

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**JANUARY 1 – DECEMBER 31, 2019 CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

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

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

	Notes	Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
Assets			
CURRENT ASSETS		68.688.966	155.299.270
Cash and cash equivalents	7	43.154.749	94.433.374
Financial investments		-	150.122
Trade receivables		14.824.703	32.802.793
-Trade receivables from related parties	6	4.526.939	9.070.335
-Trade receivables from unrelated parties	11	10.297.764	23.732.458
Other receivables		809.796	1.258.654
-Other receivables from related parties	6	395.037	700.000
-Other receivables from unrelated parties	13	414.759	558.654
Inventories	16	-	-
Prepayments		6.226.010	13.967.451
-Prepayments to related parties	6	151.649	10.461.701
-Prepayments to unrelated parties	18	6.074.361	3.505.750
Current tax assets	21	620.262	1.107.189
Other current assets		3.053.446	11.579.687
-Other current assets from related parties	6	-	-
-Other current assets from unrelated parties	22	3.053.446	11.579.687
NON-CURRENT ASSETS		2.728.971.601	2.125.116.835
Other receivables		3.250	3.250
-Other receivables from related parties	6	-	-
-Other receivables from unrelated parties	13	3.250	3.250
Inventories	16	56.897.916	56.866.189
Investments accounted for using equity method	25	26.443.169	26.149.197
Investment property	26	2.504.373.099	1.934.693.510
Investment properties work in progress	26	91.243.823	65.860.061
Property, plant and equipment	27	48.429.197	36.814.116
-Machinery and equipments	27	46.812.288	34.609.625
-Vehicles	27	-	-
-Fixtures and fittings	27	1.616.909	2.204.491
Intangible assets	28	-	-
Prepayments		1.451.296	4.577.814
-Prepayments to related parties	6		
-Prepayments to unrelated parties	18	1.451.296	4.577.814
Deferred tax asset	39	129.851	152.698
Other non-current assets	22	-	-
Total Assets		2.797.660.567	2.280.416.105

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

		Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
LIABILITIES AND EQUITY	Notes		
CURRENT LIABILITIES		464.634.486	415.011.548
Current borrowings	9	433.285.085	379.320.681
-Current borrowings from related parties		433.285.085	379.320.681
--Bank loans	9	399.893.132	348.695.415
--Leasing debts	9	33.391.953	30.625.266
Trade payables		13.491.553	10.211.428
-Trade payables to related parties	6	8.271.471	6.294.756
-Trade payables to unrelated parties	11	5.220.082	3.916.672
Employee benefit obligations	14	56.647	29.410
Other payables		14.474.514	18.395.854
-Other payables to related parties	6	4.720.320	12.128.278
-Other payables to unrelated parties	13	9.754.194	6.267.576
Deferred income (Excluding liabilities arising from customer contracts)		1.062.946	6.038.251
Current tax liabilities, current	39	-	-
Current provisions		2.263.741	1.015.924
-Current provisions for employee benefits	23	10.386	27.663
-Other current provisions	23	2.253.355	988.261
NON-CURRENT LIABILITIES		634.490.780	715.546.941
Long term borrowings	9	630.807.222	711.697.271
-Long term borrowings from unrelated parties		630.807.222	711.697.271
--Bank loans	9	590.568.151	658.968.786
--Leasing debts	9	40.239.071	52.728.485
Other payables		130.540	453.264
-Other payables to related parties	6	-	-
-Other payables to unrelated parties	13	130.540	453.264
Deferred income (Excluding liabilities arising from customer contracts)	18	779.296	1.545.341
Non-current provisions		102.857	55.033
-Non-current provisions for employee benefits	23	102.857	55.033
-Other non-current provisions	23	-	-
Deferred tax liabilities	39	2.670.865	1.796.032
EQUITY		1.698.535.301	1.149.857.616
Issued capital	29	246.000.001	246.000.001
Treasury shares (-)	29	(1.047.230)	(1.047.230)
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		99.012.713	99.041.881
--Gains (Losses) on revaluation and remeasurement	29	99.012.713	99.041.881
---Increases (decreases) on revaluation of property, plant and equipment	29	99.075.327	99.075.327
---Gains (losses) on remeasurements of defined benefit plans	29	(62.614)	(33.446)
Restricted reserves appropriated from profits		7.563.403	7.563.403
--Legal reserves	29	6.516.173	6.516.173
--Treasury share reserves	29	1.047.230	1.047.230
Effects of business combinations under common control		(9.363.451)	(9.363.451)
Previous years' profits or losses	29	807.663.012	595.554.331
Current period net profit or loss		548.706.853	212.108.681
Total Liabilities and Equity		2.797.660.567	2.280.416.105

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED
DECEMBER 31, 2019

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

		Current Period	Previous Period
		Consolidated	Consolidated
Profit or loss	Notes	01.01.-31.12.2019	01.01.-31.12.2018
Continuing Operations			
Revenue	30	215.593.274	166.102.058
Cost of sales (-)	30	(28.339.623)	(23.906.464)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		187.253.651	142.195.594
General Administrative Expenses (-)	31	(3.004.253)	(2.666.132)
Marketing Expenses (-)	31	-	-
Research and development expense (-)	31	-	-
Other Income from Operating Activities	33	554.327.709	319.264.232
Other Expenses from Operating Activities (-)	33	(10.401.410)	(11.296.305)
PROFIT (LOSS) FROM OPERATING ACTIVITIES (-)		728.175.697	447.497.389
Investment Activity Income	34	-	-
Investment Activity Expenses (-)	35	-	-
Share of Profit (Loss) from Investments Accounted for Using Equity Method	25	2.239.390	2.199.150
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		730.415.087	449.696.539
Finance income	36	47.517.950	205.578.872
Finance costs (-)	37	(228.328.504)	(442.963.833)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		549.604.533	212.311.578
Tax (Expense) Income, Continuing Operations (-)		(897.680)	(202.897)
- Current Period Tax (Expense) Income (-)	39	-	-
- Deferred Tax (Expense) Income (-)	39	(897.680)	(202.897)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		548.706.853	212.108.681
PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
PROFIT (LOSS)		548.706.853	212.108.681
Parent Company Shares		548.706.853	212.108.681
Earnings Per Share From Continuing Activities	40	2,2305	0,8622
Earnings Per Share From Discontinued Activities		-	-
PROFIT (LOSS)		548.706.853	212.108.681
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		(29.168)	(4.168)
Gains (Losses) on Remeasurements of Defined Benefit Plans	29	(29.168)	(4.168)
OTHER COMPREHENSIVE INCOME (LOSS)		(29.168)	(4.168)
TOTAL COMPREHENSIVE INCOME (LOSS)		548.677.685	212.104.513
Attributable to:		548.677.685	212.104.513
Non-Controlling Interest		-	-
Equity Holders of Parent		548.677.685	212.104.513

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

Notes	Issued Capital	Treasury Shares	Gains/Losses on Revaluation and Remeasurements		Restricted Reserves Appropriated From Profits	Effects of Combinations of Entities or Businesses Under Common Control	Retained Earnings		Equity attributable to owners of parent	Non-controlling interests]	Equity	
			Increases (or Loss Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans			Prior Years' Profits or Losses	Net Profit Increases (or Loss				
Balance at January 1, 2018	29	246.000.001	(1.047.230)	99.075.327	(29.278)	7.563.403	(9.363.451)	489.975.941	105.578.390	937.753.103	-	937.753.103
Transfers		-	-	-	-	-	-	105.578.390	(105.578.390)	-	-	-
Total Comprehensive Income (Loss)		-	-	-	(4.168)	-	-	212.108.681		212.104.513	-	212.104.513
Balance at January 31, 2018	29	246.000.001	(1.047.230)	99.075.327	(33.446)	7.563.403	(9.363.451)	595.554.331	212.108.681	1.149.857.616	-	1.149.857.616
Balance at January 1, 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 (Loss)		-	-	-	(29.168)	-	-	548.706.853		548.677.685	-	548.677.685
Balance at January 31, 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

