

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY - 31 DECEMBER 2020 TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR’S REPORT**

To the General Assembly of Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.:

**A. Audit of the Financial Statements**

**1. Opinion**

We have audited the accompanying financial statements of Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<p><b><i>Valuation of investment properties</i></b></p> <p>The Company's investment properties amounted to TRY867,782,413, which has significant share of the total assets of the Company, and which consist of projects under construction, land, offices and trade units as at 31 December 2020.</p> <p>The accounting policy adopted by the Company management for the purpose of accounting for such investment properties is explained in detail in Notes 2 and 10. All of the Company's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuers authorized by the Capital Markets Board, and these values are evaluated by the Company's management and accounted for in the financial statements of the Company. The fair values of investment properties are related to the valuation methods adopted and the inputs and assumptions in the valuation model. For the valuation result, valuer's studies are carried out considering the detailed characteristics of the properties according to comparable market information based on the existing market data and transactions.</p> <p>Reasons for concentrating on this topic:</p> <ul style="list-style-type: none"> <li>• The significance of the balance in relation to the financial statements as a whole,</li> <li>• Significant assumptions associated with determining the fair value of investment properties.</li> </ul>	<ul style="list-style-type: none"> <li>• We tested the design and implementation of the control of the Company's management in determining the fair value of investment properties.</li> <li>• The following procedures were carried out as required by independent auditing standards for the management's expert engaged in the valuation work. <ul style="list-style-type: none"> <li>- The valuer's accreditation and license recognized by the Capital Markets Board have been checked.</li> <li>- The valuer's competence, capability and objectivity have been assessed.</li> <li>- The valuation reports prepared for each investment property were read and agreed upon in valuation studies.</li> </ul> </li> <li>• The title deed registration and ownership rates of each investment property have been tested.</li> <li>• We checked and compared significant inputs into the valuation, such as sales m2 and the sales value per m2, for consistency with other audit evidence and observable market data, in order to assess whether the inputs in the valuation are within an acceptable range.</li> <li>• We considered the Company's investment property valuation policies and their application as described in the notes to the financial statements for compliance with TFRS, in addition to the adequacy of disclosures in notes related to the fair value of the investment property.</li> </ul> <p>The procedures we performed resulted in no significant findings.</p>



#### **4. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **5. Auditor's Responsibilities for the Audit of the Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.’s bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 12 February 2021.

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

Salim Ayanak, SMMM  
Partner

Istanbul, 12 February 2021

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2020	Audited 31 December 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>1,204,036,114</b>	<b>92,601,695</b>
Cash and cash equivalents	4	820,021,801	784,110
Trade receivables			
- <i>Trade receivables from third parties</i>	6	8,311,723	35,344,446
Other receivables			
- <i>Other receivables from third parties</i>	7	879,568	1,676,741
Inventories	11	321,093,621	52,506,619
Prepaid expenses	8	49,172,069	559,147
Current income tax assets	9	2,742,272	1,345,715
Other current assets	9	1,815,060	384,917
<b>NON-CURRENT ASSETS</b>		<b>1,724,945,302</b>	<b>1,688,865,654</b>
Trade receivables			
- <i>Trade receivables from third parties</i>	6	2,750,913	112,423,935
Other receivables			
- <i>Other receivables from third parties</i>	7	231,579	39,929
Inventories	11	532,926,026	208,394,562
Investment properties	10	867,782,413	1,018,634,794
Tangible assets	12	537,191	500,220
Intangible assets			
- <i>Goodwill</i>	2-14	14,631,400	14,631,400
- <i>Other intangible assets</i>	13	163,351	67,060
Prepaid expenses	8	228,093,152	269,552,670
Other non-current assets	9	77,829,277	64,621,084
<b>TOTAL ASSETS</b>		<b>2,928,981,416</b>	<b>1,781,467,349</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>1,025,308,718</b>	<b>247,021,507</b>
Short term borrowings			
- <i>Short term borrowings from related parties</i>	5	-	70,411,095
- <i>Short term borrowings from third parties</i>	5	-	28,899,781
Short-term portion of long-term borrowings			
- <i>Short-term portion of long-term borrowings from related parties</i>	5	35,358,932	58,983,479
- <i>Short-term portion of long-term borrowings from third parties</i>	5	70,316,324	26,192,172
Trade payables			
- <i>Trade payables to related parties</i>	3,6	126,284,247	21,028
- <i>Trade payables to third parties</i>	6	62,594,803	58,479,812
Payables for employee benefits		174,043	137,615
Other payables			
- <i>Other payables to third parties</i>	7	432,885	421,900
Deferred revenue (Other than contract liabilities)			
- <i>Deferred revenue to related parties</i>	3,17	727,008,300	-
- <i>Deferred revenue to third parties</i>	17	812,941	2,140,027
Short term provisions			
- <i>Short-term provisions for employee benefits</i>	16	576,087	510,144
Other current liabilities	3,17	1,750,156	824,454
<b>NON-CURRENT LIABILITIES</b>		<b>459,197,454</b>	<b>470,785,227</b>
Long term borrowings			
- <i>Long term borrowings from related parties</i>	5	258,369,234	66,994,795
- <i>Long term borrowings from third parties</i>	5	30,795,971	84,012,022
Trade payables			
- <i>Trade payables to related parties</i>	3,6	126,250,000	-
Other payables			
- <i>Other payables to third parties</i>	7	16,247,091	10,147,222
Long term provisions			
- <i>Long-term provisions for employee benefits</i>	16	438,358	386,188
Deferred revenue (Other than contract liabilities)			
- <i>Deferred revenue from related parties</i>	17	-	299,990,000
- <i>Deferred revenue from third parties</i>	17	27,096,800	9,255,000
<b>EQUITY</b>		<b>1,444,475,244</b>	<b>1,063,660,615</b>
Paid-in capital	18	460,000,000	230,000,000
Adjustment to share capital	18	21,599,008	21,599,008
Share premiums	18	278,977,708	246,731,349
Other comprehensive income not to be reclassified to profit or loss			
- <i>(Loss) / gain on remeasurement of employee benefits</i>	18	(13,176)	10,665
Restricted reserves appropriated from profit		9,055,996	9,055,996
Retained earnings		556,263,597	460,111,329
Net profit for the year		118,592,111	96,152,268
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,928,981,416</b>	<b>1,781,467,349</b>

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



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>Profit/loss</b>			
Revenue	19	77,714,452	21,930,864
Cost of sales (-)	19	(53,532,596)	(14,378,728)
<b>Gross Profit</b>		<b>24,181,856</b>	<b>7,552,136</b>
General administrative expenses (-)	20	(14,617,561)	(11,011,310)
Marketing expenses (-)	20	(3,009,036)	(1,951,209)
Other operating income from operating activities	21	92,944,085	101,595,982
Other operating expenses from operating activities (-)	21	(11,033,049)	-
<b>Operating Profit</b>		<b>88,466,295</b>	<b>96,185,599</b>
<b>Operating Profit Before Financial Income/(Expenses)</b>		<b>88,466,295</b>	<b>96,185,599</b>
Financial income	23	41,858,909	7,091,338
Financial expenses (-)	23	(11,733,093)	(7,124,669)
<b>Profit from continuing operations before tax</b>		<b>118,592,111</b>	<b>96,152,268</b>
<b>Net Profit for the Year</b>		<b>118,592,111</b>	<b>96,152,268</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		<b>(23,841)</b>	<b>55,504</b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>			
- Gain or loss from the remeasurement of employee benefits		(23,841)	55,504
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>118,568,270</b>	<b>96,207,772</b>
Earnings per share (in full TRY)	25	0,3016	0,4225

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED BETWEEN 1 JANUARY - 31 DECEMBER 2020 AND 2019**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

	Paid-in capital	Adjustment to share capital	Share premium	Remeasurement of employee benefits	Restricted reserves	<u>Retained Earnings</u>		Total equity
						Retained earnings	Net profit for the year	
<b>Balances as of 1 January 2019</b>	<b>225,000,000</b>	<b>21,599,008</b>	<b>246,731,349</b>	<b>(44,839)</b>	<b>7,973,782</b>	<b>439,015,426</b>	<b>27,178,117</b>	<b>967,452,843</b>
Capital increase	5,000,000	-	-	-	-	(5,000,000)	-	-
Transfers	-	-	-	-	1,082,214	26,095,903	(27,178,117)	-
Total comprehensive income	-	-	-	55,504	-	-	96,152,268	96,207,772
<b>Balances as of 31 December 2019</b>	<b>230,000,000</b>	<b>21,599,008</b>	<b>246,731,349</b>	<b>10,665</b>	<b>9,055,996</b>	<b>460,111,329</b>	<b>96,152,268</b>	<b>1,063,660,615</b>
<b>Balances as of 1 January 2020</b>	<b>230,000,000</b>	<b>21,599,008</b>	<b>246,731,349</b>	<b>10,665</b>	<b>9,055,996</b>	<b>460,111,329</b>	<b>96,152,268</b>	<b>1,063,660,615</b>
Capital increase	230,000,000	-	32,246,359	-	-	-	-	262,246,359
Transfers	-	-	-	-	-	96,152,268	(96,152,268)	-
Total comprehensive income/(losses)	-	-	-	(23,841)	-	-	118,592,111	118,568,270
<b>Balances as of 31 December 2020</b>	<b>460,000,000</b>	<b>21,599,008</b>	<b>278,977,708</b>	<b>(13,176)</b>	<b>9,055,996</b>	<b>556,263,597</b>	<b>118,592,111</b>	<b>1,444,475,244</b>

The accompanying notes from an integral part of these financial statements.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 2020	Audited 2019
<b>A. Cash flows from operating activities:</b>		<b>615,710,178</b>	<b>942,936</b>
<b>Profit for the year</b>		<b>118,592,111</b>	<b>96,152,268</b>
<b>Adjustments to reconcile net profit</b>			
Depreciation and amortisation expenses	12, 13	112,305	437,795
Adjustments related to provisions for employee benefits	16	212,525	273,014
Adjustments related to impairment on inventory	21	11,033,049	-
Adjustments related to interest income and expenses	23	(30,690,518)	(313,670)
Adjustment related to the fair value gain			
<i>Fair value gain on investment properties</i>	10,21	(86,428,330)	(99,362,922)
Adjustments related to profit or loss on sales of tangible assets		(149,917)	(59)
<b>Changes in net working capital</b>		<b>603,213,149</b>	<b>3,758,941</b>
Adjustments related to increase/(decrease) in other receivables		605,523	5,882
Adjustments related to increase in trade payable		256,628,210	28,784,743
Adjustments related to increase/(decrease) in trade receivable		136,705,745	(24,011,589)
Adjustments related to (increase)/ decrease in inventories		(218,209,974)	(10,157,091)
Adjustments related to decrease in prepaid expenses		(7,153,404)	(213,893)
Adjustments related to increase in other working capital		428,526,194	9,115,523
Adjustments related to increase in other payables from operating activities		6,110,855	235,366
<b>Cash (used in)/provided from operations</b>		<b>615,894,374</b>	<b>945,367</b>
Employment termination benefits paid	16	(184,196)	(2,431)
<b>B. Cash Flows from Investing Activities</b>		<b>(148,756,480)</b>	<b>(103,110,159)</b>
Cash inflow from sale of property, plant and equipments and intangible assets	12,13	186,576	-
Cash outflow from acquisition of property, plant and equipments and intangible assets			
<i>Cash outflow from acquisition of property, plant and equipments</i>	12	(91,383)	(8,515)
<i>Cash outflow from acquisition of intangible assets</i>	13	(190,842)	(14,951)
Cash outflow from acquisition of investments properties		(174,176,831)	(103,086,693)
Cash inflow arising from sales of investment property		25,516,000	-
<b>C. Cash flows from financing activities</b>		<b>339,028,878</b>	<b>(38,405,664)</b>
Cash inflow from sale of property shares and Instruments based on other equity		230,000,000	-
Cash inflow from borrowings	26	346,146,083	173,999,985
Cash inflows from issued debt instruments		32,246,359	-
Cash outflow from borrowings	26	(291,724,677)	(194,046,762)
Interest paid		(6,242,680)	(27,202,375)
Interest received		28,603,793	8,843,488
<b>Change in cash and cash equivalents</b>		<b>805,982,576</b>	<b>(140,572,887)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>783,660</b>	<b>141,356,547</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>806,766,236</b>	<b>783,660</b>

The accompanying notes from an integral part of these financial statements.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 1. COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. ("Vakıf GYO" or "Company") has been incorporated in accordance with Capital Market Law on 12 January 1996.

The Company's main scope of operation is to engage in written objectives and subjects stipulated in the Communiqué on real estate investment companies published by the Capital Markets Board of Turkey ("CMB") such as investing in real estate, capital market instruments based on real estate, real estate projects and capital market instruments.

Basis of operations of the Company are consistent with the regulatory requirements of CMB on the Principles of Real Estate Investment Trusts.

The address of the Company is as follows:

Şerifali Mah. Bayraktar Bulv. Nutuk Sok. No: 4 Ümraniye /Turkey.

