

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)



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

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) as at 31 March 2020 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed financial information of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. is not prepared, in all material respects, in accordance with TAS 34.



Other Matter

The financial statements of the Group as of 31 December 2019 were audited and the condensed interim financial information as of 31 March 2019 and for the three-month period then ended were reviewed by another audit firm whose audit report dated 27 February 2020 expressed an unqualified opinion and whose review report dated 6 May 2019 expressed a conclusion that nothing has come to their attention that is not in compliance with TAS 34.

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

A handwritten signature in blue ink, appearing to read 'Baki Erdal', is written over the printed name.

Baki Erdal, SMMM
Partner

İstanbul, 5 June 2020

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE CONDENSED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

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

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

	Notes	<i>Reviewed</i> 31 March 2020	<i>Audited</i> 31 December 2019
ASSETS			
Current assets		93,083,140	65,682,589
Cash and cash equivalents	4	74,146,648	51,120,730
Financial investments			
<i>Financial assets measured at amortized cost</i>	20	4,668,344	-
Trade receivables			
<i>Receivables from related parties</i>	5,19	280,605	-
<i>Receivables from third parties</i>	5	5,373,831	6,029,121
Other receivables			
<i>Other receivables from third parties</i>	5	206,381	825,525
Prepaid expenses	10	4,772,394	4,054,248
Prepaid taxes and funds		1,020,351	883,452
Other current assets	10	2,614,586	2,769,513
Non-current assets		190,100,670	192,819,035
Investment property	6	181,348,361	183,070,169
Tangible assets	7	393,809	452,572
Intangible assets		245,198	105,009
Prepaid expenses	10	5,896,520	6,703,542
Other non-current assets	10	2,216,782	2,487,743
Total assets		283,183,810	258,501,624

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)**

AT 31 MARCH 2020 AND 31 DECEMBER 2019

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

	Notes	Reviewed 31 March 2020	Audited 31 December 2019
LIABILITIES			
Current liabilities		77,006,070	7,226,140
Trade payables			
<i>Due to related parties</i>	5, 19	385,311	558,735
<i>Due to third parties</i>	5	2,172,668	264,662
Other payables			
Due to related parties	5, 19	65,957,280	-
Due to third parties	5	2,604,343	2,367,027
Deferred income (Excluding customer contract liabilities)	10	5,186,396	3,237,628
Provisions			
<i>Other provisions</i>	8	144,000	144,000
<i>Provisions for unused vacations</i>	9	420,460	295,539
Other current liabilities		135,612	358,549
Non-current liabilities		2,373,056	1,950,826
Other payables			
<i>Other payables to third parties</i>	5	637,004	603,619
Long term provisions			
<i>Provisions for employment termination benefits</i>	9	1,736,052	1,347,207
Equity		203,804,684	249,324,658
Share capital	11, 18	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>		(785,590)	(556,410)
Restricted reserves		94,395,562	87,986,155
Retained earnings	11	24,518,963	15,327,521
Net income for the period	18	20,666,486	81,558,129
Total liabilities and equity		283,183,810	258,501,624

These interim financial statements for the period ended 31 March 2020 have been approved by the Board of Directors on 5 June 2020.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE
MONTH INTERIM PERIODS ENDED 31 MARCH 2020 AND 31 MARCH 2019**

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

	Notes	Reviewed 1 January - 31 March 2020	Reviewed 1 January - 31 March 2019
PROFIT AND LOSSES			
Revenue	12	28,056,409	28,277,510
Cost of sales (-)	12	(9,030,238)	(8,544,474)
Gross profit	12	19,026,171	19,733,036
General administrative expenses (-)		(1,778,577)	(1,853,009)
Other operating income	14	216,462	1,328,876
Other operating expenses (-)	14	(832,293)	(570,599)
Operating profit		16,631,763	18,638,304
Financial income	15	4,381,217	3,400,963
Financial expenses (-)	16	(346,494)	(519,487)
Profit before tax from continuing operations	18	20,666,486	21,519,780
Tax income / (expenses) from continuing operations		-	-
Profit for the period from continuing operations		20,666,486	21,519,780
Earnings per share			
Earning per share from continuing operations	18	0.55	0.58
Earning per share from discontinuing operations		-	-
Diluted earnings per share			
Diluted earnings per share from continuing operations	18	0.55	0.58
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Items not to be classified to profit or loss			
Actuarial gains/ (losses) arising from employee benefits	9	(229,180)	(107,658)
Total comprehensive income		20,437,306	21,412,122

