

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

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

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



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

To the General Assembly of Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 16 August 2023

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

	Notes	(Reviewed) Current Period 30 June 2023	(Audited) Previous Period 31 December 2022
ASSETS			
Current Assets		3,973,979	2,016,912
Cash and Cash Equivalents	5	2,197,929	925,430
Financial Investments	11	112,570	-
Trade Receivables		606,051	503,061
<i>Trade Receivables from Related Parties</i>	8	-	31,836
<i>Trade Receivables from Third Parties</i>	8	606,051	471,225
Other Receivables		12,195	10,156
<i>Other Receivables from Third Parties</i>		12,195	10,156
Inventories	10	458,861	475,574
Prepaid Expenses	7	556,003	71,989
Other Current Assets		30,370	30,702
Non-Current Assets		37,459,636	37,263,836
Trade Receivables		122,225	72,392
<i>Trade Receivables from Third Parties</i>	8	122,225	72,392
Other Receivables		1,181	1,181
<i>Other Receivables from Third Parties</i>		1,181	1,181
Inventories	10	668,989	428,306
Investments Accounted by Equity Method	3	994,695	985,776
Investment Properties	9	34,144,664	34,236,035
Property, Plant and Equipment	13	1,525,099	1,537,300
Intangible Assets		1,362	1,847
<i>Other Intangible Assets</i>		1,362	1,847
Prepaid Expenses	7	1,421	999
Total Assets		41,433,615	39,280,748

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

	Notes	(Reviewed) Current Period 30 June 2023	(Audited) Previous Period 31 December 2022
LIABILITIES			
Current Liabilities		2,318,765	2,141,667
Short-Term Borrowings	6	748,340	687,842
Short-Term Portion of Long-Term Borrowings	6	1,204,017	1,119,600
Trade Payables		143,415	117,475
<i>Trade Payables to Related Parties</i>	8.20	58,179	27,833
<i>Trade Payables to Third Parties</i>	8	85,236	89,642
Payables Related to Employee Benefits		6,332	6,036
Other Payables		44,900	36,667
<i>Other Payables to Third Parties</i>		44,900	36,667
Deferred Income	7	69,490	100,010
Current Income Tax Liabilities		383	971
Short-Term Provisions		32,894	29,792
Other Current Liabilities		68,994	43,274
Non-Current Liabilities		4,303,426	3,343,668
Long-Term Borrowings	6	2,548,585	2,597,243
Trade Payables		26,532	-
<i>Trade Payables to Related Parties</i>	8.20	26,532	-
Deferred Income	7	1,722,590	740,249
Long-Term Provisions		5,719	6,176
<i>Long-Term Provisions for Employee Benefits</i>		5,719	6,176
EQUITY		34,811,424	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		136,290	74,459
Prior Years’ Profits		31,157,136	12,982,423
Net Profit for the Year		1,215,767	18,436,300
TOTAL LIABILITIES AND EQUITY		41,433,615	39,280,748

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**STATEMENT OF CONDENSED CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023**

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

		<i>(Reviewed)</i> 1 January - 30 June 2023	<i>(Not Reviewed)</i> 1 April - 30 June 2023	<i>(Reviewed)</i> 1 January - 30 June 2022	<i>(Not Reviewed)</i> 1 April - 30 June 2022
	Notes				
Revenue	15	1,740,294	900,338	1,178,179	584,634
Cost of Sales (-)	15	(363,249)	(167,455)	(229,484)	(120,718)
GROSS PROFIT		1,377,045	732,883	948,695	463,916
General Administrative Expenses (-)	16	(109,503)	(62,181)	(61,278)	(42,377)
Marketing Expenses (-)	16	(36,596)	(20,940)	(56,537)	(29,818)
Other Income from Operating Activities	17	36,247	5,123	8,249	7,192
Other Expenses from Operating Activities (-)		(4,823)	(869)	(9,158)	(6,524)
OPERATING PROFIT		1,262,370	654,016	829,971	392,389
Share of the Group on Profit/Loss of Investments Accounted by Equity Method	3	92,758	49,062	61,346	33,471
PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		1,355,128	703,078	891,317	425,860
Finance Income	18	152,963	95,403	25,655	1,124
Finance Expenses (-)	18	(291,621)	(148,966)	(599,229)	(278,707)
PROFIT/LOSS BEFORE TAX		1,216,470	649,515	317,743	148,277
Tax Income/(Expenses)		(703)	(442)	(885)	(885)
LOSS FOR THE PERIOD		1,215,767	649,073	316,858	147,392
Loss Per Share From Continuing Operations	19	1.22	0.65	0.32	0.15
TOTAL COMPREHENSIVE INCOME/ (LOSS)		1,215,767	649,073	316,858	147,392

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

STATEMENT OF CONDENSED CONSOLIDATED CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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	-	-	-	-	-	38	5,306,767	(5,306,805)	-
Total comprehensive income	-	-	-	-	-	-	-	316,858	316,858
Closing balance as of 30 June 2022	1,000,000	(5,930)	25,770	437,723	4,565	74,459	12,982,423	316,858	14,835,868
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	-	-	-	-	-	61,831	18,374,469	(18,436,300)	-
Total comprehensive income	-	-	-	-	-	-	-	1,215,767	1,215,767
Dividends paid	-	244	-	-	-	-	(200,000)	-	(199,756)
Closing balance as of 30 June 2023	1,000,000	(5,686)	25,770	1,236,848	45,543	136,290	31,156,892	1,215,767	34,811,424

