

**TORUNLAR GAYRİMENKUL  
YATIRIM ORTAKLIĞI A.Ş. AND  
ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND REVIEW AUDIT REPORT  
FOR THE INTERIM PERIOD  
1 JANUARY- 30 SEPTEMBER 2023**

**(CONVENIENCE TRANSLATION OF  
CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)**

# **TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

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**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION  
AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

		(Unaudited) Current Period	(Audited) Previous Period
	Notes	30 September 2023	31 December 2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>5,114,081</b>	<b>2,016,912</b>
Cash and Cash Equivalents	5	2,992,223	925,430
Financial Investments	11	200,363	-
Trade Receivables		704,129	503,061
<i>Trade Receivables from Related Parties</i>	8	-	31,836
<i>Trade Receivables from Third Parties</i>	8	704,129	471,225
Other Receivables		12,125	10,156
<i>Other Receivables from Third Parties</i>		12,125	10,156
Inventories	10	459,147	475,574
Prepaid Expenses	7	707,521	71,989
Other Current Assets		38,573	30,702
<b>Non-Current Assets</b>		<b>37,639,640</b>	<b>37,263,836</b>
Trade Receivables,		73,718	72,392
<i>Trade Receivables from Third Parties</i>	8	73,718	72,392
Other Receivables		1,176	1,181
<i>Other Receivables from Third Parties</i>		1,176	1,181
Inventories	10	775,390	428,306
Investments Accounted by Equity Method	3	1,093,536	985,776
Investment Properties	9	34,171,450	34,236,035
Property, Plant and Equipment	14	1,521,908	1,537,300
Intangible Assets		1,124	1,847
<i>Other Intangible Assets</i>		1,124	1,847
Prepaid Expenses	7	1,338	999
<b>Total Assets</b>		<b>42,753,721</b>	<b>39,280,748</b>

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

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION  
AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

		(Unaudited) Current Period	(Audited) Previous Period
	Notes	30 September 2023	31 December 2022
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>2,442,104</b>	<b>2,141,667</b>
Short-Term Borrowings	6	857,477	687,842
Short-Term Portion of Long-Term Borrowings	6	1,021,916	1,119,600
Derivative instruments	12	39,654	-
Trade Payables		217,036	117,475
<i>Trade Payables to Related Parties</i>	8.21	97,378	27,833
<i>Trade Payables to Third Parties</i>	8	119,658	89,642
Payables Related to Employee Benefits		10,190	6,036
Other Payables		41,324	36,667
<i>Other Payables to Third Parties</i>		41,324	36,667
Deferred Income	7	112,858	100,010
Current Income Tax Liabilities		34	971
Short-Term Provisions		83,510	29,792
Other Current Liabilities		58,105	43,274
<b>Non-Current Liabilities</b>		<b>4,712,350</b>	<b>3,343,668</b>
Long-Term Borrowings	6	2,224,555	2,597,243
Trade Payables		26,532	-
<i>Trade Payables to Related Parties</i>	8.21	26,532	-
Deferred Income	7	2,455,689	740,249
Long-Term Provisions		5,574	6,176
<i>Long-Term Provisions for Employee Benefits</i>		5,574	6,176
<b>EQUITY</b>		<b>35,599,267</b>	<b>33,795,413</b>
Share Capital	15	1,000,000	1,000,000
Treasury Shares		(5,686)	(5,930)
Share Premium		25,770	25,770
Accumulated other comprehensive income			
<i>That will not be reclassified to profit or loss</i>		1,282,391	1,282,391
Restricted Reserves		136,290	74,459
Prior Years’ Profits		31,156,892	12,982,423
Net Profit for the Year		2,003,610	18,436,300
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,753,721</b>	<b>39,280,748</b>

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

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**STATEMENT OF CONDENSED CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 July - 30 September 2023	Unaudited 1 January - 30 September 2022	Unaudited 1 July - 30 September 2022
Revenue	16	2,805,791	1,065,497	1,932,537	754,358
Cost of Sales (-)	16	(596,631)	(233,382)	(453,486)	(224,002)
<b>GROSS PROFIT</b>		<b>2,209,160</b>	<b>832,115</b>	<b>1,479,051</b>	<b>530,356</b>
General Administrative Expenses (-)	17	(195,658)	(86,155)	(107,124)	(45,846)
Marketing Expenses (-)	17	(54,466)	(17,870)	(67,712)	(11,175)
Other Income from Operating Activities	18	115,239	78,992	19,218	10,969
Other Expenses from Operating Activities (-)		(8,708)	(3,885)	(17,925)	(8,767)
<b>OPERATING PROFIT</b>		<b>2,065,567</b>	<b>803,197</b>	<b>1,305,508</b>	<b>475,537</b>
Share of the Group on Profit/Loss of Investments Accounted by Equity Method	3	191,599	98,841	95,930	34,584
<b>PROFIT BEFORE FINANCIAL EXPENSE</b>		<b>2,257,166</b>	<b>902,038</b>	<b>1,401,438</b>	<b>510,121</b>
Finance Income	19	299,231	146,268	51,429	25,774
Finance Expenses (-)	19	(551,762)	(260,141)	(782,315)	(183,086)
<b>PROFIT/LOSS BEFORE TAX</b>		<b>2,004,635</b>	<b>788,165</b>	<b>670,552</b>	<b>352,809</b>
Tax Income/(Expenses)		(1,025)	(322)	(700)	185
<b>Profit for the year</b>		<b>2,003,610</b>	<b>787,843</b>	<b>669,852</b>	<b>352,994</b>
Loss Per Share From Continuing Operations	20	2.00	0.79	0.67	0.35
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS)</b>		<b>2,003,610</b>	<b>787,843</b>	<b>669,852</b>	<b>352,994</b>

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

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

### STATEMENT OF CONDENSED CONSOLIDATED CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

	Share Capital	Treasury Shares	Share Premium	Fair Value Gains from Property, Plant and Equipments	Other Comprehensive Income from Investments Valued by Equity Method	Restricted Reserves	Prior Years Profits	Net Profit for the Year	Total Equity
<b>Opening balance as of 1 January 2022</b>	<b>1,000,000</b>	<b>(5,930)</b>	<b>25,770</b>	<b>437,723</b>	<b>4,565</b>	<b>74,421</b>	<b>7,675,656</b>	<b>5,306,805</b>	<b>14,519,010</b>
Transfers	-	-	-	-	-	38	5,306,767	(5,306,805)	-
Total comprehensive income	-	-	-	-	-	-	-	669,852	669,852
<b>Closing balance as of 30 September 2022</b>	<b>1,000,000</b>	<b>(5,930)</b>	<b>25,770</b>	<b>437,723</b>	<b>4,565</b>	<b>74,459</b>	<b>12,982,423</b>	<b>669,852</b>	<b>15,188,862</b>
<b>Opening balance as of 1 January 2023</b>	<b>1,000,000</b>	<b>(5,930)</b>	<b>25,770</b>	<b>1,236,848</b>	<b>45,543</b>	<b>74,459</b>	<b>12,982,423</b>	<b>18,436,300</b>	<b>33,795,413</b>
Transfers	-	-	-	-	-	61,831	18,374,469	(18,436,300)	-
Total comprehensive income	-	-	-	-	-	-	-	2,003,610	2,003,610
Dividends paid	-	244	-	-	-	-	(200,000)	-	(199,756)
<b>Closing balance as of 30 September 2023</b>	<b>1,000,000</b>	<b>(5,686)</b>	<b>25,770</b>	<b>1,236,848</b>	<b>45,543</b>	<b>136,290</b>	<b>31,156,892</b>	<b>2,003,610</b>	<b>35,599,267</b>

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

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 January - 30 September 2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2,776,481</b>	<b>1,573,552</b>
<b>Loss for the Period</b>		<b>2,003,610</b>	<b>669,852</b>
<b>Adjustments Related to Reconciliation of Loss for the Period</b>		<b>274,551</b>	<b>859,073</b>
Adjustments related to depreciation and amortisation expenses		31,464	17,878
Adjustments related to provisions		53,001	24,106
Adjustments related to doubtful trade receivable provision expenses	8	(239)	(905)
Adjustments related to interest income and expenses	19	199,804	358,959
Adjustments related to unrealized foreign exchange differences	6	213,098	383,028
Adjustments for fair value losses of derivative financial instruments	19	39,654	171,937
Gain on sales of investment properties kaynaklanan kazançlar ile ilgili düzeltmeler	18	(70,632)	-
Adjustments related to undistributed profits of investments accounted for by equity method	3	(191,599)	(95,930)
<b>Changes in working capital</b>		<b>498,320</b>	<b>44,627</b>
Adjustments related to decrease in trade receivables		(202,155)	(102,036)
Increase/(decrease) in other assets		(1,964)	299
Adjustments for decrease/(increase) in financial investments	11	(200,363)	-
Adjustments related to decrease/(increase) in inventories		(330,657)	(54,977)
Adjustments related to decrease in prepaid expenses		(635,871)	(57,897)
Adjustments related to decrease in trade payables		126,093	66,482
Increase/(decrease) in other payables due to operations		4,657	74,227
Adjustments related to increase/(decrease) in deferred income		1,728,288	107,828
Adjustments related to other increase/(decrease) in working capital		10,292	10,900
Employment termination benefits payment		-	(199)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>203,707</b>	<b>13,331</b>
Cash outflows from purchases of property, plant and equipments and intangible assets		(15,349)	(7,247)
Payments for acquisition of investment properties	9	(114,570)	(28,542)
Cash inflows from the sale of investment properties		249,787	-
Dividends received	3	83,839	49,120
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(937,388)</b>	<b>(1,210,558)</b>
Proceeds from borrowings	6	1,560,298	1,578,500
Repayment of borrowings	6	(2,057,682)	(2,402,820)
Interest paid		(515,486)	(431,138)
Interest received		275,238	44,900
Dividends paid		(199,756)	-
<b>Net (decrease)/ increase in cash and cash equivalents before the effect of exchange rate changes</b>		<b>2,042,800</b>	<b>376,325</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>5</b>	<b>2,042,800</b>	<b>376,325</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5</b>	<b>921,559</b>	<b>246,078</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5</b>	<b>2,964,359</b>	<b>622,403</b>

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

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Torunlar REIC” or the “Company”) and its subsidiary, TRN Otel İşletmeciliği ve Yatırımları A.Ş. (“TRN”) referred together as a “Group”. The Company was incorporated in 1996 with the trade name of Toray İnşaat Sanayi ve Ticaret A.Ş. in İstanbul, Turkey. With a change in the Articles of Association published on Trade Registry Gazette on 25 January 2008, the Company has been registered with the trade name of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. on 21 January 2008. The Company’s stocks have been traded at the Borsa İstanbul since 21 October 2010 and registered to Capital Markets Board (“CMB”). The Company operates in Turkey. As of 30 September 2023, the total number of the Company’s employees is 187 (31 December 2022: 187) and the main shareholder is the Torun Family.

The Company is registered in İstanbul Trade Registry Office in Turkey in the following address: Rüzgarlıbahçe Mahallesi Özalp Çıkmazı No: 4 Beykoz 34805 İstanbul/Turkey.

The Company’s principle activity is to engage in the pre-defined objectives and areas stipulated in the Communiqué on real estate investment companies published by the Capital Markets Board of Turkey (“CMB”) such as investing in real estate, capital market instruments based on real estate, real estate projects and capital market instruments.

