

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

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY- 30 SEPTEMBER 2022
(ORIGINALLY ISSUED IN TURKISH)**

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
30 SEPTEMBER 2022**

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

| | Notes | Not Reviewed 30 September 2022 | Reclassified* Audited 31 December 2021 |
|---|-------|-----------------------------------|--|
| ASSETS | | | |
| Current Assets | | 1,481,325 | 1,113,384 |
| Cash and Cash Equivalents | 4 | 630,422 | 247,567 |
| Derivatives | 12 | - | 171,937 |
| Trade Receivables | 8 | 241,256 | 100,825 |
| <i>Trade Receivables from Related Parties</i> | 8, 25 | 17 | 13,226 |
| <i>Trade Receivables from Third Parties</i> | 8 | 241,239 | 87,599 |
| Other Receivables | | 211 | 249 |
| <i>Other Receivables from Third Parties</i> | | 211 | 249 |
| Inventories | 10 | 500,829 | 546,614 |
| Prepaid Expenses | 7 | 81,550 | 23,730 |
| Other Current Assets | 13 | 27,057 | 22,462 |
| Non-Current Assets | | 18,921,424 | 18,793,615 |
| Trade Receivables | 8 | 7,865 | 45,355 |
| <i>Trade Receivables from Third Parties</i> | 8 | 7,865 | 45,355 |
| Other Receivables | | 1,264 | 1,525 |
| <i>Other Receivables from Third Parties</i> | | 1,264 | 1,525 |
| Inventories | 10 | 331,252 | 230,490 |
| Investments Accounted by Equity Method | 3 | 562,652 | 515,842 |
| Investment Properties | 9 | 17,271,484 | 17,242,942 |
| Property, Plant and Equipment | 11 | 742,818 | 754,202 |
| Intangible Assets | | 3,026 | 2,273 |
| <i>Other Intangible Assets</i> | | 3,026 | 2,273 |
| Prepaid Expenses | 7 | 1,063 | 986 |
| Total Assets | | 20,402,749 | 19,906,999 |

(*) Note 2.1 and Note 10.

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
30 SEPTEMBER 2022**

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

| | Notes | Not Reviewed 30 September 2022 | Audited 31 December 2021 |
|--|-------|-----------------------------------|-----------------------------|
| LIABILITIES | | | |
| Current Liabilities | | 2,669,127 | 2,807,325 |
| Short-Term Borrowings | 6 | 600,045 | 2,290,326 |
| Short-Term Portion of Long-Term Borrowings | 6 | 1,607,696 | 169,467 |
| Trade Payables | 8 | 155,844 | 89,362 |
| <i>Trade Payables to Related Parties</i> | 8, 25 | 50,270 | 41,893 |
| <i>Trade Payables to Third Parties</i> | 8 | 105,574 | 47,469 |
| Payables Related to Employee Benefits | | 5,397 | 2,455 |
| Other Payables | 14 | 125,232 | 51,005 |
| <i>Other Payables to Related Parties</i> | 25 | 97,231 | 22,830 |
| <i>Other Payables to Third Parties</i> | 14 | 28,001 | 28,175 |
| Deferred Income | 7 | 99,113 | 164,871 |
| Short-Term Provisions | 16 | 48,052 | 24,645 |
| Other Current Liabilities | 13 | 27,748 | 15,194 |
| Non-Current Liabilities | | 2,544,760 | 2,580,664 |
| Long-Term Borrowings | 6 | 2,368,230 | 2,578,220 |
| Deferred Income | 7 | 173,804 | 218 |
| Long-Term Provisions | 16 | 2,726 | 2,226 |
| <i>Long-Term Provisions for Employee Benefits</i> | 16 | 2,726 | 2,226 |
| EQUITY | | 15,188,862 | 14,519,010 |
| Share Capital | 18 | 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> | | 442,288 | 442,288 |
| Restricted Reserves | | 74,459 | 74,421 |
| Prior Years' Profits | | 12,982,423 | 7,675,656 |
| Net Profit for the Year | | 669,852 | 5,306,805 |
| TOTAL LIABILITIES AND EQUITY | | 20,402,749 | 19,906,999 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2022**

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

| | Notes | Not Reviewed 1 January - 30 September 2022 | Not Reviewed 1 July - 30 September 2022 | Not Reviewed 1 January - 30 September 2021 | Not Reviewed 1 July - 30 September 2021 |
|--|-------|---|--|---|--|
| Revenue | 14 | 1,932,537 | 754,358 | 1,023,173 | 427,650 |
| Cost of Sales (-) | 14 | (453,486) | (224,002) | (250,801) | (104,400) |
| GROSS PROFIT | | 1,479,051 | 530,356 | 772,372 | 323,250 |
| General Administrative Expenses (-) | 15 | (107,124) | (45,846) | (54,933) | (20,768) |
| Marketing Expenses (-) | 15 | (67,712) | (11,175) | (6,710) | (3,261) |
| Other Income from Operating Activities | | 19,218 | 10,969 | 12,950 | 9,959 |
| Other Expenses from Operating Activities (-) | | (17,925) | (8,767) | (17,392) | (12,531) |
| OPERATING PROFIT | | 1,305,508 | 475,537 | 706,287 | 296,649 |
| Share of the Group on Profit/Loss of Investments Accounted by Equity Method | 3 | 95,930 | 34,584 | 38,220 | 17,536 |
| PROFIT BEFORE FINANCIAL INCOME/(EXPENSE) | | 1,401,438 | 510,121 | 744,507 | 314,185 |
| Finance Income | 16 | 51,429 | 25,774 | 96,393 | 48,527 |
| Finance Expenses (-) | 16 | (782,315) | (183,086) | (773,738) | (209,136) |
| PROFIT/LOSS BEFORE TAX | | 670,552 | 352,809 | 67,162 | 153,576 |
| Tax income/(expenses) | | (700) | 185 | - | - |
| LOSS FOR THE PERIOD | | 669,852 | 352,994 | 67,162 | 153,576 |
| Loss Per Share from Continuing Operations | 17 | 0.67 | 0.35 | 0.07 | 0.15 |
| TOTAL COMPREHENSIVE INCOME/ (LOSS) | | 669,852 | 352,994 | 67,162 | 153,576 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 SEPTEMBER 2022

(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 2021 | 1,000,000 | (5,930) | 25,770 | - | - | 74,421 | 7,382,655 | 293,001 | 8,769,917 |
| Transfers | - | - | - | - | - | - | 293,001 | (293,001) | - |
| Total comprehensive income | - | - | - | - | - | - | - | 67,162 | 67,162 |
| Closing balance as of 30 September 2021 | 1,000,000 | (5,930) | 25,770 | - | - | 74,421 | 7,675,656 | 67,162 | 8,837,079 |
| 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 | - | - | - | - | - | - | - | 669,852 | 669,852 |
| Closing balance as of 30 September 2022 | 1,000,000 | (5,930) | 25,770 | 437,723 | 4,565 | 74,459 | 12,982,423 | 669,852 | 15,188,862 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF
30 SEPTEMBER 2022**

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

| | Notes | 1 January - 30 September 2022 | 1 January - 30 September 2021 |
|---|----------|----------------------------------|----------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | 1,573,552 | 752,339 |
| Net Profit/(Loss) for the Period | | 669,852 | 67,162 |
| Adjustments Related to Reconciliation of Profit for the Period | | 859,073 | 548,719 |
| Adjustments related to depreciation and amortisation expenses | 12 | 17,878 | 13,000 |
| Adjustments related to provisions | 16 | 24,106 | 6,338 |
| Adjustments related to doubtful trade receivable provision expenses | | (905) | (1,846) |
| Adjustments related to interest income and expenses | 15 | 358,959 | 399,337 |
| Adjustments related to unrealized foreign exchange differences | 6 | 383,028 | 230,209 |
| Adjustments for fair value losses of derivative financial instruments | | 171,937 | (55,900) |
| Adjustments related to gain on fair value of investment property | | - | (4,199) |
| Adjustments related to undistributed profits of investments accounted for by equity method | 3 | (95,930) | (38,220) |
| Changes in working capital | | 44,627 | 136,458 |
| Adjustments related to decrease in trade receivables | | (102,036) | (72,112) |
| Increase/(decrease) in other assets | | 299 | 30,009 |
| Adjustments related to decrease/(increase) in inventories | | (54,977) | 132,526 |
| Adjustments related to decrease in prepaid expenses | | (57,897) | 7,395 |
| Adjustments related to decrease in trade payables | | 66,482 | 3,152 |
| Increase/(decrease) in other payables due to operations | | 74,227 | (31,954) |
| Adjustments related to increase/(decrease) in deferred income | | 107,828 | 68,932 |
| Adjustments related to other increase/(decrease) in working capital | | 10,900 | (1,231) |
| Employment termination benefits payment | | (199) | (259) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | 13,331 | 11,680 |
| Cash outflows from purchases of property, plant and equipments and intangible assets | | (7,247) | (9,733) |
| Payments for acquisition of investment properties | 9 | (28,542) | (20,619) |
| Cash inflows from the sale of investment properties | | - | 7,888 |
| Dividends received | 3 | 49,120 | 34,144 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | (1,210,558) | (763,192) |
| Proceeds from borrowings | 16 | 1,578,500 | 1,501,323 |
| Repayment of borrowings | 16 | (2,402,820) | (1,913,207) |
| Interest paid | | (431,138) | (392,067) |
| Interest received | | 44,900 | 40,759 |
| Net (decrease)/ increase in cash and cash equivalents before the effect of exchange rate changes | | 376,325 | 827 |
| Effects of exchange rate changes on cash and cash equivalents | | - | 650 |
| Net (decrease)/ increase in cash and cash equivalents | 5 | 376,325 | 1,477 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 5 | 246,078 | 143,005 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 622,403 | 144,482 |