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

Notes	<i>(Reviewed)</i> 1 January - 30 June 2023	<i>(Audited)</i> 1 January - 30 June 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES	1,542,645	878,393
Loss for the Period	1,215,767	316,858
Adjustments Related to Reconciliation of Loss for the Period	264,076	696,254
Adjustments related to depreciation and amortisation expenses	21,202	11,818
Adjustments related to provisions	2,530	(179)
Adjustments related to doubtful trade receivable provision expenses	(239)	(480)
Adjustments related to interest income and expenses	112,094	267,367
Adjustments related to unrealized foreign exchange differences	6 241,439	307,137
Adjustments for fair value losses of derivative financial instruments	-	171,937
Gain on sales of investment properties	(20,192)	-
Adjustments related to undistributed profits of investments accounted for by equity method	3 (92,758)	(61,346)
Changes in working capital	62,802	(134,520)
Adjustments related to decrease in trade receivables	(152,584)	(93,853)
Increase/(decrease) in other assets	(2,039)	323
Adjustments for decrease/(increase) in financial investments	(112,570)	-
Adjustments related to decrease/(increase) in inventories	(223,970)	1,999
Adjustments related to decrease in prepaid expenses	(484,436)	(52,968)
Adjustments related to decrease in trade payables	52,472	59,282
Increase/(decrease) in other payables due to operations	8,233	(25,504)
Adjustments related to increase/(decrease) in deferred income	951,821	(35,342)
Adjustments related to other increase/(decrease) in working capital	25,875	11,543
Cash generated from operations	1,542,645	878,592
Employment termination benefits payment	-	(199)
B. CASH FLOWS FROM INVESTING ACTIVITIES	186,886	23,362
Cash outflows from purchases of property, plant and equipments and intangible assets	(8,516)	(7,331)
Payments for acquisition of investment properties	9 (60,415)	(18,427)
Cash inflows from the sale of investment properties	171,978	-
Dividends received	3 83,839	49,120
C. CASH FLOWS FROM FINANCING ACTIVITIES	(484,868)	(722,774)
Proceeds from borrowings	6 1,523,033	1,019,106
Repayment of borrowings	6 (1,544,048)	(1,392,996)
Interest paid	(389,224)	(371,144)
Interest received	125,127	22,260
Dividends paid	(199,756)	-
Net (decrease)/increase in cash and cash equivalents	5 1,244,663	178,981
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 2,166,222	425,059

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Torunlar REIC” or the “Company”) and its subsidiary, TRN Otel İşletmeciliği ve Yatırımları A.Ş. (“TRN”) referred together as a “Group”. The Company was incorporated in 1996 with the trade name of Toray İnşaat Sanayi ve Ticaret A.Ş. in İstanbul, Turkey. With a change in the Articles of Association published on Trade Registry Gazette on 25 January 2008, the Company has been registered with the trade name of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. on 21 January 2008. The Company’s stocks have been traded at the Borsa İstanbul since 21 October 2010 and registered to Capital Markets Board (“CMB”). The Company operates in Turkey. As of 30 June 2023, the total number of the Company’s employees is 196 (31 December 2022: 187) and the main shareholder is the Torun Family.

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

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

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

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

Joint Ventures

The Joint Ventures of Torunlar REIC operate in Turkey and their principal activities and joint venture partners as of 30 June 2022 are as follows (Note 2):

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

TTA

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

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

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

In August 2011, 450,000 shares which were previously owned by Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş. and valued nominally as TRY450,000 and 50,000 shares which were previously owned by Ahmet Demir and valued nominally as TRY50,000 were transferred to Anaterra 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% Anaterra Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. The construction of the TTA Bulvar Samsun Mall project has been started in 2011 and the Mall started to operate in July 2012.

Subsidiary

TRN Otel İşletmeciliği A.Ş.

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

Associates

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

Associate

Principal Activity

Yeni Gimat GYO A.Ş. (“Yeni Gimat”)

Owner of Ankamall Shopping Mall
and Crowne Plaza Hotel

Netsel Turizm Yatırımları A.Ş. (“Netsel”)

Management of Marmaris Marina

Yeni Gimat

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

Netsel

Netsel has been incorporated by Net Turizm Ticaret and Sanayi A.Ş. and Yüksel İnşaat A.Ş. on 6 October 1987. The coastal property operated by Netsel, has been leased from Ministry of Culture and Tourism for 49 years on 22 December 1988. Net Turizm sold its shares to Marmara Bank on 1992 and Yüksel İnşaat sold its shares to Çukurova Group in 1994. Following the liquidation process of Marmara Bank, 44.60% of Netsel was sold to Torunlar REIC in accordance with share transfer agreements on 31 May 2005 and 7 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.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

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

2.1 Basis of Preparation

Statement of Compliance in TAS

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

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

The condensed consolidated interim financial statements of the Group as of 1 January-30 June 2023, have been approved by the Board of Directors on 16 August 2023. The General Assembly has the right to modify the condensed consolidated interim financial statements.

Functional and Presentation Currency

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

Adjustment of Financial Statements During Hyper-Inflationary Periods

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

Comparatives and restatement of prior periods financial statements

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

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

2.1 Basis of Preparation (Continued)

Summary of Significant Accounting Policies

Significant accounting policies that are used to prepare the Group’s interim condensed financial statements for the period of 30 June 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 30 June 2023 dated financial statements. Interim condensed consolidated financial statements must be assessed with the financial statements for the period ended 31 December 2022.

Joint Ventures

Interests in joint ventures

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

Interests in Joint Ventures on combined basis are as follows:

	30 June 2023	31 December 2022
	(%)	(%)
TTA	40.00	40.00
	30 June 2023	31 December 2022
Current assets	6,267	8,993
Non-current assets	258,720	261,697
Total assets	264,987	270,690
Short-term liabilities	34,664	49,414
Long-term liabilities	15,392	15,391
Equity	214,931	205,885
Total liabilities and equity	264,987	270,690
Net profit for the year	9,045	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:

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

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

2.1 Basis of Preparation (Continued)

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

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

Associates

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

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

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

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

Interest in associates on combined basis (*)

	30 June 2023	31 December 2022
Total assets	6,465,433	6,137,988
Total liabilities	481,619	181,309
Net profit for the year	508,586	3,135,583

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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

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

2.1 Basis of Preparation (Continued)

Yeni Gimat

	30 June 2023	31 December 2022
Total assets	6,024,308	5,983,417
Total liabilities	112,119	94,073
Net profit for the year	448,046	3,087,170

Netsel

	30 June 2023	31 December 2022
Total assets	176,138	154,571
Total liabilities	104,513	87,236
Net profit for the year	51,495	48,413

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Going concern

The Group’s consolidated financial statements have been prepared on a going concern basis.

