

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

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2023**

**(CONVENIENCE TRANSLATION OF
CONSOLIDATED 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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD AS OF 31 MARCH 2023**

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

| | Notes | (Unaudited) Current Period 31 March 2023 | (Audited) Previous Period 31 December 2022 |
|---|-------|--|--|
| ASSETS | | | |
| Current Assets | | 2,359,481 | 2,016,912 |
| Cash and Cash Equivalents | 5 | 923,313 | 925,430 |
| Financial Investments | 12 | 83,463 | - |
| Trade Receivables | | 563,503 | 503,061 |
| <i>Trade Receivables from Related Parties</i> | 8.23 | - | 31,836 |
| <i>Trade Receivables from Third Parties</i> | 8 | 563,503 | 471,225 |
| Other Receivables | | 10,173 | 10,156 |
| <i>Other Receivables from Third Parties</i> | | 10,173 | 10,156 |
| Inventories | 10 | 465,321 | 475,574 |
| Prepaid Expenses | 7 | 285,624 | 71,989 |
| Other Current Assets | | 28,084 | 30,702 |
| Non - Current Assets | | 37,330,469 | 37,263,836 |
| Trade Receivables | | 117,931 | 72,392 |
| <i>Trade Receivables from Third Parties</i> | 8 | 117,931 | 72,392 |
| Other Receivables | | 1,183 | 1,181 |
| <i>Other Receivables from Third Parties</i> | | 1,183 | 1,181 |
| Inventories | 10 | 559,938 | 428,306 |
| Investments Accounted by Equity Method | 3 | 1,008,431 | 985,776 |
| Investment Properties | 9 | 34,108,933 | 34,236,035 |
| Property, Plant and Equipment | 13 | 1,531,260 | 1,537,300 |
| Intangible Assets | | 1,794 | 1,847 |
| <i>Other Intangible Assets</i> | | 1,794 | 1,847 |
| Prepaid Expenses | 7 | 999 | 999 |
| Total Assets | | 39,689,950 | 39,280,748 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD AS OF 31 MARCH 2023**

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

| | Notes | (Unaudited) Current Period 31 March 2023 | (Audited) Previous Period 31 December 2022 |
|--|-------|--|--|
| LIABILITIES | | | |
| Current Liabilities | | 2,018,364 | 2,141,667 |
| Short-Term Borrowings | 6 | 1,204,815 | 687,842 |
| Short-Term Portion of Long-Term Borrowings | 6 | 524,154 | 1,119,600 |
| Trade Payables | | 109,214 | 117,475 |
| <i>Trade Payables to Related Parties</i> | 8, 23 | 40,333 | 27,833 |
| <i>Trade Payables to Third Parties</i> | 8 | 68,881 | 89,642 |
| Payables Related to Employee Benefits | | 11,750 | 6,036 |
| Other Payables | | 35,482 | 36,667 |
| <i>Other Payables to Third Parties</i> | | 35,482 | 36,667 |
| Deferred Income | 7 | 52,941 | 100,010 |
| Current Income Tax Liabilities | | 1,425 | 971 |
| Short-Term Provisions | | 40,698 | 29,792 |
| Other Current Liabilities | | 37,885 | 43,274 |
| Non-Current Liabilities | | 3,309,479 | 3,343,668 |
| Long-Term Borrowings | 6 | 2,078,099 | 2,597,243 |
| Trade Payables | | 26,532 | - |
| <i>Trade Payables to Related Parties</i> | | 26,532 | - |
| Deferred Income | 7 | 1,199,346 | 740,249 |
| Long-Term Provisions | | 5,502 | 6,176 |
| <i>Long-Term Provisions for Employee Benefits</i> | | | |
| <i>Long-Term Provisions</i> | | 5,502 | 6,176 |
| EQUITY | | 34,362,107 | 33,795,413 |
| Share Capital | 14 | 1,000,000 | 1,000,000 |
| Treasury Shares | | (5,930) | (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 | | 74,521 | 74,459 |
| Prior Years' Profits | | 31,418,661 | 12,982,423 |
| Net Profit for the Year | | 566,694 | 18,436,300 |
| TOTAL LIABILITIES AND EQUITY | | 39,689,950 | 39,280,748 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIOD****1 JANUARY - 31 MARCH 2023**

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

| | Notes | (Unaudited) 1 January - 31 March 2023 | (Audited) 1 January - 31 March 2022 |
|---|-------|---|---|
| Revenue | 15 | 839,956 | 593,545 |
| Cost of Sales (-) | 15 | (195,794) | (108,766) |
| GROSS PROFIT | | 644,162 | 484,779 |
| General Administrative Expenses (-) | 16 | (47,322) | (18,900) |
| Marketing Expenses (-) | 16 | (15,656) | (26,719) |
| Other Income from Operating Activities | 17 | 31,124 | 1,057 |
| Other Expenses from Operating Activities (-) | | (3,954) | (2,635) |
| OPERATING PROFIT | | 608,354 | 437,582 |
| Share of the Group on Profit of Investments Accounted by Equity Method | 3 | 43,696 | 27,875 |
| PROFIT BEFORE FINANCIAL INCOME/(EXPENSE) | | 652,050 | 465,457 |
| Finance Income | 18 | 57,560 | 24,531 |
| Finance Expenses (-) | 18 | (142,655) | (320,522) |
| PROFIT BEFORE TAX | | 566,955 | 169,466 |
| Tax (Expense)/Income for the Period | | (261) | - |
| PROFIT FOR THE PERIOD | | 566,694 | 169,466 |
| Profit per share from continuing operations | 19 | 0.57 | 0.17 |
| TOTAL COMPREHENSIVE INCOME | | 566,694 | 169,466 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 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 |
|---|------------------|--------------------|------------------|---|--|------------------------|------------------------|----------------------------|-------------------|
| Opening balance as of 1 January 2022 | 1,000,000 | (5,930) | 25,770 | 437,723 | 4,565 | 74,421 | 7,675,656 | 5,306,805 | 14,519,010 |
| Transfers | - | - | - | - | - | - | 5,306,805 | (5,306,805) | - |
| Total comprehensive income | - | - | - | - | - | - | - | 169,466 | 169,466 |
| Closing balance as of 31 March 2022 | 1,000,000 | (5,930) | 25,770 | 437,723 | 4,565 | 74,421 | 12,982,461 | 169,466 | 14,688,476 |
| Opening balance as of 1 January 2023 | 1,000,000 | (5,930) | 25,770 | 1,236,848 | 45,543 | 74,459 | 12,982,423 | 18,436,300 | 33,795,413 |
| Transfers | - | - | - | - | - | 62 | 18,436,238 | (18,436,300) | - |
| Total comprehensive income | - | - | - | - | - | - | - | 566,694 | 566,694 |
| Closing balance as of 31 March 2023 | 1,000,000 | (5,930) | 25,770 | 1,236,848 | 45,543 | 74,521 | 31,418,661 | 566,694 | 34,362,107 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2023**

