



**AKMERKEZ GAYRİMENKUL
YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

**ACTIVITY REPORT
COVERING THE PERIOD OF
01.01.2020 – 30.06.2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT ON SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

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

We have been assigned to the review whether the financial information in the review report of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") prepared as at 30 June 2020 is consistent with the reviewed interim condensed financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed interim condensed financial statements on which we have expressed our conclusion dated 7 August 2020.

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". Our review includes the assessment as to whether the financial information included in the semi-annual report is consistent with the reviewed interim condensed financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying financial information included in the review report is not consistent, in all material respects, with the condensed interim financial information and the information presented in the explanatory notes to condensed interim financial information.

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

Baki Erdal, SMMM
Partner

Istanbul, 7 August 2020

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES IN THE PERIOD
OF
01.01.2020 - 30.06.2020

This Activity 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 Customs and 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 Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") during the period of 01.01.2020-30.06.2020.

1. GENERAL INFORMATION

Report Period:	01.01.2020 – 30.06.2020
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 – Group 1 BIST Main/ BIST All/ BIST Financial/ BIST Corporate Governance/ BIST Dividend/ BIST All- 100/ BIST Real Estate Investment Partnerships
Trading Symbol:	AKMGY
Portfolio Details:	Date of Establishment: 08.12.1989 Date of Public Offering: 15.04.2005
Head Office Address:	Kültür Mah. Nispetiye Cad. Akmerkez No: 56/1 E- 3 Kule Kat:1 Beşiktaş/İstanbul/İstanbul
Website:	www.akmgyc.com
E-mail:	gyo@akmerkez.com.tr
Investor Relations E-mail:	yatirimciiliskileri@akmerkez.com.tr
Registered e-mail address:	akmerkez@akmerkez.hs02.kep.tr
Central Registration System:	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

1.1. ORGANIZATION, CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY AND VARIATIONS PERFORMED DURING THE ACCOUNTING PERIOD

The rate of publicly held shares of stock pertaining to Akmerkez GYO A.Ş. is 50.82% as of 30.06.2020.

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

The registered capital ceiling of Akmerkez GYO A.Ş. is TRL-75,000,000.00 and the paid-in capital is TRL-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.

1.1.1. Shareholding Structure

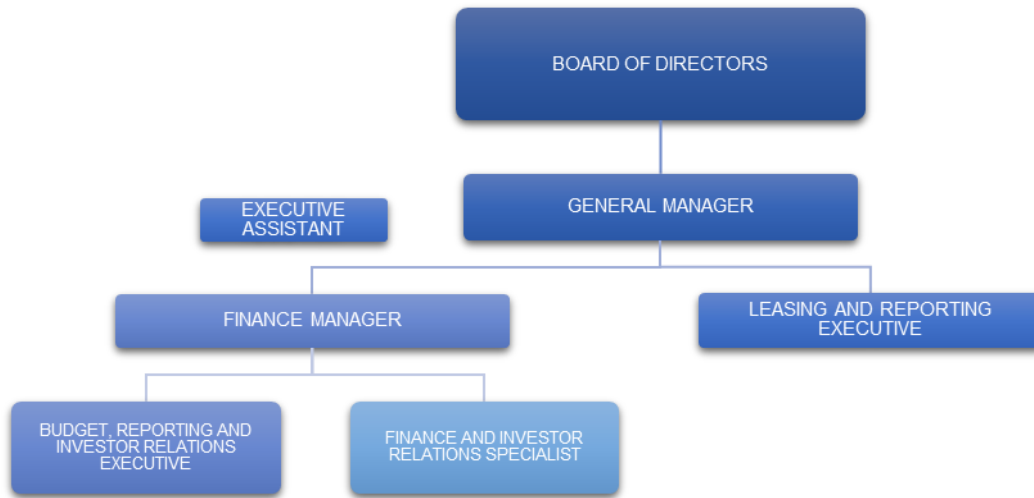
List of the shareholders who hold 5% and more of the capital of the Company as of 30.06.2020 is as follows:

