

**REYSAŞ GAYRİMENKUL YATIRIM
ORTAKLIĞI A. Ş.**

**CONSOLIDATED FINANCIAL
STATEMENTS AT DECEMBER 31, 2018**

**(ENGLISH CONVENIENCE TRANSLATION
OF INDEPENDENT AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN
TURKISH)**

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REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2018 AND
DECEMBER 31, 2017
(Amounts expressed in TL unless otherwise stated)

	Notes	Audited Current Period 31.12.2018	Audited Previous Period 31.12.2017
Assets			
CURRENT ASSETS		155.299.270	199.651.187
Cash and cash equivalents	7	94.433.374	137.571.615
Financial Investments	8	150.122	-
Trade Receivables		32.802.793	19.124.465
-Trade Receivables From Related Parties	6	9.070.335	5.882.647
-Trade Receivables From Unrelated Parties	11	23.732.458	13.241.818
Other Receivables		1.258.654	13.818.722
-Other Receivables From Related Parties	6	700.000	13.297.789
-Other Receivables From Unrelated Parties	13	558.654	520.933
Prepayments		13.967.451	4.551.627
-Prepayments to Related Parties	6	10.461.701	29.501
-Prepayments to Unrelated Parties	18	3.505.750	4.522.126
Current Tax Assets	21	1.107.189	141.833
Other current assets		11.579.687	24.442.925
-Other Current Assets From Related Parties	6	-	-
-Other Current Assets From Unrelated Parties	22	11.579.687	24.442.925
NON-CURRENT ASSETS		2.125.116.835	1.696.275.768
Other Receivables		3.250	3.250
-Other Receivables From Related Parties	6	-	-
-Other Receivables From Unrelated Parties	13	3.250	3.250
Inventories	16	56.866.189	56.866.189
Investments accounted for using equity method	25	26.149.197	25.914.744
Investment property	26	1.934.693.510	1.312.697.803
Investment Properties Work in Progress	26	65.860.061	274.737.000
Property, plant and equipment	27	36.814.116	22.015.917
-Machinery And Equipments	27	34.609.625	19.063.239
-Vehicles	27	-	4.411
-Fixtures and fittings	27	2.204.491	2.948.267
Prepayments		4.577.814	3.792.044
-Prepayments to Related Parties	6	-	-
-Prepayments to Unrelated Parties	18	4.577.814	3.792.044
Deferred Tax Asset	39	152.698	248.821
Total Assets		2.280.416.105	1.895.926.955

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2018 AND
DECEMBER 31, 2017
(Amounts expressed in TL unless otherwise stated)

		Audited	Audited
		Current Period	Previous Period
LIABILITIES AND EQUITY	Notes	31.12.2018	31.12.2017
CURRENT LIABILITIES		415.011.548	345.288.974
Current Borrowings	9	379.320.681	267.074.292
-Current Borrowings From Related Parties		379.320.681	267.074.292
--Bank Loans	9	348.695.415	245.041.316
--Leasing Debts	9	30.625.266	22.032.976
Trade Payables		10.211.428	60.236.851
-Trade Payables to Related Parties	6	6.294.756	39.178.772
-Trade Payables to Unrelated Parties	11	3.916.672	21.058.079
Employee Benefit Obligations	14	29.410	162.875
Other Payables		18.395.854	15.383.180
-Other Payables to Related Parties	6	12.128.278	12.516.803
-Other Payables to Unrelated Parties	13	6.267.576	2.866.377
Deferred Income		6.038.251	1.934.505
Current tax liabilities, current	39	-	-
Current provisions		1.015.924	497.271
-Current provisions for employee benefits	23	27.663	23.242
-Other current provisions	23	988.261	474.029
NON-CURRENT LIABILITIES		715.546.941	612.884.878
Long Term Borrowings	9	711.697.271	608.827.741
-Long Term Borrowings From Unrelated Parties		711.697.271	608.827.741
--Bank Loans	9	658.968.786	553.108.563
--Leasing Debts	9	52.728.485	55.719.178
Other Payables		453.264	971.411
-Other Payables to Related Parties	6		
-Other Payables to Unrelated parties	13	453.264	971.411
Deferred Income	18	1.545.341	1.281.200
Non-current provisions		55.033	115.268
-Non-current provisions for employee benefits	23	55.033	115.268
-Other non-current provisions	23		
Deferred Tax Liabilities	39	1.796.032	1.689.258
EQUITY		1.149.857.616	937.753.103
Issued capital	29	246.000.001	246.000.001
Treasury Shares (-)	29	(1.047.230)	(1.047.230)
Other Accumulated Comprehensive Income (Loss)		99.041.881	99.046.049
that will not be Reclassified in Profit or Loss			
--Gains (Losses) on Revaluation and Remeasurement	29	99.041.881	99.046.049
---Increases (Decreases) on Revaluation of	29	99.075.327	99.075.327
Property, Plant and Equipment			
---Gains (Losses) on Remeasurements of Defined	29	(33.446)	(29.278)
Benefit Plans			
Other Accumulated Comprehensive Income (Loss)	29	-	-
that will be Reclassified in Profit or Loss			
Restricted Reserves Appropriated From Profits		7.563.403	7.563.403
--Legal Reserves	29	6.516.173	6.516.173
--Treasury Share Reserves	29	1.047.230	1.047.230
Effects of Business Combinations Under Common		(9.363.451)	(9.363.451)
Control			
Prior Years' Profits or Losses	29	595.554.331	489.975.941
Current Period Net Profit Or Loss		212.108.681	105.578.390
Total Liabilities and Equity		2.280.416.105	1.895.926.955

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES

AUDITED

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

(Amounts expressed in TL unless otherwise stated)

		Current Period	Previous Period
		Consolidated	Non-Consolidated
Profit or loss	Notes	01.01.-31.12.2018	01.01.-31.12.2017
Continuing Operations			
Revenue	30	166.102.058	112.520.593
Cost of sales (-)	30	(23.906.464)	(14.883.973)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		142.195.594	97.636.620
General Administrative Expenses (-)	31	(2.666.132)	(1.913.835)
Marketing Expenses (-)	31	-	-
Research and development expense (-)	31	-	-
Other Income from Operating Activities	33	319.264.232	170.090.040
Other Expenses from Operating Activities (-)	33	(11.296.305)	(36.228.020)
PROFIT (LOSS) FROM OPERATING ACTIVITIES (-)		447.497.389	229.584.805
Investment Activity Income	34	-	-
Investment Activity Expenses (-)	35	-	(9.280.200)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	25	2.199.150	1.931.481
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		449.696.539	222.236.086
Finance income	36	205.578.872	22.163.938
Finance costs (-)	37	(442.963.833)	(138.417.024)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		212.311.578	105.983.000
Tax (Expense) Income, Continuing Operations (-)		(202.897)	(404.610)
- Current Period Tax (Expense) Income (-)	39	-	-
- Deferred Tax (Expense) Income (-)	39	(202.897)	(404.610)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		212.108.681	105.578.390
PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
PROFIT (LOSS)		212.108.681	105.578.390
Earnings Per Share From Continuing Activities	40	0,8622	0,4292
Earnings Per Share From Discontinued Activities		-	-
PROFIT (LOSS)		212.108.681	105.578.390
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		(4.168)	(53.338)
Gains (Losses) on Remeasurements of Defined Benefit Plans	29	(4.168)	(53.338)
OTHER COMPREHENSIVE INCOME (LOSS)		(4.168)	(53.338)
TOTAL COMPREHENSIVE INCOME (LOSS)		212.104.513	105.525.052

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES

AUDITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017.

(Amounts expressed in TL unless otherwise stated)

Notes	Issued Capital	Treasury Shares	Gains/Losses on Revaluation and Remeasurements		Restricted Reserves Appropriated From Profits	Effects of Combinations of Entities or Businesses Under Common Control	Retained Earnings		Equity attributable to owners of parent	Non-controlling interests]	Equity	
			Increases (or Loss Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans			Prior Years' Profits or Losses	Net Profit Increases (or Loss				
1.1.2017	29	246.000.001	(1.047.230)	89.752.887	24.060	7.563.403	-	353.239.632	131.380.940	826.913.693	--	826.913.693
Transfers		-	-	-	-	-	-	131.380.940	(131.380.940)	-	-	-
Total												
Comprehensive Income (Loss)		-	-	-	(53.338)	-	-	105.578.390	105.525.052	-	-	105.525.052
Effects of Combinations of Entities or Businesses Under Common Control		-	-	9.322.440	-	-	(9.363.451)	5.355.369	-	5.314.358	-	5.314.358
31.12.2017	29	246.000.001	(1.047.230)	99.075.327	(29.278)	7.563.403	(9.363.451)	489.975.941	105.578.390	937.753.103	--	937.753.103
1.1.2018	29	246.000.001	(1.047.230)	99.075.327	(29.278)	7.563.403	(9.363.451)	489.975.941	105.578.390	937.753.103	--	937.753.103
Transfers		-	-	-	-	-	-	105.578.390	(105.578.390)	-	-	-
Total												
Comprehensive Income (Loss)		-	-	-	(4.168)	-	-	212.108.681	212.104.513	-	-	212.104.513
31.12.2018	29	246.000.001	(1.047.230)	99.075.327	(33.446)	7.563.403	(9.363.451)	595.554.331	212.108.681	1.149.857.616	--	1.149.857.616

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES

AUDITED

CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

(Amounts expressed in TL unless otherwise stated)