Torunlar REIC purchased 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. as of 12 March 2018. Accordingly, the financial statements are prepared as consolidated as of 31 December 2018. The principal activity of TRN, and the Group’s participation rates are as follows:

Company	Operating country	Operating sector	30 September 2023 Participation rate%	31 December 2022 Participation rate %
TRN Otel İşletmeciliği ve Yatırımları A.Ş.	Turkey	Hotel Management	100	100

### Joint Ventures

The Joint Ventures of Torunlar REIC operate in Turkey and their principal activities and joint venture partners as of 30 September 2023 are as follows (Note 2):

Joint Venture	Principal activity	Joint venture partner
TTA Gayrimenkul Yatırım Geliştirme ve Yönetim A.Ş. (“TTA”)	Shopping mall project	Anaterra Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş.

### TTA

TTA Gayrimenkul Yatırım ve Yönetim A.Ş. has been incorporated on 7 January 2010 after winning the tender related to the old cigarette factory and its auxiliary buildings which are located in Samsun, İlkadım district, 205 lot, 2, 8, 9, 10, 11, 12, 13, 14 parcels and 376 lot, 1 parcel and 377 lot, 5 parcel whose ownership is registered to Samsun Metropolitan Municipality. The project includes, by the approval of Samsun Cultural and Natural Heritage Protection Regional Committee; the renovation as shopping mall and/or hotel; constructing two stores underground car park and facilitating the right of operation to Samsun Metropolitan Municipality; operating for 30 years with a limited incorporeal right (permanent and individual usufruct right) on land registry by the same term and providing a certain share of the revenue of shopping mall and/or hotel to Samsun Metropolitan Municipality; delivering the project to Samsun Metropolitan Municipality at the end of the 30 years term.

As a result of winning the tender and the agreement made with Samsun Metropolitan Municipality, the earned right as part of the financial leasing is classified as investment property within the scope of TAS 40 and is measured at fair value.



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

In August 2011, 450,000 shares which were previously owned by Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş. and valued nominally as TRY450,000 and 50,000 shares which were previously owned by Ahmet Demir and valued nominally as TRY50,000 were transferred to Anatterra Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. After the transfer, the shareholding structure of TTA is 40% Torunlar REIC, 8% Torunlar Gıda Sanayi Ticaret A.Ş., 1% Aziz Torun, 1% Mehmet Torun and 50% Anatterra Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. The construction of the TTA Bulvar Samsun Mall project has been started in 2011 and the Mall started to operate in July 2012.

#### Subsidiary

##### *TRN Otel İşletmeciliği A.Ş.*

The Group management has decided to purchase that 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. with a nominal value of 500,000 nominal amount and nominal value of TRY0.22 that has been valued at TRY109 as of 12 March 2018. The Group has consolidated TRN Otel İşletmeciliği A.Ş. at the rate of 100% in the consolidated financial statements.

#### Associates

The Associates of Torunlar REIC are incorporated in Turkey and their primary operations and nature of businesses are stated below:

<b>Associate</b>	<b>Principal Activity</b>
Yeni Gimat GYO A.Ş. (“Yeni Gimat”)	Owner of Ankamall Shopping Mall and Crowne Plaza Hotel
Netsel Turizm Yatırımları A.Ş. (“Netsel”)	Management of Marmaris Marina

##### *Yeni Gimat*

Yeni Gimat has been incorporated by participation of 1,050 individual shareholders as founding members on 30 July 1999. The Entity owns Ankamall Shopping Mall since 2006 and Ankara Crowne Plaza Hotel since 2007. While the Group owns 14.83% of Yeni Gimat shares and Torunlar family members also own another 5% of Yeni Gimat, as a result the Group has significant influence on Yeni Gimat and is also represented in the Board of Directors. The investment in Yeni Gimat is accounted by the equity method in the consolidated financial statements.

##### *Netsel*

Netsel has been incorporated by Net Turizm Ticaret and Sanayi A.Ş. and Yüksel İnşaat A.Ş. on 6 October 1987. The coastal property operated by Netsel, has been leased from Ministry of Culture and Tourism for 49 years on 22 December 1988. Net Turizm sold its shares to Marmara Bank on 1992 and Yüksel İnşaat sold its shares to Çukurova Group in 1994. Following the liquidation process of Marmara Bank, 44.60% of Netsel was sold to Torunlar REIC in accordance with share transfer agreements on 31 May 2005 and 7 September 2005 respectively and 55% of Netsel was transferred to Tek-Art Kalamış and Fenerbahçe Marmara Turizm Tesisleri A.Ş. (a subsidiary of Koç Holding A.Ş.) in accordance with share transfer agreement on 22 August 2005 as a privatization transaction. It was accounted for by using equity method since the Group has a significant influence in Netsel. The remaining 0.40% belongs to Torun family.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 2.1 Basis of Preparation

##### Statement of Compliance in TAS

The accompanying condensed consolidated interim financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying condensed consolidated interim financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. The condensed consolidated interim financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013 about the "illustrations of consolidated financial statements and application guidance

The condensed consolidated interim financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on 4 October 2022 and the Financial Table Examples and User Guide published by the CMB.

The condensed consolidated interim financial statements of the Group as of 1 January-30 September 2023, have been approved by the Board of Directors on 8 November 2023. The General Assembly has the right to modify the condensed consolidated interim financial statements.

##### Functional and Presentation Currency

Items included in the financial statements of the company are presented using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is Turkish Lira ("TRY") and presentation currency is thousand Turkish Lira.

##### Adjustment of Financial Statements During Hyper-Inflationary Periods

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this the condensed consolidated financial statements, POA did not make an additional announcement and no adjustment was made to this the condensed consolidated financial statements in accordance with TAS 29.

##### Comparatives and restatement of prior periods financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified were necessary, to conform to changes in presentation in the current period consolidated financial statements.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Preparation (Continued)

##### Summary of Significant Accounting Policies

Significant accounting policies that are used to prepare the Group's interim condensed financial statements for the period of 30 September 2023 are prepared according to the financial statement formats and guides issued by CMB with the resolution taken in the 7 September 2013 dated and 20/670 numbered meeting, and they are in accordance with the accounting policies explained as detailed in the 30 September 2023 dated financial statements. Interim condensed consolidated financial statements must be assessed with the financial statements for the period ended 31 December 2022.

##### Joint Ventures

###### Interests in joint ventures

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in Joint Ventures on combined basis are as follows:

	30 September 2023 (%)	31 December 2022 (%)
TTA	40.00	40.00
	<b>30 September 2023</b>	<b>31 December 2022</b>
Current assets	10,472	8,993
Non-current assets	256,878	261,697
<b>Total assets</b>	<b>267,350</b>	<b>270,690</b>
Short-term liabilities	28,835	49,414
Long-term liabilities	15,392	15,391
Equity	223,123	205,885
<b>Total liabilities and equity</b>	<b>267,350</b>	<b>270,690</b>
<b>Net profit for the year</b>	<b>17,239</b>	<b>7,543</b>

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in its consolidated financial statements in proportion to its interest in a joint operation:

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Preparation (Continued)

- Its assets, including its share of any assets held jointly,
- Its liabilities, including its share of any liabilities incurred jointly,
- Its revenue from the sale of its share of the output arising from the joint operation,
- Its share of the revenue from the sale of the output by the joint operation,
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the TFRSs applicable to the particular assets, liabilities, revenues and expenses.

#### Associates

Investments in associates, over which the Group has significant influence, but which it does not control, are accounted for by the equity method of accounting. The Group's share of its associates' post-acquisition profits or losses is recognized under 'profit from investments accounted for by using equity method' in the statement of profit or loss. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. The accounting policies of the associates can be modified if required in order to provide integrity with policies accepted by the Group.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Carrying amount in the date of termination of significant influence, presented with fair value if fair value after this date can be measured securely.

Torunlar REIC's direct and indirect voting rights in the associates as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023 (%)	31 December 2022 (%)
Netsel	44.60	44.60
Yeni Gimat	14.83	14.83

#### Interest in associates on combined basis

	30 September 2023	31 December 2022
Total assets	6,855,225	6,137,988
Total liabilities	303,412	181,309
Net profit for the year	1,068,519	3,135,583

(\*) These combined figures represent amounts presented in the consolidated financial statements of associates which are accounted by the equity method after their classifications and adjustment entries for the equity method. The above-mentioned figures represent the complete result of operations of these companies.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Preparation (Continued)

##### Yeni Gimat

	30 September 2023	31 December 2022
Total assets	6,588,986	5,983,417
Total liabilities	146,856	94,073
Net profit for the year	978,967	3,087,170

##### Netsel

	30 September 2023	31 December 2022
Total assets	266,239	154,571
Total liabilities	156,556	87,236
Net profit for the year	89,552	48,413

#### 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 Group's consolidated financial statements have been prepared on a going concern basis.

#### 2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period consolidated financial statements are restated.

#### 2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

#### 2.4 New and Revised Turkish Accounting Standards

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

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.
- **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 Organization 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

**2.4 New and Revised Turkish Accounting Standards (Continued)**

- **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.
- **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.

**Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred). The expected credit losses do not have a significant impact on the Group’s financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

**2.5 Critical Accounting Estimates, Assumptions and Judgements**

**Critical judgments in applying the Group’s accounting policies**

In the process of applying the Group’s accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements (apart from those involving estimations, which are dealt with below):

The preparation of condensed consolidated interim financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Group management; the actual results might differ from them. The assumptions and critical accounting estimates used in order to prepare the condensed consolidated interim financial statement as of 30 September 2023 have no change in comparison with the prior year. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

***Fair values of investment properties***

The fair value of the investment properties has been determined according to valuation carried out by an independent valuation company. The fair value of the investment property is determined according to the income approved and comparable transaction. Estimates and assumptions are determined by comparable or independent valuation experts, based on the income approach using appropriate discount rates, occupancy rates, annual rent increases, terminal value growth rates, etc. Differences between estimates and assumptions and actual results may cause significant impact on the Group’s consolidated financial statements.

In 2022, fair values of the investment properties are determined by independent valuation expert; Lotus Gayrimenkul Danışmanlık ve Değerleme A.Ş. The Group assumes that expenditure amount on investment property has an equivalent effect on fair value of related real estate. Since the valuation reports are performed once a year, the fair values of the investment properties determined by the valuation reports are 2022 used for 30 September 2023 condensed consolidated interim financial statements. As of 30 September 2023, the Group management has evaluated the effects on the fair values of the related real estates, and a negative impact has not been determined in relation to the foreseen income for 2022 and actual results for 9 months period as a result of this evaluation.

***Deferred tax assets***

Deferred tax assets are recognized only if it is highly probable that sufficient financial profit will be available in future periods. If it is probable that a tax income will be realized, the deferred tax asset is recorded over unused tax losses, tax deductions and Other temporary differences. Group management calculates available financial losses and deferred tax assets over other temporary differences as a result of projections made by using estimates.



