to ESG matters in its short- and long-term objectives.
A2. Implementation/Monitoring		
It shall assign committees/units which will be responsible for performance of ESG policies and disclose them to the public. The responsible committee/unit shall report the activities conducted under the policies to the Board of Directors at least once a year and within the deadlines specified for public disclosure of annual reports under the relevant regulations of the Board.	Partial	Although there are those responsible who follow the ESG practices and report them to the board of directors, since the studies on the subject are ongoing, it has not been decided by the board of directors yet and has not been disclosed to the public.
It shall create implementation and action plans in line with the short- and long-term objectives and disclose them to the public.	Partial	The company creates implementation and action plans for short- and long-term objectives.
It shall determine Key Performance Indicators (KPI) for ESG and disclose them through year-on-year comparison. In case of confirmable data, it shall present the KPIs by comparing them with those of domestic and global industrial actors.	No	The company intends to set up a committee and determine and keep track of Key Performance Indicators in mid- and long-term.
It shall disclose its sustainability performance for business processes or products and services as well as innovative actions conducted for improvement purposes.	Yes	Disclosed on the corporate website.
A3. Reporting		
It shall report its sustainability performance, targets and actions at least once a year and disclose the relevant report to the public. The information regarding sustainability activities shall be disclosed in the annual report.	Partial	The company reports its sustainability performance, targets and actions. The information about sustainability activities are disclosed in the annual report, corporate website and social media accounts.
It is essential to provide critical information directly to the point in order to ensure that stakeholders may understand the position, performance and development of the partnership. It may disclose the detailed information and data in the corporate website and prepare distinct reports which are meant to directly respond to the requirements of different stakeholders.	Partial	The information about sustainability activities are disclosed in the annual report, corporate website and social media accounts. The company is currently making efforts to improve the reports in order to provide information in detail.
It takes utmost care for transparency and reliability. It provides impartial explanation about all kinds of developments regarding priorities set in the disclosures and reports in order to comply with the principle of adopting a well-balanced approach.	Partial	The information about sustainability activities are disclosed in the annual report, corporate website and social media accounts of the company. The company is currently making efforts to improve the reports.
It elaborates its activities which are related to the United Nations (UN) 2030 Sustainable Development Goals.	No	The company is making preparations to provide information about the sustainability activities which are related to the United Nations 2030 Sustainable Development Goals.
It provides information about the litigations filed and/or finalized against the company on environmental, social and corporate governance.	Yes	Please see the annual report.
A4. Verification		
To the extent verified by independent third parties (independent sustainability guarantee providers), it shall disclose the sustainability performance measurements to the public and make efforts to increase the relevant verification processes.	No	The company does not use verification services for the time being. The company intends to outsource verification services once sustainability efforts structured systematically.
B. Environmental Principles		
It shall disclose its environmental management policies and practices, action plans, environmental management systems (known as ISO 14001 standard) and programmes.	Partial	The company segregates paper, plastic, metal, glass, battery and electric-electronic wastes and delivers them to recycling companies in line with the Zero Waste Regulation. Thanks to the waste collection units, segregation of wastes and creation of storage areas, there has been an increase in the recovery ratio.

	Compliance Status	Remarks
It shall conform to and disclose its conformity with the environmental laws and other relevant regulations.	Yes	The company conforms to the requirements of the Zero Waste Regulation, Regulation on Control of Packaging Wastes, Regulation on Control of Waste Vegetable Oil, Regulation on Control of Waste Batteries and Accumulators and all other applicable regulations.
It shall explain the limitations regarding the scope of the environmental report, reporting period, reporting date, data collection process and reporting conditions with respect to the report to be prepared under the Sustainability Principles.	Partial	Periodical performance reports about recycling efforts are retrieved from the waste monitoring system introduced by the Ministry of Environment and Urbanization. The company will focus on improving the points indicated in the sustainability report to be prepared in the medium term under the sustainability activities.
It shall announce the senior officer and the relevant committees in charge of environment and climate change and explain their duties.	No	Although there is not sustainability committee, there are a number of groups which focus on sustainability. The company has assigned a Waste Management Officer who monitors the system for improvements. The company plans to create a sustainability committee.
It shall disclose the incentives provided for environmental management including realization of targets.	Yes	We encourage urban agriculture by promoting our project concerning agriculture on terrace. We have placed recycling bins in our offices in order to encourage recycling efforts. Also, we have distributed training materials and documents to employees of stores and offices in order to raise awareness about zero waste policy.
It shall explain how environmental matters are integrated into business targets and strategies.	Yes	<p>We have adopted a zero waste management policy in order to maximize recycling of wastes which can be recovered for contributing to nature.</p> <p>Every year, we turn off our lights on March 28 in support of the Earth Hour project by WWF.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p> <p>We launched the 'Agriculture on Terrace' project on our terrace redesigned in line with the sustainability parameters in order to promote urban agriculture and prove that it is possible to lead a sustainable and healthy life in the city. Principles and Practices: Grow crops without pesticides in order to avoid inflicting harm on the soil; reduce our carbon footprint; protect water sources by minimizing use of water from limited natural sources with the help of aquaponic and hydroponic systems; save water by means of mulching and storm water storage system; undertake waste management through composting methods; promote biodiversity; engage in local and natural production practices; raise awareness by organizing training activities about sustainability of food, agriculture, production and resources; inform masses about those values in cooperation with universities, high schools, primary schools, NGOs and opinion leaders.</p> <p>In 2018, BREEAM auditors visited the company in order to evaluate the shopping mall in terms of management, health and comfort, energy, transportation, water, material, waste, land use and ecology, pollution and innovation criteria. As a result of the assessment, the company achieved level of excellence with 73 points for the structural performance of the building, and it was rated as outstanding, which marks the highest level, with 87 points for building management according to which BREEAM IN USE CERTIFICATION was duly issued.</p> <p>We perform physical and operational revisions constantly in order to optimize energy efficiency throughout the facility. We have started the process of transition to Led products with low energy consumption. Also, we have reduced our power consumption by means of inverters for HVAC processes in addition to revising our automation system. We constantly monitor and automatically respond to all matters regarding air-conditioning and lighting equipment. Thanks to those efforts, we reduce our energy consumption every year. Besides, the installation of sub-meters will enable us to perform remote monitoring of energy consumption rather than performing manual processes.</p> <p>We use water outlets to direct the storm water into cisterns instead of sewage system. Water collected in those cisterns are used for irrigation of landscape in the facility. Please see the corporate website for details.</p>
It shall disclose its sustainability performance for business processes or products and services as well as improvement actions.	Yes	The company acts in line with zero waste management principles in order to maximize recycling of wastes which can be recovered for contributing to nature.
It shall provide details not only for direct operations but also regarding how environmental matters are managed throughout the partnership value chain and how suppliers and customers are integrated into those strategies.	Yes	We engage companies which comply with domestic and international standards, easily adapt to changing conditions, focus on providing products and services with due respect for environment and biodiversity and have a proven track about those requirements.