		Audited	Audited
	Notes	01.01.-31.12.2018	01.01.-31.12.2017
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		174.864.865	69.768.471
Profit (Loss)		212.108.681	105.578.390
Profit (Loss) from Continuing Operations		212.108.681	105.578.390
Adjustments to Reconcile Profit (Loss)		11.794.740	(121.610.026)
Adjustments for depreciation and amortisation expense	27	4.505.447	3.449.509
Adjustments for provisions	23	454.250	511.437
Adjustments for (Reversal of) Provisions Related with Employee Benefits	23	(59.982)	37.408
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		514.232	474.029
Adjustments for losses (gains) on disposal of non-current assets	26-27	-	202.354
Adjustments for Losses (Gains) Arised From Sale of Investment Property	26-27	-	202.354
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	29	-	9.280.200
Adjustments for Interest (Income) Expenses	11	8.831.295	(793.478)
Adjustments for interest expense	9	2.674.626	-
Deferred Financial Expense from Credit Purchases	11	5.839.680	(355.901)
Unearned Financial Income from Credit Sales	11	316.989	(437.577)
Adjustments for fair value losses (gains)	26	-	(134.280.412)
Adjustments for Fair Value Losses (Gains) of Investment Property	26	-	(134.280.412)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	25	(2.199.150)	(786.352)
Adjustments for undistributed profits of associates	25	(2.199.150)	(786.352)
Adjustments for Tax (Income) Expenses	39	202.898	(637.206)
Other adjustments to reconcile profit (loss)	29	-	1.443.922
Changes in Working Capital		(48.073.200)	85.663.176
Decrease (Increase) in Financial Investments		(150.122)	-
Adjustments for decrease (increase) in trade accounts receivable		(13.995.317)	5.802.442
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(3.023.036)	11.242.553
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	11	(10.972.281)	(5.440.111)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		12.560.068	(7.439.931)
Decrease (Increase) in Other Related Party Receivables Related with Operations	6	12.597.789	(7.454.130)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	13	(37.721)	14.199
Adjustments for decrease (increase) in inventories	16	-	5.810
Decrease (Increase) in Prepaid Expenses	18	(10.201.594)	33.809.231
Adjustments for increase (decrease) in trade accounts payable		(55.865.103)	39.209.558
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	(32.965.012)	32.251.928
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties	11	(22.900.091)	6.957.630
Increase (Decrease) in Employee Benefit Liabilities	14	(133.465)	63.060
Adjustments for increase (decrease) in other operating payables		2.494.527	12.785.904
Increase (Decrease) in Other Operating Payables to Related Parties	6	(388.525)	12.516.803
Increase (Decrease) in Other Operating Payables to Unrelated Parties	13	2.883.052	269.101
Increase (Decrease) in Deferred Income	18	4.367.887	3.011.051
Other Adjustments for Other Increase (Decrease) in Working Capital		12.849.919	(1.583.949)
Decrease (Increase) in Other Assets Related with Operations	22	12.849.919	(1.583.667)
Increase (Decrease) in Other Payables Related with Operations	22	-	(282)
Cash Flows from (used in) Operations		175.830.221	69.631.540
Income taxes refund (paid)		(965.356)	136.931
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(430.444.399)	(160.844.357)
Cash Inflows from Losing Control of Subsidiaries or Other Businesses		-	700.000
Proceeds from sales of property, plant, equipment and intangible assets		-	5.808
Proceeds from sales of property, plant and equipment	27	-	5.808
Purchase of Property, Plant, Equipment and Intangible Assets		(19.290.328)	(7.769.157)
Purchase of property, plant and equipment	27	(19.290.328)	(7.769.157)
Cash Inflows from Sale of Investment Property	26	-	14.400.000
Cash Outflows from Acquisition of Investment Property	26	(413.118.768)	(168.181.008)
Dividends received	29	1.964.697	-
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		212.441.293	176.137.581
Cash Inflows (Outflows) Due to Effects of Combinations Under Common Control	29	-	(21.416.707)
Adjustments for Losses (Gains) Arised From Sale of Investment Property		667.638.646	372.399.233
Proceeds from Loans	9	625.586.232	333.211.336
Proceeds from Other Financial Borrowings		42.052.414	39.187.897
Repayments of borrowings		(455.197.353)	(174.844.945)
Proceeds from Other Financial Borrowings	9	(418.752.149)	(149.578.847)
Cash Outflows from Other Financial Liabilities		(36.445.204)	(25.266.098)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES	1	(43.138.241)	85.061.695
Effect of exchange rate changes on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents	7	(43.138.241)	85.061.695
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	137.571.615	52.509.920
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		94.433.374	137.571.615

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

The main activity of the Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company") is to engage objects and fields that is stated in the regulations of the Capital Market Board (CMB) regarding real estate investment trusts and is mainly to invest in real estates, capital market instruments based on real estates, real estate projects and property-based rights. The Company was registered with the Istanbul Trade Registry Office with the registration number 676891 on 3 September 2008.

Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd. Şti., the subsidiary company of the Company, started its Erzincan Hilton Hotel Construction investment in 2014. Hotel construction was completed and started operations in 2015

Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. ("Reysaş Lojistik"), the main shareholder (61.94%) of the company, is registered in Turkey and operates in the address below:

Küçük Çamlıca Mah. Erkan Ocaklı Sok. No:11 34696 Üsküdar/ İstanbul/Türkiye.

As of 2010, the shares, subject to the sale of Group B shares with a nominal value of TL 65.500.000, which were offered to public by increasing the Company's capital, were registered by the CMB on July 6, 2010. These shares were offered to public and started to be traded on Borsa İstanbul (BIST) on 12 July 2010.

As of December 31, 2018, the publicly listed shares of the company are 38,53% of the total shares (31 December 2017: % 38,53) and have been quoted on the Borsa İstanbul ("BIST")

As of 31 December 2018 average number of personnel is 9 (31 December 2017: 12).

The shareholders of the company are as below;

Capital Structure	31 December 2018	Partnership interest (%)	31 December 2017	Partnership interest (%)
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	152.381.690	61,94	152.381.690	61,94%
Publicly held part	93.618.300	38,06	93.618.300	38,06%
Other	11	0,00	11	0,00%
Paid in Capital	246.000.001	100	246.000.001	100,00%

Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti.

In accordance with the resolution of the Board of Directors dated 29.12.2017 and numbered 415; It has been decided that the remaining 65.79% of the capital of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti, will be purchased from Reysaş Taşımacılık ve Lojistik Tic.A.Ş at a price of TL 21.416.710.

This transaction, which is a merger subject to jointly controlled entity, was accounted for by the 'Consolidation of Rights' method in accordance with the decision of the Council of Directors numbered 2013-2. Consequently, the assets and liabilities of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti are recorded at their cost values and the difference between the amount paid and the net asset amount is accounted for under the 'Effects of Combinations of Entities or Businesses Under Common Control' account.

Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti.

	31.12.2018		31.12.2017	
	Share Amount (TL)	Share Rate (%)	Share Amount (TL)	Share Rate (%)
Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	38.000.000	100,00 %	38.000.000	100,00 %
Total	38.000.000	100,00%	38.000.000	100,00%

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of Presentation of Consolidated Financial Statements

The Group registered in Turkey maintains their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

In accordance with article 5th of the Capital Markets Board ("CMB") Reporting Standards, the entities should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") and its interpretations issued by the Public Oversight Accounting and Auditing Standards Authority. ("POA")

The functional currency of the Group is determined as Turkish Lira ("TL"). Group kept books of account in TL in accordance with the Turkish Commercial Code, Turkish Commercial Code and the Uniform Chart of Accounts issued by the Ministry of Finance.

According to IFRS, the preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these. The accounting policies used in the preparation of these consolidated financial statements as of December 31, 2018 are consistent with those used in the preparation of previous year's financial statements.

The consolidated financial statements are prepared on historical cost basis, except for the derivative financial instruments and investment properties carried at fair value.

There are no seasonal and periodic changes that will significantly affect the Group's operations.

Financial Reporting in Hyperinflationary Economies

Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" has not been applied in the financial statements for the accounting year commencing from January 1, 2005.

Comparative information and restatement of prior year financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior year in order to give accurate trend analysis regarding financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed where necessary.

Going Concern Explanations

The financial statements of the Group were prepared according to Going Concern Principle assuming that the Group will benefit from the assets and fulfill the liabilities in the natural flow of operations within one year.

Netting/Offsetting

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

A. Basis of Presentation (cont'd)

Standards, amendments and interpretations applicable as at 31 December 2018:

Amendment to IAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Amendments to IFRS 2, 'Share based payments on clarifying how to account for certain types of share-based payment transactions'; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IAS 28 Investments in associates and joint venture

Effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRS 9 Financial instruments – Amendments

Effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 23 Uncertainty over income tax treatments

Effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or

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not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
A. Basis of Presentation (cont'd)

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Annual improvements 2015-2017

Effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, 'Business combinations'; – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements'; – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes'; – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs'; – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

-Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

No any changes is made in the Group accounting policies that affects the company's financial position, financial performance and cash flows to be presented preferable and confidential. It is not foreseen that there will be a change in the Group's accounting policies.

Transition to IFRS 9 "Financial instruments"

Group has applied TFRS 9 "Financial instruments", which has replaced TMS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and

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liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

In accordance with this method, Group recorded the cumulative effect related to the transition of IFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with IAS 39.

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets:

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Financial assets	Available for sale financial assets	Fair value through other comprehensive income
Financial liabilities	Original classification under IAS 39	New classification under IFRS 9
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

Transition to IFRS 15 “Revenue from contracts with customers”

Group has applied IFRS 15 “Revenue from contracts with customers”, which has replaced IAS 18, by on the transition date, 1 January 2018. Prior year financial statements are not restated and these financial statements are presented in accordance with IAS 18.

Consolidation principles

Subsidiaries

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. Subsidiary that shown in Note 1 is consolidated to the financial statements by using fully consolidation method.

Basis of consolidation

The portion of the net profit or loss from the consolidated subsidiary which corresponds to the shares out of the subsidiary subject to the consolidation method is presented in the net console as the "Non-controlling interest" account group.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

- The paid-up capital of the consolidated financial statements is the Company's paid-up capital; there is no paid-up capital of the subsidiary.

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- Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

Business combinations and goodwill

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses.

Business combinations realized before January 1, 2010 have been accounted for by using the purchase method in the scope of TFRS 3 "Business combinations" prior to amendment. The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognized in business combinations is tested for impairment annually (as of December 31) or more frequently if events or changes in circumstances indicate impairment, instead of amortization (Note 14). Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The revised TFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill).

B.Statements of Compliance with IAS

The accompanying condensed interim financial statements are prepared in accordance with the Communiqué numbered II-14.1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013.

B.Statements of Compliance with IAS

According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The Company's condensed interim financial statements as at 31 December 2018 have been approved by the Board of Directors and authorization for issue has been given on February 13, 2019. The

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General Assembly and/or legal authorities has the power to amend the accompanying condensed interim financial statements after their issue.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Changes in accounting policy

No any changes is made in the Group accounting policies that affects the company's financial position, financial performance and cash flows to be presented preferable and confidential. It is not foreseen that there will be a change in the Group's accounting policies.

D. Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

E. Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 4). For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial instruments

The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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According to IFRS 9 as from 1 January 2010, the group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

(a) Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as 'fair value through profit or loss. The Group has classified their financial assets as financial assets to be measured at fair value.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within income / (expenses) from investing activities in the period in which they arise.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Revenue and Income

Revenue are measured on fair value of amount will be or have been charged. Estimated customer returns, rebates and provisions are deducted from the amount.

Sale of goods;

Proceeds from the sale of goods, is recognized when all the following conditions are met:

- Group all the significant risks and rewards of ownership are transferred to the buyer
- The Group's and the continuing managerial involvement usually associated with ownership and effective control over the goods sold are the lack of
- The amount of revenue can be measured reliably
- The economic benefits associated with the transaction will flow to the entity being possible, and transaction costs incurred or to be incurred in a reliable way of measuring.

Rendering of services;

Revenue is recognized by reference to the stage of completion.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Investments valued by equity method

According to the IAS 28, 'Investments in associates and joint venture'; companies accounted for by the equity method for long-term interests in associate or joint venture.

- a) Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi ("Subsidiary") is a registered company established in Istanbul on 11.04.1986 which the main activity is to make agency, dealership operations and distributorship to make, transport and storage of the commodity to provide business. On 22 February 2011, the Company participated in Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi at a rate of 16.67%.

According to the resolution of the Board of Directors as of 28 March 2013, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., that has a nominal value of TL 3.050.000, representing 33.33% of its capital has purchased from Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. over the value of TL 16.836.000 which is determined by the independent company valuation work. After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at Arı Lojistik İnş. San.ve Tic. A.Ş.'s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%.

The Group has valued its subsidiary Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi by the Equity Method and detailed information is given in the notes of investments valued by equity method.

- b) In accordance with the resolution of the Board of Directors dated 29.12.2017 and numbered 415; It has been decided that the remaining 65.79% of the capital of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti, will be purchased from Reysaş Taşımacılık ve Lojistik Tic.A.Ş at a price of TL 21.416.710. This transaction, which is a merger subject to jointly controlled entity, was accounted for by the 'Consolidation of Rights' method under the 'Effects of Combinations of Entities or Businesses Under Common Control' account in accordance with the decision of the Council of Directors numbered 2013-2.

Reysaş Turizm Yatırımları and its financial statements, which are followed under the 'Investments Accounted by Equity Method' in previous years, have been consolidated by using the full consolidated method as of 2017.

Construction contract activities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs.