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH INTERIM PERIODS ENDED 31 MARCH 2020 AND 31 MARCH 2019**

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

	Notes	Share capital	Adjustment to share capital	Other comprehensive income/expense not to be reclassified to profit or loss Actuarial (losses) / gain arising from employee benefits	Restricted reserves	Accumulated profit		Total equity
						Retained earnings	Net profit for the period	
1 January 2019	11	37,264,000	27,745,263	230,617	79,117,323	26,098,217	88,649,656	259,105,076
Transfers		-	-	-	8,868,832	79,780,824	(88,649,656)	-
Dividend payable		-	-	-	-	(90,551,520)	-	(90,551,520)
Total comprehensive income	-	-	(107,658)	-	-	21,519,780	21,412,122	
31 March 2019 (Reviewed)	11	37,264,000	27,745,263	122,959	87,986,155	15,327,521	21,519,780	189,965,678
1 January 2020	11	37,264,000	27,745,263	(556,410)	87,986,155	15,327,521	81,558,129	249,324,658
Transfers		-	-	-	6,409,407	75,148,722	(81,558,129)	-
Dividend payable (*)		-	-	-	-	(65,957,280)	-	(65,957,280)
Total comprehensive income		-	-	(229,180)	-	-	20,666,486	20,437,306
31 March 2020 (Reviewed)	11	37,264,000	27,745,263	(785,590)	94,395,562	24,518,963	20,666,486	203,804,684

(*) The Company has decided to distribute dividends to the shareholders amounting to TRY 65,957,280 at the Ordinary General Assembly Meeting held on May 14, 2020. In line with this decision, the first installment amounting to TRY 48,443,200 is distributed in cash to the shareholders on April 15, 2020 and the second installment amounting to TRY 17,514,080 is going to be distributed until December 31, 2020.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED
STATEMENTS OF CASH FLOWS FOR THE THREE MONTH INTERIM
PERIODS ENDED 31 MARCH 2020 AND 2019**

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

	Notes	Reviewed 1 January - 31 March 2020	Reviewed 1 January - 31 March 2019
CASH FLOWS FROM OPERATING ACTIVITIES		22,676,712	18,352,654
Profit for the year		20,666,486	21,519,780
Adjustments to profit for the year		1,316,442	804,394
Adjustments for depreciation and amortization expenses	13	2,233,797	2,259,503
Adjustments for impairment loss	5	91,915	-
Adjustments for provisions		452,924	439,340
Adjustments for interest (income)/ expenses		(962,223)	(2,073,463)
Adjustments for losses (gains) resulting from the disposal of fixed assets		-	(7,500)
Other adjustments for non-cash items		(499,971)	186,514
Change in working capital		764,818	(3,911,056)
Adjustments for decrease / (increase) in trade receivables			
Decrease/ (increase) in trade receivables from related parties		(280,605)	-
Decrease/ (increase) in trade receivables from third parties		563,375	(309,802)
Decrease/ (increase) in financial assets		(4,656,098)	-
(Increase)/ decrease in other assets related to operations		1,504,337	(6,406,189)
Adjustments regarding (decrease) / increase in trade payables			
Increase / (decrease) in trade payable from related parties		(173,424)	1,900,223
Increase / (decrease) in trade payable from third parties		1,908,006	1,768,505
Increase / (decrease) in other liabilities related to operations		1,899,227	(863,793)
Cash provided from operations		22,747,746	18,413,118
Employment termination benefit payments	9	(71,034)	(60,464)
CASH FLOWS FROM INVESTING ACTIVITIES		309,966	1,550,079
Interest received		903,381	2,013,512
Cash outflows from the purchase of tangible and intangible assets		(145,871)	-
Cash inflows from the sales of tangible and intangible assets		-	81,755
Cash outflows from the purchase of investment properties	6	(447,544)	(545,188)
CASH FLOWS USED IN FINANCING ACTIVITIES		-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		22,986,678	19,902,733
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		51,113,374	41,313,519
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	74,100,052	61,216,252

The accompanying notes form an integral part of these interim condensed financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Nispetiye Cad. Akmerkez Tic. Merkezi E3 Kule K:1 Etiler / 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 50.82% of these shares are publicly quoted shares as of 31 March 2020.