According to Central Securities Depository of Turkey, the shareholders structure of the Company is as follows as of 31 December 2020 and 31 December 2019:

	31 December 2020		31 December 2019	
	Share rate (%)	Share amount	Share rate (%)	Share amount
T.Vakıflar Bankası Türk Anonim Ortaklığı ("Vakıfbank")	45.71	210,288,575	38.70	89,015,827
T.C. Çevre ve Şehircilik Bakanlığı Toplu Konut İdaresi Başkanlığı ("TOKİ")	7.31	33,638,055	14.63	33,638,055
Vakıfbank Personeli Özel Sosyal. Güv. Hiz.Vakfı ("Vakıf")	6.96	32,036,244	8.78	20,192,433
Vakıfbank Memur ve Hizmetleri Emekli Sandığı	7.23	33,268,126	7.24	16,661,985
Other	32.79	150,769,000	30.65	70,491,700
<b>Total</b>	<b>100</b>	<b>460,000,000</b>	<b>100</b>	<b>230,000,000</b>

The company made an application to the Capital Markets Board on March 25, 2020 to increase its issued capital of 230,000,000 TRY by 100% to TRY460,000,000, all in cash, within the registered capital ceiling of TRY 1,000,000,000. The application was approved at the meeting dated April 16, 2020 and numbered 25/515 and announced in the Capital Market Bulletin No. 2020/26.

The Company shares are issued into two type of Groups; Group A and Group B. The Group A shares have 15 right to vote, Group B shares have 1 right to vote for election of Board of Directors.

As of 31 December 2020, The Company's paid in capital is TRY1,000,000,000. (31 December 2019: TRY1,000,000,000). As of 31 December 2020, the number of employees of Company is 39 (31 December 2019: 34).

The ultimate parent and ultimate controlling party of the Company is Vakıfbank.

The financial statement of the Company is approved on 12 February 2021 by Board of Directors as of 31 December 2020. The General Assembly has the power to amend the financial statements after issue.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 1. COMPANY'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

##### *Joint Venture*

A jointly controlled entity exists when an agreement's parties, who have joint control over the agreement, have the right to relevant assets and liabilities on relevant debts. A joint venture is assessed according to the assets, liabilities, revenue, and cost it owns. Assets, liabilities, equity items, income and expense accounts, and cash flow movements related to jointly controlled entities are included in the financial statements through the proportional consolidation method. Intra-group transactions performed with such jointly controlled entities, relevant balances, and unrealised profit/losses are eliminated from the financial statements.

<b>Joint Venture</b>	<b>Nature of the business</b>	<b>Entrepreneur partner</b>
Halk GYO-Vakıf GYO Adi Ortaklığı ("Halk-Vakıf")	Real estate project	Halk GYO A.Ş.
Vakıf GYO-Obaköy Adi Ortaklığı ("Vakıf-Obaköy")	Real estate project	Obaköy Gayrimenkul Geliştirme İnşaat Yatırım Taahhüt Sanayi ve Ticaret A.Ş. ("Obaköy")

##### *Halk - Vakıf*

Halk-Vakıf has been incorporated as an ordinary partnership with a joint venture agreement on 29 August 2014 and started to operate on 16 October 2014 with 50% shares and 50% voting right, with a total capital of TRY100,000. The subject of the joint venture is to conduct construction and sales of the housing development project in Sancaktepe in İstanbul. The Company purchased a 95,221.84 m<sup>2</sup> piece of land in İstanbul's Sancaktepe district for TRY110,000,000 + VAT, 50% of which will be paid by Vakıf GYO and 50% of which will be paid by Halk GYO.

##### *Vakıf - Obaköy*

On April 29, 2016, Vakıf-Obaköy was established as a joint venture with the project partnership agreement signed on 29 April 2016. Vakıf-Obaköy was established with a capital of TRY100,000 and a share of 50% and 50% and the purpose of the established partnership is to develop a housing project in Maltepe, İstanbul. The Company purchased a land of 15,268 m<sup>2</sup> in Maltepe, İstanbul, for a total of TRY66,971,250, 50% for Vakıf GYO and 50% for Obaköy. According to the decision of 2018/4 made by the Board of Directors signed on January 31, 2018, The Company has been signed and decided to increase Obaköy Gayrimenkul Geliştirme İnşaat Yatırım Taahhüt Sanayi ve Ticaret A.Ş. (Obaköy) shares from 50% to 99%. Vakıf GYO paid 49%(which is equal to 42.151.214 TRY) of the total amount of the investment share which was shared jointly by Obaköy by two partners up to TRY14.680.400 as a share transfer fee, and total amounting TRY56,831,614.

In the financial statements prepared as of the date of the change of Vakıf GYO's share ratio and the fair value of the partnership, the net asset value is classified as goodwill in the financial statements. As of 31 December 2020, goodwill amount is TRY14,631,400. The goodwill arising as a result of the business combination will be depreciated over the sales rate of the project together with the delivery of the project and the goodwill will not be recognized in the financial statements.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1. Basis of preparation

##### *a Financial statements of preparation*

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676.

The Company maintains their books of account and prepares their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), and the Uniform Chart of Accounts issued by the Ministry of Finance.

##### *b Declaration of conformity to TFRS*

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with CMB Accounting Standards, companies should apply Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA"). In addition, the accompanying unconsolidated financial statements are presented in accordance with the TFRS announced by the Auditing Standards Authority ("POA") taxonomy published on 15 April 2019 .

##### *c Adjustment of financial statements in periods of high inflation*

Inflation accounting application is terminated for the companies operating in Turkey and preparing their financial statements in accordance with the provisions of the CMB according to the decision taken by CMB dated on 17 March 2005 and numbered 11/367, to be effective from 1 January 2005. Accordingly, "Financial Reporting in Hyperinflationary Economies" Standard ("TAS 29") published by the Public Oversight Agency, did not apply as from 1 January 2005.

##### *d Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional and presentation currency is TRY.

##### *e Joint Ventures*

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself.

The details of the joint ventures of the Company are explained in Note 1 as of 31 December 2020. The Company consolidated its joint venture by using proportional consolidation method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.1. Basis of preparation (Continued)**

***f* Going concern**

The Company's financial statements are prepared under the going concern assumption. As of 31 December 2020, current assets of the Company are TRY1,204,036,114 and short-term liabilities amount to TRY1,025,308,718. The Company does not foresee any shortcomings regarding the fulfillment of these short-term liabilities.

As of 31 December 2020, the Company's inventory and investment properties are TRY1,721,802,060. Also, marketing and sales activities are in progress for the sale of inventories.

**2.2. Changes and mistakes in accounting policies and accounting forecasts**

There has been no significant change in the accounting estimates and policies of the company in the current year.

**2.3. Turkish Financial Reporting Standards Change and Comparative Information and Reclassifications in the Previous Period's Financial Statements**

**2.3.1 Changes in Turkish Financial Reporting Standards**

**a) Standards, amendments and interpretations applicable as at 31 December 2020:**

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
  - i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - ii) Clarify the explanation of the definition of material; and
  - iii) Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3. Turkish Financial Reporting Standards Change and Comparative Information and Reclassifications in the Previous Period's Financial Statements (Continued)**

- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
  - b. **The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 December 2020, however is not effective yet:**
    - **TFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
    - **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
    - **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
      - **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
      - **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
      - **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3. *Turkish Financial Reporting Standards Change and Comparative Information and Reclassifications in the Previous Period's Financial Statements (Continued)***

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The company evaluates the new accounting policies and will apply the necessary ones.

**2.4 *Summary of critical account estimation***

Significant accounting policies applied during the preparation of the financial statements are summarised as follows:

**2.4.1 *Revenue***

**Rental income generated by the lease of property**

Revenue is rental income that have generated from investment property and recognized in profit or loss on accrual basis. If the company provide benefits to their lessees, these benefits must be recorded as income deduction throughout the leasing term.

**Sale of the property**

The real estate promised in accordance with the revenue contract is transferred to the customer and it is included in the financial statements when the performance obligation determined in the contract is fulfilled. The property is transferred when the buyer takes control of the property.

**Revenue recognition**

In accordance with TFRS 15 "Revenue from Customer Contracts Standard", which entered into force as of January 1, 2018, the Company recognizes its revenue in the financial statements within the scope of the five-stage model below;

- Defining the contract between the company and buyers,
- Defining the obligations of the contract,
- Determining the transaction fee in the contract,
- Allocating the transaction fees to the obligations,
- Recognizing the revenue.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

Contractual commitments of different contracts must be considered as different obligations of the company. Expectations regarding the execution time of the obligations are determined at the start of the contract.

If the Company transfers control of a good or service over time and therefore fulfills its performance obligations related to the sales, it takes the revenue to the financial statements over time by measuring the progress towards the fulfillment of the performance obligations in question.

As the Company fulfills or fulfills its performance obligation by transferring a committed product or service to its customer, it records the transaction value corresponding to this performance obligation in its financial statements. The goods are transferred.

When the company evaluates the transfer of the goods or services control to the customer when the control of the goods or services or services sold is in the hands of the customers (or as it passes),

- a) The Company's right to collect goods or services,
- b) The client's legal ownership of the goods or services,
- c) Transfer of possession of the good or service,
- d) Ownership of significant risks and returns arising from owning the property of the good or service,
- e) Consider the conditions for the customer to accept the good or service.

The effect of a significant financing component on the promised price at the beginning of the contract, if the period between the transfer date of the goods or services promised to the customer and the date on which the customer pays for this goods or service will be one year or less. does not make corrections for. On the other hand, if there is an important financing element in the revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

**2.4.2 Investment Property**

Investment properties comprise of operating investment properties and investment properties under development.

**a) Operating investment properties**

Operating investment properties held to earn rental income or capital appreciation or both. Operating investment properties of the Company comprise of buildings and lands.

**b) Investment property under development**

Investment properties under development are those which are held either to rent income or capital appreciation or for both. Investment properties under development of the Company comprise of lands.

An investment property can be accounted as an asset, if and only if, it is probable that economic benefits related to real estate would flow to the company and the cost of the investment property would be measured reliably.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of critical account estimation (Continued)

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. The profit or loss recognized due to the changes in the fair value of an investment property is included in the current year's comprehensive income statement.

##### 2.4.3 Property, Plant and Equipment

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. Any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives (Note 12).

The expected useful lives are stated below:

Property, Plant and Equipment	Expected useful life (year)
Furniture and fixture	4-10
Motor vehicles	5
Leasehold improvements	2-5

Subsequent costs incurred for tangible assets are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they were incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to statement of income.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales and are included in the related income and expense accounts, as appropriate.

##### 2.4.4 Intangible assets

Intangible assets are consisting of licenses, access service and computer software. They are recorded at acquisition cost. And from the date of acquisition over the estimated useful lives of 5 years are amortized using the straight-line method (Note 13).

Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

**2.4.5 Impairment of assets**

***Non-financial assets***

At each reporting date, the company assesses whether there is any indication of an impairment on the book value of the non-financial assets. If there is such an indication, the recoverable amount of that asset is estimated in order to determine the impairment amount. In cases when the asset's recoverable amount cannot be calculated separately, the recoverable amount of the cash generating unit to which that asset is affiliated is calculated.

The recoverable amount is the higher of the values in use or the fair value after deducting sales costs. In measuring value in use, the discount rate used should be the pre-tax rate that reflects prospective estimated cash flows, the time value of money, and the risks specific to the asset.

If the recoverable amount of the asset (or cash generating unit) is less than the book value, the book value of the asset (or cash generating unit) is discounted to the recoverable amount. The impairment losses are recognised as loss or profit.

**2.4.6 Financial instruments**

***Classification and measurement***

The Company recognizes its financial assets in three classes as financial assets that are accounted for at amortized cost, the fair value difference of which is reflected in the other comprehensive income statement and the fair value difference is reflected in profit or loss. Classification is based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. The Company classifies its financial assets on the date of purchase.

‘Financial assets measured at amortized cost’ are non-derivative financial assets that are held within the scope of a business model aiming to collect cash flows that are contractual and that include cash flows that only include interest payments arising from principal and principal balance at certain dates in contract terms. The Company's financial assets, which are accounted for their amortized cost, include ‘cash and cash equivalents’ and ‘trade receivables’. Related assets, with their fair values in their first recording in the financial statements; In the subsequent recognition, it is measured at the discounted prices using the effective interest rate method. Gains and losses resulting from valuation of non-derivative financial assets measured at amortized cost are accounted in the income statement.

‘Financial assets whose fair value difference is reflected in other comprehensive income’ are non-derivative instruments held under a business model aimed at collecting contractual cash flows and selling financial assets, and containing cash flows that only include interest payments arising from principal and principal balance at specified dates. are financial assets. Except for gains or losses from related financial assets, impairment gains or losses and foreign exchange income or expenses are reflected to other comprehensive income. In the event that such assets are sold, valuation differences classified into other comprehensive income are classified in previous years' profits.

