

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

**CONVENIENCE TRANSLATION OF  
THE FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 31 DECEMBER 2021  
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 2021, 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 2021, 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 (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key audit matters**

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Valuation of investment properties and related disclosures</b></p> <p>As explained in Notes 2 and 6, investment properties are stated at cost less their depreciation and impairment loss, if any. As of December 31, 2021, the carrying amount of the investment properties is TRY 169,807,663. As disclosed in Note 6, fair value of the investment property has been valued at TRY 2,061,753,000 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"> <li>- Testing of additions to carried cost amounts and testing of the depreciation charge,</li> <li>- Assessing the valuer's competence, capability, objectivity and independence,</li> <li>- Assessing the valuation method applied by valuers, and the appropriateness of the assumptions used and valuation report,</li> <li>- Assessing whether inputs such as unit sales value that are significant on the property value included within the valuation report are in an acceptable range by comparing the consistency of the inputs with the observable market prices,</li> <li>- Testing the inputs used in the valuation reports, which are significant influences on the property value, such as rental income, duration of rental contracts, occupancy rates and expenses,</li> <li>- Assessing whether the assumptions used by the valuer in valuation such as the real discount rate, inflation rate are within acceptable ranges through involvement of our experts,</li> <li>- Reviewing compliance of the information in the appraisal report with the disclosures related to the fair value of investment properties.</li> </ul>



#### **4. 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.

#### **5. 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 actions taken to eliminate threats or safeguards applied.

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 2021 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 2022.

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 horizontal line.

Baki Erdal, SMMM  
Partner

Istanbul, 25 February 2022

<b>CONTENTS</b>	<b>PAGE</b>
<b>STATEMENTS OF FINANCIAL POSITION.....</b>	<b>1-2</b>
<b>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3</b>
<b>STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS .....</b>	<b>5</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>6-41</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	6
NOTE 2 BASIS OF THE PRESENTATION OF FINANCIAL STATEMENTS .....	7-17
NOTE 3 SEGMENT REPORTING.....	17
NOTE 4 CASH AND CASH EQUIVALENTS .....	18
NOTE 5 TRADE AND OTHER RECEIVABLES AND PAYABLES .....	19
NOTE 6 INVESTMENT PROPERTY .....	20-21
NOTE 7 TANGIBLE ASSETS .....	21
NOTE 8 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	22-23
NOTE 9 EMPLOYEE BENEFITS .....	23-24
NOTE 10 OTHER ASSETS AND LIABILITIES .....	24-25
NOTE 11 EQUITY .....	25-26
NOTE 12 OPERATING INCOME .....	27
NOTE 13 GENERAL ADMINISTRATIVE EXPENSES .....	27
NOTE 14 EXPENSES BY NATURE .....	28
NOTE 15 OTHER OPERATING INCOME / (EXPENSES) .....	28
NOTE 16 FINANCIAL INCOME.....	29
NOTE 17 FINANCIAL EXPENSES.....	29
NOTE 18 TAX ASSETS AND LIABILITIES .....	29
NOTE 19 EARNINGS PER SHARE .....	29-30
NOTE 20 RELATED PARTY DISCLOSURES .....	30-31
NOTE 21 NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS .....	32-38
NOTE 22 FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING) .....	39-40
NOTE 23 SUBSEQUENT EVENTS.....	40
NOTE 24 FINANCIAL INVESTMENTS .....	40
NOTE 25 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ AUDITOR'S FIRM.....	40
NOTE 26 SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS	41

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

	Notes	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets</b>		<b>88,406,802</b>	<b>84,613,579</b>
Cash and cash equivalents	4	51,381,324	66,499,988
Financial investments			
<i>Financial assets measured at amortized cost</i>	24	26,660,235	3,004,243
Trade receivables			
<i>Receivables from third parties</i>	5	5,220,093	8,281,647
<i>Receivables from related parties</i>	5,20	29,951	154,871
Prepaid expenses	10	3,535,652	4,528,978
Prepaid taxes and funds		494,164	341,263
Other current assets	10	1,085,383	1,802,589
<b>Non-current assets</b>		<b>172,438,763</b>	<b>181,133,543</b>
Investment property	6	169,807,663	175,650,995
Tangible assets	7	53,200	228,413
Intangible assets		214,672	241,473
Prepaid expenses	10	1,234,061	3,801,346
Other non-current assets	10	1,129,167	1,211,316
<b>Total assets</b>		<b>260,845,565</b>	<b>265,747,122</b>

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



**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

	Notes	31 December 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>4,758,807</b>	<b>23,365,482</b>
Trade payables			
<i>Due to related parties</i>	5, 20	523,560	629,777
<i>Due to third parties</i>	5	193,001	133,968
Other payables			
<i>Due to related parties</i>	5	-	17,514,080
<i>Due to third parties</i>	5	2,096,694	335,196
Deferred income ( <i>Excluding liabilities from customer contracts</i> )	10	709,784	3,651,114
Short-term provisions			
<i>Other short-term provisions</i>	8	181,691	181,691
<i>Provisions for employment termination benefits</i>	9	373,158	431,109
Other current liabilities	10	680,919	488,547
<b>Non-current liabilities</b>		<b>3,039,007</b>	<b>2,246,727</b>
Other payables			
<i>Other payables to third parties</i>	5	1,461,530	689,034
Long-term provisions			
<i>Provisions for employment termination benefits</i>	9	1,577,477	1,557,693
<b>Equity</b>		<b>253,047,751</b>	<b>240,134,913</b>
Share capital	11	37,264,000	37,264,000
Adjustment to share capital		27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
<i>Actuarial gains/(losses) arising from employee benefits</i>		(428,527)	(658,882)
Restricted reserves		69,205,098	94,395,562
Retained earnings	11	24,443,594	24,518,963
Net income for the period	19	94,818,323	56,870,007
<b>Total liabilities and equity</b>		<b>260,845,565</b>	<b>265,747,122</b>