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Significant estimates and assumptions disclosed in the financial statements as of 30 September 2023 and 31 December 2022 are as follows:

30 September 2023	Valuation report date	Valuation method	Discount rate	Rent increase rate p.a.	Capitalization rate	Comparable m <sup>2</sup> prices in full TRY)
Antalya Deepo Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Mall of Antalya	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Antalya Kepez lands	6 January 2023	Sale Comparison	-	-	-	6,612
Bursa Korupark Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 7	-
Torium Shopping Mall and 2 Student Residences	6 January 2023	Discounted Cash Flow	%22	% 10-15	% 8-9	-
Bursa Zafer Plaza Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 7	-
Mall of İstanbul Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Torun Tower	6 January 2023	Sale Comparison	-	-	-	56,608
Paşabahçe project	6 January 2023	Discounted Cash Flow	%22	% 10-15	% 10	-
İstanbul İkitelli Kayabaşı land	6 January 2023	Sale Comparison	-	-	-	9,470
Karaköy Otel project	6 January 2023	Sale Comparison	-	-	-	441,195
Bursa Korupark independent areas	6 January 2023	Sale Comparison	-	-	-	23,755
5th Levent Retail	6 January 2023	Sale Comparison	-	-	-	70,600
MOİ Office and Commercial	6 January 2023	Sale Comparison	-	-	-	40,358
MOİ 2nd Phase Office and Commercial	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 7-10	-
Mall of İstanbul 3rd Phase	6 January 2023	Sale Comparison	-	-	-	14,620
Torun Center Office and Commercial	6 January 2023	Sale Comparison	-	-	-	87,905
31 December 2022	Valuation report date	Valuation method	Discount rate	Rent increase rate p.a.	Capitalization rate	Comparable m <sup>2</sup> prices in full TRY)
Antalya Deepo Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Mall of Antalya	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Antalya Kepez lands	6 January 2023	Sale Comparison	-	-	-	6,612
Bursa Korupark Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 7	-
Torium Shopping Mall and 2 Student Residences	6 January 2023	Discounted Cash Flow	%22	% 10-15	% 8-9	-
Bursa Zafer Plaza Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 7	-
Mall of İstanbul Shopping Mall	6 January 2023	Discounted Cash Flow	%22	% 10-20	% 8	-
Torun Tower	6 January 2023	Sale Comparison	-	-	-	56,608
Paşabahçe project	6 January 2023	Discounted Cash Flow	%22	% 10-15	% 10	-
İstanbul İkitelli Kayabaşı land	6 January 2023	Discounted Cash Flow	-	-	-	9,470
Karaköy Otel project	6 January 2023	Discounted Cash Flow	-	-	-	441,195
Bursa Korupark independent areas	6 January 2023	Discounted Cash Flow	-	-	-	23,755
5th Levent Retail	6 January 2023	Discounted Cash Flow	-	-	-	70,600
MOİ Office and Commercial	6 January 2023	Discounted Cash Flow	-	-	-	40,358
MOİ 2nd Phase Office and Commercial	6 January 2023	Sale Comparison	%22	% 10-20	% 7-10	-
MOİ 3rd Phase	6 January 2023	Discounted Cash Flow	-	-	-	14,620
Torun Center Office and Commercial	6 January 2023	Discounted Cash Flow	-	-	-	87,905

If all the variables in the valuations of the real estates with the fair value of TRY15,265,605 (31 December 2021: TRY7,563,902) valued using the income approach as of 31 December 2022 fixed and the discount rate used was more than 1% and less than 1%, the fair values would have been lower or higher than TRY152,656 (31 December 2021: TRY75,639 less/higher).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

**2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)**

- i. Antalya Deepo Shopping Mall and growth project (Mall of Antalya), which was established on an area of 84,503.61 m<sup>2</sup> on the territory of Antalya Province, Merkez District, Koyunlar Village, and which the Group classified under investment properties as of 30 September 2023 and 31 December 2022, was opened in April 2019, respectively. Leasing and management of shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 6 January 2023 with the report number 2022/4842 the aforementioned property's fair value is TRY3,703,700 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 7 January 2022 with the report number 2021-4566 the aforementioned property's fair value is TRY1,728,000 as at 31 December 2021).

- ii. The Group has 57,680 m<sup>2</sup> of land in the province of Antalya, Merkez District, Koyunlar Village, which is classified under investment properties as of 30 September 2023 and 31 December 2022.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 6 January 2023 with the report number 2022-4829 the aforementioned property's fair value is TRY239,860 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 7 January 2022 with the report number 2021-4552 the aforementioned property's fair value is TRY98,000 as at 31 December 2021).

- iii. The Bursa Korupark Shopping Mall, which was established on the area of 53,185.61 m<sup>2</sup> in Bursa Province, Osmangazi District, Emek Village, which is classified under investment properties as of 30 September 2023 and 31 December 2022, has been put into service on May 2007. The management of the shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report with the number 2022-4831, Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023, as of 31 December 2022, the aforementioned property's fair value is TRY3,781,600 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report with the number 2021-4454, Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022, at 31 December 2021, the aforementioned property's fair value is TRY2,150,000).

- iv. The Mall of İstanbul Shopping Mall, which was established on the rentable area of 181,295 m<sup>2</sup> in İstanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which is classified under investment properties as of 30 September 2023 and 31 December 2022, has been put into service on 23 May 2014. The management of the shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4834, the aforementioned property's fair value is TRY9,115,000 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4557, the aforementioned property's fair value is TRY4,800,000 as at 31 December 2021).

- v. As of 30 September 2023 and 31 December 2022, the Group has completed the Torium Shopping Mall project on an area of 44,571 m<sup>2</sup> in Istanbul Province, Büyükçekmece District, Esenyurt Village which is classified under investment properties. The Torium AVM project has been completed and the shopping mall was opened on 30 October 2010.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4832, the aforementioned property's fair value is TRY1,259,130 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4557, the aforementioned property's fair value is TRY800,000 as at 31 December 2021).

- vi. As of 30 September 2023 and 31 December 2022, the Group has an area of 70,644 m<sup>2</sup> in the Istanbul Province, Beykoz District which is classified as investment property and has 49 years of usage rights for a 3,935 m<sup>2</sup> pier and dock. It is planned to make a 5-star Hotel and Apart Hotel project on the land.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022- 4841, the aforementioned property's fair value is TRY2,700,000 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4565, the aforementioned property's fair value is TRY1,087,450 as at 31 December 2021).

- vii. On the 11,099 m<sup>2</sup> land located in İstanbul Şişli 2nd District which is classified under investment property as of 30 September 2023 and 31 December 2022, the Group completed Torun Tower Project in 2014. The project has been completed in 2014 and a rent agreement has been signed with Denizbank A.Ş. for 60,023 m<sup>2</sup> of area (30 floors) on 6 February 2014.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4835, the aforementioned property's fair value is TRY6,000,000 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4558, the aforementioned property's fair value is TRY2,700,000 as at 31 December 2021).

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- viii. Bursa Zafer Plaza located on the 9,622 m<sup>2</sup> land in Bursa Osmangazi Şhreküstü District which is classified under investment property as of 30 September 2023 and 31 December 2022 has been opened in October 1999. Rental procedures and management of the Mall is conducted by Zafer Plaza İşletmecilik A.Ş.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4830, the aforementioned property's fair value is TRY567,200 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4553, the aforementioned property's fair value is TRY457,000 as at 31 December 2021).

- ix. The Group owns 60,833 m<sup>2</sup> land located in İstanbul Küçükçekmece Kayabaşı District which is classified under investment property as of 30 September 2023 and 31 December 2022. The usage of this land has not been determined by the management as of balance sheet date and the land is retained for capital appreciation.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4826 the aforementioned property's fair value is TRY455,660 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2021-4549 the aforementioned property's fair value is TRY248,805 as at 31 December 2021).

- x. The Group owns a building located on 1,479 m<sup>2</sup> land in İstanbul Beyoğlu Kemankeş District which is classified under investment property as of 30 September 2023 and 31 December 2022. The building is planned to be renovated as a hotel.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4845 the aforementioned property's fair value is TRY672,880 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4569 the aforementioned property's fair value is TRY177,340 as at 31 December 2021).

- xi. As at 30 September 2023 and 31 December 2022 separate unit of Bursa Korupark Shopping Mall located in Bursa Osmangazi Emek district which is classified under investment properties includes a dolphin pool, social recreation areas, office and stores.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-3995 the aforementioned property's fair value is TRY457,000 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4553 the aforementioned property's fair value is TRY457,000 as at 31 December 2021).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

**2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)**

- xii. The Mall of Istanbul Hotel Congress Center and Office Project was completed in 2022 on an area of 18,209 m<sup>2</sup> in Istanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which the Group classified under investment properties as of 30 September 2023 and 31 December 2022.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4844 the aforementioned property's fair value is TRY2,543,800 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4559 the aforementioned property's fair value is TRY371,750 as at 31 December 2021).

- xiii. The Group has rented 22 units consisting of 20 offices and 2 residents with a rentable area of 2,177 m<sup>2</sup> which is located in Istanbul Province, Başakşehir-İkitelli-2 District and is classified under investment properties as of 30 September 2023 and 31 December 2022.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No1 Communiqué, dated 6 January 2023 with the report number 2022-4836, the aforementioned property's fair value is TRY131,185 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No1 Communiqué, dated 7 January 2022 with the report number 2021-4559, the aforementioned property's fair value is TRY81,510 as at 31 December 2021).

- xiv. In 2020, The Group leased out the rentable area of 61,299 m<sup>2</sup> which consists of workplaces, offices and commercial units within the Torun Center project and in the address of İstanbul Province, Şişli-Dikilitaş District, as of 30 September 2023 and 31 December 2022.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4840 the aforementioned property's fair value is TRY4,344,255 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4564 the aforementioned property's fair value is TRY2,146,510 as at 31 December 2021).

- xv. The Group has 50 workplaces, offices and commercial units with leasable areas in the 5th Levent project in Istanbul Province, Eyüpsultan District, Güzeltepe Mahallesi, classified under investment property as of 30 September 2023 and 31 December 2022.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4827, the aforementioned property's fair value is TRY441,265 as at 31 December 2022 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4567 the aforementioned property's fair value is TRY220,525 as at 31 December 2021).

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

#### 2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- xvi. The Group has a 12.132 m<sup>2</sup> land in Istanbul Province, Başakşehir District, Ziya Gökalp District, which is classified under investment properties as of 30 September 2023 and 31 December 2022. The Company has not yet made a decision regarding the use of the land, and it is currently holding for value increase.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report in accordance with Capital Markets Board’s Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4828, the aforementioned property’s fair value is TRY177,000 as at 31 December 2022 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report in accordance with Capital Markets Board’s Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-1629 the aforementioned property’s fair value is TRY116,550 as at 31 December 2021).

#### 2.6 Compliance with the portfolio limitations

Information included in the footnote titled ‘Control of Compliance with Portfolio Limitations’ as of 30 September 2023; CMB Serial: II, No: 14.1 ‘The Communiqué on Principles Regarding Financial Reporting in the Capital Markets’ is a summary information derived from the financial statements and published in the Official Gazette numbered 28660 on 28 May 2013, Serial: III, No: 48.1. ‘Communiqué on Principles Regarding Investment Trusts’, ‘Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts’, Serial: III, No: 48.1a, published in the Official Gazette No. 28891 on 23 January 2014, and the Official Gazette No. 31269 on 9 October 2021. It has been prepared in accordance with the provisions of the Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts, Serial: III, No: 48.1.e, on the control of compliance with portfolio limitations.