Tradename/Name-Surname of the Shareholder	Nominal Value (TRL)	Capital Share (%)
Klepierre S.A.	17,484,170.88	46.92
Akkök Holding A.Ş.	4,890,900.00	13.13
Tekfen Holding A.Ş.	4,019,839.04	10.79
Davit Braunştayn	2,601,380.82	6.98
Other	8,267,709.26	22.18
Total	37,264,000.00	100.00

1.1.2. Information about the Shares Representing the Capital

Class	Registered/Bearer	Total Nominal Value (TRL)	Capital Ratio (%)	Trading Status in Stock Exchange
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	67.76% Traded
Total		37,264,000.00	100.00	50.82% Traded

1.1.3. Organizational Chart



No change occurred in the shareholding structure, capital-stock and organizational chart of the company within the period other than the decrease of the number of employees by one individual.

1.2. REMARKS ON THE PRIVILEGED SHARES AND VOTING RIGHTS OF THE SHARES

Class (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 Assembly Meeting among the candidates nominated by majority of the owners of the Class (A) registered shares, 3 members among the candidates nominated by majority of the owners of the Class (B) registered shares, 2 members among the candidates nominated by majority of the owners of the Class (C) registered shares and 1 member among the candidates nominated by majority of the owners of the Class (D) bearer shares offered to public, who attended the General Assembly Meeting.

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

Apart from the privilege of nominating candidates to the Board of Directors as described above, there is not any other privilege.

Each shareholder is entitled to cast one vote per share.

1.3. INFORMATION ABOUT BOARD OF DIRECTORS, SENIOR OFFICERS AND NUMBER OF EMPLOYEES

1.3.1. BOARD OF DIRECTORS

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

The Members of the Board of Directors that were elected at the Ordinary General Assembly 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 GİGİN 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, ATİLLA ALTINORDU and FATMA DİLEK BİL 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 Ordinary General Assembly Meeting.

F. DİLEK BİL, ATİLLA ALTINORDU and AYCAN AVCI, are independent directors of the Board of 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 of BENAT ORTEGA, a national of France, all members of the Board of Directors are citizens of Turkey.

General Manager of the Company is MURAT KAYMAN.

The Board of Directors made 19 resolutions during the relevant accounting period within 2020.

1.3.2. POWERS OF DIRECTORS

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

1.3.3. LIMITATIONS OF POWER

The Directors and General Manager of the Company retain the Powers indicated in the Capital Market Law, Turkish Commercial Code, articles of association and the relevant regulations. The duties and powers of the General Manager and Finance Manager of the Company have been determined in the Internal Directives of the Company.

1.3.4. SENIOR OFFICERS

The senior officer of the Company is General Manager MURAT KAYMAN.

1.3.5. NUMBER OF EMPLOYEES

The Company has six employees including the General Manager.

2. FINANCIAL BENEFITS PROVIDED TO DIRECTORS AND SENIOR OFFICERS

b) Total sum of the financial benefits such as remuneration, salary, premium, bonus, profit share, etc.: Directors received financial benefit of net TRL-6,240.00 per person monthly until April 14th 2020 and , net TRL-7,500.00 per person after April 14th 2020 monthly, making gross TRL-499,744.00 in total and the senior officer was paid gross TRL-505,456.02 in total during the accounting period.

b) Information about total sum of allowances, travel, accommodation and representation expenses and cash and non-cash facilities, insurances and similar securities: The sole senior officer in the Company is the General Manager. General Manager was provided with a health insurance amounting to TRL-12,650.00 during the accounting period.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company has not carried out any research and development activities during the accounting period.

4. CORPORATE ACTIVITIES AND IMPORTANT DEVELOPMENTS

The Company performed its activities in line with the Capital Market Regulations during the period from 01.01.2020–30.06.2020.

As of June 1st 2020, our shopping center has started to serve safely and healthily with full capacity with the hygiene precautions taken, 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.

The Company doesn't have any subsidiary and affiliate.

There isn't any own share acquired by the Company.

There isn't any company with which the Company has reciprocal participation relationship.

There isn't any private audit and public audit conducted during the accounting period.