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

| | Notes | (Unaudited) Current Period 1 January- 31 March 2023 | (Unaudited) Previous Period 1 January- 31 March 2022 |
|--|----------|--|---|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | 507,394 | 391,213 |
| Profit for the year | | 566,694 | 169,466 |
| Adjustments Related to Reconciliation of Profit for the Year | | 32,536 | 244,451 |
| Adjustments related to depreciation and amortization expenses | | 6,540 | 5,916 |
| Adjustments related to provisions | | 10,117 | 5,621 |
| Adjustments related to doubtful trade receivable provision expenses | | (15) | (1,675) |
| Adjustments related to interest income and expenses | | 64,351 | 110,464 |
| Adjustments related to unrealized foreign exchange differences | 6 | 15,431 | 160,630 |
| Adjustments related to undistributed profits of investments accounted for by equity method | 3 | (43,696) | (27,875) |
| Derivative financial instruments fair adjustments for value gains | 18 | - | (8,630) |
| Adjustments related to increase from investment property disposals | 17 | (20,192) | - |
| Changes in working capital | | (91,836) | (22,704) |
| Adjustments related to decrease/(increase) in trade receivables | | (105,966) | (17,280) |
| Adjustments for decrease (increase) in financial investments | | (83,463) | - |
| Decrease/(increase) in other receivables due to operations | | (19) | 20 |
| Adjustments related to decrease/(increase) in inventories | | (121,379) | 18,765 |
| Decrease/(increase) in prepaid expenses | | (213,635) | (5,842) |
| Adjustments related to decrease/(increase) in trade payables | | 18,271 | 34,888 |
| Adjustments related to increase/(decrease) in other payables due to operations | | (1,185) | (1,865) |
| Increase/(decrease) in deferred income | | 412,028 | (53,070) |
| Adjustments related to increase/(decrease) in other current/non-current assets due to operations | | 3,512 | 1,680 |
| Cash generated from operations | | 507,394 | 391,213 |
| Employment Termination Benefits Payment | | - | - |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | 167,888 | 304 |
| Cash inflows from the sale of property, plant and equipment and intangible assets | | (447) | (7,170) |
| Cash outflows for acquisition of investment properties | 9 | (24,684) | (5,763) |
| Proceeds from disposal of investment properties | | 171,978 | - |
| Dividends received | 3 | 21,041 | 13,237 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | (685,749) | (112,402) |
| Proceeds from borrowings | 6 | 417,500 | 566,000 |
| Repayment of borrowings | 6 | (954,426) | (493,172) |
| Interest paid | | (198,033) | (200,976) |
| Interest received | | 49,210 | 15,746 |
| Net increase/(decrease) in cash and cash equivalents | 5 | (10,467) | 279,115 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 5 | 921,559 | 246,078 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 911,092 | 525,193 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2023, the total number of the Company's employees is 206 (31 December 2022: 187) and the main shareholder is the Torun Family (Note 14).

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 2020. Accordingly, the financial statements are prepared as consolidated as of 31 March 2023. The principal activity of TRN, and the Group's participation rates are as follows:

| Firm | Operating country | Operating sector | 2023 Participation rate % | 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 31 March 2023 are as follows (Note 2):

| Firm | 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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

Joint Ventures

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.

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 Anaterre 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% Anaterre 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 109 as of 12 March 2020. 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:

| <u>Associate</u> | <u>Principal Activity</u> |
|---|--|
| 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 Torun 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.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

Associates (Continued)

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 June 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

Statement of Compliance in TAS

The accompanying consolidated 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 consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards ('TAS/IFRS') and their appendices and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ('POA') under Article 5 of the Communiqué. In addition, the consolidated financial statements and disclosures have been prepared in accordance with the formats of CMB dated 7 June 2013.

The condensed consolidated interim financial statements are prepared on the basis of historical cost, with the exception of financial instruments and investment properties to be recognized by their fair value. A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Group.

The accompanying condensed consolidated interim financial statements for the period ended 31 March 2023 are prepared in accordance with the Turkish Accounting Standard No:34 'Interim Financial Reporting'. According to TAS 34, entities are allowed to prepare a complete or condensed consolidated set of interim financial statements. In this respect, the Group has preferred to prepare its interim consolidated financial statements for the period as of 31 March 2023 as condensed, and disclosures and notes that are required to be involved in the annual consolidated financial statements prepared according to TAS/IFRS are condensed or not included. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

The Group's consolidated financial statements as of 31 March 2023 have been approved by the Board of Directors on 10 May 2023. General assembly has the right to modify the consolidated financial statements

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

2.1 Basis of Preparation (Continued)

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 and presentation currency is Turkish Lira ('TRY').

Preparation Of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 ' Financial Reporting in Hyperinflationary Economies' ('TAS 29') was not applied.

Summary of Significant Accounting Policies

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

2.1 Basis of Preparation (Continued)

Interests in Joint Ventures on combined basis are as follows:

TTA

| | 31 March 2023 | 31 December 2022 |
|-------------------------------------|----------------|------------------|
| Current assets | 7,104 | 8,993 |
| Non - current assets | 260,110 | 261,697 |
| Total assets | 267,214 | 270,690 |
| Short-term liabilities | 42,781 | 49,414 |
| Long-term liabilities | 15,392 | 15,391 |
| Equity | 209,041 | 205,885 |
| Total liabilities and equity | 267,214 | 270,690 |
| Net profit for the year | 2,336 | 7,543 |

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:

- 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.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

2.1 Basis of Preparation (Continued)

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 31 March 2023 and 31 December 2022 are as follows:

| | 31 March 2023 (%) | 31 December 2022 (%) |
|------------|----------------------|-------------------------|
| Netsel | 44.60 | 44.60 |
| Yeni Gimat | 14.83 | 14.83 |

Interest in associates on combined basis (*)

| | 31 March 2023 | 31 December 2022 |
|-------------------------|---------------|------------------|
| Total assets | 6,304,528 | 6,137,988 |
| Total liabilities | 167,077 | 181,309 |
| Net profit for the year | 214,463 | 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.

Yeni Gimat

| | 31 March 2023 | 31 December 2022 |
|-------------------------|---------------|------------------|
| Total assets | 6,178,103 | 5,983,417 |
| Total liabilities | 89,797 | 94,073 |
| Net profit for the year | 200,798 | 3,087,170 |

Netsel

| | 31 March 2023 | 31 December 2022 |
|-------------------------|---------------|------------------|
| Total assets | 126,425 | 154,571 |
| Total liabilities | 77,280 | 87,236 |
| Net profit for the year | 13,665 | 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.

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

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

2.1 Basis of Preparation (Continued)

Going concern

The Group's consolidated financial statements have been prepared according to the going concern principle. As of 31 March 2023, the Group's short-term liabilities exceeded its short-term assets by TRY336,234. The Group does not anticipate any delay in fulfilling short term liabilities.

The deliveries of residences continue for the Group's 5.Levent, Torun Center and Mall of Istanbul 2nd Stage (High Residence) projects. As of 31 March 2023, the Group's delivery of residence and leasing activities continue. In case of any cash shortage, sales, mortgages or other alternative methods will be evaluated by the Group. The Group estimates TRY2,254,000 Shopping Mall rental income and TRY370,000 office rental income in the short term. The Group anticipates that significant amounts of cash will be generated from these projects. In this context, the Group's existing resources for liquidity are sufficient and it is of the opinion that it will not need additional resources for the projected cash flows.

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

a. Standards, amendments and interpretations applicable as at 31 March 2023:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

2.4 New and Revised Turkish Accounting Standards (Continued)

b. Standards, amendments, and interpretations that are issued but not effective as of 31 March 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.

The possible effects of the said standards, changes and improvements on the financial position and performance of the Group are evaluated.

2.5 Critical Accounting Estimates, Assumptions and Judgements

The preparation of consolidated 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 management; the actual results might differ from them:

Impairment of trade receivables

An important part of the doubtful receivables belongs to the tenants, which unexpectedly falls into economic difficulty. Provision for doubtful receivables related to trade receivables is determined based on past default experience. Expected credit loss calculated under TFRS 9 is not a material amount therefore, no provision was made for expected credit losses in the consolidated financial statements

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.

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Principal assumptions found in the income reduction method are disclosed below:

In 2022, fair values of the investment properties are determined by independent valuation expert; Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is licensed by CMB. The Group Management assumes that expenditure amount on investment property has an equivalent effect on fair value of related real estate.

In the consolidated financial statements, the following assumptions used by valuation experts; selection of the valuation method, the discount rate, the rent increase per annum terminal value growth rate, the capitalization rate and determination of the market comparable m² values are considered critical and thus disclosed below.