For investments made in equity-based financial assets, the Company may irrevocably prefer the method of reflecting subsequent changes in its fair value to other comprehensive income for the first time during financial statements. In the event that such preference is made, dividends obtained from related investments are accounted in the income statement.

‘Financial assets at fair value through profit or loss’ consist of financial assets other than financial assets whose fair value difference is reflected in other comprehensive income. Gains and losses resulting from the valuation of such assets are accounted for in the income statement.

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FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

***Impairment***

The "expected credit losses model" was defined in TFRS 9 "Financial Instruments" standard instead of the "realized credit losses model" in TAS 39 "Financial Instruments: Recognition and Measurement" which was in effect before 1 January 2018. Expected credit losses are an estimate weighted for the probability of credit losses over the expected life of a financial instrument. In the calculation of expected credit losses, the Company's future projections are considered along with past credit loss experiences.

***Measurement and recognition of expected credit losses***

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

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

***Cash and cash equivalents***

Cash and cash equivalents include cash and banks, and other short-term investments with a high liquidity of three months or less, which can be converted into cash immediately, and do not carry the risk of significant changes in value. The book value of these assets is close to its fair value. In cases where the cash and cash equivalents are not impaired for certain reasons, the Company calculates impairment using the expected credit loss model. In the expected credit loss calculation, the future estimates of the Company are considered along with past credit loss experiences.

***Loans and borrowings***

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

**2.4.7 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

**2.4.8 Foreign Currency Transactions**

Transactions in foreign currencies are translated into TRY at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TRY at the exchange rate at that date. Gains or losses on translation of foreign currency denominated transactions to TRY are recognised in profit or loss.

**2.4.9 Share premium**

Share premium represents the difference as a result of its sale of the stocks of the investments which are evaluated through equity method with a higher price than their nominal prices or the stocks of its subsidiaries; or the difference between the nominal and net realizable values of the stocks of its acquired companies.

**2.4.10 Paid-in capital**

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

**2.4.11 Dividends**

Dividend income is recognized by the Company at the date the right to collect the dividend is realized. Dividend payables are recognized as a result of profit distribution in the period they are declared.

**2.4.12 Earning per share**

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares "bonus shares" to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

**2.4.13 Subsequent events**

Subsequent events represent the events that occur against or on behalf of the Company between the reporting date and the date when reporting was authorised for the issue. There are two types of subsequent events:

- Those that provide evidence of conditions that existed as of reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

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(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

**2.4.14 Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the notes.

If the inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur, such asset and income statement effect are recognised in the financial statements at the relevant period that income change effect occurs.

**2.4.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The company as the lessee***

***Operating leases***

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Company assess whether:

- a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
  - i. The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

As a result of the assessments TFRS 16 does not have a significant impact on the financial statements of the Company. The Company recognises its current lease liabilities in the income statement as lease expense for the relevant period.

**NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

**2.4.16 Related parties**

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity"). The company has explained the related parties in note 3.

- a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,
  - (i) Has control or joint control over the reporting entity,
  - (ii) Has significant influence over the reporting entity,
  - (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.
- b) An entity is considered related party of the reporting entity when the following criteria are met:
  - (i) If the entity and the reporting entity is within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
  - (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
  - (iii) If both of the entities are a joint venture of a third party.
  - (iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
  - (v) If entity has plans of post-employment benefits for employees of reporting entity or a related party of a reporting entity.
  - (vi) If the reporting entity has its own plans, sponsor employers are also considered as related parties.
  - (vii) If the entity is controlled or jointly controlled by an individual defined in the article (a).
  - (viii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration.

**2.4.17 Taxation**

**Corporate Tax**

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5520, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognized.

**2.4.18 Provision for employee termination benefits**

Provision for the employee termination benefits shows the present value of total liabilities resulting from retirement of personnel in the future for the company in accordance with Turkish Labour Law. Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of critical account estimation (Continued)**

Provision is related to fair value of defined benefit plan calculated with the method of estimated liability. All actuarial profit and losses are accounted under comprehensive income statement. TFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. The maximum amount of 7,638.96 full TRY which is effective from 1 January 2021 has been taken into consideration when calculating the liability (1 January 2020:TRY6,730) as of 31 December 2021.

**2.4.19 Inventories**

Inventories are valued at the lower of cost or net realizable value. Inventories comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Unit costs of the inventories are valued at the lower of cost or net realizable value. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short term inventories in the financial statements. Inventories are classified under the non-current asset in the financial statements as of balance sheet which are not estimated to sell within a year.

**2.4.20 Business combinations and goodwill**

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3.

The cost of a business combination is the fair value, 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 acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed. Goodwill arising from a business combination, when the project is completed, it will be added to the costs of the delivered houses and offices. When all houses and offices of the project are sold and delivered, there will be no goodwill in the financial statements (note 14).

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Critical accounting estimates, assumptions and judgments

The preparation of financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Company management; the actual results might differ from them.

##### The fair value measurement of investment properties

As of December 31, 2020, the Company has made valuation for the investment properties. Important evaluation estimates and assumptions used in determining the fair value of immovable properties classified as investment property in the financial statements are explained below:

Name of investment property	Valuation method	31 December 2020 (m2) value TRY	31 December 2019 (m2) value TRY
IIFC Land and Project (*)	Cost approach	55,164	43,625
İstanbul/Levent Business Center(**)	Sale comparison	-	17,277
İstanbul/Fatih Business Center	Sale comparison	16,801	14,732
Ankara/Kavaklıdere Store	Sale comparison	14,294	13,000
Transform Fikirtepe Project	Sale comparison	10,844	10,118
Bizimtepe Aydos Commercial Units	Sale comparison	7,650	8,003
İzmir/Konak Land 8604 Plot-2 Parcel(***)	Sale comparison	-	7,750
İzmir/Konak Land 8601 Plot-1 Parcel	Sale comparison	8,800	7,500
İzmir/Konak Land 8603 Plot-1 Parcel	Sale comparison	8,800	7,500
İzmir/Konak Land 8604 Plot-4 Parcel	Sale comparison	9,150	7,600
İzmir/Aliağa Business Center	Sale comparison	6,313	5,782
Sancaktepe/Samandıra Land	Sale comparison	4,500	4,000
Kütahya/Merkez Business Center	Sale comparison	3,893	3,621

(\*) As of 31 December 2020, since the construction has started in the IIFC Land and Project, the land has been subject to valuation based on the cost method based on the completion rate of the construction and value of the land.

(\*\*) Levent Business Center, which is in the portfolio of the company, was sold to Vakıf Yatırım Menkul Değerler A.Ş. on 21 May 2020 for 25,516,000 + VAT.

(\*\*\*) The company signed a revenue sharing agreement in return for the land with İlk-Kaf İnşaat in 2018 for the İzmir/Konak land of 8601 Island-Parcel No 2. It was transferred to stocks due to the fact that construction has started on the relevant land.

##### Long term VAT receivables

The Company classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 9). The Company's total VAT receivable as of 31 December 2020 is amounting to TRY79,644,337 (31 December 2019: TRY65,006,001) and this amount has been reclassified to amounting to TRY1,815,060 (31 December 2019: TRY384,917) as short-term and amounting to TRY77,829,277 (31 December 2019: TRY64,621,084 ) as long-term based on timing of forecast income and expense subjected to VAT.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.6 Control of compliance with the portfolio limitations

Presented information as of 31 December 2020, control of compliance with the portfolio limitations are the condensed information which comprised of Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 23 January 2014 numbered 28891 Capital Markets Board's Communiqué Serial: III, No: 48.1 a "Amendment on Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660.

#### 3. RELATED PARTY DISCLOSURES

##### Debt and credit from related parties

	31 December 2020	31 December 2019
<b>Banks and other liquid assets</b>		
Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank")	819,794,585	652,618
<b>Total</b>	<b>819,794,585</b>	<b>652,618</b>
<b>Prepaid expenses</b>		
Türkiye Sigorta A.Ş. ("Türkiye Sigorta")	268,054	325,567
<b>Total</b>	<b>268,054</b>	<b>325,567</b>
<b>Short and Long term borrowings from related parties</b>		
Vakıfbank	293,728,166	196,389,369
<b>Total</b>	<b>293,728,166</b>	<b>196,389,369</b>
<b>Trade payables to related parties</b>		
Vakıfbank	252,500,000	-
Vakıf Pazarlama San. Tic. A.Ş.	25,775	14,517
PYS Güvenlik A.Ş.	8,472	6,511
<b>Total</b>	<b>252,534,247</b>	<b>21,028</b>
<b>Deferred revenue from related parties</b>		
Vakıfbank	727,008,300	299,990,000
<b>Total</b>	<b>727,008,300</b>	<b>299,990,000</b>

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**3. RELATED PARTY DISCLOSURES (Continued)****Income and expense from related parties**

<b>Income</b>	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
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***Rent income from related parties***

Vakıfbank	2,662,215	2,536,121
Vakıf Yatırım Menkul Değerler A.Ş.	463,608	1,080,000

<b>Total</b>	<b>3,125,823</b>	<b>3,616,121</b>
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***Interest income from related parties***

Vakıfbank deposit interest income	39,184,177	6,804,169
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<b>Total</b>	<b>39,184,177</b>	<b>6,804,169</b>
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The Company generated 4% of its revenue from related companies for the year ended at 31 December 2020 (1 January - 31 December 2019: 16%).

<b>Expenses</b>	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
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***Insurance expense paid from related parties***

Türkiye Sigorta A.Ş. ("Türkiye Sigorta")	540,070	478,648
Vakıf Emeklilik A.Ş.	-	7,180

<b>Total</b>	<b>540,070</b>	<b>485,828</b>
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***Interest charges from related parties***

Vakıfbank	25,888,269	55,190,628
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<b>Total</b>	<b>25,888,269</b>	<b>55,190,628</b>
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***Operating expenses and commission expenses to related parties***

Vakıfbank	342,803	272,896
Vakıf Pazarlama	232,157	141,962
Vakıf Yatırım Menkul Değerler A.Ş.	236,918	81,600
PYS Güvenlik	96,493	-

<b>Total</b>	<b>908,371</b>	<b>496,458</b>
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***Employee benefits to key management***

Remuneration and fees paid to members of the board of directors	937,787	799,457
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Remuneration and fees paid to other key management	1,636,754	1,009,367
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<b>Total</b>	<b>2,574,541</b>	<b>1,808,824</b>
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## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 4. CASH AND CASH EQUIVALENTS

As of 31 December 2020 and 31 December 2019, cash and cash equivalents are as follows:

	31 December 2020	31 December 2019
Cash	2,175	2,872
Banks-Time deposits	819,609,847	483,691
Banks-Demand deposits	409,779	297,547
<b>Cash and cash equivalents in the financial position</b>	<b>820,021,801</b>	<b>784,110</b>
Interest income accruals on cash and cash equivalents	(13,255,565)	(450)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>806,766,236</b>	<b>783,660</b>

As of 31 December 2020 and 31 December 2019, there is no blockage on cash and cash equivalents.

#### Demand deposits

As of 31 December 2020 and 31 December 2019, the details of demand deposits at bank are as follows:

	31 December 2020	31 December 2019
TRY	409,779	297,547
<b>Total</b>	<b>409,779</b>	<b>297,547</b>

#### Time deposits

As of 31 December 2020 and 31 December 2019, the details of time deposits at banks are as follows:

31 December 2020	Amount (TRY)	Nominal interest rate (%)	Maturity
TRY	722,628,689	15.50	6 January 2021
TRY	30,014,754	18.00	29 January 2021
TRY	15,225,922	15.75	15 January 2021
TRY	14,210,860	15.75	8 January 2021
TRY	11,037,028	17.60	22 January 2021
TRY	8,129,399	16.00	4 January 2021
TRY	8,003,934	18.00	15 January 2021
TRY	7,003,443	18.00	14 January 2021
TRY	3,127,613	18.00	4 January 2021
TRY	222,513	16.25	4 January 2021
TRY	5,692	3.00	4 January 2021
<b>Total</b>	<b>819,609,847</b>		

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**4. CASH AND CASH EQUIVALENTS (Continued)**

<b>31 December 2019</b>	<b>Amount (TRY)</b>	<b>Nominal interest rate (%)</b>	<b>Maturity</b>
TRY	230,063	10.00	2 January 2020
TRY	135,615	10.00	2 January 2020
TRY	118,013	10.00	10 January 2020
<b>Total</b>	<b>483,691</b>		

**5. FINANCIAL LIABILITIES****31 December 2020    31 December 2019***Short term debts*

Short term borrowings from related parties	-	70,411,095
Short term borrowings from third parties	-	28,899,781

<b>Short-term financial borrowings</b>	<b>-</b>	<b>99,310,876</b>
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*Short-term portion of long-term bank loans*

Short-term portions of long-term borrowings from related parties	35,358,932	58,983,479
Short-term portions of long-term borrowings from third parties	70,316,324	26,192,172

<b>Short-term portion of long-term financial borrowings</b>	<b>105,675,256</b>	<b>85,175,651</b>
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*Long term bank loans*

Long-term borrowings from related parties	258,369,234	66,994,795
Long-term borrowing from third parties	30,795,971	84,012,022

<b>Long term financial liabilities</b>	<b>289,165,205</b>	<b>151,006,817</b>
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<b>Total financial liabilities</b>	<b>394,840,461</b>	<b>335,493,344</b>
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As of December 31, 2020, the currency of all financial liabilities is TRY. As of 31,2019 interest rates are between 10% - 17% (31 December 2019: 12% - 20%) and the effective interest rate is 12.80% (31 December 2019: 16%).