	Compliance Status	Remarks
It shall explain whether or not it is involved in environmental policy creation processes (at industrial, regional, domestic and global level) and provide information about its membership to environmental associations, collaborative actions with relevant organizations and non-governmental organizations, its duties, if any, and the activities to which it gives support.	Yes	<p>We enter data into the zero waste system of the Ministry of Environment and Urbanization (sifiratikbilgisistemi.csb.gov.tr) periodically. We work in coordination with municipal organizations for that purpose.</p> <p>Every year, we turn off our lights on March 28 in support of the Earth Hour project by WWF.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p> <p>We launched the 'Agriculture on Terrace' project on our terrace redesigned in line with the sustainability parameters in order to promote urban agriculture and prove that it is possible to lead a sustainable and healthy life in the city. Principles and Practices: Grow crops without pesticides in order to avoid inflicting harm on the soil; reduce our carbon footprint; protect water sources by minimizing use of water from limited natural sources with the help of aquaponic and hydroponic systems; save water by means of mulching and storm water storage system; undertake waste management through composting methods; promote biodiversity; engage in local and natural production practices; raise awareness by organizing training activities about sustainability of food, agriculture, production and resources; inform masses about those values in cooperation with universities, high schools, primary schools, NGOs and opinion leaders.</p> <p>In 2018, BREEAM auditors visited the company in order to evaluate the shopping mall in terms of management, health and comfort, energy, transportation, water, material, waste, land use and ecology, pollution and innovation criteria. As a result of the assessment, the company achieved level of excellence with 73 points for the structural performance of the building, and it was rated as outstanding, which marks the highest level, with 87 points for building management according to which BREEAM IN USE CERTIFICATION was duly issued.</p>
It shall report the information about its environmental impact periodically with comparative data in line with the environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Kapsam-3 (Indirect other)1), air quality, energy management, water and waste water management, waste management, biodiversity impacts).	Yes	
It shall explain the standards, protocols, methodologies and base-year particulars used for collecting and calculating the data.	Partial	The zero waste data is entered into the zero waste information system created by the Ministry of Environment and Urbanization and the system is instantly monitored.
It shall explain the status of environmental indicators in comparison with previous years (increase or decrease).	Partial	We will make comparisons as from 2021.
It shall set and disclose short- and long-term goals for mitigating environmental impacts. These goals are recommended to be set through a Scientific approach in line with the suggestion made by the United Nations Climate Change Conference. It shall provide information about progress made for previously determined goals within the reporting year.	Partial	The company ensures collection and treatment of all recyclable wastes properly in order to create environmental and economic benefits and advantages.
It shall disclose its strategy and action plan for fighting against climate crisis.	Yes	The company aims to mitigate its environmental impact by keeping up with the latest technologies and innovations with a view to increasing energy efficiency and water saving performance, making revisions in the mall as necessary, and ensuring collection and treatment of all recyclable wastes properly in order to create environmental and economic benefits and advantages.
It shall disclose the programmes or procedures which are intended to prevent or minimize the potential negative impacts of its products and/or services and provide information about the actions taken for reducing greenhouse gas emissions caused by third parties.	Partial	We do not have a written procedure to prevent or minimize the potential negative impacts of our services. We engage companies which comply with domestic and international standards, easily adapt to changing conditions, focus on providing products and services with due respect for environment and biodiversity and have a proven track about those requirements.
It shall provide information about the total number of actions, projects and initiatives undertaken for mitigating its environmental impacts as well as the environmental benefits/gains and cost savings created thereunder.	Partial	Disclosed on the corporate website.
It shall report total energy consumption data (excluding raw materials) and disclose its energy consumption in the form of Scope-1 and Scope-2.	Yes	The company procures electricity and natural gas from relevant suppliers in order to meet the operational needs of the enterprise. Regarding Scope-1, the company does not lead to direct greenhouse gas emissions. As for scope-2, indirect greenhouse gas emission values are available on the corporate website.
It shall provide information about power generation and consumption as well as water, steam and cooling data applicable for the reporting year.	Yes	The company uses electricity and natural gas for its heating and cooling needs. The information about electricity consumption is disclosed on the corporate website. The company is not engaged in power generation activities.
It shall take and disclose actions for increasing the use of renewable energy and transition to zero or low carbon electricity.	Yes	Akmerkez AVM contacted a number of companies in order to find out more about the feasibility of generating power by assembling solar power panels on the glass-free sections of Skylight rooftops. As a result of the survey, the project was found unfeasible due to low efficiency of the district in terms of solar power, limited space for panels and the shadow created by the adjacent buildings at certain times of the day. Nevertheless, the company continues to look for alternatives and keeps up with developing technologies about renewable energy sources.
It shall disclose renewable energy generation and consumption data.	Partial	Because the company uses mains power, it meets 38% of its energy needs through renewable energy sources along with the other consumers in Turkey. Apart from that, the company is not able to generate/consume power through renewable sources. It continues to make investments and take initiatives to reduce the total consumption level. It compensates for the failure to use renewable sources more heavily by reducing the environmental impact of its energy consumption.
It shall undertake energy efficiency projects and disclose the actual reduction in energy consumption and emission levels.	Yes	We perform physical and operational revisions constantly in order to optimize energy efficiency throughout the facility. We have started the process of transition to Led products with low energy consumption. Also, we have reduced our power consumption by means of inverters for HVAC processes in addition to revising our automation system. We constantly monitor and automatically respond to all matters regarding air-conditioning and lighting equipment. Thanks to those efforts, we reduce our energy consumption every year. Besides, the installation of sub-meters will enable us to perform remote monitoring of energy consumption rather than performing manual processes.