### NOTE 3 - INTERESTS IN OTHER ENTITIES

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	(%)	TRY	(%)	TRY
Yeni Gimat	14.83	955,368	14.83	873,390
TTA	40.00	89,249	40.00	82,354
Netsel	44.60	48,919	44.60	30,032
		<b>1,093,536</b>		<b>985,776</b>
			<b>1 January- 30 September 2023</b>	<b>1 January- 30 September 2022</b>
<b>Opening balance</b>			<b>985,776</b>	<b>515,842</b>
Income and expenses from associates, (net)			184,703	92,924
Dividends received from associates			(83,839)	(49,120)
Income and expenses from joint ventures, (net)			6,896	3,006
<b>Closing balance</b>			<b>1,093,536</b>	<b>562,652</b>

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

Profit or losses from investments accounted for by the equity method:

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Yeni Gimat	144,763	78,590	74,973	27,678
Netsel	39,940	16,973	17,951	5,254
TTA	6,896	3,278	3,006	1,652
<b>Total</b>	<b>191,599</b>	<b>98,841</b>	<b>95,930</b>	<b>34,584</b>

The Group's associates and joint ventures are included in the condensed consolidated interim financial statements with accounted for by the equity method.

#### NOTE 4 - SEGMENT REPORTING

The reportable segments of Torunlar REIC have been organized by the management as a portfolio on a project-by-project basis and makes decisions about resources to be allocated to the properties on the same basis. Accounting policies applied by each operational segment of Torunlar REIC are the same as those are applied in Torunlar REIC's financial statements which are prepared in accordance with TFRS. The information about each segment is presented below. Management follows and evaluates the performance of its segments in the statement of profit or loss until the operating profit before the financing income/expense. Since all of the loans and deposits which are constituted the financing activities of the Group cannot be matched with the projects and are generally related to mixed projects, the Management does not make an assessment by distributing the financing activities according to the departments. In addition, the Management does not make an assessment by distributing its total assets and liabilities according to the divisions.

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 4 - SEGMENT REPORTING (Continued)**

The segment information for the reportable segments as of and for the period ended 30 September 2023 is as follows:

	Total revenue from departments	Gross profit	Increase in fair value of investment properties (*)	Operating profit / (loss)	Income (expense)from subsidiaries	Finance expenses net	Profit/(loss) from operations before tax	Investment expenditures (**)
<b>Offices and shopping</b>								
<b>Malls for rent</b>								
Mall of İstanbul Shopping Mall	971,424	778,718	-	759,821	-	-	759,821	19,403
Korupark Shopping Mall	433,056	340,596	-	336,306	-	-	336,306	5,817
Torun Tower	207,164	206,104	-	202,969	-	-	202,969	-
Torium Shopping Mall	201,034	104,031	-	101,127	-	-	101,127	24,613
Mall of Antalya	225,575	166,914	-	164,524	-	-	164,524	20,326
Antalya Deepo Shopping Mall	162,058	127,896	-	127,890	-	-	127,890	1,937
MOİ 2nd. Phase Office, Commercial Area	3,871	3,083	-	3,083	-	-	3,083	11,189
Zafer Plaza Shopping Mal	74,025	63,539	-	63,282	-	-	63,282	-
Torun Center	52,598	43,038	-	36,936	-	-	36,936	-
5th Levent Çarşı	8,248	7,153	-	7,153	-	-	7,153	-
Torium Dorm	5,455	3,340	-	3,340	-	-	3,340	-
Korupark independent areas	906	638	-	638	-	-	638	-
MOI Office and Commercial	1,818	1,448	-	1,448	-	-	1,448	-
<b>Tourism Income</b>								
Hilton otel	153,246	76,405	-	76,405	-	-	76,405	-
<b>Subtotal</b>	<b>2,500,478</b>	<b>1,922,903</b>	<b>-</b>	<b>1,884,922</b>	<b>-</b>	<b>-</b>	<b>1,884,922</b>	<b>83,285</b>
<b>Residences and office projects</b>								
Torun Center	258,102	242,277	-	242,277	-	-	242,277	-
Korupark 3rd Phase Residences	9,545	9,148	-	9,148	-	-	9,148	-
Mall of İstanbul High Residence	36,227	33,393	-	33,393	-	-	33,393	-
5th Levent Project	897	897	-	897	-	-	897	-
Mall of İstanbul Flat Office	542	542	-	542	-	-	542	-
<b>Subtotal</b>	<b>305,313</b>	<b>286,257</b>	<b>-</b>	<b>286,257</b>	<b>-</b>	<b>-</b>	<b>286,257</b>	<b>-</b>
<b>Projects under construction</b>								
5th Levent Project 2nd. Phase	-	-	-	-	-	-	-	347,084
Paşabahçe project	-	-	-	-	-	-	-	14,405
<b>Real estates held to develop projects</b>								
Kemankeş building	-	-	-	-	-	-	-	16,880
Antalya Kepez Lands	-	-	-	-	-	-	-	-
Kayabaşı Land	-	-	-	-	-	-	-	-
Mall of İstanbul 3rd Phase	-	-	-	-	-	-	-	-
<b>Associates</b>								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	144,763	-	144,763	-
Netsel	-	-	-	-	39,940	-	39,940	-
TTA	-	-	-	-	6,896	-	6,896	-
Unallocated	-	-	-	(105,612)	-	(252,531)	(358,143)	-
<b>Total</b>	<b>2,805,791</b>	<b>2,209,160</b>	<b>-</b>	<b>2,065,567</b>	<b>191,599</b>	<b>(252,531)</b>	<b>2,004,635</b>	<b>461,654</b>

(\*) It comprises of fair value increases/(decreases) arising from investment properties.

(\*\*) Investment expenditures include investments for items classified as inventory in financial statements and shopping malls classified as investment properties.



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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 4 - SEGMENT REPORTING (Continued)**

The segment information for the reportable segments as of and for the period ended 30 September 2022 is as follows:

	Total revenue from departments	Gross profit	Increase in fair value of investment properties (*)	Operating profit / (loss)	Income (expense)from subsidiaries	Finance expenses net	Profit/(loss) from operations before tax	Investment expenditures (**)
<b>Offices and shopping</b>								
<b>Malls for rent</b>								
Mall of İstanbul Shopping Mall	562,664	407,393	-	389,707	-	-	389,707	2,151
Korupark Shopping Mall	237,680	173,520	-	172,186	-	-	172,186	1,355
Torun Tower	110,575	104,620	-	99,038	-	-	99,038	-
Torium Shopping Mal	104,575	44,137	-	41,084	-	-	41,084	12,807
Mall of Antalya	134,489	92,450	-	90,412	-	-	90,412	575
Antalya Deepo Shopping Mall	98,999	75,092	-	74,041	-	-	74,041	447
MOI 2nd. Phase Office, Commercial Area	630	580	-	580	-	-	580	1,098
Zafer Plaza Shopping Mall	36,000	31,531	-	31,372	-	-	31,372	-
Torun Center	18,475	15,269	-	15,269	-	-	15,269	-
5th Levent Çarşı	5,585	4,662	-	4,662	-	-	4,662	-
Torium Dorm	3,947	1,522	-	1,522	-	-	1,522	161
<u>Korupark independent areas</u>	<u>432</u>	<u>393</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>-</u>	<u>393</u>	<u>-</u>
<b>Tourism Income</b>								
Hilton otel	116,553	72,395	-	72,395	-	-	72,395	276
<b>Subtotal</b>	<b>1,430,604</b>	<b>1,023,564</b>	<b>-</b>	<b>992,661</b>	<b>-</b>	<b>-</b>	<b>992,661</b>	<b>18,594</b>
<b>Residences and office projects</b>								
Torun Center	387,942	359,390	-	283,816	-	-	283,816	-
Mall of İstanbul High Residence	40,718	35,618	-	35,618	-	-	35,618	-
Mall of İstanbul Flat Office	48,123	45,068	-	45,068	-	-	45,068	-
5th Levent Project	25,150	15,411	-	9,216	-	-	9,216	-
<b>Subtotal</b>	<b>501,933</b>	<b>455,487</b>	<b>-</b>	<b>373,718</b>	<b>-</b>	<b>-</b>	<b>373,718</b>	<b>-</b>
<b>Projects under construction</b>								
5th Levent Project 2nd Phase	-	-	-	-	-	-	-	100,762
Paşabahçe project	-	-	-	-	-	-	-	204
Karaköy oteli	-	-	-	-	-	-	-	9,744
<b>Real estates held to develop projects</b>								
Kayabaşı Land	-	-	-	-	-	-	-	-
Antalya Kepez Lands	-	-	-	-	-	-	-	-
Mall of İstanbul 3rd Phase	-	-	-	-	-	-	-	-
<b>Associates</b>								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	74,973	-	74,973	-
Netsel	-	-	-	-	17,951	-	17,951	-
TTA	-	-	-	-	3,006	-	3,006	-
Unallocated	-	-	-	(60,871)	-	(730,886)	(791,757)	-
<b>Total</b>	<b>1,932,537</b>	<b>1,479,051</b>	<b>-</b>	<b>1,305,508</b>	<b>95,930</b>	<b>(730,886)</b>	<b>670,552</b>	<b>129,304</b>

(\*) It comprises of fair value increases/(decreases) arising from investment properties.

(\*\*) Investment expenditures include investments for items classified as inventory in financial statements and shopping malls classified as investment properties.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cash	430	82
Banks	2,988,003	922,434
<i>Demand deposits</i>	79,450	7,775
<i>Time deposit</i>	2,908,553	914,659
Other cash equivalents	3,790	2,914
	<b>2,992,223</b>	<b>925,430</b>

As of 30 September 2023 and 31 December 2022, cash and cash equivalents in the statements of cash flows are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cash and cash equivalents	2,992,223	925,430
Less: Interest accrual of time deposits	(27,864)	(3,871)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>2,964,359</b>	<b>921,559</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
Up to 30 days	101,658	914,659
30 - 90 days	2,806,895	-
	<b>2,908,553</b>	<b>914,659</b>

The breakdown of foreign currency denominated cash and cash equivalents in terms of TRY is as follows:

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	<b>Original Amount</b>	<b>TRY Equivalent</b>	<b>Original Amount</b>	<b>TRY Equivalent</b>
US Dollar	45,213	1,237,783	2,272	42,483
Euro	1,554	45,113	2,173	43,319
Sterlin	16	536	11	247
		<b>1,283,432</b>		<b>86,049</b>

Weighted average effective interest rate for time deposits:

	<b>30 September 2023</b>	<b>31 December 2022</b>
US Dollar	%3.75	%3.75
Euro	%3.00	%3.00
Turkish Lira	%37.68	%24.00

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 6 - FINANCIAL LIABILITIES**

**Financial Liabilities**

**30 September 2023    31 December 2022**

**Financial Liabilities**

Bank borrowings	857,477	687,842
<b>Short-term financial borrowings</b>	<b>857,477</b>	<b>687,842</b>
Short-term portions of long-term borrowings	1,021,182	1,113,246
Finance leases	734	6,354
<b>Short-term portions of long-term borrowings</b>	<b>1,021,916</b>	<b>1,119,600</b>
Bank borrowings	2,224,555	2,597,243
<b>Long-term borrowings</b>	<b>2,224,555</b>	<b>2,597,243</b>
<b>Total borrowings</b>	<b>4,103,948</b>	<b>4,404,685</b>

As of 30 September 2023, there are mortgages amounting to given to the banks regarding the financial liabilities amounting to TRY8,780,764 (31 December 2022: TRY7,596,204) on the investment properties.

