

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2023
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 30 September 2023 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-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.



Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 September 2023. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

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

Istanbul, 6 November 2023

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE CONDENSED FINANCIAL STATEMENTS AND NOTES FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2023

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AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE CONDENSED STATEMENTS OF
FINANCIAL POSITION/(BALANCE SHEET)****AT 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

	Notes	Reviewed 30 September 2023	Audited 31 December 2022
ASSETS			
Current assets		250,204,964	166,936,285
Cash and cash equivalents	4	164,425,477	106,959,649
Financial investments			
<i>Financial assets measured at amortized cost</i>	20	70,816,115	44,839,173
Trade receivables			
<i>Receivables from third parties</i>	5	9,670,182	11,882,105
<i>Receivables from related parties</i>	5,19	42,375	80,833
Prepaid expenses	10	2,291,626	1,399,603
Current tax assets		1,935,823	565,687
Other current assets	10	1,023,366	1,209,235
Non-current assets		3,143,942,527	3,132,273,303
Investment property	6	3,143,387,828	3,131,100,000
Tangible assets	7	42,082	39,354
Intangible assets		167,771	187,871
Prepaid expenses	10	22,019	179,770
Other non-current assets	10	322,827	766,308
Total assets		3,394,147,491	3,299,209,588

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 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

	Notes	Reviewed 30 September 2023	Audited 31 December 2022
LIABILITIES			
Current liabilities		28,110,109	12,181,591
Trade payables			
<i>Due to related parties</i>	5,19	14,353,157	4,291,561
<i>Due to third parties</i>	5	3,607,656	125,520
Other payables			
<i>Due to third parties</i>	5	5,638,768	4,099,277
Deferred income (Excluding liabilities from customer contracts)	10	1,008,269	1,411,640
Short-term provisions			
<i>Other short-term provisions</i>	8	178,691	178,691
<i>Provisions for employment termination benefits</i>	9	1,071,730	552,110
Other current liabilities	10	2,251,838	1,522,792
Non-current liabilities		8,178,247	7,241,151
Other payables			
<i>Other payables to third parties</i>	5	3,907,979	1,998,011
Deferred income		137,500	-
Long-term provisions			
<i>Provisions for employment termination benefits</i>	9	4,132,768	5,243,140
Equity		3,357,859,135	3,279,786,846
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>		(4,966,068)	(3,890,854)
Restricted reserves		68,608,875	53,293,371
Retained earnings	11	2,995,041,322	1,917,935,461
Net income for the period	18	234,165,743	1,247,439,605
Total liabilities and equity		3,394,147,491	3,299,209,588

These interim financial statements for the period 1 January - 30 September 2023 have been approved by the Board of Directors on 6 November 2023.

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 NINE MONTHS INTERIM PERIODS ENDED 30 SEPTEMBER 2023 AND 2022

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

	Notes	Reviewed 1 January - 30 September 2023	Reviewed 1 July - 30 September 2023	Reviewed 1 January - 30 September 2022	Reviewed 1 July - 30 September 2022
OPERATING INCOME					
Revenue	12	264,244,249	96,556,146	147,149,499	53,182,480
Cost of sales (-)	12	(61,489,733)	(25,107,797)	(33,796,291)	(13,773,288)
Gross profit	12	202,754,516	71,448,349	113,353,208	39,409,192
General administrative expenses (-)		(17,977,014)	(6,898,553)	(9,102,978)	(2,956,702)
Other operating income	14	268,807	216,320	1,143,223	57,809
Other operating expense (-)	14	(1,960,958)	(502,038)	(2,538,108)	(813,625)
Operating profit		183,085,351	64,264,078	102,855,345	35,696,674
Financial income	15	52,311,928	17,011,358	23,819,650	7,703,624
Financial expenses (-)	16	(1,231,536)	(820,594)	(1,915,673)	(86,363)
Profit before tax from continuing Operations	18	234,165,743	80,454,842	124,759,322	43,313,935
Tax income/(expenses) from continuing operations		-	-	-	-
Profit for the period from continuing operations	18	234,165,743	80,454,842	124,759,322	43,313,935
Earnings per share					
Earnings per share from continuing operations	18	6.28	2.16	3.35	1.16
Earnings per share from discontinuing operations		-	-	-	-
Diluted earnings per share					
Diluted earnings per share from continuing operations	18	6.28	2.16	3.35	1.16
Diluted earnings per share from discontinuing operations		-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to profit or loss					
Actuarial gains/ (losses) arising from employee benefits	9	(1,075,214)	(553,273)	(1,264,187)	(614,876)
Total comprehensive income		233,090,529	79,901,569	123,495,135	42,699,059