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

		Audited	Audited
	Notes	01.01.-31.12.2019	01.01.-31.12.2018
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		52.307.076	(126.480.964)
Profit (Loss)		548.706.853	212.108.681
Profit (Loss) from Continuing Operations		548.706.853	212.108.681
Adjustments to Reconcile Profit (Loss)		(528.876.987)	(289.551.089)
Adjustments for depreciation and amortisation expense	27	5.562.273	4.505.447
Adjustments for ipmairments	9	37.760	-
<i>Adjustments for (Reversal of) Impairment in Trade Receivbles</i>		37.760	-
Adjustments for provisions	23	1.266.473	454.250
<i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>	23	1.379	(59.982)
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		1.265.094	514.232
Adjustments for losses (gains) on disposal of non-current assets	26-27	(42.000)	-
<i>Adjustments for Losses (Gains) Arised From Sale of Investment Property</i>	26-27	(42.000)	-
Adjustments for Interest (Income) Expenses	11	6.500.680	8.831.295
<i>Adjustments for interest expense</i>	9	7.267.233	2.674.626
<i>Adjustments for deferred financing expense</i>	11	(70.474)	5.839.680
<i>Adjustments for deferred financing expense</i>	11	(696.079)	316.989
Adjustments for fair value losses (gains)	26	(540.860.465)	(301.345.829)
<i>Adjustments for Fair Value Losses (Gains) of Investment Property</i>	26	(540.860.465)	(301.345.829)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	25	(2.239.390)	(2.199.150)
<i>Adjustments for undistributed profits of associates</i>	25	(2.239.390)	(2.199.150)
Adjustments for Tax (Income) Expenses	39	897.682	202.898
Changes in Working Capital		31.990.283	(48.073.200)
Decrease (Increase) in Financial Investments		150.122	(150.122)
Adjustments for decrease (increase) in trade accounts receivable		18.674.169	(13.995.317)
<i>Decrease (Increase) in Trade Accounts Receivables from Related Parties</i>	6	4.702.724	(3.023.036)
<i>Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties</i>	11	13.971.445	(10.972.281)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		12.560.068	411.098
<i>Decrease (Increase) in Other Related Party Receivables Related with Operations</i>	6	267.203	12.597.789
<i>Decrease (Increase) in Other Unrelated Party Receivables Related with Operations</i>	13	143.895	(37.721)
Adjustments for decrease (increase) in inventories	16	(31.728)	-
Decrease (Increase) in Prepaid Expenses	18	10.867.959	(10.201.594)
Adjustments for increase (decrease) in trade trade payables		3.350.599	(55.865.103)
<i>Increase (Decrease) in Trade Accounts Payables to Related Parties</i>	6	2.047.646	(32.965.012)
<i>Increase (Decrease) in Trade Accounts Payables to Unrelated Parties</i>	11	1.302.953	(22.900.091)
Increase (Decrease) in Employee Benefit Liabilities	14	27.237	(133.465)
Adjustments for increase (decrease) in other operating payables		(4.244.064)	2.494.527
<i>Increase (Decrease) in Other Operating Payables to Related Parties</i>	6	(7.407.958)	(388.525)
<i>Increase (Decrease) in Other Operating Payables to Unrelated Parties</i>	13	3.163.894	2.883.052
Increase (Decrease) in Deferred Income	18	(5.741.350)	4.367.887
Other Adjustments for Other Increase (Decrease) in Working Capital		8.526.241	12.849.919
<i>Decrease (Increase) in Other Assets Related with Operations</i>	22	8.526.241	12.849.919
Cash Flows from (used in) Operations		51.820.149	(125.515.608)
Income taxes refund (paid)		486.927	(965.356)
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(69.392.824)	(129.098.570)
Proceeds from sales of property, plant, equipment and intangible assets		(17.177.356)	(19.290.328)
<i>Proceeds from sales of property, plant and equipment</i>	27	(17.177.356)	(19.290.328)
Cash Inflows from Sale of Investment Property	26	400.000	-
Cash Outflows from Acquisition of Investment Property	26	(54.560.886)	(111.772.939)
Dividends received*	29	1.945.418	1.964.697
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(34.192.877)	212.441.293
Cash Inflows (Outflows) Arising From Borrowings	29	478.278.172	667.638.646
<i>Proceeds from Loans</i>	9	443.260.148	625.586.232
<i>Proceeds from Other Financial Borrowings</i>		35.018.024	42.052.414
Repayments of borrowings		(512.471.049)	(455.197.353)
<i>Proceeds from Financial Borrowings</i>	9	(467.349.473)	(418.752.149)
<i>Cash Outflows from Other Financial Liabilities</i>		(45.121.576)	(36.445.204)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES	1	(51.278.625)	(43.138.241)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents	7	(51.278.625)	(43.138.241)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	94.433.374	137.571.615
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		43.154.749	94.433.374

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

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR
ENDED 31 DECEMBER 2019

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

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

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

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

As of 31 December 2019 average number of personnel is 7 (31 December 2018: 12).

The shareholders of the company are as below;

Capital Structure	31 December 2019	Partnership interest (%)	31 December 2018	Partnership interest (%)
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	152.381.690	61,94	152.381.690	61,94%
Publicly held part	93.618.300	38,06	93.618.300	38,06%
Other	11	0,00	11	0,00%
Paid in Capital	246.000.001	100	246.000.001	100,00%

*Egemen Döven has the 7,05 % publicly held part of shares.

Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti.

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

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

Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti.

	31.12.2019		31.12.2018	
	Share	Share Rate	Share	Share Rate
	Amount (TL)	(%)	Amount (TL)	(%)
Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	38.000.000	100,00 %	38.000.000	100,00 %
Total	38.000.000	100,00%	38.000.000	100,00%

**REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR
ENDED 31 DECEMBER 2019**

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of Presentation of Consolidated Financial Statements

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

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

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

According to TFRS, the preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these. The accounting policies used in the preparation of these consolidated financial statements as of December 31, 2019 are consistent with those used in the preparation of previous year's financial statements.

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

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

Financial Reporting in Hyperinflationary Economies

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

Comparative information and restatement of prior year financial statements

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

Going Concern Explanations

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

Netting/Offsetting

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

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

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

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

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

IAS 28 Investments in associates and joint venture

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

IFRS 9 Financial instruments – Amendments

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

IFRIC 23 Uncertainty over income tax treatments

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

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

A. Basis of Presentation (cont'd)

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

Annual improvements 2015-2017

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

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

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

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

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

Changes in Accounting Estimates and Errors

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

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

Transition to IFRS 9 "Financial instruments"

Group has applied TFRS 9 "Financial instruments", which has replaced TMS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach.

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

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

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

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

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

Transition to IFRS 15 “Revenue from contracts with customers”

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

Consolidation principles

Subsidiaries

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

Basis of consolidation

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

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

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

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

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

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

Business combinations and goodwill

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

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

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

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

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

B.Statements of Compliance with IAS

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

B.Statements of Compliance with IAS

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

The Company's condensed interim financial statements as at 31 December 2018 have been approved by the Board of Directors and authorization for issue has been given on February 13, 2019. The General Assembly and/or legal authorities has the power to amend the accompanying condensed interim financial statements after their issue.