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Torunlar REIC” or the “Company”) and its subsidiary, TRN Otel İşletmeciliği ve Yatırımları A.Ş. (“TRN”) referred together as a “Group”. The Company was incorporated in 1996 with the trade name of Toray İnşaat Sanayi ve Ticaret A.Ş. in İstanbul, Turkey. With a change in the Articles of Association published on Trade Registry Gazette on 25 January 2008, the Company has been registered with the trade name of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. on 21 January 2008. The Company’s stocks have been traded at the Borsa İstanbul since 21 October 2010 and registered to Capital Markets Board (“CMB”). The Company operates in Turkey. As of 30 September 2022, the total number of the Company’s employees is 141 (31 December 2021: 144) 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 Çıkmaızı 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 2019. Accordingly, the financial statements are prepared as consolidated as of 31 December 2019. The principal activity of TRN, and the Group’s participation rates are as follows:

| Company | Operating country | Operating sector | 2022 Participation rate % | 2021 Participation rate % |
|--|-------------------|------------------|---------------------------|---------------------------|
| TRN Otel İşletmeciliği ve Yatırımları A.Ş. | Turkey | Hotel Management | 100 | 100 |

Joint Ventures

The Joint Ventures of Torunlar REIC operate in Turkey and their principal activities and joint venture partners as of 30 September 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 SEPTEMBER 2022

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

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

Joint Ventures (Continued)

TTA (Continued)

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

Subsidiary

TRN Otel İşletmeciliği A.Ş.

The Group management has decided to purchase that 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. with a nominal value of 500,000 nominal amount and nominal value of TRY0.22 that has been valued at TRY109 as of 12 March 2019 The Group has consolidated TRN Otel İşletmeciliği A.Ş. at the rate of 100% in the consolidated financial statements.

Associates

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

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

Yeni Gimat

Yeni Gimat has been incorporated by participation of 1,050 individual shareholders as founding members on 30 July 1999. The Entity owns Ankamall Shopping Mall since 2006 and Ankara Crowne Plaza Hotel since 2007. While the Group owns 14.83% of Yeni Gimat shares and 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 SEPTEMBER 2022

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

The accompanying condensed consolidated interim financial statements for the period ended 30 September 2022 are prepared in accordance with the Turkish Accounting Standard No:34 “Interim Financial Reporting”. According to TAS 34, entities are allowed to prepare a complete or condensed consolidated set of interim financial statements. In this respect, the Group has preferred to prepare its interim consolidated financial statements for the period as of 30 September 2022 as condensed, and disclosures and notes that are required to be involved in the annual consolidated financial statements prepared according to TAS/TFRS are condensed or not included. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

The condensed consolidated interim financial statements of the Group as of 30 September 2022, have been approved by the Board of Directors on 8 November 2022. 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.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(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)

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 where necessary, to conform to changes in presentation in the current period consolidated financial statements.

In the consolidated financial statements prepared as of 31 December 2021, the balance of 5th Levent 2nd Phase amounting to 230,490 in short-term inventories has been classified under long-term inventories in the current period.

Summary of Significant Accounting Policies

Significant accounting policies that are used to prepare the Group's interim condensed financial statements for the period of 30 September 2022 are prepared according to the financial statement formats and guides issued by CMB with the resolution taken in the 7 June 2013 dated and 20/670 numbered meeting, and they are in accordance with the accounting policies explained as detailed in the 31 December 2021 dated financial statements. Interim condensed consolidated financial statements must be assessed with the financial statements for the period ended 31 December 2021.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(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)

Joint Ventures

Interests in joint ventures

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

Interests in Joint Ventures on combined basis are as follows:

| | 30 September 2022 | 31 December 2021 |
|-------------------------------------|--------------------------|-------------------------|
| | (%) | (%) |
| TTA | 40.00 | 40.00 |
| | 30 September 2022 | 31 December 2021 |
| Current assets | 7,726 | 5,147 |
| Non-current assets | 262,714 | 264,949 |
| Total assets | 270,440 | 270,096 |
| Short-term liabilities | 49,192 | 56,362 |
| Long-term liabilities | 15,391 | 15,392 |
| Equity | 205,857 | 198,342 |
| Total liabilities and equity | 270,440 | 270,096 |
| Net profit for the year | 7,515 | 54,795 |

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

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

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(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)

Associates

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

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

Torunlar REIC's direct and indirect voting rights in the associates as of 30 September 2022 and 31 December 2021 are as follows:

| | 30 September 2022 (%) | 31 December 2021 (%) |
|------------|--------------------------|-------------------------|
| Netsel | 44.60 | 44.60 |
| Yeni Gimat | 14.83 | 14.83 |

Interest in associates on combined basis (*)

| | 30 September 2022 | 31 December 2021 |
|-------------------------|-------------------|------------------|
| Total assets | 3,251,759 | 2,917,355 |
| Total liabilities | 151,404 | 97,217 |
| Net profit for the year | 545,798 | 740,428 |

(*) 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.

| Interest in Yeni Gimat | 30 September 2022 | 31 December 2021 |
|-------------------------|-------------------|------------------|
| Total assets | 3,123,077 | 2,834,952 |
| Total liabilities | 91,671 | 67,176 |
| Net profit for the year | 505,550 | 699,932 |

Interest in Netsel

| | 30 September 2022 | 31 December 2021 |
|-------------------------|-------------------|------------------|
| Total assets | 128,682 | 82,403 |
| Total liabilities | 59,733 | 30,041 |
| Net profit for the year | 40,248 | 40,496 |

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)

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. As of 30 September 2022, the Group's short-term liabilities exceeded its short-term assets by TRY1,187,800. The Group does not anticipate any delay in fulfilling short term liabilities.

The deliveries of residences continue for the Group's 5th Levent, Torun Center and Mall of Istanbul 2nd Stage (High Residence) projects. As of 30 September 2022, the Group's delivery and lease operations continue. In case of any cash shortage, sales, mortgages or other alternative methods will be evaluated by the Group. The Group estimates a shopping mall rental income of TRY1,118,000 and an office rental income of TRY219,000 in the short term. In this context, the Group's existing resources for liquidity are sufficient and it is of the opinion that it will not need additional resources for the projected cash flows.

2.2 Changes in Accounting Policies

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

2.3 Changes in Accounting Estimates and Errors

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(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

a. Standards, amendments and interpretations applicable as at 30 September 2022:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9 (effective 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(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)

b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 2022:

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

- **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; 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’, as amended in December 2021;** 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.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

2.5 Critical Accounting Estimates, Assumptions and Judgements

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.

Critical judgments in applying the Group’s accounting policies

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

The preparation of condensed consolidated interim financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Group management; the actual results might differ from them. The assumptions and critical accounting estimates used in order to prepare the condensed consolidated interim financial statement as of 30 September 2022 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

In the consolidated financial statements, valuation method as basic assumptions of valuation reports, discount rates, annual rent increase rate, terminal value growth rates, capitalization rates and comparable m2 values that are used in order to find fair value of properties classified as investment property are presented in the following pages.

In 2021, fair values of the investment properties are determined by independent valuation expert; Lotus Gayrimenkul Danışmanlık ve Değerleme A.Ş. The Group assumes that expenditure amount on investment property has an equivalent effect on fair value of related real estate. Since the valuation reports are performed once a year, the fair values of the investment properties determined by the valuation reports are 2021 used for 30 September 2022 condensed consolidated interim financial statements. As of 30 September 2022, the Group management has evaluated the effects on the fair values of the related real estates, and a negative impact has not been determined in relation to the foreseen income for 2022 and actual results for 9 months period as a result of this evaluation.