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

| 31 December 2022 | Valuation report date | Valuation method | Discount rate | Rent increase rate p.a. | Capitalization rate | Comparable m ² 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 | - | - | - | 9,740 |
| Karaköy Hotel project | 6 January 2023 | Sale Comparison | - | - | - | 441,195 |
| Bursa Korupark independent areas | 6 January 2023 | Sale Comparison | - | - | - | 23,755 |
| 5.Levent Retail | 6 January 2023 | Sale Comparison | - | - | - | 70,600 |
| Mall of İstanbul residents and offices | 6 January 2023 | Sale Comparison | - | - | - | 40,358 |
| Mall of İstanbul project 2nd Phase High Residence and Hilton Otel | 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 | 6 January 2023 | Sale Comparison | - | - | - | 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 and 31 December 2021 were 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 2020: TRY75,639 less/higher)

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED 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 m² on the territory of Antalya Province, Merkez District, Koyunlar Village, and which the Group classified under investment properties as of 31 March 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 m² of land in the province of Antalya, Merkez District, Koyunlar Village, which is classified under investment properties as of 31 March 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 m² in Bursa Province, Osmangazi District, Emek Village, which is classified under investment properties as of 31 March 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 m² in İstanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which is classified under investment properties as of 31 March 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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED 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 31 March 2023 and 31 December 2022, the Group has completed the Torium Shopping Mall project on an area of 44,571 m² 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 31 March 2023 and 31 December 2022, the Group has an area of 70,644 m² in the Istanbul Province, Beykoz District which is classified as investment property and has 49 years of usage rights for a 3,935 m² 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 m² land located in İstanbul Şişli 2nd District which is classified under investment property as of 31 March 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 m² 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).

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- viii. Bursa Zafer Plaza located on the 9,622 m² land in Bursa Osmangazi Şhreküstü District which is classified under investment property as of 31 March 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 m² land located in İstanbul Küçükçekmece Kayabaşı District which is classified under investment property as of 31 March 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 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 2021-4549 the aforementioned property's fair value is TRY248,805 as at 31 December 2021).

- x. The Group owns a building located on 1,479 m² land in İstanbul Beyoğlu Kemankeş District which is classified under investment property as of 31 March 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 31 March 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).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED 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 m² in Istanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which the Group classified under investment properties as of 31 March 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 TRY2,052,200 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 2021-4559 the aforementioned property's fair value is TRY1,093,500 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 m² which is located in Istanbul Province, Başakşehir-İkitelli-2 District and is classified under investment properties as of 31 March 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 67,945 m² 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 31 December 31 March 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 5. Levent project in Istanbul Province, Eyüpsultan District, Güzeltepe Mahallesi, classified under investment property as of 31 March 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).

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- xvi. The Group has a 12.132 m² land in Istanbul Province, Başakşehir District, Ziya Gökalp District, which is classified under investment properties as of 31 March 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 31 March 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 January 23, 2014, and the Official Gazette No. 31269 on October 9, 2022. 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

| | 31 March 2023 | | 31 March 2022 | |
|------------|---------------|------------------|---------------|----------------|
| | (%) | TRY | (%) | TRY |
| Yeni Gimat | 14.83 | 902,896 | 14.83 | 433,536 |
| TTA | 40.00 | 83,616 | 40.00 | 79,743 |
| Netsel | 44.60 | 21,919 | 44.60 | 17,201 |
| | | 1,008,431 | | 530,480 |

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Opening balance | 985,776 | 511,277 |
| Income and expenses from associates, (net) | 42,433 | 27,469 |
| Dividends received from associates | (21,041) | (13,237) |
| Valuation effects of property, plant and equipment | - | 4,565 |
| Income and expenses from joint ventures, (net) | 1,263 | 406 |
| Closing balance | 1,008,431 | 530,480 |

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

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|--------------|-----------------------------|-----------------------------|
| Yeni Gimat | 29,506 | 23,076 |
| Netsel | 12,927 | 4,393 |
| TTA | 1,263 | 406 |
| Total | 43,696 | 27,875 |

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 can not 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.

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NOTE 4 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 31 March 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 (**) |
|---|--------------------------------------|-----------------|--|--------------------------------|---|-----------------------------|---|------------------------------------|
| Shopping malls and offices | | | | | | | | |
| MOI Shopping Mall | 258,956 | 194,628 | - | 194,351 | - | - | 194,351 | 4,128 |
| Korupark Shopping Mall | 119,905 | 90,612 | - | 90,316 | - | - | 90,316 | 1,724 |
| Torun Tower | 69,055 | 68,561 | - | 68,561 | - | - | 68,561 | - |
| Torium Shopping Mall | 60,389 | 27,353 | - | 26,898 | - | - | 26,898 | 3,346 |
| Mall of Antalya | 53,117 | 34,892 | - | 34,279 | - | - | 34,279 | 3,275 |
| Antalya Deepo Shopping Mall | 39,779 | 28,924 | - | 28,502 | - | - | 28,502 | 778 |
| MOI Project 2nd Phase | | | | | | | | |
| Office and Commercial | 667 | 411 | - | 411 | - | - | 411 | - |
| Zafer Plaza Shopping Mall | 21,000 | 17,863 | - | 17,863 | - | - | 17,863 | - |
| Torun Center | 11,658 | 9,941 | - | 9,941 | - | - | 9,941 | - |
| 5. Levent Retail | 2,297 | 2,070 | - | 2,070 | - | - | 2,070 | - |
| Torium Dorm | 2,223 | 1,518 | - | 1,518 | - | - | 1,518 | - |
| Korupark independent areas | 329 | 258 | - | 258 | - | - | 258 | - |
| MOI Residences and Offices | 565 | 296 | - | 258 | - | - | 258 | - |
| Tourism Income | | | | | | | | |
| Hilton Otel | 36,560 | 14,097 | - | 14,096 | - | - | 14,096 | - |
| Subtotal | 676,500 | 491,424 | - | 489,323 | - | - | 489,323 | 13,251 |
| Residences and Office projects | | | | | | | | |
| Torun Center | 116,760 | 109,273 | - | 95,444 | - | - | 95,444 | - |
| 5. Levent Project | 13 | 13 | - | 13 | - | - | 13 | - |
| Korupark 3rd Phase Residences | 10,283 | 9,886 | - | 9,572 | - | - | 9,572 | - |
| MOI Horizontal Office | 36,227 | 33,393 | - | 28,221 | - | - | 28,221 | - |
| MOI Flat Office | 173 | 173 | - | 173 | - | - | 173 | - |
| Subtotal | 163,456 | 152,738 | - | 133,423 | - | - | 133,423 | - |
| Projects under construction | | | | | | | | |
| Paşabahçe project | - | - | - | - | - | - | - | 2,049 |
| 5. Levent Project 2nd Phase | - | - | - | - | - | - | - | 131,632 |
| Real estates held to develop project | | | | | | | | |
| Kemankeş Building | - | - | - | - | - | - | - | 9,184 |
| Antalya Kepez Lands | - | - | - | - | - | - | - | - |
| MOI 3rd Phase | - | - | - | - | - | - | - | - |
| Shareholders | | | | | | | | |
| ANKAmall and Otel (Yeni Gimat) | - | - | - | - | 29,506 | - | 29,506 | - |
| Netsel | - | - | - | - | 12,927 | - | 12,927 | - |
| TTA | - | - | - | - | 1,263 | - | 1,263 | - |
| Unallocated | - | - | - | (14,392) | - | (85,095) | (99,487) | - |
| Total | 839,956 | 644,162 | - | 608,354 | 43,696 | (85,095) | 566,955 | 156,116 |