2.2 Changes in Accounting Policies

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

2.3 Changes in Accounting Estimates and Errors

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

2.4 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 30 June 2023.

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

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

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

2.4 New and Revised Turkish Accounting Standards (Continued)

a. Standards, amendments, and interpretations applicable as of 30 June 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.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b. Standards, amendments, and interpretations that are issued but not effective as of 30 June 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.

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

2.4 New and Revised Turkish Accounting Standards (Continued)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group evaluates the effects of the aforementioned standard changes and will apply them as of the effective date.

Measurement and recognition of expected credit losses

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

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

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

2.5 Critical Accounting Estimates, Assumptions and Judgements

Critical judgments in applying the Group’s accounting policies

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

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

Fair values of investment properties

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

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.

Deferred tax assets

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

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

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

30 June 2023	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 Otel project	6 January 2023	Sale Comparison	-	-	-	441,195
Bursa Korupark independent areas	6 January 2023	Sale Comparison	-	-	-	23,755
5th Levent Retail	6 January 2023	Sale Comparison	-	-	-	70,600
MOİ Office and Commercial	6 January 2023	Sale Comparison	-	-	-	40,358
MOİ 2nd Phase Office and Commercial ⁱ	6 January 2023	Discounted Cash Flow	22%	10-20%	7-10%	-
Mall of İstanbul 3rd Phase	6 January 2023	Sale Comparison	-	-	-	14,620
Torun Center Office and Commercial	6 January 2023	Sale Comparison	-	-	-	87,905

31 December 2022	Valuation report date	Valuation method	Discount rate(*)	Rent increase rate p.a.	Capitalization rate	Comparable m 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 Otel project	6 January 2023	Sale Comparison	-	-	-	441,195
Bursa Korupark independent areas	6 January 2023	Sale Comparison	-	-	-	23,755
5th Levent Retail	6 January 2023	Sale Comparison	-	-	-	70,600
MOİ Office and Commercial	6 January 2023	Sale Comparison	-	-	-	40,358
MOİ 2nd Phase Office and Commercial	6 January 2023	Discounted Cash Flow	22%	10-20%	7-10%	-
MOİ 3rd Phase	6 January 2023	Sale Comparison	-	-	-	14,620
Torun Center Office and Commercial	6 January 2023	Sale Comparison	-	-	-	87,905

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

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

- 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 30 June 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 30 June 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 30 June 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 30 June 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

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

- v. As of 30 June 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 30 June 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 30 June 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 CONDENSED CONSOLIDATED INTERIM 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 Şehreküstü District which is classified under investment property as of 30 June 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 30 June 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 30 June 2023 and 31 December 2022. The building is planned to be renovated as a hotel.

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

- xi. As at 30 June 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- xii. The Mall of Istanbul Hotel Congress Center and Office Project was completed in 2022 on an area of 18,209 m² in Istanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which the Group classified under investment properties as of 30 June 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 30 June 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 30 June 2023 and 31 December 2022.

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

- xv. The Group has 50 workplaces, offices and commercial units with leasable areas in the 5th Levent project in Istanbul Province, Eyüpsultan District, Güzeltepe Mahallesi, classified under investment property as of 30 June 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 CONDENSED CONSOLIDATED INTERIM 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 30 June 2023 and 31 December 2022. The Company has not yet made a decision regarding the use of the land, and it is currently holding for value increase.

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

2.6 Compliance with the portfolio limitations

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	(%)	TRY	(%)	TRY
Yeni Gimat	14.83	876,778	14.83	873,390
TTA	40	85,972	40	82,354
Netsel	44.60	31,945	44.60	30,032
		994,695		985,776
			1 January- 30 June 2023	1 January- 30 June 2022
Opening balance			985,776	515,842
Income and expenses from associates, (net)			89,140	59,992
Dividends received from associates			(83,839)	(49,120)
Income and expenses from joint ventures, (net)			3,618	1,354
Closing balance			994,695	528,068

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

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

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Yeni Gimat	66,173	36,667	47,295	24,219
Netsel	22,967	10,040	12,697	8,304
TTA	3,618	2,355	1,354	948
Total	92,758	49,062	61,346	33,471

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

NOTE 4 - SEGMENT REPORTING

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

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NOTE 4 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 30 June 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 (**)
Offices and shopping								
Malls for rent								
Mall of İstanbul Shopping Mall	567,316	451,425	-	431,858	-	-	431,858	11,520
Korupark Shopping Mall	253,203	198,962	-	196,638	-	-	196,638	4,129
Torun Tower	138,109	137,279	-	132,731	-	-	132,731	-
Torium Shopping Mall	123,680	64,780	-	61,031	-	-	61,031	11,343
Mall of Antalya	125,314	91,395	-	88,834	-	-	88,834	354
Antalya Deepo Shopping Mall	92,137	72,487	-	71,264	-	-	71,264	1,664
Mall of İstanbul 2nd. Phase Office, Commercial Area and Hilton Hotel	2,020	432	-	432	-	-	432	8,098
Zafer Plaza Shopping Mall	43,200	37,867	-	37,610	-	-	37,610	-
Torun Center	32,042	26,060	-	21,802	-	-	21,802	-
5th Levent Çarşı	5,009	4,146	-	4,146	-	-	4,146	-
Torium Dorm	4,436	3,026	-	3,026	-	-	3,026	-
Korupark independent areas	617	420	-	420	-	-	420	-
MOI Office and Commercial	1,166	840	-	840	-	-	840	-
Subtotal	1,473,736	1,127,726	-	1,089,239	-	-	1,089,239	37,108
Tourism Income								
Hilton Hotel	85,487	38,607	-	38,607	-	-	38,607	-
Subtotal	85,487	38,607	-	38,607	-	-	38,607	-
Residences and office projects								
Torun Center	219,493	205,485	-	205,485	-	-	205,485	-
Korupark 3rd Phase Residences	10,283	9,886	-	9,886	-	-	9,886	-
Mall of İstanbul High Residence	36,227	33,393	-	33,393	-	-	33,393	-
5th Levent Project	13	13	-	13	-	-	13	-
Mall of İstanbul Flat Office	542	542	-	542	-	-	542	-
Subtotal	266,558	249,319	-	249,319	-	-	249,319	-
Projects under construction								
5th Levent Project 2nd. Phase	-	-	-	-	-	-	-	240,683
Paşabahçe project	-	-	-	-	-	-	-	9,978
Real estates held to develop projects								
Kemankeş building	-	-	-	-	-	-	-	13,329
Antalya Kepez Lands	-	-	-	-	-	-	-	-
Kayabaşı Land	-	-	-	-	-	-	-	-
Mall of İstanbul 3rd Phase	-	-	-	-	-	-	-	-
Associates								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	66,173	-	66,173	-
Netsel	-	-	-	-	22,967	-	22,967	-
TTA	-	-	-	-	3,618	-	3,618	-
Unallocated	-	-	-	(76,188)	-	(138,658)	(214,846)	-
Total	1,740,294	1,377,045	-	1,262,370	92,758	(138,658)	1,216,470	301,098