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Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Construction contract activities

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

Interest income

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset.

Inventories:

Inventories are valued according to cost or new realizable values whichever is lower. Costs which include fixed or variable general production expenses are valued according to method which is suitable with the inventories' belonged class and weighted average method. Net realizable value is achieved by deducting approximate completion cost and total costs for selling from sales value of trade activity.

Group uses 'First in First out' method to calculate cost of inventories.

Tangible Assets

Physical assets which is held and estimated to be used more than a period of time by the Group, for the purpose of producing goods and services or for administrative purposes are expressed with their cost values within the scope of cost model.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Leasehold improvements consist of expenditures made to rented property. Leasehold improvements are amortised during the lease term in case the useful life is longer than the lease term. Furthermore leasehold improvements are amortised over their useful lives in case the useful life is shorter than the lease term.

As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and they are recognized prospectively if there are any changes in estimates. (Note 16).

Cost Method

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Tangible fixed assets reported at cost less accumulated depreciation and accumulated impairment losses, on the same basis.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated. Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

Disposal of tangible fixed assets of the asset, or a gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement is determined.

Intangible Assets

Intangible Assets Acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

Investment Properties

Investment property comprises the properties held in order to acquire lease and/or value increment earning and is indicated with the cost value and other transaction costs involved. Investment properties are accounted for using the fair value model at the financial statements.

In case investment property is sold or becomes useless and is determined that it would not provide any economic benefit in the future it may be derecognized. Profit/Loss resulted from the end of usage period or sale of any investment property is included in the income statement in the period is generated.

Fair Value Method

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Group operations after the initial recognition, the fair value method chosen and the fair value of investment property was measured by the method (Note 15).

The fair value of investment property gain or loss arising from the change in profit or loss in the period they occur are included.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

Transfers, there is a change in use of the investment property is made. Fair value based on the monitored investment property, the owner, used by real estate class made a transfer, the transfer made after accounting treatment deemed cost at the aforementioned property's use shape change at the dates the fair value is. The owner used by a property's fair value basis to display an investment property if it converts , business , change in use occurred up to the date "Tangible Assets" in the accounting policy applies .

Real estate is located in the Group's own use of tangible fixed assets have been reclassified.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting.

Leases

Operating leases

The Group as the lessee

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognized directly in the income statement. Borrowing costs are recognized directly in the income statement.

Related Parties

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a. The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties

Presence of one of the following criteria, are considered related party to the Group:

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

i) Use directly, or indirectly through one or more intermediaries:

- Controls the Group, or is controlled by the Group
- Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same);
- Has an interest in the Group that gives it significant influence over, or has joint control over the Group;

ii) the party is an associate of the Group;

iii) the party is a joint venture of the Group is a venturer;

iv) the party is a member of the key management personnel of the Group or its parent;

v) the (i) or (iv) above, any individual is a close family member. vi) the entity that is controlled, jointly controlled or significantly influenced by, or (iv) or

(v) directly or indirectly, any individual referred to in Articles important to have an entity that is entitled to vote, or vii) the party is an entity that is a related party of the company or for the benefit of employees of the entity must have plans.

Related party transactions between related parties, resources, services or obligations, regardless of whether a price is charged to transfer.

Impairment of financial assets

Financial assets at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

Impairment of financial assets

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- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio; and
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

Financial liabilities

Financial liabilities and equity instruments issued by the Group is classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability

Other financial liabilities

Other financial liabilities, including financial liabilities, are initially accounted for at fair value net of transaction costs.

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Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. (Note 9)

Effects of Changes in Foreign Exchange

The individual financial statements of each Group entity operates in the currency of the primary economic environment (functional currency) are presented. Each company's financial condition and results of operations of the Company, which is the functional currency and the presentation currency for the consolidated financial statements are expressed in TL.

During the preparation of the financial statements of the individual entities, denominated in foreign currencies (currencies other than TL) from the transactions, foreign exchange rates prevailing at the transaction date are recorded at. In the balance sheet foreign currency denominated monetary assets and liabilities using the exchange rates prevailing at the balance sheet date are translated into TL. Followed by the fair value of nonmonetary items denominated in foreign currencies which are those recorded at fair value as determined by rates prevailing on the date are retranslated. Measured in terms of historical cost in a foreign currency non-monetary items, are not retranslated.

Exchange differences, except as specified below, are recognized in profit or loss in the period in which they occur:

- Assets under construction for future productive use, which are associated with and on foreign currency borrowings are regarded as an adjustment to interest costs and the cost of such assets are included in the exchange rate differences,
- Risks arising from foreign currency (providing financial protection against risks related to the accounting policies described below) to provide financial protection against exchange differences arising from the operation,

In overseas activities of the net investment, forming part accounted in translation reserves and net investment in sales profit or loss associated with the unpaid intention or unlikely overseas operations arising from the monetary receivables and payables arising from exchange rate differences.

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

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In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Shareholders have equal rights on the shares and there is no preferred share (Note 34).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

Events after the Reporting Period

Events after the reporting period, the balance date and the date of approval of the financial statements to be published, in favor or against the Group refers to events that occur. According to perform smoothing, two types of situations can be identified:

- Events that require adjustment after the reporting period, the balance sheet date of the relevant facts showing there is evidence that the conditions of the situation,
- Related events that occur after the reporting period showing improvements (non-adjusting events after the reporting period)

The accompanying financial statements of the Group in the reporting period, adjusting subsequent events have been registered and non-adjusting events after the reporting period are shown in the notes (Note 37).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

Contingent Liabilities

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation cannot be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations (Note 19).

Contingent Assets

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The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

All of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions (Note 22).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or alternatively netted off with the cost of related asset.

Current and Deferred Income Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity (Note 33).

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Company operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment and available for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Employment Termination Benefits

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Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise (Note 20).

Reporting of Cash Flows

The Group's net assets, financial structure, and the ability to affect the amounts and timing of cash flows, financial statement users to provide information about the cash flow statement holds. Cash flow statement, cash flows from operating, investing and financing activities are classified. Cash flows from operating activities, cash flows from operating activities of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

E. Summary of Significant Accounting Policies (cont'd)

From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to financing activities, the resources used in financing activities of the Group and repayments. Cash and cash equivalents include cash, bank deposits and investments that are readily convertible into cash at short-term, highly liquid investments with original maturities of three months or less.

Capital and Dividends

Ordinary shares are classified as owner's equity. Dividends books after deducted from accumulated profit.

F. Significant Accounting Estimates

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

- a) Estimates have been used within the scope of IAS 15 "Construction Contracts" when the total cost of the project and project profitability are determined.
- b) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. As at 31 December 2018 with the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits.

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- c) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate)
- d) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performance of third party receivables, market credibility's and performances from balance sheet date until the confirmation of financial statements taking into consideration.
- e) Inventory impairment calculates by using list price after discounts. Sales price imponderable inventories evaluated by determining of waiting time of inventories, physical conditions and technical staff opinion. Provision made if net realizable value under the cost value.
- f) While the determination provision for lawsuits, Group's legal advisors and Group Management's opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consideration. Group Management determines lawsuit provision according to best estimations.

3. BUSINESS COMBINATIONS

- a) According to the resolution of Board of Directors dated December 18,2015, the Company decided to purchase 34.21% of the shares of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti, which is 100% of the capital of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. In the valuation report dated 15.12.2015 and dated YMM.ÖA.466.1618.437 / 027 issued by Türkmen Bağımsız Denetim ve YMM A.Ş. the value of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti is determined as 40.295.922 TL. Based on the valuation report, as of 21.12.2015 the Company purchased 34,21% of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti's shares for TL 13.785.447.

The Company has decided to purchase all remaining shares (65.79%). In the valuation report dated 31.12.2017 prepared by CPATURK Bağımsız Denetim ve YMM A.Ş, the value of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti is determined as TL 32.553.134. Based on the valuation report, the Company purchased 65.79% of Reysaş Turizm Yatırımları's shares as of 31.12.2017 for TL 21.416.710.

This transaction, which is a merger subject to jointly controlled entity, was accounted for by the 'Consolidation of Rights' method in accordance with the decision of the Council of Directors numbered 2013-2. Consequently, the assets and liabilities of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti are recorded at their cost values and the difference between the amount paid and the net asset amount is accounted for under the 'Effects of Combinations of Entities or Businesses Under Common Control' account.

Total current assets	7.733.083
Total non-current assets	25.660.660
Total current liabilities	(12.308.805)
Total long-term liabilities	(2.763.989)
Net assets	18.320.949
Purchased shares (%65,79)	12.053.256
Purchase amount	21.416.707
Effects of Combinations of Entities or Businesses Under Common Control	(9.363.451)

- b) The company, with the resolution of Board of Directors dated February 22, 2011, has purchased Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş.'s, the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş, %16,67 of shares with the nominal value of 1.525.305 TL for 4.127.642 TL which is determined by a independent valuation work.

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c)

According to the resolution of the Board of Directors as of 28 March 2013, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., that has a nominal value of TL 3.050.000, representing 33.33% of its capital has purchased from Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. over the value of TL 16.836.000 which is determined by the independent company valuation work. After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at Arı Lojistik İnş. San.ve Tic. A.Ş.'s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%.

4. INTEREST IN OTHER ENTITIES

None. (31.12.2017: None).

5. SEGMENT REPORTING

In accordance with the resolutions of the Board of Directors, the chairman and members of the Board of Directors are responsible for allocating resources to the Group, making decisions regarding the activities and evaluating the performance of the Group. Since the Group's activity is to invest in real estates, capital market instruments based on real estates, real estate projects and rights based on real estates, there have not been different types of goods and services and there have not been any activity in different areas. Therefore, there have not been reporting according to operating segments in the Group's financial statements. (31 December 2017: None.)

6. RELATED PARTY DISCLOSURES

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties

a) Related party transactions;

	Trade Receivables	Other Receivables	Prepaid Expenses	Trade Payables	Other Payables
31 December 2018					
<u>Related Parties</u>					
Arı Lojistik İnşaat San. ve Ticaret A.Ş.	-	-	-	-	2.975.258
Reysaş Taşımacılık ve Loj. A.Ş.			-	1.392.232	9.153.020
Rey Otel Turizm İşl. Ve Tiz. Ltd. Şti	4.533.281	-	-	-	-
Reymar Tütün Mamulleri Dağ. ve Paz. Ltd. Şti.	3.878.000	-	-	-	-
Emir İstif Mak. San. ve Tic. Ltd. Şti.	859.038	-	-	-	-
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	-	-	10.452.701	-	-
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	-	-	-	4.917.286	-
Minus: Related Parties Deferred Finance	(205.065)	-	-	(14.762)	-

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Income					
Advances Given to Personnel	-	-	9.000	-	-
Other	5.081	700.000	-	-	-
Total	9.070.335	700.000	10.461.701	6.294.756	12.128.278