There isn't any administrative or judicial sanction imposed on the Company and any members of the Board of Directors due to their practices in violation of the laws and regulations.

No extraordinary general assembly meeting was held during the period from 01.01.2020–30.06.2020.

The Company did not incur any expense as donations and social responsibility projects during the period from 01.01.2020–30.06.2020.

In the relevant accounting period, total amount of the expenses were TRL 573,958 that 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.

5. FINANCIAL STANDING

5.1. BALANCE SHEET

	<i>Reviewed</i> 30 June 2020	<i>Audited</i> 31 December 2019
ASSETS		
Current assets	46,436,573	65,682,589
Cash and cash equivalents	31,973,360	51,120,730
Trade receivables		
<i>Receivables from third parties</i>	6,660,658	6,029,121
Other Receivables		
<i>Other receivables from related parties</i>	1,200	-
<i>Other receivables from third parties</i>	-	825,525
Prepaid expenses	4,146,805	4,054,248
Current tax assets	1,068,896	883,452
Other current assets	2,585,654	2,769,513
Non-current assets	186,878,834	192,819,035
Investment property	179,319,209	183,070,169
Tangible assets	329,064	452,572
Intangible assets	254,870	105,009
Prepaid expenses	5,191,265	6,703,542
Other non-current assets	1,784,426	2,487,743
Total assets	233,315,407	258,501,624
LIABILITIES		
Current liabilities	24,730,030	7,226,140
Trade payables		
<i>Due to related parties</i>	1,981,685	558,735
<i>Due to third parties</i>	1,146,634	264,662
Other payables		
<i>Due to related parties</i>	17,514,080	-
<i>Due to third parties</i>	119,774	2,367,027
Deferred income (Excluding customer contract liabilities)	3,110,299	3,237,628
Short-term provisions		
<i>Other provisions</i>	144,000	144,000
<i>Provisions for employment termination benefits</i>	442,339	295,539
Other current liabilities	271,219	358,549
Non-current liabilities	2,352,564	1,950,826
Other payables		
<i>Other payables to third parties</i>	665,737	603,619
Long term provisions		
<i>Provisions for employment termination benefits</i>	1,686,827	1,347,207
Equity	206,232,813	249,324,658
Share capital	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>	(722,435)	(556,410)
Restricted reserves	94,395,562	87,986,155
Retained earnings	24,518,963	15,327,521
Net income for the period	23,031,460	81,558,129
Total liabilities and equity	233,315,407	258,501,624

5.2. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Reviewed 1 January - 30 June 2020	Reviewed 1 April - 30 June 2020	Reviewed 1 January - 30 June 2019	Reviewed 1 April - 30 June 2019
OPERATING INCOME					
Revenue	12	36,580,974	8,524,565	56,412,786	28,135,276
Cost of sales (-)	12	(15,104,744)	(6,074,506)	(17,597,505)	(9,053,031)
Gross profit		21,476,230	2,450,059	38,815,281	19,082,245
General administrative expenses (-)		(3,340,705)	(1,562,128)	(3,380,502)	(1,527,493)
Other operating income	14	573,814	357,352	2,576,981	1,248,105
Other operating expense (-)	14	(1,702,183)	(869,890)	(2,479,175)	(1,908,576)
Operating profit		17,007,156	375,393	35,532,585	16,894,281
Financial income	15	7,253,500	2,872,283	5,707,839	2,306,876
Financial expenses (-)	16	(1,229,196)	(882,702)	(917,023)	(397,536)
Profit before tax from continuing operations		23,031,460	2,364,974	40,323,401	18,803,621
Tax income/ (expenses) from continuing operations		-	-	-	-
Profit for the period from continuing operations	18	23,031,460	2,364,974	40,323,401	18,803,621
Earnings per share					
Earnings per share from continuing operations	18	0.62	0.06	1.08	0.50
Earnings per share from discontinuing operations		-	-	-	-
Diluted earnings per share					
Diluted earnings per share from continuing operations	18	0.62	0.06	1.08	0.50
Diluted earnings per share from discontinuing operations		-	-	-	-
OTHER COMPREHENSIVE INCOME / (EXPENSE)					
Items not to be classified to profit or loss					
Actuarial gains/ (losses) arising from employee benefits	9	(166,025)	63,155	(278,215)	(170,557)
Total comprehensive income		22,865,435	2,428,129	40,045,186	18,633,064