The details of bank loans as of 31 December 2020 and 31 December 2019 are as follows:

**31 December 2020    31 December 2019**

Up to 1 year	105,675,256	184,486,527
1 - 2 years	111,915,305	107,989,016
After 2 years	177,249,900	43,017,801
	<b>394,840,461</b>	<b>335,493,344</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 6. TRADE RECEIVABLES AND PAYABLES

##### Trade receivables

###### *Short term trade receivables*

As of 31 December 2020 and 31 December 2019, short term trade receivables of the Company are as follows:

	31 December 2020	31 December 2019
Note receivables (*)	7,917,691	2,731,774
Trade receivables (***)	394,032	32,612,672
<b>Total</b>	<b>8,311,723</b>	<b>35,344,446</b>

(\*) As of 31 December 2020, amounting to TRY 6,364,827 of the total notes receivables are related to the Cubes Ankara project, and TRY 1,552,864 consists of the receivables for the BTA project.  
As of 31 December 2020, the maturity date of the short-term receivables is December 2021 (31 December 2019: TRY 2,731,774).

###### *Long term trade receivables*

As of 31 December 2020 and 31 December 2019, long term trade receivables of the Company are as follows:

	31 December 2020	31 December 2019
Note receivables (**)	2,750,913	3,082,027
Trade receivables (***)	-	109,341,908
<b>Total</b>	<b>2,750,913</b>	<b>112,423,935</b>

(\*\*) As of 31 December 2020, TRY 2,750,913 of the notes receivable are related to the Cubes Ankara project, TRY 1,158,436 and TRY 1,592,477 to the BTA project.(31 December 2019: TRY 3,082,027).

(\*\*\*) In accordance with Article 22 of the Real Estate Investment Partnership Communiqué, it has collected all of its short and long-term investments, which it has made without the intention of acquiring property, to the Iconova project developed by Şireci-Acarsan company in Gaziantep.

##### Trade payables

###### *Short term trade payable*

As of 31 December 2020 and 31 December 2019, short term trade payables of the Company are as follows:

	31 December 2020	31 December 2019
Trade payables to related parties (Note 3) (**)	126,284,247	21,028
Accrued payables	56,316,716	56,790,476
Trade payables(*)	6,278,087	1,689,336
<b>Total</b>	<b>188,879,050</b>	<b>58,500,840</b>

(\*) As of 31 December 2020, average maturity of trade payables is 15 days (31 December 2019: 15 days).

(\*\*) Amounting to TRY126,250,000 of the commercial debts is the short-term portion of the purchase price of the Cubes Ankara project purchased from T. Vakıflar Bankası T.A.O. The company will pay the debt in four equal installments over a six-month period.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 6. TRADE RECEIVABLES AND PAYABLES (Continued)

##### *Long term trade payable*

As of 31 December 2020 and 31 December 2019, long term trade payables of the Company are as follows:

	31 December 2020	31 December 2019
Trade payables to related parties (Note 3) (***)	126,250,000	-
<b>Total</b>	<b>126,250,000</b>	<b>-</b>

(\*\*\*) It is the long-term portion of the purchase price of the Cubes Ankara project purchased from T. Vakıflar Bankası T.A.O. The company will pay the debt in four equal installments over a six-month period.

#### 7. OTHER RECEIVABLES AND PAYABLES

##### *Other receivables*

##### *Other current receivables*

As of 31 December 2020 and 31 December 2019, other current receivables of the Company are as follows:

	31 December 2020	31 December 2019
Other receivables from third parties	879,568	1,676,741
<b>Total</b>	<b>879,568</b>	<b>1,676,741</b>

##### *Other non-current receivables*

As of 31 December 2020 and 31 December 2019, other non-current receivables of the Company are as follow:

	31 December 2020	31 December 2019
Other non-current receivables from third parties	231,579	39,929
<b>Total</b>	<b>231,579</b>	<b>39,929</b>



## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 7. OTHER RECEIVABLES AND PAYABLES (Continued)

##### *Other payables*

##### *Other current payables*

As of 31 December 2020 and 31 December 2019, other current payables of the Company are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees received	432,050	421,663
Other payables	835	237
<b>Total</b>	<b>432,885</b>	<b>421,900</b>

##### *Other non-current payables*

As of 31 December 2020 and 31 December 2019, other long-term payables of the Company are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees received (*)	16,247,091	10,147,222
<b>Total</b>	<b>16,247,091</b>	<b>10,147,222</b>

(\*) As of 31 December 2020, TRY16,247,091 (31 December 2019: TRY10,147,222) of the deposits and guarantees received, are related with the cash collaterals received from the contractors within the scope of Vakıf GYO's Financial Center project.

#### 8. PREPAID EXPENSES

As of 31 December 2020 and 31 December 2019, short term prepaid expenses of the Company are as follows:

	31 December 2020	31 December 2019
Advances given (*)	48,652,100	-
Prepaid expense	519,969	559,147
<b>Total</b>	<b>49,172,069</b>	<b>559,147</b>

(\*) As of 31 December 2020, it is the advance payment given within the scope of IIFC's main contracting works. (31 December 2019: TRY41,331,214)

The advance amount given within the scope of the IIFC main contracting works commitment for 2019 is included in the long term prepaid expenses.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 8. PREPAID EXPENSES (Continued)

As of 31 December 2020 and 31 December 2019, long term prepaid expenses of the Company are as the follows:

	31 December 2020	31 December 2019
Advances given (*)	228,093,152	269,552,670
<b>Total</b>	<b>228,093,152</b>	<b>269,552,670</b>

(\*) As of 31 December 2020, TRY 228,093,152 are related to payment for purchase of real estate in Nida Park Küçükyalı project 106 independent units (31 December 2019: TRY228.221.452).

As of 31 December 2019, the advance payment made within the scope of the IIFC main contracting works is TRY41,331,214.

#### 9. CURRENT INCOME TAX ASSETS, OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

As of 31 December 2020 and 31 December 2019, current income tax assets of the Company are as follows:

	31 December 2020	31 December 2019
Prepaid taxes and funds (*)	2,742,272	1,345,715
<b>Total</b>	<b>2,742,272</b>	<b>1,345,715</b>

(\*) As of 31 December 2020, all prepaid taxes and fund consist of withholding tax from time deposits income (31 December 2019: TRY1,345,715).

As of 31 December 2020 and 31 December 2019, current assets of the Company are as follows:

	31 December 2020	31 December 2019
VAT receivable	1,815,060	384,917
<b>Total</b>	<b>1,815,060</b>	<b>384,917</b>

As of 31 December 2020 and 31 December 2019, non-current assets of the Company are as follows:

	31 December 2020	31 December 2019
VAT receivable	77,829,277	64,621,084
<b>Total</b>	<b>77,829,277</b>	<b>64,621,084</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVESTMENT PROPERTIES

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

	31 December 2020	31 December 2019
Investment properties under development	821,296,713	951,005,294
Operating investment properties	46,485,700	67,629,500
<b>Total</b>	<b>867,782,413</b>	<b>1,018,634,794</b>

As of 31 December 2020 and 31 December 2019, details of operating investment properties and investment properties under development are as follows:

	31 December 2020	31 December 2019
<i>Investment properties under development</i>		
Land/ Project	821,296,713	951,005,294
<i>Operating investment properties</i>		
Buildings	46,485,700	67,629,500
<b>Total</b>	<b>867,782,413</b>	<b>1,018,634,794</b>

#### *Investment properties under development*

As of 31 December 2020, the fair value of the investment properties under development in the financial statements are as follows:

Description	Valuation method	Valuation report date	Fair Value
İİFC Land and Project	"Cost approach"	29 December 2020	552,247,670
Samandıra/ Sancaktepe Land	"Sale comparison"	29 December 2020	78,831,765
İzmir/Konak Land 8604			
Plot-1 Parcel	"Sale comparison"	29 December 2020	58,084,576
İzmir/Konak Land 8604			
Plot-4 Parcel	"Sale comparison"	29 December 2020	56,924,438
İzmir/Konak Land 8603			
Plot-1 Parcel	"Sale comparison"	29 December 2020	45,615,064
Transform Fikirtepe Project	"Sale comparison"	23 December 2020	29,593,200
<b>Total</b>			<b>821,296,713</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVESTMENT PROPERTIES (Continued)

As of 31 December 2019, the fair value of the investment properties under development in the financial statements are as follows:

Description	Valuation method	Valuation report date	Fair Value
IIFC Land and Project İzmir/Konak Land 8601	"Cost approach"	27 December 2019	580,456,294
Plot-1 Parcel	"Sale comparison"	27 December 2019	137,204,000
Samandıra/ Sancaktepe Land İzmir/Konak Land 8604	"Sale comparison"	27 December 2019	70,073,000
Plot-1 Parcel	"Sale comparison"	27 December 2019	49,504,000
İzmir/Konak Land 8604	"Sale comparison"	27 December 2019	47,282,000
Plot-4 Parcel	"Sale comparison"	27 December 2019	47,282,000
İzmir/Konak Land 8603	"Sale comparison"	27 December 2019	38,876,000
Plot-1 Parcel	"Sale comparison"	27 December 2019	27,610,000
Transform Fikirtepe Project	"Sale comparison"	27 December 2019	27,610,000
<b>Total</b>			<b>951,005,294</b>

As of 31 December 2020 and 31 December 2019, the movement of investment properties under development are as follows:

	31 December 2020	31 December 2019
<b>Beginning of the period - 1 January</b>	<b>951,005,294</b>	<b>760,301,079</b>
Additions (*)	174,176,831	118,601,760
Change in fair value gain/(loss)	82,598,742	91,343,228
Transfers (**)	(386,484,154)	(19,240,773)
<b>End of the period- 31 December</b>	<b>821,296,713</b>	<b>951,005,294</b>

(\*) TRY 155,296,486 of total amount (31 December 2019; TRY95,776,883) is comprised of the payments made to the IIFC main contractor and TRY16,754,162 are related with the capitalised financing expenses (31 December 2019: TRY22,824,877).

(\*\*) As of 23 November 2018, the Company has signed an agreement with "Türkiye Vakıflar Bankası" for selling 22,900 m2 part of IIFC Project out of 135,988 m2. In current period (2 November 2020), the Company has signed an agreement with "Türkiye Vakıflar Bankası" for selling 28,001 m2 part of IIFC Project out of 135,988 m2. Since the Company has started to develop these assets with the purpose of selling, these have been transferred to the inventories.

The company signed a revenue sharing agreement in return for the land with İlk-Kaf İnşaat in 2018 for the İzmir/Konak land of 8601 Island-Parcel No 2. As the construction started on the relevant land, TRY169,958,400 was transferred to the stocks.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVESTMENT PROPERTIES (Continued)

##### **İstanbul International Finance Center**

As per the decision made at the Company's Board of Directors' meeting on 12 May 2011, an engagement letter was signed with the Bank on 12 May 2011 for moving Vakıfbank to Istanbul, constructing the required Head Office service building and leasing that building to Vakıfbank for a long term.

For the aforementioned building which the company will construct in Istanbul, with the Company's Board of Directors' decision No. 24 dated 25 May 2011, parcels 4 and 5, in block 3323 of the Ümraniye district in İstanbul province, which are owned by TOKİ (Housing development administration of Turkey) and whose development plan was prepared by TOKİ in the region which was allocated for the Istanbul International Finance Centre within the borders of the Ataşehir Collective Housing Area Trade Zone Revision Development Plan, were incorporated into one parcel, no. 6 covering a 32,004.94 m<sup>2</sup> piece of land. This parcel was purchased for TRY 120,020,438 and the purchase and sale costs were borne by the parties. Ataşehir Vakıfbank's head office building's land is made up of two parcels: one is 7,226 m<sup>2</sup> (with a total of around 16,000 m<sup>2</sup> of land) registered as "land" in parcel 12, and the other is 8.774 m<sup>2</sup> registered as "land" on parcel 5, block 3328 in section F22D23D4D of the Küçükbakkalköy Mahallesi in the Ümraniye district of İstanbul province.

In order to carry out the T. Vakıflar Bankası T.A.O. Head Office Service Building and Facilities Project on said land, the concept project works were completed and the concerning prepared project was confirmed with the decision of Ministry of Environment and Urbanisation Aesthetics Board on 22 May 2014. Following the confirmation, license projects were completed and prepared, and as a result of the municipality meetings construction/building licenses for both parcels were obtained from Ümraniye Municipality on 22 June 2015. After the building licenses were received, the Main Contractor Tender preparation started.