6. RELATED PARTY DISCLOSURES (cont'd)

31 December 2017	Trade Receivables	Other Receivables	Prepaid Expenses	Trade Payables	Other Payables
Related Parties					
Arı Lojistik İnşaat San. ve Ticaret A.Ş.	-	582.669	-	-	1.653.573
Tasfiye Halinde Elmas Hizmet Tedarik İnşaat Ve Ticaret Ltd Şti	-	12.015.120	-	-	-
Egemen Oto Kir. Hizm.Tic. Ltd. Şti.	-	-	-	35.400	-
Reysaş Taşımacılık ve Loj. A.Ş.	-	-	-	33.952.467	10.863.230
Rey Otel Turizm İşl. Ve Tiz. Ltd. Şti	2.600.440	-	-	-	-
Kolay Depo Depolama A.Ş.	643	-	-	-	-
Reyline Uluslararası Taş. Ltd. Şti	1.722.247	-	-	-	-
Reymar Tütün Mamulleri Dağ. ve Paz. Ltd. Şti.	94.400	-	-	-	-
Emir İstif Mak. San. ve Tic. Ltd. Şti.	1.829.554	-	-	-	-
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	-	-	-	5.286.663	-
Reysaş Yatırım Holding A.Ş.	-	-	-	-	-
Other	5.081	700.000	-	-	-
Minus: Related Parties Deferred Finance Income	(369.717)	-	-	(95.758)	-
Advances Given to Personnel	-	-	29.501	-	-
Total	5.882.647	13.297.789	29.501	39.178.772	12.516.803

b) Purchases from and sales to related parties;

Purchases from related parties

31 December 2018

Related Parties	Maintenance and Repair	Real Estate Purchases	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	56.850	-	1.813.686	1.283.256	3.153.792
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	-	6.550.000	-	-	6.550.000
Kolay Depo Depolama A.Ş.	-	-	-	48.558	48.558
Elmas Hizmet Tedarik Tic. Ltd. Şti.	532.000	-	-	-	532.000

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Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	16.291.237	54.267.635	-	246.779	70.805.651
Total	16.880.087	60.817.635	1.813.686	1.578.593	81.090.001

31 December 2017

Related Parties	Maintenance and Repair	Real Estate Purchases	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	36.619	12.072.394	1.104.156	21.416.707	1.352.781
Elmas Hizmet Tedarik Tic. Ltd. Şti.	1.043.096	38.565.924	24.953	-	43.062
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	10.259.385	12.139.134	-	-	17.054
	11.339.099	62.777.451	1.129.110	21.416.707	1.412.897
Total	36.619	12.072.394	1.104.156	21.416.707	1.352.781

6. RELATED PARTY DISCLOSURES (cont'd)

Sales to related parties

31 December 2018

Related Parties	Rent-Warehouse Services	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	8.659.540	2.723.104	1.408.389	12.791.033
Kolay Depo Depolama A.Ş.	157.373	-	-	157.373
Çavuşoğlu Yapı End.Tic. Ltd. Şti.	-	1.326.467	-	1.326.467
Elmas Hizmet Tedarik Tic. Ltd. Şti.	-	2.276.495	-	2.276.495
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	600.000	78.656	1.052.000	1.730.656
Emir İstif Makinaları San. Ve Tic. A.Ş.	21.365	139.968	2.396.650	2.557.983
Reyline Uluslararası Taşımacılık Ltd.Şti	466.511	39.867	-	506.378
Rey Otel Turizm İşletmeciliği Tic.Ltd.Şti	5.300.000	442.510	535.297	6.277.807
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	-	-	1.160.808	1.160.808
Reymar Tütün Mamulleri Dağ. ve Paz. Ltd. Şti.	-	-	3.100.580	3.100.580
Total	15.204.789	7.027.067	9.653.725	31.885.581

31 December 2017

Related Parties	Rent-Warehouse Services	Real Estate Sales	Financial Non-current Assets(*)	Interest	Other	Total
Emir İstif Mak.San.Ve Tic.Ltd.Şti.	2.100.000	-	-	257.418	3.231	2.360.648
Kolay Depo Depolama A.Ş.	55.000	-	-	-	1.079	56.079
Elmas Hizmet Tedarik Tic. Ltd. Şti.	-	27.530	-	999.383	3.252	1.030.165
Rey Otel Turizm İşletmeciliği Ve Tic. Ltd. Şti.	3.246.030	-	-	333.216	594.338	4.173.583
Reyline Uluslar Arası Taşımacılık Ltd. Şti.	403.691	-	-	98.705	-	502.396
Reymar Tütün Mamülleri Dağ. ve	80.000	-	-	-	-	80.000

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Paz. Ltd. Şti.						
Reysaş Taşımacılık Ve Lojistik Tic.	7.835.981	-	-	1.811.890	352.921	10.000.792
A.Ş.						
Gerçek Kişi	-	-	9.980.200	-	-	9.980.200
Total	13.720.702	27.530	9.980.200	3.500.611	954.820	28.183.863

c) Wages and remunerations paid to key management:

As of 31 December 2018, total amount of wages and remunerations paid to key management is 297.464 TL. (31 December 2017: 259.523 TL)

7. CASH AND CASH EQUIVALENTS

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash at banks		
- Time deposits	92.478.845	104.200.212
- Demand deposits	1.954.529	33.371.403
Total	94.433.374	137.571.615

The maturity breakdown deposits are as of December 31, 2018 and December 31, 2017 as follows;

<u>Currency</u>	<u>Avarege Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount</u>	<u>31.12.2018 TL Equivalent</u>
TL	2 Days	24,53%	10.349.651	10.349.651
USD	11 Days	4,18-4,33%	15.611.244	82.129.194
Total				92.478.845

As of December 31, 2018 there is no blockage on deposits (31.12.2017: None).

<u>Currency</u>	<u>Avarege Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount</u>	<u>31.12.2017 TL Equivalent</u>
TL	20 Days	10,78-16,06%	56.203.159	56.203.159
USD	30 Days	4,33%	7.932.765	29.921.597
Euro	19 Days	1,61%	4.002.980	18.075.456
Total				104.200.212

8. FINANCIAL INVESTMENTS

Short-term financial investments

In the current period, the Group has TL 150.122 of financing bills issued by Vakıfbank. (31.12.2017: None).

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Long-term financial investments

None (31.12.2017: None).

9. FINANCIAL LIABILITIES

As of December 31, 2018 and 2017 short and long-term bank borrowings are summarized as below:

Short term borrowings

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Bank borrowings	348.695.415	245.041.316
Leasing payables	30.625.266	22.032.976
Total	379.320.681	267.074.292

9. FINANCIAL LIABILITIES (Cont'd)

Long term borrowings

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Bank borrowings	658.968.786	553.108.563
Leasing payables	52.728.485	55.719.178
Total	711.697.271	608.827.741

Bank loans:

As of 31 December 2018 short-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	148.082.233	% 12,49-% 18,90	148.082.233
EURO	13.741.738	% 4,23-% 7,81	82.835.194
USD	22.387.422	% 3,43-% 9,55	117.777.988
Total			348.695.415

As of 31 December 2017 short-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	127.690.312	% 7,92-% 16,58	127.690.312
EURO	12.723.503	% 4,61-% 6,29	57.452.979
USD	15.880.067	% 3,90-% 7,95	59.898.025
Total			245.041.316

As of 31 December 2018 long-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	160.485.524	% 12,49-% 18,90	160.485.524
EURO	35.515.868	% 4,23-% 7,81	214.089.649
USD	54.057.977	% 3,43-% 9,55	284.393.613
Total			658.968.786

As of 31 December 2017 long-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
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TL	255.664.829	%7,92-%16,58	255.664.829
EURO	39.834.145	%4,61-%6,29	179.871.080
USD	31.170.671	%3,90-%7,95	117.572.654
Total			553.108.563

The analysis of borrowings in terms of periods remaining to contractual re-pricing dates is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Up to 3 months	93.181.185	50.637.781
3 - 12 months	255.514.230	194.403.536
1-5 years	624.998.231	499.610.156
Over 5 years	33.970.554	53.498.406
Total	1.007.664.201	798.149.879

9. FINANCIAL LIABILITIES (Cont'd)

Leasing payables

As of 31 December 2018 the details of short term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	23.441.017	%13,42-%24,20	23.441.017
EURO	1.191.813	%3,26-%6,83	7.184.250
Total			30.625.266

As of 31 December 2017 the details of short term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	20.162.428	%12,03-%24,20	20.162.428
EURO	414.250	%3,26-%4,51	1.870.548
Total		-	22.032.976

As of 31 December 2018 the details of long term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	34.628.611	%13,42-%24,20	34.628.611
EURO	3.002.633	%3,26-%6,83	18.099.874
Total			52.728.485

As of 31 December 2017 the details of long term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	50.573.602	%12,03-%24,20	50.573.602
EURO	1.139.536	%3,26-%4,51	5.145.576
Total			55.719.178

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The analysis of borrowings in terms of periods remaining to contractual re-pricing dates is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Up to 3 months	7.207.867	3.802.644
3 - 12 months	23.417.398	18.230.332
1-5 years	52.728.485	55.719.178
Over 5 years	-	-
Total	83.353.751	77.752.154

10. OTHER FINANCIAL LIABILITIES

None. (31.12.2017: None).

11. TRADE RECEIVABLES AND PAYABLES

a) Short Term Trade Receivables:

Details of Group's trade receivables as of balance sheet date:

<u>Short-term trade receivables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Trade receivables	12.591.771	4.876.943
Notes receivables	11.826.119	8.568.666
Unearned credit finance income (-)	(685.432)	(203.791)
Sub-total	23.732.458	13.241.818
Due from related parties (Note 6)	9.275.400	6.252.364
Minus: Due from unearned credit finance income (-)	(205.065)	(369.717)
Total	32.802.793	19.124.465

b) Long-term trade receivables

None (31.12.2017: None).

c) Short-term trade payables

<u>Short-term trade payables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Trade payables	3.753.680	8.136.466
Notes payables	201.771	13.263.758
Unearned credit finance charges (-)	(38.779)	(342.145)
Sub-total	3.916.672	21.058.079
Due from related parties (Note 6)	6.309.518	39.274.530
Minus: Due to unearned credit finance charges (-)	(14.762)	(95.758)
Total	10.211.428	60.236.851

d) Long-term trade payables

None (31.12.2017: None).

12. RECEIVABLES FROM AND PAYABLES TO FINANCIAL ACTIVITIES

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None (31.12.2017: None).

13.OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

<u>Other current receivables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Deposits and guarantees given	71.580	43.700
Other receivables	487.075	477.233
Other doubtful receivables	1.953.740	1.953.740
Minus: Provision for other doubtful receivables	(1.953.740)	(1.953.740)
Sub-total	558.654	520.933
Other receivables from related parties (Note 6)	700.000	13.297.789
Total	1.258.654	13.818.722

13.OTHER RECEIVABLES AND PAYABLES (Cont'd)

b) Other Non-Current Receivables

<u>Other non-current receivables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Deposits and guarantees given	3.250	3.250
Total	3.250	3.250

c) Other Current Payables

<u>Other current payables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Deposits and guarantees received	3.259.227	879.900
Taxes and funds payables	2.155.030	1.631.501
Deferred or restructured debts to public sector	816.824	345.112
Other doubtful payables	36.495	9.864
Minus: Provision for other doubtful receivables	6.267.576	2.866.377
Sub-total	12.128.278	12.516.803
Other payables to related parties (Note 6)	3.259.227	879.900
Total	18.395.854	15.383.180

d) Other Long term Payables

<u>Other long term payables</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Deferred or restructured debts to public sector	453.264	971.411
Total	453.264	971.411

14.EMPLOYEE BENEFITS

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Payables to personnel	11.572	124.271

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Personnel tax deductions	10.809	13.283
Social security withholdings payable	7.029	25.321
Toplam	29.410	162.875

15.DERIVATIVE FINANCIAL INSTRUMENTS

None (31.12.2017: None).

16.INVENTORIES

a) Short-term inventories

None (31.12.2017: None).