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

Shareholders	31 March 2020	31 December 2019
Akkök Holding A.Ş.	13.13%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering (*)	50.82%	50.82%
Other (**)	25.26%	25.26%
Total	100%	100%

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

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

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

	31 March 2020	31 December 2019
Administrative	6	7

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 2 - BASIS FOR THE PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting Standards

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 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 (“IFRIC”).

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 March 2020 in accordance with the going concern principle.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTHS
INTERIM PERIOD ENDED 31 MARCH 2020**

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

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

2.1 Basis of Presentation (Continued)

2.1.2 Compliance with portfolio restrictions

The information included in Note 22, “Supplementary Note: Control of Compliance with Portfolio Restrictions” represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with serial II No:14.1 “Article 17 of Communiqué on Principals of Financial Reporting in Capital Markets” of the CMB. This condensed information has been prepared in accordance with the requirements of Serial III No:48.1 “Principals of The Real Estate Investment Trusts” of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

2.2 Changes in Accounting Policies

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

- **Amendment to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTHS
INTERIM PERIOD ENDED 31 MARCH 2020**

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

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

2.2 Changes in Accounting Policies (Continued)

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in IAS 1 about immaterial information.
 - **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
 - **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- a) *Standards, amendments and interpretations that are issued but not effective as at 31 March 2020:*
- **Amendments to IAS 1, Presentation of financial statements on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

2.3 Restatement and the errors in the accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. For the period 1 January - 31 March 2020 there is no change in accounting estimates.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2019. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

2.5 Significant Accounting Estimates and Assumptions

Preparation of financial statements require the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

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

NOTE 3 - SEGMENT REPORTING

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 March 2020	31 December 2019
Cash	10,971	6,002
Reverse repo transactions	58,348,714	31,218,430
Banks		
- Foreign currency denominated time deposits	10,565,894	15,549,791
- TRY time deposits	5,199,705	4,214,073
- TRY demand deposits	18,250	123,813
- Foreign currency denominated demand deposits	3,114	8,621
Total	74,146,648	51,120,730

As of 31 March 2020, the interest rate on TRY deposit accounts at banks is 10% the accrued interest of TRY deposit accounts is TRY 2,893. The interest rate of foreign currency denominated time deposits at banks is between 0.10% and 1.25%, the accrued interest of foreign currency denominated time deposits is TRY 80. (As of 31 December 2019, the interest rate on TRY deposit accounts at banks is 11.25% and accrued interest is TRY 4,791, the interest rates on foreign currency denominated deposit accounts at banks are between 0.10% and 1.75% and the accrued interest is TRY 85). The maturity of time deposits is less than two months (31 December 2019: less than one month).

As of 31 March 2020, the interest rate on TRY reverse repo agreements is 7.85% and the accrued interest is TRY 6,883 (As of 31 December 2019, interest rate on reverse repo agreements is 9% and the accrued interest is TRY 740). As of 31 March 2020, the interest rates on foreign currency reverse repo agreements are between %1.45 and 1.50% and the accrued interest is TRY 36,740 (As of 31 December 2019, interest rate on foreign currency reverse repo agreements is 2.25% and accrued interest is TRY 1,740).

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

	31 March 2020	31 December 2019
Cash and cash equivalents	74,146,648	51,120,730
Less: Accrued interest	(46,596)	(7,356)
	74,100,052	51,113,374

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED
FINANCIAL STATEMENTS FOR THE THREE MONTHS
INTERIM PERIOD ENDED 31 MARCH 2020**

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

NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2020	31 December 2019
Trade receivables from third parties	6,059,197	6,370,088
Post-dated cheques receivable	1,375,470	1,627,954
Trade receivables from related parties (Note 19)	280,605	-
	7,715,272	7,998,042
Less: Provision for doubtful receivables	(2,060,836)	(1,968,921)
	5,654,436	6,029,121

The movement of provisions for doubtful receivables is as follows:

	2020	2019
January 1	1,968,921	4,187,058
Doubtful receivables collections	91,915	-
March 31	2,060,836	4,187,058

As of 31 March 2020, the Company has other receivables amounting to TRY 206,381 (31 December 2019: TRY 825,525).

