

**REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ AND
SUBSIDIARIES**

**FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT
PERIOD ENDED ON 1 JANUARY 2020 - 31 DECEMBER 2020**

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REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. and SUBSIDIARIES

INDEPENDENTLY AUDITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

ASSETS	Footnote	Current Period 31 December 2020	Previous Period 31 December 2019
Current Assets		259,611,947	68,688,966
Cash and Cash Equivalents	7	223,048,020	43,154,749
Account Receivables		20,649,956	14,824,703
-Account Receivables from Related Parties	6	6,192,620	4,526,939
-Account Receivables from Non-related Parties	11	14,457,336	10,297,764
Other Receivables		596,851	809,796
-Other Receivables from related parties	6	-	395,037
-Other Receivables from non-related parties	13	596,851	414,759
Inventories	16	171,708	-
Prepaid Expenses		5,298,412	6,226,010
-Prepaid Expenses to Related Parties	6	18,181	151,649
-Prepaid Expenses to Non-Related Parties	18	5,280,231	6,074,361
Assets Related with Current Period Tax	21	1,171,406	620,262
Other Current Assets		8,675,594	3,053,446
- Other Current Assets from Related Parties	6	-	-
-Other Current Assets from Non-related Parties	22	8,675,594	3,053,446
Fixed Assets		3,229,376,004	2,728,971,601
Other Receivables		3,250	3,250
-Other Receivables from related parties	6	-	-
-Other Receivables from non-related parties	13	3,250	3,250
Inventories	16	56,897,916	56,897,916
Investments Valued by Equity Method	25	29,678,582	26,443,169
Investment Properties	26	2,968,990,000	2,504,373,099
Investment Properties in the Project Stage	26	98,071,457	91,243,823
Tangible Fixed Assets	27	75,305,332	48,429,197
-Plant, Machinery and Equipment	27	73,266,371	46,812,288
-Vehicles	27	109,819	-
-Furniture and Fixture	27	1,866,715	1,616,909
-Special Costs		62,427	-
Intangible Fixed Assets	28	-	-
Prepaid Expenses		307,385	1,451,296
-Prepaid Expenses to Related Parties	6	-	-
-Prepaid Expenses to Non-Related Parties	18	307,385	1,451,296
Deferred Tax Asset	39	122,082	129,851
TOTAL ASSETS		3,488,987,951	2,797,660,567

The following footnotes form an integral part of the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. and SUBSIDIARIES

INDEPENDENTLY AUDITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

RESOURCES	Footnote	Current Period 31 December 2020	Previous Period 31 December 2019
Short-Term Liabilities		616,459,288	464,634,486
Short-Term Borrowing	9	68,066,138	48,352,918
-Short-Term Borrowings from Non-Related Parties		68,066,138	48,352,918
--Bank Loans (Short-term)	9	68,066,138	48,352,918
-- Liabilities due to Financial Leasing Transactions (Short-term)	9	-	-
Short-Term Portions of Long-Term Borrowings	8	483,524,274	384,932,167
-Short-Term Parts of the Long-Term Borrowings from Non-Related Parties		483,524,274	384,932,167
--Bank Loans		437,482,804	351,540,214
--Liabilities due to Financial Leasing Transactions		46,041,470	33,391,953
Account Payables		48,052,413	13,491,553
-Trade Payables to Related Parties	6	43,765,606	8,271,471
-Trade Payables to Non-Related Parties	11	4,286,807	5,220,082
Liabilities under the Employee Benefits	14	301,241	56,647
Other Payables		10,709,377	14,474,514
-Other Liabilities to Related Parties	6	2,842,624	4,720,320
-Other Liabilities to Non-Related Parties	13	7,866,753	9,754,194
Deferred Incomes (Other Than Liabilities Arisen out of Customer Contracts)		1,372,590	1,062,946
-Deferred Incomes from Related Parties (Other Than Liabilities Arisen out of Customer Contracts)	6	-	-
Deferred Incomes from Non-related Parties (Other Than Liabilities Arisen out of Customer Contracts)	18	1,372,590	1,062,946
Period Profit Tax Liability	39	-	-
Short-Term Provisions		4,433,255	2,263,741
-Provisions for Employee Benefits	23	78,030	10,386
-Other Short-Term Provisions	23	4,355,225	2,253,355
Long-Term Liabilities		764,821,627	634,490,780
Long-Term Borrowings	9	761,685,324	630,807,222
-Long-Term Borrowings from Non-Related Parties		761,685,324	630,807,222
--Bank Loans	9	731,241,021	590,568,151
--Liabilities due to Financial Leasing Transactions	9	30,444,303	40,239,071
Other Payables		-	130,540
-Other Liabilities to Related Parties	6	-	-
-Other Liabilities to Non-Related Parties	13	-	130,540
Deferred Incomes (Other Than Liabilities Arisen out of Customer Contracts)	18	13,250	779,296
-Deferred Incomes from Related Parties (Other Than Liabilities Arisen out of Customer Contracts)	6	-	-
Deferred Incomes from Non-related Parties (Other Than Liabilities Arisen out of Customer Contracts)	18	13,250	779,296
Long-Term Provisions		311,104	102,857
-Long-Term Provisions for Employee Benefits	23	311,104	102,857
-Other Long-Term Provisions	23	-	-
Deferred Tax Liability	39	2,811,949	2,670,865
OWNERS' EQUITY		2,107,707,036	1,698,535,301
Paid-In Capital	29	246,000,001	246,000,001
Repurchased Shares (-)	29	(1,047,230)	(1,047,230)
Other Comprehensive Incomes or Expenses Not Be Re-Classified in Profit or Loss		99,027,979	99,012,713
--Revaluation and Assessment Gains/ (Losses)	29	99,027,979	99,012,713
—Tangible Fixed Assets Revaluation Increases/Decreases	29	99,075,327	99,075,327
—Re-Assessment Gains (Losses) of Defined Benefit Plans	29	(47,348)	(62,614)
Restricted Reserves Allocated from Profits		7,563,403	7,563,403
--Legal Reserves	29	6,516,173	6,516,173
--Reserves for Re-acquired Shares	29	1,047,230	1,047,230
Effect of Combinations of Jointly Controlled Businesses		(10,633,456)	(9,363,451)
Past Years Profits or Losses	29	1,356,369,865	807,663,012
Net Profit or (Loss) for the Period		410,426,474	548,706,853
TOTAL EQUITY		3,488,987,951	2,797,660,567

The following footnotes form an integral part of the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. and SUBSIDIARIES

INDEPENDENTLY AUDITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

Profit & Loss Statement	Footnote	Current Period 01.01.-31.12.2020	Previous Period 01.01.-31.12.2019
Continued operations			
Revenues	30	264,004,437	215,593,274
Cost of Sales (-)	30	(35,625,954)	(28,339,623)
Gross Profit from Commercial Operations		228,378,483	187,253,651
General Administration Expenses (-)	31	(5,012,099)	(3,004,253)
Marketing, Sales and Distribution Expenses (-)	31	(137,524)	-
Research and Development Expenses (-)	31	-	-
Other Incomes from Main Operations	33	464,524,517	554,327,709
Other Expenses from Main Operations (-)	33	(8,415,411)	(10,401,410)
Main Operating Profit/Loss (-)		679,337,966	728,175,697
Incomes from Investment Operations	34	-	-
Expenses from Investment Operations (-)	35	-	-
Profit/Loss Shares from Investments Valued by Equity Method	25	3,235,411	2,239,390
Operating Profit/(Loss) Before Financing Income (Expense)		682,573,377	730,415,087
Financing Incomes	36	33,008,318	47,517,950
Financing Expenses (-)	37	(304,979,922)	(228,328,504)
Continued Operations Profit/Loss Before Tax		410,601,773	549,604,533
Continued Operations Tax Income/Expense (-)		(175,299)	(897,680)
- Period Tax Income/Expense (-)	39	-	-
- Deferred Tax Income / Expense (-)	39	(175,299)	(897,680)
Period Profit/Loss from the Continued Operations		410,426,474	548,706,853
Suspended Operations Period Profit/Loss (-)		-	-
Period Profit/Loss		410,426,474	548,706,853
Non-Controlling Interests			
Main Partnership Shares			
Profit (Loss) Per Share from Continued Operations	40	1.6684	2.2305
Profit (Loss) Per Share from Suspended Operations		-	-
Period Profit/Loss from the Continued Operations		410,426,474	548,706,853
Other Comprehensive Income Statement		15,266	(29,168)
Items Not To Be Reclassified In The Profit Or Loss	29	15,266	(29,168)
Re-Assessment Gains (Losses) Of Defined Benefit Plans		-	-
Items To Be Reclassified In The Profit Or Loss		-	-
Other Comprehensive Income/Expense		15,266	(29,168)
Total Comprehensive Income		410,441,740	548,677,685
Total Detailed Income Distribution		410,441,740	548,677,685
-Non-Controlling Interests		-	-
-Shares of Parent Partnership		410,441,740	548,677,685

The following footnotes form an integral part of the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. and SUBSIDIARIES

INDEPENDENTLY AUDITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED 31 DECEMBER 2020 AND 31 DECEMBER 2019

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

	Not e	Paid-In Capital	Repurchas ed Shares	Revaluation and Assessment Profits/Losses		Restricted Reserves Allocated from Profits	Effect of Combinations of Jointly Controlled Businesses	Accumulated Profits		Equity Attributable to Parent Partnership	Non- Controlli ng Interests	Shareholder' s Equity Total
				Tangible Fixed Assets Revaluation Increases/Decreases	Re-Assessment Profits/Losses Of Defined Benefit Plans			Accumulated Profits / Losses (-)	Net Period Profit / Loss (-)			
Balance on 1 January 2019	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
Transfers		-	-	-	-	-	-	212,108,681	(212,108,681)	-	-	-
Total Comprehensive Income(Expense)		-	-	-	(29,168)	-	-	-	548,706,853	548,677,685	-	548,677,685
Balance on 31 December 2019	29	246,000,001	(1,047,230)	99,075,327	(62,614)	7,563,403	(9,363,451)	807,663,012	548,706,853	1,698,535,301	---	1,698,535,301
Balance on 31 January 2020	29	246,000,001	(1,047,230)	99,075,327	(62,614)	7,563,403	(9,363,451)	807,663,012	548,706,853	1,698,535,301	---	1,698,535,301
Transfers		-	-	-	-	-	-	548,706,853	(548,706,853)	-	-	-
Total Comprehensive Income(Expense)		-	-	-	15,266	-	-	-	410,426,474	410,441,740	-	410,441,740
Effect of Combinations of Jointly Controlled Businesses		-	-	-	-	-	(1,270,005)	-	-	(1,270,005)	-	(1,270,005)
Balance on 31 December 2020	29	246,000,001	(1,047,230)	99,075,327	(47,348)	7,563,403	(10,633,456)	1,356,369,865	410,426,474	2,107,707,036	-	2,107,707,036

The following footnotes form an integral part of the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. and SUBSIDIARIES
INDEPENDENTLY AUDITED
CONSOLIDATED STATEMENT OF CASH FLOW DATED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

A. CASH FLOWS GENERATED FROM MAIN ACTIVITIES	Note	01.01.- 31.12.2020	01.01.- 31.12.2019
CASH FLOWS GENERATED FROM OPERATIONS		123,625,413	132,103,139
Profit (Loss) For The Period		410,426,474	548,706,853
Period Profit (Loss) from the Ongoing Operations		410,426,474	548,706,853
Adjustments Due To Reconciliation Of Net Profit/Loss Of The Period		(306,325,341)	(449,080,924)
Adjustments Due To Depreciation And Redemption Expenses	27	8,233,979	5,562,273
Adjustments Due To Impairment (Cancellation)	9	24,312	37,760
- <i>Adjustments due to Receivables Impairment Loss (cancellation)</i>		24,312	37,760
Adjustments Due To Provisions	23	2,393,027	1,266,473
<i>Adjustments Due To Provisions for Employee Benefits (Cancellation)</i>	23	291,157	1,379
<i>Adjustments Due to Provisions for Lawsuits and/or Penalties (Cancellation)</i>		2,101,870	1,265,094
Adjustments Due To Gains/Losses Arisen From Disposal Of Fixed Assets	26-27	-	(42,000)
<i>Adjustments Due To Gains/Losses Arisen From Disposal Of Investment Properties</i>	26-27	-	(42,000)
Adjustments Due To Interest (Incomes) and Expenses	11	(2,562,511)	3,689,550
<i>Adjustments Due To Interest Expenses</i>	9	(2,438,141)	4,456,103
<i>Deferred Financing Expenses due to Forward Purchases</i>	11	(108,345)	(70,474)
<i>Unearned Financing Income due to Forward Sale</i>	11	(16,025)	(696,079)
Adjustments Due to Fair Value Losses (Gains)	26	(458,270,662)	(540,860,465)
<i>Adjustments Due To Fair Value Gains (Losses) of Investment Properties</i>	26	(458,270,662)	(540,860,465)
Adjustments due to Retained Profits of Investments Valued by Equity Method	25	(3,235,411)	(2,239,390)
<i>Adjustments due to Retained Profits of Subsidiaries</i>	25	(3,235,411)	(2,239,390)
Adjustments due to Tax (Income) Expense	39	175,301	897,682
Adjustments Due To Unrealized Foreign Exchange Rate Conversions	9	146,916,624	82,607,193
Changes Occurring On The Company Capital		20,075,424	31,990,283
Decrease (Increase) in Financial Investments		-	150,122
Adjustments Due To Increase/Decrease In Trade Receivables		(2,677,219)	18,674,169
<i>Decrease (Increase) In Account Receivables From Related Parties</i>	6	1,435,962	4,702,724
<i>Decrease (Increase) In Account Receivables From Non-Related Parties</i>	11	(4,113,181)	13,971,445
Adjustments Due To Increase/Decrease In Other Receivables Related With Operations		188,633	411,098
<i>Decrease (Increase) In Other Account Receivables From Operations with Related Parties</i>	6	370,725	267,203
<i>Decrease (Increase) In Other Account Receivables From Operations with Non-Related Parties</i>	13	(182,092)	143,895
Adjustments Due To Inventory Decrease (Increase)	16	6,299	(31,728)
Decrease (Increase) in Prepaid Expenses	18	2,077,512	10,867,959
Adjustments Due To Increase (Decrease) In Trade Receivables		29,622,138	3,350,599
<i>Increase (Decrease) In Trade Payables To Related Parties</i>	6	35,687,884	2,047,646
<i>Increase (Decrease) In Trade Payables To Non-Related Parties</i>	11	(6,065,746)	1,302,953
Increase (Decrease) in Liabilities under Employee Benefits	14	77,235	27,237
Adjustments Due To Increase (Decrease) in Other Liabilities Related With Operations		(3,991,050)	(4,244,064)
<i>Increase (Decrease) in Other Liabilities due to Operations with Non-Related Parties</i>	6	(1,877,696)	(7,407,958)
<i>Decrease (Increase) In Other Liabilities Due To Operations with Non-Related Parties</i>	13	(2,113,354)	3,163,894
Increase (Decrease) in Deferred Incomes (Other Than Liabilities Arisen out of Customer Contracts)	18	(616,435)	(5,741,350)
Adjustments Due To Other Increase (Decrease) Occurred on Company Capital		(4,611,689)	8,526,241
<i>Decrease (Increase) in Other Assets Related with Operations</i>	22	(4,611,689)	8,526,241
<i>Increase (Decrease) in Other Liabilities Related with Operations</i>	22	-	-
Cash Flows Generated From Operations		124,176,557	131,616,212
Tax Returns (Payments)		(551,144)	486,927
B. CASH FLOWS GENERATED BY INVESTMENT OPERATIONS		(47,876,915)	(69,392,824)
Cash Inflows due to Sale of Tangible and Intangible Assets		95,292	-
<i>Cash Inflows due to Sale of Tangible Fixed Assets</i>	27	95,292	-
Cash Outflows due to Sales of Tangible and Intangible Assets		(34,798,334)	(17,177,356)
<i>Cash Outflows Due to Purchase of Tangible Fixed Assets</i>	27	(34,798,334)	(17,177,356)
Cash Inflows Due To Sale of Investment Properties	26	13,284,762	400,000
Cash Outflows Due To Purchase of Investment Properties	26	(26,458,635)	(54,560,886)
Dividends received*	29	-	1,945,418
C. CASH FLOWS DUE TO FINANCING OPERATIONS		104,144,773	(113,988,940)
Cash Inflows (Outflows) due to Effect of Combination of Jointly Controlled Business	29	(560,167)	-
Cash Inflows due to the Borrowing		1,180,227,093	384,565,704
<i>Cash Inflows from Loans</i>	9	1,143,933,196	352,768,260
<i>Cash Inflows due to Other Financial Borrowings</i>		36,293,897	31,797,444
Cash Outflows Due to the Debt Repayments		(1,075,522,153)	(498,554,644)
<i>Cash Outflows Due to the Loan Repayments</i>	9	(1,027,492,380)	(453,780,247)
<i>Cash Outflows due to Other Financial Liability Payments</i>		(48,029,773)	(44,774,397)
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES		179,893,271	(51,278,625)
Effect of Foreign Exchange Conversion Differences on Cash and Cash Equivalents		-	-
Net Increase in Cash and Cash Equivalents	7	179,893,271	(51,278,625)
Opening Cash and Cash Equivalents	7	43,154,749	94,433,374
Closing Cash and Cash Equivalents		223,048,020	43,154,749

The following footnotes form an integral part of the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT PERIOD ENDED ON 31 DECEMBER 2020

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 1 - ORGANIZATION AND BUSINESS AREA OF THE COMPANY

Business Area of the Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company") is to do business in the areas and purposes written in the regulations of Capital Market Board ("CMB" or "The Board") concerning the real estate investment partnerships and mainly invest in real estates, real estate-based capital market instruments, real estate projects and real estate-based rights. Company is registered with registry number 676891 on 3 September 2008 at Istanbul Trade Registry Office.

Reysaş Turizm Yatırımları ve Ticaret ve Ltd.Şti. (Reysaş Tourism), a subsidiary of the Company launched the investment of Erzincan Hilton Hotel in 2014. The hotel construction was completed and commissioned in 2015. The Company, which parent partner is Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. ("Reysaş Logistics") (61.94%) is registered in Turkey and carries out operations based at the address:

Küçük Çamlıca Mah.Erkan Ocaklı Sok.No: 11 34696 Üsküdar/ Istanbul/Turkey.

Group B shares with a nominal value of TRY 65,500,000 offered to the public in 2010 by way of increase in Company Capital are registered by CMB on 6 July 2010. Said shares have been offered to the public and started to be traded at Borsa Istanbul (BIST) as of 12 July 2010.

Free float percentage of the Company is 38.53 % as of 31 December 2020 (31 December 2019: 38.53%,) and shares are freely traded at National Market in Borsa Istanbul A.Ş. (BIST).

Company has 68 employees, on average, as of 31 December 2020, 61 out of which is employed by subsidiaries. (31.12.2019: 7 persons)

The details of the partners of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. are provided below.