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 NINE MONTHS INTERIM PERIODS ENDED 30 SEPTEMBER 2023 AND 2022**

(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	Restricted reserves	Accumulated profit		Total equity
				Actuarial (losses) / gain arising from employee benefits		Retained earnings	Net profit for the period	
1 January 2022		37,264,000	27,745,263	(428,527)	69,205,098	1,362,082,599	649,124,655	2,144,993,088
Transfers		-	-	-	(15,911,727)	665,036,382	(649,124,655)	-
Dividend payable		-	-	-	-	(109,183,520)	-	(109,183,520)
Total comprehensive income		-	-	(1,264,187)	-	-	124,759,322	123,495,135
30 September 2022 (Reviewed)	11	37,264,000	27,745,263	(1,692,714)	53,293,371	1,917,935,461	124,759,322	2,159,304,703
1 January 2023		37,264,000	27,745,263	(3,890,854)	53,293,371	1,917,935,461	1,247,439,605	3,279,786,846
Transfers		-	-	-	15,315,504	1,232,124,101	(1,247,439,605)	-
Dividend payable (*)		-	-	-	-	(155,018,240)	-	(155,018,240)
Total comprehensive income		-	-	(1,075,214)	-	-	234,165,743	233,090,529
30 September 2023 (Reviewed)	11	37,264,000	27,745,263	(4,966,068)	68,608,875	2,995,041,322	234,165,743	3,357,859,135

(*) At the Ordinary General Assembly Meeting dated April 12,2023 it was decided to distribute dividend amounting to TRY155,018,240. The total amount was distributed to shareholders in cash on 19 April, 2023.

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 NINE MONTHS INTERIM
PERIODS ENDED 30 SEPTEMBER 2023 AND 2022**

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

	Notes	Reviewed 1 January - 30 September 2023	Reviewed 1 January - 30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES		195,300,571	113,396,557
Profit for the year		234,165,743	124,759,322
Adjustments to profit/ (loss) for the year		(28,304,523)	(6,530,485)
Adjustments for depreciation and amortization expenses	13	30,706	53,360
Adjustments for impairment loss	5	83,700	(94,959)
Adjustments for provision		1,757,850	712,362
Adjustments for interest (income)/ expenses	15	(29,547,557)	(6,808,228)
Adjustments for losses (gains) resulting from the disposal of fixed assets	14	-	(101,695)
Other adjustments for non-cash items		(629,222)	(291,325)
Change in working capital		(7,136,833)	(4,543,252)
Adjustments for decrease / (increase) in trade receivables			
<i>Decrease/ (increase) in trade receivables from related parties</i>	5	38,458	13,005
<i>Decrease/ (increase) in trade receivables from third parties</i>	5	2,128,223	353,559
Decrease / (increase) in other assets related to operations		(782,935)	2,565,378
Decrease / (increase) in other payables related to operations		3,449,456	1,449,916
Adjustments regarding increase /(decrease) in trade payables			
<i>Increase / (decrease) in trade payable from related parties</i>	5	10,061,596	6,647,162
<i>Increase / (decrease) in trade payable from third parties</i>	5	3,482,136	1,597,072
Increase / (decrease) in financial investments	20	(25,976,942)	(17,253,162)
Increase / (decrease) in other liabilities related to operations		463,175	83,818
Cash provided from operations		198,724,387	113,685,585
Employment termination benefit payments	9	(3,423,816)	(289,028)
CASH FLOWS FROM INVESTING ACTIVITIES		16,920,910	4,465,187
Interest received		29,222,071	6,567,714
Cash outflows from the purchase of tangible and intangible assets	7	(13,333)	(22,875)
Cash outflows from the purchase of investment property	6	(12,287,828)	(2,181,347)
Cash inflows from the sale of investment property		-	101,695
CASH FLOWS USED IN FINANCING ACTIVITIES		(155,018,240)	(109,183,520)
Dividends paid		(155,018,240)	(109,183,520)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		57,203,241	8,678,224
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		106,896,750	51,361,327
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		164,099,991	60,039,551

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 NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

(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.