Financial statements for the year ended 31 December 2021 have been approved by the Board of Directors on 25 February 2022. 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 2021 AND 31 DECEMBER 2020**

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
<b>PROFIT AND LOSSES</b>			
Revenue	12	120,661,663	87,417,743
Cost of sales (-)	12	(34,178,933)	(31,085,545)
<b>Gross profit</b>	<b>12</b>	<b>86,482,730</b>	<b>56,332,198</b>
General administrative expenses (-)	13	(7,841,211)	(6,544,008)
Other operating income	15	636,129	771,962
Other operating expenses (-)	15	(3,985,569)	(3,349,396)
<b>Operating profit</b>		<b>75,292,079</b>	<b>47,210,756</b>
Financial income	16	25,867,294	15,849,877
Financial expenses (-)	17	(6,341,050)	(6,190,626)
<b>Profit before tax from continuing operations</b>		<b>94,818,323</b>	<b>56,870,007</b>
Tax income/(expenses) from continuing operations		-	-
<b>Profit for the period from continuing operations</b>	<b>19</b>	<b>94,818,323</b>	<b>56,870,007</b>
<b>Earnings per share</b>			
Earnings per share from continuing operations	19	2.54	1.53
Earnings per share from discontinuing operations		-	-
<b>Diluted earnings per share</b>			
Diluted earnings per share from continuing operations	19	2.54	1.53
Diluted earnings per share from discontinuing operations		-	-
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be reclassified to profit or loss</b>			
Actuarial gains/(losses) arising from employee benefits	9	75,315	(102,472)
<b>Total comprehensive income</b>		<b>94,893,638</b>	<b>56,767,535</b>

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

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

**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

				Other comprehensive income/expense not to be reclassified to profit or loss		Accumulated profit		
	Notes	Share capital	Adjustment to share capital	Actuarial gain / (loss) arising from employee benefits	Restricted reserves	Retained earnings	Net profit for the period	Equity
<b>1 January 2020</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>(556,410)</b>	<b>87,986,155</b>	<b>15,327,521</b>	<b>81,558,129</b>	<b>249,324,658</b>
Transfers		-	-	-	6,409,407	75,148,722	(81,558,129)	-
Dividends		-	-	-	-	(65,957,280)	-	(65,957,280)
Total comprehensive income		-	-	(102,472)	-	-	56,870,007	56,767,535
<b>31 December 2020</b>	<b>11</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>(658,882)</b>	<b>94,395,562</b>	<b>24,518,963</b>	<b>56,870,007</b>	<b>240,134,913</b>
<b>1 January 2021</b>		<b>37,264,000</b>	<b>27,745,263</b>	<b>(658,882)</b>	<b>94,395,562</b>	<b>24,518,963</b>	<b>56,870,007</b>	<b>240,134,913</b>
Transfers		-	-	155,040	(25,190,464)	81,905,431	(56,870,007)	-
Dividends (*)		-	-	-	-	(81,980,800)	-	(81,980,800)
Total comprehensive income		-	-	75,315	-	-	94,818,323	94,893,638
<b>31 December 2021</b>	<b>11</b>	<b>37,264,000</b>	<b>27,745,263</b>	<b>(428,527)</b>	<b>69,205,098</b>	<b>24,443,594</b>	<b>94,818,323</b>	<b>253,047,751</b>

(\*) At the Ordinary General Assembly Meeting dated April 20, 2021, it was decided to distribute dividend amounting to TRY81,980,800. In line with the decision taken at the Ordinary General Assembly Meeting, the first installment of the total amount of TRY51,796,960 was distributed to the shareholders in cash on April 26, 2021, the second installment of the total amount of TRY14,905,600 was distributed to the shareholders in cash on August 24, 2021, the third installment of the total amount of TRY15,278,240 was distributed to the shareholders in cash on November 17, 2021.

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 2021 AND 31 DECEMBER 2020**