**Bank borrowings**

**30 September 2023    31 December 2022**

Short-term bank borrowings	857,477	687,842
Short-term portions of long-term borrowings	1,021,182	1,113,246
Long-term bank borrowings	2,224,555	2,597,243
<b>Total borrowings</b>	<b>4,103,214</b>	<b>4,398,331</b>

30 September 2023	Weighted avg. effective interest (%) (*)	Currency	Original amount	TRY equivalent
Short-term bank borrowings	25.84	TRY	857,477	857,477
Short-term portion of long-term borrowings	20.65	TRY	1,017,121	1,017,121
	8.39	EUR	140	4,061
Long-term bank borrowings	22.46	TRY	1,757,100	1,757,100
	8.39	EUR	16,102	467,455
<b>Total bank borrowings</b>				<b>4,103,214</b>

(\*) Weighted average effective interest rates consists of weighted average rate of fixed and floating loans.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 6 - FINANCIAL LIABILITIES (Continued)**

<b>31 December 2022</b>	<b>Weighted avg. effective interest (%) (*)</b>	<b>Currency</b>	<b>Original amount</b>	<b>TRY equivalent</b>
Short-term bank borrowings	16.30	TRY	687,842	687,842
Short-term portion of long-term borrowings	14.37	TRY	1,048,980	1,048,980
	4.84	EUR	3,218	64,266
Long-term bank borrowings	14.94	TRY	1,825,971	1,825,971
	4.84	EUR	38,620	771,272
<b>Total bank borrowings</b>				<b>4,398,331</b>

(\*) Weighted average effective interest rates consists of weighted average rate of fixed and floating loans.

The repayment schedule for long-term bank borrowings as of 30 September 2023 and 31 December 2022 is as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
2024	147,823	928,698
2025	782,310	764,984
2026	901,024	633,077
2027 and beyond	393,398	270,484
	<b>2,224,555</b>	<b>2,597,243</b>

**Obligations under finance lease**

The maturities of obligations under finance lease is as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Up to 1 year	734	6,354
	<b>734</b>	<b>6,354</b>

Finance leases consist of EUR. The Company has a finance leases obligation of 3.56% interest rate with original currency of EUR25 (31 December 2022: %3.56 interest rate with orginal currency of EUR25) as of 30 September 2023.

As of 30 September 2023, a significant part of the finance leases consists of financial lease obligations related to the shopping malls which are sold to Ak Finansal Kiralama A.Ş. regarding the sell and leaseback agreement that was made on 27 May 2016 and which are represented as the investment properties. As of 30 September 2023, the interest rate of financial leasing transactions is 3.56% (31 December 2022: 3.56%).

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

**NOTE 6 - FINANCIAL LIABILITIES (Continued)**

	<b>2023</b>	<b>2022</b>
<b>Total financial liabilities as of January 1</b>	<b>4,404,685</b>	<b>5,038,013</b>
Cash inflows from borrowing	1,560,298	1,578,500
Cash outflows from repayment	(2,057,682)	(2,402,820)
Foreign currency losses	213,098	383,028
Change in interest accruals	(16,451)	(20,750)
<b>Total financial liabilities as of September 30</b>	<b>4,103,948</b>	<b>4,575,971</b>

**NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME**

**Short-Term Prepaid Expenses**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Advances given	679,560	56,665
Prepaid expenses	27,961	15,324
	<b>707,521</b>	<b>71,989</b>

**Long-Term Prepaid Expenses**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Order advances given	970	970
Prepaid expenses	368	29
	<b>1,338</b>	<b>999</b>

**Short-Term Deferred Income**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Advances received (*)	68,213	85,545
Deferred income	44,645	14,465
	<b>112,858</b>	<b>100,010</b>

(\*) As of 30 September 2023, from the sales commitments regarding the offices and residential units that are not delivered consist of advances received amounting to TRY45,781 for Torun Center Project, TRY2,514 for 5th Levent project, TRY19,918 for TRN Otel advances. (31 December 2022: TRY47,049 for Torun Center Project, TRY25,327 for 5th Levent Project, TRY36,640 for Mall of İstanbul project and remaining TRY4,269 for other advanced received.)

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)**

**Long-Term Deferred Income**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Advances received (*)	2,455,689	740,249
	<b>2,455,689</b>	<b>740,249</b>

(\*) As of 30 September 2023, all of the long-term sales commitments regarding the residences and offices that were sold but not delivered yet consist of the 2nd Stage of the 5th Levent project. Of the related advance amount, TRY1i958,677 has been received in cash, and TRY497,022 as notes receivable.

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

**Current trade receivables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Notes receivables (*)	444,988	307,618
Trade receivables	281,661	186,366
Trade receivables from related parties	-	31,836
Less: Allowance for doubtful receivables	(22,520)	(22,759)
	<b>704,129</b>	<b>503,061</b>

**Non-current trade receivables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Notes receivables (*)	73,718	72,392
	<b>73,718</b>	<b>72,392</b>

(\*) As of 30 September 2023, TRY497,022 of the short and long-term notes receivable consisted of the 5th Levent project 2nd Phase, TRY10,326 from Torun Center project, TRY7,600 from Mall of Istanbul project, TRY1,755 from 5th Levent project, TRY280 from TRN Hotel and the remaining TRY1,723 from other notes receivable. (31 December 2022: TRY303,978 of short and long-term notes receivables are from the sales of the apartments belonging to the 5th Levent 2nd Stage project, which have not been delivered yet, TRY22,800 from the Mall of Istanbul project, TRY52,578 from the Torun Center project, TRY621 from the 5th Levent project.)

Movement of the provision for the doubtful receivables is as follows:

	<b>30 September 2023</b>	<b>30 September 2022</b>
<b>Opening balance</b>	<b>(22,759)</b>	<b>(22,872)</b>
Provision provided during the year	-	(276)
Provisions no longer required	239	1,181
<b>Closing balance</b>	<b>(22,520)</b>	<b>(21,967)</b>

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES(Continued)**

Aging of provision for doubtful receivables is as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
3 to 6 months	-	(1,310)
Over 6 months	(22,520)	(21,449)
	<b>(22,520)</b>	<b>(22,759)</b>

**Short-term trade payables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade payables	108,887	89,642
Trade payables to related parties (Note 21)	97,378	27,833
Debt accruals	10,771	-
	<b>217,036</b>	<b>117,475</b>

As of 30 September 2023 and 31 December 2022, majority of trade payables consist of payables to subcontractors relating to projects in progress

**Long-term trade payables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade payables to related parties (Note 21)	26,532	-
	<b>26,532</b>	<b>-</b>

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**NOTE 9 - INVESTMENT PROPERTIES**

Movement schedule of investment properties as of 30 September 2023 and 2022:

	1 January 2023	Additions	Disposals	Transfers	Change in fair value	30 September 2023
<b>Shopping Malls and Offices</b>						
Mall of İstanbul Shopping Mall	9,115,000	19,403	-	-	-	9,134,403
Torun Tower	6,000,000	-	-	-	-	6,000,000
Bursa Korupark Shopping Mall	3,781,600	5,817	-	-	-	3,787,417
Torun Center	4,344,255	-	(179,155)	-	-	4,165,100
Mall of Antalya	2,088,260	20,326	-	-	-	2,108,586
Torium Shopping Mall	1,150,000	24,613	-	-	-	1,174,613
Antalya Deepo Shopping Mall	1,615,440	1,937	-	-	-	1,617,377
MOİ 2nd. Phase Office, Commercial Area	543,800	11,189	-	-	-	554,989
Bursa Zafer Plaza Shopping Mall	567,200	-	-	-	-	567,200
5th Levent Çarşı	441,265	-	-	-	-	441,265
Korupark independent area	103,500	-	-	-	-	103,500
Torium Dorm 1	38,430	-	-	-	-	38,430
Torium Dorm 2	70,700	-	-	-	-	70,700
Mall of İstanbul Residence and Offices	131,185	-	-	-	-	131,185
<b>Investment properties under construction</b>						
Paşabahçe project (*)	2,700,000	14,405	-	-	-	2,714,405
Karaköy Hotel	672,880	16,880	-	-	-	689,760
<b>Properties held for new projects</b>						
Kayabaşı land	455,660	-	-	-	-	455,660
Mall of İstanbul 3rd Phase	177,000	-	-	-	-	177,000
Antalya Kepez Lands	239,860	-	-	-	-	239,860
	<b>34,236,035</b>	<b>114,570</b>	<b>(179,155)</b>	<b>-</b>	<b>-</b>	<b>34,171,450</b>

(\*) The Group has purchased a real estate after a successful tender at a price of TRY355 million from R.T. Prime Ministry Privatization Administration. The aforementioned purchase contains real estates as follows: Block 195, Lot 7 as 54,870 m<sup>2</sup>; Block 209, Lot 3 as 16,212 m<sup>2</sup>; Block 200, lot 3 in Paşabahçe neighborhood, Beykoz district and İstanbul city as 827 m<sup>2</sup> and buildings on these real estates. Title deed processes of real estates have been completed as of 20 September 2012. A project, which will include a five-star hotel and apart hotel on the land purchased, is planned. The building license for the project was received on 7 September 2020.



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**NOTE 9 - INVESTMENT PROPERTIES (Continued)**

	1 January 2022	Additions	Disposals	Transfers	Change in fair value	30 September 2022
<b>Shopping Malls and Offices</b>						
Mall of İstanbul Shopping Mall	4,800,000	2,151	-	-	-	4,802,151
Torun Tower	2,700,000	-	-	-	-	2,700,000
Bursa Korupark Shopping Mall	2,150,000	1,355	-	-	-	2,151,355
Torun Center	2,146,510	-	-	-	-	2,146,510
Mall of Antalya	1,035,065	575	-	-	-	1,035,640
Torium Shopping Mall	750,000	12,807	-	-	-	762,807
Antalya Deepo Shopping Mall	693,520	447	-	-	-	693,967
MOİ 2nd. Phase Office, Commercial Area	371,750	1,098	-	-	-	372,848
Bursa Zafer Plaza Shopping Mall	457,000	-	-	-	-	457,000
5th Levent Çarşı	220,525	-	-	-	-	220,525
Korupark independent areas	58,917	-	-	-	-	58,917
Torium Dorm 1	26,000	161	-	-	-	26,161
Torium Dorm 2	24,000	-	-	-	-	24,000
Mall of İstanbul Commercial Area	81,510	-	-	-	-	81,510
<b>Investment properties under construction</b>						
Paşabahçe project (*)	1,087,450	204	-	-	-	1,087,654
Karaköy Hotel	177,340	9,744	-	-	-	187,084
<b>Properties held for new projects</b>						
Kayabaşı Land	248,805	-	-	-	-	248,805
Mall of İstanbul 3rd Phase	116,550	-	-	-	-	116,550
Antalya Kepez Lands	98,000	-	-	-	-	98,000
	<b>17,242,942</b>	<b>28,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,271,484</b>

(\*) The Group has purchased a real estate after a successful tender at a price of TRY355 million from R.T. Prime Ministry Privatization Administration. The aforementioned purchase contains real estates as follows: Block 195, Lot 7 as 54,870 m<sup>2</sup>; Block 209, Lot 3 as 16,212 m<sup>2</sup>; Block 200, lot 3 in Paşabahçe neighborhood, Beykoz district and İstanbul city as 827 m<sup>2</sup> and buildings on these real estates. Title deed processes of real estates have been completed as of 20 September 2012. A project, which will include a five-star hotel and apart hotel on the land purchased, is planned. The building license for the project was received on 7 September 2020.