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)

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

Fair values of investment properties (Continued)

Significant estimates and assumptions disclosed in the financial statements as of 30 September 2022 and 31 December 2021 are as follows:

| 31 December 2021 | Valuation report date | Valuation method | Discount rate | Rent increase rate p.a. | Capitalization rate | Comparable m² prices in full TRY) |
|---|------------------------------|-------------------------|----------------------|--------------------------------|----------------------------|---|
| Antalya Deepo Shopping Mall | 7 January 2022 | Discounted Cash Flow | 20% | 10-15% | 8% | - |
| Mall of Antalya | 7 January 2022 | Discounted Cash Flow | 20% | 10-15% | 8% | - |
| Antalya Kepez Lands | 7 January 2022 | Sale Comparison | - | - | - | 2,889 |
| Bursa Korupark Shopping Mall | 7 January 2022 | Discounted Cash Flow | 20% | 10% | 7% | - |
| Torium Shopping Mall and 2 Student Residences | 7 January 2022 | Discounted Cash Flow | 20% | 10-15% | 8-9% | - |
| Bursa Zafer Plaza Shopping Mall | 7 January 2022 | Discounted Cash Flow | 20% | 10% | 7% | - |
| Mall of İstanbul Shopping Mall | 7 January 2022 | Discounted Cash Flow | 20% | 10% | 8% | - |
| Torun Tower | 7 January 2022 | Sale Comparison | - | - | - | 25,493 |
| Paşabahçe project | 7 January 2022 | Discounted Cash Flow | 20% | 10-15% | 10% | - |
| İstanbul İkitelli Kayabaşı Land | 7 January 2022 | Sale Comparison | - | - | - | 4,090 |
| Karaköy Hotel project | 7 January 2022 | Sale Comparison | - | - | - | 119,928 |
| Bursa Korupark independent areas | 7 January 2022 | Sale Comparison | - | - | - | 3,629 |
| 5.Levent Retail | 7 January 2022 | Sale Comparison | - | - | - | 18,200 |
| Mall of İstanbul residents and offices | 7 January 2022 | Sale Comparison | - | - | - | 14,458 |
| Mall of İstanbul project 2nd Phase High Residence and Hilton Otel | 7 January 2022 | Discounted Cash Flow | 20% | 5-8% | 7-10% | - |
| Mall of İstanbul 3rd Phase | 7 January 2022 | Sale Comparison | - | - | - | 9,607 |
| Torun Center | 7 January 2022 | Sale Comparison | - | - | - | 37,831 |

If all the variables in the valuations of the real estates with the fair value of TRY7,563,902 (31 December 2020: TRY3,596,932 valued using the income approach as of 31 December 2021 and 31 December 2020 were fixed and the discount rate used was more than 1% and less than 1%, the fair values would have been lower or higher than TRY75,639 (31 December 2020: TRY35,969 less/higher).

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

Fair values of investment properties (Continued)

- i. The Antalya Deepo Shopping Center 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 September 2022 and 31 December 2021, was opened in April 2019, respectively. Leasing and management of shopping center 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 7 January 2022 with the report number 2021-3983 the aforementioned property's fair value is TRY1,728,585 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 7 January 2021 with the report number 2020-4566 the aforementioned property's fair value is TRY1,080,000 as at 31 December 2020).

- 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 September 2022 and 31 December 2021.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 7 January 2022 with the report number 2021-3996 the aforementioned property's fair value is TRY98,000 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 7 January 2021 with the report number 2020-4552 the aforementioned property's fair value is TRY65,725 as at 31 December 2020).

- iii. The Bursa Korupark Shopping Center, 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 September 2022 and 31 December 2021, has been put into service on May 2007. The management of the shopping center 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 2021-3994, Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022, as of 31 December 2021, the aforementioned property's fair value is TRY2,150,000. (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report with the number 2020-4554, Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021, at 31 December 2020, the aforementioned property's fair value is TRY1,785,000).

- iv. The Mall of İstanbul Shopping Center, 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 September 2022 and 31 December 2021, has been put into service on 23 May 2014. The management of the shopping center is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

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)

2.5 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

Fair values of investment properties (Continued)

- iv. 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 2020 with the report number 2021-3991, the aforementioned property's fair value is TRY4,800,000 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4557, the aforementioned property's fair value is TRY3,135,000 as at 31 December 2020).
- v. As of 30 September 2022 and 31 December 2021, the Group has completed the Torium Shopping Center project on an area of 44,571 m² in Istanbul Province, Büyükçekmece District, Esenyurt Village which is classified under investment properties. The Torium AVM and 2 student dormitories 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 7 January 2022 with the report number 2021-4555, the aforementioned property's fair value is TRY800,000 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4555, the aforementioned property's fair value is TRY674,000 as at 31 December 2020).

- vi. As of 30 September 2022 and 31 December 2021, 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 7 January 2022 with the report number 2021-3984, the aforementioned property's fair value is TRY1,087,450 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4565, the aforementioned property's fair value is TRY891,475 as at 31 December 2020).

- vii. On the 11,099 m² land located in İstanbul - Şişli 2nd District - which is classified under investment property as of 30 September 2022 and 31 December 2021, 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 7 January 2020 with the report number 2021-3990, the aforementioned property's fair value is TRY2,700,000 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4558, the aforementioned property's fair value is TRY2,000,000 as at 31 December 2020).

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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)

Critical judgments in applying the Group's accounting policies (Continued)

Fair values of investment properties (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 September 2022 and 31 December 2021 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 7 January 2022 with the report number 2021-3995, the aforementioned property's fair value is TRY457,000 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4553, the aforementioned property's fair value is TRY379,200 as at 31 December 2020).

- ix. The Group owns 60,833 m² land located in İstanbul - Küçükçekmece Kayabaşı District - which is classified under investment property as of 30 September 2022 and 31 December 2021. 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 7 January 2022 with the report number 2021-3999 the aforementioned property's fair value is TRY248,805 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4549 the aforementioned property's fair value is TRY91,250 as at 31 December 2020).

- x. The Group owns a building located on 1,501 m² land in İstanbul - Beyoğlu Kemankeş District - which is classified under investment property as of 30 September 2022 and 31 December 2021. 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 7 January 2022 with the report number 2021-4569 the aforementioned property's fair value is TRY177,340 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4569 the aforementioned property's fair value is TRY85,950 as at 31 December 2020).

- xi. As at 30 September 2022 and 31 December 2021 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 7 January 2022 with the report number 2021-3988 the aforementioned property's fair value is TRY58,917 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-1638 the aforementioned property's fair value is TRY35,797 as at 31 December 2020).

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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)

Critical judgments in applying the Group's accounting policies (Continued)

Fair values of investment properties (Continued)

- xii. The Group has started to Mall of Istanbul Hotel, Convention Center and Office Project on 18,209 m² land located in İstanbul-Başakşehir district which is classified under investment properties as of 30 September 2022 and 31 December 2021.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-3981 the aforementioned property's fair value is TRY371,750 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4559 the aforementioned property's fair value is TRY238,000 as at 31 December 2020).

- 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 İstanbul Province, Başakşehir-İkitelli-2 District and is classified under investment properties as of 30 September 2022 and 31 December 2021.

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 2021-3989, the aforementioned property's fair value is TRY81,510 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No1 Communiqué, dated 7 January 2021 with the report number 2020-4559, the aforementioned property's fair value is TRY15,030 as at 31 December 2020).

- xiv. In 2019, The Group leased out the rentable area of 68,673 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 30 September 2022 and 31 December 2021.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-3985 the aforementioned property's fair value is TRY2,146,510 as at 31 December 2021 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4564 the aforementioned property's fair value is TRY1,105,400 as at 31 December 2020).

- xv. The Group has 50 workplaces, offices and commercial units with leasable areas in the 5th Levent project in İstanbul Province, Eyüpsultan District, Güzeltepe Mahallesi, classified under investment property as of 30 September 2022 and 2021.

Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2022 with the report number 2021-4567, the aforementioned property's fair value is TRY220,525 as at 31 December 2021 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-4567 the aforementioned property's fair value is TRY91,780 as at 31 December 2020).

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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)

Critical judgments in applying the Group’s accounting policies (Continued)

Fair values of investment properties (Continued)

- xvi. The Group owns 12,132 m² land located in İstanbul province, Başakşehir Ziya Gökalp District - which is classified under investment property as of 30 September 2022 and 31 December 2021. 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 7 January 2022 with the report number 2021-4551, the aforementioned property’s fair value is TRY116,550 as at 31 December 2021 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report in accordance with Capital Markets Board’s Serie: IV No:1 Communiqué, dated 7 January 2021 with the report number 2020-1629 the aforementioned property’s fair value is TRY84,500 as at 31 December 2020).

2.6 Compliance with the portfolio limitations

Information included in the footnote titled ‘Control of Compliance with Portfolio Limitations’ as of 30 September 2022; 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.