(*) 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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NOTE 4 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 31 March 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 (**) |
|---|--------------------------------------|-----------------|--|--------------------------------|--|-----------------------------|---|------------------------------------|
| Shopping malls and offices | | | | | | | | |
| MOI Shopping Mall | 138,847 | 95,687 | - | 96,147 | - | - | 96,147 | 637 |
| Korupark Shopping Mall | 62,196 | 42,168 | - | 42,219 | - | - | 42,219 | 475 |
| Torun Tower | 36,858 | 35,825 | - | 35,825 | - | - | 35,825 | - |
| Torium Shopping Mall | 28,158 | 6,151 | - | 6,151 | - | - | 6,151 | 3,361 |
| Mall of Antalya | 25,997 | 12,484 | - | 12,484 | - | - | 12,484 | 15 |
| Antalya Deepo Shopping Mall | 19,165 | 12,215 | - | 11,754 | - | - | 11,754 | 5 |
| MOI Project 2nd Phase | | | | | | | | |
| Office and Commercial | 107 | 98 | - | 98 | - | - | 98 | 626 |
| Zafer Plaza Shopping Mall | 12,000 | 8,549 | - | 13,222 | - | - | 13,222 | - |
| Torun Center | 5,700 | 4,211 | - | 4,211 | - | - | 4,211 | - |
| 5. Levent Retail | 1,574 | 1,475 | - | 1,603 | - | - | 1,603 | - |
| Torium Dorm | 1,199 | 1,177 | - | 1,177 | - | - | 1,177 | 46 |
| Korupark independent areas | 121 | 49 | - | 49 | - | - | 49 | - |
| Tourism Income | | | | | | | | |
| Hilton Hotel | 25,559 | 15,836 | - | 15,836 | - | - | 15,836 | - |
| Subtotal | 357,481 | 235,925 | - | 240,776 | - | - | 240,776 | 5,165 |
| Residences and office projects | | | | | | | | |
| Torun Center | 186,083 | 169,269 | - | 170,657 | - | - | 170,657 | - |
| 5. Levent Project | 16,637 | 11,962 | - | 11,249 | - | - | 11,249 | 6,986 |
| MOI 2 nd Phase | 33,344 | 29,111 | - | 26,142 | - | - | 26,142 | - |
| Subtotal | 236,064 | 210,342 | - | 208,048 | - | - | 208,048 | 6,986 |
| Projects under construction | | | | | | | | |
| Paşabahçe project | - | - | - | - | - | - | - | 59 |
| Karaköy Hotel | - | - | - | - | - | - | - | 539 |
| Real estates held to develop project | | | | | | | | |
| Kayabaşı Land | - | - | - | - | - | - | - | - |
| Antalya Kepez Lands | - | - | - | - | - | - | - | - |
| MOI 3 rd Phase | - | - | - | - | - | - | - | - |
| Associates | | | | | | | | |
| ANKAmall and Otel (Yeni Gimat) | - | - | - | - | 23,076 | - | 23,076 | - |
| Netsel | - | - | - | - | 4,393 | - | 4,393 | - |
| TTA | - | - | - | - | 406 | - | 406 | - |
| Unallocated | - | 38,512 | - | (11,242) | - | (295,991) | (307,233) | - |
| Total | 593,545 | 484,779 | - | 437,582 | 27,875 | (295,991) | 169,466 | 12,749 |

(*) 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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NOTE 5 – CASH AND CASH EQUIVALENTS

| | 31 March 2023 | 31 December 2022 |
|------------------------|----------------------|-------------------------|
| Cash | 106 | 82 |
| Banks | 920,058 | 922,434 |
| <i>Demand deposits</i> | 22,419 | 7,775 |
| <i>Time deposits</i> | 897,639 | 914,659 |
| Other cash equivalents | 3,149 | 2,914 |
| | 923,313 | 925,430 |

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

| | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Cash and cash equivalents | 923,313 | 925,430 |
| Less: Interest accrual of time deposits | (12,221) | (3,871) |
| Cash and cash equivalents in the statement of cash flows | 911,092 | 921,559 |

Maturities of cash and cash equivalents are as follows:

| | 31 March 2023 | 31 December 2022 |
|---------------|----------------------|-------------------------|
| Up to 30 days | 897,639 | 914,659 |
| | 897,639 | 914,659 |

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

| | 31 March 2023 | | 31 January 2022 | |
|-----|------------------------|-----------------------|------------------------|-----------------------|
| | Original Amount | TRY Equivalent | Original Amount | TRY Equivalent |
| USD | 4,936 | 94,540 | 2,272 | 42,483 |
| EUR | 290 | 6,045 | 2,173 | 43,319 |
| GBP | 14 | 331 | 11 | 247 |
| | | 100,916 | | 86,049 |

Weighted average effective interest rate for time deposits (%):

| | 31 March 2023 | 31 December 2022 |
|-----|----------------------|-------------------------|
| | (%) | (%) |
| USD | 3.25 | 3.75 |
| EUR | 2.00 | 3.00 |
| TRY | 27.98 | 24.00 |

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NOTE 6 - FINANCIAL BORROWINGS

| | 31 March 2023 | 31 December 2022 |
|---|------------------|------------------|
| Financial Borrowings | | |
| Bank credits | 1,204,815 | 687,842 |
| <i>Short-term financial borrowings</i> | 1,204,815 | 687,842 |
| Short-term portions of long-term borrowings | 523,627 | 1,113,246 |
| Finance leases | 527 | 6,354 |
| <i>Short-term portions of long-term borrowings</i> | 524,154 | 1,119,600 |
| Banka credits | 2,078,099 | 2,597,243 |
| <i>Long-term borrowings</i> | 2,078,099 | 2,597,243 |
| Total borrowings | 3,807,068 | 4,404,685 |

As of 31 March 2023, there are mortgages amounting to TRY7,714,725 (31 December 2022: TRY7,596,204) given to the banks regarding the financial liabilities on the investment properties.

Bank borrowings

| | 31 March 2023 | 31 December 2022 |
|---|------------------|------------------|
| Short-term bank borrowings | 1,204,815 | 687,842 |
| Short-term portions of long-term borrowings | 523,627 | 1,113,246 |
| Long-term bank borrowings | 2,078,099 | 2,597,243 |
| Total borrowings | 3,806,541 | 4,398,331 |

| 31 March 2023 | Weighted avg. effective interest (%) (*) | Currency | Original amount | TRY equivalent |
|---|--|----------|--------------------|-------------------|
| Short-term bank borrowings | 15.15 | TRY | 1,204,815 | 1,204,815 |
| Short-term portion of long-term borrowings | 13.87 | TRY | 523,627 | 523,627 |
| Long-term bank borrowings | 14.68 | TRY | 1,536,204 | 1,536,204 |
| | 4.84 | EUR | 26,050 | 541,895 |
| Total bank borrowings | | | | 3,806,541 |

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

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NOTE 6 - FINANCIAL BORROWINGS (Continued)

Bank borrowings (Continued)

| 31 March 2022 | Weighted avg. effective interest (%) (*) | Currency | Original amount | TRY equivalent |
|--|---|-----------------|------------------------|-----------------------|
| Short-term bank borrowings | 16.09 | TRY | 866,406 | 866,406 |
| | 3.92 | EUR | 50,003 | 816,947 |
| Short-term portion of long-term borrowings | 12.07 | TRY | 890,642 | 890,642 |
| | 4.73 | EUR | 7,470 | 122,043 |
| Long-term bank borrowings | 15.06 | TRY | 1,265,715 | 1,265,715 |
| | 4.76 | USD | 31,682 | 464,843 |
| | 4.02 | EUR | 46,791 | 764,466 |
| Total bank borrowings | | | | 5,191,062 |

(*) 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 31 March 2023 and 31 December 2022 is as follows:

| | 31 March 2023 | 31 December 2022 |
|-----------------|----------------------|-------------------------|
| 2024 | 410,437 | 928,698 |
| 2025 | 762,314 | 764,984 |
| 2026 | 627,391 | 633,077 |
| 2027 and beyond | 277,957 | 270,484 |
| | 2,078,099 | 2,597,243 |

Obligations under finance lease

The maturities of obligations under finance lease is as follows:

| | 31 March 2023 | 31 December 2022 |
|--------------|----------------------|-------------------------|
| Up to 1 year | 527 | 6,354 |
| | 527 | 6,354 |

Finance leases consist of USD and EUR. The Group has a finance leases obligation of 3.56% interest rate with original currency of EUR25 (31 December 2022: EUR367) as of 31 March 2023.