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 30 September 2023.

The shareholding structure as of 30 September 2023 and 31 December 2022 is as follows:

Shareholders	30 September 2023	31 December 2022
Akkök Holding A.Ş.	11.67%	11.67%
Tekfen Holding A.Ş.	10.47%	10.47%
Public offering (*)	57.34%	57.34%
Other (**)	20.52%	20.52%
Total	100%	100%

(*) 44.85% of public offering shares belong to Klepierre S.A. as of 30 September 2023 (31 December 2022: 44.85%).

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

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

	30 September 2023	31 December 2022
Administrative	7	7

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”).

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (Continued)

2.1.1 Accounting standards (Continued)

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

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

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

Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards (“TFRS”) will apply TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2022. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies, afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements in accordance with TAS 29.

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.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE NINE MONTHS
INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (Continued)

2.1.1 Accounting standards (Continued)

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 - 30 September 2023 in accordance with the going concern principle.

2.1.2 Compliance with portfolio restrictions

The information included in Note 23: “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 30 September 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 30 September 2023.

a. Standards, amendments, and interpretations applicable as of 30 September 2023:

- **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;** effective 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.
- **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.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL
STATEMENTS FOR THE NINE MONTHS
INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.2. Changes in Accounting Policies (Continued)

2.2.1 The new standards, amendments and interpretations (Continued)

- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- b. *Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:*
 - **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
 - **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
 - **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
 - **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
 - **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS

INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.2. Changes in Accounting Policies (Continued)

2.2.1 The new standards, amendments and interpretations (Continued)

- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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 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 - 30 September 2023 there has been no change in the accounting estimates.

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 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

2.5 Significant Accounting Assessments, 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 CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 September 2023 and 31 December 2022 are as follow:

	30 September 2023	31 December 2022
Cash	25,634	19,408
Reverse repo transactions	-	80,033,318
Bank		
-TRY time deposits	164,381,382	24,649,217
-Foreign currency denominated time deposits	-	1,966,374
-TRY demand deposits	12,946	273,884
-Foreign currency denominated demand deposits	5,515	17,448
	164,425,477	106,959,649

As of 30 September 2023, the average interest rate on TRY time deposit accounts at banks is 36.25% the accrued interest of TRY time deposit accounts is TRY325,486. There are no foreign currency denominated time deposits as of 30 September 2023. (As of 31 December 2022, the interest rate on TRY time deposit accounts at banks is 21.25% the accrued interest of TRY time deposit accounts is TRY29,350. The interest rate on foreign currency denominated time deposits at banks is between 0.15% and 2,5% and the accrued interest of foreign currency denominated time deposits is TRY233). The maturity of time deposits is less than one month (31 December 2022: Less than one month).

As of 30 September 2023, there are no reverse repo transactions. (As of 31 December 2022, there are reverse repo transactions amounting to TRY80,000,002. The interest rate of reverse repo is 7.60% and the accrued interest amount is TRY33,516.)

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

	30 September 2023	31 December 2022
Cash and cash equivalents	164,425,477	106,959,649
Less: accrued interest	(325,486)	(62,899)
	164,099,991	106,896,750

NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables	30 September 2023	31 December 2022
Trade receivables from third parties	11,395,214	13,523,437
Trade receivables from related parties (Note 19)	42,375	80,833
	11,437,589	13,604,270
Less: Provision for doubtful receivables	(1,725,032)	(1,641,332)
	9,712,557	11,962,938

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

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

NOTE 5 - TRADE AND OTHER RECEIVABLES AND PAYABLES (Continued)

The movement of provisions for doubtful receivables is as follows:

	2023	2022
1 January	1,641,332	1,315,861
Provisions made during period	83,700	-
Provisions no longer required	-	(94,959)
30 September	1,725,032	1,220,902

Short-term trade payables	30 September 2023	31 December 2022
Trade payables to related parties (Note 19)	14,353,157	4,291,561
Trade payables to third parties	3,607,656	125,520
	17,960,813	4,417,081