Short-term trade payables	31 March 2020	31 December 2019
Due to related parties (Note 19)	385,311	558,735
Trade payables to third parties	2,172,668	264,662
	2,557,979	823,397

Short-term other payables	31 March 2020	31 December 2019
Due to related parties (Note 19)	65,957,280	-
Tax and funds payable	2,571,436	2,345,551
Other	32,907	21,476
	68,561,623	2,367,027

Long-term other payables	31 March 2020	31 December 2019
Deposits and guarantees received	637,004	603,619
	637,004	603,619

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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NOTE 6 - INVESTMENT PROPERTY

The movements of the investment property for the three-month interim periods ended 31 March 2020 and 31 March 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	31 March 2020
Cost					
Buildings	275,797,670	-	-	447,544	276,245,214
Construction in progress (*)	-	447,544	-	(447,544)	-
	275,797,670	447,544	-	-	276,245,214
Accumulated depreciation					
Buildings	(92,022,173)	(2,169,352)	-	-	(94,191,525)
Provision for impairment of buildings (-)	(705,328)	-	-	-	(705,328)
Net book value	183,070,169	(1,721,808)	-	-	181,348,361

(*) The transfers amounting to TRY 447,544 from the construction in progress to the buildings are the costs that are reflected from the Üçgen Bakım ve Yönetim Hizmetleri A.Ş. within the scope of management services in accordance with the share of the Company.

	1 January 2019	Additions	Disposals	Transfers	31 March 2019
Cost					
Buildings	276,355,777	284,519	(2,809,274)	222,364	274,053,386
Construction in progress (*)	94,287	260,669	-	(222,364)	132,592
	276,450,064	545,188	(2,809,274)	-	274,185,978
Accumulated depreciation					
Buildings	(84,097,269)	(2,201,439)	437,503	-	(85,861,205)
Provision for impairment of buildings (-)					
(**)	(4,060,606)	-	2,297,516	-	(1,763,090)
Net book value	188,292,189	(1,656,251)	(74,255)	-	186,561,683

(*) The transfers amounting to TRY 222,364 from the construction in progress to the buildings are the costs that are reflected from the Üçgen Bakım ve Yönetim Hizmetleri A.Ş. within the scope of management services in accordance with the share of the Company.

(**) As of 31 December 2018, the Company has taken the lease payment which is in the lease agreement to the financial statements due to the early termination of the lease agreement of a tenant and about the same tenant; the amount of the impairment loss amounting to TRY 4,060,606 is reflected in the financial statements of the investment properties that cannot be used after the separation of the lessee. As of 31 March 2019, TRY 2,809,274 of the related investments has been derecognized from the financial statements.

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

Insurance coverages on assets as of 31 March 2020 and 31 December 2019 are as follows;

31 March 2020: USD 186,467,609

31 December 2019: USD 156,341,963

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NOTE 7 - TANGIBLE ASSETS

The movements of the tangible assets for the three-month interim periods ended 31 March 2020 and 31 March 2019 are as follows:

	1 January 2020	Additions	31 March 2020
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(8,364,002)	(58,763)	(8,422,765)
Net book value	452,572	(58,763)	393,809

	1 January 2019	Additions	31 March 2019
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,716,872	-	8,716,872
Accumulated depreciation	(8,128,126)	(57,276)	(8,185,402)
Net book value	688,448	(57,276)	631,172

NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Real rights on immovables are as follows:

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

Guarantee notes, cheques and letters	Currency of denomination	Original Amount	31 March 2020
Letters of guarantees received	TRY	14,454,647	14,454,647
Letters of guarantees received	USD	1,036,830	6,755,983
Guarantee notes received	USD	765,252	4,986,382
Letters of guarantees received	EUR	151,866	1,095,713
Guarantee cheques received	TRY	478,100	478,100
Guarantee notes received	TRY	67,188	67,188
			27,838,013

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

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

The Company has no collateral / pledge / mortgage position as of the balance sheet dates.