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

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		94,818,323	56,870,007
<b>Adjustments to profit/(loss) for the year</b>		<b>2,392,528</b>	<b>4,938,083</b>
Adjustments for depreciation and amortization expenses	14	8,814,849	8,980,561
Adjustments for impairment loss	5	(137,691)	125,290
Adjustments for provisions		120,551	955,133
Adjustments for interest (income)/expenses	16	(5,730,297)	(2,868,379)
Other adjustments for non-cash items		(737,611)	(2,254,522)
Adjustments for gains resulting from the disposal of fixed assets		62,727	-
<b>Change in working capital</b>		<b>(15,344,554)</b>	<b>850,651</b>
Adjustments for decrease/(increase) in trade receivables			
<i>Decrease/(increase) in trade receivables from related parties</i>	5	124,920	(154,871)
<i>Decrease/(increase) in trade receivables from third parties</i>	5	3,199,245	(2,377,816)
(Increase)/decrease in other assets related to operations		4,962,387	8,300,409
Adjustments regarding (decrease)/increase in trade payables			
<i>Increase/(decrease) in trade payable from related parties</i>	5	(106,217)	71,042
<i>Increase/(decrease) in trade payable from third parties</i>	5	59,033	(130,694)
Increase/(decrease) in financial investments		(23,655,992)	(3,004,243)
Increase/(decrease) in other liabilities related to operations		72,070	(1,853,176)
<b>Cash provided from operations</b>		<b>81,866,297</b>	<b>62,658,741</b>
Employment termination benefit payments	9	(370,433)	(223,614)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		5,710,300	2,850,664
Cash outflows from the purchase of tangible and intangible assets	7	(14,555)	(189,563)
Additions to investment property	6	(2,817,675)	(1,284,129)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Dividends paid		(99,494,880)	(48,443,200)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(15,120,946)</b>	<b>15,368,899</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	66,482,273	51,113,374
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>51,361,327</b>	<b>66,482,273</b>

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Kültür Mah. Nispetiye Cad. Akmerkez No:56 E-3 Kule Kat:1 Etiler/Beşiktaş/İstanbul-Türkiye.

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

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

The Company’s shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 15 April 2005 and 57.34% of these shares are publicly quoted shares as of 31 December 2021.

The shareholding structure as of 31 December 2021 and 31 December 2020 is as follows:

<b>Shareholders</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Akkök Holding A.Ş.	11.67%	12.66%
Tekfen Holding A.Ş.	10.47%	10.47%
Public offering (*)	57.34%	52.60%
Other (**)	20.52%	24.27%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\*) 45.93% of public offering shares belong to Klepierre S.A. as of 31 December 2021 (31 December 2020: 46%).

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

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Administrative	6	6

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**2.1.1 Accounting Standards**

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

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

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

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. 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 2021 in accordance with the going concern principle.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

**2.1 Basis of Presentation (Continued)**

**2.1.2 Compliance with portfolio restrictions**

The information included in Note 26 “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 2021 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 2021.

**a) Standards, amendments and interpretations applicable as at 31 December 2021:**

- **Amendments to 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. 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.

**b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:**

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. 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.

CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.2. Changes in Accounting Policies (Continued)

2.2.1 The new standards, amendments and interpretations (Continued)

b) *Standards, amendments and interpretations that are issued but not effective as at 31 December 2021 (continued):*

- **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 date deferred until accounting periods starting not earlier than 1 January 2024. 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.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.



**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**2.2.1 The new standards, amendments and interpretations (Continued)**

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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 2021 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. Financial assets are not reclassified after initial recognition, except where the business model of the Company is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**Financial assets (Continued)**

*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.

“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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**Financial assets (Continued)**

*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.

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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**Trade payables**

Trade payables are payables that occur as a result of directly purchasing goods and services from sellers. Trade payables and other obligations are shown after netting off the unaccrued financing expenses. Trade payables and other obligations after unaccrued financing expenses are calculated by discounting the amounts due of payable recorded invoice amounts using the “effective interest method”. Short-term payables for which an interest rate was not determined are shown based on cost value when the original effective interest rate does not have a big effect.

**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 25% for 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. No further tax is payable unless the profit is distributed.

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 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".

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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**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 TRY8,284.51 as of 31 December 2021 (31 December 2020: TRY7,117.17).

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 TRY10,858.59 (TRY in full) which is effective from 1 January 2022 has been taken into consideration when calculating the liability (TRY7,638.96 is effective from 1 January 2021).

**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.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

**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**

For all tangible and intangible fixed assets other than goodwill, the Company assess whether there is any indication of impairment for the assets on each statement of financial position date. If there is such an indication, the carrying value of the asset is compared with the net realisable value, which is the higher of the amounts to be earned through use or sales. If the book value of the said asset or any of its cash generating units is higher than the amount recoverable through use or sale, there is an impairment. Impairment losses are recognised in the comprehensive profit or loss statement. The increase in the registered value of the asset (or cash generating unit) arising from cancelling the impairment should not exceed its book value (net amount after depreciation) if the impairment had not been included in financial statements in previous years. Cancellation of the impairment is recognised in the comprehensive profit or loss statement.

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 incomes to be received in the future periods based on the existing contracts are summarised below (TRY):

	31 December 2021	31 December 2020
Less than a year	139,580,651	124,355,897
Between 1 - 5 years	401,358,728	400,176,497
More than 5 years	114,285,800	152,620,582
	<b>655,225,179</b>	<b>677,152,976</b>

##### Interest income and expense

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

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

##### Paid-in capital

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

##### 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.

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

### **CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

###### **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. 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.

#### **NOTE 3 - SEGMENT REPORTING**

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



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Cash	11,974	10,947
Reverse repo transactions	31,344,435	42,011,559
Banks		
- TRY time deposits	10,109,623	-
- Foreign currency denominated time deposits	9,819,076	24,247,166
- TRY demand deposits	89,905	223,480
- Foreign currency denominated demand deposits	6,311	6,836
	<b>51,381,324</b>	<b>66,499,988</b>

As of 31 December 2021, the interest rate on TRY time deposit accounts at banks is 17.50% the accrued interest of TRY time deposit accounts is TRY4,845. The interest rate on foreign currency denominated time deposits at banks is between 0.15% and 0.95% and the accrued interest of foreign currency denominated time deposits is TRY251. (31 December 2020: There are no TRY time deposits at banks. The interest rate on foreign currency denominated time deposits at banks is between 2.25% and the accrued interest of foreign currency denominated time deposits is TRY1,495). The maturity of time deposits is less than one month (31 December 2020: Less than one month).