	Compliance Status	Remarks
It shall report the quantity of water drawn from underground or aboveground, sources and procedure as well as the quantity of water used, recycled and discharged (total water drawn on the basis of sources, water sources affected from the water drawing activity, percentage and total volume of recycled and reused water etc.).	Yes	We use water outlets to direct the storm water into cisterns instead of sewage system. Water collected in those cisterns are used for irrigation of landscape in the facility. Please see the corporate website for details.
It shall disclose whether or not its operations or activities are included in any carbon pricing system (Emission Trade System, Cap & Trade or Carbon Tax).	N/A	
It shall disclose the carbon credit accumulated or purchased during the reporting period.	N/A	
It shall explain the details of carbon pricing if it is implemented by the partnership.	N/A	
It shall disclose all mandatory and voluntary platforms where it discloses its environmental data.	Yes	Disclosed on the corporate website.
C. Social Principles		
C1. Human Rights and Employee Rights		
It shall create a Corporate Human Rights and Employee Rights Policy where it shall undertake to ensure full compliance with the Universal Declaration of Human Rights, ILO conventions undersigned by Turkey and legal framework and regulations which are meant to regulate human rights and working life in Turkey. It shall publicly disclose the policy along with the roles and responsibilities regarding the implementation of the policy.	Yes	The Personnel Regulation is comprised of the policies and principles to be applicable for all processes from hiring to termination of employees in line with the requirements of the Labour Code enacted in 2003. Introduced in 2011, the Personnel Regulation was revised in 2017 in order to reflect the updates in the Labour Code as well as the changes arising from technological developments and applicable provisions of the Occupational Health and Safety Code, Turkish Obligations Code, and Personal Data Protection Act. Also, the company implements the Human Resources Policy, Human Resources Development Policy, Personnel Compensation Policy, Policy on Female Members of Board, Diversity and Equal Opportunity Policy.
It shall guarantee equal opportunity in hiring processes. It shall ensure that its policies shall refer to fair labour, improvement of working standards, employment of women and inclusion (e.g. non-discrimination as to gender, religious belief, language, race, ethnic origin, age, disability, refugee status etc.) with due regard for the supply and value chain effects.	Yes	The relevant matters are addressed in the Personnel Regulation, Human Resources Policy, Diversity and Equal Opportunity Policy and Policy on Female Members of Board. We provide equal opportunity to all candidates who are in harmony with our corporate culture and have the knowledge, skills, competence and experience required for the position during hiring and recruitment processes. We adopt measures to prevent discrimination against employees due to race, religion, language and gender. At Akmerkez GYO, women comprise 75% of the management staff and 84% of the overall workforce. The average age of female employees is 39 while the average age of male employees is 43. Regarding the management company, Üçgen Bakım, women comprise 80% of the management staff and 20% of the overall workforce. On average, 25% of the employees of our subcontractors are women. The average age of female employees is 39.5 while the average age of male employees is 38 in those companies.
It shall explain the measures adopted throughout the value chain in order to uphold the rights of specific groups susceptible to economic, environmental, social factors (low income groups, women etc.) or minority rights/ equal opportunity.	Yes	As it is noted in the Diversity and Equal Opportunity Policy, the company is dedicated to provide equal opportunity to and respect the rights of women and youth. The company organized training for sub-employees in line with its dedication to equal opportunity in training and development. In addition to the training known as 'Yeniden Yeniliklerle Başlıyoruz' (the pandemic and resulting measures), it offered training on stress management, crisis management, customer relations and professional behaviours during the pandemic. The training sessions were held either online or face-to-face by adopting measures for the pandemic. The company offered 275 hours of training in total. 300 trainees participated in the organizations.
It shall report developments with the practices meant to prevent and correct discrimination, inequality, human rights violations and forced labour. It shall disclose the regulations regarding prevention of child labour.	Yes	We adopt measures to prevent discrimination against employees due to race, religion, language and gender and protect employees against physical, psychological and emotional abuse at workplace. The committees in charge of the whistleblowing mechanism are: Corporate Governance Committee and Audit Committee. We respect nature while performing our operations. We do not tolerate child labour and forced labour in our company or our subcontractors/service providers and strive to create a human-oriented working environment. We take all kinds of necessary measures to that end.
It shall disclose the policies for investment in employees (training, development policies), compensation, benefits, union rights, solutions for business/private life balance and talent management. It shall create suitable mechanisms and determine dispute settlement processes in order to ensure settlement of employees' complaints and disputes. It shall regularly disclose the actions taken for promoting employee satisfaction.	Yes	The relevant information is provided in "Working Conditions and Regulation of Business Life" chapter of the Personnel Regulation. We offer training opportunities to employees in order to facilitate their self-improvement efforts. We believe that further achievements will be possible by improving the knowledge, skills, competence and experience of our employees. Akmerkez implements open door policy as part of its Human Resources Policy. In that respect, all employees can easily reach the General Manager and senior departmental officers about all matters related to the company and business. The human resources department acts as a mediator to resolve disputes. The company uses a reconciliation platform in order to resolve disputes arising from the Labour Code including labour cases. Legal services are outsourced from a professional company when necessary for labour law. We performed an Employee Commitment Survey by means of Great Place to Work (GPTW) which is an independent and contemporary management tool that uses "Trust Index" to evaluate the status of employers in terms of reliability, respect, equity, pride and team spirit. Based on the feedback given by our employees, we developed practices which would be effective for increasing satisfaction and happiness of our employees with the help of the "Volunteer Team of Employees" and "Sponsorship of Managers" according to our focuses and priorities. Our ultimate goal is to become a "Great Place to Work" by creating a satisfactory environment where our employees work with commitment and pride in harmonization and cooperation with their colleagues. The company remained dedicated to making improvements in line with the surveys conducted in 2015-2016. The GPTW was postponed due to pandemic despite the plans to conclude the process in 2020.

	Compliance Status	Remarks
It shall create and disclose occupational health and safety policies. It shall disclose the measures taken for preventing occupational accidents and protecting health as well as the statistical data related to accidents.	Yes	<p>The OHS Policy sets forth our guiding principles regarding occupational health and safety. We perform our OHS activities in line with the requirements of the applicable regulations and Corporate OHS Policy. Both Akmerkez and its employees are dedicated to create a healthy and safe working environment in line with the legal regulations as provided in the Corporate Occupational Health and Safety Policy.</p> <p>Although our company is engaged in slightly dangerous operations in terms of Occupational Health and Safety, we attribute utmost importance to the health and safety of our workforce and adopt an OHS management philosophy based on zero accident goal in all departments. We make improvements, where necessary, in order to ensure that preventive measures, hazard and emergency plans are duly adopted and act in line with the legal regulations while performing our processes.</p> <p>Detailed information is available in OHS chapter of the Human Resources Policy.</p> <p>There was no occupational accident other than two mild accidents in 2020.</p>
It shall create and disclose personal data protection and data security policies.	Yes	<p>The PDPL Policy is available on our corporate website. The employees, their first degree relatives and new hires are informed through the Explicit Consent and Privacy Notice, which are duly signed by them.</p>
It shall create and disclose an ethics policy (including business, work ethics, compliance processes, advertisement and marketing ethics, public disclosure etc. activities).	Yes	<p>Please visit the corporate website for our ethical principles.</p> <p>Our ethical principles guide our business processes. At Akmerkez, we prioritize commitment to our Ethical Principles in all our business processes and relationships and uphold those principles as a fundamental part of our corporate culture.</p>
It shall disclose the actions taken for social investment, social responsibility, financial inclusion and access to finance.	Yes	<p>Every year, we turn off our lights on March 28 in support of the Earth Hour project by WWF.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p> <p>We launched the 'Agriculture on Terrace' project in order to respond to the customers' need to experience urban agricultural practices and to learn more about sustainability. Principles and Practices: Grow crops without pesticides in order to avoid inflicting harm on the soil; reduce our carbon footprint; protect water sources by minimizing use of water from limited natural sources with the help of aquaponic and hydroponic systems; save water by means of mulching and storm water storage system; undertake waste management through composting methods; promote biodiversity; engage in local and natural production practices; raise awareness by organizing training activities about sustainability of food, agriculture, production and resources; inform masses about those values in cooperation with universities, high schools, primary schools, NGOs and opinion leaders.</p> <p>We offer navigation services to the visually handicapped guests of Akmerkez by means of "Yol Arkadaşım" add-on available in the 'Hayal Ortağım' application launched in collaboration with Turkcell.</p> <p>We undertook a project known as Givin Store, where we donated the revenues derived from the sales of products for the benefit of stray animals, education of girls, and other disadvantaged groups.</p> <p>We organized an event in the name of the Community Volunteers' Foundation (TOG) and donated the revenues derived from the event to be used for educational projects.</p> <p>We make our outer lights blue and post messages on social media on Autism Awareness Day every year.</p> <p>We organize special events for children with Down syndrome and other disadvantages in the Mother-Kid Meeting centre for which we have allocated a free space on the ground floor.</p>
It shall organize informational meetings and training programmes to inform the employees about ESG policies and practices.	Partial	<p>We have conducted informational meetings in order to inform the employees about ESG policies and practices and we are planning to perform more activities in that respect.</p>
C2. Stakeholders, International Standards and Initiatives		