Short-term other payables	30 September 2023	31 December 2022
Taxes payables and other taxes	5,475,148	4,009,373
Other	163,620	89,904
	5,638,768	4,099,277

Long-term other payables	30 September 2023	31 December 2022
Deposits and guarantees received	3,907,979	1,998,011
	3,907,979	1,998,011

NOTE 6 - INVESTMENT PROPERTY

The movements of the investment property for the nine-month interim periods ended 30 September 2023 and 2022 are as follow:

	1 January 2023	Additions	Disposals	Transfers	30 September 2023
Cost					
Buildings	3,131,100,000	-	-	12,287,828	3,143,387,828
Construction in progress (*)	-	12,287,828	-	(12,287,828)	-
	3,131,100,000	12,287,828	-	-	3,143,387,828

(*) The transfers amounting to TRY11,207,828 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 transfers of TRY1,080,000 are Company investment expenses.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 6 - INVESTMENT PROPERTY (Continued)

	1 January 2022	Additions	Disposals	Transfers	30 September 2022
Cost					
Building	2,061,752,998	-	-	2,181,347	2,063,934,345
Construction in progress (*)	-	2,181,347	-	(2,181,347)	-
	2,061,752,998	2,181,347	-	-	2,063,934,345

(*) The transfers amounting to TRY2,181,347 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 Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş dated 30 December 2022 amount to TRY3,131,100,000 (31 December 2021: The fair value of the Company’s investment property based on the valuation report of Ter Ra Gayrimenkul Değerleme A.Ş. amount to TRY2,061,753,000). 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.

Insurance coverage on assets as of 30 September 2023 and 31 December 2022 is as follows;

30 September 2023: USD166,668,765

31 December 2022: USD166,556,547

NOTE 7 - TANGIBLE ASSETS

The movements of the tangible assets for the nine-month interim periods ended 30 September 2023 and 2022 are as follow:

	1 January 2023	Additions	30 September 2023
Plants, machinery and equipment	99,702	-	99,702
Furniture and fixture	8,781,753	13,333	8,795,086
Accumulated depreciation	(8,842,101)	(10,605)	(8,852,706)
Net book value	39,354	2,728	42,082

	1 January 2022	Additions	30 September 2022
Plants, machinery, and equipment	99,702	-	99,702
Furniture and fixture	8,758,879	22,875	8,781,754
Accumulated depreciation	(8,805,381)	(33,259)	(8,838,640)
Net book value	53,200	(10,384)	42,816

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Real rights on immovables are as follow:

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

Guarantee, cheques and letters	Currency of denomination	Original Amount	30 September 2023
Letters of guarantees received	TRY	38,925,238	38,925,238
Letters of guarantees received	USD	373,519	10,225,718
Guarantee notes received	USD	333,023	9,117,071
Letters of guarantees received	EUR	151,866	4,408,746
Guarantee cheques received	TRY	478,100	478,100
Guarantee notes received	TRY	73,827	73,827
			63,228,700

Guarantee, cheques and letters	Currency of denomination	Original Amount	31 December 2022
Letters of guarantees received	TRY	25,736,255	25,736,255
Letters of guarantees received	USD	473,262	8,849,195
Guarantee notes received	USD	333,023	6,226,964
Letters of guarantees received	EUR	151,866	3,027,434
Guarantee cheques received	TRY	478,100	478,100
Guarantee notes received	TRY	73,827	73,827
			44,391,775

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.

Other short-term provision	30 September 2023	31 December 2022
Provision for lawsuits	178,691	178,691
		178,691
		178,691

Provision for lawsuits

The provision for the lawsuits against the company as of 30 September 2023 is TRY178,691 (31 December 2022: TRY178,691).

Including the cases detailed above, there are 8 lawsuits and 28 executive proceedings that the Company is currently a party of them.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

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

NOTE 9 - EMPLOYEE BENEFITS

The short-term provisions for employee benefits at 30 September 2023 and 31 December 2022 are as follow:

Short term provisions	30 September 2023	31 December 2022
Unused vacation allowances	1,071,730	552,110
	1,071,730	552,110

Provision for unused vacation amounting to TRY683,270 comprise of the unused vacation provisions of the Company’s personnel, while TRY388,460 comprise of the Company's shares of unused vacation allowance related to the personnel of Üçgen Bakım ve Yönetim Hizmetleri A.Ş.