C. Changes in accounting policy

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

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

D. Changes in Accounting Estimates and Errors

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

E. Summary of Significant Accounting Policies

Cash and cash equivalents

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

Financial instruments

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

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

Financial instruments

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

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

(a) Financial assets at amortised cost

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

(b) Financial assets at fair value

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

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

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

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

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

Revenue and Income

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

Sale of goods;

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

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

Rendering of services;

Revenue is recognized by reference to the stage of completion.

Investments valued by equity method

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

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

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

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

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

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

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

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

Construction contract activities

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

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

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

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

Construction contract activities

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

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

Interest income

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

Inventories:

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

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

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

Tangible Assets

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

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

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

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

Cost Method

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

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

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

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

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

Intangible Assets

Intangible Assets Acquired

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

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

Computer Software

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

Derecognition of intangible assets

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

Investment Properties

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

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

Fair Value Method

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

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

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

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

Impairment of Assets

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

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

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

Leases

Operating leases

The Group as the lessee

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

Borrowing costs

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

Related Parties

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

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

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

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

ii) the party is an associate of the Group;

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

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

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

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

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

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

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

Impairment of financial assets

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

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio; and
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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

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

Financial liabilities

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

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

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

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

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

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

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

Trade Payables

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

Effects of Changes in Foreign Exchange

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

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

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

- Assets under construction for future productive use, which are associated with and on foreign currency borrowings are regarded as an adjustment to interest costs and the cost of such assets are included in the exchange rate differences,

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

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

- Risks arising from foreign currency (providing financial protection against risks related to the accounting policies described below) to provide financial protection against exchange differences arising from the operation,

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

Earnings per share

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

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

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

Events after the Reporting Period

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

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

Contingent Assets

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

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

Government Grants

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

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

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

Current and Deferred Income Tax

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

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

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

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

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

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

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

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

Deferred tax has not been calculated because the Company's corporate income is exempted from Corporate Tax pursuant to Article 5 of the Corporate Tax Law.

Reysaş Turizm Yatırımları Ve Ticaret Ve Ltd. Şti, the subsidiary of the company, is a corporate taxpayer and deferred tax has been calculated.

Employment Termination Benefits

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

Reporting of Cash Flows

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

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

Capital and Dividends

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

F. Significant Accounting Estimates

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant

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

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

Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

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

- a) Estimates have been used within the scope of IAS 15 "Construction Contracts" when the total cost of the project and project profitability are determined.
- b) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. As at 31 December 2018 with the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits.
- c) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate)
- d) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performance of third party receivables, market credibility's and performances from balance sheet date until the confirmation of financial statements taking into consideration.
- e) Inventory impairment calculates by using list price after discounts. Sales price imponderable inventories evaluated by determining of waiting time of inventories, physical conditions and technical staff opinion. Provision made if net realizable value under the cost value.
- f) While the determination provision for lawsuits, Group's legal advisors and Group Management's opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consodiration. Group Management determines lawsuit provision according to best estimations.

3. BUSINESS COMBINATIONS

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

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

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3.BUSINESS COMBINATIONS (cont'd)

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

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

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

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

4. INTEREST IN OTHER ENTITIES

None. (31.12.2018: None).

5. SEGMENT REPORTING

In accordance with the resolutions of the Board of Directors, the chairman and members of the Board of Directors are responsible for allocating resources to the Group, making decisions regarding the activities and evaluating the performance of the Group. Since the Group's activity is to invest in real estates, capital market instruments based on real estates, real estate projects and rights based on real estates, there have not been different types of goods and services and there have not been any activity in different areas. Therefore, there have not been reporting according to operating segments in the Group's financial statements. (31 December 2018: None.)

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6. RELATED PARTY DISCLOSURES

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

a) Related party transactions;

31 December 2019	Trade Receivables	Other Receivables	Prepaid Expenses	Trade Payables	Other Payables
Related Parties					
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 Mamulleri Dağ. ve Paz. Ltd. Şti.	2.613.093	-	-	-	-
Other	1.954.502	-	144.274	83.104	-
Minus: Related Parties Deferred Finance Income	(45.737)	-	-	(85.693)	-
Advances Given to Personnel	-	-	7.375	-	-
Shareholders	5.081	-	-	-	-
Total	4.526.939	395.037	151.649	8.271.471	4.720.320

31 December 2018	Trade Receivables	Other Receivables	Prepaid Expenses	Trade Payables	Other Payables
Related Parties					
Arı Lojistik İnşaat San. ve Ticaret A.Ş.	-	-	-	-	2.975.258
Reysaş Taşımacılık ve Loj. A.Ş.	-	-	-	1.392.232	9.153.020
Rey Otel Turizm İşl. Ve Tiz. Ltd. Şti	4.533.281	-	-	-	-
Reymar Tütün Mamulleri Dağ. ve Paz. Ltd. Şti.	3.878.000	-	-	-	-
Emir İstif Mak. San. ve Tic. Ltd. Şti.	859.038	-	-	-	-
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	-	-	10.452.701	-	-
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	-	-	-	4.917.286	-
Minus: Related Parties Deferred Finance Income	(205.065)	-	-	(14.762)	-
Advances Given to Personnel	-	-	9.000	-	-
Other	5.081	700.000	-	-	-
Total	9.070.335	700.000	10.461.701	6.294.756	12.128.278

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6. RELATED PARTY DISCLOSURES (cont'd)

b) Purchases from and sales to related parties;

Purchases from related parties

31 December 2019

Related Parties	Maintenance and Repair	Real Estate Purchases	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	-	-	3.841.235	1.900.304	5.741.538
Diğer	-	-	-	420.010	420.010
Total	-	-	3.841.235	2.320.314	6.161.548

31 December 2018

Related Parties	Maintenance and Repair	Real Estate Purchases	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	56.850	-	1.813.686	1.283.256	3.153.792
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	-	6.550.000	-	-	6.550.000
Kolay Depo Depolama A.Ş.	-	-	-	48.558	48.558
Elmas Hizmet Tedarik Tic. Ltd. Şti.	532.000	-	-	-	532.000
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	16.291.237	54.267.635	-	246.779	70.805.651
Total	16.880.087	60.817.635	1.813.686	1.578.593	81.090.001

Sales to related parties

31 December 2019

Related Parties	Rent- Warehouse Services	Real Estate Sales	Interest	Other	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
Diğer	2.077.492	-	26.656	-	2.104.148
Total	30.750.186	-	2.668.893	-	33.419.079

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6. RELATED PARTY DISCLOSURES (cont'd)

31 December 2018

Related Parties	Rent- Warehouse Services	Real Estate Sales	Interest	Other	Total
Reysaş Taşımacılık ve Loj. A.Ş.	8.659.540	-	2.723.104	1.408.389	12.791.033
Kolay Depo Depolama A.Ş.	157.373	-	-	-	157.373
Çavuşoğlu Yapı End.Tic. Ltd. Şti.	-	-	1.326.467	-	1.326.467
Elmas Hizmet Tedarik Tic. Ltd. Şti.	-	-	2.276.495	-	2.276.495
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	600.000	-	78.656	1.052.000	1.730.656
Emir İstif Makinaları San. Ve Tic. A.Ş.	21.365	-	139.968	2.396.650	2.557.983
Reyline Uluslararası Taşımacılık Ltd.Şti	466.511	-	39.867	-	506.378
Rey Otel Turizm İşletmeciliği Tic. A.Ş.	5.300.000	-	442.510	535.297	6.277.807
Remkar Taşımacılık ve Danışmanlık Ltd. Şti.	-	-	-	1.160.808	1.160.808
Reymar Tütün Mamulleri Dağ. ve Paz. Ltd. Şti.	-	-	-	3.100.580	3.100.580
Total	15.204.789	-	7.027.067	9.653.724	31.885.580

c) Wages and remunerations paid to key management:

As of 31 December 2019, total amount of wages and remunerations paid to key management is 229.217 TL. (31 December 2018: 297.464 TL)

7. CASH AND CASH EQUIVALENTS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash at banks		
- Time deposits	41.321.891	92.478.845
- Demand deposits	1.832.858	1.954.529
Total	43.154.749	94.433.374

The maturity breakdown deposits are as of December 31, 2019 and December 31, 2018 as follows;

<u>Currency</u>	<u>Avarege Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount</u>	<u>31.12.2019 TL Equivalent</u>
TL	22 gün	10,89-12,12%	29.101.637	29.101.637
USD	24 gün	2,33%	716.824	4.258.080
EURO	13 gün	0,67%	1.197.211	7.962.174
Total				41.321.891

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

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8. FINANCIAL INVESTMENTS

Short-term financial investments

None. In the previous period, the Group has TL 150.122 of financing bills issued by Vakıfbank.