	Compliance Status	Remarks
It shall perform its sustainability activities with due consideration of the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations etc.).	Yes	<p>Every year, we turn off our lights on March 28 in support of the Earth Hour project by WWF.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p> <p>We launched the 'Agriculture on Terrace' project in order to respond to the customers' need to experience urban agricultural practices and to learn more about sustainability. Principles and Practices: Grow crops without pesticides in order to avoid inflicting harm on the soil; reduce our carbon footprint; protect water sources by minimizing use of water from limited natural sources with the help of aquaponic and hydroponic systems; save water by means of mulching and storm water storage system; undertake waste management through composting methods; promote biodiversity; engage in local and natural production practices; raise awareness by organizing training activities about sustainability of food, agriculture, production and resources; inform masses about those values in cooperation with universities, high schools, primary schools, NGOs and opinion leaders.</p> <p>We offer navigation services to the visually handicapped guests of Akmerkez by means of "Yol Arkadaşım" add-on available in the 'Hayal Ortağım' application launched in collaboration with Turkcell.</p> <p>We undertook a project known as Givin Store, where we donated the revenues derived from the sales of products for the benefit of stray animals, education of girls, and other disadvantaged groups.</p> <p>We organized an event in the name of the Community Volunteers' Foundation (TOG) and donated the revenues derived from the event to be used for educational projects.</p> <p>We make our outer lights blue and post messages on social media on Autism Awareness Day every year.</p> <p>We organize special events for children with Down syndrome and other disadvantages in the Mother-Kid Meeting centre for which we have allocated a free space on the ground floor.</p> <p>We facilitate access to organic food.</p>
It shall create and disclose a customer satisfaction policy in order to ensure management and resolution of customer complaints.	Yes	We respond to customers' complaints and create complaint reports regularly. We receive customers' complaints through suggestion forms, website, social media, telephone and complaint websites (the company is a subscriber of the complaint websites and monitors the complaints published on those websites). We respond to the complaints in maximum one day based on the priority level and report the complaints on monthly basis.
It shall conduct stakeholder communications constantly and transparently; it shall disclose the stakeholders communicated as well as the purpose, subject matter and frequency of communications and explain the progress made in terms of sustainability activities.	Yes	All communications and events are regularly disclosed to the public and various stakeholders through both internal communication channels (reports, presentations, meetings) and external communication channels (annual reports, social media, press etc.) at different intervals.
It shall publicly disclose the international reporting standards adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) etc.).	No	The company is currently making plans about this matter.
It shall publicly disclose the international organizations or principles of which it acts as a signatory or member (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles of Responsible Investment (UNPRI) etc.) and international principles adopted by the company (International Capital Market Association (ICMA) Green/Sustainable Bond Principles etc.).	No	We are currently making a research to find out the suitable and necessary platforms.
It shall make concrete efforts to form part of Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes etc.).	No	We will start making efforts in the upcoming years.
D. Corporate Governance Principles		
It shall make best efforts to ensure compliance with all Corporate Governance principles including the mandatory Corporate Governance Principles provided in the Capital Market Board Corporate Governance Communiqué no. II-17.1.	Yes	
It shall create its corporate governance strategy with due regard for sustainability matters and principles as well as the environmental impact of its activities.	Yes	In order to create the strategy for the relevant year, we make research and create plans about the activities, partnerships and projects and make investments accordingly. We organize meetings with WWF, Greenpeace, TOG, Haçiko, TEGV, municipalities, agencies and other organizations and observe the guidelines issued by the relevant public institutions and international authorities. We make sure that our strategic activities meet certain criteria such as the good of society, respect for environment and sustainability.

	Compliance Status	Remarks
It shall take measures to comply with the Corporate Governance Principles regarding beneficiaries and strengthen its communication with beneficiaries. It shall consult beneficiaries while determining sustainability measures and strategies.	Yes	<p>As indicated in the Corporate Governance Principles, the company takes measures to comply with the principles regarding beneficiaries and strengthen its communication with beneficiaries. Also, the company consults the beneficiaries while determining the sustainability measures and strategies.</p> <p>The company devises suitable models to encourage beneficiaries including employees to take part in the management of the company without disrupting the operations of the company. The employees are encouraged to take part in the management by means of annual performance assessment meetings, suggestion mechanisms and annual corporate meetings. The company takes the opinions and suggestions of other beneficiaries into consideration where necessary.</p> <p>After the measures or projects are ascertained as a result of the research activities, the company ensures that the relevant beneficiaries are involved in decision making processes by organizing meetings and conducting surveys at regular intervals.</p>
It shall make efforts to raise awareness about the importance of sustainability by means of social responsibility projects, awareness activities and training programmes.	Yes	<p>Thanks to our 'Agriculture on Terrace' project, we strive to perform events and activities which are meant to introduce urban agricultural methods and practices in order to attract attention to the importance of sustainability, respect for environment, and smart use of natural resources. We offer training in order to raise awareness about the sustainability of food, agriculture, production and resources. We inform masses about those values in cooperation with universities, high schools, primary schools, NGOs and opinion leaders.</p> <p>We offer navigation services to the visually handicapped guests of Akmerkez by means of "Yol Arkadaşım" add-on available in the 'Hayal Ortağım' application launched in collaboration with Turkcell.</p> <p>We undertake a project known as Givin Store, where we donate the revenues derived from the sales of products for the benefit of stray animals, education of girls, and other disadvantaged groups.</p> <p>We organized an event in the name of the Community Volunteers' Foundation (TOG) and donated the revenues derived from the event to be used for educational projects.</p> <p>We make our outer lights blue and post messages on social media on Autism Awareness Day every year.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p> <p>We organize special events for children with Down syndrome and other disadvantages in the Mother-Kid Meeting centre for which we have allocated a free space on the ground floor.</p>
It shall make efforts to become a member and contribute to international sustainability standards and initiatives.	Yes	<p>The company closely monitors the relevant initiatives, contacts with international institutions and organizations and makes efforts to form business partnership with them. In 2018, BREEAM auditors visited the company in order to evaluate the shopping mall in terms of management, health and comfort, energy, transportation, water, material, waste, land use and ecology, pollution and innovation criteria. As a result of the assessment, the company achieved level of excellence with 73 points for the structural performance of the building, and it was rated as outstanding, which marks the highest level, with 87 points for building management according to which BREEAM IN USE CERTIFICATION was duly issued.</p> <p>We take part in Earth Hour project by WWF every year.</p> <p>We allocated a stand free of charge in order to promote the 'Future of the World', an edutaining box game about Sustainable Development Goals by SDG4Kids.</p>
It shall disclose its policies and programmes for anti-bribery and anti-corruption and principle of tax integrity.	Yes	<p>The ethical principles include the practices which are meant to protect the company and its employees regarding those issues. The whistleblowing mechanism is conducted under the leadership of the Corporate Governance Committee and Audit Committee.</p> <p>Our Ethical Rules are available in our Corporate Website/Investor Relations/Corporate Governance/Ethical Rules. The board of the directors of the company takes measures against all kinds of corruption cases including extortion and bribery.</p>