5.3. RATIOS

Fundamental ratios for the period between 01.01.2020 and 30.06.2020:

	30.06.2020	31.12.2019
Current Ratio	1.88	9.09
Total Debt / Equity	13.13%	3.68%
Total Debt / Total Assets	11.61%	3.55%

	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Net Sales	36,580,974	56,412,786
Gross Profit	21,476,230	38,815,281
Net Period Profit	23,031,460	40,323,401
Gross Profit Margin	58.71%	68.81%
Net Profit Margin	62.96%	71.48%

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

5.4. FINANCE RESOURCES OF THE COMPANY

Finance resources of the Company generally consists of rental revenues.

6. RISKS AND ASSESSMENT OF BOARD OF DIRECTORS

Early Risk Identification Committee held three meeting for early risk detection purposes and issued three reports during the relevant period.

The increase in exchange rates resulting in the increase in producer and consumer prices as well as interest rates 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. In addition, new shopping mall investments in the vicinity, which have started and/or is expected to start operation, may lead to risks in terms of market share.

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 expectation that a modification will be experienced in consumer behavior and the number of visitors in the shopping center will be limited and not revert to normal for a certain period of time due to the necessity of abiding with certain rules and accepting visitors in restricted numbers may lead to a reduction in the levels of rent, which ultimately poses a risk for our company.

At the above mentioned issues, no risk is expected regarding the debt-equity ratio of the Company.

The Company has conducted a risk inventory activity for the anticipated risks and it is updated periodically.

7. MISCELLANEOUS

7.1. DEVELOPMENTS REGARDING CORPORATE POLICIES

7.1.1. DIVIDEND DISTRIBUTION POLICY

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.

7.1.2. DIVIDEND PAYMENT

The General Assembly made a resolution to carry our dividend payment processes in the following manner through the majority of votes during the meeting held on April 14th 2020 and disclosed on the Public Disclosure Platform. The first instalment paid on April 15th 2020 and the second instalment will be paid until December 31st 2020.

	Cash Dividend Payable per Share with a Nominal Value of 1 TRL - Gross=Net (TRL)	Dividend Distribution Dates at General Assembly of 14 March 2020	Cash Dividend Distribution Date
1 st Instalment	1,30	15.04.2020	15.04.2020
2 nd Instalment	0,47	Until 31.12.2020	-
Total Cash Dividend	1,77		

7.2. NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

The Board of Directors revised the structure and activities of existing committees pursuant to the provisions of the Corporate Governance Communiqué issued by the Capital Market Board according to which it formed Audit Committee, Corporate Governance Committee and Early Risk Identification Committee. The duties and responsibilities of the Nomination Committee and Remuneration Committee provided in the Corporate Governance Communiqué are fulfilled by the Corporate Governance Committee.

Audit Committee

Name Surname	Title	Position
Atila 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 Dinçök	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

The duties, working principles and members of the committees were determined by the Board of Directors and disclosed to the public via Public Disclosure Platform and corporate website of the Company.

7.3. APPOINTMENT OF INDEPENDENT AUDITOR

Pursuant to Turkish Commercial Code and Communiqué of Capital Market Board on Independent Audit Standards at the Capital Market as amended through the Communiqué with Serial X, No. 28, and as per the resolution of the Board of Directors on the subject matter, it was resolved by majority of votes at the Ordinary General Assembly Meeting held on 14.04.2020 that PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, which was recommended by the Audit Committee, be elected as the independent audit firm to audit the financial statements and reports of the Company for the year 2020.

7.4. REAL ESTATE VALUATION REPORT SUMMARY

Ter Ra Gayrimenkul Değerleme ve Danışmanlık A.Ş. conducted a real estate valuation study, the summary of which is provided below:

Market valuation appraisal as of 20.12.2019 (Excluding 18% VAT): TRL-1,494,204,000.