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NOTE 3 - INTERESTS IN OTHER ENTITIES

| | <u>30 September 2022</u> | | <u>30 September 2021</u> | |
|--|--------------------------|----------------|---|--|
| | (%) | TRY | (%) | TRY |
| Yeni Gimat | 14.83 | 449,558 | 14.83 | 410,461 |
| TTA | 40.00 | 82,343 | 40.00 | 79,337 |
| Netsel | 44.60 | 30,751 | 44.60 | 26,044 |
| | | 562,652 | | 515,842 |
| | | | 1 January- 30 September 2022 | 1 January - 30 September 2021 |
| Opening balance | | | 515,842 | 401,643 |
| Income and expenses from associates, (net) | | | 92,924 | 36,921 |
| Dividends received from associates | | | (49,120) | (34,144) |
| Income and expenses from joint ventures, (net) | | | 3,006 | 1,299 |
| Closing balance | | | 562,652 | 405,719 |

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

| | 1 January- 30 September 2022 | 1 July- 30 September 2022 | 1 January- 30 September 2021 | 1 July- 30 September 2021 |
|--------------|---|--|---|--|
| Yeni Gimat | 74,973 | 27,678 | 27,055 | 11,304 |
| Netsel | 17,951 | 5,254 | 9,866 | 5,497 |
| TTA | 3,006 | 1,652 | 1,299 | 735 |
| Total | 95,930 | 34,584 | 38,220 | 17,536 |

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 September 2022 is as follows:

| | Total revenue from departments | Gross profits | Increase in fair value of investment properties (*) | Operating profit/ (loss) | Income (expense) from subsidiaries | Finance expense, net | Profit(loss) from operations before tax | Investment expenditures (**) |
|--|---|------------------|---|--------------------------------|---|----------------------------|--|------------------------------------|
| Offices and shopping malls for rent | | | | | | | | |
| Mall of İstanbul Shopping Mall | 562,664 | 407,393 | - | 389,707 | - | - | 389,707 | 1,780 |
| Korupark Shopping Mall | 237,680 | 173,520 | - | 172,186 | - | - | 172,186 | 1,355 |
| Torun Tower | 110,575 | 104,620 | - | 99,038 | - | - | 99,038 | - |
| Torium Shopping Mall | 104,575 | 44,137 | - | 41,084 | - | - | 41,084 | 13,178 |
| Mall of Antalya | 134,489 | 92,450 | - | 90,412 | - | - | 90,412 | 575 |
| Antalya Deepo Shopping Mall | 98,999 | 75,092 | - | 74,041 | - | - | 74,041 | 447 |
| Mall of İstanbul Project 2nd Phase | | | | | | | | |
| High Residence and Hilton Hotel | 630 | 580 | - | 580 | - | - | 580 | 822 |
| Zafer Plaza Shopping Mall | 36,000 | 31,531 | - | 31,372 | - | - | 31,372 | - |
| Torun Center | 18,475 | 15,269 | - | 15,269 | - | - | 15,269 | - |
| 5th Levent Bazaar | 5,585 | 4,662 | - | 4,662 | - | - | 4,662 | - |
| Torium Student Residence | 3,947 | 1,522 | - | 1,522 | - | - | 1,522 | 161 |
| Korupark Independent Areas | 432 | 393 | - | 393 | - | - | 393 | - |
| Tourism Income | | | | | | | | |
| Hilton Hotel | 116,553 | 72,395 | - | 72,395 | - | - | 72,395 | 276 |
| Subtotal | 1,430,604 | 1,023,564 | - | 992,661 | - | - | 992,661 | 18,594 |
| Residences and office projects | | | | | | | | |
| Torun Center | 387,942 | 359,390 | - | 283,816 | - | - | 283,816 | - |
| Mall of İstanbul High Residence | 40,718 | 35,618 | - | 35,618 | - | - | 35,618 | - |
| Mall of İstanbul Horizontal Office | 48,123 | 45,068 | - | 45,068 | - | - | 45,068 | - |
| 5th Levent Project | 25,150 | 15,411 | - | 9,216 | - | - | 9,216 | - |
| Subtotal | 501,933 | 455,487 | - | 373,718 | - | - | 373,718 | - |
| Projects under construction | | | | | | | | |
| 5th Levent Project 2nd Phase | - | - | - | - | - | - | - | 100,762 |
| Paşabahçe Project | - | - | - | - | - | - | - | 204 |
| Karaköy Hotel | - | - | - | - | - | - | - | 9,744 |
| Real estates held to develop projects | | | | | | | | |
| Kayabaşı Land | - | - | - | - | - | - | - | - |
| Antalya Kepez Lands | - | - | - | - | - | - | - | - |
| Mall of İstanbul 3rd Phase | - | - | - | - | - | - | - | - |
| Associates | | | | | | | | |
| ANKA mall and Hotel (Yeni Gimat) | - | - | - | - | 74,973 | - | 74,973 | - |
| Netsel | - | - | - | - | 17,951 | - | 17,951 | - |
| TTA | - | - | - | - | 3,006 | - | 3,006 | - |
| Unallocated | - | - | - | (60,871) | - | (730,886) | (791,757) | - |
| Total | 1,932,537 | 1,479,051 | - | 1,305,508 | 95,930 | (730,886) | 670,552 | 129,304 |

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 30 September 2021 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 Istanbul Shopping Mall | 228,623 | 187,108 | - | 185,873 | - | - | 185,873 | 1,002 |
| Korupark Shopping Mall | 112,925 | 93,005 | - | 92,787 | - | - | 92,787 | 304 |
| Torun Tower | 84,384 | 86,752 | - | 86,752 | - | - | 86,752 | - |
| Torium Shopping Mall | 42,345 | 20,189 | - | 19,646 | - | - | 19,646 | 1,841 |
| Antalya Deepo Shopping Mall | 37,876 | 29,939 | - | 29,598 | - | - | 29,598 | - |
| Mall of Antalya | 45,820 | 31,500 | - | 30,995 | - | - | 30,995 | 361 |
| Zafer Plaza Shopping Mall | 23,150 | 17,067 | - | 17,067 | - | - | 17,067 | - |
| Torun Center | 8,846 | 7,041 | - | 6,701 | - | - | 6,701 | 52 |
| 5th Levent Bazaar | 3,063 | 3,043 | - | 3,043 | - | - | 3,043 | - |
| Torium Student Residence | 2,883 | 2,866 | - | 2,866 | - | - | 2,866 | 45 |
| Mall of Istanbul Residence and Offices | 4,590 | 3,739 | - | 3,739 | - | - | 3,739 | - |
| Korupark Independent Areas | 247 | 104 | - | 104 | - | - | 104 | 16 |
| Nishistanbul Project | 157 | 163 | - | 163 | - | - | 163 | - |
| Tourism Income | | | | | | | | |
| Hilton Hotel | 33,954 | 20,427 | - | 20,427 | - | - | 20,427 | 18,047 |
| Subtotal | 628,863 | 502,943 | - | 499,761 | - | - | 499,761 | 21,668 |
| Residences and office projects | | | | | | | | |
| 5th Levent Project | 139,222 | 59,923 | - | 59,283 | - | - | 59,283 | - |
| Torun Center | 210,048 | 174,594 | - | 167,543 | - | - | 167,543 | - |
| Nishistanbul Project | 6,200 | 1,553 | - | 1,516 | - | - | 1,516 | - |
| Korupark 3rd Phase Residences | 382 | 382 | - | 382 | - | - | 382 | - |
| Mall of Istanbul | 38,458 | 24,884 | - | 24,884 | - | - | 24,884 | - |
| Subtotal | 394,310 | 261,336 | - | 253,608 | - | - | 253,608 | - |
| Projects under construction | | | | | | | | |
| 5nd Levent Project | - | - | - | - | - | - | - | - |
| Paşabahçe Project | - | - | - | - | - | - | - | 503 |
| Mall of Istanbul Hotel Convention Center and Residence Project | - | - | - | - | - | - | - | - |
| Real estates held to develop projects | | | | | | | | |
| Antalya Kepez Lands | - | - | - | - | - | - | - | - |
| Kayabaşı Land | - | - | - | - | - | - | - | - |
| Kemankeş Building | - | - | - | - | - | - | - | 5,464 |
| Mall of Istanbul 3rd Phase | - | - | - | - | - | - | - | - |
| Associates | | | | | | | | |
| Ankamall and Hotel (Yeni Gimat) | - | - | - | - | 27,055 | - | 27,055 | - |
| Netsel | - | - | - | - | 9,867 | - | 9,867 | - |
| TTA | - | - | - | - | 1,298 | - | 1,298 | - |
| Unallocated | - | 8,093 | - | (47,082) | - | (677,345) | (724,427) | - |
| Total | 1,023,173 | 772,372 | - | 706,287 | 38,220 | (677,345) | 67,162 | 27,635 |

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

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

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

NOTE 5 - CASH AND CASH EQUIVALENTS

| | 30 September 2022 | 31 December 2021 |
|------------------------|--------------------------|-------------------------|
| Cash | 76 | 345 |
| Banks | 618,219 | 242,407 |
| <i>Demand deposit</i> | 9,241 | 21,203 |
| <i>Time deposit</i> | 608,978 | 221,204 |
| Other cash equivalents | 12,127 | 4,815 |
| | 630,422 | 247,567 |

As of 30 September 2022 and 31 December 2021, cash and cash equivalents in the statements of cash flows are as follows:

| | 30 September 2022 | 31 December 2021 |
|---|--------------------------|-------------------------|
| Cash and cash equivalents | 630,422 | 247,567 |
| Less: Interest accrual of time deposits | (8,019) | (1,489) |
| Cash and cash equivalents in the statement of cash flows | 622,403 | 246,078 |

Maturities of cash and cash equivalents are as follows:

| | 30 September 2022 | 31 December 2021 |
|---------------|--------------------------|-------------------------|
| Up to 30 days | 608,978 | 247,567 |
| | 608,978 | 247,567 |