As of 31 December 2021, there are reverse repo transactions amounting to TRY10,003,133. The interest rate on TRY reverse repo agreements is 12.16% and the accrued interest is TRY3,333. (As of 31 December 2020, there are reverse repo transactions amounting to TRY36,489,964. The interest rate on TRY reverse repo agreements is 15.50% and the accrued interest is TRY15,496). As of 31 December 2021, there are foreign currency reverse repo transactions amounting to TRY21,326,400. The interest rate on foreign currency reverse repo transaction accounts at bank is 1.10%, the accrued interest of foreign currency reverse repo transaction accounts is TRY11,569. (As of 31 December 2020, there are foreign currency reverse repo transactions amounting to TRY5,505,375. The interest rate on foreign currency reverse repo transaction accounts at bank is 1.60%, the accrued interest of foreign currency reverse repo transaction accounts is TRY724).

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

	31 December 2021	31 December 2020
Cash and cash equivalents	51,381,324	66,499,988
Less: accrued interest	(19,997)	(17,715)
	<b>51,361,327</b>	<b>66,482,273</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short-term trade receivables</b>		
Trade receivables from third parties	6,049,652	7,750,402
Trade receivables from related parties (Note 20)	29,951	154,871
Post-dated cheques receivable	486,302	1,781,030
Notes receivables	-	203,767
	<b>6,565,905</b>	<b>9,890,070</b>
Less: Provision for doubtful receivables	(1,315,861)	(1,453,552)
	<b>5,250,044</b>	<b>8,436,518</b>

The movement of provisions for doubtful receivables is as follows:

	<b>2021</b>	<b>2020</b>
<b>1 January</b>	<b>1,453,552</b>	<b>1,968,921</b>
Provisions made during the period	-	125,290
Doubtful receivables collections	(2,805)	(242,661)
Doubtful receivables reversal	(134,886)	(397,998)
<b>31 December</b>	<b>1,315,861</b>	<b>1,453,552</b>

As of 31 December 2021, there are no other receivables (As of 31 December 2020, there are no other receivables).

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short-term trade payables</b>		
Trade payables to related parties (Note 20)	523,560	629,777
Trade payables to third parties	193,001	133,968
	<b>716,561</b>	<b>763,745</b>

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short-term other payables</b>		
Other payables to related parties	-	17,514,080
Taxes payables and other taxes	2,064,734	319,002
Other	31,960	16,194
	<b>2,096,694</b>	<b>17,849,276</b>

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Long-term other payables</b>		
Deposits and guarantees received	1,461,530	689,034
	<b>1,461,530</b>	<b>689,034</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

### NOTE 6 - INVESTMENT PROPERTY

Movements of investment properties for the years ending on 31 December 2021 and 2020 are as follows:

	1 January 2021	Additions	Disposals	Transfers	Impairments	31 December 2021
<b>Cost</b>						
Buildings	277,081,799	-	(1,365,180)	2,817,675	-	278,534,294
Construction in progress (*)	-	2,817,675	-	(2,817,675)	-	-
	<b>277,081,799</b>	<b>2,817,675</b>	<b>(1,365,180)</b>	-	-	<b>278,534,294</b>
<b>Accumulated Depreciation</b>						
Buildings	(100,725,476)	(8,598,280)	597,125	-	-	(108,726,631)
Provision for impairment of buildings (-)	(705,328)	-	-	-	705,328	-
<b>Net book value</b>	<b>175,650,995</b>	<b>(5,780,605)</b>	<b>(768,055)</b>	-	<b>705,328</b>	<b>169,807,663</b>

  

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

(\*) The transfers of TRY 2,196,153 in the ongoing investments are investment expenses of Üçgen Bakım ve Yönetim Hizmetleri A.Ş. in the framework of management services, and were recharged to the Company based on the Company's share percentage. The transfers of TRY 621,522 are Company investment expenses (31 December 2020: 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).

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 2021 amount to TRY2,061,753,000 (31 December 2020: The fair value of the Company's investment property based on the valuation report of Ter Ra Gayrimenkul Değerleme ve Danışmanlık A.Ş. amount to TRY1,513,290,000). The method used in fair value calculations is the income method for the shopping malls, and is the benchmark comparison method for the office and residences.