(*) 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 30 June 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 (**)
Offices and shopping								
Malls for rent								
Mall of İstanbul Shopping Mall	311,377	244,222	-	244,222	-	-	244,222	2,151
Korupark Shopping Mall	136,631	103,484	-	103,484	-	-	103,484	1,137
Torun Tower	73,717	73,591	-	70,993	-	-	70,993	-
Torium Shopping Mall	61,696	33,237	-	33,237	-	-	33,237	8,942
Mall of Antalya	65,066	44,640	-	44,640	-	-	44,640	432
Antalya Deepo Shopping Mall	48,305	36,752	-	36,752	-	-	36,752	5
Mall of İstanbul Project 2nd. Phase								
High Residence ve Hilton Hotel	260	239	-	239	-	-	239	822
Zafer Plaza Shopping Mall	24,000	19,127	-	19,127	-	-	19,127	-
Torun Center	11,202	9,256	-	9,256	-	-	9,256	-
5th Levent Çarşısı	3,709	3,518	-	3,518	-	-	3,518	-
Torium Dorm	1,998	960	-	960	-	-	960	136
Korupark independent areas	266	81	-	81	-	-	81	-
Tourism Income								
Hilton Hotel	59,189	38,891	-	38,891	-	-	38,891	-
Subtotal	797,416	607,998	-	605,400	-	-	605,400	13,625
Residences and office projects								
Torun Center	315,123	289,896	-	221,092	-	-	221,092	-
Mall of İstanbul	40,718	35,618	-	26,996	-	-	26,996	-
5th Levent Project	24,922	15,183	-	11,715	-	-	11,715	-
Subtotal	380,763	340,697	-	259,803	-	-	259,803	-
Projects under construction								
5th Levent Project 2nd Phase	-	-	-	-	-	-	-	37,635
Paşabahçe project	-	-	-	-	-	-	-	108
Karaköy Hotel	-	-	-	-	-	-	-	4,694
Real estates held to develop projects								
Kayabaşı Land	-	-	-	-	-	-	-	-
Antalya Kepez Lands	-	-	-	-	-	-	-	-
Mall of İstanbul 3rd Phase	-	-	-	-	-	-	-	-
Associates								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	47,295	-	47,295	-
Netsel	-	-	-	-	12,697	-	12,697	-
TTA	-	-	-	-	1,354	-	1,354	-
Unallocated	-	-	-	(35,232)	-	(573,574)	(608,806)	-
Total	1,178,179	948,695	-	829,971	61,346	(573,574)	317,743	56,062

(*) 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

	30 June 2023	31 December 2022
Cash	95	82
Banks	2,194,102	922,434
<i>Demand deposits</i>	<i>193,129</i>	<i>7,775</i>
<i>Time deposits</i>	<i>2,000,973</i>	<i>914,659</i>
Other cash equivalents	3,732	2,914
	2,197,929	925,430

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

	30 June 2023	31 December 2022
Cash and cash equivalents	2,197,929	925,430
Less: Interest accrual of time deposits	(31,707)	(3,871)
Cash and cash equivalents in the statement of cash flows	2,166,222	921,559

	30 June 2023	31 December 2022
Up to 30 days	2,000,973	914,659
	2,000,973	914,659

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

	30 June 2023		31 December 2022	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
US Dollar	32,578	841,265	2,272	42,483
Euro	2,010	58,082	2,173	43,319
Sterlin	16	525	11	247
		899,872		86,049

Weighted average effective interest rate for time deposits:

	30 June 2023	31 December 2022
US Dollar	3.25%	3.75%
Euro	3.00%	3.00%
Turkish Lira	35.06%	24.00%

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NOTE 6 - FINANCIAL LIABILITIES

Financial Liabilities

	30 June 2023	31 December 2022
Financial Liabilities		
Bank borrowings	748,340	687,842
<i>Short-term financial borrowings</i>	748,340	687,842
Short-term portions of long-term borrowings	1,203,304	1,113,246
Finance leases	713	6,354
<i>Short-term portions of long-term borrowings</i>	1,204,017	1,119,600
Bank borrowings	2,548,585	2,597,243
<i>Long-term borrowings</i>	2,548,585	2,597,243
Total borrowings	4,500,942	4,404,685

As of 30 June 2023, there are mortgages amounting to given to the banks regarding the financial liabilities amounting to TRY8,666,624 (31 December 2022: TRY7,596,204) on the investment properties.

Bank borrowings

	30 June 2023	31 December 2022
Short-term bank borrowings	748,340	687,842
Short-term portions of long-term borrowings	1,203,304	1,113,246
Long-term bank borrowings	2,548,585	2,597,243
Total borrowings	4,500,229	4,398,331

30 June 2023	Weighted avg. effective interest (%) (*)	Currency	Original amount	TRY equivalent
Short-term bank borrowings	17.99	TRY	748,340	748,340
Short-term portion of long-term borrowings	14.32	TRY	1,203,304	1,203,304
Long-term bank borrowings	14.35	TRY	1,838,344	1,838,344
	8.39	EUR	25,227	710,241
Total bank borrowings				4,500,229

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

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

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

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

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

	30 June 2023	31 December 2022
2024	301,601	928,698
2025	1,012,766	764,984
2026	855,222	633,077
2027 and beyond	378,996	270,484
	2,548,585	2,597,243

Obligations under finance lease

The maturities of obligations under finance lease is as follows:

	30 June 2023	31 December 2022
Up to 1 year	713	6,354
	713	6,354

Finance leases consist of EUR. The Group has a finance leases obligation of 3.56% interest rate with original currency of EUR25 (31 December 2022: %3.56 interest rate with original currency of EUR367) as of 30 June 2023.