As of 31 March 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 2017 and which are represented as the investment properties (Note 2) As of 31 March 2023, the interest rate of financial leasing transactions is 3.56% (31 December 2022: 3.56%).

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NOTE 6 - FINANCIAL BORROWINGS (Continued)

The movements of the company's financial liabilities during the period are as follows:

| | 2023 | 2022 |
|--|------------------|------------------|
| Total financial liabilities as of January 1 | 4,404,685 | 5,038,013 |
| Cash inflows from borrowing | 417,500 | 1,944,106 |
| Cash outflows from repayment | (954,426) | (3,099,892) |
| Foreign currency losses | 15,431 | 463,045 |
| Change in interest accruals | (76,122) | 59,413 |
| Total financial liabilities as of 31 March | 3,807,068 | 4,404,685 |

NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME

| | 31 March 2023 | 31 December 2022 |
|------------------------------------|----------------|------------------|
| Short-Term Prepaid Expenses | | |
| Order advances given | 266,020 | 56,665 |
| Prepaid expenses | 19,604 | 15,324 |
| | 285,624 | 71,989 |
| Long-Term Prepaid Expenses | | |
| Order advances given | 970 | 970 |
| Prepaid expenses | 29 | 29 |
| | 999 | 999 |
| Short-Term Deferred Income | | |
| Advances received (*) | 27,009 | 85,545 |
| Deferred income | 25,932 | 14,465 |
| | 52,941 | 100,010 |

(*) As of 31 March 2023, 10,454 TL of the sales commitments given regarding the residences and offices that have been sold but not yet delivered are Torun Center project, 5,628 TL is the 5th part. Levent project, 1,475 TL part consists of Mall of Istanbul project and remaining 9,452 TL part consists of other advances.

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NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

| | 31 March 2023 | 31 December 2022 |
|----------------------------------|----------------------|-------------------------|
| Long-Term Deferred Income | | |
| Advances received (*) | 1,199,346 | 740,249 |
| | 1,199,346 | 740,249 |

(*) As of 31 March 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, TRY749,320 has been received in cash, and TRY450,026 as notes receivable.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES**Current trade receivables**

| | 31 March 2023 | 31 December 2022 |
|--|----------------------|-------------------------|
| Notes receivables (*) | 392,295 | 307,618 |
| Trade receivables | 193,952 | 186,366 |
| Trade receivables from related parties (Note 23) | - | 31,836 |
| Less: Allowance for doubtful receivables | (22,744) | (22,759) |
| | 563,503 | 503,061 |

Non-current trade receivables

| | 31 March 2023 | 31 December 2022 |
|-----------------------|----------------------|-------------------------|
| Notes receivables (*) | 117,931 | 72,392 |
| | 117,931 | 72,392 |

(*) As of March 31, 2023, TRY450,026 of the short and long-term notes receivable consisted of the 5. Levent project, TRY28,405 from the Torun Center project, TRY16,720 from the mall tenants and the remaining TRY15,043 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 5. 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 5. Levent project, TRY33 consists of the shopping mall tenants).

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

| | 31 March 2023 | 31 March 2022 |
|------------------------------------|----------------------|----------------------|
| Opening balance | (22,759) | (22,872) |
| Provision provided during the year | - | (276) |
| Provisions no longer required | 15 | 407 |
| Closing balance | (22,744) | (22,741) |

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Aging of provision for doubtful receivables is as follows:

| | 31 March 2023 | 31 December 2022 |
|---------------|----------------------|-------------------------|
| 3 to 6 months | (46) | (1,310) |
| Over 6 months | (22,698) | (21,449) |
| | (22,744) | (22,759) |

Short-term trade payables

| | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Trade payables | 68,881 | 89,642 |
| Trade payables to related parties (Note 23) | 40,333 | 27,833 |
| | 109,214 | 117,475 |

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

Long-term trade payables

| | 31 March 2023 | 31 January 2022 |
|---|----------------------|------------------------|
| Trade payables to related parties (Note 23) | 26,532 | - |
| | 26,532 | - |

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NOTE 9 - INVESTMENT PROPERTIES

Movement schedule of investment properties as of 31 March 2023 and 31 December 2022:

| | 1 January 2023 | Additions | Disposals | Transfers | Change in fair value | 31 March 2023 |
|---|-------------------|---------------|------------------|-----------|-------------------------|-------------------|
| Shopping Malls and Offices | | | | | | |
| MOİ Shopping Mall | 9,115,000 | 4,128 | - | - | - | 9,119,128 |
| Torun Tower | 6,000,000 | - | - | - | - | 6,000,000 |
| Bursa Korupark Shopping Mall | 3,781,600 | 1,724 | - | - | - | 3,783,324 |
| Torun Center | 4,344,255 | - | (151,786) | - | - | 4,192,469 |
| Mall of Antalya | 2,088,260 | 200 | - | - | - | 2,088,460 |
| Torium Shopping Mall | 1,150,000 | 3,346 | - | - | - | 1,153,346 |
| Antalya Deepo Shopping Mall | 1,615,440 | 778 | - | - | - | 1,616,218 |
| MOİ 2. Phase | | | | | | |
| Office and Commercial (**) | 543,800 | 3,275 | - | - | - | 547,075 |
| Bursa Zafer Plaza Shopping Mall | 567,200 | - | - | - | - | 567,200 |
| 5. Levent Retail | 441,265 | - | - | - | - | 441,265 |
| Korupark independent areas | 103,500 | - | - | - | - | 103,500 |
| Torium Dorm 1 | 38,430 | - | - | - | - | 38,430 |
| Torium Dorm 2 | 70,700 | - | - | - | - | 70,700 |
| MOİ Office and Commercial | 131,185 | - | - | - | - | 131,185 |
| Investment properties under construction | | | | | | |
| Paşabahçe land (*) | 2,700,000 | 2,049 | - | - | - | 2,702,049 |
| Karaköy hotel | 672,880 | 9,184 | - | - | - | 682,064 |
| Properties held for new projects | | | | | | |
| Kayabaşı land | 455,660 | - | - | - | - | 455,660 |
| MOİ 3. Phase | 177,000 | - | - | - | - | 177,000 |
| Antalya Kepez Lands | 239,860 | - | - | - | - | 239,860 |
| | 34,236,035 | 24,684 | (151,786) | - | - | 34,108,933 |

(*) 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 m²; Block 209, Lot 3 as 16,212 m²; Block 200, lot 3 in Paşabahçe neighbourhood, Beykoz district and İstanbul city as 827 m² 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 2019.

(**) The residences completed within the scope of the Mall of İstanbul 2nd Stage project were transferred to stocks and the Hotel operated by TRN Hotel was transferred to tangible assets.

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

| | 1 January 2022 | Additions | Disposals | Transfers | Change in fair value | 31 March 2022 |
|---|-------------------|--------------|-----------|-----------|-------------------------|-------------------|
| Shopping Malls and Offices | | | | | | |
| MOİ Shopping Mall | 4,800,000 | 637 | - | - | - | 4,800,637 |
| Torun Tower | 2,700,000 | - | - | - | - | 2,700,000 |
| Bursa Korupark Shopping Mall | 2,150,000 | 475 | - | - | - | 2,150,475 |
| Torun Center | 2,146,510 | - | - | - | - | 2,146,510 |
| Mall of Antalya | 1,035,065 | 15 | - | - | - | 1,035,080 |
| Torium Shopping Mall | 750,000 | 3,361 | - | - | - | 753,361 |
| Bursa Zafer Plaza Shopping Mall | 457,000 | - | - | - | - | 457,000 |
| Antalya Deepo Shopping Mall | 693,520 | 5 | - | - | - | 693,525 |
| MOİ 2. Phase | | | | | | |
| Office and Commercial (**) | 371,750 | 626 | - | - | - | 378,859 |
| 5. Levent Retail | 220,525 | - | - | - | - | 220,525 |
| Korupark independent areas | 58,917 | - | - | - | - | 58,917 |
| Torium Dorm 1 | 26,000 | 46 | - | - | - | 26,046 |
| Torium Dorm 2 | 24,000 | - | - | - | - | 24,000 |
| MOİ Office and Commercial | 81,510 | - | - | - | - | 81,510 |
| Investment properties under construction | | | | | | |
| Paşabahçe land (*) | 1,087,450 | 59 | - | - | - | 1,087,509 |
| Karaköy hotel | 177,340 | 539 | - | - | - | 177,879 |
| Properties held for new projects | | | | | | |
| Kayabaşı land | 248,805 | - | - | - | - | 248,805 |
| MOİ 3. Phase | 116,550 | - | - | - | - | 116,550 |
| Antalya Kepez Lands | 98,000 | - | - | - | - | 98,000 |
| | 17,242,942 | 5,763 | - | - | - | 17,248,705 |

(*) 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 m²; Block 209, Lot 3 as 16,212 m²; Block 200, lot 3 in Paşabahçe neighbourhood, Beykoz district and İstanbul city as 827 m² 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 2019.