Capital Structure	31 December 2020	Share Ratio (%)	31 December 2019	Share Ratio (%)
Reysaş Taşımacılık ve Lojistik Tic.A.Ş.	152,381,690	61,94%	152,381,690	61,94%
Publicly-Traded*	93,618,300	38,06%	93,618,300	38,06%
Others	11	0,00%	11	0,00%
Paid-In Capital	246,000,001	100,00%	246,000,001	100,00%

*7.14% of publicly-traded shares are owned by Egemen Döven.

Reysaş Turizm Yatırımları ve Ticaret Ltd.Şti. (Reysaş Tourism)

In line with the Board Resolution of Company No 415 of 29.12.2017, it was resolved on acquisition of the remaining 65.79% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti. as 34.21% subsidiary of the Company from Reysaş Taşımacılık ve Lojistik Tic.A.Ş. This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti are recognized at their costs, and the difference between amount paid and net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

	31 December 2020		31.12.2019	
	Amount of Share	Share Ratio (%)	Amount of Share	Share Ratio (%)
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%

NOTE 2 - PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. (Rey Hotel)

Reysaş Tourism purchased 100% of the shares of Rey Hotel, which engage in operation of hotels and accommodation facilities, for TRY 560,167 on the basis of the valuation report issued by Bizim Menkul Değerler A.Ş. Rey Hotel is carrying out the operations of Erzincan hotel included in the portfolio of Reysaş REIT, and Erzincan hotels included in Reysaş Tourism.

This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Rey Hotel is recognized at their costs, and the difference between amount paid and net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

	31 December 2020		31.12.2019	
	Amount of Share	Share Ratio (%)	Amount of Share	Share Ratio (%)
Reysaş Turizm Yatırımları ve Ticaret Limited Şirketi	610,000	100,00 %	-	-
Total	610,000	100,00%	-	-

2.1. Basic Principles of Presentation and Statement of Compliance with TAS

The financial statements enclosed herewith were prepared in accordance with the Turkish Accounting Standards ("TAS") published and put into force the Public Oversight Accounting and Auditing Standards Authority ("KGK") pursuant to the provisions of the "Communiqué on the Principles of Financial Reporting in Capital Market" Series II, No. 14.1 of the Capital Market Board ("CMB") ("Communiqué"), published in the Official Gazette No 82676 of 13 June 2013. TAS consists of Turkish Accounting Standards, and Turkish Financial Reporting Standards, as well as their annexes and interpretations.

Consolidated financial statements are presented in accordance with the formats specified in "Financial Statement Examples and User Manual" published by CMB as well as "Announcement on TAS Taxonomy" published by KGK on 15 April 2019.

Adjustment of financial statements during the high inflation periods

With its B.02.1.SPK.017/152-764 numbered Decision held on 18 March 2005, CMB announced that it is no longer necessary for the companies which operate in Turkey and prepare their financial statements in accordance with the accounting and reporting principles ("CMB Financial Reporting Standards") adopted by CMB to implement inflationary accounting, effective as of 1 January 2005. Therefore, "Financial Reporting Standards in Hyperinflationary Economies" No. 29 issued by the International Accounting Standards Committee ("IAS 29") has not been applied starting by 1 January 2015.

Netting - Offsetting

Financial assets and liabilities are indicated nettably in case required legal right exists, intention for evaluating concerned assets and liabilities nettably exists or acquirement of assets and fulfillment of liabilities are simultaneous.

Reporting Currency Unit

Financial statements of the Group are presented in currency unit (functional currency unit) effective in the main economic environment they operate in. The results and financial position of company are expressed in TRY, which is the functional currency of the Group, and the presentation currency for the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Transactions in Foreign Currency

For conversion of transactions and balances in foreign currency into Turkish Liras, Group uses the foreign exchange rates effective on the transaction date. Monetary Assets and Liabilities in Foreign Currency are converted into Turkish Liras on the basis of Turkish Central Bank currency buy rate effective on balance sheet date. Incomes or expenses of foreign exchange differences due to conversion of transactions in Foreign Currency to Turkish Liras, or recognition of the monetary items are accounted for on income/(expense) statement in the relevant period.

Comparative Information and Adjustment of Previous Period Financial Statements

Group's consolidated financial statements are prepared as comparative with previous period in order to enable determination of financial position and performance trends. Comparative information are to be reclassified when necessary in terms of ensuring conformity with presentation of current period's financial statements.

Going-Concern

Financial statements are prepared on the basis of going-concern under the assumption that Group will benefit from its assets as well as settle its liabilities in the following year and in the regular course of the business.

2.2. Changes in Accounting Policies

In the current period, no change was made to the accounting policies which may impact the proper and reliable presentation of the effects of transactions and events on the financial status, performance or cash flows of the Group in the financial statements. No change is expected in the accounting policies in the near future.

Group made changes in accounting policies in 2016, and abandoned measurement of investment properties at their costs, instead, started to measure at their fair values.

The effects of changed accounting policies

Group's financial statements are prepared as comparative with previous period in order to enable determination of financial position and performance trends. Comparative information are to be reclassified and important differences are disclosed when necessary in terms of ensuring conformity with current period's financial statements presentation.

Group applied concordant accounting policies in the financial statements of the presentation period and there is no material changes in the accounting policies and estimates during the current period.

2.3. Changes and Errors in Accounting Estimates

If the effect of the changes in accounting estimation concerns only one period, it is reflected in the financial statements only in the current period where change is made, and if it also concerns future periods, then both in the period where change is made and in the future periods by considering it in determination of net period profit or loss.

Corrected amount of an error is considered retrospectively. An error is corrected by re-adjusting the comparative amounts pertaining to past period where it occurred, or if it occurs before next reporting period, then re-adjusting the accumulated profits account of said period.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

If re-adjustment of the information leads to an excessive cost, comparative information pertaining to previous periods are not re-arranged, and accumulated profit account of next period is re-arranged considering the cumulative effect of error before start of said period. No error occurred in the accounting estimates in the current period.

2.4 Principles of Consolidation

Consolidated financial statements include the financial statements of the Company, its Subsidiaries, and companies under joint control. The principles of preparation of consolidated financial statements are provided as follows;

- Subsidiaries represent the businesses which are controlled by parent partnership, directly or via other subsidiaries or affiliates, by holding more than 50% of the shares, voting rights under the capital and managerial relations, right to elect majority of the managers, or the managerial majority. Controlling power means the power of parent partnership to manage the financial and activity policies of the subsidiaries as well as to derive benefits from the activities.
- Subsidiaries are included in the scope of consolidation as of the date on which the control on their activities are transferred to Group and will be excluded from the consolidation as of the date on which such control ceases. Accounting policies implemented by subsidiaries are harmonized with the accounting policies implemented by the Group in order to ensure consistency.
- Financial statements of the subsidiaries are consolidated using full consolidation method. In this context, registered value of the subsidiaries are netted off against their equities, and registered values of shares owned by Company and the dividends arising therefrom are netted off against the related equities and income statement accounts.
- Receivables and payables of subsidiaries under consolidation to each other, as well as goods and service sales among them, and incomes and expenses incurred due to transactions among them are set off against each other.
- The amounts that correspond to the shares other than parent partnership and subsidiaries shall be deducted from all equity account items including paid-in/issued capital of subsidiaries under consolidation, which will then be indicated in the "Minority Interests" account group in the equity account group of the consolidated balance sheet.

Combinations of Jointly Controlled Businesses

A business combination which involve jointly controlled businesses or ventures is a business combination where all businesses or ventures being merged are controlled permanently by the same person(s) before and after the business combination.

Combinations of jointly controlled businesses are recognized via pooling of interests, and therefore, no goodwill is presented in the consolidated financial statements.

Shares acquired from the businesses under joint management are recognized at their book values. The difference between the sums paid and net book value of the assets acquired is recognized in the account "effect of combinations involving jointly controlled businesses".

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5. Summary of Important Accounting Policies

2.5.1. Cash and Cash Equivalents

Cash means the cash at hand and demand deposits. Cash equivalents are the assets that are held at hand for short-term cash liabilities, and not used for investment or other purposes. To consider an asset as a cash equivalent, its value must be convertible into cash which value can be determined definitely, and risk of change in its value must be insignificant.

Cash and cash equivalents are an integral part of cash management of a business. Financial instruments that will be included in the scope of cash equivalents consist in the checks (payable on demand), receivables from liquid funds, short-term bonds and bill funds, reverse repo transactions, deposits with a maturity less than 3 months (deposits with a maturity longer than 3 months are recognized as financial investments), government bonds and treasury bills with a remaining maturity of less than 3 months, or other liquid borrowing instruments traded in an active market, and receivables from money markets.

2.5.2. Financial Investments

Financial instruments are the contracts which increase the financial assets of a business and financial liabilities or capital instruments of another business. As of 1 January 2010, Group classified its financial assets in two categories as those measured at fair value and redeemed cost pursuant to TFRS 9. This classification varies depending on whether a financial asset is a debenture or capital investment.

(a) Financial assets measured at redeemed cost

A financial asset are classified according to "redeemed cost" if it meets both the criteria that it is held under a management model which aims at collection of contract-originated cash flows, and the contractual provisions of financial asset generates cash flows only for payment of the principal and interest for remaining principal on the certain dates. The contents of the derivative embedded in the financial asset should be taken into account when cash flows of investment are not only due to payment of principal or interest of remaining balance, and are not separately accounted for.

Gains and losses arising out of a financial assets which is measured at redeemed cost and not being a part of financial hedging relation are accounted for through profit or loss using effective interest method when said financial asset is derecognized or impaired.

(b) Financial assets measured at fair value

When the 2 criteria above are not met, borrowing instrument is classified as "recognized at fair value through profit or loss". Group measures its financial investments as "recognized at fair value through profit or loss".

Regularly traded financial assets are recognized on the date of trading. Trading date is the date on which management promises to carry out the trading. Financial assets are derecognized when purchasing rights of cash flow arising out of financial assets are terminated, or Group has transferred all risks and proceeds.

During initial recognition, Group measures the financial asset at its fair value. Gains and losses arising out of a financial asset measured at its fair value and not being a part of financial hedging relationship are accounted for on the profit or loss in the period when they occurred. Group is only required to reclassify all financial assets which are affected by the change in management model.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Impairment

TFRS 9 "Financial Instruments" Standard defined "projected credit losses model" to replace the "credit loss realization model" stipulated by the "TAS 39 "Financial Instruments: Recognition and Measurement" Standards effective prior to January 1, 2018. Projected credit losses is an estimate weighted according to the likelihood of credit losses during projected life of a financial instrument. Besides the past credit losses, Group's future estimates are taken into account the calculation of projected credit losses.

2.5.3. Derivatives

Derivatives which meet the financial asset or financial liability definition under TAS 32 are accounted for under provisions of TAS 39 (TFRS 9) and presented in the financial position statement.

2.5.4. Receivables from Finance Industry Operations

Receivables arising out of the finance industry operations, other than cash and cash equivalent and financial investments are indicated in this section.

2.5.5. Account Receivables

Account Receivables occurred when Group provides goods or services to a buyer are recognized, net of the deferred financing income.

Group preferred to adopt "simplified approach" as provided in the TFRS 9 Standard in the calculation of impairment of the accounts receivables which are recognized at the amortized cost and does not involve a material financing element.

TFRS 39 "Financial Instruments" Standard, effective prior to 1 January 2018, defined "projected credit losses model" to replace the "credit loss realization model" stipulated by the "TAS 39 "Financial Instruments: Recognition and Measurement" Standards. Projected credit losses is an estimate of financial instruments where potential credit loss during their projected useful life are weighted according to past statistics. Besides the past credit losses, Group's future estimates are taken into account the calculation of projected credit losses.

If entire or a part of doubtful receivables is collected after reserving provision for said doubtful receivable, then collected amount is deducted from the provision for said doubtful receivable and recognized as other incomes from core activities.

2.5.6. Other Receivables

These are receivables other than Account Receivables and financial investments. Examples include deposits and Guarantees given, other receivables from related parties, receivables from public entities, other than assets related to current period tax, and other miscellaneous receivables. The part of these receivables that are from related parties are accounted for in a separate item, following the sample format provided.

2.5.7. Inventories

It is the item to show the assets held for sales as part of the ordinary activities of the business, produced for sales, in the form of raw materials and inputs to be used in production process or service provision.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Inventories are assessed at the lower of the cost or net realizable value. Cost item included in the inventories consist in the cost of the land held by Group for construction of houses for sales. In a transfer from investment property measured according to the fair value method to an investment property, estimated cost used in the recognition according to the TAS 16 or TAS 2 after the transfer shall be the fair value on the date when change in use of the said property occurred. Inventories are classified as short and long-term considering the expected completion date of the residence construction. Order advances given are not considered as an inventory, they are shown in "Prepaid Expenses" until recognition of the related inventory.

2.5.8. Prepaid Expenses

In general, sums paid to suppliers and to be transferred to expense and cost accounts in a later period are shown in this item. If the item is insignificant, related sums are presented in other current/fixed assets.

2.5.9. Assets Related with Current Period Tax

Assets relating to current period tax, such as various taxes and funds, that are prepaid and to be paid over the tax-deductible income under TAS 12 Income Taxes Standard are shown in this item.

2.5.10. Other Current/Fixed Assets

Current/Fixed Assets not shown in the aforementioned items, such as Carried-Forward VAT, Deductible VAT, other VAT, inventory shortages are shown in this item.

2.5.11. Investments Valued by Equity Method

Pursuant to TAS 28 Investments in Associates and Joint Ventures, Subsidiaries and joint ventures valued by equity method are recognized in this item.

- (a) Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi ("Subsidiary") is a capital company founded and registered in Istanbul on 11.04.1986, and main business area include acquisition of any kind of vehicles, and transportation via vehicles, engaging in brokerage, representation, agency, dealership and distributorship, providing transportation and warehousing services. Company participated in the Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi by acquiring 16.67% share on 22 February 2011.

On 28 March 2013, with a Board Resolution, Company acquired from Reysaş Taşımacılık Lojistik Ticaret A.Ş. 33,33% shares, having a total nominal value of TRY 3,050,000, of Arı Logistics, a subsidiary of its main partner Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. in exchange for TRY 16,836,000, which value determined by an independent valuation company. Following this acquisition, Reysaş Taşımacılık ve Lojistik Tic.A.Ş. had no longer shares in Arı Lojistik İnş.San.ve Tic.A.Ş, and the share of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. has increased to 50%.

Group valued its subsidiary Arı Lojistik İnşaat Sanayi ve Ticaret Anonim Şirketi by Equity Method, and detailed information is provided in the footnote "Investments Valued by Equity Method.

- (b) In line with the Board Resolution of Company No 415 of 29.12.2017, it was resolved on acquisition of the remaining 65.79% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti. as 34.21% subsidiary of the Company from Reysaş Taşımacılık ve Lojistik Tic.A.Ş. This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Financial Statements of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti are consolidated using full consolidation method, starting by 2017.

2.5.12. Investment Properties

Investment properties are the properties held in order to acquire lease and/or value increment earning and is assessed at their initial values and transaction costs thereof. After initial recognition, investment properties are valued at their fair values which reflect market conditions as of balance sheet date.

Investment Properties are derecognized when they are sold or become unusable, and determined that no future economic benefit can be derived from their sales. Profit/Loss from expiration of lifetime of the investment properties or sales of them are accounted for on income statements in the period when they occurred.

Fair Value Method

Group elected the fair value method in 2016 and measured its investment properties via fair value method (Note 26). Profits or losses due to the changes in fair value of investment properties are included in profit or loss statement in the period during which such profits or losses are incurred.

Transfers are made when a change occurred in the use of investment properties. In a transfer from investment property measured on the fair value method to an investment property used by its owner, the cost estimated used in the recognition made after the transfer is the fair value on the date when said property's use was changed. If a property used by its owner is converted to an investment property to be recognized on the fair value basis, then, business continues to apply accounting policy applied to Tangible Fixed Assets until the date when change in use occurred. The properties being used by Group for its own purposes are recognized in the Tangible Fixed Assets.

2.5.13. Tangible Fixed Assets

These are fixed assets held for using in production or supply of goods and services, leasing to others, or using for administrative purposes, that have an expected physical nature allowing their use for multiple periods. Pursuant to TAS, tangible fixed assets can be classified in Financial Position Statement, or footnotes as lands, buildings, plant, machinery and devices, vehicles, fixtures, investments in progress, assets relating to the mining exploration and assessment, other tangible assets, etc.

Tangible Fixed Assets are accounted for at their cost values netted of accumulated amortization. Group sets aside amortization using linear amortization method on the basis of useful lives over values of tangible assets.

Tangible Fixed Asset	Useful Life
Plant, Machinery and Equipment	5-20 years
Vehicles	3 years
Fixtures	2-10 years
Special Costs	3-15 years

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

The loss or gain occurring as a result of disposal of the tangible fixed assets and de-commissioning of a tangible fixed asset is determined as the difference between sales proceeds and book value of the assets and included in the income statement.

Those that are separately required to be presented according to natures and functions of assets in the business and other criteria of TAS 1 are shown as a separate item in Financial Position Statement.

Advances given for acquisition of Tangible Fixed Assets are shown in the item "Prepaid Expenses", not in this Item, until recognition of said asset.

2.5.14. Intangible Fixed Assets

Non-monetary and non-physical, identifiable assets are accounted for in this item.

Among these assets, goodwill represents the future economic benefits arising out of other assets acquired from a business combination, that are not identifiable individually and cannot be recorded separately, and separately accounted for on the Financial Status Statement in accordance with the sample format.

Rights, development expenses, software, rights and reserves relating to non-renewable resources such as petroleum, natural gas, assets relating to the exploration and assessment of mineral resources, and intangible fixed assets other than goodwill are classified as other intangible fixed assets.

2.5.15. Deferred Tax Asset

Deferred Tax Assets refer to sums that are recoverable in the future due to taxes levied upon income due to the deductible temporary differences, unused financial losses that are carried forward, and unused tax advantages that are carried forward.

In terms of Tax legislation, deferred tax asset item may not be used for the non-deductible sums (perpetual).

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Act (KVK) No 5520. This exemption also applies to interim period Temporary Tax.

No Deferred Tax is calculated because corporate earnings of the Company is exempt from Corporate Tax pursuant to Article 5 of Corporate Tax Act.

Deferred taxes are calculated for Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd.Şti. and Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. subsidiaries of the Company as they are liable to pay corporate tax.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.16. Short-Term / Long-Term Liabilities

Liabilities are the current obligations arising out of the past events that, once settled/performed, will cause the values containing economic benefits outflow from the business. This definition specify the basic properties of the liabilities, but do not determine the basic criteria that they must meet for inclusion of them in Financial Position Statement. Therefore, definition of liability also include the liabilities which cannot be included in the Financial Position Statement due to not being met the criteria of reflection in the financial statement.