As a result of the construction of the subway construction to the Istanbul Finance Center, 3 additional basements must be added to the project parcels, excavation and excavation works have started for the relevant parcels and it is envisaged that the related works completed in 2017.

The prime contractor tender process of the T. Vakıflar Bankası T.A.O General Directorate Service Building and Facilities Project, which the company will carry out in Istanbul International Finance Center, has been completed. For the business in relevant, 711,000,000TRY + VAT fee is charged to REC International İnşaat Yatırım San. Tic A.Ş and the contract has been signed.

Under the current prime contractor, the ongoing construction project planned to be complete in 2021.

According to the report dated 29 December 2020 of Galata Real Estate Appraisal Company, which is authorized by CMB to provide valuation services, the fair value of Istanbul Financial Center according to market comparison method is TRY882,617,000 (31 December 2019: TRY697,991,000) excluding VAT and the investment amounting to TRY216,525,754 (31 December 2019: TRY19,240,773) has been transferred to the inventories. As of 31 December 2020, additional costs are transferred to the inventories by using the ratio of sales promise agreements dated 2 November 2020.

In December 2019, Company has signed an additional protocol with the contractor company to ensure compliance with the revision made in Istanbul International Finance Center.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVESTMENT PROPERTIES (Continued)

##### *Sancaktepe/Samandıra Land*

On December 9th, 2016, the Company purchased a 17,518.17 m2 land which is located in Istanbul Province, Sancaktepe district, Samandıra district, 243EE4D section, 6770 plot, 2 parcel from Ak İnşaat Mermercilik ve Gayrimenkul Yatırım Ticaret A.Ş for TRY63,750,000 +VAT.

According to the report dated 29 December 2020 of Galata Real Estate Appraisal Company, which is authorized by CMB to provide valuation services, the fair value of Istanbul Financial Center according to market comparison method is TRY78,831,765 (31 December 2019: TRY70,073,000)

##### *İzmir Lands*

İzmir / Konak Plots İzmir Konak Complex Project Land Sale plot and 8604 island 4 plot are registered with the decision of the board of directors, which was taken on January 5, 2018, in İzmir Province, Konak District, Mersinli Mahallesi, 8601 island 1 parcel, 8603 island 1 parcel, 8604 island 1, 5 January 2018. Total land area is 35,678.93 m2. These lands were added to the portfolio on 19 August 2015 at a cost of TRY114,750,467. İzmir / Konak Lands İzmir Province, Konak District, Mersinli District, 8669 block parcel 2 has been added to the portfolio on 13 March 2019 with a cost of TRY215,000. The total area of the plot is 100 m2. İzmir Konak Land has been valued for 8601 Island Parcel No. 1. The land located on 8601/1 island / parcel, 8669/2 island / parcel, TEIAS Land, and the Amendment and Free Public Abandonment. 8601/2 is registered as title / plot. On April 4, 2019, the deed transactions of the real estate numbered 8669 Island 2 parcel have been completed and registered on behalf of the Company. 30 m<sup>2</sup> of 100 m<sup>2</sup> of 8669 parcels of 2 m<sup>2</sup> has been included in the "İzmir Konak Mixed Project" as CBD area, and 70 m<sup>2</sup> of the building has been left on the road and 8601 island of 1 parcel and 8601 of island 2 of parcel as a result of the dissolution of 8669 island of 2 parcels. numbered immovable was formed and the company was registered on 11 April 2019. For the İKSA Project and Preliminary Approval Projects, Konak Municipality has been applied through the real estate numbered 8601 and parcel no.2 and the Building License process has started. The buildings on the plot located on 8601/2 island / parcel in Konak District of Mersin Province, İzmir Province were demolished within the scope of "Risky Structure". Following the related procedures, the change in the title deed document took place. Building License Process While progress was made in the relevant institutions, the demolition of "Agricultural Equipment Buildings and Warehouses and Nurseries" idle buildings that are not in use on 8601 island 1 (new 2 parcel) was demolished through the risky building announcement of "Law No. 6306 on Disaster Risk Areas". On the 8th of May 2019, after the demolition, the Change of Type Transaction was made on the title deed of the immovable property and the Land Registry qualification became the Land. On the other hand, the Mass Approval Project, submitted to Konak Municipality regarding the real estate numbered 8601 island 1 parcel (new 2 parcel), was approved by the Directorate of Zoning and Urbanization. The building license of the project, which was realized on the immovable property numbered 8601, parcel 2, was obtained on April 16, 2020. Since the construction has started on İzmir Konak Island 8601 parcel 2, an amount of TRY169,958,400 has been transferred to the inventory.

##### *Transform Fikirtepe Project*

The Company signed a real estate sales commitment contract amounting to TRY24,000,000+VAT for 30 independent sections in C block located in the "Transform Fikirtepe" project. Construction is carried out by the Obaköy-Haldız partnership. Company transferred these independent sections to investment properties after receiving the deed on 3 August 2018. According to the report dated 23 December 2020 of Galata Real Estate Appraisal Company, which is authorized by CMB to provide valuation services, the fair value of Transform Fikirtepe according to market comparison method is TRY29,593,200 (31 December 2019: TRY27,610,000) excluding VAT.

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**10. INVESTMENT PROPERTIES (Continued)***Operating investment property:*

As of 31 December 2020, the fair values of investment properties are as follows:

Description	Valuation method	Valuation report date	Fair value
Ankara/Kavaklıdere Shop	"Sale comparison"	30 December 2020	15,180,000
İstanbul/Fatih Business Center	"Sale comparison"	30 December 2020	8,535,000
Kütahya/Merkez Business Center	"Sale comparison"	31 December 2020	8,020,000
Bizimtepe Aydos Commercial Units (28 independent section)	"Sale comparison"	6 November 2020	7,604,000
İzmir/Aliağa Business Center	"Sale comparison"	30 December 2020	7,146,700
<b>Total</b>			<b>46,485,700</b>

As of 31 December 2019, the fair values of investment properties are as follows:

Description	Valuation method	Valuation report date	Fair value
İstanbul/Levent Business Center	"Sale comparison"	25 December 2019	25,516,000
Ankara/Kavaklıdere Shop	"Sale comparison"	25 December 2019	13,806,000
İstanbul/Fatih Business Center	"Sale comparison"	25 December 2019	7,495,000
Kütahya/Merkez Business Center	"Sale comparison"	25 December 2019	7,459,000
Bizimtepe Aydos Commercial Units (20 independent section)	"Sale comparison"	27 December 2019	6,808,500
İzmir/Aliağa Business Center	"Sale comparison"	25 December 2019	6,545,000
<b>Total</b>			<b>67,629,500</b>

As of 31 December 2020 and 2019, the fair value movement of operating investment properties are as follows:

	31 December 2020	31 December 2019
<b>Opening period- 1 January</b>	<b>67,629,500</b>	<b>55,884,100</b>
Transfers (*)	542,613	3,408,175
Change in fair value	3,829,587	8,019,694
Additions	-	317,531
Disposal (**)	(25,516,000)	-
<b>Period end 31 December</b>	<b>46,485,700</b>	<b>67,629,500</b>

(\*) Transfers to the investment properties from inventories refer to the commercial units leased in the Bizimtepe Aydos project.

(\*\*) Levent Business Center, which is in the portfolio of the company, was sold to Vakıf Yatırım Menkul Değerler A.Ş. on 21 May 2020 for a price of TRY25,516,000 + VAT.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVESTMENT PROPERTIES (Continued)

##### Kütahya / Merkez Business Center

Kütahya/ Merkez Business Center is registered to Merkez/Kütahya Ali Paşa Mahallesi 63 plot 224th parcel. Total gross surface is 2,060 m<sup>2</sup>. Based on Galata Gayrimenkul Değerleme A.Ş.'s valuation report of a real estate appraisal company include in the list of authorized companies to offer appraisal services within the framework of the CMB, dated 31 December 2020 Kütahya/Merkez Business Center's VAT excluded fair value is TRY8,020,000 (31 December 2019: TRY7,459,000) according to sales comparison method. There is no restriction on investment properties. The Company rented this property branch office of Vakıfbank. The Company generated TRY712,237 of rental income for the period started 1 January 2020 and ended 31 December 2020 (1 January - 31 December 2019: TRY638,367).

##### Ankara / Kavaklıdere Shop

Ankara/ Kavaklıdere shop is registered to Çankaya/Ankara Küçükesat Mahallesi 2537 plot 6th parcel. Total gross surface is 1,062 m<sup>2</sup>. Based on Galata Gayrimenkul Değerleme A.Ş.'s valuation report of a real estate appraisal company include in the list of authorized companies to offer appraisal services within the framework of the CMB, dated 30 December 2020 Ankara/Kavaklıdere shop's VAT excluded fair value is TRY15,180,000 (31 December 2019: TRY13,806,000) according to sales comparison method. There is no restriction on investment properties. The Company rented this property to branch office of Vakıfbank Kavaklıdere. The Company generated TRY1,152,000 of rental income for the period started 1 January 2020 and ended 31 December 2020 (1 January -31 December 2019: TRY1,020,000).

##### İzmir / Aliğa Business Center

İzmir/ Aliğa business center is registered to Aliğa/İzmir Aliğa Mahallesi 50 plot 5637th parcel. Total gross surface is 1,132 m<sup>2</sup>.

Based on Galata Gayrimenkul Değerleme A.Ş.'s valuation report of a real estate appraisal company include in the list of authorized companies to offer appraisal services within the framework of the CMB, dated 30 December 2020 İzmir/Aliğa business center's VAT excluded fair value is TRY7,146,700 (31 December 2019: TRY6,545,000) according to sales comparison method. There is no restriction on investment properties. The Company rented this property to branch office of Vakıfbank Aliğa. The Company generated TRY337,992 of rental income for the period started 1 January 2020 and ended 31 December 2020 (1 January - 31 December 2019: TRY465,476).

##### İstanbul / Fatih Business Center

İstanbul / Fatih Business Center is registered to Fatih/İstanbul Mahallesi 2123 plot 9th parcel. Total gross surface is 509 m<sup>2</sup>.

Based on Galata Gayrimenkul Değerleme A.Ş.'s valuation report of a real estate appraisal company include in the list of authorized companies to offer appraisal services within the framework of the CMB, dated 30 December 2020 İstanbul/Fatih Business Center's VAT exclude fair value is TRY8,535,000 (31 December 2019: TRY7,495,000) according to sales comparison method. There is no restriction on investment properties. The Company rented this property to branch office of Vakıfbank Fatih. The Company generated TRY459,986 of rental income for the period started 1 January 2020 and ended 31 December 2020 (1 January -31 December 2019: TRY412,279).



# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 10. INVESTMENT PROPERTIES (Continued)

#### Bizimtepe Aydos Commercial Units

İstanbul / Bizimtepe Aydos project is located on 80 parcels, 36 plots in Istanbul Province, Sancaktepe District, Samandıra Mahallesi. There are 47 independent commercial sections in the project. Galata Gayrimenkul Değerleme A.Ş. is authorized by the CMB to provide valuation services. According to the report dated 6 November 2020, the fair value of Bizimtepe Aydos 98 independents area determined by the market approach Company share's is TRY25,321,250 excluding VAT. (31 December 2019: 362 independent area marketing approach is TRY97,421,000). The Company recognised the fair values as per the sqm of the leased area. As of 31 December 2020, the fair value of the leased area and Company's portion is TRY7,604,000. There are no restrictions on investment property. The Company commenced to sign lease agreements in relation to these commercial units by 30 June 2019. The Company generated TRY490,936 of rental income for the period started 1 January 2020 and ended 31 December 2020.

As of 31 December 2020 and 2019, insurance amount of investment properties are as follows:

	2020		2019	
	Insurance date	Insurance value	Insurance date	Insurance value
Bizimtepe Aydos Commercial Areas	2 August 2020	6,187,330	2 August 2019	7,375,950
Kütahya/Merkez Business Center	3 February 2020	1,989,960	3 February 2019	1,989,960
İzmir/Aliağa Business Center	3 February 2020	1,278,018	3 February 2019	1,278,018
İstanbul/Levent Business Center (*)	28 January 2020	1,154,177	3 February 2019	1,154,177
Ankara/Kavaklıdere Shop	3 February 2020	880,992	3 February 2019	880,992
İstanbul/Fatih Business Center	8 February 2020	491,443	8 February 2019	491,443
<b>Total</b>		<b>11,981,920</b>		<b>13,170,540</b>

(\*) The relevant insurance policy has been canceled due to the Company selling the Levent Business Center on May 21, 2020.

### 11. INVENTORIES

Short Term Inventories	31 December 2020	31 December 2019
Istanbul International Finance Center (**)	319,973,776	-
Bizimtepe Aydos Project (*)	1,119,845	52,506,619
<b>Long Term Inventories</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Cubes Ankara (****)	253,843,285	-
İzmir Konak Arsa (***)	169,958,400	-
Obaköy Maltepe project	109,124,341	104,946,540
İstanbul International Finance Center (**)	-	103,448,022
<b>Short Term and Long Term Total</b>	<b>854,019,647</b>	<b>260,901,181</b>

(\*) As of 31 December 2020, commercial units whose total cost is amounting to TRY542,613 in the Bizimtepe Aydos Project commenced to be leased and transferred to the operating investment properties.