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

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

	2023	2022
Total financial liabilities as of January 1	4,404,685	5,038,013
Cash inflows from borrowing	1,523,033	1,019,106
Cash outflows from repayment	(1,544,048)	(1,392,996)
Foreign currency losses	241,439	307,137
Change in interest accruals	(124,167)	(78,122)
Total financial liabilities as of June 30	4,500,942	4,893,138

NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME**Short-Term Prepaid Expenses**

	30 June 2023	31 December 2022
Advances given	531,224	56,665
Prepaid expenses	24,779	15,324
	556,003	71,989

Long-Term Prepaid Expenses

	30 June 2023	31 December 2022
Order advances given	970	970
Prepaid expenses	451	29
	1,421	999

Short-Term Deferred Income

	30 June 2023	31 December 2022
Advances received (*)	44,501	85,545
Deferred income	24,989	14,465
	69,490	100,010

(*) As of 30 June 2023, from the sales commitments regarding the offices and residential units that are not delivered consist of advances received amounting to TRY35,966 for Torun Center Project, TRY2,514 for 5th Levent project, TRY6,021 for TRN Otel advances (31 December 2022: TRY47,049 for Torun Center Project, TRY25,327 for Mall of İstanbul 2nd phase project, TRY6,640 for 5th Levent project, TRY2,260 for Mall of İstanbul advances.)

Long-Term Deferred Income

	30 June 2023	31 December 2022
Advances received (*)	1,722,590	740,249
	1,722,590	740,249

(*) As of 30 June 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, TRY1,231,117 has been received in cash, and TRY491,473 as notes receivable.

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

	30 June 2023	31 December 2022
Notes receivables (*)	400,156	307,618
Trade receivables	228,415	186,366
Trade receivables from related parties (Note 20)	-	31,836
Less: Allowance for doubtful receivables	(22,520)	(22,759)
	606,051	503,061

Non-current trade receivables

	30 June 2023	31 December 2022
Notes receivables (*)	122,225	72,392
	122,225	72,392

(*) As of 30 June 2023, TRY491,473 of the short and long-term notes receivable consisted of the 5th Levent project 2nd Phase, TRY15,962 from Torun Center project, TRY12,160 from Mall of Istanbul project, TRY2,199 from 5th Levent project and the remaining TRY587 from other notes receivable. (31 December 2022: TRY303.978 of short and long-term notes receivables are from the sales of the apartments belonging to the 5th Levent 2nd Stage project, which have not been delivered yet, TRY22.800 from the Mall of Istanbul project, TRY52.578 from the Torun Center project, TRY621 from the 5th Levent project.

Movement of the provision for the doubtful receivables is as follows

	30 June 2023	30 June 2022
Opening balance	(22,759)	(22,872)
Provision provided during the year	-	(276)
Provisions no longer required	239	756
Closing balance	(22,520)	(22,392)

Aging of provision for doubtful receivables is as follows:

	30 June 2023	31 December 2022
3 to 6 months	-	(1,310)
Over 6 months	(22,520)	(21,449)
	(22,520)	(22,759)

Short-term trade payables

	30 June 2023	31 December 2022
Trade payables	85,236	89,642
Trade payables to related parties (Note 20)	58,179	27,833
	143,415	117,475

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

Long-term trade payables

	30 June 2023	31 December 2022
Trade payables to related parties (Note 20)	26,532	-
	26,532	-

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NOTE 9 - INVESTMENT PROPERTIES

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

	1 January 2023	Additions	Disposals	Transfers	Change in fair value	30 June 2023
Shopping Malls and Offices						
Mall of İstanbul Shopping Mall	9,115,000	11,520	-	-	-	9,126,520
Torun Tower	6,000,000	-	-	-	-	6,000,000
Bursa Korupark Shopping Mall	3,781,600	4,129	-	-	-	3,785,729
Torun Center	4,344,255	-	(151,786)	-	-	4,192,469
Mall of Antalya	2,088,260	354	-	-	-	2,088,614
Torium Shopping Mall	1,150,000	11,343	-	-	-	1,161,343
Antalya Deepo Shopping Mall	1,615,440	1,664	-	-	-	1,617,104
MOI 2nd. Phase						
High Residence and Hilton Hotel	543,800	8,098	-	-	-	551,898
Bursa Zafer Plaza Shopping Mall	567,200	-	-	-	-	567,200
5th Levent Çarşı	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
Mall of İstanbul Residence and Offices	131,185	-	-	-	-	131,185
Investment properties under construction						
Gayrimenkuller						
Paşabahçe project (*)	2,700,000	9,978	-	-	-	2,709,978
Karaköy Hotel	672,880	13,329	-	-	-	686,209
Properties held for new projects						
Kayabaşı land	455,660	-	-	-	-	455,660
Mall of İstanbul 3rd Phase	177,000	-	-	-	-	177,000
Antalya Kepez Lands	239,860	-	-	-	-	239,860
	34,236,035	60,415	(151,786)	-	-	34,144,664

- (*) 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 neighborhood, 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 2020.