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

Other provisions	31 March 2020	31 December 2019
Provision for lawsuits	144,000	144,000
	144,000	144,000

Provision for lawsuits

The provision for the lawsuits against the company as of 31 March 2020 is TRY 144,000 (31 December 2019: TRY 144,000). There is no movement of provision for lawsuits during the period.

The Company's cases on trial that are claimed by shareholder and not required to allocate any provision in the financial statements and counsels' opinion are summarized below:

Ömer Dinçök filed a lawsuit on 30 June 2014 with the request for the cancellation of the decisions taken on agenda items 2, 5, 7, 10 and 11, which were discussed at the General Assembly meeting for 2013. The case has been concluded in the first instance court and following the examination of the appeal of the plaintiff, Supreme Court has decided to approve the decision made by the first instance court. The request for correction by the plaintiff party against this decision of the Supreme Court was rejected and the court's ruling in favor of the Company was finalized subsequent periods (Note 22).

Ömer Dinçök 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 plaintiff appealed to the court and it is expected to be approved in favor of the Company as a result of the appeal examination.

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 however the decision can be appealed. The plaintiff side is appealed to appeal and the appellate review is expected to result in favor of the Company.

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

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NOTE 9 - EMPLOYEE BENEFITS

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

Short term provisions	31 March 2020	31 December 2019
Unused vacation allowances	420,460	295,539
	420,460	295,539

Provision for unused vacation amounting to TRY 216,332 comprise of the unused vacation provisions of the Company's personnel, while TRY 175,907 and TRY 28,221 comprise of the Company's shares of unused vacation allowance related to the personnel of Üçgen Bakım ve Yönetim Hizmetleri A.Ş and ISS Tesis Yönetim Hizmetleri A.Ş. respectively.

Long term provisions	31 March 2020	31 December 2019
Employment termination benefits	1,736,052	1,347,207
	1,736,052	1,347,207

At 31 March 2020, the amount payable consists of one month's salary limited to a maximum of TRY 6,730.15 for each year of service. (31 December 2019: TRY 6,379.86).

In the financial statements, Company management reflected a liability calculated in accordance with IAS 19 and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. All actuary gain and losses are recognized in comprehensive income statement. Accordingly, the actuarial assumptions used to calculate the liability as of 31 March 2020 and 31 December 2019 are as follows:

	1 January - 31 March 2020	1 January - 31 December 2019
Discount rate (%)	4.02	3.19
Turnover rate to estimate the probability of retirement (%)	89.84	90.24

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

	2020	2019
1 January	1,347,207	686,257
Cost of service	187,885	96,924
Cost of interest	42,814	28,272
Actuarial (gain)/ losses	229,180	107,658
Payments made during the period (-)	(71,034)	(60,464)
31 March	1,736,052	858,647

Provision for employment termination benefits amounting to TRY 133,545 comprise of the Company's personnel termination benefits provisions, TRY 1,441,158 and 161,349 comprise of the Company's shares in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s and ISS Tesis Yönetim Hizmetleri A.Ş.'s personnel termination benefits provisions.

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NOTE 10 - OTHER ASSETS AND LIABILITIES

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

	31 March 2020	31 December 2019
Prepaid expenses - short term		
Prepaid expenses (*)	4,759,222	4,038,923
Advances given	13,172	15,325
	4,772,394	4,054,248

(*) Prepaid expenses amounting to TRY 3,029,931 consists of the short term portion of the costs incurred in order to rent out the stores (Note 15). These amounts amortize in the contract period of the store. The portion amounting to TRY 1,615,869 consists of prepaid real estate taxes to Beşiktaş Belediyesi, TRY 75,662 portion consists of insurance expenses and TRY 37,760 portion consists of other expenses.

	31 March 2020	31 December 2019
Prepaid expenses - long term		
Prepaid expenses (*)	5,896,520	6,703,542
	5,896,520	6,703,542

(*) Long term prepaid expenses consists of costs more than one year in order to rent the store. These amounts amortize in the contract period of the store.