(\*\*) As of 23 November 2018, the Company has signed an agreement with "Türkiye Vakıflar Bankası" for selling 22,900 m2 part of IIFC Project out of 135,988 m2. In current period (2 November 2020), the Company has signed an agreement with "Türkiye Vakıflar Bankası" for selling 28,001 m2 part of IIFC Project out of 135,988 m2. Since the Company has started to develop these assets with the purpose of selling, these have been transferred to the inventories. For the year ended 31 December 2020, TRY216,525,754 has been transferred to inventories (1 January -31 December 2019: TRY19,240,773).

(\*\*\*) The company signed a revenue sharing agreement with İlk-Kaf İnşaat in 2018 for the land of İzmir/Konak is 8601 Island-Parcel No 2. It was transferred to stocks due to the fact that construction has started on the relevant land.

(\*\*\*\*) The company signed a contract with Vakıfbank on 13 May 2020 for the mixed-use "Cubes Ankara Project", which is being developed in Çankaya, Ankara, with a closed construction area of 207,853 m<sup>2</sup>, consisting of residences, offices, commercial areas and social facilities. As of 6 July 2020 the title deed has been transferred.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 11. INVENTORIES (Continue)

##### İstanbul/Sancaktepe (Bizimtepe Aydos Project)

The company purchased a 95,221.84 m<sup>2</sup> piece of land in Istanbul's Sancaktepe district for TRY110,000,000 + VAT, 50% of which will be paid by Vakıf GYO and 50% of which will be paid by Halk GYO. The relevant project consists of 1,085 single units, of which are 1,037 houses, 44 trade units, 3 kindergarten, 1 sports complex. A construction license was obtained on 4 November 2015 with the development of the renovation permits received in December 2016, the total construction area on the land has been increased to 228,773 m<sup>2</sup>. The deliveries of the project have started on 30 May 2018 and the deliveries are still in progress. For the period started 1 January 2020 and ended 31 December 2020 Company delivered 226 units which are houses (1 January -31 December 2019 : 59 units).

##### İstanbul/Maltepe

The company purchased a 15,268 m<sup>2</sup> piece of land in Istanbul's Maltepe district for TRY66,971,250, 50% of which will be paid by Vakıf GYO and 50% of which will be paid by Obaköy. According to the decision made by the Board of Directors signed on 31 January 2018, the Company has been decided to increase its shares from 50% to 99%.

Vakıf GYO paid TRY56,831,614 for the transfer of Obaköy shares 49%, which is equal to TRY42,151,214 for the investment of Obaköy and TRY14,680,400 for the transfers of share .

For the year ended at 31 December 2020, TRY3,254,349 of financing expenses have been capitalized on inventories (1 January - 31 December 2019: TRY6,395,861).

#### 12. PROPERTY, PLANT AND EQUIPMENT

The movement schedule of property, plant and equipment as of 31 December 2020 is as follows:

	1 January 2020	Addition	Disposal	31 December 2020
<b>Cost</b>				
Land	205,926	15,000	-	220,926
Machinery and equipment	578,790	76,382	(5,995)	649,178
Vehicles	104,332	-	(104,332)	-
Special costs	710,180	-	-	710,180
<b>Total</b>	<b>1,599,228</b>	<b>91,383</b>	<b>(110,327)</b>	<b>1,580,284</b>
<b>Accumulated depreciation</b>				
Machinery and equipment	(471,489)	(40,058)	5,995	(505,552)
Vehicles	(103,257)	-	103,257	-
Special costs	(524,262)	(13,279)	-	(537,541)
<b>Total</b>	<b>(1,099,008)</b>	<b>(53,337)</b>	<b>109,252</b>	<b>(1,043,093)</b>
<b>Net book value</b>	<b>500,220</b>			<b>537,191</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 12. PROPERTY, PLANT AND EQUIPMENT(Continue)

Based on Galata Taşınmaz Değerleme ve Dan. Hiz. A.Ş.'s valuation report of a real estate appraisal company include in the list of authorized companies to offer appraisal services within the framework of the CMB, dated 30 December 2020 land has been accounted under the tangible asset's VAT excluded fair value is TRY3,322,000 according to sales comparison method The gross carrying value of the land on which there is an energy transmission line amounting to TRY220,926, there is no other restriction on the land.

As of 31 December 2020, TRY53,337 of the total depreciation expenses has been accounted under general administrative expenses (31 December 2019: TRY413,246).

The movement schedule of property, plant and equipment as of 31 December 2019 is as follows:

	1 January 2019	Addition	Disposal	31 December 2019
<i><b>Cost</b></i>				
Land	205,926	-	-	205,926
Machinery and equipment	577,425	1,365	-	578,790
Vehicles	101,998	2,334	-	104,332
Special costs	705,364	4,816	-	710,180
<b>Total</b>	<b>1,590,713</b>	<b>8,515</b>	<b>-</b>	<b>1,599,228</b>
<i><b>Accumulated depreciation</b></i>				
Machinery and equipment	(393,695)	(77,794)	-	(471,489)
Vehicles	(101,873)	(1,384)	-	(103,257)
Special costs	(190,194)	(334,068)	-	(524,262)
<b>Total</b>	<b>(685,762)</b>	<b>(413,246)</b>	<b>-</b>	<b>(1,099,008)</b>
<b>Net book value</b>	<b>904,951</b>			<b>500,220</b>

#### 13. INTANGIBLE ASSETS

The movement schedule of intangible assets which consist of software and rights as of 31 December 2020 and 31 December 2019 are as follows:

	1 January 2020	Addition	Disposal	31 December 2020
Cost	163,642	190,842	(76,249)	278,235
Accumulated amortisation	(96,582)	(58,968)	40,666	(114,884)
<b>Net book value</b>	<b>67,060</b>			<b>163,351</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 13. INTANGIBLE ASSETS(Continue)

	1 January 2019	Addition	Disposal	31 December 2019
Cost	159,245	14,951	(10,554)	163,642
Accumulated amortisation	(82,645)	(24,549)	10,612	(96,582)
<b>Net book value</b>	<b>76,600</b>			<b>67,060</b>

There is no lien and no pledge on intangible assets as of 31 December 2020 and 31 December 2019.

As of 31 December 2020, TRY58,968 of the total amortisation expenses has been accounted under general administrative expenses (31 December 2019: TRY24,549).

#### 14. GOODWILL

According to the decision of the Board of Directors dated 31 January 2018, numbered 2018/3, the project will be developed on a 15,268 m2 residential land located in Maltepe district of Istanbul. The share of the Company in the Ordinary Partnership, which has a 50% share, has been signed and increased to 99%. Obaköy's share of 49% was taken as TRY 14,680,400.

The value of net assets in the financial statements prepared as of the date of acquisition of Vakıf GYO-Obaköy Ordinary Partnership are as follows:

Cash and cash equivalents	834
Other receivables	1,586
Inventories	42,151,214
Other current assets	1,275,960
Trade payables	1,211,152
Other payables	266,979
Other short-term liabilities	27,333
Other long-term payables	34,480
Long term trade payables	41,840,650
<b>Total net assets</b>	<b>49,000</b>
Cash paid (-)	14,680,400
<b>Goodwill arising from the acquisition accounting (*)</b>	<b>14,631,400</b>

- (\*) Goodwill arising from a business combination, when the project is completed, it will be added to the costs of the delivered houses and offices. When all houses and offices of the project are sold and delivered, there will be no goodwill in the financial statements.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2020 and 31 December 2019 commitments given are as follows:

The CPMs given by the Company	31 December 2020	31 December 2019
A. CPM's given in the name of its own legal personality	136,417,822	77,272,826
B. CPM's given on behalf of the fully Consolidated companies	-	-
C. CPM's given on behalf of third parties for ordinary course of business (*)	1,774,336	76,767,460
D. Total amount of other CPM's given		
i. Total amount of CPM's given on behalf	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C (**)	160,355,279	-
<b>Total</b>	<b>298,547,437</b>	<b>154,040,286</b>

(\*) In the event that the buyers who have made a sales commitment contract for the Bizimtepe Aydos project realized by Vakıf GYO-Halk GYO Ordinary Partnership, where the Company is subject to joint management, purchase housing loans from the banks with which the Company has contracts; It refers to the guarantees given to the banks in exchange for the loan amount. As of 31 December 2020, Vakıf GYO-Halk GYO Ordinary Partnership has signed a general guarantor agreement with the banks with which it has contracted, amounting to TRY800,000,000 (31 December 2019: TRY800,000,000), and the amount of the guarantor contract that the Company is responsible for is TRY400,000,000. (31 December 2019: 400,000,000 TRY). As of 31 December 2020, the amount of pre-sales amounting to TRY3,548,671 (31 December 2019: TRY153,534,921) was made within the scope of Vakıf GYO-Halk GYO Ordinary Partnership. As of 31 December 2020, the amount of risk that falls on the Company's share from the transactions realized under the Guarantee Agreement is TRY1,774,336 (31 December 2019: TRY76,767,460). As of 31 December 2020, the ratio of other CPM's given by the Company to the Company's equity is 20.67% (31 December 2019: 12.32%).

(\*\*) On 6 July 2020, the "Cubes Ankara Project", which has a construction progress of 15%, was transferred to the Company. The company signed a promise to sell contract by the owner of the project before the takeover and monitors the amounts of the independent sections that were collected under their contingent liabilities. it will be delivered to customers when completed.

As of December 31, 2020, there are no other CPMs given by the Company (31 December 2019: None).

As of 31 December 2020 and 31 December 2019, the details of deposits and guarantees received are showed below:

	31 December 2020		31 December 2019	
	Original amount	TRY Equivalent	Original amount	TRY Equivalent
TRY	107,511,749	107,511,749	122,784,167	122,784,167
<b>Total</b>	<b>107,511,749</b>	<b>107,511,749</b>	<b>122,784,167</b>	<b>122,784,167</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

*The case where the company is a party*

As of December 31, 2020, there are 46 cases that the Company is a party to, and the subject of 31 lawsuits are consumer lawsuits, 1 enforcement proceedings, 1 reemployment lawsuit, 11 other lawsuits and the remaining lawsuits are related to capital increase. The explanations about the cases that are important by the company are explained in detail below.

With its Board of Directors' decision dated 13 March 2014, the Company decided to increase its issued capital from TRY106,200,000 to TRY212,400,000. Marmara Metal Mamülleri A.Ş., one of the Company's shareholders, opened a lawsuit on 11 April 2014 to request, as per Article 18/6 of *Capital Markets Law No. 6362* and Article 445 (and subsequent articles) of *Turkish Commercial Code No. 6102*, that the Company's Board of Directors' decision to increase the capital be cancelled and adjourned. With the interim decision dated 12 May 2014, the court decided to reject the request for the adjourning execution of the Board of Directors' decision. On 3 September 2014 the plaintiff objected to the resolution to reject the decision, dated 12 May 2014. With its decision dated 26 December 2014, the court decided that "The matter of investigating the plaintiff's book records should be resolved at the hearing, the interim decision should be communicated in order for the expert committee to present the file and the report within one month following communication of the interim decision, and the hearing should be held on 25 March 2015". At the hearing held on 25 March 2015, since the report was at the expert committee, it was decided that the requests that communication be sent to the expert committee for return of the file to the court with and without a report, an investigation should be done on the plaintiff attorneys' books and a construction engineer should be added to the expert committee will be evaluated upon receipt of the file and the hearing was adjourned to 17 September 2015. The hearing dated 17 September 2015 was adjourned to 10 February 2016 as the written responses were not added to the file in line with the previous decision made at the hearing dated 4 November 2015. The hearing dated 10 February 2016, since the expert committee report is not enough for the decision, new investigation by expert committee is requested. The investigation will be performed on 11 March 2016. In addition, since the shares of the defendant is decreased below 5%, the court is delayed on 8 September 2015 in order to control the right ownership of defendant. The lawsuit file was handed over to the experts at the court registry on 11 March 2016 and they reviewed the books and records on 7 April 2016. The experts provided their report on the lawsuit case on 25 May 2016. On the hearing of the case on 8 September 2016, it was decided that the parties could file an appeal against the expert report on 23 November 2016. The company made an appeal to the expert report on 13 September 2016. In the hearing of the case dated 23 November 2016, it was decided that the reports on confiscation should be re-reported as there are contradictory findings in the expert's files, the examination of the related reports should be held in the court hearing room on 16 December 2016 and the hearing was decided as 15 March 2017. The file has been delivered to expert and the report is expected. On trial dated 15 March 2017, it was decided that the expert report should be waited and set 5 July 2017 as a new trial date. At the trial of the case dated July 15, 2017, it was observed that the experts were not presenting their reports and the trial was postponed to 14 December 2017. At the hearing of the case on February 14, 2018; The expert report, which was submitted to the case file, was given time to make a declaration and for this reason the hearing was postponed to 12 April 2018. At the hearing held on 12 April 2018, the court decided to proceed to verbal proceedings since the investigation phase was completed and the hearing was postponed to 20 September 2018. At the hearing dated 20 September 2018 of the lawsuit filed with the file numbered 2014/677 Fundamental of the Istanbul 7th Commercial Court of First Instance; The court's decision was dismissed and the court reported that the appeal court was open within two weeks of legal notice from the date of notification. On 20 December 2018 the plaintiff resorted to an appeal. The appeal review of the case file is carried out in the Istanbul District Court of Justice 12th file numbered 2019/78 E of the Civil Chamber. The appeal is still pending and the case has not been concluded yet.