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

	1 January 2022	Additions	Disposals	Transfers	Change in fair value	30 June 2022
Shopping Malls and Offices						
Mall of İstanbul Shopping Mall	4,800,000	2,151	-	-	-	4,802,151
Torun Tower	2,700,000	-	-	-	-	2,700,000
Bursa Korupark Shopping Mall	2,150,000	1,137	-	-	-	2,151,137
Torun Center	2,146,510	-	-	-	-	2,146,510
Mall of Antalya	1,035,065	432	-	-	-	1,035,497
Torium Shopping Mall	750,000	8,942	-	-	-	758,942
Antalya Deepo Shopping Mall	693,520	5	-	-	-	693,525
MOI 2nd. Phase						
High Residence and Hilton Hotel	371,750	822	-	-	-	372,572
Bursa Zafer Plaza Shopping Mall	457,000	-	-	-	-	457,000
5th Levent Çarşı	220,525	-	-	-	-	220,525
Korupark independent areas	58,917	-	-	-	-	58,917
Torium Dorm 1	26,000	136	-	-	-	26,136
Torium Dorm 2	24,000	-	-	-	-	24,000
Mall of İstanbul Residence and Offices	81,510	-	-	-	-	81,510
Investment properties under construction						
Paşabahçe project (*)	1,087,450	108	-	-	-	1,087,558
Karaköy Hotel	177,340	4,694	-	-	-	182,034
Properties held for new projects						
Kayabaşı Land	248,805	-	-	-	-	248,805
Mall of İstanbul 3rd Phase	116,550	-	-	-	-	116,550
Antalya Kepez Lands	98,000	-	-	-	-	98,000
	17,242,942	18,427	-	-	-	17,261,369

(*) 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 neighborhood, 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 2020.

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

	<u>30 June 2023</u>	<u>31 December 2022</u>		<u>30 June 2022</u>	<u>31 December 2021</u>
	Original Amount	Original Amount	Currency		
Mall of Antalya - Deepo	130,000	130,000	EURO	3,666,624	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
				8,666,624	7,596,204

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NOTE 10 - INVENTORIES

	30 June 2023	31 December 2022
Residences and office projects (short term)		
- Torun Center project (1)	363,984	377,992
- Mall of İstanbul 2nd Phase (High Residence) (3)	76,883	79,717
- 5th Levent project (3)	8,620	8,620
- Mall of İstanbul project (4)	3,804	3,804
- Korupark 3rd Phase (5)	1,743	2,140
- Torium (6)	438	438
	455,472	472,711

Other Inventories

- Inventories related with tourism activities	3,389	2,863
Total inventories	458,861	475,574

	30 June 2023	31 December 2022
Residences and office projects (long term)		
- 5th Levent project 2nd Phase (7)	668,989	428,306
	668,989	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. The delivery of Office Tower and Flat Office has started as of 30 June 2022. 11 residences (TRY218,809 inventories with definite sales revenue) and 7 offices (TRY171,978 investment properties with definite sales revenue) have been delivered, and in this context, the Group has recognized revenue amounting to TRY390,787 as of 1 January 2023-30 June 2023. As of 30 June 2023, a final sales revenue of TRY1,752,845 has been obtained since the beginning of the project. (31 December 2022: 36 residences have been delivered). As of 30 June 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 30 June 2023, 66 residences of 13,700 m² remained, and TRY36,396 revenue was generated during the period. (31 December 2022: 9 residences and TRY58,637 revenue was generated during the period)
- (3) TRY2,300,524 of final sales revenue was obtained between 1 January 2023 and 30 June 2023. As of June 30, 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, have been remained in the inventories.
- (5) In the context of 3rd phase of the Korupark project, 6 residences with 980 m² have been remained in the inventories.
- (6) In Torium project, 2 residences with 189 m² have been remained in the inventories.
- (7) Although the construction works have started in the 5th Levent 2nd Phase project, it is estimated that it will take more than 1 year to complete all the costs of the project, so it has been accounted as long-term inventories.

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NOTE 11 - FINANCIAL INVESTMENTS

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

	30 June 2023	31 December 2022
Measured at amortized cost	112,570	-
	112,570	-

a) Measured at amortized cost

Debt securities:

	30 June 2023	31 December 2022
Eurobond (*)	112,570	-
	112,570	-

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

NOTE 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities

	31 December 2023	31 December 2022
Collaterals received	744,695	541,388

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

Collaterals, Pledges and Mortgages (“CPM”)

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

CPM's given by the Company Collaterals, Pledges, Mortgages ('GPM')	30 June 2023	31 December 2022
A. CPM's Given for Its Own Legal Personality	8,743,319	7,667,082
B. CPM's Given on Behalf of Fully Consolidated Companies	-	-
C. CPM's Given for Continuation of its Economic Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM's		
i. Total Amount of CPM's Given on behalf of the Majority Shareholder	-	-
ii. Total Amount of CPM's Given on behalf of Other Group Companies which are not in Scope of B and C	-	-
iii. Total Amount of CPM's Given on Behalf of Third Parties which are not in Scope of C	-	-
	8,743,319	7,667,082

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NOTE 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	30 June 2023		31 December 2022	
	Foreign currency	TRY equivalent	Foreign currency	TRY equivalent
TRY	5,000,000	5,000,000	5,000,000	5,000,000
EUR	130,000	3,666,624	130,000	2,596,204
		8,666,624		7,596,204

As of 30 June 2023, mortgages on investment properties of the Group is TRY8,666,624 (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 13 - PLANT, PROPERTY AND EQUIPMENT

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

	1 January 2023	Additions	Impairment	Disposals (-)	Transfers	30 June 2023
Land improvement	530	-	-	-	-	530
Hotel building	1,508,400	8,394	-	-	-	1,516,794
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	8,431	-	-	-	1,570,459
Land improvement	133	18	-	-	-	151
Hotel building	-	15,713	-	-	-	15,713
Machine and devices r	1,742	998	-	-	-	2,740
Vehicles	1,926	169	-	-	-	2,095
Furniture and fixtures	20,685	3,734	-	-	-	24,419
Special cost	242	-	-	-	-	242
Amortization and depreciation (-)	24,728	20,632	-	-	-	45,360
Net Book Value	1,537,300					1,525,099

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NOTE 13 - PLANT, PROPERTY AND EQUIPMENT (Continued)

	1 January 2022	Additions	Impairment	Disposals (-)	Transfers	30 June 2022
Land improvement	530	-	-	-	-	530
Hotel building	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	18	-	-	-	124
Hotel building	-	7,863	-	-	-	7,863
Machine and devices r	1,094	283	-	-	-	1,377
Vehicles	1,704	159	-	-	-	1,863
Furniture and fixtures	13,507	3,490	-	-	-	16,997
Special cost	237	5	-	-	-	242
Amortization and depreciation (-)	16,648	11,818	-	-	-	28,466
Net Book Value	754,202					748,878

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 TRY500,000,000 within the cap of TRY1,000,000,000 registered capital, through a bonus issue by adding TRY276,000,000 out of a total of TRY301,770,000 share premium, transactions related to capital increase was completed on 16 August 2012.