16.INVENTORIES (Cont'd)

b) Short-term inventories

	December 31, 2018	December 31, 2017
Lands	56.866.189	56.866.189
Toplam	56.866.189	56.866.189

In accordance with the resolution of the Board of Directors dated 04/05/2016 and numbered 298; "Real Estate Sales Promise Agreement" was signed with Sur Yapı Endüstri San. ve Tic. Anonim Şirketi in order for housing construction on the lands located in Istanbul Province Sancaktepe District 9-10 Section 1674 Parcel 10.783,80 m2 and Istanbul Province Sancaktepe District 6650 Island 17 Parcel 18.316,57 m2. Construction will start in 2016 and be completed in 30 months on the basis of "Revenue Sharing". As of 31 December 2017, sales office building has been completed and sample apartment construction is still continuing. The project has been launched under the name "Muhit" and the sales process has been continued.

The 10.783,80 m2 land located in Istanbul Province Sancaktepe District 9-10 Section 1674 Parcel, which was registered as the cropland in the land registry, separation was made (parceling out) on 04.08.2016. As a result of separation two different land has been created as 1974 parcel (3.301,30 m2), and 1975 parcel (6,965,62 m2), and 1974 parcel land was donated to Sancaktepe Municipality on 25.10.2016 . The remaining 6,965,62 m2 1975 parcel cropland has been registered as "land" in the land registry.

The surface of the land located in Istanbul Province Sancaktepe District 6650 Island 17 Parcel is 16.117,38 m2. The total land area where the project will be constructed (6.965.62 + 16.117.38 =) is 23.083 m2.

As of 31 December 2018, the total fair value of the lands with housing development is 77.109.000 TL(31 December 2017: TL 56.866.189)

17.BIOLOGICAL ASSETS

None (31.12.2017: None).

18.PREPAID EXPENSES AND DEFERRED INCOME

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a) Short and Long Term Prepaid Expenses

Short term prepaid expenses

	December 31, 2018	December 31, 2017
Prepaid expenses for future months	2.106.095	1.686.810
Advances given for purchases	1.399.655	2.824.040
Work advances	-	11.276
Sub-total	3.505.750	4.522.126
Advances given to related parties (Note 6)	10.461.701	29.501
Total	13.967.451	4.551.627

18. PREPAID EXPENSES AND DEFERRED INCOME (Cont'd)

Long term prepaid expenses

	December 31, 2018	December 31, 2017
Advances given for fixed-assets(*)	1.978.205	90.508
Prepaid expenses for future years	2.599.609	3.701.536
Total	4.577.814	3.792.044

(*)Advances given for fixed assets consist of advances which is given in relation to the construction of warehouses and purchases of fixed assets related to warehouses.

b) Short and Long Term Deferred Income

Short-term deferred income

	December 31, 2018	December 31, 2017
Income relating to future months	973.296	918.789
Advances received	2.074.443	1.015.716
Deferred income	2.990.512	-
Total	6.038.251	1.934.505

Long-term Deferred Income

	December 31, 2018	December 31, 2017
Income relating to following years	1.545.341	1.281.200
Total	1.545.341	1.281.200

19. GOVERNMENT INCENTIVES AND GRANTS

None (31.12.2017: None).

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20. LIABILITIES FOR PERIOD INCOME TAX

Gains from real estate investment trust activities are exempted from the corporate tax according to Article 5 / (1) (d) (4) of Corporate Tax Law No: 5520. Consequently, tax provision has not been calculated. (31 December 2017: None.)

Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd. Şti, the subsidiary company, is a corporate taxpayer.

21. CURRENT PERIOD TAX ASSETS

Amount of TL 1.107.189 which is shown under the current period tax assets, consists of taxes levied by the banks during time deposits and repo transactions.

(31.12.2017: Amount of 141.833 TL which is shown under the current period tax assets, consists of taxes levied by the banks during time deposits and repo transactions)

22. OTHER CURRENT/NON-CURRENT ASSETS AND OTHER SHORT-LONG TERM LIABILITIES

a) Other Current Assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
VAT carried forward	1.545.341	1.281.200
Total	1.545.341	1.281.200

b) Other Non-Current Assets

None (31.12.2017: None).

c) Other Short-Long Term Liabilities

None (31.12.2017: None).

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Provision for lawsuit risks	988.261	474.029
Total	988.261	474.029

(*)As of December 31, 2018, the Group has 21 lawsuits and 22 defendants, including various damages, objections and claims. As of 31 December 2018. Amount of 988.261 TL provision has been made for these lawsuits. There is no case with significant uncertainty except the case mentioned below.

Provisions for personnel's unused annual leave

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As of December 31, 2018, the Group has calculated TL 27.663 provision for its personnel for their unused annual leaves. (31 December 2017: the Group has calculated TL 23.242 provision for its personnel for their unused annual leaves)

b) Long-term provisions

Liabilities for employee benefits:

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 5.434,42 TL/year as of 30 September 2018 (31 December 2017: 4.732,48 TL/year).

23.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as of 30 September 2018, the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 31 December 2018 provision is calculated based on real discount rate of 4,40% (31 December 2017: 4,43%) assuming 8% annual inflation rate (31 December 2017: 7%). and 12,75% discount rate (31 December 2017: 11,74%).

As of December 31, 2018 and 2017 the movement in the provision for employment termination benefit is as follows:

<u>Long-term Provision for Employee Benefits</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Provision for employment termination benefits	55.033	115.268
Total	55.033	115.268

	<u>01 January- December 31, 2018</u>	<u>01 January- December 31, 2017</u>
As of January 1	115.268	35.797
Service cost	8.005	47.054

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Defined Benefit Plans Re-Measurement Gains / Losses	4.168	53.338
Interest expense	2.450	5.012
Reversals of provisions (-)	(74.858)	(25.934)
As of December 31/December 31	55.033	115.268

Contingent Assets

None (31.12.2017: None).

Gains from real estate investment trust activities are exempted from the corporate tax according to Article 5 / (1) (d) (4) of Corporate Tax Law No: 5520. Consequently, tax provision has not been calculated. (31 December 2017: None.)

23.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, Pledges, Mortgages:

“CPMs” received as of December 31, 2018 are as follows;

	<u>December 31, 2018</u>			
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Letter of guarantees received	497.092	-	-	2.615.151
Collaterals received	-	22.000	7.043.288	7.175.904
Total	497.092	22.000	7.043.288	9.791.055

“CPMs” received as of December 31, 2017 are as follows;

	<u>December 31, 2017</u>			
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Letter of guarantees received	300.832	600.000	1.823.496	5.667.505
Collaterals received	100.000	69.040	7.103.288	7.792.228
Indemnities received	-	-	12.015.120	12.015.120
Total	400.832	669.040	20.941.904	25.474.853

“CPMs” given as of December 31, 2018 are as follows;

	<u>December 31, 2018</u>			
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collaterals	-	-	563.724	563.724
Mortgages	182.200.000	23.340.000	902.220.000	2.001.449.500
Total	182.200.000	23.340.000	902.783.724	2.002.013.224

“CPMs” given as of December 31, 2017 are as follows;

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	December 31, 2017			
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collaterals	-	-	160.533	160.533
Mortgages	123.200.000	23.340.000	923.920.000	1.494.009.850
Total	123.200.000	23.340.000	924.080.533	1.494.170.383

23.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Collaterals/pledges/mortgages ("CPM") position of the Group as of December 31, 2018 and December 31, 2017 is as follows:

<u>CPM's given by the Company</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
1. CPM's given for Company's own legal personality	2.002.013.224	1.494.170.383
- Mortgages	2.001.449.500	1.494.009.850
- Collaterals	563.724	160.533
2. CPM's given on behalf of fully consolidated companies	-	-
3. CPM's given on behalf of third parties for ordinary course of business	-	-
4. Total amount of other CPM's	-	-
- Total amount of CPM's given on behalf of the majority shareholder	-	-
- Total amount of CPM's given on behalf of other Group companies which are not in scope of 2 and 3	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of 3	-	-

The ratio of other CPM's given by the Group to the equities of Group is 0% as of December 31, 2018. (December 31, 2017: 0%)

Total insurance amount of asset values;

Insurance amount on real estates is TL 561.285.852. (31 December 2017: 406.384.710 TL)

24.COMMITMENTS

None (31.12.2017: None).

25.INVESTMENTS VALUED BY EQUITY METHOD

Bilgili Bağımsız Denetim A.Ş.

Member firm of AGN International

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	December 31, 2018		December 31, 2017	
Subsidiaries	%	TL	%	TL
Arı Lojistik'in A.Ş.	50,00	26.149.197	50,00	25.914.744
Total		26.149.197		25.914.744

The movements of investments valued by equity method as of December 31, 2018 and 2017 are as below;

	December 31, 2018	December 31, 2017
As of January 1	25.914.744	38.489.917
Outflows due to the transition of Reysaş Turizm's to Full Consolidation	-	(13.361.523)
Profit / Loss Shares from subsidiaries	2.199.152	1.931.481
Dividends received	(1.964.697)	-
Other	-	(1.145.129)
Total	26.149.197	25.914.744

25.INVESTMENTS VALUED BY EQUITY METHOD (Cont'd)

Financial statement summary of investments valued by equity method as of December 31,2018 and 2017 are as below;

	31 December 2018				
	Total Assets	Total Liabilities	Equity	Revenue	Profit / (Loss)
Arı Lojistik'in A.Ş.	62.238.313	(9.939.915)	52.298.398	6.623.544	4.398.300

	31 December 2017				
	Total Assets	Total Liabilities	Equity	Revenue	Profit / (Loss)
Arı Lojistik'in A.Ş.	58.261.399	(10.410.949)	51.829.491	6.254.773	3.862.962
			31 December 2018	31 December 2017	
Total Assets			62.238.313	62.240.440	
Liabilities			(9.939.915)	(10.410.949)	
Net Assets			52.298.398	51.829.491	
Value of the subsidiary on GYO according to equity method (%50)			26.149.197	25.914.744	

The company, with the resolution of Board of Directors dated February 22, 2011, has purchased Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş.'s, the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., %16,67 of shares with the nominal value of 1.525.305 TL for 4.127.642 TL which is determined by a independent valuation work.

According to the resolution of the Board of Directors as of 28 March 2013, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., that has a nominal value of TL 3.050.000, representing 33.33% of its capital has purchased from Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. over the value of TL 16.836.000 which is determined by the independent company valuation work. After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at

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Arı Lojistik İnş. San.ve Tic. A.Ş.'s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%.

26.INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS)

Details of investment properties as of December 31, 2018 and 2017 are as below;

	December 31, 2018	December 31, 2017
Investment properties	1.934.693.510	1.312.697.803
Investment properties under construction	65.860.061	274.737.000
Total	2.000.553.571	1.587.434.803

Insurance amount on investment property is TL 561.285.852 (31 December 2017: TL 406.384.710).