Long-term provisions	30 September 2023	31 December 2022
Employment termination benefits	4,132,768	5,243,140
	4,132,768	5,243,140

At 30 September 2023, the amount payable consists of one month’s salary limited to a maximum of TRY23,489.83 for each year of service (31 December 2022: TRY19,982.83).

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 actuarial gain and losses are recognized in comprehensive income statement. Accordingly, the actuarial assumptions used to calculate the liability as of 30 September 2023 and 31 December 2022 are as follow:

Long-term provisions

	1 January - 30 September 2023	1 January - 31 December 2022
Discount rate (%)	0.49	0.49
Turnover rate to estimate the probability of retirement (%)	95.83	97.69

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

	2023	2022
1 January	5,243,140	1,577,477
Cost of service	820,614	315,003
Cost of interest	417,616	258,213
Actuarial (gain)/losses	1,075,214	1,264,187
Payments made during the period (-)	(3,423,816)	(289,028)
30 September	4,132,768	3,125,852

Provision for employment termination benefits amounting to TRY129,801 comprise of the Company’s personnel termination benefits provisions and TRY4,002,967 comprise of the Company’s share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.’s personnel termination benefits provisions.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

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

NOTE 10 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 30 September 2023 and 31 December 2022 are as follow:

Prepaid expenses - short-term	30 September 2023	31 December 2022
Prepaid expenses (*)	2,290,359	1,392,543
Advances given	1,267	7,060
	2,291,626	1,399,603

(*) Prepaid expenses amounting to TRY360.247 consists of the short-term portion of the costs incurred in order to rent out the stores. These amounts amortize in the contract period of the store. The portion amounting to TRY1.407.821 consists of prepaid real estate taxes, TRY236.790 portion consists of insurance expenses and TRY285.501 portion consists of other expenses.

Prepaid expenses – long-term	30 September 2023	31 December 2022
Prepaid expenses	22,019	179,770
	22,019	179,770

Other current assets	30 September 2023	31 December 2022
Income accruals for store rent (*)	1,023,366	1,209,235
	1,023,366	1,209,235

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

Other non-current assets	30 September 2023	31 December 2022
Income accruals for store rent (*)	322,750	766,105
Deposits given	77	203
	322,827	766,308

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

Deferred income (Excluding customer contract liabilities)	30 September 2023	31 December 2022
Advances received	721,269	1,411,640
Deferred income	287,000	-
	1,008,269	1,411,640

Other current liabilities	30 September 2023	31 December 2022
Expense accruals	2,251,838	1,522,792
	2,251,838	1,522,792

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 11 - EQUITY

At 30 September 2023 and 31 December 2022 the issued and fully paid-in share capital held is as follows:

Shareholders	30 September 2023		31 December 2022	
	Share (%)	Amount	Share (%)	Amount
Akkök Holding A.Ş.	11.67	4,349,553	11.67	4,349,553
Tekfen Holding A.Ş.	10.47	3,901,279	10.47	3,901,279
Quoted to İstanbul Stock Exchange	57.34	21,367,443	57.34	21,367,443
Other (*)	20.52	7,645,725	20.52	7,645,725
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 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 Kr1 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 30 September 2023 and 31 December 2022.

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:

	30 September 2023	31 December 2022
Retained earnings	2,978,203,635	1,901,149,194
Extraordinary reserves	12,854,471	12,803,051
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	2,995,041,322	1,917,935,461

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

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

NOTE 12 - OPERATING INCOME

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Sales				
Shops and warehouse rent income	232,114,027	84,327,495	128,793,406	46,220,306
Apart hotel rent income	18,766,460	7,821,859	11,804,825	4,727,982
Parking lot rental income	9,214,522	2,936,839	4,563,438	1,488,331
Other income	4,149,240	1,469,953	1,987,830	745,861
	264,244,249	96,556,146	147,149,499	53,182,480
Cost of sales				
Cost of services	(61,489,733)	(25,107,798)	(33,796,291)	(13,773,288)
	(61,489,733)	(25,107,798)	(33,796,291)	(13,773,288)
Gross profit	202,754,516	71,448,349	113,353,208	39,409,192