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

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

	Shareholders (%)	Group A (thousand)	Group B (thousand)	Group C (thousand)	30 June 2022	31 December 2021
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 Karabıyık	0.01'den az	-	16	-	16	16
Other shareholders	0.01'den az	-	-	8	8	8
Other (Public quotation)	25.16	-	-	251,572	251,572	251,572
Nominal capital		200,470	200,470	599,060	1,000,000	1,000,000

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NOTE 14 – EQUITY (Continued)

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.

NOTE 15 - REVENUE AND COST OF SALES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Rent income	1,121,413	620,871	585,791	322,619
Common area income	266,836	127,438	152,423	83,679
Residence and office sales income	266,558	103,102	380,763	144,699
Hotel income	85,487	48,927	59,189	33,630
Other	-	-	13	7
Revenues	1,740,294	900,338	1,178,179	584,634
Common area expense	(284,830)	(129,000)	(159,210)	(90,695)
Hotel expenses	(46,880)	(24,416)	(20,298)	(10,575)
Cost of residence and office sales	(17,239)	(6,521)	(40,066)	(14,344)
Rent expenses and management fees of shopping malls	(14,300)	(7,518)	(9,646)	(5,104)
Other	-	-	(264)	-
Cost of sales	(363,249)	(167,455)	(229,484)	(120,718)
Gross profit	1,377,045	732,883	948,695	463,916

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

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NOTE 15 - REVENUE AND COST OF SALES (Continued)

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.

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

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
General administrative expenses				
Taxes, due and fees	(31,463)	(20,522)	(18,534)	(12,742)
Property expenses	(23,212)	(10,183)	(10,971)	(7,905)
Personnel expenses	(22,487)	(11,742)	(6,469)	(3,543)
Depreciation expenses	(19,139)	(13,223)	(11,533)	(5,758)
Provisions for legal cases and doubtful receivables	(4,530)	(3,115)	(161)	(123)
Transportation and travel expenses	(1,742)	(1,013)	(540)	(274)
Consultancy expenses	(1,639)	(742)	(747)	(128)
Borsa İstanbul, CMB and CRA expenses	(671)	-	(304)	-
Donations	(151)	(135)	(11,532)	(11,532)
Other	(4,469)	(1,506)	(487)	(372)
	(109,503)	(62,181)	(61,278)	(42,377)
Marketing expenses				
Advertising and promotion expenses	(14,213)	(10,652)	(3,814)	(1,805)
Residence sales marketing expenses (*)	(13,120)	(5,028)	(50,668)	(26,992)
Personnel expenses	(5,043)	(2,658)	(1,480)	(805)
Depreciation expenses	(2,063)	(1,438)	(285)	(144)
Consultancy expenses	(118)	(48)	(49)	(11)
Other	(2,039)	(1,116)	(241)	(61)
	(36,596)	(20,940)	(56,537)	(29,818)

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

NOTE 17 - OTHER INCOME FROM OPERATING ACTIVITIES

Other operating income

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Investment property sales income	20,192	-	-	-
Foreign exchange gain, net	13,724	4,542	-	-
Commission income	1,988	355	99	31
Other	343	226	8,150	7,161
	36,247	5,123	8,249	7,192

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NOTE 18 - FINANCE INCOME/(EXPENSES)

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Finance income				
Interest income on time deposits	152,963	95,403	25,655	9,754
Financial income from derivative instruments	-	-	-	(8,630)
	152,963	95,403	25,655	1,124
	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Finance expenses				
Interest expense	(265,057)	(143,146)	(293,022)	(166,658)
Foreign exchange losses, net (*)	(26,564)	(5,820)	(134,270)	59,888
Financial expense from derivative instruments	-	-	(171,937)	(171,937)
	(291,621)	(148,966)	(599,229)	(278,707)

(*) 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 - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Net losses of shareholders	1,215,767	649,073	316,858	147,392
Weighted average number of ordinary shares (Full TRY)	1,000,000	1,000,000	1,000,000	1,000,000
Loss per share (Full TRY)	1.22	0.65	0.32	0.15

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NOTE 20 - RELATED PARTY DISCLOSURES

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

Trade Payables to Related Parties	30 June 2023	31 December 2022
Torun AVM (*)	38,376	20,650
Torun Yapı San. Ve Tic. A.Ş. (**)	12,902	751
Torun Center	3,500	1,959
Zafer Plaza İşletmeciliği A.Ş.	2,646	3,319
Torunlar Gıda	697	1,112
Other	58	42
	58,179	27,833

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

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

Trade Payables to Related Parties	30 June 2023	31 December 2022
Mehmet Torun	26,532	-
	26,532	-

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

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 January - 30 April 2022
Sales to related parties				
Torun AVM	53,902	26,820	30,791	17,109
Zafer Plaza İşletmeciliği A.Ş.	43,227	22,224	24,044	12,042
Other	2,480	379	101	80
	99,609	49,423	54,936	29,231

Zafer Plaza İşletmeciliği A.Ş. operates Zafer Plaza Shopping Mall owned by the Company. In accordance with the administration contract signed for Zafer Plaza Shopping Mall, Torunlar REIC had rental income amounting to TRY43,227 for the period 30 June 2023.