Under the paragraphs 69-76 of TAS 1, liabilities which meet any of the following criteria are classified as short-term:

- (a) Expected to be settled in normal operating cycle;
- (b) Held primarily for the purposes of trading;
- (c) Due to be settled within twelve months after the reporting period (balance sheet date); or
- (d) Business not having an unconditional right to defer of settlement of the liability for at least twelve months after the reporting period (balance sheet date). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Business classifies all other liabilities as long term.

2.5.17. Debt Instruments

Out of the financial liabilities defined in TAS 32, bank loans, bills, bonds and notes issued, principal installments and interests of long-term ones, debts from financial leasing transactions, etc. debt instruments acquired from financial markets, which are in the nature of debt instruments, namely measured at the redeemed costs calculated by effective interest method after the initial recognition, are recognized in this item.

Out of financial debt instruments, those which meet the aforementioned criteria relating to the short-term liabilities are classified as short-term and others as long-term.

With respect to the financial debt instruments, the disclosures are provided in the footnotes under the TFRS 7 Financial Instruments Standard.

2.5.18. Short-Term Portions of Long-Term Debt Instruments

It is the item where short-term parts of the long-term debt instruments are recognized. If the short-term parts of long-term debt instruments are insignificant, then they are recognized, together with "Short-Term Debt Instruments, in a new and single item named "Financial Liabilities".

2.5.19. Other Financial Liabilities

Out of the Financial Liabilities defined in TAS 32, financial liabilities, such as financial guarantee contracts, liabilities arising out of derivative instruments, which are not in the nature of debt instrument, namely not measured at the redeemed costs calculated by using effective interest method after the initial recognition, are recognized in this item.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.20. Debts from Finance Industry Operations

Debts of the partnerships engaging in financial industry, which are included in the consolidate, are recognized in this item. Details by each industry are to be provided in the footnote. For instance; debts from banking activities (deposit, participation account), debts from underwriting activities (debts from underwriting and reinsurance activities, deposits, pension activities etc.), debts from financial leasing activities.

2.5.21. Account Payables

These are the debts owed to third parties acting as suppliers.

Pursuant to Paragraph 11 of TAS 37, it is necessary for a debt to be recognized as account payable that it must be invoiced, or formally agreed between a supplier and company in the similar manner. Debts which meet the financial statement recognition criteria as of reporting date but not yet formally agreed are classified as accrual in the same paragraph. However, in order to ensure harmony with financial reporting practices in our Country, said accruals are recognized as "Account Payables" items in the Financial Position Statement. Deposits and guarantees received are recognized in other payables not in this item.

Term interest, interests etc. accruals, if any, relating to account payables are also recognized in account payables, and related disclosures are to be provided in footnotes. Said interest expenses and exchange differences are recognized in the "Other Expenses from Main Activities" in Other Comprehensive Income Statement, and Profit or Loss.

Even when account payables have a payment term longer than 12 months, they will still be classified as short term liabilities if they are in the normal operating cycle of the business.

2.5.22. Liabilities under the Employee Benefits

Debts incurred as part of employee benefits such as wages, salaries and social security contribution due are recognized in this item. It can alternatively be named as "Employee Salary Accruals" etc. provided it reflects the contents. If the item is insignificant, it can be recognized in "Account Payables".

2.5.23. Other Payables

These are the debts, other than account payables, not arising out of financing activities. Examples include debts to related parties other than supplier or customer, deposits and guarantees received, debts owed to public entities, and other miscellaneous debts.

Financial market debt instruments for acquiring funds from related parties are not recognized in this item, but in the short or long-term debts according to their maturity terms. If amounts are material, separate items will be created for these accounts.

2.5.24. Government Incentives and Supports

As part of TAS 20, if related alternative is chosen in the presentation of the incentives relating to the assets, then amounts recognized as deferred income will be indicated in this item.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.25. Deferred Incomes

The liabilities provision of which is completely or partially collected or accrued as receivables in the current period such as advances received from customers or other parties by reason of sales agreements or for other reasons but belonging to future periods. Insignificant deferred income is indicated in other short term / long term liabilities.

2.5.26. Period Profit Tax Liability

The part of taxes levied upon incomes under TAS 12 that are expected to be paid to tax office in the subsequent period are recognized in this item. Prepaid taxes of period profit are deducted from this amount, and recognized in the item "Assets Related to Current Period Tax."

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Act (KVK) No 5520. This exemption also applies to interim period Temporary Tax.

No Deferred Tax is calculated because corporate earnings of the Company is exempt from Corporate Tax pursuant to Article 5 of Corporate Tax Act.

Deferred taxes are calculated for Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd.Şti. a subsidiary of the Company as they are liable to pay corporate tax.

Taxes calculated over revenues of the company

Tax liability over period profit or loss consists in current period tax and deferred tax.

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Law (KVK) No 5520. According to Article 15/(3) of KVK, 15% of tax is levied over the revenue exempted from Corporate Tax. Council of Ministers is authorized to decrease the tax rates defined in Article 15 up to zero by each payment and income, increase it up to corporate tax rate, and differentiate it for the revenues defined in third paragraph within the same limitations by the funds or partnership types, or by the nature and distribution of the assets in the portfolio. Pursuant to Decree of Council of Ministers No 2009/14594, a tax at the rate of 0% is imposed upon the corporate tax-exempted portfolio management revenues of Real Estate Investment Trusts, exempted. Revenues that are taxed in this context are not subject to further dividend withholding pursuant to Article 15/(2) of KVK.

Current period tax

Current period tax liability consists in records of tax liability calculated over the taxable part of period profit, at the tax rate applicable as of financial position statement date, pursuant to applicable tax legislation.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.26. Period Profit Tax Liability

Deferred Tax:

Deferred Tax is calculated over the temporary differences between the values of assets and liabilities recognized in financial position statement and their tax values. Tax value of the assets and liabilities refers to said assets and liabilities under tax legislation and the sums which will affect the tax base in the future periods. Deferred Tax is calculated over the tax rates expected to be applied in the period in which tax assets will be realized or tax liability will be settled by considering the tax rates, currently or in future, effective on the date of financial position statement and the tax legislation.

Deferred tax asset or liability are reflected in the financial statements at rates of increase and decreases to be caused by them in the taxes payable in the future period where said temporary differences will disappear. Deferred tax liability is calculated for all taxable temporary differences, whereas deferred tax asset is recognized on the financial statements provided that it is highly probable in the future to benefit from deductible temporary differences by generating taxable profit. Recorded value of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets can be set off against deferred tax liability, or vice a versa, provided that they are subject to the tax legislation of the same country, and there exists a legally-enforceable right to set off current tax assets against current tax liabilities,

Period current and deferred tax

Current tax and deferred tax for relevant period are accounted for as an expense or income in other comprehensive income statement, except for those associated with the items that are directly accounted for as a receivable or liability in the equities (in which case deferred tax relating to relevant items are also directly accounted for in equities), or, for business combinations, those originating from the initial recognition.

2.5.27. Provisions

Provisions are the liabilities with uncertain timing or amount, and calculated according to the most realistic estimate made by Group management. Provisions relating to the Employee Benefits as part of TAS 19 Employee Benefits Standard, provisions relating to the finance industry, and provisions for guarantees, and provisions for probable compensation, fines and damages, restructuring, onerous contracts etc. other provisions under TAS 37 are recognized in the sub-items.

Employee Benefits

This item include the debt accruals (or provisions) which must be recognized in the financial statements as part of IAS 19 Employee Benefits.

According to provisions of applicable laws and collective labor agreements, in Turkey, severance pay is made in the cases of retirement or dismissal. Pursuant to Current Version of IAS 19 Employee Benefits Standard (IAS 19), said payments are referred as the defined benefit plans.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.27. Provisions (cont'd)

Under the applicable laws of Turkey, Companies are required to provide severance pay to personnel who completed one year of service and dismissed without any justified grounds, called for military service, deceased, completed 25 years of service for men and 20 years for women or reached his/her retirement age. Severance pays are calculated over gross salary of 30-days for each employment year.

In the calculation, present values of the severance pay as of balance sheet date are found using real discount rate.

Amendments to TAS 19 changes the accounting of defined benefit plans and severance pays. The most important amendment is related to the recognition of defined benefit liabilities and plan assets. Amendments require that any changes in the defined benefit liabilities and assets must be accounted for at fair value, and thus, 'corridor' method permitted in the previous version of TAS 19 are eliminated, facilitating the recognition of the past employment costs. Amendments require all actuarial losses and gains to be accounted for immediately as other comprehensive income in order to ensure net pension assets or liabilities to be indicated in the financial position statements reflect the full value of the plan short or excess. In addition, a 'net interest' amount is used, calculated by applying a discount rate to the projected revenues to be generated from plan assets, described in the previous edition of TAS 19, and net benefit liabilities or assets defined in place of interest expense relating to plan assets. Amendments to TAS were applied retrospectively.

Benefit Plans

Company has no benefit plans.

2.5.28. Liabilities Related with Current Period Tax

The part of taxes levied upon incomes under TAS 12 that are expected to be paid to tax office in the subsequent period are recognized in this item.

2.5.29. Deferred Tax Liability

It refers to the income taxes to be paid over the taxable temporary differences in the future periods.

In terms of tax legislation, Deferred Tax Liability item may not be used for the non-taxable sums (perpetual).

Since the revenues of Real Estate Investment Trusts or Partnerships are exempt from corporate taxes pursuant to Article 5(1)(d) of Corporate Tax Act No 5520, company does not calculate provisions for tax and deferred tax.

Deferred taxes are calculated for Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd.Şti. and Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. subsidiaries of the Company as they are liable to pay corporate tax.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5.30. Other Short-Term / Long-Term Liabilities

Inventory Overages, other miscellaneous debts and liabilities etc. short-term/long-term liabilities which are recognized in the items above are recognized in this item.

2.5.31. Equities

Equities are the shares of a company relating to remaining assets when all liabilities are subtracted from the assets.

Paid-in capital, share certificate issuance premiums, capital adjustment positive differences, reserves from profit, accumulated profits and losses, and period profit/loss are recognized in this item.

2.5.32. Capital Adjustment Positive Differences

Pursuant to Resolution of CMB No 11/367 of 17 March 2005, the financial statements were accounted for hyperinflationary accounting for the last time in 31 December 2004 pursuant to TAS 29 Financial Reporting in Hyperinflationary Economies. Therefore, capital adjustment differences item in the equities in the balance sheet of 31 December 2020 and 31 December 2019 reflects the inflation adjustments on the capital until 31 December 2004.

No capital adjustment differences exists in the equities on the financial position statements of Group dated 31 December 2020 and 31 December 2019.

2.5.33. Repurchased Shares (-)

If the company repurchases its own shares under Paragraph 33 of TAS 32, then acquisition prices of these shares are subtracted from the equities and recognized in the "Repurchased Shares (-)" item. When the shares are purchased by the other parties included in the consolidation, such shares also falls within this scope, and these amounts are recognized in the "Mutual Associate Capital Adjustment" under TAS 32, and differences arising out of trading of the repurchased shares are not recognized in the profit or loss.

2.5.34. Premiums / Discounts Related with Shares

This is the item where the amounts deemed as a part of capital, arising out the capital movements such as share issuance bonuses, cancelled partnership shares, profits from sales of the share of partnerships which power of control continues, are accounted for.

Negative differences arisen due to the difference between the nominal value relating to the shares issued at a price lower than nominal value, and its issue price are separately disclosed in the footnotes.

2.5.35. Other Comprehensive Incomes or Expenses Not Be Re-Classified in Profit or Loss

Recognized in this item are the income items such as revaluation and measurement gains/losses which are defined as an item of other comprehensive income, and reported directly as an equity item in the period they have arisen, and not transferred to profit or loss (tangible fixed assets revaluation increases/decreases, intangible fixed assets increases/decreases, defined benefit plans re-measurement gains/losses) and other gains and losses.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Group has accumulated incomes or expenses arising out of severance pay actuarial gains and losses at the account group "Accumulated Other Comprehensive Incomes or Expenses Not To Be Reclassified In The Profit Or Loss" as of the financial statement period.

2.5.36. Other Comprehensive Incomes or Expenses to be Re-Classified in Profit or Loss

Recognized in this item are comprehensive income (expense) items defined as other comprehensive income (expense) item and recognized as a direct equity item in the period they have arisen and later transferable to profit or loss, such as foreign exchange rates conversion differences, revaluation and re-classification gains/losses (Revaluation and/or Reclassification Earnings (Losses) of Financial Assets Available for Sales, Shares of Investments Valued by Equity Method To Be Classified in Other Comprehensive Income), Hedging Profits/Losses (Cash Flow Hedging Profits/Losses, Profits/Losses from Hedging for Investment in Overseas Business), and other gains/losses. Group has no accumulated other comprehensive incomes or expenses to be reclassified in profit or loss as of financial statement period.

2.5.37. Restricted Reserves Set Aside From Profits (Reserves Set Aside For Purposes Other Than Profit Distribution)

These are reserves set aside from the accumulated profits due to the requirements arising out of the laws or contracts, or for certain purposes other than profit distribution (for instance to derive tax advantage from subsidiary sale earnings). These reserves are recognized at their recorded values, and the differences arising out of valuations under TAS are associated with the accumulated profit/loss.

2.5.38. Accumulated Profits/Losses

Accumulated profits/losses other than net period profit are recognized in this item at netted values. Extraordinary reserves, which are by their nature having a character of accumulated profit/loss, therefore non-restricted, are also deemed as accumulated loss and recognized in this item.

Disclosures on the accumulated profits/losses of the Group as of financial statement period are provided in Note 29.

2.5.39. Cash Flow Chart

Group prepares the cash flow charts in order to inform financial statement users about the changes in net assets, its financial structure and ability to direct its amount and timing of the cash flows according to the changing conditions. Cash flows for a period are reported by classifying through based on business, investment and financing activities in cash flow statement.

Cash flows from the business activities show the cash flows from the core activities of the Group. Cash flows relating to the investment activities show the cash flows used and generated by Group in the investment activities (fixed asset investments and financial investments). Cash flows relating to the financing activities show the funds used by Group in the financing activities and repayments of said funds. Cash equivalents consists of the cash and bank demand deposits as well as the liquid, short-time investment with high liquidity and a payment term of three months or shorter.

2.5.40. Main Activities

Main Activities are the activities from which a business generates its main revenues. Other activities not included in the scope of investment and financing activity not defined below are considered as part of main activities.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Revenues

Group recognizes the revenues by following the five-step model in line with the TFRS 15 Revenues from Contracts with Customers Standards became effective as of January 1, 2018.

- Definition of the contracts with customers
- Definition of the contractual performance obligations
- Determination of the transaction price in the contracts
- Distribution of transaction price to the performance obligations
- Recognition of Revenues

Group evaluates the goods or services committed in any contracts with customers and identifies each commitment for transferring said goods or services as a separate performance obligation.

Company determines if each performance obligation will be delivered over a certain period or at one specific time before entering into such contract. If Group transfers the control of a good or service in the course of time and therefore delivers sales-related performance obligations over a certain period, it recognizes the revenues over a certain period by measuring the progress made towards full delivery of said performance obligations.

When or as long as company transfers a committed good or service to customer so delivers his performance obligation, Group recognizes transaction amount corresponding to such performance obligation as a revenue in its financial statements. Once (as long as) the control of the goods or services were passed to customers, then good or service were transferred.

In evaluating the transfer of sold goods or services to the customer, Group considers:

- (a) Group's right to collect the payments for goods or services,
- (b) Customer's right to legal ownership of the goods or services,
- (c) Transfer of the possession of the goods or services,
- (d) Customer's ownership of the material risk and proceeds arising out of the ownership of goods or services.
- (e) Customer's conditions to accept goods or services.

If Group predicts, at the outset of the contract, that the period between transfer of the committed goods and services to the customer and payment date of the customer for the same will be one year or shorter, then it does not apply adjustment in the committed amount for the effect of a material financing element. On the other hand, if revenues include a material financing element, then revenue will be determined by discounting the future collections with the interest rate included in the financing element. The difference will be recognized in the relevant periods as other incomes on the accrual basis.

Sale of Real Estate

Revenue shall be deemed to have realized when risk and benefit of a real estate sold is transferred to buyer, income can be calculated reliably, and title deed is transferred. Income is realized when it is probable that the economic benefit generated by this transaction will inflow into Group, and amount of this income is measurable reliably.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Rent incomes generated from real estate leasing.

Rent incomes generated from leased real estates are recorded according to the accrual basis linearly during the leasing period. If Group provides benefits to its tenants, these are recorded during the leasing period so that it will reduce the rent incomes.

Cost of Sales

Pursuant to the principle of direct association of the incomes with the related income accounts, it is the item which shows the cost of revenue items reflected in the Profit or Loss and Other Comprehensive Income Statement simultaneously with the reflection of the revenue in the financial statements. Cost of Sales are recognized separately as commercial activities and finance industry activities.

2.5.41. Overhead Expenses, Marketing Expenses, Research and Development Expenses

Overhead Expenses, marketing, sales and distribution expenses, and Research and Development Expenses that are directly associated with the profits or losses under TAS 38 Intangible Fixed Assets Standard are recognized separately. Said expenses include the related amortization and redemption expenses, and the employee benefits.

2.5.42. Other Incomes/Expenses from Main Activities

These are incomes and expenses related to the revenues which do not meet the definition of revenue other than incomes and expenses relating to the main activities, despite not arising out of the main activities, losses not included in the cost of sales, and activities considered as a main activity because of not falling within the scope of investment and financing activity.

2.5.43. Investment Activities

Investment activities are the activities relating to the acquisition and disposal of other investments not falling within the scope of long-term assets and cash equivalents. The activities that fall within the scope of investment activities are determined under TAS 7.

Profit/loss from investment activities are calculated by deducting incomes generated by investment activities from the related expenses. Any profit or loss shares of the investments valued according to equity method are added to or subtracted from related item.

When investments valued by Equity Method is a part of the main activity of the reporting business, then this item is reported in the "Main Activities Section".

2.5.44. Financial Incomes/Financial Expenses

Financing activities are the activities which cause a change in the structure and amount of the equities and liabilities. The activities that fall within the scope of financing activities are determined under TAS 7.

In the event that a non-settled interest accrued before acquisition of a security embodying interest, the interest collected later are divided into pre-and post-acquisition period, and only income in the post-acquisition period is recognized on the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Interests charged to credit deposit accounts and long and short-term debt instruments, and, in the borrowings in foreign currency, exchange differences as long as they are considered as an adjustment to interest costs are recognized in the financial expenses.

2.5.45. Earnings Per Share

Earnings per ordinary share are calculated by dividing the gains or loss per share of ordinary share holders of parent company (nominator) with the weighted average of the number of ordinary shares in related period (denominator). In calculation of the earnings per diluted share, Company adjusts the profit or loss per share of ordinary share holders of parent company, and the weighted average of the number of ordinary shares according to the effects of potential ordinary shares which have an effect of dilution. (Note 40)

2.5.46. Effects of the Currency Conversion

Transactions in a foreign currency is converted into TRY over the foreign exchange rate effective on the transaction date. Monetary Assets and Liabilities in foreign currency are converted into TRY over the foreign exchange rate effective on the balance sheet at the end of the period. Exchange differences from these type of transactions are reflected in the income statements.