NOTE 13 - EXPENSES BY NATURE

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Cost of service	61,489,733	25,107,798	33,796,291	13,773,288
Personnel expenses	10,343,108	4,409,050	5,366,990	1,674,860
Consultancy expenses	2,989,563	1,097,181	1,353,740	409,924
Legal expenses	1,564,069	545,251	1,047,766	386,156
Donations	1,000,000	-	-	-
Insurance, duties, taxes, and levies expenses	203,258	66,076	110,584	33,793
Depreciation and amortization expenses	30,706	10,383	53,360	19,862
Other	1,846,310	770,612	1,170,538	432,107
	79,466,747	32,006,351	42,899,269	16,729,990
Depreciation and amortization expenses				
General administrative expenses	30,706	10,383	53,360	19,862
	30,706	10,383	53,360	19,862

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

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

NOTE 14 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Other operating income				
Foreign exchange gain on trade receivables and payables	180,725	178,843	6,331	872
Provisions no longer required	34,247	29,362	696,723	-
Maturity difference income	33,920	-	176,479	56,937
Rental compensation income	-	-	148,522	-
Gain on sale of fixed asset, net	-	-	101,695	-
Other	19,915	8,115	13,473	-
	268,807	216,320	1,143,223	57,809
Other operating expense				
Foreign Exchange loss on trade receivables and payables	(905,489)	(181,890)	(516,992)	(181,449)
Amortization expense (*)	(864,107)	(216,165)	(2,021,116)	(632,176)
Provisions for doubtful receivables	(83,700)	-	-	-
Other	(107,662)	(103,983)	-	-
	(1,960,958)	(502,038)	(2,538,108)	(813,625)
Other operating income/(expenses) - net	(1,692,151)	(285,719)	(1,394,885)	(755,816)

(*) 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 - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Financial income				
Foreign exchange income	22,764,371	4,639,717	17,011,422	4,576,839
Interest income	29,547,557	12,371,641	6,808,228	3,126,785
	52,311,928	17,011,358	23,819,650	7,703,624

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Financial expenses				
Foreign exchange expense	(813,920)	(681,389)	(1,660,120)	(292)
Interest expenses related to employee benefits	(417,616)	(139,205)	(255,553)	(86,071)
	(1,231,536)	(820,594)	(1,915,673)	(86,363)

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.

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Weighted average number of shares as of the reporting date (per share of TRY1 nominal value)	37,264,000	37,264,000	37,264,000	37,264,000
Net profit for the period	234,165,743	80,454,842	124,759,322	43,313,935
Profit per share	6.28	2.16	3.35	1.16

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 19 - RELATED PARTY DISCLOSURES

As of 30 September 2023 and 31 December 2022 trade receivables from related parties are as follows:

	30 September 2023	31 December 2022
Trade receivables from related parties		
Akip Gıda San. Tic. A.Ş.	32,376	80,833
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	9,999	-
	42,375	80,833

As of 30 September 2023 and 31 December 2022 trade payables due to related parties are as follows:

	30 September 2023	31 December 2022
Trade Payables due to related parties		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	13,801,305	4,094,993
Akkök Holding A.Ş.	347,887	194,469
Dinkal Sigorta Acenteliği A.Ş.	182,962	-
Akhan Bakım Yönetim Servis Güvenlik Tic.A.Ş.	14,758	-
Aktek Bilgi İşlem Tekn. San. Tic. A.Ş.	6,245	2,099
	14,353,157	4,291,561

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Purchases from related party	88,860,046	29,707,068	39,798,793	10,934,810
Sales to related parties	42,239,273	16,015,300	24,169,634	9,013,071

Purchases and sales consist of rent income, purchase and sales of services. The related party purchases amounting to TRY87,592,086 comprise of management expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (“Üçgen”). The remaining balance amounting to TRY1,267,960 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 TRY38,101,721 in the first nine months of 2023 regarding the revenue collected on behalf of the Company (1 January - 30 September 2022: TRY21,347,891).