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 January - 30 April 2022
Purchases from related parties				
Torun AVM	128,667	65,358	58,310	30,746
Torun Yapı San. ve Tic. A.Ş.	28,043	21,576	7,733	5,859
Torunlar Gıda A.Ş.	3,174	1,385	1,224	625
Other	823	390	28	28
	160,707	88,709	67,295	37,258

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NOTE 21 - BENEFITS PROVIDED TO MANAGEMENT

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 January - 30 April 2022
Salaries and premiums	7,025	2,736	2,183	1,154

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

NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Foreign currency position

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

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

	30 June 2023	31 December 2022
Assets	1,004,035	173,015
Liabilities	(741,794)	(885,273)
Net balance sheet position	262,241	(712,258)

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

30 June 2023	Euro	US Dollar	GBP	TRY Amount
Current Assets				
Monetary financial assets	2,063	32,581	16	899,949
Trade receivables	1,681	2,198	-	104,086
Total assets	3,744	34,779	16	1,004,035
Short-term liabilities				
Trade payables	(564)	(528)	-	(29,567)
Financial liabilities	(25)	-	-	(705)
Other short-term liabilities	(227)	-	-	(6,402)
Long-term liabilities				
Financial liabilities	(25,000)	-	-	(705,120)
Total liabilities	(25,816)	(528)	-	(741,794)
Net balance sheet position	(22,072)	34,251	16	262,241
Assets from off balance sheet derivative instruments with active character	-	-	-	-
Net foreign currency liability position	(22,072)	34,251	16	262,241

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NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

	Euro	US Dollar	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 with active character	-	-	-
Net foreign currency liability position	(39,223)	3,810	(712,258)

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NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

30 June 2023	Gain/Loss		Equity	
	Appreciation	Depreciation	Appreciation	Depreciation
10% fluctuation in USD rate				
USD net asset/liability	65,600	(65,600)	65,600	(65,600)
Secured portion from USD risk	-	-	-	-
USD net effect	65,600	(65,600)	65,600	(65,600)
10% fluctuation in EUR rate				
EUR net asset/liability	(62,273)	62,273	(62,273)	62,273
Secured portion from EUR risk	-	-	-	-
EUR net effect	(62,273)	62,273	(62,273)	62,273
31 December 2022				
31 December 2022	Gain/Loss		Equity	
	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 23 - SUBSEQUENT EVENTS

According to “A Law on the Establishment of an Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred” published in the Official Gazette on July 15, 2023, The Corporate Tax Rate Law increased from 20% to 25% (from 25% to 30% for Financial Institutions). The new rate is effective for declarations that must be submitted as of October 1, 2023. The Group continues to assess the potential impact of the law on its consolidated financial statements as of the date of publication of these financial statements.

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

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

Financial Statements Main Account Items	Related Regulations	30 June 2023	31 December 2022
A Money and capital markets instruments	Series III-48.1a Art. 24/(b)	2,303,917	920,715
B Properties, projects based on properties and rights based on properties	Series III-48.1a , Art. 24/(a)	36,785,917	36,645,452
C Subsidiaries	Series III-48.1a , Art. 24/(b)	995,179	986,260
Due to related parties (non-trade)	Series III-48.1a , Art. 23/(f)	-	-
Other Assets		1,340,916	707,140
D Total assets	Series III-48.1a , Art. 3/(p)	41,425,927	39,259,567
E Financial liabilities	Series III-48.1a , Art. 31	4,500,229	4,398,331
F Other financial liabilities	Series III-48.1a , Art. 31	-	-
G Finance leases	Series III-48.1a , Art. 31	713	6,354
H Due from related parties (non-trade)	Series III-48.1a , Art. 23/(f)	-	-
I Shareholders Equity	Series III-48.1a , Art. 31	34,827,829	33,792,895
Other liabilities		2,097,156	1,061,987
D Total liabilities	Series III-48.1a , Art. 3/(p)	41,425,927	39,259,567

Financial Information	Related Regulations	30 June 2023	31 December 2022
A1 The portion of money and capital market instruments held for payment of properties for the following 3 years	Series II-48.1a , Art. 24/(b)	2,191,347	920,715
A2 TRY and foreign currency time and demand deposits	Series III-48.1a , Art. 24/(b)	2,191,347	920,715
A3 Foreign capital market instruments	Series III-48.1a , Art. 24/(d)	-	-
B1 Foreign properties, projects based on properties and rights based on properties	Series III-48.1a , Art. 24/(d)	-	-
B2 Idle lands	Series III-48.1a , Art. 24/(c)	-	-
C1 Foreign affiliates	Series III-48.1a , Art. 24/(d)	-	-
C2 Investments in affiliated operating companies	Series III-48.1a , Art. 28/1(a)	-	-
J Non-cash loans	Series III-48.1a , Art. 31	76,695	70,878
K Mortgage amount on non-owned land to be developed	Series III-48.1a , Art. 28(e)	-	-
L Total investments for money and capital market instruments in a single entity	Series III-48.1a , Art. 22/(l)	869,651	645,052

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

Portfolio Restrictions	Related Regulations	30 June 2023	31 December 2022	Maximum / Minimum Rate
1 Mortgage amount on non-owed land to be developed (K/D)	Series III-48.1a , Art. 22/(e)	0%	0%	10<%
2 Properties, projects based on properties and rights based on properties (B+A1)/D)	Series III-48.1a , Art. 24/(a),(b)	94%	96%	50>%
3 Money and capital market instruments and affiliates (A+C-A1)/D)	Series III-48.1a , 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-48.1a , Art. 24/(d)	0%	0%-	49<%
5 Idle lands(B2/D)	Series III-48.1a , Art. 24/(c)	0%	0%	20<%
6 Investment in affiliated operating companies (C2/D)	Series III-48.1a , Art. 28/1(a)	0%	0%	10<%
7 Borrowing limit (E+F+G+H+J)/I	Series III-48.1a , Art. 31	13%	13%	500<%
8 TRY and foreign currency time and demand deposits (A2-A1)/D)	Series III-48.1a , Art. 24/(b)	0%	0%	10<%
9 Total investments for money and capital market instruments in a single entity	Series III-48.1a , Art. 22/1(l)	2%	2%	10<%
	Participation rate (%)	Participation amount		
Associate		30 June 2023	31 December 2022	
Yeni Gimat	14.83	876,778	873,390	
TTA	40.00	85,972	82,354	
Netsel	44.60	31,945	30,032	
TRN	99,99	484	484	
		995,179	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 30 June 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.

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