As of 30 September 2023 and 31 December 2022, the mortgages on investment properties arising from loans are as follows:

	<b>30 September 2023</b>		<b>31 December 2022</b>			<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>Original Amount</b>	<b>Original Amount</b>	<b>Currency</b>				
Mall of Antalya – Deepo	130,000	130,000	Avro		3,780,764	2,596,204	
Torun Tower	2,000,000	2,000,000	TL		2,000,000	2,000,000	
Mall of İstanbul	1,500,000	1,500,000	TL		1,500,000	1,500,000	
Bursa Korupark Shopping Mall	1,500,000	1,500,000	TL		1,500,000	1,500,000	
					<b>8,780,764</b>	<b>7,596,204</b>	

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 10 – INVENTORIES

	30 September 2023	31 December 2022
<b>Residences and office projects (short term)</b>		
- Torun Center project (1)	362,167	377,992
- Mall of İstanbul 2nd Phase (High Residence) (2)	76,883	79,717
- 5th Levent project (3)	8,620	8,620
- Mall of İstanbul project (4)	3,804	3,804
- Korupark 3rd Phase (5)	1,743	2,140
- Torium (6)	438	438
	<b>453,655</b>	<b>472,711</b>

### Other Inventories

- Inventories related with tourism activities	5,492	2,863
<b>Total inventories</b>	<b>459,147</b>	<b>475,574</b>

	30 September 2023	31 December 2022
<b>Residences and office projects (long term)</b>		
- 5th Levent project 2nd Phase (7)	775,390	428,306
	<b>775,390</b>	<b>428,306</b>

- (1) The Torun Center Project consists of sellable area with a total of 175,408 m<sup>2</sup>, segregated as 45,776 m<sup>2</sup> Office Tower, 36,382 m<sup>2</sup> Flat Office, 77,988 m<sup>2</sup> Residence and 15,312 m<sup>2</sup> Commercial Area. The delivery of Office Tower and Flat Office has started as of 30 June 2022. 12 residences (TRY256,169 inventories with definite sales revenue) and 10 offices (TRY249,787 investment properties with definite sales revenue) have been delivered, and in this context, the Group has recognized revenue amounting to TRY505,956 as of 1 January 2023-September 2023. As of 30 September 2023, a final sales revenue of TRY1,868,014 has been obtained since the beginning of the project. (31 December 2022: 36 residences have been delivered). As of 30 September 2023, the Group did not capitalize any financial expense during Torun Center Project (31 December 2022: None).

An agreement was signed with the Embassy Suites by Hilton brand for the hotel part of Torun Center on July 25, 2023. "Embassy Suites by Hilton", which is planned to start welcoming its guests in the summer of 2024, will have a total of 110 rooms, 33 of which are studios and 77 of which are one-bedroom suites. The hotel has a total of 3 meeting rooms, 1 of which is large, and a restaurant and 24-hour service. It will also include social facilities such as an open fitness center and spa. Embassy Suites by Hilton will be operated by TRN Otel İşletmecilik with a franchise agreement model. It will be classified from stocks to investment properties as of December 31, 2023, and the difference between its fair values and cost values on the date of classification will be shown in the income statement.

- (2) The Mall of İstanbul 2nd Stage project (High Residence) consists of 100 residences of 18,780 m<sup>2</sup>. As of 30 September 2023, 66 residences of 13,700 m<sup>2</sup> remained, and TRY36,396 revenue was generated during the period. (31 December 2022: 9 residences and TRY58,637 revenue was generated during the period)
- (3) TRY2,300,524 of final sales revenue was obtained between 1 January 2023 and 30 September 2023. As of September 30, 2023, a final sales revenue of TRY2,300,524 was obtained from the beginning of the project, and 9 residences of 1,275 m<sup>2</sup> remain
- (4) In the Mall of İstanbul project, 2 residences with 116.44 m<sup>2</sup>, 12 flat offices with 3,343.88 m<sup>2</sup>, have been remained in the inventories.
- (5) In the context of 3rd phase of the Korupark project, 6 residences with 980 m<sup>2</sup> have been remained in the inventories.
- (6) In Torium project, 2 residences with 189 m<sup>2</sup> have been remained in the inventories.
- (7) Although the construction works have started in the 5th Levent 2nd Phase project, it is estimated that it will take more than 1 year to complete all the costs of the project, so it has been accounted as long-term inventories

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**NOTE 11 - FINANCIAL INVESTMENTS**

The Group's short-term financial investments are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Measured at amortized cost	120,363	-
Time deposits with a maturity of more than 3 months	80,000	-
	<b>200,363</b>	<b>-</b>

**Measured at amortized cost**

<b>Debt securities:</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Eurobond (*)	120,363	-
	<b>120,363</b>	<b>-</b>

(\*) It consists of Akbank T.A.Ş. debt securities with a nominal value of USD 4,500 with a 7.17% coupon rate on 24 May 2027.

**NOTE 12- DERIVATIVES**

Derivative instruments as of 30 September 2023 and 31 December 2022 are as follows:

<b>30 September 2023</b>	<b>Fair values</b>			
	<b>Purchase Contract Amount (TRY)</b>	<b>Sale Contract Amount (EUR)</b>	<b>Assets</b>	<b>Liabilities</b>
<i>Derivative instruments for trading</i>				
Forward transactions	479,250	15,000	-	(36,033)
<b>Short-term derivative instruments</b>	<b>479,250</b>	<b>15,000</b>	<b>-</b>	<b>(36,033)</b>
<hr/>				
<b>31 December 2022</b>	<b>Fair values</b>			
	<b>Purchase Contract Amount (TRY)</b>	<b>Sale Contract Amount (EUR)</b>	<b>Assets</b>	<b>Liabilities</b>
<i>Derivative instruments for trading</i>				
Forward transactions	-	-	-	-
<b>Short-term derivative instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Maturity of derivative contracts is in the range of 0-3 months.

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**NOTE 12- DERIVATIVES (Continued)**

<b>30 September 2023</b>			<b>Fair values</b>	
	<b>Purchase Contract Amount (EUR)</b>	<b>Sale Contract Amount (TRY)</b>	<b>Assets</b>	<b>Liabilities</b>
<i>Derivative instruments for trading</i>				
Options contracts	15,000	457,500	-	(3,621)
<b>Short-term derivative instruments</b>	<b>15,000</b>	<b>457,500</b>	<b>-</b>	<b>(3,621)</b>
<b>31 December 2022</b>				
	<b>Purchase Contract Amount (EUR)</b>	<b>Sale Contract Amount (TRY)</b>	<b>Assets</b>	<b>Liabilities</b>
<i>Derivative instruments for trading</i>				
Options contracts	-	-	-	-
<b>Short-term derivative instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Maturity of derivative contracts is in the range of 0-3 months.

**NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

Contingent assets and liabilities

	<b>31 December 2023</b>	<b>31 December 2022</b>
Collaterals received	804,020	541,388

Collaterals received usually consist of letters of guarantee received from subcontractors for projects which are developed by the Group.

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**NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Collaterals, Pledges and Mortgages (“CPM”)

Below are the amounts of collaterals, pledges and mortgages of the Group as of 30 September 2023 and 31 December 2022:

<b>CPM’s given by the Company Collaterals, Pledges, Mortgages (‘GPM’)</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
A. CPM’s Given for Its Own Legal Personality	8,861,512	7,667,082
B. CPM’s Given on Behalf of Fully Consolidated Companies	-	-
C. CPM’s Given for Continuation of its Economic Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM’s		
i. Total Amount of CPM’s Given on behalf of the Majority Shareholder	-	-
ii. Total Amount of CPM’s Given on behalf of Other Group Companies which are not in Scope of B and C	-	-
iii. Total Amount of CPM’s Given on Behalf of Third Parties	-	-
iv. which are not in Scope of C	-	-
	<b>8,861,512</b>	<b>7,667,082</b>

  

	<b>30 September 2023</b>		<b>31 December 2022</b>	
	<b>Foreign currency</b>	<b>TRY equivalent</b>	<b>Foreign currency</b>	<b>TRY equivalent</b>
TRY	130,000	3,780,764	130,000	2,596,204
EUR	5,000,000	5,000,000	5,000,000	5,000,000
		<b>8,780,764</b>		<b>7,596,204</b>

As of 30 September 2023, mortgages on investment properties of the Group is TRY8,780,764 (31 December 2022: TRY7,596,204) (Note 9). Lease income from Korupark Shopping Mall, Mall of Istanbul Shopping Mall, Mall of Antalya, Antalya Deepo Shopping Mall and Torun Tower is alienated regarding the loans used.

The Group also stands as the guarantor of the borrowings that will be used by the buyers of the residences until the completion of residences and transfer of deeds to the contracting parties in relation to sale of residences through loans.

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**NOTE 14 - PLANT, PROPERTY AND EQUIPMENT**

Movements in property, plant and equipment and related accumulated depreciation for the period ending on 30 September 2023 and 30 September 2022 are as follows:

	1 January 2023	Additions	Impairment	Disposals (-)	Transfer	30 September 2023
Land improvement	530	-	-	-	-	530
Hotel building	1,508,400	14,620	-	-	-	1,523,020
Machine and devices r	7,999	-	-	-	-	7,999
Vehicles	2,095	-	-	-	-	2,095
Furniture and fixtures	42,762	160	-	-	-	42,922
Special cost	242	-	-	-	-	242
<b>Cost</b>	<b>1,562,028</b>	<b>14,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,576,808</b>
Land improvement	133	27	-	-	-	160
Hotel building	-	23,569	-	-	-	23,569
Machine and devices r	1,742	1,228	-	-	-	2,970
Vehicles	1,926	169	-	-	-	2,095
Furniture and fixtures	20,685	5,179	-	-	-	25,864
Special cost	242	-	-	-	-	242
<b>Amortization and depreciation (-)</b>	<b>24,728</b>	<b>30,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,900</b>
<b>Net Book Value</b>	<b>1,537,300</b>					<b>1,521,908</b>
	1 January 2022	Additions	Impairment	Disposals (-)	Transfers	30 September 2022
Land improvement	530	-	-	-	-	530
Hotel building	723,750	-	-	-	-	723,750
Machine and devices r	7,999	-	-	-	-	7,999
Vehicles	2,095	-	-	-	-	2,095
Furniture and fixtures	36,234	6,494	-	-	-	42,728
Special cost	242	-	-	-	-	242
<b>Cost</b>	<b>770,850</b>	<b>6,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>777,344</b>
Land improvement	106	27	-	-	-	133
Hotel building	-	11,794	-	-	-	11,794
Machine and devices r	1,094	648	-	-	-	1,742
Vehicles	1,704	222	-	-	-	1,926
Furniture and fixtures	13,507	5,180	-	-	-	18,687
Special cost	237	7	-	-	-	244
<b>Amortization and depreciation (-)</b>	<b>16,648</b>	<b>17,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,526</b>
<b>Net Book Value</b>	<b>754,202</b>					<b>742,818</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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### NOTE 15 - EQUITY

The Group increased its issued capital from TRY176,100,000 to TRY224,000,000 through public offering. A total TRY56,352,942 nominal value of shares were offered to the public, consisting of TRY47,900,000 to be issued from the capital increase and additional shares TRY8,452,942 owned by current shareholders. The compulsory prospectus of the public offering was registered by the İstanbul Trade Registry Office on 7 October 2010 and announced in the Trade Registry no: 7669 on 14 October 2010 pages between 641-735 totally 95 pages. The Group's quoted shares are traded in the İstanbul Stock Exchange as from 21 October 2010.