2.5.47. Events after the Balance Sheet Date

Events after the Balance Sheet Date; even if they take place after any kind of profit-related announcement or public disclosure of other specific financial data, includes all events taking place from balance sheet date to the authorization date for balance sheet distribution. Group adjusts the amounts recorded in financial statements in accordance with this new emerging situation, in case of events requiring adjustment after balance sheet date.

2.5. Important Accounting Assessment, Estimates and Assumptions

Preparation of the financial statements require use of the estimates and assumptions which may affect the amounts of assets and liabilities reported as of date of financial position statement, disclosure of the contingent assets and liabilities, and amount of the incomes and expenses reported during the account period. These estimates and assumptions may differ from the actual results despite they are based upon the best information available to Group management relating to present events and transactions.

2.6. New and Amended Standards and Interpretations

The accounting policies which are taken as a basis for the preparation of the consolidated financial statements of the interim account period ending on 31 December 2020 are applied in consistent with the those used in the previous year except for the new and amended TFRS standards and TFRYK interpretations effective as of 1 January 2020 summarized as follows. The effects of these standards and interpretations on the financial status and performance of the Group are described in the relevant paragraphs.

(a) New standards, amendments and interpretations effective as of 1 January 2019

Definition of a Business (Amendments to TFRS 3)

In May 2019, KGK issued the amendments to the definition of a business in TFRS 3 "Business Combinations". This amendment is intended to assist entities determine whether a transaction should be accounted for as a business merger or as an asset acquisition.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Amendments are as follows:

- Clarification of minimum requirements for a business;
- Removal of the assessment of whether market participants are capable of replacing any missing elements;
- Addition of the guidance to help entities assess whether an acquired process is substantive;
- Narrowing the definitions of a business and of outputs, and
- Introduction of an optional fair value concentration

test.

Amendments shall be effective for the annual account periods beginning on and after 1 January 2020.

The said amendments had no material effect on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest Rate Benchmark Reform

Facilitating applications are introduced to TFRS 9 and TAS 39 in four core issues under interest rate benchmark reform, effective for the annual reporting periods beginning on and after 1 January 2020. These applications are related to the hedge accounting, and briefly

- the highly probable requirement,
- prospective assessments,
- retrospective assessments, and
- separately identifiable risk components.

It is intended to provide a disclosure of exclusions from amendments to TFRS 9 and TAS 39 in the financial statements pursuant to arrangement in TFRS 7.

The said amendments had no material effect on the financial position or performance of the Group.

Definition of Materiality (Amendments to TAS 1 and TAS 8)

In June 2019, KGK issued amendments to "TAS 1 Presentation of Financial Statements" and "TAS 8 Accounting Policies, Changes in Accounting Policies and Errors". These amendments are intended to harmonize the definition of "materiality" across standards and clarify certain parts of the definition. According to new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. Amendments clarify that the materiality of information will be dependent upon its nature, size, or both. Companies are obliged to, as part of materiality, assess the effect of information, if used alone or together with other information, on the financial statements. Amendments shall be effective for the annual account periods beginning on and after 1 January 2020. No early adoption is permitted. The said amendments had no material effect on the financial position or performance of the Group.

Standards published but not entered into force, and not permitted for early application

New standards, interpretations and amendments published as of approval date of the consolidated financial statements but not entered into force for the current reporting period and not be implemented earlier by the Group are as follows. Unless otherwise stated, Group will make necessary amendments which will impact the consolidated financial statements and footnotes after coming into force of new standard and interpretations.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment

In December 2017, KGK deferred indefinitely the effective date of said amendments to TFRS 10 and TAS 28, subject to amendment depending on the outputs of the ongoing research project relating to equity method. However, early application is still permitted. Group will assess the effects of said amendments once said standards become final.

TFRS 17 - New Insurance Contracts Standard

In February 2019, KGG issued TFRS 17, a new comprehensive accounting standard which covers recognition, measurement, presentation and disclosures of insurance contracts. TFRS 17 introduces a model which both enable liabilities arising out of insurance contracts to be measured at their current balance sheet values, and profit to be recognized in the period during which services are provided. Certain changes occurred in the future cash flow forecasts and risk adjustment are also recognized in the period during which services are provided. Businesses may opt in to recognize effects of changes in discount rates in profit or loss or other comprehensive income. Standard contains special guidance for measurement and presentation of insurance contracts which are of participatory nature. TFRS 17 will become effective for annual account periods beginning on or after 1 January 2023, and early application is permitted for the businesses which apply TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before said date. The effects of said standard on the financial position or performance of the Group are currently under evaluation.

Amendments to IAS 1 - Classification of Liabilities as Current and Non-Current

On 12 March 2020, KGK issued amendments to "TAS 1 Presentation of Financial Statements" Standard. Effective for the annual reporting periods beginning on or after 1 January 2022, these amendments introduce clarifications to the criteria for classification of liabilities as current or non-current. Amendments should be applied retrospectively according to TAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates". No early adoption is permitted. The effects of said amendment on the financial position or performance of the Group are currently under evaluation.

NOTE 3 - BUSINESS COMBINATIONS

- (a) At the Board Meeting held on 18 December 2015, Company passed the resolution for acquisition of the 34,21 % shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti., 100% wholly owned by its main partner Taşımacılık ve Lojistik Ticaret A.Ş. Ltd. According to the valuation report No YMM.ÖA.466.1618.437/027 of 15.12.2015 issued by Türkmen Bağımsız Denetim ve YMM A.Ş. the value of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti is determined as TRY 40,295,922. On the basis of said valuation report, Company acquired 34,21% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti on 21.12.2015 for a price of TRY 13,785,447.

Company passed the resolution for acquisition of the entire remaining shares (65.79%). According to the valuation report of 15.12.2015 issued by CPATURK Bağımsız Denetim ve YMM A.Ş., the value of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti is determined as TRY 32,553,134. On the basis of said valuation report, Company acquired 65,79% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti on 31.12.2017 for a price of TRY 21,416,710.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT PERIOD ENDED ON 31 DECEMBER
2020

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti are recognized at their costs, and the difference between amount paid and net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

Total Current Assets	7,733,083
Total Fixed Assets	25,660,660
Total Short-Term Liabilities	(12,308,805)
Total Long-Term Liabilities	(2,763,989)
Net Assets Acquired	18,320,949
Purchased Share (65.79%)	12,053,256
Purchasing Price	21,416,707
Effect of Combinations of Jointly Controlled Businesses	(9,363,451)

- (b) Reysaş Tourism purchased 100% of the shares of Rey Hotel, which engage in operation of hotels and accommodation facilities, for TRY 560,167 on the basis of the valuation report issued by Bizim Menkul Değerler A.Ş. Rey Hotel is carrying out the operations of Erzincan hotel included in the portfolio of Reysaş REIT, and Erzincan hotels included in Reysaş Tourism.

This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Rey Hotel is recognized at their costs, and the difference between amount paid and net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

Total Current Assets	4,452,278
Total Fixed Assets	462,552
Total Short-Term Liabilities	(5,469,832)
Total Long-Term Liabilities	(154,836)
Net Assets Acquired	(709,838)
Purchasing Price	560,167
Effect of Combinations of Jointly Controlled Businesses	(1,270,005)

NOTE 4 - SHARES IN OTHER BUSINESSES AND JOINT VENTURES

Group has no joint ventures. (31.12.2019: None.)

NOTE 5 - REPORTING BY UNITS

The authorized body of the Group to pass resolutions with respect to the activities is Chairman and Board Members in line with the Board Resolutions, and have functions such as adopting decisions relating to the fund injection to the Group and activities as well as evaluation of the Group's performance. Since Group's business scope is investment in the real estate, property-based capital market instruments, real estate projects, and property-based rights, it does not produce other goods and services, have no business in different areas. Therefore, no reporting by business units is made in the financial statements of Group. (31.12.2019: None).

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

For the purposes of these financial statements, partners, senior managers, Board Members, their families and companies and associates controlled or related to them are deemed as the related parties.

(a) Payables and Receivables Balances with Related Parties

31 December 2020

Related Parties	Account Receivables	Non-Account Receivables	Prepaid Expenses	Account Payables	Other Non-Trade Liabilities to Non-related Parties
Arı Lojistik İnşaat San.ve Ticaret A.Ş. ⁽¹⁾	371,700	-	-	6,342,777	-
Reysaş Taşımacılık ve Loj.A.Ş.	-	-	-	34,957,630	-
Reysaş Antrepo İşletmesi A.Ş. ⁽²⁾	5,696,423	-	-	-	-
Reysaş Yatırım Holding A.Ş. ⁽³⁾	-	-	-	323,281	2,842,624
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	-	-	-	2,421,360	-
Others	200,600	-	-	-	-
Minus: Deferred Financing Income from Related Parties	(76,103)	-	-	(279,442)	-
Advances To Personnel	-	-	18,181	-	-
Total	6,192,620	-	18,181	43,765,606	2,842,624

(1) Account Receivables-Arı Lojistik İnşaat San.ve Ticaret A.Ş.

It issues to the Company the Checks received in exchange for the rents from Warehouses included in the portfolio of Arı Lojistik İnşaat San. ve Ticaret A.Ş. 50% owned by the Company, recognized in the account Investments Valued by Equity Method.

In this context, checks received from Arı Lojistik İnşaat San.ve Ticaret A.Ş. amount to TRY 371,700 as of 31 December 2020. 31 December 2019: No Checks Received.

(1) Account Payables - Arı Lojistik İnşaat San.ve Ticaret A.Ş.

With the effect of the transactions in the 2020, the debts owed to Arı Lojistik İnşaat San.ve Ticaret A.Ş. is realized as TRY 6,342,777 as of 31 December 2020.

⁽²⁾ Receivable from Reysaş Antrepo İşletmesi A.Ş. has arisen out of the rent incomes of Reysaş Antrepo İşletmesi A.Ş., and are fully collected as of 13 January 2021.

⁽³⁾ Consisting in debts owed by Rey Hotel, a subsidiary of Company to Reysaş Yatırım Holding A.Ş.

An annual interest rate of 13.53% in TRY is applied for account and note receivables of Group from its related companies. Interest amounts are indicated in the statement of incomes and expenses from related parties provided below.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT PERIOD ENDED ON 31 DECEMBER 2020

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NOTE 6 - DISCLOSURE ON RELATED PARTIES (cont'd)

31.12.2019

	Account Receivables	Non- Account Receivable s	Prepaid Expenses	Account Payables	Other Non- Trade Liabilities to Non- related Parties
Related Companies					
Arı Lojistik İnşaat San.ve Ticaret A.Ş.	-	395,037	-	-	4,531,889
Reysaş Taşımacılık ve Loj.A.Ş.	-	-	-	8,274,060	188,431
Reymar Tütün Mamülleri Dağ.ve Paz.Ltd.Şti.	2,613,093	-	-	-	-
Others	1,954,502	-	144,274	83,104	-
Minus: Deferred Financing Income from Related Parties	(45,737)	-	-	(85,693)	-
Advances To Personnel	-	-	7,375	-	-
Shareholders	5,081	-	-	-	-
Total	4,526,939	395,037	151,649	8,271,471	4,720,320

Annual interest rates of 13.97%, 5.85%, 5.43% in TRY, USD and Euro, respectively, are applied for account and note receivables of Group from its related companies. Interest amounts are indicated in the statement of incomes and expenses from related parties provided below.

b) Purchases from Related Parties and Sales to Related Parties

Purchases From Related Parties

Purchases from related parties	Repair Maintenanc e Expenses	01 January - 31 December 2020				Total
		Real Estate Acquisition	Interest Expenses	Fixture Purchase	Others	
Reysaş Taşımacılık Ve Lojistik Tic.A.Ş.	-	999,951	6,027,978	267,451	961,589	8,256,969
Remkar Taşımacılık ve Danış.Ltd.Şti	2,691,641	9,605,085	-	522,654	228,517	13,047,897
Others	-	587,397	50,107	-	230,161	867,665
Total	2,691,641	11,192,433	6,078,085	790,105	1,420,267	22,172,531

01 January - 31 December 2019

Title of Related Party	Real Estate Acquisition	Interest	Others	Total
Reysaş Taşımacılık ve Loj.A.Ş.	-	3,841,235	1,900,304	5,741,538
Remkar Taşımacılık ve Danış.Ltd.Şti(*)	13,245,354	-	-	13,245,354
Others	-	-	420,010	420,010
Total	13,245,354	3,841,235	2,320,314	19,406,902

(*) It consists in the expenses incurred but not yet invoiced for the real estates contained in the Company portfolio in the period from 1 January to 31 December 2019.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT PERIOD ENDED ON 31 DECEMBER 2020

(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 6 - DISCLOSURE ON RELATED PARTIES (cont'd)

Sales To Related Parties

01 January - 31 December 2020				
Title of Related Party	Rent- Warehousing Service	Interest Expenses	Others	Total
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	2,825,239	-	1,541	2,826,780
Reyline Uluslar Arası Taşımacılık Ltd.Şti.	786,313	-	-	786,313
Remkar Taşımacılık ve Danışmanlık Ltd.Şti.	27,617	1,298,866	-	1,326,483
Reysaş Taşımacılık Ve Lojistik Tic.A.Ş.	39,946,428	-	139	39,946,567
Reysaş Antrepo İşletmesi A.Ş.	5,538,832	400,971	-	5,939,803
Reymar Tütün Mamülleri Dağ.ve Paz.Ltd.Şti.	-	157,893	-	157,893
Others	270,374	-	-	270,374
Total	49,394,803	1,857,730	1,680	51,254,213

01 January - 31 December 2019			
Title of Related Party	Rent- Warehousing Service	Interest	Total
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	2,431,740	-	2,431,740
Rey Otel Turizm İşletmeciliği Ve Tic.A.Ş.	8,069,722	610,732	8,680,454
Reymar Tütün Mamülleri Dağ.ve Paz.Ltd.Şti.	-	626,774	626,774
Reysaş Taşımacılık Ve Lojistik Tic.A.Ş.	17,771,082	1,404,731	19,175,813
Egemen Oto Kiralama A.Ş.	195,800	-	195,800
Reysaş Demiryolu Taşımacılığı A.Ş.	204,350	-	204,350
Others	2,077,492	26,656	2,104,148
Total	30,750,186	2,668,893	33,419,079

c) Remunerations and salaries paid to senior managers:

The total sum of the benefits and remunerations provided to senior managers amounts to TRY 66,632 as of 31 December 2020, which entirely consists of salaries. (31 December 2019: TRY 229,217)

NOTE 7 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	21,510	-
Banks		
-Time Deposit (*)	212,179,431	41,321,891
-Demand Deposit	10,799,061	1,832,858
Other Cash Equivalents	48,018	-
Total	223,048,020	43,154,749

(*) Details of time deposits are provided below;

31 December 2020	Average Maturity	Interest Rate	Amount in Foreign Currency	TRY equivalent
TRY	24 days	16.92 -18.25%	70,208,463	70,208,463
USD	35 days	3.56%	3,259,659	23,927,528
EURO	14 days	0.25 -2.53%	13,104,435	118,043,440
Total				212,179,431

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF ACCOUNT PERIOD ENDED ON 31 DECEMBER 2020

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NOTE 7 - CASH AND CASH EQUIVALENTS

31.12.2019	Average Maturity	Interest Rate	Amount in Foreign Currency	TRY equivalent
TRY	22 days	10.89 -12.12%	29,101,637	29,101,637
USD	24 days	2,33%	716,824	4,258,080
EURO	13 days	0,67%	1,197,211	7,962,174
Total				41,321,891

NOTE 8 - FINANCIAL INVESTMENTS

Short-term Investments

None. (31 December 2019: None.)

Long-term investments

None. (31 December 2019: None.)

NOTE 9 - FINANCIAL LIABILITIES

Group has following short- and long-term financial liabilities as of 31 December 2020 and 31 December 2019:

Short-Term Borrowing

	31 December 2020	31 December 2019
Bank loans	68,066,138	48,352,918
Financial Leasing Liabilities	-	-
Total	68,066,138	48,352,918

Short-Term Portion of Long-Term Debt Instruments

	31 December 2020	31 December 2019
Bank loans	437,482,804	351,540,214
Financial Leasing Liabilities	46,041,470	33,391,953
Total	483,524,274	384,932,167

Long-Term Borrowings

	31 December 2020	31 December 2019
Bank loans	731,241,021	590,568,151
Financial Leasing Liabilities	30,444,303	40,239,071
Total	761,685,324	630,807,222

Bank loans

Details of Short-Term Bank Loans on the basis of foreign currency as of 31 December 2020 are provided below.

	Foreign Currency Balance	Internal Rate of Return*	TRY equivalent
TRY	309,261,263	7.84% - 23.75%	309,261,263
EURO	15,358,907	1.61% - 7.81%	138,351,502
USD	7,892,674	6.63%-8.40%	57,936,177
Total			505,548,942

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 9 - FINANCIAL LIABILITIES

Details of Short-Term Bank Loans on the basis of foreign currency as of 31 December 2019 are provided below.

	Foreign Currency Balance	Internal Rate of Return*	TRY equivalent
TRY	176,696,021	9.9% - 37.88%	176,696,021
EURO	14,941,242	4.23% - 10.0%	99,368,222
USD	20,845,912	2.23%-8.98%	123,828,889
Total			399,893,132

Details of Long-Term Bank Loans on the basis of foreign currency as of 31 December 2020 are provided below.

	Foreign Currency Balance	Internal Rate of Return*	TRY equivalent
TRY	511,526,779	7.84% - 23.75%	511,526,779
EURO	17,010,411	1.61% - 7.81%	153,228,081
USD	9,057,443	6.63%-8.40%	66,486,161
Total			731,241,021

Details of Long-Term Bank Loans on the basis of foreign currency as of 31 December 2019 are provided below.

	Foreign Currency Balance	Internal Rate of Return*	TRY equivalent
TRY	131,926,722	9.9% - 37.88%	131,926,722
EURO	34,955,247	4.23% - 10.0%	232,473,363
USD	38,074,150	2.23%-8.98%	226,168,066
Total			590,568,151

Repayment maturities of the loan liabilities are as follows:

	31 December 2020	31 December 2019
Payable in 0-3 months	161,583,798	129,923,093
Payable in 4-12 months	343,965,144	269,970,039
Payable in 1-5 years	726,465,460	579,565,826
Payable in a period longer than 5 years	4,775,561	11,002,325
Total	1,236,789,963	990,461,283

* **Internal rate of return** is the rate which equalizes the present value of the cash inflows to the present value of the cash outflows in a project. Therefore, internal rate of return disclosed for bank loans and financial leasing liabilities means the interest rate used in loan and financial leasing.

Payables due to Financial Leasing Transactions

Details of Short-Term Financial Leasing transactions on the basis of foreign currency as of 31 December 2020 are provided below.