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

	Average Discount rate	Average Annual rent growth rate	Capitalization rate
31 December 2021	19%	average 12.70%	6.25%
31 December 2020	17%	average 14.70%	6.25%

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

<b>31 December 2021</b>	<b>Sensitivity analysis</b>	<b>If increase Profit/(loss) effect on fair value (TRY)</b>	<b>If decrease Profit/(loss) effect on fair value (TRY)</b>
Discount rate	3%	(294,650,000)	381,123,000
Rent growth rate	1%	119,315,000	(111,095,000)
Capitalization rate	1%	(127,002,000)	175,384,000

  

<b>31 December 2020</b>	<b>Sensitivity analysis</b>	<b>If increase Profit/(loss) effect on fair value (TRY)</b>	<b>If decrease Profit/(loss) effect on fair value (TRY)</b>
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

Insurance coverage on assets as of 31 December 2021 and 31 December 2020 is as follows:

31 December 2021: USD166,467,609

31 December 2020: USD166,467,609

#### NOTE 7 - TANGIBLE ASSETS

The movement schedule of tangible assets as of 31 December 2021 and 31 December 2020 are as follows:

	<b>1 January 2021</b>	<b>Additions</b>	<b>31 December 2021</b>
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,744,324	14,555	8,758,879
Accumulated depreciation	(8,615,613)	(189,768)	(8,805,381)
<b>Net book value</b>	<b>228,413</b>	<b>(175,213)</b>	<b>53,200</b>

  

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

<b>Guarantee notes and letters</b>	<b>Currency</b>	<b>Original Amount</b>	<b>31 December 2021</b>
Letters of guarantees received	TRY	15,899,124	15,899,124
Letters of guarantees received	USD	708,995	9,450,191
Guarantee notes received	USD	470,835	6,275,760
Letters of guarantees received	EUR	151,866	2,291,157
Guarantee cheques received	TRY	558,100	558,100
Guarantee notes received	TRY	116,307	116,307
			<b>34,590,639</b>

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

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

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

<b>Other short-term provision</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for lawsuits	181,691	181,691
	<b>181,691</b>	<b>181,691</b>

##### Provision for lawsuits

The provision for the lawsuits against the company as of 31 December 2021 is TRY181.691 (31 December 2020: TRY181,691) and there are no movements of provision for lawsuits.

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 Dinçkök filed a lawsuit on June 30, 2015 with the request for the cancellation of the decisions taken on the agenda items 2, 3, 4 and 9, which were discussed at the General Assembly meeting for 2014. The case has been concluded in favor of the Company in the first instance court. The court of first instance concluded the lawsuit in favour of the Company and the plaintiff's reversal application was rejected on merit, and this decision became final in favour of the Company without appeal by the parties.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

Ömer Dinçök filed a lawsuit on June 30, 2016 with the request for the cancellation of the decisions taken on the agenda items numbered 5 and 11, which were discussed at the General Assembly meeting for 2015. The case was dismissed a nonsuit by the first instance court. The plaintiff’s reversal application was rejected in favour of the Company on merit with a right to appeal, and this decision was appealed by the plaintiff. The plaintiff’s appeal request is also expected to be rejected.

Including the cases detailed above, there are 14 lawsuits and 23 executive proceedings that the Company is currently a party of them.

#### NOTE 9 - EMPLOYEE BENEFITS

As of 31 December 2021 and 2020, provisions for employee benefits are as follows:

<b>Short-term provisions</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Allowances for unused-vacations	373,158	431,109
	<b>373,158</b>	<b>431,109</b>

Provision for unused vacation amounting to TRY240,196 comprise of the unused vacation provisions of the Company’s personnel, while TRY132,962 comprise of the Company's shares of unused vacation allowance related to the personnel of Üçgen Bakım ve Yönetim Hizmetleri A.Ş.

<b>Long-term provisions</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for employee termination benefits	1,577,477	1,557,693
	<b>1,577,477</b>	<b>1,557,693</b>

As of 31 December 2021, the amount payable consists of one month’s salary limited to a maximum of TRY10,858.59 for each year of service (31 December 2020: TRY7,638.96).

In the financial statements, Company management reflected a liability calculated in accordance with TAS 19 and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. All actuary gain and losses are recognized in comprehensive income statement. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Discount rate (%)	4.45	4.70
Turnover rate to estimate the probability of retirement (%)	93.74	91.41

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 9 - EMPLOYEE BENEFITS (Continued)

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

	2021	2020
<b>1 January</b>	<b>1,557,693</b>	<b>1,347,207</b>
Cost of interest	304,736	169,908
Cost of service	160,796	161,720
Actuarial (gain) / losses	(75,315)	102,472
Payments made during the period (-)	(370,433)	(223,614)
<b>31 December</b>	<b>1,577,477</b>	<b>1,557,693</b>

Provision for employment termination benefits amounting to TRY154,228 comprise of the Company’s personnel termination benefits provisions and TRY1,423,249 comprise of the Company’s share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.’s personnel termination benefits provisions.

#### NOTE 10 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
<b>Prepaid expenses - short-term</b>		
Prepaid expenses (*)	3,523,578	4,519,208
Advances given	12,074	9,770
	<b>3,535,652</b>	<b>4,528,978</b>

(\*) Amount to TRY2,600,539 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 TRY755,215 is prepaid management service expenses to Üçgen Bakım ve Yönetim Hizmetleri A.Ş., TRY135,464 consists of insurance expenses and TRY32,360 is for other expenses.