Long-term financial investments

None (31.12.2018: None).

9. FINANCIAL LIABILITIES

As of December 31, 2019 and 2018 short and long-term bank borrowings are summarized as below:

Short term borrowings

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bank borrowings	399.893.132	348.695.415
Leasing payables	33.391.953	30.625.266
Total	433.285.085	379.320.681

Long term borrowings

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bank borrowings	590.568.151	658.968.786
Leasing payables	40.239.071	52.728.485
Total	630.807.222	711.697.271

Bank loans:

As of 31 December 2019 short-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	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

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

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

As of 31 December 2019 long-term bank borrowings are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	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

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9. FINANCIAL LIABILITIES (Cont'd)

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

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Up to 3 months	129.923.093	93.181.185
3 - 12 months	269.970.039	255.514.230
1-5 years	579.565.826	624.998.232
Over 5 years	11.002.325	33.970.554
Total	990.461.283	1.007.664.201

Leasing payables

As of 31 December 2019 the details of short term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	20.651.307	% 13,42-% 24,20	20.651.307
EURO	1.915.714	% 3,09-% 12,66	12.740.646
Total			33.391.953

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

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	23.441.017	% 13,42-% 24,20	23.441.016
EURO	1.191.813	% 3,26-% 6,83	7.184.250
Total			30.625.266

As of 31 December 2019 the details of long term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	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

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

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

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9. FINANCIAL LIABILITIES (Cont'd)

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Up to 3 months	8.181.664	7.207.868
3 - 12 months	24.124.914	23.417.398
1-5 years	41.324.446	52.728.485
Over 5 years	-	-
Total	<u>73.631.024</u>	<u>83.353.751</u>

10. OTHER FINANCIAL LIABILITIES

None. (31.12.2018: None).

11. TRADE RECEIVABLES AND PAYABLES

a) Short Term Trade Receivables:

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

<u>Short-term trade receivables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade receivables	7.572.124	12.591.771
Notes receivables	2.874.643	11.826.119
Unearned credit finance income (-)	(149.003)	(685.432)
Doubtful receivables	6.767.642	212.912
Provision for doubtful receivables (-)	(6.767.642)	(212.912)
Sub-total	<u>10.297.764</u>	<u>23.732.458</u>
Due from related parties (Note 6)	4.572.676	9.275.400
Minus: Due from unearned credit finance income (-)	(45.737)	(205.065)
Total	<u>14.824.703</u>	<u>32.802.793</u>

The movement of financial liabilities as of 31 December 2019 and 2018 is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
1 January	212.912	212.912
Provisions during the period	5.882.643	-
Reversed during the period	(2.318.425)	-
Provisions accounted for revenue followed in deferred income	2.990.512	-
Toplam	<u>6.767.642</u>	<u>212.912</u>

b) Long-term trade receivables

None (31.12.2018: None).

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11. TRADE RECEIVABLES AND PAYABLES (Cont'd)

c) Short-term trade payables

<u>Short-term trade payables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade payables	4.677.532	3.753.680
Notes payables	580.872	201.771
Unearned credit finance charges (-)	(38.322)	(38.779)
Sub-total	5.220.082	3.916.672
Due from related parties (Note 6)	8.357.164	6.309.518
Minus: Due to unearned credit finance charges (-)	(85.693)	(14.762)
Total	13.491.553	10.211.428

d) Long-term trade payables

None (31.12.2018: None).

12. RECEIVABLES AND PAYABLES FROM / TO FINANCIAL ACTIVITIES

None (31.12.2018: None).

13. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

<u>Other current receivables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deposits and guarantees given	107.526	71.580
Other receivables	307.233	487.074
Other doubtful receivables	1.953.740	1.953.740
Minus: Provision for other doubtful receivables	(1.953.740)	(1.953.740)
Sub-total	414.759	558.654
Other receivables from related parties (Note 6)	395.037	700.000
Total	809.796	1.258.654

b) Other Non-Current Receivables

<u>Other non-current receivables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deposits and guarantees given	3.250	3.250
Total	3.250	3.250

c) Other Current Payables

<u>Other current payables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deposits and guarantees received	3.163.585	3.259.227
Taxes and funds payables	6.256.831	2.155.030
Deferred or restructured debts to public sector	333.778	816.824
Other payables	-	36.495
Sub-total	9.754.194	6.267.576
Other payables to related parties (Note 6)	4.720.320	12.128.278
Total	14.474.514	18.395.854

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13.OTHER RECEIVABLES AND PAYABLES (Cont'd)

d) Other Long term Payables

<u>Other long term payables</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deferred or restructured debts to public sector	130.540	453.264
Total	130.540	453.264

14.EMPLOYEE BENEFITS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Payables to personnel	37.806	11.572
Personnel tax deductions	7.425	10.809
Social security withholdings payable	11.416	7.029
Toplam	56.647	29.410

15.DERIVATIVE FINANCIAL INSTRUMENTS

None (31.12.2018: None).

16.INVENTORIES

a) Short-term inventories

None (31.12.2018: None).

b) Long-term inventories

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Lands	56.897.916	56.866.189
Toplam	56.897.916	56.866.189

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

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

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16. INVENTORIES (Cont'd)

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

As of 31 December 2019, the total fair value of the lands with housing development is 77.050.735 TL (31 December 2018: TL 77.109.000)

17. BIOLOGICAL ASSETS

None (31.12.2018: None).

18. PREPAID EXPENSES AND DEFERRED INCOME

a) Short and Long Term Prepaid Expenses

Short term prepaid expenses

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepaid expenses for future months	2.670.808	2.106.095
Advances given for purchases	3.403.553	1.399.655
Sub-total	6.074.361	3.505.750
Advances given to related parties (Note 6)	151.649	10.461.701
Total	6.226.010	13.967.451

Long term prepaid expenses

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Advances given for fixed-assets(*)	37.580	1.978.205
Prepaid expenses for future years	1.413.716	2.599.609
Total	1.451.296	4.577.814

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

b) Short and Long Term Deferred Income

Short-term deferred income

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Income relating to future months	1.026.331	973.296
Advances received	36.615	2.074.443
Deferred income	-	2.990.512
Total	1.062.946	6.038.251

Long-term Deferred Income

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Income relating to following years	779.296	1.545.341
Total	779.296	1.545.341

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19. GOVERNMENT INCENTIVES AND GRANTS

None (31.12.2018: None).