The board of directors decided in its meeting dated 10 May 2012 to increase its paid-up capital of TRY224,000,000 to TRY500,000,000 within the cap of TRY1,000,000,000 registered capital, through a bonus issue by adding TRY276,000,000 out of a total of TRY301,770,000 share premium, transactions related to capital increase was completed on 16 August 2012.

The Group has increased its capital that is increased to TRY500,004, to TRY1,000,000 by providing all of it from the Extraordinary Shares within TRY1,000,000 registered equity ceiling, with capital increase through bonus issues by TRY499,996 on 22 December 2017.

Group's shareholders and capital structure as of 30 September 2023 and 31 December 2022 is as follows:

	Shareholders (%)	Group A (thousand)	Group B (thousand)	Group C (thousand)	30 September 2023	31 December 2022
Aziz Torun	37.41	200,328	-	173,740	374,068	374,068
Mehmet Torun	37.41	-	200,312	173,740	374,052	374,052
Torunlar Gıda San. Ve Tic. A.Ş.	0.03	142	142	-	284	284
Mahmut Karabiyik	0.01'den az	-	16	-	16	16
Other shareholders	0.01'den az	-	-	8	8	8
Other (Public quotation)	25.16	-	-	251,572	251,572	251,572
<b>Nominal capital</b>		<b>200,470</b>	<b>200,470</b>	<b>599,060</b>	<b>1,000,000</b>	<b>1,000,000</b>

The A and B group shares have nomination privilege to the Board of Directors according to Article 13 of association. The members of the Board of Directors are elected by the General Assembly among the two candidates nominated by the shareholders of Group B, two candidates nominated by the shareholders of the Group A and the other three members among the candidates nominated by the general assembly. The nomination and election of the independent board members, the regulations regarding the independent members of the Capital Markets Board are taken as basis.

Companies whose shares are quoted in Borsa İstanbul are subject to profit distribution rules of Capital Market Board as follows:

Dividend is distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Dividends for the quoted entities subjected to Capital Market Board Law", principles determined in the Articles of Association and dividend distribution policy which is declared by the Companies to the market.

In addition, the decision also allows companies to compute their distributable profit amounts by considering the net profit for the period presented in the publicly disclosed consolidated financial statements prepared in accordance with the Communiqué Serial: XI, No: 29, if such distributable profits could be fully recovered from resources subject to profit distribution in the statutory records.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 16 - REVENUE AND COST OF SALES**

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Rent income	1,903,705	782,292	1,024,115	438,324
Common area income	443,523	176,687	289,918	137,495
Residence and office sales income	305,313	38,755	501,933	121,170
Hotel income	153,246	67,759	116,553	57,364
Other	4	4	18	5
<b>Revenues</b>	<b>2,805,791</b>	<b>1,065,497</b>	<b>1,932,537</b>	<b>754,358</b>
Common area expense	(474,647)	(189,817)	(349,386)	(190,176)
Hotel expenses	(76,842)	(29,962)	(44,158)	(23,860)
Cost of residence and office sales	(26,013)	(11,713)	(13,012)	(3,366)
Rent expenses and management fees of shopping malls	(19,056)	(1,817)	(46,446)	(6,380)
Other	(73)	(73)	(484)	(220)
<b>Cost of sales</b>	<b>(596,631)</b>	<b>(233,382)</b>	<b>(453,486)</b>	<b>(224,002)</b>
<b>Gross profit</b>	<b>2,209,160</b>	<b>832,115</b>	<b>1,479,051</b>	<b>530,356</b>

Operational lease revenues mainly consist of rent income from shopping malls and Torun Tower office building. Shopping malls in operation are Mall of İstanbul, Ankara ANKAmall, Bursa Korupark, Bursa Zafer Plaza, Antalya Deepo, İstanbul Torium and Samsun Bulvar Shopping Mall. Bulvar Samsun Shopping Mall started to operate on July 2012. Ankamall is owned by the Group’s associate Yeni Gimat; Samsun Bulvar Shopping Mall, is owned by the Group’s joint venture TTA. Mall of İstanbul, İstanbul Torium, Bursa Korupark and Antalya Deepo is managed by the related party Torun AVM Yatırım ve Yönetim A.Ş. (“Torun Shopping Mall”), the management of Bursa Zafer Plaza is conducted by Zafer Plaza İşletmeciliği A.Ş

Hotel revenues represent earnings from room rentals, earnings from sales of food and beverages, and revenue from other services provided to in-hotel customers.

Common area expenses consist of electricity, water, security, cleaning, advertising and other common area expenses of the shopping malls. Common area income consists of expenses charged to tenants related to common areas.



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

### NOTE 17 - MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>General administrative expenses</b>				
Taxes, due and fees	(78,817)	(47,354)	(40,816)	(22,282)
Property expenses	(33,289)	(10,077)	(18,090)	(7,119)
Personnel expenses	(32,965)	(10,478)	(12,148)	(5,679)
Depreciation expenses	(27,155)	(8,016)	(17,401)	(5,868)
Provisions for legal cases and doubtful receivables	(10,657)	(6,127)	(296)	(135)
Transportation and travel expenses	(2,869)	(1,127)	(1,214)	(674)
Consultancy expenses	(2,385)	(746)	(1,221)	(474)
Borsa İstanbul, CMB and CRA expenses	(873)	(202)	(415)	(111)
Donations	(542)	(391)	(11,963)	(431)
Other	(6,106)	(1,637)	(3,560)	(3,073)
	<b>(195,658)</b>	<b>(86,155)</b>	<b>(107,124)</b>	<b>(45,846)</b>
<b>Marketing expenses</b>				
Advertising and promotion expenses	(19,903)	(5,690)	(8,228)	(4,414)
Residence sales marketing expenses (*)	(18,730)	(5,610)	(55,434)	(4,766)
Personnel expenses	(8,700)	(3,657)	(2,450)	(970)
Depreciation expenses	(4,309)	(2,246)	(477)	(192)
Consultancy expenses	(204)	(86)	(62)	(13)
Other	(2,620)	(581)	(1,061)	(820)
	<b>(54,466)</b>	<b>(17,870)</b>	<b>(67,712)</b>	<b>(11,175)</b>

(\*) As of 30 September 2023 and 2022, a significant portion of the residence sales marketing expenses consists of commissions paid to intermediary real estate companies for sales to foreign residents.

### NOTE 18 - OTHER INCOME FROM OPERATING ACTIVITIES

#### Other operating income

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Investment property sales income	70,632	50,440	-	-
Foreign exchange gain, net	32,744	19,020	8,555	8,555
Commission income	-	(1,988)	402	303
Other	11,624	11,281	10,261	2,111
	<b>115,239</b>	<b>78,992</b>	<b>19,218</b>	<b>10,969</b>

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**NOTE 19 - FINANCE INCOME/(EXPENSES)**

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Finance income</b>				
Interest income on time deposits	299,231	146,268	51,429	25,774
	<b>299,231</b>	<b>146,268</b>	<b>51,429</b>	<b>25,774</b>
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Finance expenses</b>				
Interest expense	(499,035)	(233,978)	(410,388)	(117,366)
Financial expense from derivative instruments	(39,654)	(39,654)	(171,937)	-
Foreign exchange losses, net (*)	(13,073)	13,491	(199,990)	(65,720)
	<b>(551,762)</b>	<b>(260,141)</b>	<b>(782,315)</b>	<b>(183,086)</b>

(\*) Foreign exchange gains are disclosed after being offset with foreign exchange losses since the Group discloses the foreign exchange gains and losses as net balance.

**NOTE 20 - EARNINGS PER SHARE**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings and revaluation surplus. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share.

Earnings per share disclosed in the income statement is determined by dividing net income attributable to ordinary shareholders by the weighted average number of shares existing during the period concerned

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Net losses of shareholders	2,003,610	787,843	669,852	352,994
Weighted average number of ordinary shares (Full TRY)	1,000,000	1,000,000	1,000,000	1,000,000
<b>Loss per share (Full TRY)</b>	<b>2.00</b>	<b>0.79</b>	<b>0.67</b>	<b>0.35</b>

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### NOTE 21 - RELATED PARTY DISCLOSURES

As of 30 September 2023 and 31 December 2022, the balances with related parties are as follows:

<b>Trade Payables to Related Parties</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Torun AVM (*)	53,087	20,650
Torun Yapı San. Ve Tic. A.Ş. (**)	35,752	751
Zafer Plaza İşletmeciliği A.Ş.	4,254	3,319
Torun Center	2,861	1,959
Torunlar Gıda	1,318	1,112
Other	106	42
	<b>97,378</b>	<b>27,833</b>

(\*) Torun Shopping Mall operates Mall of Istanbul, Mall of Antalya, Deepo Shopping Mall, İstanbul Torium Shopping Mall and Bursa Korupark Shopping Mall that the Company owns. In accordance with the administration contract signed for the shopping malls, 2% administration fee is paid to the shopping malls on total rental price invoices (VAT excluded) to the lessees. It is also regarded as lessee in cinemas and other entertainment sections of shopping malls. Balances of payable and receivables of Torun Mall is presented by netting off.

(\*\*) Torun Yapı undertakes the Group’s construction works.

<b>Trade Payables to Related Parties</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Mehmet Torun	26,532	-
	<b>26,532</b>	<b>-</b>

As of 30 September 2023 and 2022, sales to related parties and commission paid to them and service expenses are as follows:

<b>Sales to related parties</b>	<b>1 January- 30 September 2023</b>	<b>1 July- 30 September 2023</b>	<b>1 January- 30 September 2022</b>	<b>1 July- 30 September 2022</b>
Torun AVM	95,979	42,077	56,498	25,707
Zafer Plaza İşletmeciliği A.Ş.	74,054	30,827	36,050	12,006
Other	4,118	1,638	444	343
	<b>174,151</b>	<b>74,542</b>	<b>92,992</b>	<b>38,056</b>

Zafer Plaza İşletmeciliği A.Ş. operates Zafer Plaza Shopping Mall owned by the Company. In accordance with the administration contract signed for Zafer Plaza Shopping Mall, Torunlar REIC had rental income amounting to TRY75,054 for the period 30 September 2023.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 21 - RELATED PARTY DISCLOSURES(Continued)**

<b>Purchases from related parties</b>	<b>1 January- 30 September 2023</b>	<b>1 July- 30 September 2023</b>	<b>1 January- 30 September 2022</b>	<b>1 July- 30 September 2022</b>
Torun AVM	216,414	79,427	99,270	40,960
Torun Yapı San. ve Tic. A.Ş.	46,853	25,464	12,171	4,438
Torunlar Gıda A.Ş.	4,634	3,328	2,135	911
Other	1,233	1,352	2,234	407
	<b>269,134</b>	<b>109,571</b>	<b>115,810</b>	<b>46,716</b>

**NOTE 22 - BENEFITS PROVIDED TO MANAGEMENT**

	<b>1 January- 30 September 2023</b>	<b>1 July- 30 September 2023</b>	<b>1 January- 30 September 2022</b>	<b>1 July- 30 September 2022</b>
Salaries and premiums	10,981	3,956	3,264	1,081
	<b>10,981</b>	<b>3,956</b>	<b>3,264</b>	<b>1,081</b>

All of the benefits provided to the senior management consist of short-term remuneration and similar benefits and do not include long-term benefits.