	Foreign Currency Balance	Internal Rate of Return	TRY equivalent
TRY	24,708,829	13.51% - 24.23%	24,708,829
EURO	2,368,215	3.25% - 12.72%	21,332,641
Total		-	46,041,470

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 9 - FINANCIAL LIABILITIES

Details of Short-Term Financial Leasing transactions on the basis of foreign currency as of 31 December 2019 are provided below.

	Foreign Currency Balance	Internal Rate of Return	TRY equivalent
TRY	20,651,307	13.42% - 24.20%	20,651,307
EURO	1,915,714	3.09% - 12.66%	12,740,646
Total		-	33,391,953

Details of Long-Term Financial Leasing transactions on the basis of foreign currency as of 31 December 2020 are provided below.

	Foreign Currency Balance	Internal Rate of Return	TRY equivalent
TRY	2,583,540	13.51% - 24.23%	2,583,540
EURO	3,092,925	3.25% - 12.72%	27,860,763
Total			30,444,303

Details of Long-Term Financial Leasing transactions on the basis of foreign currency as of 31 December 2019 are provided below.

	Foreign Currency Balance	Internal Rate of Return	TRY equivalent
TRY	17,246,652	13.42% - 24.20%	17,246,652
EURO	3,457,195	3.09% - 12.66%	22,992,419
Total			40,239,071

Repayment maturities of the financial leasing are as follows:

	31 December 2020	31 December 2019
Payable in 0-3 months	11,748,917	8,181,664
Payable in 4-12 months	34,292,552	25,210,289
Payable in 1-5 years	30,444,304	40,239,071
Payable in a period longer than 5 years	-	-
Total	76,485,773	73,631,024

NOTE 10 - OTHER FINANCIAL LIABILITIES

None. (31 December 2019: None.)

NOTE 11 - ACCOUNT RECEIVABLES AND PAYABLES

(a) Short term trade receivables

Short term trade receivables	31 December 2020	31 December 2019
Buyers	11,921,157	7,572,124
Notes Receivables	2,672,455	2,874,643
Minus: Deferred Financing Income	(136,276)	(149,003)
Doubtful Trade Receivables	7,420,177	6,767,642
Provision for Doubtful Account Receivables (-)	(7,420,177)	(6,767,642)
Subtotal	14,457,336	10,297,764
Account Receivables from Related Parties (Note 6)	6,268,723	4,572,676
Minus: Deferred Financing Income from Related Parties	(76,103)	(45,737)
Total	20,649,956	14,824,703

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 11 - ACCOUNT RECEIVABLES AND PAYABLES

The movements of the doubtful trade receivables during the period are provided below;

Doubtful Trade Receivables	31 December 2020	31 December 2019
Opening	6,767,642	212,912
Subsidiary Acquisition	64,327	-
Provision Reserved During Period	967,818	5,882,643
Provisions Cancelled	(379,610)	(2,318,425)
Provisions for revenue recognized in deferred income	-	2,990,512
Total	7,420,177	6,767,642

b) Long Term Account Receivables

None. (31 December 2019: None.)

c) Short-Term Account Payables

Short-Term Trade Payables	31 December 2020	31 December 2019
Sellers	4,113,351	4,677,532
Notes Payable	207,244	580,872
Minus: Deferred Financing Expenses	(33,788)	(38,322)
Subtotal	4,286,807	5,220,082
Payables to Related Parties (Note 6)	44,045,048	8,357,164
Minus: Deferred Financing Income from Related Parties	(279,442)	(85,693)
Total	48,052,413	13,491,553

d) Long-Term Account Payables

None. (31 December 2019: None.)

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCIAL INDUSTRY ACTIVITIES None.

(31.12.2019: None.)

NOTE 13 - OTHER RECEIVABLES AND PAYABLES

a) Other Short Term Receivables

Other Short Term Receivables	31 December 2020	31 December 2019
Deposits And Guarantees Furnished	159,453	107,526
Other Various Receivables	437,398	307,233
Other Doubtful Receivables	1,953,740	1,953,740
Minus: Provision for Other Doubtful Receivables	(1,953,740)	(1,953,740)
Subtotal	596,851	414,759
Other Receivables from Related Parties (Note 6)	-	395,037
Total	596,851	809,796

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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(Unless otherwise specified, amounts are expressed in Turkish Liras ("TRY"))

NOTE 13 - OTHER RECEIVABLES AND PAYABLES (cont'd)

Other Long Term Receivables

<u>Other Long Term Receivables</u>	31 December 2020	31 December 2019
Deposits And Guarantees Furnished	3,250	3,250
Total	3,250	3,250

c) Other Short Term Payables

<u>Other Short Term Payables</u>	31 December 2020	31 December 2019
Deposits and guarantees received	3,210,892	3,163,585
Taxes and Funds Payable	4,536,375	6,256,831
Public Payables Overdue, Deferred or by Installments	119,486	333,778
Subtotal	7,866,753	9,754,194
Other Payables to Related Parties (Note 6)	2,842,624	4,720,320
Total	10,709,377	14,474,514

d) Other Long-Term Payables

<u>Other Long-Term Payables</u>	31 December 2020	31 December 2019
Public Payables Overdue, Deferred or by Installments	-	130,540
Total	-	130,540

NOTE 14 - LIABILITIES UNDER THE EMPLOYEE BENEFITS

The details of employee benefits payables are provided below.

	31 December 2020	31 December 2019
Personnel Payables	188,225	37,806
Personnel Tax Deductions	29,830	7,425
Pavable Social Security Withholdings	83,186	11,416
Total	301,241	56,647

NOTE 15 - DERIVATIVES

None. (31 December 2019: None.)

NOTE 16 - INVENTORIES

a) Short-Term Inventories

	31 December 2020	31 December 2019
Hotel operation materials	171,708	-
Total	171,708	-

b) Long-Term Inventories

	31 December 2020	31 December 2019
Land Inventories	56,897,916	56,897,916
Total	56,897,916	56,897,916

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 16 - INVENTORIES (cont'd)

Pursuant to the Company Board Resolution No 298 of 04/05/2016, a Preliminary Contract for Property Sale is executed with Sur Yapı Endüstri San. Ve Tic. Anonim Şirketi, a construction project company, for construction of residences on the lands of 10,783.80 m2, registered at Parcel 1674, Map Section 9910, Sancaktepe Town, Istanbul Province, and 18,316.57 m2, registered at Parcel 17, Block 6650, Sancaktepe town, Istanbul Province. Construction which is based on "Revenue Sharing" will commence in 2016 and be completed within 30 months. As of 31 December 2017, sales office construction was completed and sample apartment construction was in progress. Project is advertised with the name "Muhit", and sales process continues. As of 31 December 2020, construction level of the Muhit Project is at the level of 40% and construction and sales process continues.

The land with a surface area of 10,783.80 m2, registered as "an arable land" at Parcel 1674, Map Section 9-10, Sancaktepe Town, Istanbul Province was divided into two parcels as parcel 1974 (3,301.30 m2) and parcel 1975 (6,965.62 m2) on the date of 04.08.2016, and an area of 516.88 m2 was abandoned as land development road under Articles 15 and 16 of Land Development Act. Parcel 1974 (3,301.30 m2), resulting from division is donated to Sancaktepe Municipality on 25.10.2016. Parcel 1975 (6,965.62 m2) remained in the ownership of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. is type-changed to "land" in the title deed registry.

The parts of Parcel 17 Block 6650 of Sancaktepe, Istanbul which remain in the park (2,123.19 m2) and road (76 m2) areas (a total of 2,199.19 m2) were abandoned on 04.08.2016, upon which the land has a surface area of 16,117.38 m2. Total land area on which project will be implemented is (6,965.62+16,117.38=) 23,083 m2.

While properties were previously recognized in the investment properties at fair value, it was transferred to inventories in 2016. In a transfer from investment property measured according to the fair value method to an investment property, estimated cost used in the recognition according to the TAS 16 or TAS 2 after the transfer shall be the fair value on the date when change in use of the said property occurred. Inventories are classified as short and long-term considering the expected completion date of the residence construction.

Said lands has a total fair value of TRY 135,000,000 on 31 December 2020. (31 December 2019: TRY 77,050,735)

NOTE 17 - BIOLOGICAL ASSETS

None. (31 December 2019: None.)

NOTE 18 - PREPAID EXPENSES AND DEFERRED INCOMES

(a) Short and Long-Term Prepaid Expenses

- Short Term Prepaid Expenses

	31 December 2020	31 December 2019
Short-Term Prepaid Expenses	2,987,768	2,670,808
Advances Given For Purchases	2,280,563	3,403,553
Job Advances	11,900	-
Subtotal	5,280,231	6,074,361
Advances Given to Related Parties (Note 6)	18,181	151,649
Total	5,298,412	6,226,010

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 18 - PREPAID EXPENSES and DEFERRED INCOMES (cont'd)

-Long Term Prepaid Expenses

	31 December 2020	31 December 2019
Fixed Asset Advances Given (*)	37,580	37,580
Expenses due to Future Years	269,805	1,413,716
Total	307,385	1,451,296

(*) Fixed Asset Advances Given consist in the advances given for the fixed asset purchases relating to warehouse construction and warehouses.

With Board Resolution No 384 of 11 July 2017, Company decided to sell the warehouse with an area of 8,312 m2 located on Parcel 2, Map Section 2088 of Akse Neighborhood, Çayırova Town, Kocaeli Province for a price of TRY 14,400,000 through "Sell and Lease Back" method. The loss between fair value and sales value of the real estate amounts to TRY 2,091,000. Loss so incurred is deferred under TAS 17 Leasing Transactions Standard, and will be reflected in the comprehensive income statement to be redeemed during leasing term (60 months).

b) Short and Long-Term Deferred Incomes

- Short-Term Deferred Incomes

	31 December 2020	31 December 2019
Short-Term Incomes	1,011,645	1,026,331
Advances of Orders Received	360,945	36,615
Total	1,372,590	1,062,946

- Long-Term Deferred Incomes

	31 December 2020	31 December 2019
Long-Term Incomes	13,250	779,296
Total	13,250	779,296

Company generated a profit of TRY 53.000 as the difference between fair value and sales value of 1 property located on Parcel 24, Map Section 60, Bulgurlu Neigh. Üsküdar Town of Istanbul Province, sold and leased back pursuant to financial leasing contract No 150648473 made with AK Finansal Kiralama A.Ş. on 03 December 2015. Profit so generated is deferred under TAS 17 Leasing Transactions Standard, and will be reflected in the comprehensive income statement to be redeemed during leasing term (60 months).

NOTE 19 - GOVERNMENTAL SUPPORTS AND SUBSIDIES

None. (31 December 2019: None.)

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 20 - PERIOD PROFIT TAX LIABILITY

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Law (KVK) No 5520. Therefore, no tax provisions are calculated. (31.12.2019: None.)

Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd.Şti. and Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. subsidiaries of the Company are liable to pay corporate tax.

NOTE 21 - ASSETS RELATING TO CURRENT PERIOD TAX

TRY 1,171,406 indicated in the line "assets relating to current period tax consist in the taxes withheld by banks during time deposits and repo transactions.

(31.12.2019: TRY 620,262 indicated in the line "assets relating to current period tax consist in the taxes withheld by banks during time deposits and repo transactions.

NOTE 22 - OTHER CURRENT ASSETS/OTHER FIXED ASSETS AND OTHER SHORT/LONG TERM LIABILITIES

a) Other Current Assets

	31 December 2020	31 December 2019
Deferred VAT	8,675,594	3,053,446
Total	8,675,594	3,053,446

b) Other Fixed Assets

None. (31 December 2019: None.)

c) Other Short/Long-Term Liabilities

None. (31 December 2019: None.)

NOTE 23 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-Term Provisions

Litigation and Disputes

	31 December 2020	31 December 2019
Provisions for Litigation	4,355,225	2,253,355
Total	4,355,225	2,253,355

A total TRY 4,355,225 of provisions are set aside for the lawsuits as of 31 December 2020. A total TRY 2,101,870 of provisions are set aside for the lawsuits as of 31 December 2019. There is no lawsuit which embody material uncertainty except for the lawsuit noted below.

Company set aside TRY 1.953.740 of provisions for adverse litigation liability as of 31 December 2020 (31.12.2020: TRY 1.953.740). This amount entirely consists in the uncollectible receivables from 2M Proje Geliştirme Mühendislik Mim. İnş. San. Tic. Ltd. Şti in 2016.

NOTE 23 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Collectibility of the receivable will become certain when prosecution proceedings of open multiple lawsuits filed between parties become final, therefore, it is not possible to make a definite risk determination. However, it is known that 2M Proje Geliştirme Mühendislik Mim.İnş.San.Tic.Ltd. Şti suffers from financial difficulties, therefore, provision are set aside for said entire amount as it appears that collection would be difficult even if litigation concludes in favor of the company. Provision so set aside is reflected in the profit/loss statement of the previous period (Note 13). In the current period, a risk of TRY 1,143,000 is determined for 2M Proje Geliştirme Mühendislik Mim.İnş.San.Tic.Ltd.Şti, accordingly provisions are set aside. (Note 33)

The construction of the warehouse located in Adana province under contract is carried out by Remkar Taşımacılık ve Dan.Ltd.Şti. (Remkar). Termekom Soğutma Hava Elek.Müh.Tic.Ltd.Şti.(Termekom) is the sub-contractor which undertook the construction of cold air systems of the warehouse, for which contract signed between Remkar and Termekom. As Termekom company failed to deliver the work on time, the litigation process between Remkar and Termekom is currently going on. As a result, Reysaş Group Companies has no legal relation with the lawsuit between Termekom and Remkar. Since Reysaş Group companies are not a party to these lawsuits, there is no possibility for positive or negative decision held for or against them.

Provisions for Unused Paid Leaves

Group calculated a paid leave liability of TRY 78,030 according to the number of days of paid leaves entitled but not yet used by personnel as of 31 December 2020. (Group calculated a paid leave liability of TRY 10,386 according to the number of days of paid leaves entitled but not yet used by personnel as of 31 December 2019.

b) Long-Term Provisions

Provisions related with benefits to employees

Under labor laws effective in Turkey, it is a liability to make severance pay to employees whose employment is terminated in such way entitling them to severance pay. Also, Company is liable to pay the legal severance pay to personnel who are entitled to leave their jobs by receiving severance pay pursuant to applicable Article 60 of Social Insurance Act No 506, as amended by Acts No 2422 of 6 March 1981, and No 4447 of 25 August 1999. Severance pays are calculated over one monthly salary for each employment year. As of relevant balance sheet date, severance pay is subject to the ceiling of TRY 7,117.17 (31 December 2019 - TRY 6,379.86).

Severance pay liability is calculated by present value estimation of any likely liability in future arising out of retirement of Company personnel. TAS 19 Employee Benefits, as amended, prescribes for companies to calculate their liabilities by using actuarial valuation methods under the benefit plans defined. Accordingly, actuarial assumptions used in calculation of total liabilities are described below.

The basic assumption is to increase maximum liability for each year in parallel with inflation. Therefore, discount rate applied means the expected real interest rate after applying adjustments of future inflation effects.

As a result, as of 31 December 2020 and 31 December 2019, liabilities in the financial statements enclosed herewith are calculated by estimating present value of the potential future liability arising out of employee retirement.

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NOTE 23 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

On the date of balance sheet, provisions are calculated by using real discount rate of 3.34% (31 December 2019 - 4.67%) which is calculated on the basis of annual inflation of 10.04% (31 December 2019 - 7,00%) and discount rate of 13,72% (31 December 2019 - 12,00%).

Total costs except for actuarial gain/(loss) incurred with respect to severance pays are included in the income statement prepared as of 31 December 2020. Actuarial gain/(loss) in the amount of TRY 16,325 are reflected in other comprehensive income statement as of 31 December 2020. (31.12.2019: TRY 29,168)

Movements of provisions for severance pay are as follows as of 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Provision for Severance Pay	311,104	102,857
	31 December 2020	31 December 2019
Opening balance	102,857	55,033
Subsidiary Acquisition	132,989	-
Service Cost	81,953	13,783
Re-Measurement Gains /Losses Of Defined Benefit Plans	(16,325)	29,168
Cost of Interest	9,630	4,873
Cancelled severance pays (-)	-	-
End of Period	311,104	102,857

Contingent Assets and Liabilities

None. (31 December 2019: None.)

Pursuant to Article 2(1)/d-4 of KVK Act No 5520, the revenues of Real Estate Investment Trusts are exempt from Corporate Tax. Also, withholding rate is determined as 0 %. Accordingly, Company will have tax liability if it loses its status of Real Estate Investment Trust.

Pursuant to the demerger transaction, where the warehouses are added as a in-kind capital, took place under Article 20 of Corporate Tax Act, Company is jointly responsible for the assets took over from the tax liabilities of Reysaş Lojistik A.Ş., as demerged entity, accrued or to be accrued until demerge date, but limited to their fair values. Furthermore, pursuant to Article 36 of the Act on Collection Procedures of Public Receivables, in terms of application of this law; since the legal persons who takes over assets of the split-off legal persons in case of split-off shall act on behalf of the split-off legal person(s), Company will be responsible for the public payables of the Reysaş Lojistik A.Ş.

Encumbrances

There are various encumbrances established on the real estate owned by Group. It is considered by Group Management, and Valuation Companies which carried out valuation of the real estate that said issues do not pose any risks that may require provisions set aside in the financial statements.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 23 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

c) Guarantee, Lien and Mortgage Received/Given by Group

Guarantees/Mortgage/Liens Received by Group

Company has following guarantees/mortgage/liens it received as of 31 December 2020:

Guarantees, Liens, Mortgage and Surety	Total Equivalent in TRY	USD	EUR	TRY
Letters of Guarantee Received	4,070,184	219,220	-	2,461,000
Notes of Guarantee Received	10,474,343	147,040	22,000	9,196,823
Total	14,544,528	366,260	22,000	11,657,823

Group has following guarantees/mortgage/liens it received as of 31 December 2019:

Guarantees, Liens, Mortgage and Surety	Total Equivalent in TRY	USD	EUR	TRY
Letters of Guarantee Received	1,840,397	149,220	-	954,000
Notes of Guarantee Received	8,726,907	147,040	22,000	7,707,147
Total	10,567,304	296,260	22,000	8,661,147

Guarantees/Mortgage/Liens Received by Group

Group has given following guarantees, liens and mortgages on the currency unit basis as of 31 December 2020;

<u>Guarantees, Liens, Mortgage and Surety</u>	<u>Total Equivalent in TRY</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
Guarantees	1,101,072			1,101,072
Mortgage	2,387,228,050	72,100,000	20,000,000	1,677,820,000
Total	2,388,329,122	72,100,000	20,000,000	1,678,921,072

Group has given following guarantees, liens and mortgages on the currency unit basis as of 31 December 2019;

<u>Guarantees, Liens, Mortgage and Surety</u>	<u>Total Equivalent in TRY</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
Guarantees	212,316	-	-	212,316
Mortgage	2,456,320,244	206,200,000	33,340,000	1,009,720,000
Total	2,456,532,560	206,200,000	33,340,000	1,009,932,316

Group has following guarantees/mortgage/liens it gave in relation with its own transactions as of 31 December 2020 and 31 December 2019:

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NOTE 23 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

GLMs Given by Group	31 December 2020	31 December 2019
A. Total amount of GLMs given in the name of legal entity	2,388,329,122	2,456,532,560
- Mortgage	2,387,228,050	2,456,320,244
- Letter of Guarantee	1,101,072	212,316
B. Total amount of GLMs given in favor of the partnerships included in the full consolidation	-	-
C. Total amount of GLMs given to procure the debt of other 3rd parties for performance of ordinary trade activities	-	-
3.	-	-
D. Total amounts of other given GLMs	-	-
i. Total amount of GLMs given on behalf of the parent partner	-	-
ii. Total Amount of GLMs given in favor of group companies not included in items B and C	-	-
iii. Total amount of GLMs given on behalf of 3rd parties not included in scope of item C	-	-
	-	-

The ratio of "Other GLMs" given by the Group to the equities of the Company is 0% as of 31 December 2020. (31 December 2019: 0%).