20. LIABILITIES FOR PERIOD INCOME TAX

Gains from real estate investment trust activities are exempted from the corporate tax according to Article 5 / (1) (d) (4) of Corporate Tax Law No: 5520. Consequently, tax provision has not been calculated. (31 December 2018: None.)

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

21. CURRENT PERIOD TAX ASSETS

Amount of TL 620.262 which is shown under the current period tax assets, consists of taxes levied by the banks during time deposits and repo transactions.

(31.12.2018: Amount of 1.107.189 TL which is shown under the current period tax assets, consists of taxes levied by the banks during time deposits and repo transactions)

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

a) Other Current Assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
VAT carried forward	3.053.446	11.579.687
Total	3.053.446	11.579.687

b) Other Non-Current Assets

None (31.12.2018: None).

c) Other Short/Long Term Liabilities

None (31.12.2018: None).

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provision for lawsuit risks	2.253.355	988.261
Total	2.253.355	988.261

(*)As of December 31, 2019, the Group has 30 lawsuits and 24 defendants, including various damages, objections and claims. As of 31 December 2019 amount of 1.265.094 TL provision has been made for these lawsuits. As of 31 December 2018 amount of 988.261 TL provision has been made for the lawsuits. There has not been any case with significant uncertainty except the cases mentioned below.

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

Provisions for personnel's unused annual leave

As of December 31, 2019, the Group has calculated TL 10.386 provision for its personnel for their unused annual leaves. (31 December 2018: the Group has calculated TL 27.663 provision for its personnel for their unused annual leaves)

b) Long-term provisions

Liabilities for employee benefits:

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

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 6.379,86 TL/year as of 31 December 2019 (31 December 2018: 5.434,42 TL/year).

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as of 30 September 2018, the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees.

As of 31 December 2019 provision is calculated based on real discount rate of 7,00% (31 December 2018: 8,00%) assuming 12% annual inflation rate (31 December 2018: 12,75%). and 4,67% discount rate (31 December 2018: 4,40%).

As of December 31, 2019 and 2018 the movement in the provision for employment termination benefit is as follows:

<u>Long-term Provision for Employee Benefits</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provision for employment termination benefits	102.857	55.033
Total	102.857	55.033

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

	01 January- December 31, 2019	01 January- December 31, 2018
As of January 1	55.033	115.268
Service cost	13.783	8.005
Defined Benefit Plans Re-Measurement Gains / Losses	29.168	4.168
Interest expense	4.873	2.450
Reversals of provisions (-)	-	(74.858)
As of December 31	102.857	55.033

Contingent Assets

None (31.12.2018: None).

Gains from real estate investment trust activities are exempted from the corporate tax according to Article 5 / (1) (d) (4) of Corporate Tax Law No: 5520. Consequently, tax provision has not been calculated. (31 December 2018: None.)

c) Collaterals, Pledges, Mortgages:

“CPMs” received as of December 31, 2019 are as follows;

				<u>December 31, 2019</u>
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Letter of guarantees received	149.220	-	954.000	1.840.397
Collaterals received	147.040	22.000	7.707.147	8.726.907
Total	296.260	22.000	8.661.147	10.567.304

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

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

“CPMs” given as of December 31, 2019 are as follows;

				<u>December 31, 2019</u>
<u>Collaterals, Pledges, Mortgages</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collaterals	-	-	212.316	212.316
Mortgages	206.200.000	33.340.000	1.009.720.000	2.456.320.244
Total	206.200.000	33.340.000	1.009.932.316	2.456.532.560

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

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

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

Collaterals/pledges/mortgages (“CPM”) position of the Group as of December 31, 2019 and December 31, 2018 is as follows:

CPM's given by the Company	December 31, 2019	December 31, 2018
1. CPM's given for Company's own legal personality	2.456.532.560	2.002.013.224
- Mortgages	2.456.320.244	2.001.449.500
- Collaterals	212.316	563.724
2. CPM's given on behalf of fully consolidated companies	-	-
3. CPM's given on behalf of third parties for ordinary course of business	-	-
4. Total amount of other CPM's	-	-
- Total amount of CPM's given on behalf of the majority shareholder	-	-
- Total amount of CPM's given on behalf of other Group companies which are not in scope of 2 and 3	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of 3	-	-

The ratio of other CPM's given by the Group to the equities of Group is 0% as of December 31, 2019. (December 31, 2018: 0%)

Total insurance amount of asset values;

Insurance amount on real estates is TL 955.665.406. (31 December 2017: 561.285.852 TL)

24.COMMITMENTS

None (31.12.2018: None).

25.INVESTMENTS VALUED BY EQUITY METHOD

	December 31, 2019		December 31, 2018	
Subsidiaries	%	TL	%	TL
Arı Lojistik'in A.Ş.	50,00%	26.443.169	50,00%	26.149.197
Total		26.443.169		26.149.197

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

The movements of investments valued by equity method as of December 31, 2019 and 2018 are as below;

	December 31, 2019	December 31, 2018
As of January 1	26.149.197	25.914.744
Profit / Loss Shares from subsidiaries	2.239.390	2.199.150
Dividends received	(1.945.418)	(1.964.697)
Total	26.443.169	26.149.197

Financial statement summary of investments valued by equity method as of December 31,2019 and 2018 are as below;

	31 December 2019				
	Total Assets	Total Liabilities	Equity	Revenue	Profit / (Loss)
Arı Lojistik'in A.Ş.	64.482.020	(11.595.682)	52.886.342	7.970.000	4.478.938

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

Arı Lojistik A.Ş.

	31 December 2019	31 December 2018
Total Assets	64.482.020	62.238.313
Liabilities	(11.595.682)	(9.939.915)
Net Assets	52.886.338	52.298.398
Value of the subsidiary on GYO according to equity method (%50)	26.443.169	26.149.197

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

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

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26. INVESTMENT PROPERTIES (INCLUDING UNDERCONSTRUCTION PROJECTS)

Details of investment properties as of December 31, 2019 and 2018 are as below;

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Investment properties	2.504.373.099	1.934.693.510
Investment properties under construction	91.243.823	65.860.061
Total	2.595.616.922	2.000.553.571

Insurance amount on investment property is TL 955.665.406 (31 December 2018: TL 561.285.852).

As of 31 December 2019, the movement table of the idle lands is as follows:

<u>Inactive lands</u>							
<u>Location</u>			<u>01.01.2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Fair Value Difference</u>	<u>31.12.2019</u>
İstanbul	Pendik	Kurna Köyü	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	Merkez	Darıcı	4.163.000	-	-	1.683.000	5.846.000
Ankara	Gölbaşı	Oğulbey	4.453.000	-	-	764.000	5.217.000
Kastamonu	Merkez	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
İstanbul	Tuzla	Orhanlı	2.596.000	-	-	734.000	3.330.000
Total Lands			85.746.510	3.105.000	(358.000)	43.191.490	131.685.000

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

As of 31 December 2019, the movement table of the buildings is as follows:

Buildings (including lands)							
Location			01.01.2019	Additions	Disposals	Fair Value Difference	31.12.2019
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	Bulancağ	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	Söğütlü	4.451.000	-	-	1.553.000	6.004.000
Samsun	Çarşamba	Epçeli	4.762.000	-	-	1.223.000	5.985.000
Samsun	Çarşamba	Dikbiyık***	16.043.000	-	-	-	16.043.000
Düzce	Merkez	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	Merkez	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	Merkez	Kuzeykent(1)	4.332.000	-	-	827.000	5.159.000
Karabük	Merkez	Çerçiler(1)	1.789.500	-	-	244.500	2.034.000
Bartın	Merkez	Balamba(1)	1.335.000	-	-	585.000	1.920.000
Kastamonu	Tosya	Dilküshah(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 Buildings and Lands			1.934.693.510				2.504.373.099