As of 1 January - 30 September 2023, remuneration provided to top executives such as the General Manager and the members of Board of Directors is TRY7,721,675 (1 January - 30 September 2022: TRY3,382,201).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 20 - FINANCIAL INVESTMENTS

The details of the financial investments as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Foreign currency bonds	70,816,115	44,839,173
	70,816,115	44,839,173

As of 30 September 2023, the average interest rate on the foreign currency bonds is 5% and the accrued interest is TRY883,935 (31 December 2022: the interest rate on the foreign currency bonds is 4.75% and the accrued interest is TRY22,265).

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 follow:

	30 September 2023	31 December 2022
Assets	69,960,065	46,421,706
Liabilities	(2,759,117)	(1,885,071)
Net balance sheet position	67,200,948	44,536,635

As of 30 September 2023, fluctuation of USD had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY6,733,853 higher/ lower (31 December 2022: TRY4,463,122 higher/ lower).

As of 30 September 2023, fluctuation of EUR had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY14,327 lower/higher (31 December 2022: TRY9,839 lower/higher).

As of 30 September 2023, fluctuation of GBP had been 10% higher/lower ceteris paribus, net income/expense for the period would have been TRY569 higher/lower (31 December 2022: TRY383 higher/lower).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

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

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

As of 30 September 2023 and 31 December 2022, 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 follow:

30 September 2023	EUR	USD	GBP	TRY Equivalent
Current assets				
Cash and cash equivalents	575	201	170	27,885
Financial investments	-	2,554,442	-	69,932,180
Total assets	575	2,554,643	170	69,960,065
Long term liabilities				
Other payables	(5,500)	(94,770)	-	(2,759,117)
Total liabilities	(5,500)	(94,770)	-	(2,759,117)
Net foreign currency asset position	(4,925)	2,459,873	170	67,200,948

31 December 2022	EUR	USD	GBP	TRY Equivalent
Current assets				
Cash and cash equivalents	575	106,084	170	1,998,865
Financial investments	-	2,375,769	-	44,422,841
Total assets	575	2,481,853	170	46,421,706
Long term liabilities				
Other payables	(5,500)	(94,770)	-	(1,885,071)
Total liabilities	(5,500)	(94,770)	-	(1,885,071)
Net foreign currency asset position	(4,925)	2,387,083	170	44,536,635

NOTE 22 - SUBSEQUENT EVENTS

None.

NOTE 23 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Disclosures made within the framework of the Communiqué on Principles Regarding Real Estate Investment Trusts numbered III-48.1:

In the preparation and public disclosure of their financial statements, partnerships are obliged to comply with the provisions of the Board's Communiqué on Principles Regarding Financial Reporting in Capital Markets numbered II-14.1, and in the financial statements, information on the control of portfolio limitations specified in the Communiqué on Principles Regarding Real Estate Investment Trusts numbered III-48.1 is included in the manner determined by the Board by using the unconsolidated financial statement account items.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2023

(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 30 September 2023 and 31 December 2022:

Non-consolidated (stand-alone) financial statement accounts items	Related regulations	30 September 2023	31 December 2022
A Cash and capital market instruments	Art.24/(b)	235,241,592	151,798,822
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)	3,143,387,828	3,131,100,000
C Affiliates	Art.24/(b)	-	-
Due from related parties (non-trade)	Art.23/(f)	-	-
Other assets		15,518,071	16,310,766
D Total assets	Art.3/(p)	3,394,147,491	3,299,209,588
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)	-	-
I Equity	Art.31	3,357,859,135	3,279,786,846
Other liabilities		36,288,356	19,422,742
D Total liabilities	Art.3/(p)	3,394,147,491	3,299,209,588
Other non-consolidated (stand-alone) financial information	Related regulations	30 September 2023	31 December 2022
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)	164,399,483	26,906,923
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)	96,031,956	20,647,728

Portfolio Restriction	Related regulations	30 September 2023	31 December 2022	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)	93%	95%	≥51%
3 Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art.24/(b)	7%	5%	≤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	-	-	≤500%
8 TRY/foreign currency denominated time/demand deposits (A2-A1)/D	Art.24/(b)	5%	1%	≤10%
9 Total investments of monetary and capital market instruments at one company (L/D)	Art.22/(l)	3%	1%	≤10%

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