26.INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS) (Cont'd)

Inactive lands

Location			01.01.2018	Additions	Disposals	Fair Value Difference	31.12.2018
İstanbul	Pendik	Kurna Köyü	16.716.000	-	-	3.715.000	20.431.000
Kocaeli	Çayırova	Akse-12	9.182.000	-	-	680.000	9.862.000
Kocaeli	Kartepe	Uzuntarla-1	342.000	-	-	16.000	358.000
Kocaeli	Kartepe	Maşukiye	1.784.000	-	-	396.000	2.180.000
Kocaeli	Kartepe	Uzuntarla-2	1.985.000	-	-	441.000	2.426.000
Sakarya	Arifiye	Yukarıkirezce-1	7.843.000	-	-	1.400.000	9.243.000
Samsun	Çarşamba	Irmaksırtı	2.250.000	-	-	2.476.000	4.726.000
Düzce	Merkez	Darıcı	3.413.000	-	-	750.000	4.163.000
Ankara	Gölbaşı	Oğulbey	3.976.000	-	-	477.000	4.453.000
Kastamonu	Merkez	Kuzeykent	2.605.000	-	-	607.000	3.212.000
Kocaeli	Gebze	Muallimköy	8.190.000	-	-	457.000	8.647.000
Ankara	Kahramankazan	Saray(2)	-	10.200.784	-	1.956.216	12.157.000
Ankara	Çankaya	Lodumu(1)	-	2.817.227	-	(1.524.717)	1.292.510
İstanbul	Tuzla	Orhanlı	2.263.000	-	-	333.000	2.596.000
Total Lands			60.549.000	13.018.011	-	12.179.499	85.746.510

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26.INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS) (Cont'd)

Buildings (including lands)

Location			01.01.2018	Additions	Disposals	Transfer	Fair Value Difference	31.12.2018
Adana	Seyhan	Sarıhamzalı	19.648.000	-	-	-	1.275.000	20.923.000
Adana	Yüreğir	Dağcı	16.226.000	-	-	-	2.299.000	18.525.000
Ankara	Kazan	Orhaniye	14.343.000	-	-	-	525.000	14.868.000
Eskişehir	Odunpazarı	OSB	4.338.000	-	-	-	969.000	5.307.000
Giresun	Tirebolu	İstiklal	3.334.000	-	-	-	581.000	3.915.000
Giresun	Bulancak	Pazarsuyu	7.354.000	-	-	-	536.000	7.890.000
İstanbul	Tuzla	Orhanlı-2	52.226.000	68.761	-	-	8.773.239	61.068.000
İstanbul	Tuzla	Orhanlı-4	93.016.000	16.907	-	-	16.275.093	109.308.000
İstanbul	Arnavutköy	Ömerli	17.365.000	-	-	-	2.853.000	20.218.000
İzmir	Torbalı	Torbalı**	26.550.000	-	-	-	-	26.550.000
Kocaeli	Çayırova	Akse-2	47.185.000	443.837	-	-	1.731.163	49.360.000
Kocaeli	Çayırova	Akse-1+7+10	133.140.000	1.561.968	-	-	6.854.032	141.556.000
Kocaeli	Çayırova	Akse-5*****	14.400.000	-	-	-	-	14.400.000
Kocaeli	Çayırova	Akse-3	55.345.000	113.680	-	-	9.042.320	64.501.000
Ordu	Ünye	Yüceler	7.663.000	-	-	-	2.360.000	10.023.000
Sakarya	Arifiye	Yukarıkirezce-2	2.850.000	-	-	-	330.000	3.180.000
Samsun	Terme	Söğütlü	4.022.000	-	-	-	429.000	4.451.000
Samsun	Çarşamba	Epçeli	4.300.000	-	-	-	462.000	4.762.000
Samsun	Çarşamba	Dikbiyık***	16.043.000	-	-	-	-	16.043.000
Düzce	Merkez	Arapçiftliği	4.950.000	-	-	-	539.000	5.489.000
Düzce	Akçakoca	Çiçekpınar	2.870.000	-	-	-	531.000	3.401.000
Kocaeli	Kartepe	Uzuntarla-3	8.638.000	-	-	-	486.000	9.124.000
Kocaeli	Çayırova	Akse-9	112.274.000	-	-	-	23.576.000	135.850.000
Kocaeli	Çayırova	Akse-6	21.344.000	-	-	-	1.762.000	23.106.000
Antalya	Kepez	Sütçüler	9.253.000	-	-	-	1.000	9.254.000
İstanbul	Üsküdar	Bulgurlu-2	14.038.000	-	-	-	2.072.000	16.110.000
Kocaeli	Çayırova	Akse-8	9.971.804	-	-	-	1.924.196	11.896.000
Bolu	Merkez	Saraycık	16.105.000	879.087	(826.160)	-	1.719.073	17.877.000
Sakarya	Arifiye	Yukarıkirezce-3	4.790.000	-	-	-	1.195.000	5.985.000
Antalya	Serik	Çandır-1,Çandır-2	67.358.000	-	-	-	7.330.000	74.688.000
Sakarya	Arifiye	Hanlıköy	12.006.000	-	-	-	1.193.000	13.199.000
İzmir	Menderes	Görece-3	18.932.000	-	-	-	3.688.000	22.620.000
Antalya	Kumluca	Sarıkaya	11.097.000	-	-	-	645.000	11.742.000
Ankara	Kahramankazan	Saray	18.205.000	-	-	-	59.000	18.264.000
Adana	Sarıçam	Suluca	13.589.000	-	-	-	1.761.000	15.350.000
İstanbul	Tuzla	Orhanlı-5	102.400.000	19.392	-	-	16.562.608	118.982.000
Eskişehir	Tepebaşı	Eskibağlar	47.860.000	-	-	-	5.979.000	53.839.000
İstanbul	Üsküdar	Bulgurlu-1*	8.947.000	-	-	-	-	8.947.000
Kocaeli	Çayırova	Akse-11	89.741.000	92.163	-	-	13.361.838	103.195.000

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İzmir	Menderes	Görece-4	43.730.000	-	-	-	8.800.000	52.530.000
İstanbul	Esenyurt	Esenyurt	-	-	-	105.009.408	18.496.592	123.506.000
İstanbul	Tuzla	Tepeören	-	-	-	170.454.884	84.234.116	254.689.000
Kocaeli	Çayırova	Akse-12	-	-	-	52.337.914	13.805.086	66.143.000
Adana	Sarıçam	Suluca-2	-	-	-	21.396.178	11.965.822	33.362.000
Kocaeli	Çayırova	Akse-14	28.672.000	-	-	(28.672.000)	-	-
Kocaeli	Çayırova	Akse 13	11.902.000	-	-	(11.902.000)	-	-
Kastamonu	Merkez	Kuzeykent(1)	-	3.000.000	-	-	1.332.000	4.332.000
Karabük	Merkez	Çerçiler(1)	-	1.500.000	-	-	289.500	1.789.500
Bartın	Merkez	Balamba(1)	-	1.300.000	-	-	35.000	1.335.000
Kastamonu	Tosya	Dilküşah(1)	-	400.000	-	-	(11.500)	388.500
Eskişehir	Sivrihisar	Kurşunlu(1)	-	350.000	-	-	22.000	372.000
Erzincan	Hilton Bina	-	34.128.000	-	-	-	606.000	34.734.000
Total Buildings			1.252.148.804	9.745.794	(826.160)	308.624.385	279.254.177	1.848.947.000
Total Buildings and Lands			1.312.697.803					1.934.693.510

26.INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS) (Cont'd)

Investment properties underconstruction projects

Locations			01.01.2018	Additions	Disposals	Transfer	Fair Value Difference	31.12.2018
İstanbul	Esenyurt	Esenyurt	101.161.000	3.848.408	-	(105.009.408)	-	-
İstanbul	Tuzla	Tepeören	114.352.000	56.102.884	-	(170.454.884)	-	-
Kocaeli	Çayırova	Akse-12	37.770.000	14.567.914	-	(52.337.914)	-	-
Adana	Sarıçam	Suluca-2	7.339.000	14.057.178	-	(21.396.178)	-	-
İzmir	Menderes	Görece	14.115.000	570.372	-	-	3.935.628	18.621.000
Kocaeli	Çayırova	Akse-15	-	1.437.347	-	28.672.000	3.708.653	33.818.000
Kocaeli	Çayırova	Akse 13	-	300.346	-	11.902.000	664.654	12.867.000
Other	-	-	-	554.061	-	-	-	554.061
			274.737.000	91.438.511	-	(308.624.385)	8.308.935	65.860.061

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26.INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS) (Cont'd)

INVESTMENT PROPERTIES			01.01.2017	Inflows arising from purchasing subsidiaries	Additions	Fair Value Difference	Transfer	Disposal	31.12.2017
İstanbul	Pendik	Kurna Köyü	15.230.000	-	-	1.486.000	-	-	16.716.000
Kocaeli	Çayırova	Akse-12	6.961.000	-	-	2.221.000	-	-	9.182.000
Kocaeli	Kartepe	Uzuntarla-1	313.000	-	-	29.000	-	-	342.000
Kocaeli	Kartepe	Maşukiye	1.685.000	-	-	99.000	-	-	1.784.000
Kocaeli	Kartepe	Uzuntarla-2	1.875.000	-	-	110.000	-	-	1.985.000
Sakarya	Arifiye	Yukarıkirezce-1	6.722.000	-	-	1.121.000	-	-	7.843.000
Samsun	Çarşamba	Irmaksırtı	4.501.000	-	-	(2.251.000)	-	-	2.250.000
Düzce	Merkez	Darıcı	7.042.000	-	-	(3.629.000)	-	-	3.413.000
İstanbul	Tuzla	Tepeören	58.137.000	-	-	-	(58.137.000)	-	-
Kocaeli	Çayırova	Akse-12	19.938.000	-	-	-	(19.938.000)	-	-
Ankara	Gölbaşı	Oğulbey	3.976.000	-	-	-	-	-	3.976.000
Kocaeli	Gebze	Muallimköy	7.173.000	-	-	1.017.000	-	-	8.190.000
Kastamonu	Merkez	Kuzeykent	1.997.000	-	-	608.000	-	-	2.605.000
Adana	Seyhan	Sarıhamzalı	18.854.000	-	-	794.000	-	-	19.648.000
Adana	Yüreğir	Dağcı	14.700.000	-	-	1.526.000	-	-	16.226.000
Ankara	Kazan	Orhaniye	12.743.000	-	-	1.600.000	-	-	14.343.000
Eskişehir	Odunpazarı	OSB	3.703.000	-	-	635.000	-	-	4.338.000
Giresun	Tirebolu	İstiklal	3.120.000	-	-	214.000	-	-	3.334.000
Giresun	Bulancak	Pazarsuyu	6.375.000	-	-	979.000	-	-	7.354.000
İstanbul	Tuzla	Orhanlı-2	49.837.000	-	-	2.389.000	-	-	52.226.000
İstanbul	Tuzla	Orhanlı-4	88.632.000	-	-	4.384.000	-	-	93.016.000
İstanbul	Arnavutköy	Ömerli	13.551.000	-	47.739	3.766.261	-	-	17.365.000
İzmir	Torbalı	Torbalı**	26.550.000	-	-	-	-	-	26.550.000
Kocaeli	Çayırova	Akse-2	34.979.000	-	546.674	11.659.326	-	-	47.185.000
Kocaeli	Çayırova	Akse-1+7+10	106.657.000	-	797.221	25.685.779	-	-	133.140.000
Kocaeli	Çayırova	Akse-5*****	16.491.000	-	14.400.000	-	-	(16.491.000)	14.400.000
Kocaeli	Çayırova	Akse-3	53.001.000	-	-	2.344.000	-	-	55.345.000
Ordu	Ünye	Yüceler	8.016.000	-	-	(353.000)	-	-	7.663.000
Sakarya	Arifiye	Yukarıkirezce-2	2.460.000	-	-	390.000	-	-	2.850.000
Samsun	Terme	Söğütlü	3.698.000	-	-	324.000	-	-	4.022.000
Samsun	Çarşamba	Eçeli	3.808.000	-	-	492.000	-	-	4.300.000
Samsun	Çarşamba	Dikbiyık***	16.043.000	-	-	-	-	-	16.043.000
Düzce	Merkez	Arapçiftliği	4.423.000	-	-	527.000	-	-	4.950.000
Düzce	Akçakoca	Çiçekpınar	2.636.000	-	-	234.000	-	-	2.870.000