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

As of 31 December 2019, the movement table of the investment properties is as follows:

Investment properties underconstruction projects							
Locations			01.01.2019	Additions	Disposals	Fair Value Difference	31.12.2019
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
Diğer	-	-	554.061	13.284.762	-	-	13.838.823
			65.860.061	30.090.046	-	(4.706.284)	91.243.823

As of 31 December 2018, the movement table of the idle lands is as follows:

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

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

As of 31 December 2018, the movement table of the buildings is as follows:

Buildings (including lands)							Fair Value	
Location			01.01.2018	Additions	Disposal	Transfers	Difference	31.12.2018
Adana	Seyhan	Sarıhamzalı	19.648.000	-	-	-	1.275.000	20.923.000
Adana	Yüreğir	Dağcı	16.226.000	-	-	-	2.299.000	18.525.000
Ankara	Kazan	Orhaniye	14.343.000	-	-	-	525.000	14.868.000
Eskişehir	Odunpazarı	OSB	4.338.000	-	-	-	969.000	5.307.000
Giresun	Tirebolu	İstiklal	3.334.000	-	-	-	581.000	3.915.000
Giresun	Bulancak	Pazarsuyu	7.354.000	-	-	-	536.000	7.890.000
İstanbul	Tuzla	Orhanlı-2	52.226.000	68.761	-	-	8.773.239	61.068.000
İstanbul	Tuzla	Orhanlı-4	93.016.000	16.907	-	-	16.275.093	109.308.000
İstanbul	Arnavutköy	Ömerli	17.365.000	-	-	-	2.853.000	20.218.000
İzmir	Torbalı	Torbalı**	26.550.000	-	-	-	-	26.550.000
Kocaeli	Çayırova	Akse-2	47.185.000	443.837	-	-	1.731.163	49.360.000
Kocaeli	Çayırova	Akse-1+7+10	133.140.000	1.561.968	-	-	6.854.032	141.556.000
Kocaeli	Çayırova	Akse-5*****	14.400.000	-	-	-	-	14.400.000
Kocaeli	Çayırova	Akse-3	55.345.000	113.680	-	-	9.042.320	64.501.000
Ordu	Ünye	Yüceler	7.663.000	-	-	-	2.360.000	10.023.000
Sakarya	Arifiye	Yukarıkirezce-2	2.850.000	-	-	-	330.000	3.180.000
Samsun	Terme	Söğütü	4.022.000	-	-	-	429.000	4.451.000
Samsun	Çarşamba	Epçeli	4.300.000	-	-	-	462.000	4.762.000
Samsun	Çarşamba	Dikbiyık***	16.043.000	-	-	-	-	16.043.000
Düzce	Merkez	Arapçiftliği	4.950.000	-	-	-	539.000	5.489.000
Düzce	Akçakoca	Çiçekpınar	2.870.000	-	-	-	531.000	3.401.000
Kocaeli	Kartepe	Uzuntarla-3	8.638.000	-	-	-	486.000	9.124.000
Kocaeli	Çayırova	Akse-9	112.274.000	-	-	-	23.576.000	135.850.000
Kocaeli	Çayırova	Akse-6	21.344.000	-	-	-	1.762.000	23.106.000
Antalya	Kepez	Sütçüler	9.253.000	-	-	-	1.000	9.254.000
İstanbul	Üsküdar	Bulgurlu-2	14.038.000	-	-	-	2.072.000	16.110.000
Kocaeli	Çayırova	Akse-8	9.971.804	-	-	-	1.924.196	11.896.000
Bolu	Merkez	Saraycık	16.105.000	879.087	(826.160)	-	1.719.073	17.877.000
Sakarya	Arifiye	Yukarıkirezce-3	4.790.000	-	-	-	1.195.000	5.985.000
Antalya	Serik	Çandır-1,Çandır-2	67.358.000	-	-	-	7.330.000	74.688.000
Sakarya	Arifiye	Hanlıköy	12.006.000	-	-	-	1.193.000	13.199.000
İzmir	Menderes	Görece-3	18.932.000	-	-	-	3.688.000	22.620.000
Antalya	Kumluca	Sarıkaya	11.097.000	-	-	-	645.000	11.742.000
Ankara	Kahramankazan	Saray	18.205.000	-	-	-	59.000	18.264.000
Adana	Sarıçam	Suluca	13.589.000	-	-	-	1.761.000	15.350.000
İstanbul	Tuzla	Orhanlı-5	102.400.000	19.392	-	-	16.562.608	118.982.000
Eskişehir	Tepebaşı	Eskibağlar	47.860.000	-	-	-	5.979.000	53.839.000
İstanbul	Üsküdar	Bulgurlu-1*	8.947.000	-	-	-	-	8.947.000
Kocaeli	Çayırova	Akse-11	89.741.000	92.163	-	-	13.361.838	103.195.000
İzmir	Menderes	Görece-4	43.730.000	-	-	-	8.800.000	52.530.000
İstanbul	Esenyurt	Esenyurt	-	-	-	105.009.408	18.496.592	123.506.000
İstanbul	Tuzla	Tepeören	-	-	-	170.454.884	84.234.116	254.689.000
Kocaeli	Çayırova	Akse-12	-	-	-	52.337.914	13.805.086	66.143.000
Adana	Sarıçam	Suluca-2	-	-	-	21.396.178	11.965.822	33.362.000
Kocaeli	Çayırova	Akse-14	28.672.000	-	-	(28.672.000)	-	-
Kocaeli	Çayırova	Akse 13	11.902.000	-	-	(11.902.000)	-	-
Kastamonu	Merkez	Kuzeykent(1)	-	3.000.000	-	-	1.332.000	4.332.000
Karabük	Merkez	Çerçiler(1)	-	1.500.000	-	-	289.500	1.789.500
Bartın	Merkez	Balamba(1)	-	1.300.000	-	-	35.000	1.335.000
Kastamonu	Tosya	Dilküşah(1)	-	400.000	-	-	(11.500)	388.500
Eskişehir	Sivrihisar	Kurşunlu(1)	-	350.000	-	-	22.000	372.000
Erzincan	Hilton Bina	-	34.128.000	-	-	-	606.000	34.734.000
Total Buildings			1.252.148.804	9.745.794	(826.160)	308.624.385	279.254.177	1.848.947.000
Total Buildings and Lands			1.312.697.803					1.934.693.510

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

As of 31 December 2018, the movement table of the investment properties is as follows:

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

27. TANGIBLE FIXED ASSETS

The movements of fixed assets and depreciation as of December 31, 2019 and 2018 are as below;

31 December 2019

Cost	01.01.2019	Additions	Disposals	31.12.2019
Machinery and equipment	43.608.710	16.806.292	-	60.415.002
Motor vehicles	49.194	-	-	49.194
Furniture and fixtures	6.011.147	371.062	-	6.382.209
Total	49.669.051	17.177.354	-	66.846.405

Accumulated Depreciation

Machinery and equipment	8.999.085	4.603.630	-	13.602.714
Motor vehicles	49.194	-	-	49.194
Furniture and fixtures	3.806.656	958.644	-	4.765.300
Total	12.854.935	5.562.274	-	18.417.208

Net book value	36.814.116			48.429.197
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31 December 2018

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

Accumulated Depreciation

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

Net book value	22.015.917			36.814.116
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28. INTANGIBLE FIXED ASSETS

None (31.12.2018: None).