	31 March 2020	31 December 2019
Other current assets:		
Income accruals for store rent (*)	2,614,586	2,769,513
	2,614,586	2,769,513

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

	31 March 2020	31 December 2019
Other non-current assets:		
Income accruals for store rent (*)	2,216,579	2,487,540
Deposits given	203	203
	2,216,782	2,487,743

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

	31 March 2020	31 December 2019
Deferred income (Excluding customer contract liabilities)		
Advances received	4,652,558	2,945,965
Deferred income	533,838	291,663
	5,186,396	3,237,628

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NOTE 11 - EQUITY

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

Shareholders	31 March 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
Akkök Holding A.Ş.	13.13	4,890,900	13.13	4,890,900
Tekfen Holding A.Ş.,	10.79	4,019,839	10.79	4,019,839
Quoted to İstanbul Stock Exchange	50.82	18,938,898	50.82	18,938,898
Other (*)	25.26	9,414,363	25.26	9,414,363
Total paid-in capital	100.00	37,264,000	100.00	37,264,000

(*) Represents individual shareholdings less than 10%.

The registered capital ceiling of the Company is TRY 75,000,000. In order to extend validity of upper limit of the Company's authorized capital, amendment regarding to the Articles of Association of the Company has been approved by a large majority at the Ordinary General Assembly for year 2016 held on 27 April 2017 within the framework of Communiqué No, III-48,1 on Principles Regarding Real Estate Investment Trusts and Communiqué No, II-17,1 on Corporate Governance of the Capital Market Board and after the registration on 4 May 2017, the amendment has been issued in the Trade Registry Gazette numbered 9323 and dated 10 May 2017.

The Company's issued and fully paid share capital amounting to TRY 37,264,000 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 March 2020 and 31 December 2019.

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

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

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

Each shareholder has one voting right for each share owned.

Retained earnings consist of the following:

	31 March 2020	31 December 2019
Retained earnings	5,806,601	6,603,698
Extraordinary reserves	14,729,146	4,740,607
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	24,518,963	15,327,521

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NOTE 12 - OPERATING INCOME

	1 January - 31 March 2020	1 January - 31 March 2019
Sales		
Shops and warehouse rent income	24,770,456	25,552,323
Other income	1,644,474	1,693,953
Apart hotel rent income	1,641,479	1,031,234
	28,056,409	28,277,510
Cost of sales		
Cost of services	(6,860,886)	(6,343,035)
Depreciation expense	(2,169,352)	(2,201,439)
	(9,030,238)	(8,544,474)
Gross profit	19,026,171	19,733,036

NOTE 13 - EXPENSES BY NATURE

	1 January - 31 March 2020	1 January - 31 March 2019
Cost of service	6,642,171	6,209,721
Depreciation and amortization expenses	2,233,797	2,259,503
Personnel expenses	1,112,541	1,013,729
Consultancy expenses	297,639	288,445
Legal expenses	303,772	351,557
Insurance, duties, taxes and levies expenses	29,083	48,919
Other	189,812	225,609
	10,808,815	10,397,483
Depreciation and amortization expenses		
Cost of sales	2,169,352	2,201,439
General administrative expenses	64,445	58,064
	2,233,797	2,259,503

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NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 March 2020	1 January - 31 March 2019
Other operating income		
Foreign exchange gain on trade receivables and payables	-	1,286,293
Gain on sale fixed assets	-	7,500
Other	216,462	35,083
	216,462	1,328,876
	1 January - 31 March 2020	1 January - 31 March 2019
Other operating expenses		
Depletion of leasing projects (*)	(740,378)	(67,070)
Foreign exchange loss on trade receivables and payables	-	(45,425)
Doubtful trade receivable provision	(91,915)	-
VAT expense related to disposals of fixed assets	-	(420,348)
Other	-	(37,756)
	(832,293)	(570,599)
Other operating income - net	(615,831)	758,277

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

NOTE 15 - FINANCIAL INCOME

	1 January - 31 March 2020	1 January - 31 March 2019
Financial income		
Interest income	962,223	2,073,463
Foreign exchange income	3,418,994	1,327,500
	4,381,217	3,400,963