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

| | <u>30 September 2022</u> | | <u>31 December 2021</u> | |
|-----|--------------------------|-----------------------|-------------------------|-----------------------|
| | Original Amount | TRY Equivalent | Original Amount | TRY Equivalent |
| USD | 984 | 18,230 | 3,719 | 49,576 |
| EUR | 1,509 | 27,371 | 674 | 10,172 |
| GBP | 9 | 195 | 74 | 1,334 |
| | | 45,796 | | 61,082 |

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

| | 30 September 2022 | 31 December 2021 |
|-----|--------------------------|-------------------------|
| USD | - | 1.10 |
| EUR | 3.25 | 0.40 |
| TRY | 19.44 | 16.75 |

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NOTE 6 - FINANCIAL LIABILITIES

| | 30 September 2022 | 31 December 2021 |
|--|-------------------|------------------|
| Financial Liabilities | | |
| Bank borrowings | 600,045 | 2,290,326 |
| Short-term financial borrowings | 600,045 | 2,290,326 |
| Short-term portions of long-term borrowings | 1,601,579 | 162,339 |
| Finance leases | 6,117 | 7,128 |
| Short-term portions of long-term borrowings | 1,607,696 | 169,467 |
| Bank borrowings | 2,367,776 | 2,573,529 |
| Finance leases | 454 | 4,691 |
| Long-term borrowings | 2,368,230 | 2,578,220 |
| Total borrowings | 4,575,971 | 5,038,013 |

As of 30 September 2022, there are mortgages amounting to given to the banks regarding the financial liabilities amounting to TRY18,161,919 (31 December 2021: TRY14,956,826) on the investment properties.

Bank borrowings

| | 30 September 2022 | 31 December 2021 |
|---|-------------------|------------------|
| Short-term bank borrowings | 600,045 | 2,290,326 |
| Short-term portions of long-term borrowings | 1,601,579 | 162,339 |
| Long-term bank borrowings | 2,367,776 | 2,573,529 |
| Total borrowings | 4,569,400 | 5,026,194 |

| 30 September 2022 | Weighted avg. effective interest (%) (*) | Currency | Original amount | TRY equivalent |
|---|--|----------|--------------------|-------------------|
| Short-term bank borrowings | 15.86 | TRY | 600,045 | 600,045 |
| | 14.38 | TRY | 1,149,693 | 1,149,693 |
| Short-term portion of long-term borrowings | 4.80 | USD | 15,014 | 278,541 |
| | 4.84 | EUR | 9,539 | 173,345 |
| | 15.31 | TRY | 1,616,610 | 1,616,610 |
| Long-term bank borrowings | 4.84 | EUR | 41,336 | 751,166 |
| Total bank borrowings | | | | 4,569,400 |

(*) 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 2021 | Weighted avg. effective interest (%) (*) | Currency | Original amount | TRY equivalent |
|--|---|-----------------|------------------------|-----------------------|
| Short-term bank borrowings | 12.27 | TRY | 1,466,575 | 1,466,575 |
| | 4.84 | USD | 516 | 6,890 |
| | 3.94 | EUR | 54,047 | 816,861 |
| Short-term portion of long-term borrowings | 11.12 | TRY | 162,339 | 162,339 |
| Long-term bank borrowings | 12.96 | TRY | 1,283,714 | 1,283,714 |
| | 6.01 | USD | 40,000 | 534,120 |
| | 4.67 | EUR | 50,000 | 755,695 |
| Total bank borrowings | | | | 5,026,194 |

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

The repayment schedule for long-term bank borrowings as of 30 September 2022 and 31 December 2021 is as follows:

| | 30 September 2022 | 31 December 2021 |
|-----------------|--------------------------|-------------------------|
| 2023 | 103,814 | 1,156,629 |
| 2024 and beyond | 2,263,962 | 1,416,900 |
| | 2,367,776 | 2,573,529 |

Obligations under finance lease

The maturities of obligations under finance lease is as follows:

| | 30 September 2022 | 31 December 2021 |
|-------------------|--------------------------|-------------------------|
| Up to 1 year | 6,117 | 7,128 |
| 1 years - 5 years | 454 | 4,691 |
| | 6,571 | 11,819 |

Finance leases consist of USD and EUR. The Group has a finance leases obligation of 3.56% interest rate with original currency of EUR367 (31 December 2021: 3.56% interest rate with original currency of EUR782) as of 30 September 2022.

As of 30 September 2022, a significant part of the finance leases consists of financial lease obligations related to the shopping malls which are sold to Ak Finansal Kiralama A.Ş. regarding the sell and leaseback agreement that was made on 27 May 2017 and which are represented as the investment properties (Note 2).

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

| | 2022 | 2021 |
|---|------------------|------------------|
| Total financial liabilities as of 1 January | 5,038,013 | 4,627,328 |
| Cash inflows from borrowing | 1,578,500 | 1,501,323 |
| Cash outflows from repayment | (2,402,820) | (1,913,207) |
| Foreign currency losses | 383,028 | 230,208 |
| Change in interest accruals | (20,750) | 47,758 |
| Total financial liabilities as of 30 September | 4,575,971 | 4,493,410 |

NOTE 7 - PREPAID EXPENSES, DEFERRED INCOME AND SHORT-TERM LIABILITIES

| | 30 September 2022 | 31 December 2021 |
|------------------------------------|--------------------------|-------------------------|
| Short-Term Prepaid Expenses | | |
| Advances given | 74,342 | 18,095 |
| Prepaid expenses | 7,208 | 5,635 |
| | 81,550 | 23,730 |

Long-Term Prepaid Expenses

| | | |
|----------------------|--------------|------------|
| Order advances given | 970 | 970 |
| Prepaid expenses | 93 | 16 |
| | 1,063 | 986 |

| | 30 September 2022 | 31 December 2021 |
|-----------------------------------|--------------------------|-------------------------|
| Short-Term Deferred Income | | |
| Advances received (*) | 82,124 | 158,971 |
| Deferred income | 16,989 | 5,900 |
| | 99,113 | 164,871 |

(*) As of 30 September 2022, from the sales commitments regarding the offices and residential units that are not delivered consist of advances received amounting to TRY7,751 for 5th Levent Project, TRY45,813 for Torun Center project, and consist of other advances (31 December 2021: TRY81,665 for Torun Center Project, TRY36,365 for 5th Levent Project, TRY36,031 for Mall of İstanbul project and remaining TRY4,910 for other advanced received.

| | 30 September 2022 | 31 December 2021 |
|----------------------------------|--------------------------|-------------------------|
| Long-Term Deferred Income | | |
| Advances received (*) | 173,804 | 218 |
| | 173,804 | 218 |

(*) As of 30 September 2022, all long-term sales commitments regarding the residences and offices that have been sold but not delivered yet consist of the 2nd Phase of the 5th Levent project.

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

| Current trade receivables | 30 September 2022 | 31 December 2021 |
|--|--------------------------|-------------------------|
| Trade receivables | 176,940 | 98,328 |
| Notes receivables (*) | 86,266 | 12,143 |
| Trade receivables from related parties (Note 18) | 17 | 13,226 |
| Less: Allowance for doubtful receivables | (21,967) | (22,872) |
| | 241,256 | 100,825 |

| Non-current trade receivables | 30 September 2022 | 31 December 2021 |
|--------------------------------------|--------------------------|-------------------------|
| Notes receivables (*) | 7,865 | 45,355 |
| | 7,865 | 45,355 |

(*) As of 30 September 2022, TRY40,201 of the short and long-term notes receivable consisted of the Torun Center project, TRY25,840 from Mall of İstanbul project, TRY12,096 5th Levent project 2nd Phase, TRY6,324 from 5th Levent project, TRY4,288 from Korupark project and the remaining TRY5,472 from other notes receivable.(31 December 2021: TRY15,722 of the short and long-term notes receivable consisted of the 5th Levent project, TRY39,945 from Torun Center project and the remaining TRY1,831 from other notes receivable).

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

| | 30 September 2022 | 30 September 2021 |
|------------------------------------|--------------------------|--------------------------|
| Opening balance | (22,872) | (24,416) |
| Provision provided during the year | (276) | - |
| Provisions no longer required | 1,181 | 1,846 |
| Closing balance | (21,967) | (22,570) |

Aging of provision for doubtful receivables is as follows:

| | 30 September 2022 | 31 December 2021 |
|---------------|--------------------------|-------------------------|
| 3 to 6 months | (321) | (1,126) |
| Over 6 months | (21,646) | (21,746) |
| | (21,967) | (22,872) |

| Short-term trade payables | 30 September 2022 | 31 December 2021 |
|---|--------------------------|-------------------------|
| Trade payables | 105,574 | 47,469 |
| Trade payables to related parties (Note 18) | 50,270 | 41,893 |
| | 155,844 | 89,362 |

As of 30 September 2022 and 31 December 2021, majority of trade payables consist of payables to subcontractors relating to projects in progress.