(**) The residences completed within the scope of the Mall of İstanbul 2nd Stage project were transferred to stocks and the Hotel operated by TRN Hotel was transferred to tangible assets.

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

| | 31 March 2023 31 December 2022 | | | 31 March 2023 | 31 December 2022 |
|------------------------------|---------------------------------------|----------------------------|-----------------|--------------------------|-----------------------------|
| | Original amount | Original amount | Currency | | |
| Mall of Antalya - Deepo | 130,000 | 130,000 | EUR | 2,714,725 | 2,596,204 |
| Torun Tower | 2,000,000 | 2,000,000 | TRY | 2,000,000 | 2,000,000 |
| Mall of İstanbul | 1,500,000 | 1,500,000 | TRY | 1,500,000 | 1,500,000 |
| Bursa Korupark Shopping Mall | 1,500,000 | 1,500,000 | TRY | 1,500,000 | 1,500,000 |
| | | | | 7,714,725 | 7,596,204 |

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NOTE 10 – INVENTORIES

| | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| - Torun Center project (1) | 370,505 | 377,992 |
| - Mall of İstanbul 2nd Stage (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 Stage (5) | 1,743 | 2,140 |
| - Torium (6) | 438 | 438 |
| | 461,993 | 472,711 |

Other Inventories

| | | |
|---|----------------|----------------|
| - Inventories related with tourism activities | 3,328 | 2,863 |
| Total inventories | 465,321 | 475,574 |

| | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Residences and office projects (long-term) | | |
| - 5th.Levent Project 2nd.Stage(7) | 559,938 | 428,306 |
| | 559,938 | 428,306 |

- (1) The Torun Center Project consists of sellable area with a total of 175,408 m², segregated as 45,776 m² Office Tower, 36,382 m² Flat Office, 77,988 m² Residence and 15,312 m² Commercial Area. 6 residences, (TRY116,760 inventories with definite sales revenue) 7 offices (TRY171,978 investment properties with definite sales revenue) have been delivered, and in this context, the Group has recognized revenue amounting to TRY288,738 as of 31 March 2023. (31 December 2022: 36 residences, have been delivered, and in this context, the Group has recognized revenue amounting to TRY446,617). As of 31 March 2023, the Group did not capitalize any financial expense during Torun Center Project (31 December 2022: None).
- (2) The Mall of İstanbul 2nd Stage project (High Residence) consists of 100 residences of 18,780 m². As of March 31, 2023, 66 residences of 13,700 m² remained, and TRY36,396 revenue was generated during the period.
- (3) TRY2,300,524 of final sales revenue was obtained between 1 January 2023 and 31 March 2023. As of March 31, 2023, a final sales revenue of TRY2,300,524 was obtained from the beginning of the project, and 9 residences of 1,275 m² remain
- (4) In the Mall of İstanbul project, 2 residences with 116.44 m², 12 flat offices with 3,343.88 m² remain in the inventories.
- (5) In the context of 3. phase of the Korupark project, 6 residences with 980 m² remain in the inventories.
- (6) In Torium project, 2 residences with 189 m² remain in the inventories.
- (7) Although the construction works have started in the 5. 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 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities

| | 31 March 2023 | 31 December 2022 |
|----------------------|---------------|------------------|
| Collaterals received | 749,273 | 541,388 |

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

In consideration with the present contract terms, the totals of expected minimum operational lease revenues as of 31 March 2023 and 31 December 2022 are as follows:

| | 31 March 2023 | 31 December 2022 |
|--------------------|---------------|------------------|
| Between 0-1 years | 2,623,589 | 2,498,656 |
| Between 1-5 years | 15,132,336 | 14,411,749 |
| Between 5-10 years | 22,194,906 | 21,138,006 |

The minimum operational lease revenue represents lease revenue from Mall of İstanbul Shopping Mall, Korupark Shopping Center, Torium Shopping Mall, Zafer Plaza Shopping Mall and Deepo Shopping Mall and the lease revenues from Ankamall and CP Hotel that are owned by Yeni Gimat-associate of the Group and Bulvar Samsun shopping mall that is owned by joint ventures are not included in minimum operational lease revenue.

Collaterals, Pledges and Mortgages ('CPM')

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

| CPM's given by the Company Collaterals, Pledges, Mortgages ('GPM') | 31 March 2023 | 31 December 2022 |
|--|------------------|------------------|
| A. CPM's Given for Its Own Legal Personality | 7,785,603 | 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 to 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 which are not in Scope of C | - | - |
| | 7,785,603 | 7,667,082 |

The ratio of the other CPMs issued by the entity to the Group's own equity is 23% as of 31 March 2023. (31 March 2022: 107%)

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NOTE 11 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

| | 31 March 2023 | | 31 December 2022 | |
|-----|-------------------------|-----------------------|-------------------------|-----------------------|
| | Foreign currency | TRY equivalent | Foreign currency | TRY equivalent |
| EUR | 130,000 | 2,714,725 | 130,000 | 2,596,204 |
| TRY | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| | | 7,714,725 | | 7,596,204 |

As of 31 March 2023, mortgages on investment properties of the Group is TRY7,714,725 (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.

NOTE 12 – FINANCIAL INVESTMENTS

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

| | 31 March 2023 | 31 December 2022 |
|----------------------------|----------------------|-------------------------|
| Measured at amortized cost | 83,463 | - |
| | 83,463 | - |

a) Measured at amortized cost**Debt securities:**

| | 31 December 2023 | 31 December 2022 |
|--------------|-------------------------|-------------------------|
| Eurobond (*) | 83,463 | - |
| | 83,463 | - |

(*) 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.

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NOTE 13 - PLANT, PROPERTY AND EQUIPMENT

Movements in property, plant and equipment and related accumulated depreciation for the period ending on 31 March 2023 and 31 March 2022 are as follows:

| | 1 January 2023 | Additions | Impairment | Disposals (-) | Transfers | 31 March 2023 |
|--|-------------------|--------------|------------|---------------|-----------|------------------|
| Land improvement | 530 | - | - | - | - | 530 |
| Buildings | 1,508,400 | 170 | - | - | - | 1,508,570 |
| Machine and devices | 7,999 | - | - | - | - | 7,999 |
| Vehicles | 2,095 | - | - | - | - | 2,095 |
| Furniture and fixtures | 42,762 | 37 | - | - | - | 42,799 |
| Special cost | 242 | - | - | - | - | 242 |
| Cost | 1,562,028 | 207 | - | - | - | 1,562,235 |
| Land improvements | 133 | 9 | - | - | - | 142 |
| Buildings | - | 3,770 | - | - | - | 3,770 |
| Machine and devices | 1,742 | 499 | - | - | - | 2,241 |
| Vehicles | 1,926 | 100 | - | - | - | 2,026 |
| Furniture and fixtures | 20,685 | 1,869 | - | - | - | 22,554 |
| Special cost | 242 | - | - | - | - | 242 |
| Amortization and depreciation (-) | 24,728 | 6,247 | - | - | - | 30,975 |
| Net Book Value | 1,537,300 | | | | | 1,531,260 |
| | 1 January 2022 | Additions | Impairment | Disposals (-) | Transfers | 31 March 2022 |
| Land improvement | 530 | - | - | - | - | 530 |
| Buildings | 723,750 | - | - | - | - | 723,750 |
| Machine and devices | 7,999 | - | - | - | - | 7,999 |
| Vehicles | 2,095 | - | - | - | - | 2,095 |
| Furniture and fixtures | 36,234 | 6,494 | - | - | - | 42,728 |
| Special cost | 242 | - | - | - | - | 242 |
| Cost | 770,850 | 6,494 | - | - | - | 777,344 |
| Land improvement | 106 | 9 | - | - | - | 115 |
| Buildings | - | 3,931 | - | - | - | 3,931 |
| Machine and devices | 1,094 | 81 | - | - | - | 1,175 |
| Vehicles | 1,704 | 94 | - | - | - | 1,798 |
| Furniture and fixtures | 13,507 | 1,799 | - | - | - | 15,306 |
| Special cost | 237 | 2 | - | - | - | 239 |
| Amortization and depreciation (-) | 16,648 | 5,916 | - | - | - | 22,564 |
| Net Book Value | 754,202 | | | | | 754,780 |

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NOTE 14 - 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 TRY 500,000,000 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 31 March 2023 and 31 December 2022 is as follows:

| | (%) | Group A (thousand) | Group B (thousand) | Group C (thousand) | 31 March 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 | Less than 0.01 | - | 16 | - | 16 | 16 |
| Other shareholders | Less than 0.01 | - | - | 8 | 8 | 8 |
| Other (Public quotation) | 25.16 | - | - | 251,572 | 251,572 | 251,572 |
| Nominal capital | | 200,470 | 200,470 | 599,060 | 1,000,000 | 1,000,000 |

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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NOTE 15 - REVENUE AND COST OF SALES

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Rent income | 500,542 | 263,172 |
| Residence and office sales income | 163,456 | 236,064 |
| Common area income | 139,398 | 68,744 |
| Hotel income | 36,560 | 25,559 |
| Other | - | 6 |
| Sales income | 839,956 | 593,545 |
| Common area expenses | (155,830) | (68,515) |
| Hotel expenses | (22,464) | (9,723) |
| Cost of residence and office sales | (10,718) | (25,722) |
| Rent expenses and management fees of shopping malls | (6,782) | (4,542) |
| Other | - | (264) |
| Cost of Sales | (195,794) | (108,766) |
| Gross profit | 644,162 | 484,779 |

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, Istanbul 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, Istanbul 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.

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NOTE 16- MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|---|-------------------------------------|-------------------------------------|
| General administrative expenses | | |
| Property expenses | (13,029) | (3,066) |
| Taxes, due and fees | (10,941) | (5,792) |
| Personnel expenses | (10,745) | (2,925) |
| Depreciation expenses | (5,916) | (5,775) |
| Provisions for legal cases and doubtful receivables | (1,415) | (38) |
| Consultancy expenses | (897) | (619) |
| Transportation and travel expenses | (729) | (266) |
| Borsa İstanbul, CMB and CRA expenses | (671) | (304) |
| Donations | (16) | - |
| Other | (2,963) | (115) |
| | (47,322) | (18,900) |

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Marketing expenses | | |
| Marketing expenses for residence sales | (8,092) | (23,676) |
| Advertising and promotion expenses | (3,561) | (2,009) |
| Personnel expenses | (2,385) | (675) |
| Depreciation expenses | (625) | (141) |
| Consultancy expenses | (70) | (38) |
| Other | (923) | (180) |
| | (15,656) | (26,719) |

NOTE 17 - OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES**Other income from operating activities**

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|---|-------------------------------------|-------------------------------------|
| Net gain from fair value adjustments on investment properties | 20,192 | - |
| Provisions no longer required | 15 | 407 |
| Other | 10,917 | 1,046 |
| | 31,124 | 1,057 |

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NOTE 18 - FINANCE INCOME/EXPENSES

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Finance income | | |
| Interest income on time deposits | 57,560 | 15,901 |
| Incomes from derivative instruments | - | 8,630 |
| | 57,560 | 24,531 |
| Finance expense | | |
| Interest expense | (121,911) | (126,364) |
| Foreign exchange losses, net (*) | (20,744) | (194,158) |
| | (142,655) | (320,522) |

(*) 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 19 - (LOSS)/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- 31 March 2023 | 1 January- 31 March 2022 |
|---|-------------------------------------|-------------------------------------|
| Net profit of shareholders | 566,694 | 169,466 |
| Weighted average number of ordinary shares (Full TRY) | 1,000,000,000 | 1,000,000,000 |
| Earnings per share (Full TRY) | 0.57 | 0.17 |

NOTE 20 - BENEFITS PROVIDED FOR MEMBER OF KEY MANAGEMENT

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|----------------------|-------------------------------------|-------------------------------------|
| Salaries and premium | 4,289 | 1,029 |
| | 4,289 | 1,029 |

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NOTE 21 - 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 31 March 2023 and 31 December 2022.

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

| | 31 March 2023 | 31 December 2022 |
|-----------------------------------|----------------------|-------------------------|
| Assets | 391,043 | 173,015 |
| Liabilities | (793,279) | (885,273) |
| Net balance sheet position | (402,236) | (712,258) |

The table below summaries foreign currency position risk of the Group as of 31 March 2023.

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

| 31 March 2023 | EUR | USD | GBP | TRY Amount |
|--|-----------------|-----------------|------------|-------------------|
| Current Assets | | | | |
| Monetary financial assets | 293 | 13,802 | 14 | 270,790 |
| Other assets | 214 | 118 | - | 6,721 |
| Trade receivables | 2,180 | 3,555 | - | 113,532 |
| Total assets | 2,687 | 17,475 | 14 | 391,043 |
| Short-term liabilities | | | | |
| Trade payables | (426) | (1,267) | - | (33,207) |
| Financial liabilities | (172) | - | - | (4,091) |
| Long-term liabilities | | | | |
| Financial liabilities | (25,000) | - | - | (522,063) |
| Other long-term liabilities | (1,178) | (10,909) | - | (233,919) |
| Total liabilities | (26,776) | (12,176) | - | (793,279) |
| Net balance sheet position | (24,089) | 5,299 | 14 | (402,237) |
| Assets from off balance sheet derivative instruments | - | - | - | - |
| Net foreign currency liability position | (24,089) | 5,299 | 14 | (402,237) |

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NOTE 21 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency position (Continued)

The table below summaries foreign currency position risk of the Group as of 31 December 2022. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

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

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.

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NOTE 21 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency position (Continued)

Foreign currency sensitivity analysis as of 31 March 2023 and 31 December 2022 are as follows:

| 31 March 2023 | Gain / Loss | | Equity | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Appreciation | Depreciation | Appreciation | Depreciation |
| 10% fluctuation in USD rate | | | | |
| USD net asset/liability | 10,107 | (10,107) | 10,107 | (10,107) |
| Secured portion from USD risk | - | - | - | - |
| USD net effect | 10,107 | (10,107) | 10,107 | (10,107) |
| 10% fluctuation in EUR rate | | | | |
| EUR net asset/liability | (50,314) | 50,314 | (50,314) | 50,314 |
| Secured portion from EUR risk | - | - | - | - |
| EUR net effect | (50,314) | 50,314 | (50,314) | 50,314 |
| 31 December 2022 | | | | |
| | Appreciation | Depreciation | Appreciation | Depreciation |
| 10% fluctuation in USD rate | | | | |
| USD net asset/liability | 7,137 | (7,137) | 7,137 | (7,137) |
| Secured portion from USD risk | - | - | - | - |
| USD net effect | 7,137 | (7,137) | 7,137 | (7,137) |
| 10% fluctuation in EUR rate | | | | |
| EUR net asset/liability | 78,331 | (78,331) | 78,331 | (78,331) |
| Secured portion from EUR risk | - | - | - | - |
| EUR net effect | 78,331 | (78,331) | 78,331 | (78,331) |

NOTE 22 - SUBSEQUENT EVENTS

None.