NOTE 16 - FINANCIAL EXPENSES

	1 January - 31 March 2020	1 January - 31 March 2019
Financial expenses		
Foreign exchange expense	(303,675)	(477,694)
Interest expenses related to employee benefits	(42,819)	(28,272)
Bank commissions	-	(13,521)
	(346,494)	(519,487)

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NOTE 17 - TAX ASSETS AND LIABILITIES

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

NOTE 18 - EARNINGS PER SHARE

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

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

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

	31 March 2020	31 March 2019
Weighted average number of shares as of the reporting date (per share of TRY 1 nominal value)	37,264,000	37,264,000
Net profit for the period	20,666,486	21,519,780
Earnings per share	0.55	0.58

NOTE 19 - RELATED PARTY DISCLOSURES

Receivables from related parties

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

	31 March 2020	31 December 2019
Trade receivables from related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	171,511	-
Akmerkez Lokantacılık Gıda San.Tic. A.Ş.	11,548	-
Tekfen Turizm İşl. A.Ş.	97,546	-
	280,605	-

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NOTE 19 - RELATED PARTY DISCLOSURES (Continued)

As of 31 March 2020, and 31 December 2019 trade payables due to related parties are as follows:

	31 March 2020	31 December 2019
Trade payables due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	326,075	528,564
Akkök Holding A.Ş.	34,596	29,393
Akhan Bakım Yön. Ser. Hiz. Güv. Malz. Tic. A.Ş.	23,513	-
Aktek Bilgi İletişim Tekn.San.ve Tic. A.Ş.	1,127	778
	385,311	558,735

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

	31 March 2020	31 December 2019
Dividend payable	65,957,280	-
	65,957,280	-

	1 January - 31 March 2020	1 January - 31 March 2019
Purchases from related parties	9,603,434	7,911,791
Sales to related parties	5,351,690	5,283,694

Purchases and sales consist of rent income, purchase and sales of services. The related party purchases amounting to TRY 9,479,755 comprise of management expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. ("Üçgen") and the remaining balance amounting to TRY 123,679 comprise of other expenses. The Company provides common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen, in addition to these the Company has cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TRY 4,492,984 regarding the revenue collected on behalf of the Company for the first three months of 2020 (1 January - 31 March 2019: TRY 4,250,752).

As of 1 January - 31 March 2020, remuneration provided to top executives such as the General Manager and the members of Board of Directors is TRY 565,088 (1 January-31 March 2019: TRY 617,459).

NOTE 20 – FINANCIAL INVESTMENTS

Details of the financial investments as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Foreign currency bonds	4,668,344	-
	4,668,344	-

As of 31 March 2020, the interest rate on the foreign currency bonds is 1.92% and the accrued interest is TRY 12,246 (31 December 2019: None).

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

There has been no significant change in the company's financial risk policies and credit risk management practices compared to previous periods.

Foreign Currency Risk

The foreign currency amounts stated in the assets and liabilities are as follows:

	31 March 2020	31 December 2019
Assets	36,169,443	32,443,704
Liabilities	(559,464)	(565,018)
Net position	35,609,979	31,878,686

As of 31 March 2020, fluctuation of USD had been 10% higher/lower ceteris paribus, net income for the period would have been TRY 3,253,913 (31 December 2019: TRY 2,928,802 higher/ lower) higher/ lower.

As of 31 March 2020, fluctuation of EUR had been 10% higher/lower ceteris paribus, net income for the period would have been TRY 306,948 (31 December 2019: TRY 255,074 higher/lower) higher/lower.

As of 31 March 2020, fluctuation of GBP had been 10% higher/lower ceteris paribus, net income for the period would have been TRY 137 (31 December 2019: TRY 132) higher/lower.