Group has no guarantee, lien and mortgage given by it on behalf of related parties or third persons.

Total insurance amount of assets values;

Insurance of the Real Estates amounts to TRY 1,089,847,194. (31.12.2019: TRY 955,665,406).

NOTE 24 - COMMITMENTS

None. (31 December 2019: None.)

NOTE 25 - INVESTMENTS VALUED BY EQUITY METHOD

Subsidiaries	31 December 2020	31 December 2019
Arı Lojistik A.Ş.	50,00% 29,678,582	50,00% 26,443,169
Total	29,678,582	26,443,169

Movements of investments valued by Equity method are as follows as of 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Balance as of 1 January	26,443,169	26,149,197
Share of Subsidiary in Period Profit / (Loss)	3,235,413	2,239,390
Dividends Received	-	(1,945,418)
Total	29,678,582	26,443,169

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 25 - INVESTMENTS VALUED BY EQUITY METHOD

Financial statement summary information of the investment valued via equity method:

	31 December 2020				
	Total Assets	Total Liabilities	Owner's Equity	Revenues	Profit/(Loss)
Arı Lojistik A.Ş.	71,358,225	(12,001,063)	59,357,162	8,696,345	6,470,823
	31 December 2019				
	Total Assets	Total Liabilities	Owner's Equity	Revenues	Profit/(Loss)
Arı Lojistik A.Ş.	64,482,020	(11,595,682)	52,886,342	7,970,000	4,478,938

Arı Lojistik A.Ş.

	31 December 2020	31 December 2019
Total Assets	71,358,225	64,482,020
Liabilities	(12,001,063)	(11,595,682)
Net Assets	59,357,162	52,886,338
Revaluation Value of Subsidiary of REIT According to Equity Method (50%)	29,678,582	26,443,169

Since said investment have material effects, Company accounted for them in the investments valued by Equity Method. The part of subsidiary assets so acquired that exceeds the net reasonable value are associated with the income statement. While accounting for said investments, Company determines the existence of material effect based on the existence of the following criteria.

- (a) The investee is represented by a board of directors or equivalent administrative body.
- (b) Participation in the policy determination processes of the business, including decisions on the dividends or other distributions.

NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS

The details of investment properties as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Investment Properties	2,968,990,000	2,504,373,099
Investment Properties in the Project Stage	98,071,457	91,243,823
Total	3,067,061,457	2,595,616,922

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ and SUBSIDIARIES
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NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS (cont'd)

The fair value of the warehouses and warehouses under construction of the Company as of 31 December 2020 is calculated according to the valuation carried out by Property Valuation Company Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which have no relationship with Company. Valuations performed according to the International Valuation Standards are based on the Market Method, Cost (Expense) Method and Income (Productivity) Method. (*) Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is an independent property valuation company authorized by Turkish Capital Market Board.

Insurances on the investment properties amount to TRY 1,089,847,194 (31 December 2019: TRY 955,665,406)

Disclosure on the mortgages established on the investment properties are provided in Note 23.

The movements of the lands as of 31 December 2020 are provided below:

Lands

Site	Type		01.01.2020	Inflow	Outflow	Fair Value Difference	31 December 2020
Istanbul	Pendik	Kurna Village	45,580,000	-	-	(5,580,000)	40,000,000
Kocaeli	Çayırova	Akse-12	12,750,000	-	-	3,250,000	16,000,000
Kocaeli	Kartepe	Maşukiye	2,900,000	-	-	300,000	3,200,000
Kocaeli	Kartepe	Uzuntarla-2	3,220,000	-	-	420,000	3,640,000
Sakarya	Arifiye	Yukarıkirezce-1	12,045,000	-	-	2,955,000	15,000,000
Samsun	Çarşamba	İrmaksırtı	5,990,000	-	-	110,000	6,100,000
Düzce	Head Quarter	Darıcı	5,846,000	-	-	1,404,000	7,250,000
Ankara	Gölbaşı	Oğulbey	5,217,000	-	-	133,000	5,350,000
Kastamonu	Head Quarter	Kuzeykent	3,942,000	-	-	558,000	4,500,000
Kocaeli	Gebze	Muallimköy	10,285,000	-	-	1,715,000	12,000,000
Ankara	Kahramankazan	Saray	15,438,000	270,067	-	3,291,933	19,000,000
Kocaeli	Gebze	Balçık(*)	-	9,488,566	-	1,511,434	11,000,000
Ankara	Çankaya	Lodumu	1,293,000	-	-	107,000	1,400,000
Erzurum	Palandöken	Palandöken	3,849,000	-	-	401,000	4,250,000
Istanbul	Tuzla	Orhanlı	3,330,000	-	-	(80,000)	3,250,000
			131,685,000	9,758,633	-	10,496,367	151,940,000

(*) Pursuant to Board Resolution No 608 of 30.12.2020, joint-ownership land of 9,364.62 m3 located on Parcel 7 Map Section 379 Balçık Neighborhood Gebze Town Kocaeli Province are purchased with 100% prepayment for a price of TRY 9,488,566.

The movements of the Buildings as of 31 December 2020 are provided below:

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NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS (cont'd)

Site			01.01.2020	Inflow	Transfer	Fair Value Difference	31 December 2020
Adana	Seyhan	Sarıhamzalı	22,602,000	-	-	4,398,000	27,000,000
Adana	Yüreğir	Dağcı	22,000,000	60,000	-	3,040,000	25,100,000
Ankara	Kazan	Orhaniye	17,845,000	634,396	-	2,520,604	21,000,000
Eskişehir	Odunpazarı	OSB	7,035,000	-	-	1,915,000	8,950,000
Giresun	Tirebolu	İstiklal	4,760,000	-	-	1,140,000	5,900,000
Giresun	Bulancak	Pazarsuyu	9,796,000	-	-	1,454,000	11,250,000
İstanbul	Tuzla	Orhanlı-2	74,010,000	-	-	12,590,000	86,600,000
İstanbul	Tuzla	Orhanlı-4	134,093,000	35,637	-	25,871,363	160,000,000
İstanbul	Arnavutköy	Ömerli	25,064,000	-	-	2,986,000	28,050,000
İzmir	Torbalı	Torbalı**	26,550,000	168,616	-	13,281,384	40,000,000
Kocaeli	Çayırova	Akse-2	60,620,000	64,023	-	16,390,977	77,075,000
Kocaeli	Çayırova	Akse-1+7+10	170,610,000	105,702	-	42,284,298	213,000,000
Kocaeli	Çayırova	Akse-5 *****	14,400,000	-	-	22,450,000	36,850,000
Kocaeli	Çayırova	Akse-3	79,000,000	407,249	-	10,912,751	90,320,000
Ordu	Ünye	Yüceler	13,661,000	-	-	2,539,000	16,000,000
Sakarya	Arifiye	Yukarıkirezce-2	5,155,000	-	-	1,095,000	6,250,000
Samsun	Terme	Söğütü	6,004,000	-	-	1,246,000	7,250,000
Samsun	Çarşamba	Epçeli	5,985,000	-	-	1,115,000	7,100,000
Samsun	Çarşamba	Dikbiyık***	16,043,000	-	-	7,957,000	24,000,000
Düzce	Head Quarter	Arapçiftliği	7,325,000	8,654,031	-	(4,349,031)	11,630,000
Düzce	Akçakoca	Çiçekpınar	5,108,000	-	-	1,392,000	6,500,000
Kocaeli	Kartepe	Uzuntarla-3	12,650,000	-	-	3,350,000	16,000,000
Kocaeli	Çayırova	Akse-9	169,000,000	265,318	-	32,034,682	201,300,000
Kocaeli	Çayırova	Akse-6	28,280,000	240,885	-	4,359,115	32,880,000
Antalya	Kepez	Sütçüler	12,756,000	-	-	3,244,000	16,000,000
İstanbul	Üsküdar	Bulgurlu-2	19,056,000	-	-	3,944,000	23,000,000
Kocaeli	Çayırova	Akse-8	96,200,000	-	-	(79,800,000)	16,400,000
Bolu	Head Quarter	Saraycık	21,137,000	-	-	6,613,000	27,750,000
Sakarya	Arifiye	Yukarıkirezce-3	15,748,000	184,253	-	3,067,747	19,000,000
Antalya	Serik	Çandır-1 ,Çandır-2	91,000,000	-	-	12,000,000	103,000,000
Sakarya	Arifiye	Hanlıköy	17,353,000	407,555	-	4,739,445	22,500,000
İzmir	Menderes	Görece-3	24,966,000	335,160	-	6,458,840	31,760,000
Antalya	Kumluca	Sarıkaya	13,233,000	-	-	4,267,000	17,500,000
Ankara	Kahramankazan	Saray	21,339,000	-	-	3,661,000	25,000,000
Adana	Sarıçam	Suluca	18,388,000	-	-	2,612,000	21,000,000
İstanbul	Tuzla	Orhanlı-5	146,162,000	29,590	-	23,808,410	170,000,000
Eskişehir	Tepebaşı	Eskibağlar	85,000,000	-	-	16,000,000	101,000,000
İstanbul	Üsküdar	Bulgurlu-1*	16,000,000	-	-	3,000,000	19,000,000
Kocaeli	Çayırova	Akse-11	137,275,000	-	-	27,225,000	164,500,000
İzmir	Menderes	Görece-4	57,245,000	171,025	-	13,533,975	70,950,000
İstanbul	Esenyurt	Esenyurt	154,281,000	-	-	26,719,000	181,000,000
İstanbul	Tuzla	Tepeören	319,116,000	297,054	-	80,586,946	400,000,000
Kocaeli	Çayırova	Akse-12	80,000,000	185,210	-	14,814,790	95,000,000
Adana	Sarıçam	Suluca-2	39,000,000	-	-	8,000,000	47,000,000
İzmir	Menderes	Görece	-	-	22,202,736	4,797,264	27,000,000
Kastamonu	Head Quarter	Kuzeykent(1)	5,159,000	-	-	2,941,000	8,100,000
Karabük	Central Town	Çerçiler(1)	2,034,000	-	-	1,751,000	3,785,000
Bartın	Central Town	Balamba(1)	1,920,000	-	-	1,450,000	3,370,000
Kastamonu	Tosya	Dilküshah(1)	496,000	-	-	564,000	1,060,000
Eskişehir	Sivrihisar	Kurşunlu(1)	742,000	-	-	313,000	1,055,000
Erzincan	Hilton Bina	-	39,486,099	-	-	1,828,901	41,315,000
Total Buildings			2,372,688,099	12,245,704	22,202,736	409,913,461	2,817,050,000
Total Lands and Buildings			2,504,373,099				2,968,990,000

Company engaged in leasing by Sell&Lease Back Method with respect to the properties located on Parcel 194 Map Section 6 Torbalı Neighborhood Torbalı Town İzmir Province, Parcel 1, Map Section 198 Çarşamba Town Samsun Province, Parcel 2 Map Section 2088 Akse Neighborhood Çayırova Town Kocaeli Province in 2016, 2016 and 2017, respectively. The fair value of said real estate as of 31 December 2020 is TRY 100.850.000.

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NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS (cont'd)

The movement chart related to the Investment Properties in Project as of 31 December 2020 is provided below:

Investment Properties in the Project Stage

Site			01.01.2020	Inflow	Outflow	Transfer	Fair Value Difference	31 December 2020
İzmir	Menderes	Görece	21,918,000	284,736	-	(22,202,736)	-	-
Kocaeli	Çayırova	Akse-15(*)	41,345,000	3,584,087	-	-	35,010,913	79,940,000
Kocaeli	Çayırova	Akse 13	14,142,000	8,080	-	-	2,849,920	17,000,000
Others	-	-	13,838,823	577,396	(13,284,762)	-	-	1,131,457
			91,243,823	4,454,299	(13,284,762)	(22,202,736)	37,860,833	98,071,457

(*) The Building Occupation Permit Certificate is obtained and accordingly investment completed on 5 January 2021 for the logistics warehouse of 19,349 m2 constructed on the land of 14,703.44 m2 located at Parcel 33 Map Section 420 Şekerpınarı Neighborhood Çayırova Town Kocaeli Province.

Group leased out the said warehouses and earned a rent income of TRY 239,724,211, as of 31 December 2020. (31.12.2019: TRY 203,512,400)

The movements of the lands as of 31 December 2019 are provided below:

Lands

Site	Type		01.01.2019	Inflow	Outflow	Fair Value Difference	31 December 2019
Istanbul	Pendik	Kurna Village	20,431,000	-	-	25,149,000	45,580,000
Kocaeli	Çayırova	Akse-12	9,862,000	-	-	2,888,000	12,750,000
Kocaeli	Kartepe	Uzuntarla-1	358,000	-	(358,000)	-	-
Kocaeli	Kartepe	Maşukiye	2,180,000	-	-	720,000	2,900,000
Kocaeli	Kartepe	Uzuntarla-2	2,426,000	-	-	794,000	3,220,000
Sakarya	Arifiye	Yukarıkirezce-1	9,243,000	-	-	2,802,000	12,045,000
Samsun	Çarşamba	Irmaksırtı	4,726,000	-	-	1,264,000	5,990,000
Düzce	Central Town	Darıcı	4,163,000	-	-	1,683,000	5,846,000
Ankara	Gölbaşı	Oğulbey	4,453,000	-	-	764,000	5,217,000
Kastamonu	Central Town	Kuzeykent	3,212,000	-	-	730,000	3,942,000
Kocaeli	Gebze	Muallimköy	8,647,000	-	-	1,638,000	10,285,000
Ankara	Kahramankazan	Saray	12,157,000	-	-	3,281,000	15,438,000
Ankara	Çankaya	Lodumu	1,292,510	-	-	490	1,293,000
Erzurum	Palandöken	Palandöken	-	3,105,000	-	744,000	3,849,000
Istanbul	Tuzla	Orhanlı	2,596,000	-	-	734,000	3,330,000
			85,746,510	3,105,000	(358,000)	43,191,490	131,685,000

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NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS (cont'd)

The movements of the Buildings as of 31 December 2019 are provided below:

Site			01.01.2019	Inflow	Outflow	Fair Value Difference	31 December 2019
Adana	Seyhan	Sarıhamzalı	20,923,000	7,423	-	1,671,577	22,602,000
Adana	Yüreğir	Dağcı	18,525,000	-	-	3,475,000	22,000,000
Ankara	Kazan	Orhaniye	14,868,000	-	-	2,977,000	17,845,000
Eskişehir	Odunpazarı	OSB	5,307,000	-	-	1,728,000	7,035,000
Giresun	Tirebolu	İstiklal	3,915,000	-	-	845,000	4,760,000
Giresun	Bulancak	Pazarsuyu	7,890,000	-	-	1,906,000	9,796,000
İstanbul	Tuzla	Orhanlı-2	61,068,000	-	-	12,942,000	74,010,000
İstanbul	Tuzla	Orhanlı-4	109,308,000	-	-	24,785,000	134,093,000
İstanbul	Arnavutköy	Ömerli	20,218,000	-	-	4,846,000	25,064,000
İzmir	Torbalı	Torbalı**	26,550,000	-	-	-	26,550,000
Kocaeli	Çayırova	Akse-2	49,360,000	22,841	-	11,237,159	60,620,000
Kocaeli	Çayırova	Akse-1+7+10	141,556,000	265,156	-	28,788,844	170,610,000
Kocaeli	Çayırova	Akse-5 *****	14,400,000	-	-	-	14,400,000
Kocaeli	Çayırova	Akse-3	64,501,000	456,224	-	14,042,776	79,000,000
Ordu	Ünye	Yüceler	10,023,000	-	-	3,638,000	13,661,000
Sakarya	Arifiye	Yukarıkirezce-2	3,180,000	-	-	1,975,000	5,155,000
Samsun	Terme	Söğütü	4,451,000	-	-	1,553,000	6,004,000
Samsun	Çarşamba	Epçeli	4,762,000	-	-	1,223,000	5,985,000
Samsun	Çarşamba	Dikbıyık***	16,043,000	-	-	-	16,043,000
Düzce	Central Town	Arapçiftliği	5,489,000	-	-	1,836,000	7,325,000
Düzce	Akçakoca	Çiçekpınar	3,401,000	-	-	1,707,000	5,108,000
Kocaeli	Kartepe	Uzuntarla-3	9,124,000	-	-	3,526,000	12,650,000
Kocaeli	Çayırova	Akse-9	135,850,000	18,604	-	33,131,396	169,000,000
Kocaeli	Çayırova	Akse-6	23,106,000	82,929	-	5,091,071	28,280,000
Antalya	Kepez	Sütçüler	9,254,000	-	-	3,502,000	12,756,000
İstanbul	Üsküdar	Bulgurlu-2	16,110,000	-	-	2,946,000	19,056,000
Kocaeli	Çayırova	Akse-8	11,896,000	-	-	84,304,000	96,200,000
Bolu	Central Town	Saraycık	17,877,000	-	-	3,260,000	21,137,000
Sakarya	Arifiye	Yukarıkirezce-3	5,985,000	265,014	-	9,497,986	15,748,000
Antalya	Serik	Çandır-1 ,Çandır-2	74,688,000	-	-	16,312,000	91,000,000
Sakarya	Arifiye	Hanlıköy	13,199,000	-	-	4,154,000	17,353,000
İzmir	Menderes	Görece-3	22,620,000	55,563	-	2,290,437	24,966,000
Antalya	Kumluca	Sarıkaya	11,742,000	-	-	1,491,000	13,233,000
Ankara	Kahramankazan	Saray	18,264,000	-	-	3,075,000	21,339,000
Adana	Sarıçam	Suluca	15,350,000	-	-	3,038,000	18,388,000
İstanbul	Tuzla	Orhanlı-5	118,982,000	-	-	27,180,000	146,162,000
Eskişehir	Tepebaşı	Eskibağlar	53,839,000	-	-	31,161,000	85,000,000
İstanbul	Üsküdar	Bulgurlu-1*	8,947,000	-	-	7,053,000	16,000,000
Kocaeli	Çayırova	Akse-11	103,195,000	-	-	34,080,000	137,275,000
İzmir	Menderes	Görece-4	52,530,000	-	-	4,715,000	57,245,000
İstanbul	Esenyurt	Esenyurt	123,506,000	8,832	-	30,766,168	154,281,000
İstanbul	Tuzla	Tepeören	254,689,000	20,183,255	-	44,243,745	319,116,000
Kocaeli	Çayırova	Akse-12	66,143,000	-	-	13,857,000	80,000,000
Adana	Sarıçam	Suluca-2	33,362,000	-	-	5,638,000	39,000,000
Kastamonu	Central Town	Kuzeykent(1)	4,332,000	-	-	827,000	5,159,000
Karabük	Central Town	Çerçiler(1)	1,789,500	-	-	244,500	2,034,000
Bartın	Central Town	Balamba(1)	1,335,000	-	-	585,000	1,920,000
Kastamonu	Tosya	Dilküşah(1)	388,500	-	-	107,500	496,000
Eskişehir	Sivrihisar	Kurşunlu(1)	372,000	-	-	370,000	742,000
Erzincan	Hilton Bina	-	34,734,000	-	-	4,752,099	39,486,099
Total Buildings			1,848,947,000	21,365,841	-	502,375,258	2,372,688,099
Total Lands and Buildings			1,934,693,510				2,504,373,099