**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS****Foreign currency position**

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure. The Group does not have any export or import activity in 30 September 2023 and 31 December 2022

Foreign currency denominated assets and liabilities held by the Group are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Assets	1,422,352	173,015
Liabilities	(1,204,835)	(885,273)
<b>Net balance sheet position</b>	<b>217,517</b>	<b>(712,258)</b>

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**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The table below summaries foreign currency position risk of the Group as of 30 September 2023. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

<b>30 September 2023</b>	<b>Euro</b>	<b>US Dollar</b>	<b>GBP</b>	<b>TRY Amount</b>
<b>Current Assets</b>				
Monetary financial assets	1,560	45,222	16	1,283,852
Other receivables	365	1,442	-	50,073
Trade receivables	596	2,598	-	88,427
<b>Total assets</b>	<b>2,521</b>	<b>49,262</b>	<b>16</b>	<b>1,422,352</b>
<b>Short-term liabilities</b>				
Trade payables	(506)	(984)	-	(41,703)
Financial liabilities	(25)	-	-	(727)
Other short-term liabilities	(617)	-	-	(17,944)
<b>Long-term liabilities</b>				
Financial liabilities	(15,625)	-	-	(454,419)
Other long-term liabilities	(1,426)	(23,648)	-	(690,042)
<b>Total liabilities</b>	<b>(18,199)</b>	<b>(24,632)</b>	<b>-</b>	<b>(1,204,835)</b>
<b>Net balance sheet position</b>	<b>(15,678)</b>	<b>24,630</b>	<b>16</b>	<b>217,517</b>
Assets from off balance sheet derivative instruments with active character	-	-	-	-
<b>Net foreign currency liability position</b>	<b>(15,678)</b>	<b>24,630</b>	<b>16</b>	<b>217,517</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

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**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure. The Group does not have any export or import activity in 31 December 2022.

	<b>Euro</b>	<b>US Dollar</b>	<b>TRY Amount</b>
<b>Current Assets</b>			
Monetary financial assets	2,173	2,272	85,801
Trade receivables	1,365	3,209	87,214
<b>Total assets</b>	<b>3,538</b>	<b>5,481</b>	<b>173,015</b>
<b>Short-term liabilities</b>			
Trade payables	(398)	(1,671)	(39,250)
Financial liabilities	(3,444)	-	(68,779)
Other short-term liabilities	(1,419)	-	(28,339)
<b>Long-term liabilities</b>			
Financial liabilities	(37,500)	-	(748,905)
<b>Total liabilities</b>	<b>(42,761)</b>	<b>(1,671)</b>	<b>(885,273)</b>
<b>Net balance sheet position</b>	<b>(39,223)</b>	<b>3,810</b>	<b>(712,258)</b>
<b>Net foreign currency liability position</b>	<b>(39,223)</b>	<b>3,810</b>	<b>(712,258)</b>
Assets from off balance sheet derivative instruments with active character	-	-	-
<b>Net foreign currency liability position</b>	<b>(39,223)</b>	<b>3,810</b>	<b>(712,258)</b>

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**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The table below shows the Group’s sensitivity for 10% fluctuation of USD and EUR. These amounts represent the effect on the statement of comprehensive income of 10% fluctuation of USD and EUR against TRY. During this analysis all other variables especially interest rate is assumed to remain constant.

<b>30 September 2023</b>	<b>Gain/Loss</b>		<b>Equity</b>	
	<b>Appreciation</b>	<b>Depreciation</b>	<b>Appreciation</b>	<b>Depreciation</b>
<b>10% fluctuation in USD rate</b>				
USD net asset/liability	67,307	(67,307)	67,343	(67,307)
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>67,307</b>	<b>(67,307)</b>	<b>67,307</b>	<b>(67,307)</b>
<b>10% fluctuation in EUR rate</b>				
EUR net asset/liability	(45,609)	45,609	(45,609)	45,609
Secured portion from EUR risk	-	-	-	-
<b>EUR net effect</b>	<b>(45,609)</b>	<b>45,609</b>	<b>(45,609)</b>	<b>45,609</b>
<b>31 December 2022</b>				
	<b>Gain/Loss</b>		<b>Equity</b>	
	<b>Appreciation</b>	<b>Depreciation</b>	<b>Appreciation</b>	<b>Depreciation</b>
<b>10% fluctuation in USD rate</b>				
USD net asset/liability	7,137	(7,137)	7,137	(7,137)
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>7,137</b>	<b>(7,137)</b>	<b>7,137</b>	<b>(7,137)</b>
<b>10% fluctuation in EUR rate</b>				
EUR net asset/liability	78,331	(78,331)	78,331	(78,331)
Secured portion from EUR risk	-	-	-	-
<b>EUR net effect</b>	<b>78,331</b>	<b>(78,331)</b>	<b>78,331</b>	<b>(78,331)</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023**

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**NOTE 24 - SUBSEQUENT EVENTS**

None.

**NOTE 25 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS**

As of 30 September 2023, the information stated in Note “Control of Compliance with the Portfolio Limitations” are the condensed information which comprised of Serial: II. No: 14.1 “Financial Reporting in Capital Markets” Amendment No: 16 and prepared in accordance with Capital Markets Board’s Communiqué Serial: III, No: 48.1 “Real Estate Investment Company” published in the Official Gazette dated 28 May 2013 numbered 28660 ,Capital Markets Board’s Communiqué Serial: III. No: 48.1 a “Amendment on Real Estate Investment Company” published in the Official Gazette dated 23 January 2014 numbered 28891 and Capital Markets Board’s Communiqué Serial: III. No: 48.1 e “Amendment on Real Estate Investment Company” published in the Official Gazette dated 9 October 2020 numbered 31269. The related information which is stated Note 32 may not be consistent with the information given in the consolidated financial statements.

<b>Financial Statements Main Account Items</b>	<b>Related Regulations</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
A Money and capital markets instruments	Series:III, No:48.1, Art.24/(b)	3,186,867	920,715
B Properties, projects based on properties and rights based on properties	Series:III, No:48.1, Art.24/(a)	36,923,514	36,645,452
C Subsidiaries	Series:III, No:48.1, Art.24/(b)	1,094,020	986,260
Due to related parties (non-trade)	Series:III, No:48.1, Art.23/(f)	-	-
<b>Other Assets</b>		<b>1,527,575</b>	<b>707,140</b>
<b>D Total assets</b>	Series:III, No:48.1, Art.3/(p)	<b>42,731,976</b>	<b>39,259,567</b>
E Financial liabilities	Series:III, No:48.1, Art.31	4,103,214	4,398,331
F Other financial liabilities	Series:III, No:48.1, Art.31	-	-
G Finance leases	Series:III, No:48.1, Art.31	734	6,354
H Due from related parties (non-trade)	Series:III, No:48.1, Art.23(f)	-	-
I Shareholders Equity	Series:III, No:48.1, Art.31	35,618,049	33,792,895
<b>Other liabilities</b>		<b>3,009,979</b>	<b>1,061,987</b>
<b>D Total liabilities</b>	Series:III, No:48.1, Art.3/(p)	<b>42,731,976</b>	<b>39,259,567</b>

<b>Financial Information</b>	<b>Related Regulations</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
A1 The portion of money and capital market instruments held for payment of properties for the following 3 years	III-48.1a Sayılı Tebliğ , Md.24/(b)	2,986,504	920,715
A2 TRY and foreign currency time and demand deposits	III-48.1a Sayılı Tebliğ, Md.24/(b)	2,986,504	920,715
A3 Foreign capital market instruments	III-48.1a Sayılı Tebliğ, Md.24/(d)	-	-
B1 Foreign properties, projects based on properties and rights based on properties	III-48.1a Sayılı Tebliğ , Md.24/(d)	-	-
B2 Idle lands	III-48.1a Sayılı Tebliğ, Md.24/(c)	-	-
C1 Foreign affiliates	III-48.1a Sayılı Tebliğ, Md.24/(d)	-	-
C2 Investments in affiliated operating companies	III-48.1a Sayılı Tebliğ , Md.28/1(a)	-	-
J Non-cash loans	III-48.1a Sayılı Tebliğ , Md.31	80,748	70,878
K Mortgage amount on non-owned land to be developed	III-48.1a Sayılı Tebliğ , Md.28(e)	-	-
L Total investments for money and capital market instruments in a single entity	III-48.1a Sayılı Tebliğ , Md.22/(l)	1,175,099	645,052



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**NOTE 24 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)**

Portfolio Restrictions	Related Regulations	30 September	31 December	Maximum / Minimum Rate
		2023	2022	
1 Mortgage amount on non-owned land to be developed (K/D)	Series:III, No:48.1a, Art.22/(e)	%0	%0	<%10
2 Properties, projects based on properties and rights based on properties (B+A1)/D)	Series:III, No:48.1, Art.24/(a),(b)	%93	%96	>%50
3 Money and capital market instruments and affiliates (A+C-A1)/D)	Series:III, No:48.1, Art.24/(b)	%3	%3	<%50
4 Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments (A3+B1+C1)/D)	Series:III, No:48.1, Art.24/(d)	%0	%0	<%49
5 Idle lands(B2/D)	Series:III, No:48.1, Art.24/(c)	%0	%0	<%20
6 Investment in affiliated operating companies (C2/D)	Series:III, No:48.1, Art.28/1(a)	%0	%0	<%10
7 Borrowing limit (E+F+G+H+J)/I	Series:III, No:48.1, Art.31	%12	%13	<%500
8 TRY and foreign currency time and demand deposits (A2-A1)/D)	Series:III, No:48.1, Art.24/(b)	%0	%0	<%10
9 Total investments for money and capital market instruments in a single entity	Series:III, No:48.1, Art.22(I)	%3	%2	<%10

  

Associate	Participation rate (%)	Participation amount	
		30 September 2023	31 December 2022
Yeni Gimat	14.83	955,368	873,390
TTA	40.00	89,249	82,354
Netsel	44.60	48,919	30,032
TRN	99.99	484	484
		<b>1,094,020</b>	<b>986,260</b>

Yeni Gimat, Netsel and TTA which are associates and joint ventures of the Company (all together ‘Subsidiaries’) do not have valuation reports as at 30 September 2023. For the purposes of the control of compliance with the portfolio limitations, net asset values of associates are used. In this respect, Yeni Gimat and TTA’s stand-alone financial statements, which are prepared in accordance with financial reporting standards of the Company, are multiplied with the Company’s ownership rate in the related subsidiary. Thus, it is assumed that net values which are determined by adding and deducting net receivables/liabilities as of balance sheet date from the investment properties that are owned by associates and followed in stand-alone financial statements with fair values, approximate to the fair value of the associates. Investment properties which are owned by associates are explained in Note 1 in detail. Since, there are no valuation reports of Netsel, net asset values of the subsidiaries based on their stand-alone financial statements are taken into account and they are multiplied with Company’s share in these subsidiaries.