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NOTE 23 - RELATED PARTY DISCLOSURES

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

Receivables from related parties

| | 31 March 2023 | 31 December 2022 |
|--------------------------------|---------------|------------------|
| Torun Yapı San.ve Tic.A.Ş. (*) | - | 31,819 |
| Other | - | 17 |
| | - | 31,836 |

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

Other payables to related parties

| | 31 March 2023 | 31 December 2022 |
|-----------------------------------|---------------|------------------|
| Torun AVM (*) | 35,702 | 20,650 |
| Mehmet Torun | 26,532 | - |
| Torun Center | 2,805 | 1,959 |
| Zafer Plaza İşletmeciliği A.Ş. | 576 | 3,319 |
| Torun Yapı San. Ve Tic. A.Ş. (**) | 535 | 751 |
| Torunlar Gıda | - | 1,112 |
| Other | 715 | 42 |
| | 66,865 | 27,833 |

(*) Torun Shopping Mall provides management and administration services to Mall of İstanbul, Mall of Antalya, Deepo Shopping Mall, İstanbul Torium Shopping Mall and Bursa Korupark Shopping Mall which are owned by the Company. In accordance with the management agreement signed for the malls, management fee is paid for malls which is 2% (VAT excluding) of the sum of monthly TRY rent bills charged to tenants. The payable and receivable balances of Torun Shopping Mall are recognized as offset. The transactions with Torun AVM have been conducted through normal market conditions and market prices.

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

As of 31 March 2023 and 31 December 2022, related to sales to related parties and commission paid, service expenses are as follows:

Sales to related parties

| | 1 January- 31 March 2023 | 1 January- 31 December 2022 |
|--------------------------------|-----------------------------|--------------------------------|
| Zafer Plaza İşletmeciliği A.Ş. | 27,082 | 53,323 |
| Torun AVM | 21,003 | 83,894 |
| Other | 2,101 | 927 |
| | 50,186 | 138,144 |

Zafer Plaza İşletmeciliği A.Ş. is providing management and administration services to Zafer Plaza Shopping Mall which is owned by the Company. In accordance with the management agreement signed for Zafer Plaza Shopping Mall, Torunlar REIC has a rent income amounting to TRY27,082 for the period ended 31 March 2023 and TRY53,323 for the period ended 31 December 2022. The transactions with Zafer Plaza İşletmeciliği A.S. have been conducted through normal conditions and market prices.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023**

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**Purchases from related parties**

| | 1 January- 31 March 2023 | 1 January- 31 December 2022 |
|----------------------------------|-------------------------------------|--|
| Torun AVM | 63,309 | 139,283 |
| Torun Yapı San. Ve Tic. A.Ş. (*) | 6,467 | 17,161 |
| Torunlar Gıda | 1,789 | 3,005 |
| Other | 433 | 679 |
| | 71,998 | 160,128 |

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

As of 31 March 2023 and 31 December 2022, the interest income from and interest expenses to the related parties are as follows:

Interest Income

| | 1 January - 31 March 2023 | 1 January - 31 December 2022 |
|---------------|--------------------------------------|---|
| Torun AVM | 191 | - |
| Torunlar Gıda | 44 | 145 |
| Other | 17 | - |
| | 252 | 145 |

Interest Expenses

| | 1 January- 31 March 2023 | 1 January- 31 December 2022 |
|---------------|-------------------------------------|--|
| Torunlar Gıda | 1,880 | 603 |
| Torun Yapı | 1,451 | 839 |
| Zafer Plaza | 42 | 172 |
| Torun AVM | - | 361 |
| Other | 926 | 7 |
| | 4,299 | 1,982 |

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

NOTE 24 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

The information contained herein is in nature of summary information derived from the financial statements in accordance with Article 16 of the CMB Serial: II, No: 14.1 'Communiqué on Principles Regarding Financial Reporting in the Capital Markets'; 'Communiqué on Principles Regarding Real Estate Investment Trusts' with Serial: III, No: 48.1, published in the Official Gazette No. 28660 on May 28, 2013, and Series III, published in the Official Gazette No. 28891 on January 23, 2014 and No. 31269 on October 9, 2022. No: 48.1.e 'Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts' has been prepared in accordance with the provisions regarding the control of compliance with portfolio limitations.

| Financial Statements Main Account Items | Related Regulations | 31 March 2023 | 31 December 2022 |
|---|---------------------------------------|--------------------------|-----------------------------|
| A Money and capital markets instruments | Series:III, No:48.1, Art.24/(b) | 1,003,277 | 920,715 |
| B Properties, projects based on properties and rights based on properties | Series:III, No:48.1, Art.24/(a) | 36,639,434 | 36,645,452 |
| C Subsidiaries | Series:III, No:48.1, Art.24/(b) | 1,008,915 | 986,260 |
| Due to related parties (non-trade) | Series:III, No:48.1, Art.23/(f) | - | - |
| Other Assets | | 1,015,204 | 707,140 |
| D Total assets | Series:III, No:48.1, Art.3/(p) | 39,666,830 | 39,259,567 |
| E Financial liabilities | Series:III, No:48.1, Art.31 | 3,806,541 | 4,398,331 |
| F Other financial liabilities | Series:III, No:48.1, Art.31 | - | - |
| G Finance leases | Series:III, No:48.1, Art.31 | 527 | 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 | 34,363,773 | 33,792,895 |
| Other liabilities | | 1,495,989 | 1,061,987 |
| D Total liabilities | Series:III, No:48.1, Art.3/(p) | 39,666,830 | 39,259,567 |
| | | 31 March 2023 | 31 December 2022 |
| Financial Information | Related Regulations | | |

| | | | | |
|----|--|------------------------------------|---------|---------|
| A1 | The portion of money and capital market instruments held for payment of properties for the following 3 years | Series:III, No:48.1, Art.24/(b) | 919,814 | 920,715 |
| A2 | TRYand foreign currency time and demand deposits | Series:III, No:48.1, Art.24/(b) | 919,814 | 920,715 |
| A3 | Foreign capital market instruments | Series:III, No:48.1, Art.24/(d) | - | - |
| B1 | Foreign properties, projects based on properties and rights based on properties | Series:III, No:48.1, Art.24/(d) | - | - |
| B2 | Idle lands | Series:III, No:48.1, Art.24/(c) | - | - |
| C1 | Foreign affiliates | Series:III, No:48.1, Art.24/(d) | - | - |
| C2 | Investments in affiliated operating companies | Series:III, No:48.1, Art.28/1(a) - | - | - |
| J | Non-cash loans | Series:III, No:48.1, Art.31 | 70,878 | 70,878 |
| K | Mortgage amount on non-owned land to be developed | Series:III, No:48.1, Art.28(e) | - | - |
| L | Total investments for money and capital market instruments in a single entity | Series:III, No:48.1, Art.22(I) | 430,131 | 645,052 |

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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

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

| Portfolio Restrictions | Related Regulations | 31 March 2023 | 31 December 2022 | Maximum/Minimum Rate |
|--|-------------------------------------|---------------|------------------|----------------------|
| 1 Mortgage amount on non-owed 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) | 95% | 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 | 11% | 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) | 1% | 2% | <10% |

| Associate | Participation rate (%) | Participation amount | |
|------------|------------------------|----------------------|------------------|
| | | 31 March 2023 | 31 December 2022 |
| Yeni Gimat | 14.83 | 902,896 | 873,390 |
| TTA | 40.00 | 83,616 | 82,354 |
| Netsel | 44.60 | 21,919 | 30,032 |
| TRN | 99.99 | 484 | 484 |
| | | 1,008,431 | 986,260 |

Yeni Gimat, Netsel and TTA which are associates and joint ventures of the Company (all together 'Subsidiaries') do not have valuation reports as at 31 March 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.