29. EQUITY

a) Paid in Capital

The capital structure of the company as of December 31, 2019 and 2018 are as below;

<u>Capital Structure</u>	31 December 2019	Partnership interest (%)	31 December 2018	Partnership interest (%)
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	152.381.690	61,94	152.381.690	61,94%
Publicly held part	93.618.300	38,06	93.618.300	38,06%
Other	11	0,00	11	0,00%
Paid in Capital	246.000.001	100	246.000.001	100,00%

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

Pursuant to the decision taken at the 2014 Ordinary General Assembly held on 29 May 2015, the Company decided to increase the issued capital from TL 240.000.000 to TL 246.000.001, all of which will be covered by 2014 profit. Thus, the Company's paid-in capital has increased from TL 240,000,000 to TL 246,000,001.

b) Repurchased shares / Profit arising from repurchasing of shares

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

The details of repurchasing of shares are as below;

Repurchases	Purchase date	Purchase number	Purchase unit price (TL)	Purchase amount (TL)
1. Purchase	12.11.2012	58.979	0,73	43.055
2. Purchase	04.02.2013	393.500	0,70	275.450
3. Purchase	11.02.2013	453.912	0,69	313.200
	11.02.2013	252.347	0,70	176.642
4. Purchase	15.02.2013	341.262	0,70	238.883
Total				1.047.230

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

Gains / Losses on revaluation and reclassification

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Opening balance from previous period	99.075.327	99.075.327
Total	99.075.327	99.075.327

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29.EQUITY (Cont'd)

Actuarial gain/(loss) arising from defined benefit plans

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Opening balance from previous period	(33.446)	(29.278)
Actuarial gain / (loss)	(29.168)	(4.168)
Total	(62.614)	(33.446)

d) Restricted Reserves

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Legal Reserves	6.516.173	6.516.173
Reserves for repurchasing of shares	1.047.230	1.047.230
Total	7.563.403	7.563.403

(*) The Company has allocated TL 661.067 from the profit in 2014, TL 1.304.261 from the profit in 2013, TL 1.675.864 from the profit in 2012, TL 2.313.491 from the profit in 2011, TL 489.611 from the profit in 2010, TL 47.643 from the profit in 2009 and 24,236 from the profit in 2008. Total of TL 6.516.173 of legal reserves is allocated.

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

e) Previous Years' Profit

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Opening balance	595.554.331	489.975.941
Previous year's profit / loss (-)	212.108.681	105.578.390
Total	807.663.012	595.554.331

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

The details of the account as of December 31, 2019 and 2018 are as below;

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Effects of Combinations of Entities or Businesses Under Common Control (Not: 3)	(9.363.451)	(9.363.451)
Total	(9.363.451)	(9.363.451)

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30. REVENUE AND COST OF SALES

	01.01- 31.12.2019	01.01- 31.12.2018
Sales Revenues (net)		
Rental income	203.512.400	165.286.737
Other income	17.358.544	15.760.837
Sales Return (-)	(5.277.670)	(14.945.516)
Total Income	215.593.274	166.102.058
Insurance expenses	2.474.611	1.361.211
Amortisation and depreciation expenses	5.562.273	4.505.446
Maintenance and repair expenses	3.689.446	7.414.207
Electricity expenses	10.926.891	6.116.375
Taxes, duties and charges	3.628.432	2.457.177
Reporting and expertise expenses	129.107	170.701
Other	1.928.863	1.881.347
Total Cost	28.339.623	23.906.464
Gross Profit	187.253.651	142.195.594

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

General administrative expense (-)

	01.01 - 31.12.2019	01.01 - 31.12.2018
Personnel expenses	660.830	1.250.549
Maintenance and repair expenses	13.669	5.088
Taxes, duties and charges	125.445	380.618
Consultancy expenses	346.528	108.363
CMB registry expenses	38.607	-
Electricity and water expenses	522.098	324.052
Other	1.297.076	597.461
Total	3.004.253	2.666.132

Marketing Expenses, Research And Development Expenses

There is no marketing expense and research & development expense as of the reporting year (31.12.2018: None).

32. EXPENSES BY NATURE

Amortization expenses	01.01 - 31.12.2019	01.01 - 31.12.2018
Cost of services sold	5.562.273	4.505.446
Total	5.562.273	4.505.446

Personnel expenses	01.01 - 31.12.2019	01.01 - 31.12.2018
General administrative expense	660.830	1.250.549
Total	660.830	1.250.549

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33.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities

	01.01 - 31.12.2019	01.01 – 31.12.2018
Provisions no longer required	2.318.425	-
Fair value increase	540.860.465	301.345.829
Profit on sale of fixed assets	42.000	-
Revenues to be invoiced	4.284.382	22.224
Deferred finance income	2.252.018	627.049
Foreign exchange gains	3.202.828	9.051.080
Other Income	1.367.591	8.218.050
Total	554.327.709	319.264.232

Other expense from operating activities(-)

	01.01 - 31.12.2019	01.01 – 31.12.2018
Provision expenses	4.587.611	727.144
Foreign exchange loss	3.144.702	4.743.028
Deferred finance charges	755.708	1.328.400
Expenses to be invoiced	1.164.803	-
Non-tax deductible expenses	748.586	599.373
Fair value decrease	-	1.603.217
Loss on sale of fixed assets	-	1.143.910
Other expenses	-	1.151.233
Total	10.401.410	11.296.305

34.INCOME FROM INVESTMENT ACTIVITIES

None (31.12.2018: None).

35.EXPENSES FROM INVESTMENT ACTIVITIES (-)

None (31.12.2018: None).

36.FINANCIAL INCOME

Financial Income

	01.01 - 31.12.2019	01.01 – 31.12.2018
Profit on sale of marketable securities	9.170	-
Interest income	6.250.742	13.847.358
Foreign exchange gains	41.258.038	191.731.514
Total	47.517.950	205.578.872

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37. FINANCIAL EXPENSES

Financial Expense

	01.01 - 31.12.2019	01.01 – 31.12.2018
Interest expense (-)	114.743.374	107.625.794
Foreign exchange losses(-)	113.580.692	335.337.075
Commission expense (-)	4.438	964
Total	228.328.504	442.963.833

38. DISCONTINUED OPERATIONS

None (31.12.2018: None).

39. TAX ASSETS AND LIABILITIES

Corporate Taxes

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

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

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

The tax rate used in the calculation of deferred tax for the Subsidiary is 22%. (31 December 2018: % 20)

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39.TAX ASSETS AND LIABILITIES (Cont'd)

Deferred Tax Asset	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Unearned finance income	43.198	200.556	9.504	40.111
Interest accrual	52.408	62.317	11.530	12.463
Tax advantage	111.353	111.353	24.497	22.271
Other	-	5.989	-	1.198
Total	206.959	380.215	45.531	76.043
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of tangible and intangible assets	(797.610)	(380.250)	(175.474)	(76.050)
Unearned finance expense	(412)	(686)	(91)	(137)
Difference between the tax base and carrying amount of investment property	(21.907.841)	(16.421.742)	(2.409.863)	(1.642.174)
Other	(5.081)	(5.081)	(1.117)	(1.017)
Total	(22.710.944)	(16.807.759)	(2.586.545)	(1.719.378)
Deferred tax assets / liabilities, net			(2.541.014)	(1.643.335)
Current Year Deferred Tax Expense			(897.680)	(202.897)
Deferred tax liability accounted under equity resulting from actuarial gain / loss			-	-
Current Year Deferred Tax Benefit			(897.680)	(202.897)

40.EARNINGS PER SHARE

	01 January- December 31, 2019	01 January- December 31, 2018
Net Profit / (Loss)	548.706.853	212.108.681
Weighted average number of ordinary shares	246.000.001	246.000.001
Basic and diluted earnings / (loss) per share	2,2305	0,8622

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

a) Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and equity items including the previous year earnings as specified in note 9, 10, 7, 29.