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NOTE 26 - INVESTMENT PROPERTIES INCLUDING PROJECTS (cont'd)

The movement chart related to the Investment Properties in Project as of 31 December 2019 is provided below:

Site			01.01.2019	Inflow	Outflow	Fair Value Difference	31 December 2019
İzmir	Menderes	Görece	18,621,000	49,239	-	3,247,761	21,918,000
Kocaeli	Çayırova	Akse-15	33,818,000	16,677,479	-	(9,150,479)	41,345,000
Kocaeli	Çayırova	Akse 13	12,867,000	78,566	-	1,196,434	14,142,000
Others	-	-	554,061	13,284,762	-	-	13,838,823
			65,860,061	30,090,046	-	(4,706,284)	91,243,823

NOTE 27 - TANGIBLE FIXED ASSETS

Movements relating to the tangible fixed assets and related accumulated amortizations during the periods ended on 31 December 2020 and 31 December 2019 are as follows:

31 December 2020

Tangible Fixed Assets	31 December 2019	Inflow	Outflow	Transfer	Subsidiary Inflow	31 December 2020
Plant, Machinery And Equipment	9,390,987	22,701,392	(25,424)	3,209,138	-	35,276,093
Assets Subject to Activity Leasing	53,795,775	11,198,749	-	(3,209,138)	-	61,785,386
Vehicles	49,194	119,802	-	-	-	168,996
Fixtures	3,610,450	778,391	(76,253)	-	945,076	5,257,664
Special Costs	-	-	-	-	243,800	243,800
Total	66,846,406	34,798,334	(101,677)	-	1,188,876	102,731,939
Accumulated Amortizations	31.12.2019	Inflow	Outflow	Transfer	Subsidiary Inflow	31 December 2020
Plant, Machinery And Equipment	5,518,413	1,436,310	(847)	1,471,103	-	8,424,979
Assets Subject to Activity Leasing	10,595,044	6,246,188	-	(1,471,103)	-	15,370,129
Vehicles	49,194	9,983	-	-	-	59,177
Fixtures	2,254,558	518,380	(5,537)	-	623,548	3,390,949
Special Costs	-	23,118	-	-	158,254	181,372
Total	18,417,209	8,233,979	(6,384)	-	781,802	27,426,606
Net Amount	48,429,197					75,305,332

Assets Subject to Activity Leasing consist in the Plant, Machinery and Equipment and fixtures acquired via Financial Leasing.

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NOTE 27 - TANGIBLE FIXED ASSETS (cont'd)

31 December 2019

Cost	31 December 2018	Acquisition	Outflows (-)	31.12.2019
Plant, Machinery And Equipment	8,829,143	561,844	-	9,390,987
Assets Subject to Activity Leasing	37,551,327	16,244,448	-	53,795,775
Vehicles	49,194	-	-	49,194
Fixtures	3,239,387	371,063	-	3,610,450
Total	49,669,051	17,177,355	-	66,846,406
Accumulated Depreciations (-)	31.12.2018			31.12.2019
Plant, Machinery And Equipment	4,398,528	1,119,885	-	5,518,413
Assets Subject to Activity Leasing	6,640,734	3,954,310	-	10,595,044
Vehicles	49,194	-	-	49,194
Fixtures	1,766,479	488,079	-	2,254,558
Total	12,854,935	5,562,274	-	18,417,209
Net Book Value	36,814,116			48,429,197

Information about Mortgage etc. established on the assets are provided in Note 23.

Insurance Details of Assets are provided in Note 23.

Recognition accounts of the amortization and redemption share expenses are provided in Note 32.

NOTE 28 - INTANGIBLE FIXED ASSETS

None. (31 December 2019: None.)

NOTE 29 - EQUITIES

a) Paid-in Capital

The details of the partners of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. are provided below.

	31 December 2020	Share Ratio (%)	31 December 2019	Share Ratio (%)
Reysaş Taşımacılık ve Lojistik Tic.A.Ş.	152,381,690	61.94	152,381,690	61.94
Publicly-Traded	93,618,300	38.06	93,618,300	38.06
Others	11	0.00	11	0.00
Total	246,000,001	100	246,000,001	100

Group has an issued capital of TRY 246,000,001 as of 31 December 2020.

Pursuant to Resolution adopted at Ordinary General Assembly for 2014 held on 29 May 2015, Group resolved on increasing issued capital from TRY 240,000,000 to TRY 246,000,001, which will fully be covered from the period profit of 2014, and, as a result, paid-in capital of the Company increased from TRY 240,000,000 to TRY 246,000,001.

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NOTE 29 - EQUITIES (cont'd)

As of 31 December 2020, capital of the Group consists in 246,000,001 shares, each with a nominal value of TRY 1 (31 December 2019: 246,000,001, each with a nominal value of TRY 1). According to Articles of Association of the Company, Company's shares are divided into 2 groups as 578,824 Group A registered shares, and 245,421,177 Group B bearer Shares, and Group A shareholders have right to nominate Board Members. 4 of the 6 board members are elected by general assembly, provided that, they are among the candidates nominated by Group A Shareholders by a majority.

Two of the Board Members are elected by General Assembly provided that independence principles as required by Capital Market Legislation.

c) Repurchased Shares/Profit Arising out of Repurchased Shares

Company resolved on repurchasing the company shares on 27.11.2012 under the Principles and Procedures for Repurchasing by Companies of Own Shares No 26/767 published by Capital Market Board on 10.08.2011, and publicly disclosed via a special announcement on Public Disclosure Platform.

Information about repurchasing by Companies of Own Shares are provided below.

Acquisitions	Acquisition Date	Acquire Quantity	Acquisition Unit Price (TRY)	Acquisition Amount (TRY)
1.Alım	12.11.2012	58,979	0.73	43,055
2.Alım	04.02.2013	393,500	0.70	275,450
3.Alım	11.02.2013	453,912	0.69	313,200
	11.02.2013	252,347	0.70	176,642
4.Alım	15.02.2013	341,262	0.70	238,883
Total				1,047,230

c) Other Comprehensive Incomes Or Expenses Not Be Re-Classified In Profit Or Loss

Revaluation And Assessment Profits/Losses

	31 December 2020	31 December 2019
Carried Forward from Previous Period	99,075,327	99,075,327
Total	99,075,327	99,075,327

Via partial demerger, on May 2010, Group recognized the 18 Warehouses, and 3 warehouses under construction, injected as in-kind capital by its parent partner Taşımacılık ve Lojistik Ticaret A.Ş. at fair value in the total amount of TRY 206,939,059. Out of these 21 warehouses, the warehouses located in Trabzon- Arsin, Bursa-Nilüfer and Sakarya-Karasu were sold as of 31 December 2014. After this sales, the difference between fair value, and book value forming the basis of in-kind capital injected as part of partial demerger was realized as TRY 91,095,151 on 31 December 2014. Since there had been no sales during 2015, the difference between fair value, and book value forming the basis of in-kind capital injected as part of partial demerger was realized again as TRY 91,095,151 on 31 December 2015.

In 2016, Warehouse located in Ordu-Central Town was sold. TRY 1,342,264 being the fair value difference of said warehouse is deducted from the fund amounting to TRY 91,095,151, and the difference between fair value and and book value forming the basis of in-kind capital injected as part of partial demerger was realized as TRY 89,752,887 on 31 December 2016.

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NOTE 29 - EQUITIES (cont'd)

Re-Assessment Gains (Losses) Of Defined Benefit Plans

	31 December 2020	31 December 2019
Carried Forward from Previous Period	(62,614)	(33,446)
Actuarial Gains/Losses	15,266	(29,168)
Net Actuarial Gains/Losses	(47,348)	(62,614)

d) Restricted Reserves on Accumulated Profits

Reserves restricted from profits consist in the legal reserves and real estate sales gains exempted from corporate tax, and the reserves for own shares repurchased.

Pursuant to Turkish Code of Commerce, general legal reserve is set aside by 5% of annual profit until it reaches 20% of the paid capital of the company. Other legal reserve is set aside by 10% of the sum of profit to be allocated to shareholders after payment of 5% profit share to shareholders. Pursuant to Turkish Code of Commerce, general legal reserve can be allocated only in loss offsetting, maintenance of operations in economic turndowns or taking effective measurements to avoid or mitigate unemployment or its results, provided that it shall not exceed the half of the capital or issued capital.

	31 December 2020	31 December 2019
Legal Reserves(*)	6,516,173	6,516,173
Reserves for Re-purchased Shares(**)	1,047,230	1,047,230
Total	7,563,403	7,563,403

(*) Company set aside a total of legal reserve of TRY 6,516,173, consisting in TRY 661,067 from profit of 2014, TRY 1,304,261 from profit of 2013, TRY 1,675,864 from profit of 2012, TRY 2,313,491 from profit of 2011, TRY 489,611 from profit of 2010, TRY 47,643 from profit of 2009, and TRY 24,236 from profit of 2008.

(**) For the shares repurchased by Company, a legal reserve is set aside in the amount of pursuant to Article 520 of Turkish Code of Commerce No 6102, and Article 20 of Repurchased Shares Communiqué of CMB No 2-22,1.

e) Accumulated Profits/Losses

The following transactions has been made in Accumulated Profits / Losses account during the year.

	31 December 2020	31 December 2019
Beginning of the Period	807,663,012	595,554,331
Profit/(Loss) For Past Period	548,706,853	212,108,681
End of Period	1,356,369,865	807,663,012

f) Effect of Combinations of Jointly Controlled Businesses

The details of the account as of December 31st, 2020 and December 31st, 2019 are as follows:

	31 December 2020	31 December 2019
Effect of Combinations of Jointly Controlled Businesses (Note 3)	(10,633,456)	(9,363,451)
Total	(10,633,456)	(9,363,451)

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NOTE 30 - SALES AND COST OF SALES

Sales Revenues (net)	01.01-31.12.2020	01.01-31.12.2019
Leasing Incomes	239,724,211	203,512,400
Other Incomes	26,950,429	17,358,544
Sales Returns	(2,670,203)	(5,277,670)
Total Sales	264,004,437	215,593,274
Insurance Costs	2,716,058	2,474,611
Depreciation and Depletion Expenses	8,233,979	5,562,273
Personnel Expenses (*)	2,646,173	-
Repair Maintenance Expenses	3,486,698	3,689,446
Electricity Expenses	10,823,466	10,926,891
Tax, Duty and Charges	4,122,138	3,628,432
Reporting Expert Costs	452,254	129,107
Others	3,145,188	1,928,862
Total Cost	35,625,954	28,339,623
Gross Profit / (Loss)	228,378,483	187,253,651

(*) Hotel Personnel Expenses incurred due to the acquisition of subsidiary Rey Hotel

NOTE 31 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION COSTS, OVERHEAD EXPENSES

a) Overhead Expenses (-)

	01.01-31.12.2020	01.01-31.12.2019
Personnel Expenses	823,839	660,830
Repair Maintenance Expenses	-	13,669
Tax, Duty, Charge Expenses	549,702	125,445
Transport Expenses	1,240,761	-
Legal, Consulting and Audit Expenses	124,054	346,528
CMB Registry and Overheads	20,177	38,607
Utility Expenses	586,839	522,098
Other Costs	1,666,727	1,297,076
Total	5,012,099	3,004,253

b) Research and Development Expenses (-)

Group has no research and development expenses. (31.12.2019: None.)

c) Marketing, Sales and Distribution Expenses (-)

Group has a marketing, sales and distribution expenses of TRY 137,524. (31.12.2019: None.)

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NOTE 32 - EXPENSES ACCORDING TO THEIR NATURES (-)

a) Amortization Expenses (-)

	01.01-31.12.2020	01.01-31.12.2019
Cost of the Services Sold	8,233,979	5,562,273
Overhead Expenses	-	-
Total	8,233,979	5,562,273

b) Personnel Expenses (-)

	01.01-31.12.2020	01.01-31.12.2019
Overhead Expenses	823,839	660,830
Service Production Cost	2,646,173	-
Total	3,470,012	660,830

NOTE 33 - OTHER INCOMES/EXPENSES FROM MAIN ACTIVITIES

a) Other Incomes from Main Activities

Other Operating Incomes	01.01-31.12.2020	01.01-31.12.2019
Terminated Provisions	387,695	2,318,425
Fair Value Revaluation	458,270,662	540,860,465
Fixed Assets Sales Profit	3,694	42,000
Incomes to be Invoiced	772,606	4,284,382
Deferred Financing Incomes	972,351	2,252,018
Exchange Difference Incomes	1,643,400	3,202,828
Other Incomes	2,474,109	1,367,591
Total	464,524,517	554,327,709

b) Other Expenses from Main Operations (-)

Other Operating Expenses (-)	01.01-31.12.2020	01.01-31.12.2019
Provision Expenses (-)	4,545,231	4,587,611
Exchange Difference Expenses (-)	329,025	3,144,702
Deferred Financing Expenses (-)	692,290	755,708
Incomes to be Invoiced (-)	-	1,164,803
Non-Deductible Expenses (-)	1,495,801	748,586
Other Expenses and Losses (-)	1,353,064	-
Total	8,415,411	10,401,410

NOTE 34 - INCOMES FROM INVESTMENT OPERATIONS

Company has no expenses from investment activities (31.12.2019: None.)

NOTE 35 - EXPENSES DUE TO INVESTMENT OPERATIONS (-)

Company has no expenses from investment activities. (31.12.2019: None.)

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NOTE 36 - FINANCING INCOMES

Financing Incomes	01.01-31.12.2020	01.01-31.12.2019
Securities Sales Profits	-	9,170
Interest Incomes	10,823,056	6,250,742
Exchange Difference Incomes	22,185,262	41,258,038
Total	33,008,318	47,517,950

NOTE 37 - FINANCING EXPENSES (-)

Financing Expenses (-)	01.01-31.12.2020	01.01-31.12.2019
Interest Expenses (-)	132,639,632	114,743,374
Exchange Difference Expenses (-)	172,338,760	113,580,692
Commission Expenses (-)	1,530	4,438
Total	304,979,922	228,328,504

NOTE 38 - DISCONTINUED OPERATIONS

None. (31 December 2019: None.)

NOTE 39 - TAX PROVISIONS AND LIABILITIES

Corporate Tax

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Law (KVK) No 5520. According to Article 15/(3) of KVK, 15% of tax is levied over the revenue exempted from Corporate Tax. Council of Ministers is authorized to decrease the tax rates defined in Article 15 up to zero by each payment and income, increase it up to corporate tax rate, and differentiate it for the revenues defined in third paragraph within the same limitations by the funds or partnership types, or by the nature and distribution of the assets in the portfolio. Pursuant to Decree of Council of Ministers No 2003/6577, a tax at the rate of 0% is imposed upon the corporate tax-exempted portfolio management revenues of Real Estate Investment Trusts, exempted according to Article 94 (6)(a)(i) of Income Tax Act. Revenues that are taxed in this context are not subject to further dividend withholding pursuant to Article 15/(2) of KVK.

Since the earnings of Reysaş GYO A.Ş. from real estate investment trust activities are exempt from corporate tax, no deferred tax assets and liabilities are calculated.

The deferred tax that has arisen out of the timing differences between legal financial statements of subsidiaries of Group and their financial statements prepared in compliance with TFRS are reflected in the consolidated financial statements.

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NOTE 39 - TAX PROVISIONS AND LIABILITIES (cont'd)

Tax Rate of 22% is considered in the calculation of Deferred Tax of Subsidiary. (31.12.2019: 20%)

Deferred Tax Assets	Temporary Differences		Deferred Tax Assets / (Liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Non-accrued Financing Incomes	53,969	43,198	11,873	9,504
Provision for Doubtful Account Receivables	87,558	-	19,263	-
Accrued Interest	34,706	52,408	7,635	11,530
Tax Advantage	111,353	111,353	24,498	24,497
Provisions for Paid Personnel Leave	59,143	-	13,011	-
Provision for Severance Pay	208,192	-	45,802	-
Total	554,921	206,959	122,082	45,531
Deferred Tax Liabilities				
The Difference Between Book Value and Tax Bases of Tangible and Intangible Fixed Assets	(945,242)	(797,610)	(207,953)	(175,474)
Non-accrued Financing Expenses	(7,973)	(412)	(1,754)	(91)
Difference between Book Values and Tax Bases of Investment Properties	(23,656,742)	(21,907,841)	(2,602,242)	(2,409,863)
Others	-	(5,081)	-	(1,118)
Total	(24,609,957)	(22,710,944)	(2,811,949)	(2,586,546)
Deferred Tax (Assets) / Liabilities, Net			(2,689,867)	(2,541,015)
Deferred Tax Income/(Expense) of the Period			(148,852)	(897,680)
Subsidiary Inflow			(26,447)	-
Deferred Tax Income/(Expense) of the Period			(175,299)	(897,680)

NOTE 40 - EARNINGS PER SHARE

Profit/Loss per share is calculated by dividing net profit/loss of shareholders with the weighted average of number of ordinary shares.

	01.01-31.12.2020	01.01-31.12.2019
Net Profit / (Loss) for the Period	410,426,474	548,706,853
Weighted Average Number of Shares	246,000,001	246,000,001
Earnings/(Losses) per Share	1.6684	2.2305

NOTE 41 NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS

a) Capital risk management

Group aims at ensuring continuity of the activities in the capital management on one hand, while increasing the profitability by using balance between the liabilities and equity in the most efficient way on the other hand.

Company's capital structure consists in the debts which also include the loans disclosed in Notes 9 and 10; cash and cash equivalents which are disclosed in Note 7, and equities which also include issued capital, capital reserves, profit reserves, and accumulated profits disclosed in Note 29.

The capital costs as well as risks of the Group which are associated with each capital class are evaluated by senior management. Based on the evaluations of senior management, it is aimed at acquiring new borrowing, or repaying the existing debts in order to protect and re-arrange the capital structure, as well as to keep dividend payments in balance by issuing new shares.