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NOTE 9 - INVESTMENT PROPERTIES

Movement schedule of investment properties as of 30 September 2022 and 30 September 2021:

| | 1 January 2022 | Additions | Disposals | Transferlers | Change in fair value | 30 September 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 | 1,355 | - | - | - | 2,151,355 |
| Torun Center | 2,146,510 | - | - | - | - | 2,146,510 |
| Mall of Antalya | 1,035,065 | 575 | - | - | - | 1,035,640 |
| Torium Shopping Mall | 750,000 | 12,807 | - | - | - | 762,807 |
| Antalya Deepo Shopping Mall | 693,520 | 447 | - | - | - | 693,967 |
| Mall of İstanbul 2nd Phase | | | | | | |
| High Residence and Hilton Hotel | 371,750 | 1,098 | - | - | - | 372,848 |
| Bursa Zafer Plaza Shopping Mall | 457,000 | - | - | - | - | 457,000 |
| 5. Levent Bazaar | 220,525 | - | - | - | - | 220,525 |
| Korupark Independent Areas | 58,917 | - | - | - | - | 58,917 |
| Torium Student Residence 1 | 26,000 | 161 | - | - | - | 26,161 |
| Torium Student Residence | 24,000 | - | - | - | - | 24,000 |
| Mall of İstanbul Residence and Offices | 81,510 | - | - | - | - | 81,510 |
| Investment properties under construction | | | | | | |
| Paşabahçe Project (*) | 1,087,450 | 204 | - | - | - | 1,087,654 |
| Karaköy Hotel | 177,340 | 9,744 | - | - | - | 187,084 |
| 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 | 28,542 | - | - | - | 17,271,484 |

(*) 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 2019.

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

| | 1 January 2021 | Additions | Disposals | Transfers | Change in fair value | 30 September 2021 |
|---|-------------------|---------------|----------------|---------------|-------------------------|----------------------|
| Shopping Malls and Offices | | | | | | |
| Mall of İstanbul Shopping Mall | 3,135,000 | 1,002 | - | - | - | 3,136,002 |
| Torun Tower | 2,000,000 | - | - | - | - | 2,000,000 |
| Bursa Korupark Shopping Mall | 1,785,000 | 304 | - | - | - | 1,785,304 |
| Torun Center | 1,105,400 | 52 | (3,689) | - | - | 1,101,763 |
| Mall of Antalya | 730,000 | 361 | - | - | - | 730,361 |
| Torium Shopping Mall | 630,000 | 1,841 | - | - | - | 631,841 |
| Mall of İstanbul Hotel and Convention Center | 238,000 | 11,030 | - | - | - | 249,030 |
| Antalya Deepo Shopping Mall | 350,000 | - | - | - | - | 350,000 |
| Bursa Zafer Plaza Shopping Mall | 379,200 | - | - | - | - | 379,200 |
| 5. Levent Bazaar | 91,780 | - | - | - | - | 91,780 |
| Korupark Independent Areas | 35,797 | 16 | - | - | - | 35,813 |
| Torium Student Residence 1 | 22,500 | 45 | - | - | - | 22,545 |
| Torium Student Residence 2 | - | - | - | 21,097 | - | 21,097 |
| Mall of İstanbul Residences and Offices | 15,030 | - | - | - | - | 15,030 |
| Investment properties under construction | | | | | | |
| Paşabahçe Land | 891,475 | 504 | - | - | - | 891,979 |
| Karaköy Hotel | 85,950 | 5,463 | - | - | - | 91,413 |
| Properties held for new projects | | | | | | |
| Kayabaşı Land | 91,250 | - | - | - | - | 91,250 |
| Mall of İstanbul 3rd Phase | 84,500 | - | - | - | - | 84,500 |
| Antalya Kepez Lands | 65,725 | - | - | - | - | 65,725 |
| | 11,736,606 | 20,618 | (3,689) | 21,097 | - | 11,774,633 |

(*) 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 2018.

As of 30 September 2022 and 31 December 2021, the mortgages on investment properties arising from loans are as follows:

| | 30 September 2022 | 31 December 2021 | | 30 September 2022 | 31 December 2021 |
|------------------------------|--------------------|--------------------|----------|----------------------|---------------------|
| | Original Amount | Original Amount | Currency | | |
| Torun Tower | 390,000 | 390,000 | USD | 7,235,319 | 5,207,670 |
| Torun Tower | 2,000,000 | 2,000,000 | TRY | 2,000,000 | 2,000,000 |
| Mall of İstanbul | 150,000 | 150,000 | USD | 2,782,815 | 2,002,950 |
| Mall of Antalya - Deepo | 130,000 | 130,000 | EUR | 2,362,386 | 1,964,807 |
| Mall of İstanbul | 1,906,399 | 1,906,399 | TRY | 1,906,399 | 1,906,399 |
| Bursa Korupark Shopping Mall | 1,500,000 | 1,500,000 | TRY | 1,500,000 | 1,500,000 |
| Mall of İstanbul 2nd Phase | 375,000 | 375,000 | TRY | 375,000 | 375,000 |
| | | | | 18,161,919 | 14,956,826 |

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NOTE 10 - INVENTORIES

| | 30 September 2022 | 31 December 2021 |
|--|-------------------|------------------|
| Residences and office projects (short term) | | |
| - Torun Center Project (1) | 398,020 | 426,572 |
| - Mall of İstanbul 2nd Phase (High Residence) (3) | 82,279 | 87,379 |
| - 5th Levent Project (2) | 8,620 | 18,359 |
| - Mall of İstanbul Project (4) | 7,091 | 10,146 |
| - Korupark 3rd Phase (5) | 2,140 | 2,140 |
| - Torium (6) | 438 | 438 |
| | 498,588 | 545,034 |

Other Inventories

| | | |
|---|----------------|----------------|
| - Inventories related with tourism activities | 2,241 | 1,580 |
| Total inventories | 500,829 | 546,614 |

| | 30 September 2022 | 31 December 2021 |
|---|-------------------|------------------|
| Residences and office projects (long term) | | |
| - 5 th Levent project 2nd Phase (7) | 331,252 | 230,490 |
| | 331,252 | 230,490 |

- (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 September 2022. 28 residences and 4 flat offices have been delivered, and in this context, the Group has recognized revenue amounting to TRY387,942 as of 30 September 2022. As of 30 September 2022, a final sales revenue of TRY1,327,396 has been obtained since the beginning of the project. (31 December 2021: 160 residences, 47 offices and 43 flat offices and in this context the Group has collected revenue TRY939,454). As of 30 September 2022, the Group did not capitalize any financial expense during Torun Center Project (31 December 2021: None).
- (2) TRY331,252 of the 5th Levent project consists of the 2nd Phase costs under construction. TRY25,150 of final sales revenue was obtained between 1 January 2022 and 30 September 2022. As of 30 September 2022, a final sales revenue of TRY2,300,378 was obtained since the beginning of the project, and 9 residences of 1,275 m² remain (31 December 2021: sales revenue of TRY2,275,228 was obtained from the beginning of the project, and 13 residences of 1,913.65 m² remain).
- (3) The Mall of İstanbul 2nd Stage project (High Residence) consists of 100 residences of 18,780 m². As of 30 September 2022, 72 residences of 14,660 m² remained, and TRY40,718 revenue was generated during the period. (31 December 2021: 78 residences of 15,568 m² remained, and TRY56,741 revenue was generated during the period.
- (4) In the Mall of İstanbul project, 2 residences with 116.44 m², 11 flat offices with 2,480.88 m², have been remained in the inventories. 1 flat offices have been delivered, and in this context, the Group has recognized revenue amounting to TRY48,123 as of 30 September 2022.
- (5) In the context of 3rd phase of the Korupark project, 8 residences with 1,241.16 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 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities

| | 30 September 2022 | 31 December 2021 |
|----------------------|--------------------------|-------------------------|
| Collaterals received | 137,012 | 102,224 |

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

Below are the amounts of collaterals, pledges and mortgages of the Group as of 30 September 2022 and 31 December 2021:

Collaterals, Pledges and Mortgages (“CPM”)

Below are the amounts of collaterals, pledges and mortgages of the Group as of 30 September 2022 and 31 December 2021:

| CPM’s given by the Company Collaterals, Pledges, Mortgages (“GPM”) | 30 September 2022 | 31 December 2021 |
|--|--------------------------|-------------------------|
| A. CPM’s Given for Its Own Legal Personality | 18,234,265 | 15,052,406 |
| B. Ta 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. B Total Amount of CPM’s Given on behalf of Other Group Companies which are not in Scope of B and C | - | - |
| iii. C Total Amount of CPM’s Given on Behalf of Third Parties which are not in Scope of C | - | - |
| | 18,234,265 | 15,052,406 |

| | <u>30 September 2022</u> | | <u>31 December 2021</u> | |
|-----|--------------------------|-----------------------|-------------------------|-----------------------|
| | Foreign Currency | TRY equivalent | Foreign Currency | TRY equivalent |
| USD | 540,000 | 10,018,134 | 540,000 | 7,210,620 |
| EUR | 130,000 | 2,362,386 | 130,000 | 1,964,807 |
| TRY | 5,781,399 | 5,781,399 | 5,781,399 | 5,781,399 |
| | | 18,161,919 | | 14,956,826 |

As of 30 June 2022, mortgages on investment properties of the Group is TRY18,161,919 (31 December 2021: TRY14,956,826) (Note 9). Lease income from Korupark Shopping Mall, Mall of Istanbul Shopping Mall, Mall of Antalya, Antalya Deepo Shopping Mall and Torun Tower is alienated regarding the loans used.