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Kocaeli	Kartepe	Uzuntarla-3	6.701.000	-	-	1.937.000	-	-	8.638.000
Kocaeli	Çayırova	Akse-9	98.645.000	-	-	13.629.000	-	-	112.274.000
Kocaeli	Çayırova	Akse-6	17.891.000	-	-	3.453.000	-	-	21.344.000
Antalya	Kepez	Sütçüler	9.154.000	-	-	99.000	-	-	9.253.000
İstanbul	Üsküdar	Bulgurlu-2	13.874.000	-	-	164.000	-	-	14.038.000
Kocaeli	Çayırova	Akse-8	7.789.000	-	-	2.182.804	-	-	9.971.803
Bolu	Merkez	Saraycık	15.715.000	-	-	351.000	-	-	16.105.000
Sakarya	Arfiye	Yukarıkirezce-3	9.115.000	-	-	(4.325.000)	-	-	4.790.000
Antalya	Serik	Çandır-1	30.355.581	-	-	(2.816.581)	-	-	27.539.000
Sakarya	Arifiye	Hanlıköy	11.810.000	-	-	196.000	-	-	12.006.000
İzmir	Menderes	Görece-3	15.185.000	-	-	3.747.000	-	-	18.932.000
Antalya	Kumluca	Sarıkaya	13.892.000	-	-	(2.795.000)	-	-	11.097.000
Ankara	Kahramankazan	Saray	17.248.000	-	-	957.000	-	-	18.205.000
Adana	Sarıçam	Suluca	9.716.000	-	-	3.873.000	-	-	13.589.000
Antalya	Serik	Çandır-2	43.891.419	-	-	(4.072.419)	-	-	39.819.000
İstanbul	Tuzla	Orhanlı-5	110.582.000	-	14.342	(8.196.342)	-	-	102.400.000
Eskişehir	Tepebaşı	Eskibağlar	38.883.000	-	-	8.977.000	-	-	47.860.000
İstanbul	Üsküdar	Bulgurlu-1*	8.947.000	-	-	-	-	-	8.947.000
Kocaeli	Çayırova	Akse-15****	-	-	22.767.434	5.904.566	-	-	28.672.000
İzmir	Menderes	Görece-4	-	-	-	4.948.456	38.781.544	-	43.730.000
Kocaeli	Çayırova	Akse 13	-	-	11.909.424	(7.424)	-	-	11.902.000
Kocaeli	Çayırova	Akse-11	-	-	-	19.313.100	70.427.900	-	89.741.000
İstanbul	Tuzla	Orhanlı	-	1.931.000	-	332.000	-	-	2.263.000
Erzincan	Hilton Bina	-	-	29.670.737	-	4.457.263	-	-	34.128.000
Total			1.105.260.000	31.601.737	50.482.834	110.709.789	31.134.443	(16.491.000)	1.312.697.803

26. INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS) (Cont'd)

Investment properties under constructions			01.01.2017					31 Aralık 2017
31 December 2017			Fair Value	Disposal	Additions	Transfer	Fair Value Difference	Fair Value
Kocaeli	Çayırova	Akse-11	56.490.000	-	13.937.900	(70.427.900)	-	-
İstanbul	Esenyurt	Esenyurt	55.149.000	-	31.460.371	-	14.551.629	101.161.000
İzmir	Menderes	Görece	38.764.000	-	17.544	(38.781.544)	-	-
İzmir	Menderes	Görece	12.311.000	-	637.053	-	1.166.947	14.115.000
İstanbul	Tuzla	Tepeören	-	-	46.315.242	58.137.000	9.899.758	114.352.000
Kocaeli	Çayırova	Akse-12	-	-	20.759.109	19.938.000	(2.927.109)	37.770.000
Adana	Sarıçam	Suluca-2	-	-	6.459.602	-	879.398	7.339.000
Toplam			162.714.000	-	119.586.820	(31.134.443)	23.570.623	274.737.000

27. TANGIBLE FIXED ASSETS

The movements of fixed assets and depreciation as of December 31, 2018 and 2017 are as below;

31 December 2018

Cost	01.01.2018	Additions	Disposals	31.12.2018
Machinery and equipment	24.526.183	19.082.527	-	43.608.710
Motor vehicles	49.194	-	-	49.194
Furniture and fixtures	5.790.026	221.121	-	6.011.147
Total	30.365.403	19.303.648	-	49.669.051

Accumulated Depreciation

Machinery and equipment	5.462.946	3.536.138	-	8.999.085
Motor vehicles	44.783	4.411	-	49.194
Furniture and fixtures	2.841.760	964.896	-	3.806.656
Total	8.349.486	4.505.445	-	12.854.935

Net book value	22.015.917	36.814.116
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31 December 2017

Cost	01.01.2017	Additions	Disposals	Additions arising from purchase of subsidiaries	31.12.2017
Machinery and equipment	14.417.176	7.737.347	-	2.371.660	24.526.183
Motor vehicles	-	-	-	49.194	49.194
Furniture and fixtures	729.886	31.810	(10.100)	5.038.430	5.790.026
Total	15.147.062	7.769.157	(10.100)	7.459.284	30.365.403
Accumulated Depreciation					
Machinery and equipment	2.731.708	2.399.464	-	331.774	5.462.946
Motor vehicles	-	16.396	-	28.386	44.783
Furniture and fixtures	131.540	1.033.650	(4.293)	1.680.862	2.841.760
Total	2.863.248	3.449.510	(4.293)	2.041.023	8.349.486
Net book value	12.283.814				22.015.917

28. INTANGIBLE FIXED ASSETS

None (31.12.2017: None).

29. EQUITY

a) Paid in Capital

The capital structure of the company as of December 31, 2018 and 2017 are as below;

Capital Structure	31 December 2018	Partnership interest (%)	31 December 2017	Partnership interest (%)
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	152.381.690	61,94	152.381.690	61,94%
Publicly held part	93.618.300	38,06	93.618.300	38,06%
Other	11	0,00	11	0,00%
Paid in Capital	246.000.001	100	246.000.001	100,00%

As of 31 December 2018, the Company's issued capital is TL 246.000.001.

Pursuant to the decision taken at the 2014 Ordinary General Assembly held on 29 May 2015, the Company decided to increase the issued capital from TL 240.000.000 to TL 246.000.001, all of which will be covered by 2014 profit. Thus, the Company's paid-in capital has increased from TL 240.000.000 to TL 246.000.001.

b) Repurchased shares / Profit arising from repurchasing of shares

The Company has decided to repurchase the company shares on the date of 27.11.2012 within the framework of the Principles of the Capital Markets Board and it has been announced on Public Disclosure Platform (KAP).

The details of repurchasing of shares are as below;

Repurchases	Purchase date	Purchase number	Purchase unit price (TL)	Purchase amount (TL)
1. Purchase	12.11.2012	58.979	0,73	43.055
2. Purchase	04.02.2013	393.500	0,70	275.450

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3. Purchase	11.02.2013	453.912	0,69	313.200
	11.02.2013	252.347	0,70	176.642
4. Purchase	15.02.2013	341.262	0,70	238.883
Total				1.047.230

c) Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss

Gains / Losses on revaluation and reclassification

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Opening balance from previous period	99.075.327	89.752.887
Inflows arising from purchase of subsidiary	-	9.322.440
Total	99.075.327	99.075.327

29.EQUITY (Cont'd)

Actuarial gain/(loss) arising from defined benefit plans

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Opening balance from previous period	(29.278)	24.060
Actuarial gain / (loss)	(4.168)	(53.338)
Total	(33.446)	(29.278)

d) Restricted Reserves

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Legal Reserves	6.516.173	6.516.173
Reserves for repurchasing of shares	1.047.230	1.047.230
Total	7.563.403	7.563.403

(*) The Company has allocated TL 661,067 from the profit in 2014, TL 1,304,261 from the profit in 2013, TL 1,675,864 from the profit in 2012, TL 2,313,491 from the profit in 2011, TL 489,611 from the profit in 2010, TL 47,643 from the profit in 2009 and 24,236 from the profit in 2008. Total of TL 6,516,173 of legal reserves is allocated.

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(**) In accordance with Article 520 of the Turkish Commercial Code no. 6102 and the Capital Markets Board Communiqué No. 2-22.1, the Company has allocated reserves for the shares that the Company has bought back.

e) Prior Year's Profit

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Opening balance	489.975.941	353.239.632
Prior year's profit / loss (-)	105.578.390	131.380.940
Inflows arising from purchase of subsidiary	-	5.355.369
Total	<u>595.554.331</u>	<u>489.975.941</u>

29.EQUITY (Cont'd)

f) Effects of Combinations of Entities or Businesses Under Common Control

The details of the account as of December 31,2018 and 2017 are as below;

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Effects of Combinations of Entities or Businesses Under Common Control (Not: 3)	(9.363.451)	(9.363.451)
Total	<u>(9.363.451)</u>	<u>(9.363.451)</u>

30.REVENUE AND COST OF SALES

	<u>01.01- 31.12.2018</u>	<u>01.01- 31.12.2017</u>
<u>Sales Revenues (net)</u>		
Rental income	165.286.737	105.170.909
Other income	15.760.837	8.438.342
Sales Return (-)	(14.945.516)	(1.088.658)
Total Income	<u>166.102.058</u>	<u>112.520.593</u>
Insurance expenses	1.361.211	684.429
Amortisation and depreciation expenses	4.505.446	3.449.510
Maintenance and repair expenses	7.414.207	2.161.434
Electricity expenses	6.116.375	4.270.421
Taxes, duties and charges	2.457.177	2.384.478
Reporting and expertise expenses	170.701	127.066
Other	1.881.347	1.806.635
Total Cost	<u>23.906.464</u>	<u>14.883.973</u>
Gross Profit	<u>142.195.594</u>	<u>97.636.620</u>

31.GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSE

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General administrative expense (-)	01.01 - 31.12.2018	01.01 – 31.12.2017
Personnel expenses	1.250.549	755.985
Maintenance and repair expenses	5.088	96.350
Taxes, duties and charges	380.618	496.896
Consultancy expenses	108.363	82.853
CMB registry expenses	-	32.616
Electricity and water expenses	324.052	126.075
Other	597.462	323.058
Total	2.666.132	1.913.835

Marketing Expenses, Research And Development Expenses

There is no marketing expense and research & development expense as of the reporting year (31.12.2017: None).

32. EXPENSES BY NATURE

Amortization expenses	01.01 - 31.12.2018	01.01 – 31.12.2017
Cost of sales	4.505.446	3.449.510
General administrative expense	-	-
Total	4.505.446	3.449.510

Personnel expenses	01.01 - 31.12.2018	01.01 – 31.12.2017
General administrative expense	1.250.549	755.985
Total	1.250.549	755.985

33. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities

	01.01-31.12.2018	01.01-31.12.2017
Fair value increase	301.345.829	165.882.457
Profit on sale of fixed assets	-	-
Revenues to be invoiced	22.224	594.617
Deferred finance income	627.049	1.578.725
Foreign exchange gains	9.051.080	1.444.311
Other Income	8.218.050	589.930
Total	319.264.232	170.090.040

Other expense from operating activities(-)

	01.01-31.12.2018	01.01-31.12.2017
Provision expenses	727.144	480.190
Foreign exchange loss	4.743.028	1.685.279

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Deferred finance charges	1.328.400	656.524
Expenses to be invoiced	-	47.911
Non-tax deductible expenses	599.373	418.004
Fair value decrease	1.603.217	31.602.045
Sale and lease back current period expense	1.143.910	739.200
Loss on sale of fixed assets	-	202.354
Other expenses	1.151.233	396.513
Total	11.296.305	36.228.020

34. INCOME FROM INVESTMENT ACTIVITIES

None (31.12.2017: None).