	31 December 2021	31 December 2020
<b>Prepaid expenses - long-term</b>		
Prepaid expenses (*)	1,234,061	3,801,346
	<b>1,234,061</b>	<b>3,801,346</b>

(\*) Amount to TRY1,224,344 consists of part of costs related to long-term in order to rent the store. These amounts have been amortized in the contract period of the store (Note 15). Amount to TRY9,717 is for other expenses.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

<b>Other current assets</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Income accruals for store rent (*)	1,085,383	1,802,589
	<b>1,085,383</b>	<b>1,802,589</b>

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

<b>Other non-current assets</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Income accruals for store rent (*)	1,128,964	1,211,113
Deposits given	203	203
	<b>1,129,167</b>	<b>1,211,316</b>

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

<b>Deferred income (Excluding customer contract liabilities)</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Advances received	660,980	2,157,251
Deferred income	48,804	1,493,863
	<b>709,784</b>	<b>3,651,114</b>

<b>Other current liabilities</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Expense accruals	680,919	488,547
	<b>680,919</b>	<b>488,547</b>

#### NOTE 11 - EQUITY

At 31 December 2021 and 2020, the issued and fully paid-in share capital held is as follows:

<b>Shareholders</b>	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>
Akkök Holding A.Ş.	11.67	4,349,553	12.66	4,718,694
Tekfen Holding A.Ş.	10.47	3,901,279	10.47	3,901,279
Quoted to İstanbul Stock Exchange	57.34	21,367,443	52.60	19,600,621
Other (*)	20.52	7,645,725	24.27	9,043,406
<b>Total paid-in capital</b>	<b>100.00</b>	<b>37,264,000</b>	<b>100.00</b>	<b>37,264,000</b>

(\*) Represents individual shareholdings less than 10%.



## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 11 - EQUITY (Continued)

The registered capital ceiling of the Company is TRY75,000,000. In order to extend validity of upper limit of the Company's authorized capital, amendment regarding to the Articles of Association of the Company has been approved by a large majority at the Ordinary General Assembly for year 2020 held on 20 April 2021 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 related other legislation and after the registration on 18 May 2021, the amendment has been issued in the Trade Registry Gazette numbered 10333 and dated 24 May 2021.

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 2021 and 31 December 2020.

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

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

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:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Retained earnings	7,667,565	9,708,834
Extraordinary reserves	12,792,813	10,826,913
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	<b>24,443,594</b>	<b>24,518,963</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**NOTE 12 - OPERATING INCOME**

<b>Sales</b>	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Shops and warehouse rent income	104,901,698	75,517,440
Apartment hotel rent income	10,457,257	7,596,795
Other income	5,302,708	4,303,508
	<b>120,661,663</b>	<b>87,417,743</b>
<b>Cost of sales</b>		
Cost of services	(25,580,653)	(22,382,242)
Depreciation expense	(8,598,280)	(8,703,303)
	<b>(34,178,933)</b>	<b>(31,085,545)</b>
<b>Gross profit</b>	<b>86,482,730</b>	<b>56,332,198</b>

**NOTE 13 - GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Personnel expenses	4,316,774	2,937,096
Consultancy expenses	1,297,902	1,169,646
Legal expenses	1,017,269	1,309,975
Information systems expenses	271,396	204,377
Depreciation and amortization expenses	216,569	277,258
Insurance, duties, taxes and levies expenses	129,840	109,232
Provision for vacation	52,308	90,352
Provision for employment termination benefits	21,182	23,279
Other	517,971	422,793
	<b>7,841,211</b>	<b>6,544,008</b>

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**NOTE 14 - EXPENSES BY NATURE**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
<b>Depreciation and amortization expenses</b>		
Cost of sales	8,598,280	8,703,303
General administrative expenses	216,569	277,258
	<b>8,814,849</b>	<b>8,980,561</b>
<b>Allocation of depreciation and amortisation charges</b>		
Investment properties (Note 6)	8,598,280	8,703,303
Tangible assets (Note 7)	189,768	251,611
Intangible assets	26,801	25,647
	<b>8,814,849</b>	<b>8,980,561</b>

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

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
<b>Other operating income</b>		
Provisions no longer required	287,030	280,969
Foreign exchange gain on trade receivables and payables	57,008	97,784
Gain on sale of fixed asset	17,273	-
VAT adjustment on non-worthy receivables	-	60,203
Other	274,818	333,006
	<b>636,129</b>	<b>771,962</b>
<b>Other operating expense</b>		
Amortisation expenses (*)	(2,880,437)	(2,961,514)
Foreign exchange loss on trade receivables and payables	(715,469)	(224,901)
Provisions for doubtful receivables	-	(125,290)
Provision for lawsuit	-	(37,691)
Other	(389,663)	-
	<b>(3,985,569)</b>	<b>(3,349,396)</b>
<b>Other operating income/ (expenses) - net</b>	<b>(3,349,440)</b>	<b>(2,577,434)</b>

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 16 - FINANCIAL INCOME

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Financial Income</b>		
Foreign exchange gains	20,136,997	12,981,498
Interest income	5,730,297	2,868,379
	<b>25,867,294</b>	<b>15,849,877</b>

#### NOTE 17 - FINANCIAL EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Financial Expenses</b>		
Foreign exchange expenses	(5,974,365)	(6,020,718)
Interest expenses related to employee benefits	(304,736)	(169,908)
Bank commissions	(61,949)	-
	<b>(6,341,050)</b>	<b>(6,190,626)</b>