In line with the opinion received from the lawyer, it was informed that the case is a Case for Annulment of the Board of Directors Decision of a Joint Stock Company and if the case is accepted, no compensation will be awarded against the Company.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

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#### 15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### *Operating lease arrangements*

##### **Company as a lessor**

The Company signed a rent agreement with Türkiye Vakıflar Bankası T.A.O on 1 January 2020 for the lease full building which consist of basement, ground and five flats located in İzmir Aliağa. The amount of monthly rent is TRY28,166 + VAT as of 31 December 2020. The annual rent increases, at the end of every year, is as the average of annual PPI and CPI which are announced at the third day of the new period by Turkish Statistical Institute.

The Company signed a rent agreement with Türkiye Vakıflar Bankası T.A.O on 1 February 2011 for the lease full building which consist of basement, ground and two flats located in İstanbul Fatih. The amount of monthly rent is TRY38,638 +VAT as of 31 December 2020. The annual rent increases, at the end of every year, is as the average of annual PPI and CPI which are announced at the third day of the new period by Turkish Statistical Institute.

The Company signed a rent agreement with Türkiye Vakıflar Bankası T.A.O on 1 January 2020 for the lease business center located in Ankara Çankaya. The amount of monthly rent is TRY96,000+ VAT as of 31 December 2020. The annual rent increases, at the end of every year, is as the average of annual PPI and CPI which are announced at the third day of the new period by Turkish Statistical Institute.

The Company signed a rent agreement with Türkiye Vakıflar Bankası T.A.O on 1 February 2011 for the lease full building which consist of basement, ground and seven flats located in Kütahya. The amount of monthly rent is TRY 59,826 + VAT as of 31 December 2020. The annual rent increases, at the end of every year, is as the average of annual PPI and CPI which are announced at the third day of the new period by Turkish Statistical Institute.

The Company signed rent agreements for the Bizimtepe Aydos Project Trade Units at the date of June 2019. For the period start 1 January 2020 and ended 31 December 2020 eight rent agreements have been signed. Company earned TRY490,936 +VAT as of rental income for the period started 1 January 2019 and ended 31 December 2020. The annual rent increases, at the end of every year, is as the average of annual PPI and CPI which are announced by Turkish Statistical Institute.

##### **The Company as lessee**

The Company signed a rent agreement with Nuri Baylar-Manolya Baylar for the workplace located in Ümraniye/İstanbul to start on 1 December 2017. The amount of monthly rent is TRY37,594 + stoppage as of 31 December 2020. Annual rent increase is equal to the arithmetic average rate of PPI and CPI increase rate to be announced by TURKSTAT in each year's rental period compared to the same month of the previous year. In addition, the company has a vehicle rental price of TRY14,500 + VAT per month as of 31 December 2020. TFRS 16 does not have a significant effect on the financial statements of the Company.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 16. PROVISIONS FOR EMPLOYEE BENEFITS

##### *Short term provisions for employee benefits*

As of 31 December 2020 and 31 December 2019, provisions for employee benefits are as follows:

	31 December 2020	31 December 2019
Provision for bonus	366,583	292,804
Provision for unused vacation	209,504	217,340
<b>Total</b>	<b>576,087</b>	<b>510,144</b>

The movement schedule of the unused vacation as of 31 December 2020 and 31 December 2019 is as follows:

	2020	2019
<b>Balance at the beginning of the period - 1 January</b>	<b>217,340</b>	<b>141,874</b>
Changes during the period	(7,836)	75,466
<b>At the end of the period - 31 December</b>	<b>209,504</b>	<b>217,340</b>

##### *Long term provisions for employee benefits*

Under the Turkish Labour Law, the Company is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of TRY7,639 for each period of service as of 31 December 2020 (31 December 2019: TRY6,730). The retirement pay provision ceiling is revised semi-annually, and TRY7,369 which is effective from 1 January 2021, is taken into consideration in the calculation of provision for employment termination benefits. Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) is accounted in "Remeasurement of the employment termination benefits" in comprehensive income statement.

As of 31 December 2020 and 31 December 2019, movement of provision for employee termination benefits is as follows:

	2020	2019
<b>Opening balance</b>	<b>386,188</b>	<b>171,109</b>
Interest cost	152,908	100,256
Service cost	59,617	172,758
Actuarial loss/(gain)	23,841	(55,504)
Employment termination benefits paid	(184,196)	(2,431)
<b>Closing balance</b>	<b>438,358</b>	<b>386,188</b>



# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 17. OTHER CURRENT LIABILITIES AND DEFERRED INCOME (OTHER THAN CONTRACT LIABILITIES)

#### *Other current liabilities*

As of 31 December 2020 and 2019, other current liabilities of the Company are as follows:

	31 December 2020	31 December 2019
Taxes payable and other duties	1,388,947	492,804
Accrued expenses	361,209	331,650
<b>Total</b>	<b>1,750,156</b>	<b>824,454</b>

#### *Deferred income*

As of 31 December 2020 and 31 December 2019, current deferred revenue of the Company is as follows:

	31 December 2020	31 December 2019
Deferred income from related parties(*)	727,008,300	-
Deferred income	812,941	2,140,027
<b>Total</b>	<b>727,821,241</b>	<b>2,140,027</b>

As of 31 December 2020 and 31 December 2019, non-current deferred revenue of the Company is as follows:

	31 December 2020	31 December 2019
<b>Deferred revenue</b>		
- Deferred revenue from related parties (*)	-	299,990,000
- Deferred revenue from third parties (**)	27,096,800	9,255,000
<b>Total</b>	<b>27,096,800</b>	<b>309,245,000</b>

(\*) As of 31 December 2020, TRY 299,990,000 of the short-term deferred income belongs to the 22,900 m2 part of the IIFC project, which has an area of 135,988 m2, on November 15, 2018. TRY427,018,300 is the cash amount received for the promise to sell contract made with Vakıfbank for the 28,001 m2 part of the IIFC project, located in the 52-storey block of the Company on 2 November 2020.

(\*\*) As of 31 December 2020, TRY9,255,000 consists of the advances received from the constructor company of İzmir Konak Mixed Use Project.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### Paid in capital

As of 31 December 2020, and 31 December 2019, the Company's paid-in capital is as follows:

	Class	2020		2019	
		Capital rate (%)	Capital amount	Capital rate (%)	Capital amount
Vakıfbank	A	20.54	94,506,883	15,32	35,239,855
	B	25.17	115,781,692	23,38	53,775,972
T.C.Çevre ve Şehircilik Bakanlığı Toplu Konut İdaresi Başkanlığı ("TOKİ")	A	4.53	20,823,550	9,05	20,823,550
	B	2.79	12,814,504	5,58	12,814,505
Vakıfbank Personeli Özel Sosyal Güv. Hiz. Vakfı	A	5.57	25,628,985	5,57	12,814,493
	B	1.39	6,407,259	3,21	7,377,940
Vakıfbank Memur ve Hizmet Em. San. Vakfı	A	2.79	12,814,492	2,79	6,407,246
	B	4.45	20,453,634	4,45	10,254,739
Other	A	2.09	9,610,871	2,79	6,407,247
	B	30.69	141,158,130	27,86	64,084,453
<b>Total</b>		<b>100</b>	<b>460,000,000</b>	<b>100</b>	<b>230,000,000</b>
Effects of inflation adjustments			21,599,008		21,599,008
<b>Total</b>			<b>481,599,008</b>		<b>251,599,008</b>

The Company shares are issued into two type of Groups; Group A and Group B. The Group A shares have 15 right to vote, Group B shares have 1 right to vote for election of Board of Directors.

##### Share premium

	2020	2019
Share premium	269,639,850	237,393,491
Share premium inflation adjustments difference	9,337,858	9,337,858
<b>Total</b>	<b>278,977,708</b>	<b>246,731,349</b>

The company has increased its capital 100%, all in cash equivalents, and obtained a share premium of TRY32,246,359 from this transaction.

Application is made to the Capital Markets Board and got approval. The capital increased from TRY230,000,000 to TRY460,000,000 on 16 June 2019.

##### Restricted reserves

As of 31 December 2020 and 31 December 2019, restricted reserves are consist of legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### Other Comprehensive Income Not To Be Reclassified To Profit Or Loss

The Amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income as of 1 January 2013. The gains and losses arising from the changes in the actuarial assumption amounting to TRY13,176 (31 December 2019: TRY10,655 Actuarial Loss) have been accounted for by "Revaluation Funds" under the equity as of 31 December 2020.

#### Dividend distribution

As per the Capital Market Board's decision no. 2/51, dated 27 January 2010, there is no obligation for the publicly held joint stock companies to distribute the minimum profit which was derived from their operations. Accordingly, the joint stock corporations that will distribute profit may perform this distribution in cash, by distributing the shares to be issued free of charge by adding dividend to the share capital, or by distributing a certain amount of cash and a certain amount of free of charge shares depending on the decision made at the Company's general assembly. If the first dividend amount is less than 5% of the current issued/paid-in capital, the said amount may remain at the corporation. However, the joint stock corporations that increased capital without distributing dividends for the previous period, and which therefore categorize their shares as "former" and "current", should distribute dividend from the period profit obtained as a result of their operations and should distribute the first dividend in cash.

In this context; according to the decision of CMB, the net distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if it is met by the net distributable profit of statutory records, if the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records. If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed.

### 19. SALES AND COST OF SALES

Sales and cost of sales for the year ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<i>Income from operating activities</i>		
Residence sales (*)	74,097,694	18,158,800
Rent income	3,616,758	3,772,064
<b>Total revenue</b>	<b>77,714,452</b>	<b>21,930,864</b>
Cost of sales	(53,532,596)	(14,378,728)
<b>Gross profit</b>	<b>24,181,856</b>	<b>7,552,136</b>

(\*) As of 31 December 2020, residence sales revenue includes the deliveries of the residential units from Bizimtepe Aydos project. Revenue has been recognized at a point of time.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 19. SALES AND COST OF SALES (Continued)

Cost of the sales for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of inventory sold	52,610,070	13,535,682
Real estate tax	795,559	695,404
Land Registry fees	106,751	105,109
Insurance	17,126	13,618
Other	3,090	28,915
<b>Total</b>	<b>53,532,596</b>	<b>14,378,728</b>

#### 20. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing expenses for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Advertisement expenses	3,009,036	1,951,209
<b>Total</b>	<b>3,009,036</b>	<b>1,951,209</b>

General administrative expenses for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	10,386,408	8,371,273
Outsourced service expenses	1,406,047	938,631
Depreciation and amortization(Note 12,13)	112,305	437,795
Tax expenses	789,352	51,670
Other expenses (*)	1,923,449	1,211,941
<b>Total</b>	<b>14,617,561</b>	<b>11,011,310</b>

(\*) Other expenses consist of office overheads.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 21. OTHER OPERATING INCOME

##### *Other Operating Income*

Other operating income for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Fair value gain on investment properties (Note 10)	86,428,330	99,362,922
Dividend income (Iconova)	5,002,500	-
Reimbursement income	-	1,746,110
Other	1,513,255	486,950
<b>Total</b>	<b>92,944,085</b>	<b>101,595,982</b>

##### *Other real operating expense*

Provision for inventories (*)	11,033,049	-
<b>Total</b>	<b>11,033,049</b>	<b>-</b>

(\*) The net realizable value of the Cubes Ankara project is the impairment calculated due to its lower cost.

#### 22. EXPENSES BY NATURE

Breakdown of depreciation and amortization expense for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of inventory sold	52,610,070	13,535,682
Personnel expenses	10,386,408	8,371,273
Advertisement expenses	3,009,036	1,951,209
Outsourced service expenses	1,406,047	938,631
Real estate tax	795,559	695,404
Tax expenses	789,352	51,670
Amortization expenses	112,305	437,795
Land registry fee	106,751	105,109
Insurance Expenses	17,126	13,618
Other Expenses	1,926,539	1,240,856
<b>Total</b>	<b>71,159,193</b>	<b>27,341,247</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 23. FINANCE INCOME/EXPENSE

Finance expense for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest expense	11,168,391	6,777,668
Bank charges and commission expenses	564,702	347,001
<b>Total</b>	<b>11,733,093</b>	<b>7,124,669</b>

Finance income for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest income from bank	41,858,909	7,091,338
<b>Total</b>	<b>41,858,909</b>	<b>7,091,338</b>

#### 24. TAX ASSETS AND LIABILITIES

The Company is exempted of corporate income tax pursuant to subparagraph d-4 of article 5 of the Corporate Tax Law. Even if the revenues of real estate investment trusts are subject to withholding tax pursuant to subparagraph 6-a of article 94 of the Income Tax Law, the withholding rate was determined as "0" in the decision of the Council of Ministers numbered 93/5148. Therefore, the Company has no tax liability related to its revenues in the relevant period.