7.5. CURRENT STATUS, COMPLETION RATE AND DURATION OF THE PROJECTS, REALIZATION POTENTIAL OF THE PREDICTIONS, PROBLEMS, ETC.

The Company did not undertake any project in the period of 01.01.2020-30.06.2020.

7.6. 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.

7.7. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

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 Anonim Şirketi based on the annual internal audit plan created and the consultancy agreement and the results of the audit were reported to the Audit Committee.

7.8. DEVELOPMENTS IN THE INVESTMENTS, INCENTIVES AND THEIR BENEFICIAL OUTCOMES, IF APPLICABLE

The Company does not have any investment other than the existing real estate.

7.9. 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.

7.10. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association was not amended during the period.

7.11. REAL ESTATE APPRAISAL COMPANY

The Board of Directors made a resolution according to which Ter Ra Gayrimenkul Değerleme ve Danışmanlık A.Ş. was assigned as the appraisal company to provide appraisal services for each asset included in the portfolio of the Company requiring appraisal as well as the assets which might be acquired by the Company in 2020 in a manner that would require appraisal pursuant to paragraph 2 of the Article 35 of the Communiqué Regarding Principles for Real Estate Investment Trusts (III-48.1) issued by the Capital Market Board.

7.12. CORPORATE GOVERNANCE PRINCIPLES HARMONIZATION RATING

Our Company executed a Corporate Governance Principles Harmonization Rating Agreement dated 10.03.2016 to be valid for three rating periods with Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş which is licensed to perform rating services in line with the Corporate Governance Principles issued by the Capital Market Board in Turkey. The agreement was renewed on 11.03.2019 to be valid for three more rating periods.

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). The rating report and periodical revision reports were disclosed to the investors by means of the Special Condition Disclosure on 06.12.2016, 06.12.2017, 06.12.2018 and 06.12.2019 respectively.

7.13. THE BUSINESS SEGMENT AND THE POSITION OF THE ENTERPRISE WITHIN THE INDUSTRY:

Shopping Mall Index conducted by Association of Shopping Centers & Investors and Akademetre Research & Strategic Planning reveals that the turnover index decreased by 34.6 percent in June 2020, when the new normal has started, when compared to June of the previous year, decreased to 227 points.

Turnovers per leasable space (m2) in shopping malls were recorded as TL 866 in June 2020. Productivity was TL 1002 in İstanbul and TL 776 in Anatolia.

The category where the only increase of the shopping mall index was observed was the technology category with 20.3% decrease. A decrease of 28.0 percent in hypermarket category turnovers, a decrease of 30.9 percent in the other areas¹ category turnovers, a decrease of 39.7 percent in the shoes category turnovers, a decrease of 42.7 percent in the clothing category turnovers and a decrease of 63.3 percent in the food and beverages category turnovers were observed in the Shopping Centers in June 2020 when compared to the same month of the previous year.

The footfall index has a decrease of 58.6 percent in June 2020 when compared to the same period of the previous year.

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.