I) Investor Relations Department

Investor Relations Department reports to the General Manager:

Murat Kayman

+90 (212) 282 01 70 / 235

murat@akmerkez.com.tr

Staff of Investor Relations Department:

Hilal Kayalar

Budget, Reporting and
Investor Relations Manager

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Gizem Çimen

Finance and Investor
Relations Specialist

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The Department Manager, Hilal Kayalar, holds another member of the Corporate Governance Committee, is the Investor Relations Department Manager holding Capital Market Activities Level 3 (License No: 211131) and Corporate Governance Rating (License No: 701470) licenses.

m) Investor Relations Activity Report

08.01.2021

To the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.,

Our activity report, which has been prepared pursuant to Article 11 of the Corporate Governance Communiqué (II-17.1) promulgated by the Capital Market Board, is submitted to your information and will be contained in the annual activity report 2020 of the Board of Directors.

Sincerely yours,

Hilal Kayalar

Budget, Reporting and Investor
Relations Manager

Member of Corporate Governance
Committee

Gizem Çimen

Finance and Investor
Relations Specialist

Akmerkez Investor Relations is primarily responsible for ensuring compliance with statutory regulations and transparent, accountable, fair and responsible management approach model toward shareholders. In order to attain this goal, it uses and manages the investor relations tool for the purpose of providing comprehensive, complete and accurate information about the progress of the shares of Akmerkez to the stakeholders.

The basic working principles adopted by the Investor Relations unit include accessibility, quick response to shareholders, transparent, consistent and timely informing and ensuring the up-to-dateness of the Company's website. Care is given to making sure that the staff of the department is formed by competent persons who know the legislation well, have the licenses

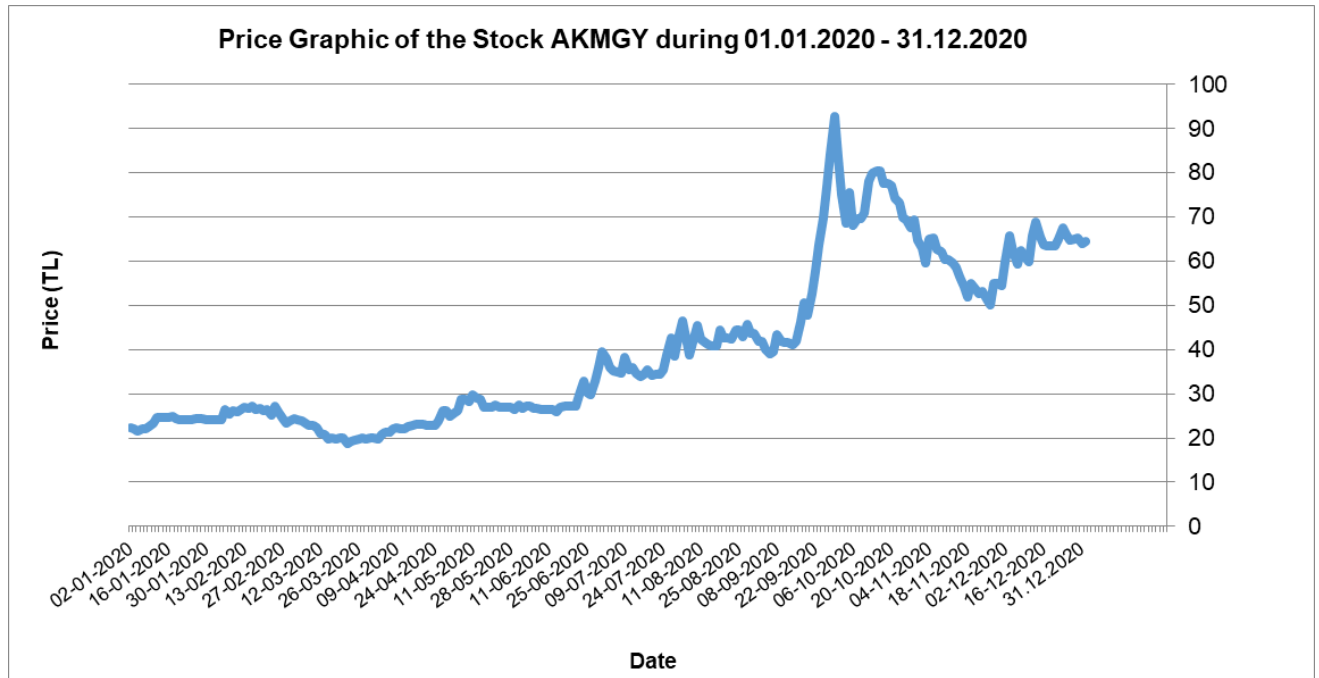
required by the Capital Market Board, know the Company and the sector dynamics well and is able to communicate this. In this context, the Investor Relations Department targets to create a difference by knowing the company correctly and analyzing it well, knowing the strategies of the company well and communicating these strategies with efficient methods.

Significant Developments in 2020

1) Stock Performance

Shares of the Company are traded in the following indexes of the stock market of Borsa İstanbul (BİST), and the share performance is shown in the following chart.