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

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NOTE 12 - PLANT, PROPERTY AND EQUIPMENT

Movements in property, plant and equipment and related accumulated depreciation for the period ending on 30 September 2022 and 30 September 2021 are as follows:

| | 1 January 2022 | Additions | Impairment | Disposals (-) | Transfers | 30 September 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 | 27 | - | - | - | 133 |
| Hotel building | - | 11,794 | - | - | - | 11,794 |
| Machine and devices | 1,094 | 648 | - | - | - | 1,742 |
| Vehicles | 1,704 | 222 | - | - | - | 1,926 |
| Furniture and fixtures | 13,507 | 5,180 | - | - | - | 18,687 |
| Special cost | 237 | 7 | - | - | - | 244 |
| Amortization and depreciation (-) | 16,648 | 17,878 | - | - | - | 34,526 |
| Net Book Value | 754,202 | | | | | 742,818 |
| | 1 January 2021 | Additions | Impairments | Disposals (-) | Transfers | 30 September 2021 |
| Land improvement | 454 | 76 | - | - | - | 530 |
| Buildings | 307,949 | 6,729 | - | - | (21,500) | 293,178 |
| Machine and devices | 7,999 | - | - | - | - | 7,999 |
| Vehicles | 2,095 | - | - | - | - | 2,095 |
| Furniture and fixtures | 34,918 | 1,316 | - | - | - | 36,234 |
| Special cost | 242 | - | - | - | - | 242 |
| Cost | 353,657 | 8,049 | - | - | (21,500) | 361,706 |
| Land improvement | 85 | 17 | - | - | - | 102 |
| Buildings | 1,259 | 4,722 | - | - | (403) | 5,578 |
| Machine and devices | 195 | 674 | - | - | - | 869 |
| Vehicles | 1,320 | 288 | - | - | - | 1,608 |
| Furniture and fixtures | 4,135 | 7,039 | - | - | - | 11,174 |
| Special cost | 217 | 15 | - | - | - | 232 |
| Amortization and depreciation (-) | 7,211 | 12,754 | - | - | (403) | 19,563 |
| Net Book Value | 346,446 | | | | | 320,715 |

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NOTE 13 – 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 2018

Group’s shareholders and capital structure as of 30 September 2022 and 31 December 2021 is as follows:

| Shareholders | (%) | Group A (thousand) | Group B (thousand) | Group C (thousand) | 30 September 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 Karabiyik | lower than 0.01 | - | 16 | - | 16 | 16 |
| Other shareholders | lower than 0.01 | - | - | 8 | 8 | 8 |
| Other (Public quotation) | 25.16 | - | - | 251,572 | 251,572 | 251,572 |
| Nominal capital | | 200,470 | 200,470 | 599,060 | 1,000,000 | 1,000,000 |

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

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

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

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

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NOTE 14 - REVENUE AND COST OF SALES

| | 1 January- 30 September 2022 | 1 July- 30 September 2022 | 1 January- 30 September 2021 | 1 July- 30 September 2021 |
|--|---------------------------------|------------------------------|---------------------------------|------------------------------|
| Rent income | 1,024,115 | 438,324 | 488,058 | 221,435 |
| Residence and office sales income | 501,933 | 121,170 | 394,310 | 136,857 |
| Common area income | 289,918 | 137,495 | 103,045 | 49,574 |
| Hotel income | 116,553 | 57,364 | 33,954 | 19,778 |
| Other | 18 | 5 | 3,806 | 6 |
| Revenues | 1,932,537 | 754,358 | 1,023,173 | 427,650 |
| Common area expenses | (349,386) | (190,176) | (90,531) | (47,471) |
| Cost of residence and office sales | (46,446) | (6,380) | (132,974) | (42,693) |
| Rent expenses and management fees of shopping malls | (13,012) | (3,366) | (13,400) | (7,385) |
| Hotel expenses | (44,158) | (23,860) | (13,527) | (6,851) |
| Other | (484) | (220) | (369) | - |
| Cost of sales | (453,486) | (224,002) | (250,801) | (104,400) |
| Gross profit | 1,479,051 | 530,356 | 772,372 | 323,250 |

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.

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 15 - MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

| | 1 January- 30 September 2022 | 1 July- 30 September 2022 | 1 January- 30 September 2021 | 1 July- 30 September 2021 |
|---|---------------------------------|------------------------------|---------------------------------|------------------------------|
| General administrative expenses | | | | |
| Taxes, due and fees | (40,816) | (22,282) | (18,035) | (6,377) |
| Property expenses | (18,090) | (7,119) | (10,778) | (4,364) |
| Depreciation expenses | (17,401) | (5,868) | (12,905) | (5,059) |
| Personnel expenses | (12,148) | (5,679) | (6,691) | (832) |
| Donations | (11,963) | (431) | (2,360) | (2,360) |
| Consultancy expenses | (1,221) | (474) | (778) | (305) |
| Transportation and travel expenses | (1,214) | (674) | (481) | (174) |
| Borsa İstanbul, CMB and CRA expenses | (415) | (111) | (359) | (118) |
| Provisions for legal cases and doubtful receivables | (296) | (135) | (1,269) | (59) |
| Other | (3,560) | (3,073) | (1,277) | (1,120) |
| | (107,124) | (45,846) | (54,933) | (20,768) |

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NOTE 15 - MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (Continued)

| | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Marketing expenses | | | | |
| Residence sales marketing expenses (*) | (55,434) | (4,766) | (742) | (232) |
| Marketing expenses | (8,228) | (4,414) | (3,807) | (2,113) |
| Personnel expenses | (2,450) | (970) | (1,188) | (488) |
| Depreciation expenses | (477) | (192) | (95) | (34) |
| Consultancy expenses | (62) | (13) | (181) | (16) |
| Other | (1,061) | (820) | (697) | (378) |
| | (67,712) | (11,175) | (6,710) | (3,261) |

(*) As of 30 September 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 16 - FINANCE INCOME/(EXPENSES)

| | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Finance income | | | | |
| Interest income on time deposits | 51,429 | 25,774 | 40,493 | 17,207 |
| Financial income from derivative instruments | - | - | 55,900 | 31,320 |
| | 51,429 | 25,774 | 96,393 | 48,527 |

| | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|---|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Finance expenses | | | | |
| Interest expense | (410,388) | (117,366) | (439,824) | (185,766) |
| Foreign exchange losses, net (*) | (199,990) | (65,720) | (333,914) | (23,370) |
| Financial expense from derivative instruments | (171,937) | - | - | - |
| | (782,315) | (183,086) | (773,738) | (209,136) |

(*) 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.

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NOTE 17 – (LOSS)/GAIN EARNINGS PER SHARE

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

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

| | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Net losses of shareholders | 669,852 | 352,994 | 67,162 | 153,576 |
| 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) | 0.67 | 0.35 | 0.07 | 0.16 |

NOTE 18 - RELATED PARTY DISCLOSURES

As of 30 September 2022 and 31 December 2021, the balances with related parties are as follows:

| Receivables from related parties | 30 September 2022 | 31 December 2021 |
|---|--------------------------|-------------------------|
| Torun AVM(*) | - | 13,112 |
| Torunlar Enerji San. Tic. A.Ş. | - | 52 |
| Other | 17 | 62 |
| | 17 | 13,226 |
| Payables to related parties | 30 September 2022 | 31 December 2021 |
| TorunAVM (*) | 27,358 | 21,896 |
| Torun Yapı San. ve Tic. A.Ş. (**) | 12,574 | 16,207 |
| Zafer Plaza İşletmeciliği A.Ş. | 5,660 | 2,474 |
| Torun Center | 2,709 | 1,158 |
| Other | 1,969 | 148 |
| | 50,270 | 41,893 |

(*) 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, 1% 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.

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

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NOTE 18 - RELATED PARTY DISCLOSURES (Continued)

As of 30 September 2022 and 2021, sales to related parties and commission paid to them and service expenses are as follows:

| Sales to related parties | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|---------------------------------|--|---------------------------------------|--|---------------------------------------|
| Torun AVM | 56,498 | 25,707 | 8,656 | 5,982 |
| Zafer Plaza İşletmeciliği A.Ş. | 36,050 | 12,006 | 18,877 | 6,000 |
| Other | 444 | 343 | 807 | 46 |
| | 92,992 | 38,056 | 28,340 | 12,028 |

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 TRY36,050 for the period 30 September 2022 and TRY18,877 for the period 30 September 2021.

| Purchases from related parties | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|---------------------------------------|--|---|--|---|
| Torun AVM | 99,270 | 40,960 | 54,407 | 23,898 |
| Torun Yapı San. ve Tic. A.Ş. (*) | 12,171 | 4,438 | 20,470 | 4,017 |
| Torunlar Gıda A.Ş. | 2,135 | 911 | 2,553 | 390 |
| Other | 2,234 | 407 | 666 | 453 |
| | 115,810 | 46,716 | 78,096 | 28,758 |

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

| | 1 January - 30 September 2022 | 1 July - 30 September 2022 | 1 January - 30 September 2021 | 1 July - 30 September 2021 |
|-----------------------|--|---|--|---|
| Salaries and premiums | 3,264 | 1,081 | 2,921 | 1,036 |
| | 3,264 | 1,081 | 2,921 | 1,036 |

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

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NOTE 19 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Foreign currency position

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure. The Group does not have any export or import activity in 30 September 2022 and 31 December 2021.