35. EXPENSES FROM INVESTMENT ACTIVITIES (-)

	01.01-31.12.2018	01.01-31.12.2017
Loss from sales of financial investment	-	9.280.200
Toplam	-	9.280.200

36. FINANCIAL INCOME

Financial Income

	01.01-31.12.2018	01.01-31.12.2017
Interest income	13.847.358	4.733.232
Foreign exchange gains	191.731.514	17.430.706
Total	205.578.872	22.163.938

37. FINANCIAL EXPENSES

Financial Expense

	01.01-31.12.2018	01.01-31.12.2017
Interest expense (-)	107.625.794	78.739.444
Foreign exchange losses(-)	335.337.075	59.676.295
Commission expense (-)	964	1.285
Total	442.963.833	138.417.024

38. DISCONTINUED OPERATIONS

None (31.12.2017: None).

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39.TAX ASSETS AND LIABILITIES

Corporate Taxes

Gains from real estate investment trust activities are exempted from the corporate tax according to Article 5 / (1) (d) (4) of Corporate Tax Law No: 5520. Consequently, tax provision has not been calculated. (31 December 2017: None.)

According to Article 15 / (3) of KVK, a 15% tax deduction is made on the income exempted from corporate tax.

The deferred tax, which arises from the timing differences between the financial statements of the Group's subsidiaries and the financial statements prepared in accordance with TFRS, is reflected in the consolidated financial statements.

39.TAX ASSETS AND LIABILITIES (Cont'd)

The tax rate used in the calculation of deferred tax for the Subsidiary is 20%.

Deferred Tax Asset	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
Unearned finance income	200.556	284.156	40.111	56.831
Interest Accrual	62.317	62.824	12.463	12.565
Amortisation differences of investment property,	111.353	507.865	22.271	101.573
Other	5.989	29.947	1.198	5.989
Total	380.215	884.792	76.043	176.958
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of tangible and intangible assets	(380.250)	(339.646)	(76.050)	(67.929)
Unearned finance expense	(686)	(879)	(137)	(176)
Difference between the tax base and carrying amount of investment property	(16.421.742)	(15.482.741)	(1.642.174)	(1.548.274)
Other	(5.081)	(5.081)	(1.016)	(1.016)
Total	(16.807.759)	(15.828.347)	(1.719.378)	(1.617.395)
Deferred tax assets / liabilities, net			(1.643.335)	(1.440.437)
Current Year Deferred Tax Expense			(202.897)	(1.440.437)
Deferred tax liability accounted under equity resulting from actuarial gain / loss			-	1.035.827
Current Year Deferred Tax Benefit			(202.897)	(404.610)

40.EARNINGS PER SHARE

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	01 January- December 31, 2018	01 January- December 31, 2017
Net Profit / (Loss)	212.108.681	105.578.390
Weighted average number of ordinary shares	246.000.001	246.000.001
Basic and diluted earnings / (loss) per share	0,8622	0,4292

41. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and equity items including the previous year earnings as specified in note 8.

41. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

a) Capital Risk Management

Board of Directors of the Group periodically examines its capital structure. The board evaluates the risks associated with each capital class together with the capital cost. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt on the redemption of existing debt.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities are counted by cash and cash equivalents minus total liabilities which appear in balance sheet.

Group strategy is as the as the previous year. Equity to debts ratio as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Total Financial Liabilities	1.091.017.952	875.902.033
Cash and Cash Equivalents (-)	(94.433.374)	(137.571.615)
Net Debt	996.584.578	738.330.418
Total equity	1.149.857.616	937.753.103
Net debt / Total capital	0,87	0,79

Group management aims to achieve higher profitability and equity levels in order to manage existing debts.

Group strategy is similar to previous year.

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

b.1) Credit Risk

Financial losses due to Group's receivables and financial assets which could result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Group tries to decrease credit risk by conducting operations with confidential parties and attaining enough collateral. Trade receivables are due from a wide range of customers rather than a narrow customer portfolio.

b.2) Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Any changes did not occur in the current year in the methods of management and measurement of market risk exposed by the Group and the risks exposed compare to the previous year.

41.FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

b.3) Foreign Exchange Risk Management

Foreign currency denominated transactions cause foreign currency risk. Foreign exchange risk is managed with currency purchase/sale contracts which are based on approved policy. The distribution of carrying amount of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the balance sheet date is as follows:

Foreign currency sensitivity

Current Year

	Profit / Loss	
	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	(34.686.440)	34.686.440
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	(34.686.440)	34.686.440
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	(32.854.929)	32.854.929
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	(32.854.929)	32.854.929
Total (3+6)	(67.541.369)	67.541.369

Foreign currency sensitivity

Prior Year

Profit / Loss

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	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	(14.237.934)	14.237.934
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	(14.237.934)	14.237.934
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	(19.415.656)	19.415.656
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	(19.415.656)	19.415.656
Total (3+6)	(33.653.590)	33.653.590

41.FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Foreign currency position

December 31, 2018	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	3.869.635	706.589	25.272
2a. Monetary financial assets (Includes cash in hand and bank accounts)	83.539.764	15.778.745	87.817
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	87.409.399	16.485.334	113.090
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	87.409.399	16.485.334	113.090
9. Trade payables	38.442.514	5.972.455	1.164.902
10. Financial liabilities	207.797.433	22.387.422	14.933.551
11. Monetary other liabilities	-	-	-
12. Short-term Liabilities	246.239.947	28.359.877	16.098.453
13. Financial liabilities	516.583.137	54.057.977	38.518.501
14. Long-term Liabilities	516.583.137	54.057.977	38.518.501
15. Total Liabilities (12+14)	762.823.085	82.417.854	54.616.954
16. Foreign currency position (net)	(675.413.686)	(65.932.520)	(54.503.864)
17. Monetary Foreign currency position (net)	(675.413.686)	(65.932.520)	(54.503.864)

December 31, 2017	TL Equivalent (Functional Currency)	USD	EUR
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1. Trade receivables	5.481.377	1.402.488	42.372
2a. Monetary financial assets (Includes cash in hand and bank accounts)	80.873.252	7.962.443	11.258.934
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	86.354.629	9.364.930	11.301.306
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	86.354.629	9.364.930	11.301.306
9. Trade payables	1.079.668	61.572	187.671
10. Financial liabilities	119.221.552	15.880.067	13.137.754
11. Monetary other liabilities	-	-	-
12. Short-term Liabilities	120.301.220	15.941.639	13.325.424
13. Financial liabilities	302.589.310	31.170.671	40.973.681
14. Long-term Liabilities	302.589.310	31.170.671	40.973.681
15. Total Liabilities (12+14)	422.890.530	47.112.310	54.299.105
16. Foreign currency position (net)	(336.535.902)	(37.747.379)	(42.997.799)
17. Monetary Foreign currency position (net)	(336.535.902)	(37.747.379)	(42.997.799)
41. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)			

b.3) Interest rate risk management

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings. The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings.

The Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate sensitivity

		31.12.2018	31.12.2017
Fixed Interest			
	Financial assets and liabilities designated as at fair value through profit or loss	-	-
Financial Assets	Cash and cash equivalents	104.200.212	28.131.066
Financial Liabilities		18.679.466	687.339.594
Floating Interest			
Financial Liabilities		194.280.034	188.562.439

Details of credit and receivable risk are as follows:

December 31, 2018		Receivables		Cash and Cash Equivalents
	Trade receivables from	Other receivables from		
	Related	Other	Related	Other
				Deposit in

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	parties		parties		bank
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	9.275.400	24.417.890	700.000	558.654	94.433.374
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	9.275.400	24.417.890	700.000	558.654	94.433.374
B. Carrying value of financial assets that are past due but not impaired	-	22.585.489	-	4.394	19.536.529
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	1.953.739	-
- Impairment (-)	-	-	-	(1.953.740)	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

41.FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

December 31, 2017

	Receivables		Cash and Cash Equivalents	
	Trade receivables from		Other receivables from	
	Related parties	Other	Related parties	Other
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	6.252.364	13.445.609	13.297.789	520.933
- Secured portion of the maximum credit risk by guarantees (*)	-	-	12.015.120	-
A. Net book value of financial assets that are neither past due nor impaired (2)	6.252.364	13.445.609	13.297.789	520.933
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-
- Not overdue (gross amount)	-	-	-	1.953.740
- Impairment (-)	-	-	-	(1.953.740)
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-

Details of credit and receivable risk are as follows:

(1)Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

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(2) All trade receivables consist of receivables from customers and receivables without notes. The Group management anticipates that there will be no problems in the collection of related amounts, taking into account its past experience

(3) Impairment tests were made within the framework of the Group's receivables from customers and the bad debt policy of the management.

b.2) Liquidity Risk

The primary responsibility belongs to the board of directors regarding the liquidity risk management. Board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following schedules detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The schedules have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The schedule includes the interests to be paid on the said liabilities.

41.FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

The analysis of the Group's financial liabilities with respect to their maturities is as follows:

Current Year

<u>Contractual cash outflows</u>	Carrying value	<u>Contractual cash outflows</u>	1-3 months	4-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	1.119.625.234	1.318.238.059	114.082.241	313.070.668	837.216.445	53.868.705
Bank Loans	1.007.664.201	1.190.611.799	94.338.068	271.610.662	770.794.479	53.868.590
Other Financial Liabilities	83.353.751	98.512.173	7.318.185	25.225.171	65.968.702	115
Trade Payables	10.211.428	10.264.969	10.264.969	-	-	-
Other Payables	18.395.854	18.849.118	2.161.019	16.234.835	453.264	-

Prior Year

<u>Contractual cash outflows</u>	Carrying value	<u>Contractual cash outflows</u>	1-3 months	4-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	952.493.475	1.169.372.464	116.049.791	243.006.710	720.532.761	89.783.202
Bank Loans	798.149.879	992.321.859	51.420.119	207.852.614	643.265.924	89.783.202
Other Financial Liabilities	77.752.154	100.021.260	3.866.498	19.859.336	76.295.426	-
Trade Payables	60.236.851	60.674.754	59.131.673	1.543.081	-	-
Other Payables	16.354.591	16.354.591	1.631.501	13.751.679	971.411	-

42.FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein

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are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial Assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term. The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Financial Liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

42.FINANCIAL INSTRUMENTS

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of December 31, 2018 is as follows:

31 December 2018 Financial assets carried at fair value in statement of financial position

<u>Financial Assets</u>	<u>31.12.2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment Properties	2.000.553.571	-	2.000.553.571	-

31 December 2017 Financial assets carried at fair value in statement of financial position

<u>Financial Assets</u>	<u>31.12.2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment Properties	1.587.434.803	-	1.587.434.803	-

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
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31 DECEMBER 2018

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
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31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

43. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

31 December 2018:

As of 1 January 2019, the retirement pay provision ceiling amounting increased from TL 5.434,42 to TL 6.017,60.

December 31, 2017:

As of 1 January 2018, the retirement pay provision ceiling amounting increased from TL 4.732,48 to TL 5.001,76.

44. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT

The financial statements were approved by the Company's Board of Directors on February 15, 2019 for publication in Public Disclosure Platform (KAP). Although this is not the intention, the Company Management and certain regulatory bodies have the authority to amend the statutory financial statements after they are published.