- BIST All 100
- BIST Corporate Governance
- BIST Real Estate Investment Partnerships
- BIST Financial
- BIST All
- BIST Dividend
- BIST Main



Stocks of the Company have been traded in the Istanbul Stock Exchange and Borsa İstanbul since 2005. Below is a summary of the performance of the stocks in the exchange during the last five (5) years:

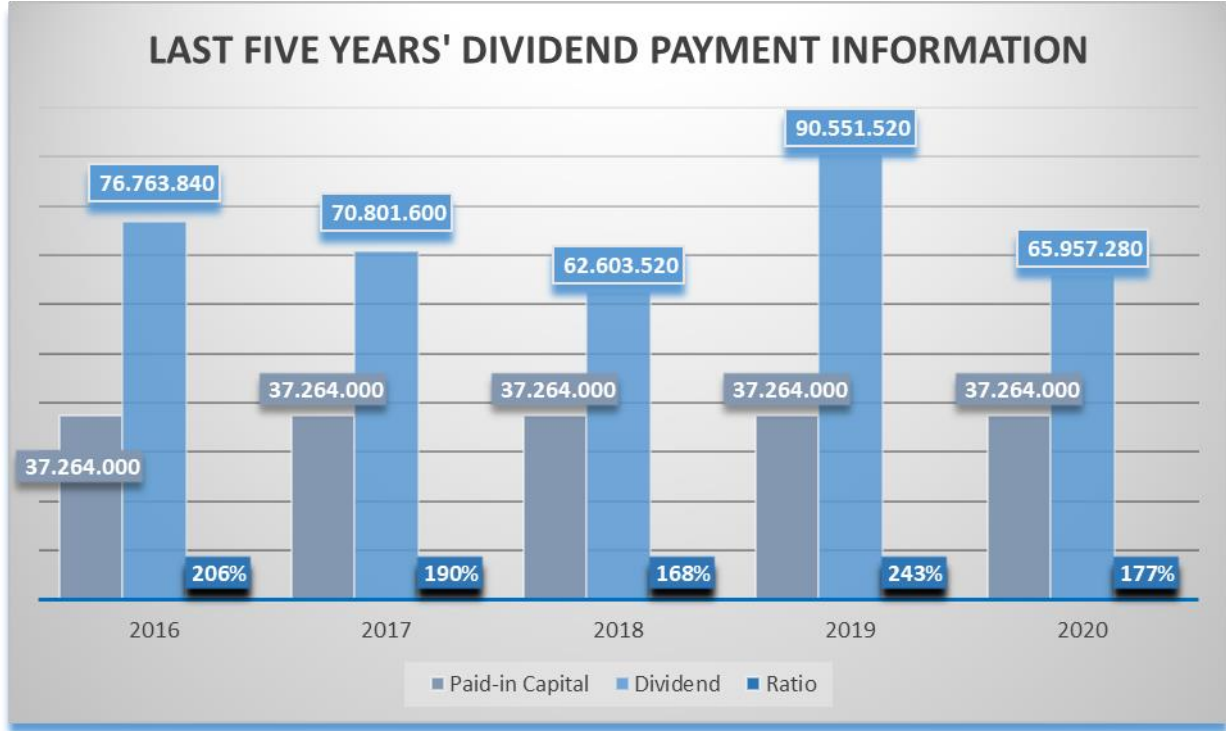
Stock Data*	2016	2017	2018	2019	2020
Lowest Price (TL)	9,85	13,88	13,18	12,86	18,62
Highest Price (TL)	15,98	17,21	16,03	23,22	93,76
Year-End Closing Price (TL)	14,28	15,46	13,57	22,26	64,39
Issued Capital (TL 1.000)	37.264	37.264	37.264	37.264	37.264
Market Value (TL 1.000)	532.130	576.101	505.672	829.497	2.399.429

(*) Based on adjusted prices.

2) Dividend

Distribution of the dividends pertaining to the activity period of 2019 was approved by the annual general meeting held on April 14, 2020. The relevant dividends were distributed to the shareholders of the Company in cash on April 15, 2020 and January 06, 2020.

Gross amounts of the dividends distributed during the last five (5) years and their ratios to paid-in capital are provided below:



3) Other activities in the year

Other activities carried out by the Investor Relations unit during the year are summarized as follows:

- Twenty five (25) special condition disclosures through the Public Disclosure Platform,
- Responding to the query of one (1) foreign and eighty five (85) domestic investors by e-mail,
- Responding to the queries of investors on the phone.

Contact Details of the Investor Relations Department

Phone: +90 212 282 01 70

Fax : +90 212 282 01 15

Investor Relations e-mail address: yatirimciiliskileri@akmerkez.com.tr

Address: Kültür Mah. Nispetiye Cad. Akmerkez No: 56/1 Beşiktaş/İstanbul

n) Mandatory Information to be Provided to Shareholders Regarding Related Party Transactions and their Account Balances:

Details of the related party transactions executed by the Company in 2020 are provided below.

As of December 31, 2020, the amounts payable by the related parties and due to the related parties are as follows:

Payable by the related parties	31 Aralık 2020
Akmerkez Lokantacılık Gıda San.Tic. A.Ş.	140.286
Akip Gıda San. Tic. A.Ş.	13.170
Üçgen Bakım ve Yön.Hizm.A.Ş.	1.414
	154.870

Due to the related parties	December 31, 2020
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	496.857
Akkök Holding A.Ş.	132.105
Aktek Bilgi İşlem Tekn.San.Tic. A.Ş.	815
	629.777

Purchases from and sales to the related parties during the year ending on December 31, 2020 are as follows:

Sales to the related parties:	December 31, 2020
Üçgen Bakım ve Yön.Hizm.A.Ş.	14.336.064
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	1.770.472
Tekfen Turizm İşletmeleri A.Ş.	412.948
Akip Gıda San. Tic. A.Ş.	142.870
	16.662.354

Purchases from the related parties:	December 31, 2020
Üçgen Bakım ve Yön.Hizm.A.Ş.	22.447.714
Akkök Holding A.Ş.	469.626
Dinkal Sigorta Acenteliği A.Ş. (*)	139.592
Akhan Bakım Yönetim Servis Hizmet Güvenlik Tic. A.Ş.	20.006
Aktek Bilgi İşlem Tekn.San.Tic. A.Ş.	9.007
	23.085.945

(*)This refers to purchases made from several insurance companies through brokerage of Dinkal Sigorta Acenteliği A.Ş.

Purchases and sales consist of rent income, purchase and sales of services. TL-22.447.714 of group purchases are comprised of expenses for management and other services provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'den ("Üçgen") whereas TL-638.232 refers to other expenditures provided by the other related parties. The Company procures common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen. In addition, cinema and office floor rent incomes are procured from Üçgen to whom the Company charged TL-14.336.064 in total regarding the rent revenue and the revenue collected on behalf of the Company during twelve months period in 2020.

Senior managers including chairman and members of board of directors were paid totally TL-1.979.772 in the form of wages and similar benefits during the accounting period from January 1 till December 31, 2020.

o) Information about Important Litigations Filed against the Company and Potential Results:

A number of litigations were filed in 2014, 2015 and 2016 for nullification of some resolutions passed by the general assembly meetings held in 2013, 2014 and 2015 in addition to some other litigations filed against some of the directors in 2014 and 2015. The mentioned litigations are still pending before courts other than the litigation that were filed in 2014 for nullification of some resolutions passed by the general assembly meeting held in 2013 has been finalized in favor of the Company.