#### NOTE 18 - TAX ASSETS AND LIABILITIES

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

#### NOTE 19 - EARNINGS PER SHARE

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

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 19 - EARNINGS PER SHARE (Continued)

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 2021	1 January - 31 December 2020
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	94,818,323	56,870,007
<b>Earnings per share</b>	<b>2.54</b>	<b>1.53</b>

#### NOTE 20 - RELATED PARTY DISCLOSURES

As of 31 December 2021 and 2020, receivables from related parties and payables to related parties are as follows:

	31 December 2021	31 December 2020
<b>Due to related parties</b>		
Akip Gıda San. Tic. A.Ş.	21,262	13,170
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	8,689	1,414
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	-	140,287
	<b>29,951</b>	<b>154,871</b>
	31 December 2021	31 December 2020
<b>Payables to related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	386,444	496,857
Akkök Holding A.Ş.	127,423	132,105
Dinkal Sigorta Acenteliği A.Ş.	8,741	-
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	952	815
	<b>523,560</b>	<b>629,777</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

As of 31 December 2021 and 2020, sales and purchases from related parties are as follows:

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
<b>Sales to related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	17,675,365	14,336,064
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	2,297,212	1,770,472
Akip Gıda San. Tic. A.Ş.	254,025	142,870
Tekfen Turizm İşl. A.Ş.	95,237	412,948
	<b>20,321,839</b>	<b>16,662,354</b>
<b>Purchases from related parties</b>		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	25,412,097	22,447,714
Akkök Holding A.Ş.	511,792	469,626
Dinkal Sigorta Acenteliği A.Ş. (*)	176,235	139,592
Akhan Bakım Yönetim Servis Hizmet Güvenlik Tic. A.Ş.	26,443	20,006
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	10,008	9,007
	<b>26,136,575</b>	<b>23,085,945</b>

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

Purchases and sales consist of rent income, purchase and sales of services. The related party purchases amounting to TRY25,412,097 comprise of management expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (“Üçgen”). The remaining balance amounting to TRY724,478 comprise of other expenses from related parties. The Company provides common areas services like car park, ads, ATM via the related party Üçgen. In addition to these the Company has carpark apart, cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TRY17,675,365 regarding the revenue collected on behalf of the Company for the year of 2021 (1 January - 31 December 2020: TRY14,336,064).

As of 1 January - 31 December 2021, remuneration provided to top executives management such as the General Manager and the members of Board of Directors is TRY2,319,314 (1 January - 31 December 2020: TRY1,979,772).

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

### 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 2021, the Company’s current assets exceeded its current liabilities by TRY83,647,995 (31 December 2020: TRY61,248,097). 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 2021 is as follows:

<b>Expected Maturities</b>	<b>Booked value</b>	<b>Cash outflows expected</b>	<b>Shorter than 3 months</b>	<b>3-12 Months</b>	<b>1-5 years</b>	<b>Longer than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Trade payables	716,561	716,561	716,561	-	-	-
Other payables	3,558,224	3,558,224	2,096,694	-	1,461,530	-
	<b>4,274,785</b>	<b>4,274,785</b>	<b>2,813,255</b>	<b>-</b>	<b>1,461,530</b>	<b>-</b>

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

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

##### *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 2021    31 December 2020**

##### **Financial instruments with fixed interest**

Time deposits and reverse repo transactions	51,273,134	66,258,725
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As of 31 December 2021 and 2020, 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.



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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

*Credit risk disclosures*

Credit and receivable risk of financial instruments as of 31 December 2021 is as follows:

31 December 2021	Receivables		Other receivables		Time deposits	Reverse repo transactions
	Trade receivables		Related party	Third party		
	Related party	Third party	Related party	Third party		
<b>Maximum credit risk exposed as of the reporting date (A+B+C+D)</b>	<b>29,951</b>	<b>5,220,093</b>	-	-	<b>20,024,915</b>	<b>31,344,435</b>
- Secured portion of the maximum credit risk by guarantees	-	3,267,306	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	29,951	789,015	-	-	20,024,915	31,344,435
B. Net book value of overdue assets that are not impaired	-	4,431,078	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	1,315,861	-	-	-	-
- Impairment (-)	-	(1,315,861)	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion by guarantees. etc.	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-

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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

*Credit risk disclosures*

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

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

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

As of 31 December 2021 and 31 December 2020, aging of financial assets that are past due but not impaired is as follows:

<b>Maturity</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
0 - 1 months past due	3,417,958	3,604,207
1 - 3 months past due	647,147	2,148,187
3 - 12 months past due	365,973	250,755
	<b>4,431,078</b>	<b>6,003,149</b>

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

#### Foreign Currency Risk

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Assets	57,800,795	32,747,631
Liabilities	(1,348,590)	(635,095)
<b>Net balance sheet position</b>	<b>56,452,205</b>	<b>32,112,536</b>

As of 31 December 2021, 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 TRY5,652,588 higher/lower (31 December 2020: TRY3,215,521 higher/lower).

As of 31 December 2021, 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 TRY7,430 lower/higher (31 December 2020: TRY4,437 higher/lower).

**AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

As of 31 December 2021, 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 TRY305 higher/lower (31 December 2020: TRY169 higher/lower).