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

| | 30 September 2022 | 31 December 2021 |
|-----------------------------------|--------------------------|-------------------------|
| Assets | 99,188 | 173,957 |
| Liabilities | (1,338,700) | (2,167,559) |
| Net balance sheet position | (1,239,512) | (1,993,602) |

The table below summaries foreign currency position risk of the Group as of 30 September 2022. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

| | EUR | USD | TRY Amount |
|--|-----------------|-----------------|--------------------|
| Current Assets | | | |
| Monetary financial assets | 1,509 | 984 | 45,595 |
| Trade receivables | - | 2,894 | 53,593 |
| Total assets | 1,509 | 3,878 | 99,188 |
| Short-term liabilities | | | |
| Trade payables | (342) | (872) | (22,392) |
| Financial liabilities | (9,539) | (15,014) | (451,886) |
| Other short-term liabilities | (890) | (5,233) | (113,256) |
| Long-term liabilities | | | |
| Financial liabilities | (41,336) | - | (751,166) |
| Total liabilities | (52,107) | (21,119) | (1,338,700) |
| Net balance sheet position | (50,598) | (17,241) | (1,239,512) |
| Net foreign currency liability position | (50,598) | (17,241) | (1,239,512) |

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**NOTE 19 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

The table below summaries foreign currency position risk of the Group as of 31 December 2021. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows

| | EUR | USD | TRY Amount |
|---|------------------|-----------------|--------------------|
| Current Assets | | | |
| Monetary financial assets | 964 | 5,690 | 90,392 |
| Other assets | 40 | 91 | 1,816 |
| Trade receivables | 2 | 6,131 | 81,749 |
| Total assets | 1,006 | 11,912 | 173,957 |
| Short-term liabilities | | | |
| Trade payables | (219) | (138) | (5,146) |
| Financial liabilities | (51,562) | - | (779,297) |
| Other short-term liabilities | (4,620) | (1,727) | (92,889) |
| Long-term liabilities | | | |
| Financial liabilities | (50,025) | (40,000) | (1,290,197) |
| Other long-term liabilities | (2) | - | (30) |
| Total liabilities | (106,428) | (41,865) | (2,167,559) |
| Net balance sheet position | (105,422) | (29,953) | (1,993,602) |
| Net foreign currency liability position | (105,422) | (29,953) | (1,993,602) |
| Assets from off balance sheet derivative instruments | 45,000 | - | 678,902 |
| Net foreign currency liability position | (60,422) | (29,953) | (1,314,700) |

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**NOTE 19 - 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 September 2022 | Gain/Loss | | Equity | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Appreciation | Depreciation | Appreciation | Depreciation |
| 10% fluctuation in USD rate | | | | |
| USD net asset/liability | (31,928) | 31,928 | (31,928) | 31,928 |
| Secured portion from USD risk | - | - | - | - |
| USD net effect | (31,928) | 31,928 | (31,928) | 31,928 |
| 10% fluctuation in EUR rate | | | | |
| EUR net asset/liability | (91,948) | 91,948 | (91,948) | 91,948 |
| Secured portion from EUR risk | - | - | - | - |
| EUR net effect | (91,948) | 91,948 | (91,948) | 91,948 |
| | | | | |
| 31 December 2021 | Gain/Loss | | Equity | |
| | Appreciation | Depreciation | Appreciation | Depreciation |
| 10% fluctuation in USD rate | | | | |
| USD net asset/liability | (39,996) | 39,996 | (39,996) | 39,996 |
| Secured portion from USD risk | - | - | - | - |
| USD net effect | (39,996) | 39,996 | (39,996) | 39,996 |
| 10% f fluctuation in EUR rate | | | | |
| EUR net asset/liability | (91,321) | 91,321 | (91,321) | 91,321 |
| Secured portion from EUR risk | - | - | - | - |
| EUR net effect | (91,321) | 91,321 | (91,321) | 91,321 |

NOTE 20 - SUBSEQUENT EVENTS

None.

NOTE 21 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

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 2021 numbered 31269.

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NOTE 21 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)

| Financial Statements Main Account Items | Related Regulations | 30 September 2022 | 31 December 2021 |
|---|---------------------------------|--------------------------|-------------------------|
| A Money and capital markets instruments | Series:III, No:48.1, Art.24/(b) | 617,182 | 241,595 |
| B Properties, projects based on properties and rights based on properties | Series:III, No:48.1, Art.24/(a) | 18,825,074 | 18,742,216 |
| C Subsidiaries | Series:III, No:48.1, Art.24/(b) | 563,136 | 516,326 |
| Due to related parties (non-trade) | Series:III, No:48.1, Art.23/(f) | - | - |
| Other Assets | | 380,358 | 401,361 |
| D Total assets | Series:III, No:48.1, Art.3/(p) | 20,385,750 | 19,901,498 |
| E Financial liabilities | Series:III, No:48.1, Art.31 | 4,569,400 | 5,026,194 |
| F Other financial liabilities | Series:III, No:48.1, Art.31 | - | - |
| G Finance leases | Series:III, No:48.1, Art.31 | 6,571 | 11,819 |
| H Due from related parties (non-trade) | Series:III, No:48.1, Art.23(f) | 97,231 | 22,830 |
| I Shareholders Equity | Series:III, No:48.1, Art.31 | 15,198,954 | 14,521,558 |
| Other liabilities | | 513,594 | 319,097 |
| D Total liabilities | Series:III, No:48.1, Art.3/(p) | 20,385,750 | 19,901,498 |

| Financial Information | Related Regulations | 30 September 2022 | 31 December 2021 |
|---|----------------------------------|--------------------------|-------------------------|
| A1 The portion of money and capital market instruments held for payment of properties for the following 3 years | Series:III, No:48.1, Art.24/(b) | 617,182 | 241,595 |
| A2 TRY and foreign currency time and demand deposits | Series:III, No:48.1, Art.24/(b) | 617,182 | 241,595 |
| A3 Foreign capital market instruments | Series:III, No:48.1, Art.24/(d) | - | - |
| B1 Foreign properties, projects based on properties and rights based on properties | Series:III, No:48.1, Art.24/(d) | - | - |
| B2 Idle lands | Series:III, No:48.1, Art.24/(c) | - | - |
| C1 Foreign affiliates | Series:III, No:48.1, Art.24/(d) | - | - |
| C2 Investments in affiliated operating companies | Series:III, No:48.1, Art.28/1(a) | - | - |
| J Non-cash loans | Series:III, No:48.1, Art.31 | 72,346 | 95,580 |
| K Mortgage amount on non-owned land to be developed | Series:III, No:48.1, Art.28(e) | - | - |
| L Total investments for money and capital market instruments in a single entity | Series:III, No:48.1, Art.22(I) | 425,091 | 219,909 |

| Portfolio Restrictions | Related Regulations | 30 September 2022 | 31 December 2021 | Maximum Minimum Rate |
|--|-------------------------------------|--------------------------|-------------------------|-----------------------------|
| 1 Mortgage amount on non-owed land to be developed (K/D) | Series:III, No:48.1a, Art.22/(e) | 0% | 0% | <10% |
| 2 Properties, projects based on properties and rights based on properties (B+A1)/D) | Series:III, No:48.1, Art.24/(a),(b) | 95% | 95% | >50% |
| 3 Money and capital market instruments and affiliates (A+C-A1)/D) | Series:III, No:48.1, Art.24/(b) | 3% | 3% | <50% |
| 4 Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments (A3+B1+C1)/D) | Series:III, No:48.1, Art.24/(d) | 0% | 0% | <49% |
| 5 Idle lands(B2)/D) | Series:III, No:48.1, Art.24/(c) | 0% | 0% | <20% |
| 6 Investment in affiliated operating companies (C2)/D) | Series:III, No:48.1, Art.28/1(a) | 0% | 0% | <10% |
| 7 Borrowing limit (E+F+G+H+J)/I) | Series:III, No:48.1, Art.31 | 31% | 36% | <500% |
| 8 TRY and foreign currency time and demand deposits (A2-A1)/D) | Series:III, No:48.1, Art.24/(b) | 0% | 0% | <10% |
| 9 Total investments for money and capital market instruments in a single entity | Series:III, No:48.1, Art.22(I) | 2% | 1% | <10% |

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**NOTE 21 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO
LIMITATIONS (Continued)**

| Associate | Participation rate (%) | Participation amount | |
|------------------|-----------------------------------|-----------------------------|-------------------------|
| | | 30 September 2022 | 31 December 2021 |
| Yeni Gimat | 14.83 | 449,558 | 410,461 |
| TTA | 40.00 | 82,343 | 79,337 |
| Netsel | 44.60 | 30,751 | 26,044 |
| TRN | 99.99 | 484 | 484 |
| | | 563,136 | 516,326 |

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