Some of the litigations filed against the company are currently pending. Information about these litigations is provided in the chart enclosed herewith (Annex 1).

p) Information about Conflicts of Interest between the Company and External Companies Providing Services on Investment Consultancy, Rating and the like and Measures Taken for Preventing Conflict of Interest:

The Company does not have any conflict of interest about the rating services nor with the supplier of rating services. The Company did not receive any service for investment consultancy etc. in 2020.

r) Information about Reciprocal Affiliates Involving a Direct Capital Subscription of More than 5%:

The Company does not have any reciprocal affiliation relationship with other companies.

s) Information about the Benefits and Professional Training Provided to Employees and Other Corporate Social Responsibility Activities Conducted for Dealing with Social and Environmental Impacts:

Employees are provided with the suitable training for performance of their professional duties. The company supports corporate social responsibility projects which are deemed to be necessary.

t) Assessment as to Achievement of Operational and Financial Performance Objectives and Justifications for Failure to Achieve, if applicable:

The Board of Directors is convinced that the Company could not achieve some of its financial targets determined in the past period due to the effect of the pandemic, however, it managed to maintain its occupancy rate, it continued to earn net profits and paid dividends and realized its operational targets to a large extent.

u) Specifically Important Incidents Occurring After the Closing of the Activity Year:

The company was not subject to any significant incident after the conclusion of the finance year.

Annex 1: Litigations

LITIGATIONS FILED AGAINST AKMERKEZ GYO A.Ş.

No.	Court	Case No	Plaintiff	Respondent	Claim	Current Status
1	İSTANBUL CIVIL COURT OF PEACE NO. 2	2009/742 New Case No: 2011/124	BERKAY İNCE / İNTERVO DIŞ TİCARET VE MÜMESSİLLİK LTD. ŞTİ. (B3 Tower Office Floor 1)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claim: TL-100.000	The lawsuit was denied on procedural grounds in favor of the company. The lawsuit was appealed by the Plaintiff and the file is pending before the Supreme Court of Appeals.
2	İSTANBUL CONSUMER COURT NO. 1	2007/753 New Case No: 2018/515	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL-41.000 (Theft in Parking Lot)	The lawsuit was denied in favor of the company. The lawsuit was appealed by the Plaintiff upon which the Supreme Court reversed the judgment of the local court. The order for partial acceptance of the case against the company was reversed by the Supreme Court of Appeals, this time for the benefit of the Company. The file was sent to the expert after the decision of the Supreme Court of Appeals; A statement was submitted to the expert report. The court made a judgment for partial acceptance and partial denial of the case; an appeal has been filed in terms of the part judged against.
3	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 6	2014/1077	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 2, 5, 7, 10, 11 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2013	The action was concluded in favor of the Company. Following the appeal of the plaintiff, the order was ratified for the benefit of the Company by the Supreme Court of Appeals. Appeals also denied the claimant's request for correction of decision. The court order for the benefit of the company became final.
4	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 18	2015/665	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 2,3,4,9 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2014	The case has been rejected in the first instance court. The plaintiff appealed to the court and the file is currently under appellate review.
5	İSTANBUL CONSUMER COURT NO. 8	2015/1946	ULVIYE ARKUN	1- AKMERKEZ GYO A.Ş. 2- S.O.S INTERNATIONAL AMBULANS SERVİSİ	ACTION FOR DAMAGES Total Claim: TL-6.000	The court made a judgment for partial acceptance and partial denial of the case and ordered for payment of TL-3.000 to the plaintiff. The justified decision was duly notified. The file is currently under appellate review.
6	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 7	2016/720	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	ACTION FOR CANCELLATION OF THE RESOLUTIONS PASSED IN THE AGENDA ITEMS NO 5 AND 11 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2015	The court of first instance was concluded in favor of the Company. The plaintiff appealed against the order before the higher court. The appeal review, which is open to appeal, was rejected in favor of the Company.
7	İSTANBUL CIVIL COURT OF PEACE NO. 17	2019/831	AXA SİGORTA A.Ş.	AKMERKEZ GYO A.Ş.	CANCELLATION OF THE OBJECTION CASE Total Claim: 37.690,85-TL	Axa Insurance set the execution proceedings with recourse against Akmerkez GYO; An objection was made by Akmerkez GYO. Viewing has been carried out in the site; the expert report came to our advantage. The court decided to submit a report by a new panel of experts as the report contradicted the decision submitted to the previous domestic court. A new delegation will make viewing on 12.03.2021; The next hearing date is 08.07.2021.

LITIGATIONS INVOLVING DIRECTORS OF AKMERKEZ GYO A.Ş.

No.	Court	Case No	Plaintiff	Respondent	Claim	Current Status
1	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 18	2014/1080	ÖMER DİNÇKÖK	RAİF ALİ DİNÇKÖK, ALİZE DİNÇKÖK, MEHMET ALİ BERKMAN	ACTION FOR DAMAGES (ARISING FROM RESPONSIBILITY OF COMPANY MANAGERS)	The court accepted the litigation partially and denied the extra demands of the claimant and the combined action (case no. 2015/591 E. at Istanbul Commercial Court of First Instance no. 8) provided that appellate action could be taken. Accordingly, the litigation is under appellate review for the time being.
2	İSTANBUL COMMERCIAL COURT OF FIRST INSTANCE NO. 8	2015/951	ÖMER DİNÇKÖK	RAİF ALİ DİNÇKÖK, ALİZE DİNÇKÖK, MEHMET ALİ BERKMAN, MURAT GİĞİN	ACTION FOR DAMAGES (ARISING FROM RESPONSIBILITY OF COMPANY MANAGERS)	Combined with the case no 2014/1080, The Local Court decided to dismiss the case in favor of the defendants (BoD members). The case is under appeal investigation.

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>Valuation of investment properties and related disclosures</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>Procedures:</p> <ul style="list-style-type: none"> - Testing of additions to carried cost amounts and testing of the depreciation charge, - Assessing the valuer's competence, capability, objectivity and independence, - Assessing the valuation method applied by valuers, and the appropriateness of the assumptions used and valuation report, - 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, - 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, - 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, - Reviewing compliance of the information in the appraisal report with the disclosures related to the fair value of investment properties.



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
ASSETS			
Current assets		84,613,579	65,682,589
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
Non-current assets		181,133,543	192,819,035
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
Total assets		265,747,122	258,501,624

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
LIABILITIES			
Current liabilities		23,365,482	7,226,140
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
Non-current liabilities		2,246,727	1,950,826
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
Equity		240,134,913	249,324,658
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
Total liabilities and equity		265,747,122	258,501,624

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
PROFIT AND LOSSES			
Revenue	12	87,417,743	117,658,596
Cost of sales (-)	12	(31,085,545)	(36,921,617)
Gross profit	12	56,332,198	80,736,979
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)
Operating profit		47,210,756	73,415,074
Financial income	16	15,849,877	10,288,724
Financial expenses (-)	17	(6,190,626)	(2,145,669)
Profit before tax from continuing operations		56,870,007	81,558,129
Tax income/(expenses) from continuing operations		-	-
Profit for the period from continuing operations	19	56,870,007	81,558,129
Earnings per share			
Earnings per share from continuing operations	19	1.53	2.19
Earnings per share from discontinuing operations		-	-
Diluted earnings per share			
Diluted earnings per share from continuing operations	19	1.53	2.19
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME			
Items not to be classified to profit or loss			
Actuarial gains/(losses) arising from employee benefits	9	(102,472)	(787,027)
Total comprehensive income		56,767,535	80,771,102