As of 31 December 2021 and 31 December 2020 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and foreign currency amounts stated in the assets and liabilities are as follows:

<b>31 December 2021</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>TRY equivalent</b>
<b>Current assets</b>				
Cash and cash equivalents	575	4,335,589	170	57,800,795
<b>Total Assets</b>	<b>575</b>	<b>4,335,589</b>	<b>170</b>	<b>57,800,795</b>
<b>Non-current liabilities</b>				
Other payables	(5,500)	(94,770)	-	(1,348,590)
<b>Total liabilities</b>	<b>(5,500)</b>	<b>(94,770)</b>	<b>-</b>	<b>(1,348,590)</b>
<b>Net foreign currency asset position</b>	<b>(4,925)</b>	<b>4,240,819</b>	<b>170</b>	<b>56,452,205</b>
<b>31 December 2020</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>TRY equivalent</b>
<b>Current assets</b>				
Cash and cash equivalents	575	4,460,291	170	32,747,631
<b>Total Assets</b>	<b>575</b>	<b>4,460,291</b>	<b>170</b>	<b>32,747,631</b>
<b>Non-current liabilities</b>				
Other payables	(5,500)	(79,770)	-	(635,095)
<b>Total liabilities</b>	<b>(5,500)</b>	<b>(79,770)</b>	<b>-</b>	<b>(635,095)</b>
<b>Net foreign currency asset position</b>	<b>(4,925)</b>	<b>4,380,521</b>	<b>170</b>	<b>32,112,536</b>

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

##### *Capital Risk Management*

For proper management of capital risk, the Company aims;

- To maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders,
- 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 2021	31 December 2020
Total Debt (*)	7,797,814	25,612,209
Less: cash and cash equivalents (Note 4)	(51,381,324)	(66,499,988)
Net asset	(43,583,510)	(40,887,779)
Total equity	253,047,751	240,134,913
<b>Net asset/equity ratio (%)</b>	<b>(17)</b>	<b>(17)</b>

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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

*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:

*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.

## AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

##### *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. Such a distinction generally gives rise to the following classifications.

- 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.

#### NOTE 24 - FINANCIAL INVESTMENTS

The details of financial investments as of 31 December 2021 and 31 December 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Foreign currency bonds	26,660,235	3,004,243
	<b>26,660,235</b>	<b>3,004,243</b>

As of 31 December 2021, the interest rate on the foreign currency bonds is 2.46% and the accrued interest is TRY22,704 (31 December 2020: TRY21,360).

#### NOTE 25 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ AUDITOR'S FIRM

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021 are as follows:

	<b>1 January - 1 December 2021</b>	<b>1 January - 1 December 2020</b>
Independent audit fee for the reporting period	169,920	144,000
<b>Total</b>	<b>169,920</b>	<b>144,000</b>

# AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

### NOTE 26 - 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 2021 and 31 December 2020:

Non-consolidated (stand-alone) financial statement accounts items		Related regulations	31 December 2021	31 December 2020
A	Cash and capital market instruments	Art,24/(b)	78,041,559	66,499,988
B	Real estate, real estate-based project, real estate-based rights, real estate investment fund participation shares and companies within the scope of subparagraph (ç) of the first paragraph of Article 28, in which they have 100% participation in the capital	Art,24/(a)	169,807,663	175,650,995
C	Affiliates	Art,24/(b)	-	-
	Due from related parties (non-trade)	Art,23/(f)	-	-
	Other assets		12,996,343	23,596,139
<b>D</b>	<b>Total assets</b>	<b>Art,3/(p)</b>	<b>260,845,565</b>	<b>265,747,122</b>

E	Borrowings	Art,31	-	-
F	Other financial liabilities	Art,31	-	-
G	Leasing obligation	Art,31	-	-
H	Due to related parties (non-trade)	Art,23/(f)	-	17,514,080
I	Equity	Art,31	253,047,751	240,134,913
	Other liabilities		7,797,814	8,098,129
<b>D</b>	<b>Total liabilities</b>	<b>Art,3/(p)</b>	<b>260,845,565</b>	<b>265,747,122</b>

Other non-consolidated (stand-alone) financial information		Related regulations	31 December 2021	31 December 2020
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)	20,024,915	24,477,483
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)	9,819,797	24,254,027

Portfolio Restriction	Related regulations	31 December 2021	31 December 2020	Minimum / Maximum Rate	
1	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	Art,22/(e)	-	-	≤10%
2	Real estate, real estate-based project, Real estate-based rights, real estate investment fund participation Shares and companies within the scope of subparagraph (ç) of the First paragraph of Article 28, in which that have 100% participation in the capital (B+A1/D)	Art,24/(a),(b)	65%	66%	≥51%
3	Cash and capital market instruments and Affiliates (A+C-A1/D)	Art,24/(b)	30%	25%	≤49%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1/D)	Art,24/(d)	-	-	≤49%
5	Lands on which no projects developed (B2/D)	Art,24/(c)	-	-	≤20%
6	Participation in administrator companies (C2/D)	Art,28/1(a)	-	-	≤10%
7	Borrowing ceiling (E+F+G+H+J)/I	Art,31	7%	7%	≤500%
8	TRY/foreign currency denominated time/demand deposits (A2-A1)/D	Art,24/(b)	8%	9%	≤10%
9	Total investments of monetary and capital market instruments at one company (L/D)	Art,22/(l)	4%	9%	≤10%