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

31 March 2020	Euro	USD	GBP	TRY Equivalent
Current assets				
Cash and cash equivalents	430,931	4,358,933	170	31,513,345
Financial investments	-	714,564	-	4,656,098
Total assets	430,931	5,073,497	170	36,169,443
Long term liabilities				
Other payables	(5,500)	(79,770)	-	(559,464)
Total liabilities	(5,500)	(79,770)	-	(559,464)
Net Foreign Currency Asset Position	425,431	4,993,727	170	35,609,979

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

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

As of 31 December 2019, the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange, and foreign currency amounts stated in the assets are as follows:

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

NOTE 22 - SUBSEQUENT EVENTS

Lawsuit: Finalized Court Decision

Ömer Dinçkök had filed a lawsuit on 30 June 2014 with the request for the cancellation of the decisions taken on agenda items 2, 5, 7, 10 and 11, which were discussed at the General Assembly meeting for 2013. The case has been concluded in the first instance court and following the examination of the appeal of the plaintiff, Supreme Court has decided to approve the decision made by the first instance court. The plaintiff has requested of revision of stated decision and it is expected to be approved in favor of the Company as a result of the appeal examination. As of May 2020, this request, for rectification by the plaintiff party against the decision of the 11th Civil Chamber of the Supreme Court regarding the approval of the court decision in favor of the Company regarding the case, is rejected. As a result, the court decision has been finalized in favor of the Company.

Restarting Shopping Center Operations at Full Capacity

As of June 1, 2020, Akmerkez shopping center has started to serve with full capacity with the hygiene precautions taken, where limited services with the pharmacy and the market had been provided since March 19, 2020 as part of the measures taken due to Covid-19 pandemic, which affects the whole world and Turkey. All the doors will be open safely and healthily between 12:00 and 20:00 throughout June until the next announcement.

NOTE 23 - 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.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 23 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

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

Non-consolidated (stand-alone) financial statement accounts items		Related regulations	31 March 2020	31 December 2019	
A	Cash and capital market instruments	Art.24/(b)	78,814,992	51,120,730	
B	Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	181,348,361	183,070,169	
C	Affiliates	Art.24/(b)	-	-	
	Due from related parties (non-trade)	Art.23/(f)	-	-	
	Other assets		23,020,457	24,310,725	
D	Total assets	Art.3/(p)	283,183,810	258,501,624	
E	Borrowings	Art.31	-	-	
F	Other financial liabilities	Art.31	-	-	
G	Leasing obligation	Art.31	-	-	
H	Due to related parties (non-trade)	Art.23/(f)	65,957,280	-	
I	Equity	Art.31	203,804,684	249,324,658	
	Other liabilities		13,421,846	9,176,966	
D	Total liabilities	Art.3/(p)	283,183,810	258,501,624	
Other non-consolidated (stand-alone) financial information		Related regulations	31 March 2020	31 December 2019	
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	Art.24/(b)	-	-	
A2	TRY/foreign currency denominated time/demand deposits	Art.24/(b)	15,786,963	19,896,298	
A3	Foreign capital market instruments	Art.24/(d)	-	-	
B1	Foreign real estates, real estate-based projects, real estate-based rights	Art.24/(d)	-	-	
B2	Lands on which no projects developed	Art.24/(c)	-	-	
C1	Foreign affiliates	Art.24/(d)	-	-	
C2	Participation in administrator companies	Art.28/1(a)	-	-	
J	Non-cash loans	Art.31	-	-	
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed Art.22/(e)		-	-	
L	Total investments of monetary and capital market instruments at one company	Art.22/(i)	13,671,349	10,120,675	
Portfolio Restriction	Related regulations	31 March 2020	31 December 2019	Minimum / Maximum Rate	
1	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	Art.22/(e)	-	-	≤10%
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D)	Art.24/(a),(b)	64%	71%	≥51%
3	Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art.24/(b)	28%	20%	≤49%
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D)	Art.24/(d)	-	-	≤49%
5	Lands on which no projects developed (B2/D)	Art.24/(c)	-	-	≤20%
6	Participation in administrator companies (C2/D)	Art.28/1(a)	-	-	≤10%
7	Borrowing ceiling (E+F+G+H+J)/I	Art.31	32%	-	≤500%
8	TRY/foreign currency denominated time/demand deposits (A2-A1)/D)	Art.24/(b)	6%	8%	≤10%
9	Total investments of monetary and capital market instruments at one company (L/D)	Art.22/(i)	5%	4%	≤10%