Group follows up the capital by using liability/total capital ratio. This ratio is found by dividing the financial liability to the total equity capital. Net liability is calculated by deducting cash and cash equivalents from the total liabilities (as indicated in the balance sheet, includes loans, financial leasing payables, account payables and other payables). Total capital is calculated by summing up the owners' equity and net liabilities as indicated in the balance sheet.

Group's strategy remained same in 2020 since 2019, and ratio of equities to liabilities as of 31 December 2020 and 31 December 2019 are provided below:

	31 December 2020	31.12.2019
Total Financial Payables	1,313,275,736	1,099,125,266
Minus: Cash and Cash Equivalents	(223,048,020)	(43,154,749)
Net Liability	1,090,227,716	1,055,970,517
Total Equity	2,107,707,036	1,698,535,301
Financial Liability/Equity Ratio	0.52	0.62

Group has no financial instrument intended for speculation (including financial instruments in the form of derivative), and does not engage in trading of these instruments.

b) Important Accounting Policies

Important accounting policies of the group in relation with the financial instruments are disclosed in Footnote 2.

NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

c) Risks to which Group is exposed

Due to its activities, Group is exposed to changes in interest rate and other risks. Group is exposed to the risk of failure of other parties to perform their contractual obligations as it holds financial instruments. Market risks at the level of Group are measured according to sensitivity analyses. There was no change in the current year compared to last year in terms of market risk, or handling method, or measurement method of these risks used by Group.

c.1) Foreign exchange risk and management

Transactions in foreign currencies lead to the foreign exchange risk. Group is exposed to foreign exchange risk due to change in foreign exchange rates used in the conversion of assets and liabilities in a foreign currency to Turkish Liras. Foreign exchange risks emerge due to the commercial transactions in the future, and the difference between assets and liabilities accounted for.

Group's financial liabilities are exposed to the foreign exchange risk depending on the direction of the fluctuation of the foreign exchange due to its account receivables and payables in foreign currency. Group is mainly exposed to the foreign exchange risk due to its assets and liabilities in ABD. Another important currency unit is Euro in terms of foreign exchange risk.

Provided that the other conditions remain same, if foreign exchange rate were realized by 10% higher / lower, the period profit/(loss) before tax and minority share would have been TRY 31,437,288 lower/higher as of 31 December 2020 (31 December 2019: Period profit/(loss) would have been TRY 70,728,507 lower/higher)

Foreign Exchange Rate Sensitivity Analysis Statement 31.12.2020

	Profit/Loss		Equities	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
In case of change of US Dollars against TRY by 10%				
1- Net assets/(liabilities) in USD	(10,119,684)	10,119,684	-	-
2- Part hedged against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	(10,119,684)	10,119,684	-	-
In case of change of EURO against TRY by 10%:				
4- Net assets/(liabilities) in EUR	(21,317,604)	21,317,604	-	-
5- Part hedged against EUR risk (-)	-	-	-	-
6- Net effect of EUR (4+5)	(21,317,604)	21,317,604	-	-
TOTAL (3+6)	(31,437,288)	31,437,288	-	-

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NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

Foreign Exchange Rate Sensitivity Analysis Statement
31.12.2019

	Profit/Loss		Equities	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
In case of change of US Dollars against TRY by 10%				
1- Net assets/(liabilities) in USD	(34,585,370)	34,585,370		-
2- Part hedged against USD risk (-)	-	-		-
3- Net effect of USD (1+2)	(34,585,370)	34,585,370		-
In case of change of EURO against TRY by 10%:				
4- Net assets/(liabilities) in EUR	(36,143,137)	36,143,137		-
5- Part hedged against EUR risk (-)	-	-		-
6- Net effect of EUR (4+5)	(36,143,137)	36,143,137		-
TOTAL (3+6)	(70,728,507)	70,728,507		-

Currency Position Statement as of 31 December 2020	Current Period		
	TRY Equivalent (Functional currency)	USD	EUR
1. Account Receivables	503,236	-	55,866
2a. Monetary Financial Assets	152,231,575	3,252,090	14,249,671
2b. Non-monetary Financial Assets	-	-	-
3. Others	-	-	-
4. Current Assets (1+2+3)	152,734,810	3,252,090	14,305,537
5. Non-monetary Financial Assets	-	-	-
6. Others	-	-	-
7. Fixed Assets (5+6)	-	-	-
8. Total Assets (4+7)	152,734,810	3,252,090	14,305,537
9. Account Payables	1,912,370	88,069	140,532
10. Financial Liabilities	217,620,320	7,892,674	17,727,122
11. Other Monetary Liabilities	-	-	-
12. Short-Term Liabilities	219,532,690	7,980,743	17,867,654
13. Financial Liabilities	247,575,004	9,057,443	20,103,336
14. Long-Term Liabilities	247,575,004	9,057,443	20,103,336
15. Total Liabilities (12+14)	467,107,695	17,038,187	37,970,991
16. Net Foreign Currency Asset/ (Liability) Position (8-15)	(314,372,884)	(13,786,097)	(23,665,454)
17. Net Foreign Currency Asset / (Liability) Position	(314,372,884)	(13,786,097)	(23,665,454)

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NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

Currency Position Statement as of 31 December 2019	Previous Period		
	TRY Equivalent (Functional currency)	USD	EUR
1. Account Receivables	168,216	-	25,293
2a. Monetary Financial Assets	13,603,538	727,980	1,395,242
2b. Non-monetary Financial Assets	-	-	-
3. Others	-	-	-
4. Current Assets (1+2+3)	13,771,754	727,980	1,420,535
5. Non-monetary Financial Assets	-	-	-
6. Others	-	-	-
7. Fixed Assets (5+6)	-	-	-
8. Total Assets (4+7)	13,771,754	727,980	1,420,535
9. Account Payables	3,485,217	30,486	496,816
10. Financial Liabilities	235,937,758	20,845,912	16,856,956
11. Other Monetary Liabilities	-	-	-
12. Short-Term Liabilities	239,422,975	20,876,398	17,353,772
13. Financial Liabilities	481,633,848	38,074,150	38,412,441
14. Long-Term Liabilities	481,633,848	38,074,150	38,412,441
15. Total Liabilities (12+14)	721,056,823	58,950,549	55,766,213
16. Net Foreign Currency Asset/ (Liability) Position (8-15)	(707,285,069)	(58,222,569)	(54,345,678)
17. Net Foreign Currency Asset / (Liability) Position	(707,285,069)	(58,222,569)	(54,345,678)

c.2) Interest rate risk and management

Group's liabilities relating to the financial liabilities with fixed and variable interest are provided in Note 9, and Assets with Fixed Interest (deposit, etc.) are provided in Note 7.

Interest Position Statement		31 December 2020	31 December 2019
Financial Instruments with Fixed Interest			
Financial Assets	Time Deposits	212,179,431	41,321,891
Financial Liabilities	Bank Loans and Financial Leasing Liabilities	1,222,933,868	805,527,098
Financial Instruments with Variable Interest			
Financial Liabilities		90,341,868	258,565,209

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NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

Since fixed interest rate bearing liabilities and assets of the Group are generally short-term, Group's financial statements becomes exposed to the effects of changes in the interest rates. Therefore, an interest analysis is made on the basis of net amount of the fixed and variable interest bearing all assets and liabilities of Group with variable interest. Another assumptions used in the analysis is that all variables, other than interest rates, remain same. Also, balance of net assets and liabilities with interest are assumed as constant all along the period.

c.3) Credit risk management

Holding financial instrument is also exposed to the risk of failure of other parties to perform their contractual obligations. Collection risk of the Group arises out of the its account receivables and other receivables. A substantial part of the account receivables of the Group arises out of the local receivables and there is no specific concentration. A substantial part of other receivables of the Group is the receivables from related parties, and details of these receivables are provided in Note 6. Account receivables and other receivables are evaluated by considering the Company's policies and procedures, and for this purpose, are recognized on the balance sheet, net of provisions for Doubtful Receivables. (Note 7)

31 December 2020	Receivables				Cash and Cash Equivalents
	Account Receivables		Other Receivables		Deposits in banks
Current Period	Related party	Other party	Related party	Other party	
Maximum credit risk exposed by reporting date					
(A+B+C+D+E) (1)	6,268,723	14,593,612	-	596,851	222,978,492
- The part of maximum risk assured by guarantee etc.	-	-	-	-	-
A. Net book value of undue or unimpaired financial assets (2)	6,268,723	14,593,612	-	596,851	222,978,492
B. Book value of financial assets conditions of which were renegotiated, which would have been deemed due or impaired otherwise					
C. Net book value of due but unimpaired assets	-	-	-	-	-
- Part assured with guarantee etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	-	-	1,953,740	
- Devaluation (-)	-	-	-	(1,953,740)	-
E. Items entailing credit risk out of the balance sheet	-	-	-	-	-

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NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

31.12.2019	Receivables				Cash and Cash Equivalents Deposits in banks
Current Period	Account Receivables		Other Receivables		
	Related party	Other party	Related party	Other party	
Maximum credit risk exposed by reporting date (A+B+C+D+E) (1)	4,572,676	10,446,767	395,037	414,759	43,154,749
- The part of maximum risk assured by guarantee etc.	-	-	-	-	-
A. Net book value of undue or unimpaired financial assets (2)	4,572,676	10,446,767	395,037	414,759	43,154,749
B. Book value of financial assets conditions of which were renegotiated, which would have been deemed due or impaired otherwise	-	-	-	-	-
C. Net book value of due but unimpaired assets	-	-	-	-	-
- Part assured with guarantee etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	-	-	1,953,740	
- Devaluation (-)	-	-	-	(1,953,740)	-
E. Items entailing credit risk out of the balance sheet	-	-	-	-	-

c.4) Liquidity Risk and Management

Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity Risk Statements

A prudent liquidity risk management means holding sufficient cash at hand, availability of the fund resources with sufficient amount of the credit transactions, and the capacity to clear off the market positions.

The risks of funding existing and potential borrowing requirements are managed by constantly maintaining availability of the credit providers in sufficient number and high quality.

The following statement shows the maturity distribution of the non-derivative financial liabilities of the Group on the basis of TRY.

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NOTE 41 - NATURE AND LEVEL OF THE RISKS ARISING OUT OF FINANCIAL INSTRUMENTS (cont'd)

31 December 2020	Book Value	Total Cash Outflows Expected	Shorter than 3 months	3 to 12 months	1 to 5 years	Longer than 5 years
Non-Derivative Financial Liabilities	1,365,281,092	1,654,866,029	227,678,063	412,293,680	1,005,966,175	8,928,111
Bank Loans Financial Leasing	1,236,789,963	1,512,870,139	163,193,767	369,691,785	971,056,591	8,927,996
Liabilities	76,485,773	83,191,591	11,916,142	36,365,750	34,909,584	115
Trade Payables	47,718,549	48,031,779	48,031,779	-	-	-
Other payables	4,286,807	10,772,520	4,536,375	6,236,145	-	-
31 December 2019	Book Value	Total Cash Outflows Expected	Shorter than 3 months	3 to 12 months	1 to 5 years	Longer than 5 years
Non-Derivative Financial Liabilities	1,095,748,784	1,259,809,724	163,018,710	321,480,799	758,336,137	16,974,077
Bank loans	990,461,283	1,145,589,064	131,262,428	287,571,114	709,781,560	16,973,962
Financial Leasing Liabilities	73,631,024	82,415,888	8,299,733	25,692,002	48,424,037	115
Trade Payables	13,491,553	13,615,568	13,615,568	-	-	-
Other payables	14,605,054	14,605,054	6,256,831	8,217,683	130,540	-

c.5) Analysis of Other Risks

Risks Relating to Share Certificate etc. Financial Instruments

Group has no financial assets held for the purposes of trading as of 31 December 2020. (31.12.2019: None).

NOTE 42 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Fair value is the price to be obtained from sales of an asset, or to be paid in case of transfer of a debt, in an ordinary transaction between market participants on the measurement date.

Company determined the estimated fair values of the financial instruments by using available market data and suitable valuation methods. However, interpretation and sound judgment is required to estimate fair values by using market data. As a result, estimates provided here may not be indicators of the amounts that Company can obtain in current market transaction.

The following methods and assumptions are used to estimate the fair values of the financial instruments of which actual fair values are impossible to be estimated.

NOTE 42 - FINANCIAL INSTRUMENTS (cont'd)

Monetary Assets

Balances in a foreign currency are converted into Turkish Liras on the basis of foreign exchange buy rate effective at the end of the period. These balances are held to be close to the book value.

Certain financial assets including the cash and cash equivalents are carried forward at their cost values, and as they are short-term, their book values are held to be approx. equal to reasonable values.

Book values of the account receivables are held to reflect the reasonable value, together with the provisions for Doubtful Receivables.

Monetary Liabilities

Book values of bank loans and other monetary liabilities, as they are short-term, are assumed to approach to reasonable values.

The Reasonable values of the balances in foreign currency converted on the basis of year-end exchange rates are considered to approach to their book values.

Fair Value Estimation:

Classifications of the Company for the fair values are as follows:

Level 1: Prices quoted in the active markets for certain assets and liabilities.

Level 2: Direct or indirect observable inputs for assets and liabilities other than prices quoted included in Level 1.

Level 3: Inputs for assets and liabilities which cannot be identified using an observable market data

Fair Value Level as of 31 December 2020

Financial Assets	31 December 2020	1. Level	2. Level	3. Level
Investment Properties	3,067,061,457	-	3,067,061,457	-

Fair Value Level as of 31 December 2019

Financial Assets	31 December 2019	1. Level	2. Level	3. Level
Investment Properties	2,595,616,922	-	2,595,616,922	-

NOTE 43 - EVENTS AFTER BALANCE SHEET DATE

31 December 2020

Pursuant to its Resolution No 613 of 4.01.2021, Reysaş Gayrimenkul Yatırım Ortaklığı decided to increase the registered capital ceiling of TRY 500,000,000 up to TRY 1,000,000,000, and update the validity period of registered capital ceiling so that it will cover the years 2021-2025, and for this purpose, submit its application to Capital Market Board on 14.01.2021 in order for amendment of the Article 8 "Capital and Shares" of its Articles of Association.

NOTE 44 - OTHER ISSUES

Financial Statements are signed off by Company's Board of Directors on 03 February 2021 for publication at Public Disclosure Platform (KAP). Despite not being specifically intended for, Company Management and some regulatory bodies are legally authorized to make amendments to the financial statements after their publications.

NOTE 45 - ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Information provided in the statement "Additional Note 45 - Control of compliance with portfolio restrictions" are summary information derived from the financial statements as of 31 December 2020 pursuant to "Communique on Principles on Financial Reporting in the Capital Market" Series: II, No: 14.1 of CMB published in Official Gazette No 28676 of 13 June 2013, and prepared under the provisions related with the control of the compliance with portfolio restrictions of "Communique on Principles on Real Estate Investment Partnerships" Series: III, No: 48.1 of CMB published in Official Gazette No 28660 of 28 May 2013, and "Communique on Amendment to Communique on the Principles on Real Estate Investment Partnerships" Series: III, No: 48.1.e of CMB published in Official Gazette No 28660 of 9 October 2020.

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NOTE 45 - ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (cont'd)

In this context, information about total assets, total portfolio, and portfolio restrictions as of 31 Decembet 2020 and 31 December 2019 are as follows:

	Non-Consolidated (Individual) Financial Statement Main Account Items	Relevant Regulation in the Communiqué	Current Period (TRY) 31 December 2020	Previous Period (TRY) 31.12.2019
A	Money And Capital Market Instruments	Art. 24/(b)	222,856,883	43,137,365
B	Properties, Property-Based Projects, Property-Based Rights	Art. 24/(a)	3,022,496,457	2,552,800,823
C	Subsidiaries	Art. 24/(b)	72,619,858	73,590,496
	Receivables from related parties (non-trade)	Art. 23/(f)	0	395,037
	Other Assets		161,585,108	122,855,328
D	Total Assets (Total Assets)	Art./(p)	3,479,558,306	2,792,779,049
E	Financial Payables	Md.31	1,236,789,963	990,461,283
F	Other Financial Liabilities	Md.31	-	-
G	Financial Leasing Payables	Md.31	75,288,390	71,689,443
H	Payables to related parties (non-trade)	Art. 23/(f)	-	130,540
I	Equities	Md.31	2,107,707,037	1,698,535,300
	Other Liabilities		59,772,916	31,962,483
D	Total Liabilities	Art./(p)	3,479,558,306	2,792,779,049
	Other Non-Consolidated (Individual) Financial Information	Relevant Regulation in the Communiqué	Current Period (TRY) 31 December 2020	Previous Period (TRY) 31.12.2019
A1	The part of money and capital market instruments held for the 3 years of property payments	Art. 24/(b)	-	-
A2	Foreign Currency Draw-Time Deposits / Special Current-Contribution Account and TRY time deposit/contribution account	Art. 24/(b)	222,856,879	43,137,365
A3	Foreign Capital Market Instruments	Art. 24/(d)	-	-
B1	Foreign Properties, Property-Based Projects, Property-Based Rights	Art. 24/(d)	-	-
B2	Inactive Lands	Art. 24/(c)	148,690,000	128,355,000
C1	Foreign Subsidiaries	Art. 24/(d)	-	-
C2	Participation In Operating Company*	Art.28/1(a)	560,167	-
J	Non-Cash Loans	Md.31	1,021,072	165,638
K	Mortgage Amounts Of The Mortgaged Lands On Which A Project Will Be Developed, But Not Owned By The Partnership	Art.22/(e)	-	-
L	Sum of the money and capital market instrument investments in a single company	Art.24/(l)	-	-

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	Portfolio Restrictions	Relevant Regulation in the Communiqué	Current Period 31 December 2020	Previous Period 31 December 2019	Minimum / Maximum Rate
1	Mortgage Amounts Of The Mortgaged Lands On Which A Project Will Be Developed, But Not Owned By The Partnership	Art.22/(e)	0,00%	0,00%	≤10%
2	Properties, Property-Based Projects, Property-Based Rights	Art.24/(a),(b)	86,86%	91,41%	≥51%
3	Money and Capital Market Instruments and Subsidiaries	Art. 24/(b)	8,49%	4,18%	≥49%
4	Foreign Properties, Property-Based Projects, Property-Based Rights, Subsidiaries, Capital Market Instruments	Art. 24/(d)	0,00%	0,00%	≤49%
5	Inactive Lands	Art. 24(c)	4,27%	4,60%	≤20%
6	Participation in operating company	Art.28/1(a)	0,02%	0,00%	≤10%
7	Borrowing Limit	Md.31	62,30%	62,55%	≤500%
8	Foreign Currency Demand-Time Deposits / Special Current-Contribution Account and TRY time deposit/contribution account	Art. 24/(b)	6,40%	1,54%	≤10%
9	Sum of the money and capital market instrument investments in a single company	Art.24/(l)	0,00%	0,00%	≤10%