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	
1 January 2019		37,264,000	27,745,263	230,617	79,117,323	26,098,217	88,649,656	259,105,076
Transfers		-	-	-	8,868,832	79,780,824	(88,649,656)	-
Dividends		-	-	-	-	(90,551,520)	-	(90,551,520)
Total comprehensive income		-	-	(787,027)	-	-	81,558,129	80,771,102
31 December 2019	11	37,264,000	27,745,263	(556,410)	87,986,155	15,327,521	81,558,129	249,324,658
1 January 2020		37,264,000	27,745,263	(556,410)	87,986,155	15,327,521	81,558,129	249,324,658
Transfers		-	-	-	6,409,407	75,148,722	(81,558,129)	-
Dividends (*)		-	-	-	-	(65,957,280)	-	(65,957,280)
Total comprehensive income		-	-	(102,472)	-	-	56,870,007	56,767,535
31 December 2020	11	37,264,000	27,745,263	(658,882)	94,395,562	24,518,963	56,870,007	240,134,913

(*) 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
CASH FLOWS FROM OPERATING ACTIVITIES		62,435,127	98,069,655
Profit for the year		56,870,007	81,558,129
Adjustments to profit/(loss) for the year		4,938,083	4,608,369
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)
Change in working capital		850,651	12,267,455
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
Cash provided from operations		62,658,741	98,433,953
Employment termination benefit payments	9	(223,614)	(364,298)
CASH FLOWS FROM INVESTING ACTIVITIES		1,376,972	2,281,720
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)
CASH FLOWS USED IN FINANCING ACTIVITIES		(48,443,200)	(90,551,520)
Dividends paid		(48,443,200)	(90,551,520)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,368,899	9,799,855
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		51,113,374	41,313,519
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	66,482,273	51,113,374

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%
Total	100%	100%

(*) 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.)

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.)

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

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.

**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 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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE
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(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

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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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 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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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 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
	677,152,976	752,917,236

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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE
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(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

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

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

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
	66,499,988	51,120,730

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)
	66,482,273	51,113,374

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

Short-term trade receivables	31 December 2020	31 December 2019
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	-
	9,890,070	7,998,042
Less: Provision for doubtful receivables	(1,453,552)	(1,968,921)
	8,436,518	6,029,121

The movement of provisions for doubtful receivables is as follows:

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

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

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

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

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

(*) 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
Cost					
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)	-
	276,450,064	3,515,197	(4,167,591)	-	275,797,670
Accumulated Depreciation					
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)
Net book value	188,292,189	(5,050,621)	(171,399)	-	183,070,169

(*) 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%

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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)
Net book value	452,572	(224,159)	228,413

	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)
Net book value	688,448	(235,876)	452,572

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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.

Guarantee notes and letters	Currency	Original Amount	31 December 2020
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
			27,405,631

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

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

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

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

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

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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:

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

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..

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

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:

	1 January - 31 December 2020	1 January - 31 December 2019
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

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NOTE 9 - EMPLOYEE BENEFITS (Continued)

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

	2020	2019
1 January	1,347,207	686,257
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)
31 December	1,557,693	1,347,207

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:

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

(*) 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.

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

(*) 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).

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

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

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

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

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

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NOTE 10 - OTHER ASSETS AND LIABILITIES (Continued)

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

NOTE 11 - EQUITY

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

Shareholders	31 December 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
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
Total paid-in capital	100.00	37,264,000	100.00	37,264,000

(*) Represents individual shareholdings less than 10%.

The registered capital ceiling of the Company is TRY75,000,000. In order to extend validity of upper limit of the Company’s authorized capital. 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

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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
	24,518,963	15,327,521

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
	87,417,743	117,658,596
Cost of sales		
Cost of services	(22,382,242)	(28,355,799)
Depreciation expense	(8,703,303)	(8,565,818)
	(31,085,545)	(36,921,617)
Gross profit	56,332,198	80,736,979

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

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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
	6,544,008	6,513,580

NOTE 14 - EXPENSES BY NATURE

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

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 15 - OTHER OPERATING INCOME/(EXPENSES)

	1 January - 31 December 2020	1 January - 31 December 2019
Other operating income		
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
	771,962	4,608,868
Other operating expense		
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)
	(3,349,396)	(5,417,193)
Other operating income/ (expenses) - net	(2,577,434)	(808,325)

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

NOTE 16 - FINANCIAL INCOME

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

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NOTE 17 - FINANCIAL EXPENSES

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

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
Earnings per share	1.53	2.19

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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
Due to related parties		
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	-
	154,870	-

	31 December 2020	31 December 2019
Payables to related parties		
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
	629,777	558,735

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

	31 December 2020	31 December 2019
Sales to related parties		
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
	16,662,354	20,096,962

	31 December 2020	31 December 2019
Purchases from related parties		
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
	23,085,945	27,758,521

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

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

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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
Non-derivative financial liabilities						
Trade payables	763,745	763,745	763,745	-	-	-
Other payables and liabilities	18,538,310	18,538,310	17,849,276	-	689,034	-
	19,302,055	19,302,055	18,613,021	-	689,034	-

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 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
Non-derivative financial liabilities						
Trade payables	823,397	823,397	823,397	-	-	-
Other payables and liabilities	2,970,646	2,970,646	2,367,027	-	603,619	-
	3,794,043	3,794,043	3,190,424	-	603,619	-

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
Financial instruments with fixed interest		
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	
Maximum credit risk exposed as of the reporting date (A+B+C+D)	154,871	8,281,647	-	-	24,477,482	42,011,559
- 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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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				
Maximum credit risk exposed as of the reporting date (A+B+C+D)	-	6,029,121	-	825,525	19,826,298	31,218,430
- Secured portion of the maximum credit risk by guarantees	-	4,070,708	-	825,525	-	-
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	-	-	-	-	-	-

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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:

Maturity	31 December 2020	31 December 2019
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
	6,158,019	3,462,919

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.

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

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).

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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:

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

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

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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
Net asset/equity ratio (%)	(17)	(17)

(*) 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:

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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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NOTE 24 - FINANCIAL INVESTMENTS

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

	31 December 2020	31 December 2019
Foreign currency bonds	3,004,243	-
	3,004,243	-

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).

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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
D Total assets	Art.3/(p)	265,747,122	258,501,624
E Borrowings	Art.31	-	-
F Other financial liabilities	Art.31	-	-
G Leasing obligation	Art.31	-	-
H Due to related parties (non-trade)	Art.23/(f)	17,514,080	-
I Equity	Art.31	240,134,913	249,324,658
Other liabilities		7,751,184	9,176,966
D Total liabilities	Art.3/(p)	265,747,122	258,501,624

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%