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

a) Capital Risk Management

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

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

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

	December 31, 2019	December 31, 2018
Total Financial Liabilities	1.099.125.266	1.091.017.952
Cash and Cash Equivalents (-)	(43.154.749)	(94.433.374)
Net Debt	1.055.970.517	996.584.578
Total equity	1.698.535.301	1.149.857.616
Net debt / Total capital	0,62	0,87

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

Group strategy is similar to previous year.

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

b.1) Credit Risk

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

b.2) Market Risk

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

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

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

b.3) Foreign Exchange Risk Management

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

Foreign currency sensitivity

December 31, 2019

	Profit / Loss	
	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	(34.585.370)	34.585.370
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	(34.585.370)	34.585.370
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	(36.143.137)	36.143.137
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	(36.143.137)	36.143.137
Total (3+6)	(70.728.507)	70.728.507

Foreign currency sensitivity

December 31, 2018

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

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

Foreign currency position

December 31, 2019	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	168.216	-	25.293
2a. Monetary financial assets (Includes cash in hand and bank accounts)	13.603.538	727.980	1.395.242
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	13.771.754	727.980	1.420.535
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	13.771.754	727.980	1.420.535
9. Trade payables	3.485.217	30.486	496.816
10. Financial liabilities	235.937.758	20.845.912	16.856.956
11. Monetary other 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.Foreign currency position (net)	(707.285.069)	(58.222.569)	(54.345.678)
17.Monetary Foreign currency position (net)	(707.285.069)	(58.222.569)	(54.345.678)

December 31, 2018	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	3.869.635	706.589	25.273
2a. Monetary financial assets (Includes cash in hand and bank accounts)	83.539.764	15.778.745	87.817
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	87.409.399	16.485.334	113.090
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	87.409.399	16.485.334	113.090
9. Trade payables	38.442.514	5.972.455	1.164.902
10. Financial liabilities	207.797.433	22.387.422	14.933.551
11. Monetary other liabilities	-	-	-
12. Short-term Liabilities	246.239.947	28.359.877	16.098.453
13. Financial liabilities	516.583.137	54.057.977	38.518.501
14. Long-term Liabilities	516.583.137	54.057.977	38.518.501
15.Total Liabilities (12+14)	762.823.085	82.417.854	54.616.954
16.Foreign currency position (net)	(675.413.686)	(65.932.520)	(54.503.864)
17.Monetary Foreign currency position (net)	(675.413.686)	(65.932.520)	(54.503.864)

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

b.3) Interest rate risk management

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

The Group's financial instruments that are sensitive to interest rates are as follows (Note 7, 9, 10);

Interest rate sensitivity

Fixed Interest		31.12.2019	31.12.2018
Financial Assets	Time Deposits	41.321.891	92.478.845
Financial Liabilities	Bank Loans and Financial Lease Payments	805.527.098	896.737.918
Floating Interest			
Financial Liabilities		258.565.209	194.280.034

Details of credit and receivable risk are as follows:

December 31, 2019	Receivables				Cash and Cash Equivalents
	Trade receivables from		Other receivables from		Deposit in bank
	Related parties	Other	Related parties	Other	
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	4.572.676	10.446.767	395.037	414.759	43.154.749
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	4.572.676	10.446.767	395.037	414.759	43.154.749
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	1.953.740	-
- Impairment (-)	-	-	-	(1.953.740)	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

December 31, 2018	Receivables				Cash and Cash Equivalents
	Trade receivables from		Other receivables from		Deposit in bank
	Related parties	Other	Related parties	Other	
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	9.275.400	24.417.890	700.000	558.654	94.433.374
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	9.275.400	24.417.890	700.000	558.654	94.433.374
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	1.953.740	-
- Impairment (-)	-	-	-	(1.953.740)	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

Details of credit and receivable risk are as follows:

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

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

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

b.2) Liquidity Risk

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

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

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

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

December 31, 2019						
<u>Contractual cash outflows</u>	Carrying value	<u>Contractual cash outflows</u>	1-3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	1.095.748.784	1.259.809.726	163.018.712	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
Other Financial 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	-

December 31, 2018						
<u>Contractual cash outflows</u>	Carrying value	<u>Contractual cash outflows</u>	1-3 months	3-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	1.119.625.234	1.318.238.059	114.082.241	313.070.668	837.216.445	53.868.705
Bank Loans	1.007.664.201	1.190.611.799	94.338.068	271.610.662	770.794.479	53.868.590
Other Financial Liabilities	83.353.751	98.512.173	7.318.185	25.225.171	65.968.702	115
Trade Payables	10.211.428	10.264.969	10.264.969	-	-	-
Other Payables	18.395.854	18.849.118	2.161.019	16.234.835	453.264	-

42. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial Assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Financial Liabilities

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

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42.FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy table

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

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

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

Level 3: Valuation techniques does not contain observable market inputs

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

31 December 2019 Financial assets carried at fair value in statement of financial position

<u>Financial Assets</u>	<u>31.12.2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment Properties	2.595.616.922	-	2.595.616.922	-

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

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

43.SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

31 December 2019;

As of 1 January 2020, the retirement pay provision ceiling amounting increased from TL 6.730.15 to TL 6.379,86.

December 31, 2018:

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

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

The financial statements were approved by the Company's Board of Directors on February 10, 2020 for publication in Public Disclosure Platform (KAP). Although this is not the intention, the Company Management and certain regulatory bodies have the authority to amend the statutory financial statements after they are published.

**45.SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO
LIMITATIONS**

Explanations made in the framework of the Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts”:

Consequent to the publication of the CMB’s Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts” in the Official Gazette on 28 July 2011, CMB’s “Communiqué for Principles on Real Estate Investment Trusts” with Serial No, VI, No, 11 was subjected to modification, and in this framework real estate investment trusts have to comply with the provisions of CMB’s Communiqué with Serial No: VI, No: 29 for Principles on Real Estate Investment Trusts at the time of financial statement preparation and their disclosure to public, in addition to including in the financial statements the information relating to control of portfolio restrictions specified in CMB’s Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts in the manner set out by the CMB by means of using non-consolidated financial statement account items.

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45.SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO
LIMITATIONS (Cont'd)

	Portfolio Limitations	The Communiqué Related to Regulation	Current Period December 31, 2019	Previous Period December 31, 2018	Minimum/ Maximum Rate
1	Mortgage fees of servient lands on which the project will be developed (Lands which do not belong to the partnership),	Article.22/(e)	0,00%	0,00%	≤ %10
2	Real Estate, Real Estate Based Projects, Real Estate Based Rights	Article.24/(a),(b)	92,78%	86,63%	≥ %51
3	Money and Capital Market Instruments and Affiliates	Article.24/(b)	2,49%	7,06%	≤ %49
4	Foreign Real Estate, Real Estate Based Projects, Real Estate Based Rights, Affiliates, Capital Market Instruments	Article.24/(d)	0,00%	0,00%	≤ %49
5	Idle Lands	Article.24/(c)	4,71%	2,11%	≤ %20
6	Participation in the Operating Company	Article.28/1(a)	0,00%	0,00%	≤ %10
7	Borrowing Limit	Article.31	62,66%	94,92%	≤ %500
8	Foreign Currency Demand and Time Deposits / Special Current-Participation Accounts and TL Deposits / Participation Accounts.	Article.24/(b)	1,54%	4,17%	≤ %10
9	Total of Money and Capital Market Instruments Investments in a Single Company	Article.22/(I)	0,00%	0,00%	≤ %10