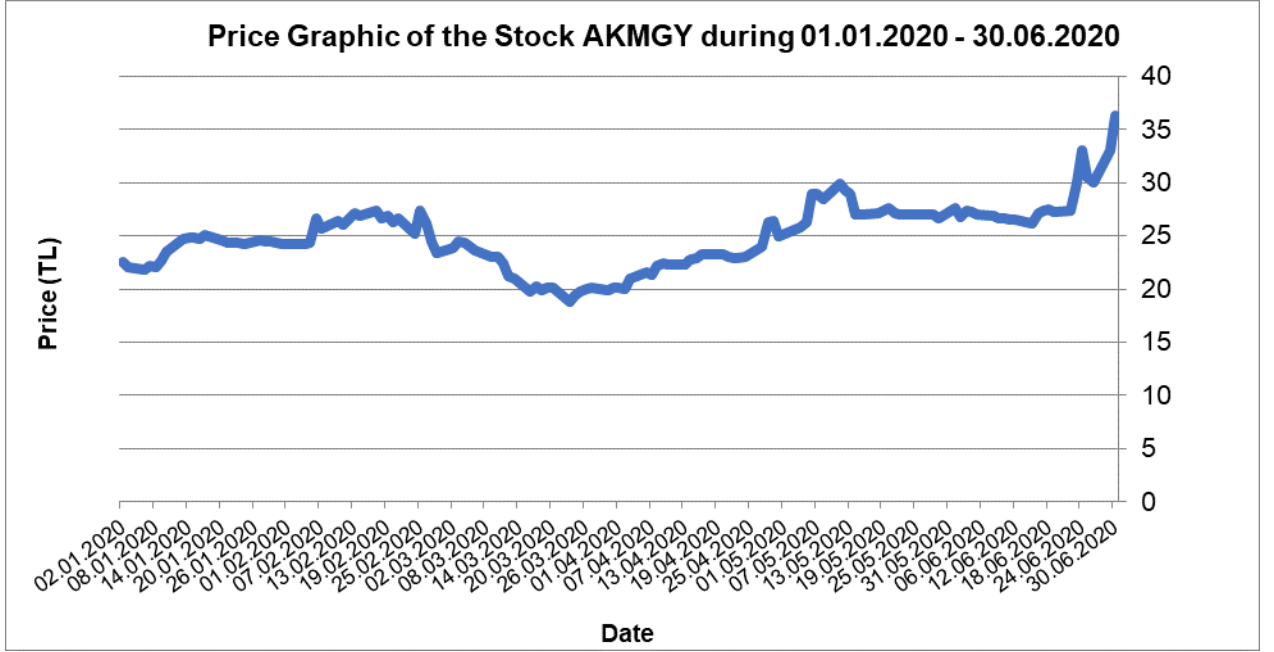
7.14. PENDING LITIGATIONS

LITIGATIONS FILED AGAINST AKMERKEZ GYO A.Ş.

No.	Court	Case No	Plaintiff	Defendant	Claim	Current Status
1	İSTANBUL CIVIL COURT OF PEACE NO. 2	2009/742 New Case No: 2011/124	BERKAY İNCE - INTERVO (B3 Tower Office Floor 1)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claim: 100,000 TL	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: 41,000 TL (Theft in Carpark)	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 case is pending before the Consumer Court. After the decision of reversal of the Supreme Court, the file was referred to the and a statement was submitted with respect to the expert report. The case is pending the hearing, which will be held on 02.09.2020
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 as a result of which the court order for denial of the litigation 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	ULVİYE ARKUN	1- AKMERKEZ GYO A.Ş. 2- S.O.S INTERNATIONAL AMBULANS SERVİSİ	ACTION FOR DAMAGES Total Claim: 6.000 TL	The court made a judgment for partial acceptance and partial denial of the case and ordered for payment of TRY-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, 11 AT THE ORDINARY GENERAL ASSEMBLY MEETING HELD FOR THE YEAR 2015	The action was concluded in favor of the Company. The plaintiff appealed against the order before the higher court. The file is currently under appellate review.
7	İSTANBUL CIVIL COURT OF PEACE NO. 17	2019/831	AXA SİGORTA A.Ş.	AKMERKEZ GYO A.Ş.	CANCELLATION OF THE OBJECTION CASE Claim: 37,690.85 TL	Axa Sigorta has made a claim against Akmerkez GYO with a request for recourse, against which we have raised an objection. The case is pending the hearing, which will be held on 22.09.2020. The date of survey at the site will be decided upon at the date of hearing.

7.15. OTHER MATTERS

7.15.1. Price Graphic of the Stock AKMGY



7.15.2. Information about the control of portfolio limitations which is set out in second paragraph of article 38 of the Communiqué on the Principles Applicable to Real Estate Investment Partnerships is provided in the 22nd note to the financial statement.

7.15.3. Information regarding related party transactions and their account balances which is required to be disclosed to the shareholders pursuant to the legislation is provided in the 19th note to the financial statement.

Sincerely yours,

BOARD OF DIRECTORS