#### 25. EARNINGS PER SHARE

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of their shares ("Bonus Shares") to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders. In case of increase in issued stock after balance sheet date but before the date that financial statement is prepared due to the bonus share distribution, earning per share calculation is performed taking account of total new share amount.

	2020	2019
Profit for the period	118,592,111	96,152,268
Weighted average number of shares	393,205,479	227,561,644
Earnings per share	0,3016	0,4225

#### 26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. The Company has exposure to the following risks from its operations:

- Credit risk,
- Liquidity risk,
- Market risk,
- Operational risk

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party.

As of 31 December 2020 and 31 December 2019, credit risk exposure of financial assets is as follows:

31 December 2020	Receivables				Deposits on bank	Other	Total
	Trade receivables		Other receivables				
	Related party	Other party	Related party	Other party			
Exposure to maximum credit risk as of reporting date (A+B+C+D)	-	11,062,636	-	1,111,147	820,019,626	-	831,193,409
- Secured portion of the maximum credit risk by guarantees, etc.	-	-	-	-	-	-	-
A.)Net book value of financial assets that are either not due or not impaired	-	10,101,537	-	1,111,147	820,019,626	-	831,232,310
B.) Net book value of the expired but not impaired financial assets	-	961,099	-	-	-	-	961,099
C.) Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D.)Off balance sheet items with credit risks	-	-	-	-	-	-	-

**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

31 December 2019	Receivables				Deposits on bank	Other	Total
	Trade receivables		Other receivables				
	Related party	Other party	Related party	Other party			
Exposure to maximum credit risk as of reporting date (A+B+C+D)	-	145,541,602	-	1,716,670	781,238	-	148,039,510
- Secured portion of the maximum credit risk by guarantees, etc.	-	220,000,000	-	-	-	-	220,000,000
B.) Net book value of financial assets that are either not due or not impaired	-	145,036,607	-	1,716,670	781,238	-	147,534,515
B.) Net book value of the expired but not impaired financial assets	-	504,995	-	-	-	-	504,995
C.) Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D.) Off balance sheet items with credit risks	-	-	-	-	-	-	-



**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
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**26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

Trade receivables past due but not impaired as at 31 December 2020 and 2019 are as follows:

<b>31 December 2020</b>	<b>Total</b>
0-3 months overdue	101,620
More than 3 months overdue	859,479
<b>Total</b>	<b>961,099</b>
<b>31 December 2019</b>	<b>Total</b>
0-3 months overdue	116,290
More than 3 months overdue	388,705
<b>Total</b>	<b>504,995</b>

As of December 31, 2020 and 2019, the Company's movement tables for its loans are as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>335,493,344</b>	<b>375,964,830</b>
Cash inflow from borrowings	346,146,083	173,999,985
Payments	(291,724,677)	(194,046,762)
Change in interest accruals	4,925,711	(20,424,707)
<b>31 December</b>	<b>394,840,461</b>	<b>335,493,344</b>

**Liquidity risk**

Liquidity risk is the inability of the Company to match the net funding requirements with enough liquidity.

The following table presents the Company's financial liabilities including interest payments according to their remaining contractual maturities:

**Contract terms**

	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1-year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>31 December 2020</b>						
<b>Short term financial liabilities (Non-derivative):</b>						
Financial liabilities	394,840,461	486,746,259	9,384,314	101,626,115	375,735,830	-
Trade payables	314,416,134	314,416,134	188,166,134	-	126,250,000	-
Other payables and liabilities	16,679,977	16,679,977	432,885	-	16,247,092	-
Other short-term payables and liabilities	1,683,460	1,683,460	1,683,460	-	-	-
<b>Total</b>	<b>727,620,032</b>	<b>819,525,830</b>	<b>191,560,257</b>	<b>109,732,651</b>	<b>518,232,922</b>	<b>-</b>

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

### 26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Contract terms

31 December 2019	Carrying value	Total of contractual cash flows	Up to 3 months	3 months to 1-year	1 year to 5 years	More than 5 years
<b>Short term financial liabilities (Non-derivative):</b>						
Financial liabilities	335,493,344	410,554,735	20,119,363	197,466,199	192,969,172	-
Trade payables	58,500,840	58,500,840	58,500,840	-	-	-
Other payables and liabilities	10,569,122	10,569,122	421,900	-	10,147,222	-
Other short-term payables and liabilities	824,454	824,454	824,454	-	-	-
<b>Total</b>	<b>405,387,760</b>	<b>480,449,151</b>	<b>79,866,557</b>	<b>197,466,199</b>	<b>203,116,394</b>	<b>-</b>

As of 31 December 2020 and 31 December 2019, the Company does not have any derivative financial liabilities.

#### Market Risk

The Company is exposed to various market risks, including the effects of changes in exchange rates, interest rates, equity prices and credit spreads.

The total risk management program of the Company focuses on the unpredictability of the financial markets and aims at reducing the potential negative effects on the Company's financial performance.

#### Interest rate risk

The Company is exposed to interest rate risk due to interest bearing assets and liabilities.

As of 31 December 2020 and 31 December 2019, the Company does not have a financial instruments sensitive to variable interest rates, financial instruments sensitive to fixed interest rate of the Company is as follows:

<i>Financial instruments with fixed interest rates</i>	31 December 2020	31 December 2019
Financial assets	819,609,847	483,691
Time deposits	819,609,847	483,691
Financial liabilities	394,840,461	335,493,344
Bank loans	394,840,461	335,493,344

Weighted average interest rates which are applied to financial instruments as of 31 December 2020 and 31 December 2019 are as follows:

		31 December 2020	31 December 2019
<i>Financial instruments</i>			
Banks time deposits	TRY	15.50-18.00%	10.00%
Bank credits	TRY	10.00-17.00%	12.00%-20.00%

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 26. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### Capital risk management

The Company manages capital by using effective portfolio management to reduce the risk of investment. The main objectives of the Company are to continue operations with generating revenue, to secure the benefits of the shareholders, cost of capital and to continue the optimum level of net liabilities/equity and to achieve the efficient capital structure continuity. When the company manages the capital, the Company aims to provide returns to shareholders and to reduce cost of capital, to maintain optimal capital structure by protecting Company's operation ability.

	31 December 2020	31 December 2019
Total liabilities	1,484,506,172	717,806,734
Cash and cash equivalents (-)	(820,021,801)	(784,110)
<b>Net debt</b>	<b>664,484,371</b>	<b>717,022,624</b>
<b>Equity</b>	<b>1,444,475,244</b>	<b>1,063,660,615</b>
<b>Equity / Net debt</b>	<b>46%</b>	<b>67.41%</b>

##### Operational risk

Operational risk is the risk of direct or indirect risk arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and except from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all the Company's operations.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage. In this context, the Company has determined internal processes and controls in the following:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions,
- Requirements for the reconciliation and monitoring of transactions,
- Compliance with regulatory and other legal requirements,
- Documentation of controls and procedures,
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
- Requirements for the reporting of operational losses and proposed remedial action development of contingency plans,
- Training and professional development,
- Ethical and business standards,
- Risk mitigation, including insurance where this is effective.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

##### *Financial assets*

The Company assumes that the carrying value of cash equivalents are close to their fair value because of their short-term nature and insignificant amount of impairment risk.

It is assumed that the carrying values of the trade receivables reflect the fair values.

Appraiser report values are used to determine the fair values of the investment properties which are shown in based on the fair values in the balance sheet.

##### *Non-financial assets*

Real estate appraisal reports prepared by a real estate appraisal company authorized by the CMB are used to determine the fair value of investment properties measured at fair value on the Company's financial statements.

##### *Investment Properties*

As of 31.December 2020 and 2019, Sensitivity analysis of investment property calculated by using fair value comparative method is as follows;

31 December 2020	Imputed m <sup>2</sup>	Sensitivity analysis	Effect of profit on fair value	Effect of loss on fair value
Sancaktepe/Samandıra Land	4,500	10%	7,883,177	(7,883,177)
İzmir/Konak Land 8604				
Ada 1 Parcel	8,800	10%	5,808,458	(5,808,458)
İzmir/Konak Land 8604				
Ada 4 Parel	9,150	10%	5,692,444	(5,692,444)
İzmir/Konak Land 8603				
Ada 1 Parcel	8,800	10%	4,561,506	(4,561,506)
Transform Fikirtepe Project	10,844	10%	2,959,320	(2,959,320)
Ankara/Kavaklıdere Shop	14,294	10%	1,518,000	(1,518,000)
İstanbul/Fatih Business Center	16,801	10%	853,500	(853,500)
Kütahya/Merkez Business Center	3,893	10%	802,000	(802,000)
Bizimtepe Aydos Commercial Units	7,650	10%	760,400	(760,400)
İzmir/Aliağa Business Center	6,313	10%	714,670	(714,670)

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

31 December 2019	Imputed m <sup>2</sup>	Sensitivity analysis	Effect of profit on fair value	Effect of loss on fair value
İzmir/Konak Land 8601				
Ada 2 Parcel	7,500	10%	13,720,400	(13,720,400)
Sancaktepe/Samandıra Land	4,000	10%	7,007,300	(7,007,300)
İzmir/Konak Land 8604				
Ada 1 Parcel	7,750	10%	4,950,400	(4,950,400)
İzmir/Konak Land 8604				
Ada 4 Parcel	7,600	10%	4,728,200	(4,728,200)
İzmir/Konak Land 8603				
Ada 1 Parcel	7,500	10%	3,887,600	(3,887,600)
Transform Fikirtepe Project	10,118	10%	2,761,000	(2,761,000)
İstanbul/Levent Business Center	17,276	10%	2,551,600	(2,551,600)
Ankara/Kavaklıdere Shop	13,000	10%	1,380,600	(1,380,600)
İstanbul/Fatih Business Center	14,725	10%	749,500	(749,500)
Kütahya/Merkez Business Center	3,621	10%	745,900	(745,900)
Bizimtepe Aydos Commercial Units	8,003	10%	680,850	(680,850)
İzmir/Aliağa Business Center	5,782	10%	654,500	(654,500)

#### Classification of Fair Value Measurement

"IFRS 13 - Financial Instruments requires" the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company.

First level: The fair value of financial assets and financial liabilities are determined with reference to actively trade market price.

Second level: Financial assets and liabilities are valued from the inputs used in finding the price of the relevant asset or liability directly or indirectly in the market other than the stock exchange price specified at the first level.

Third level: The fair value of financial assets and financial liabilities are evaluated with reference to imputes that used to determine fair value but not relying on observable data in the market.

Classification requires using observable market data if possible.

In this context, classification of fair value of financial assets and liabilities measured at fair value are as follows:

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Investment properties:</b>				
Investment properties	-	867,782,413	-	867,782,413
<b>Total</b>	<b>-</b>	<b>867,782,413</b>	<b>-</b>	<b>867,782,413</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

31 December 2019	Level 1	Level 2	Level 3	Total
<i>Investment properties:</i>				
Investment properties	-	1,018,634,794	-	1,018,634,794
<b>Total</b>	<b>-</b>	<b>1,018,634,794</b>	<b>-</b>	<b>1,018,634,794</b>

#### 28. SUBSEQUENT EVENTS

On January 6, 2021, the company signed a contract for the sale of an area of 4,785.68 m<sup>2</sup> among the office units within the scope of the IIFC Project to Vakıfbank and collected the entire sales amount of TRY72,981,700 (Note 10).

#### 29. SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS

As of 31 December 2020, presented information in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660 Capital Markets Board's Communiqué Serial: III, No: 48.1a "Amendment on Real Estate Investment Company" published in the Official Gazette dated 23 January 2014 numbered 28891.

In this context, information related to total asset, total portfolio and control of compliance with the limitations are as follows as of 31 December 2020 and 31 December 2019:

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**VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

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(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

**29. SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS (Continued)**

Financial statements main account items		Related regulations	Current period	Previous period
<b>A</b>	Monetary and capital market instruments	Serial III-48.1, Art.24/(b)	820,021,801	784,110
<b>B</b>	Real estates, projects based on real estates, rights based on real estates	Serial III-48.1, Art.24/(a)	1,721,802,060	1,279,535,975
<b>C</b>	Subsidiaries	Serial III-48.1, Art.24/(b)	-	-
	<b>Due from related parties (non-trade)</b>	Serial III-48.1, Art.23/(f)	-	-
	<b>Other assets</b>		<b>387,157,555</b>	<b>501,147,264</b>
<b>D</b>	<b>Total asset</b>	<b>Serial III-48.1, Art.3(p)</b>	<b>2,928,981,416</b>	<b>1,781,467,349</b>
<b>E</b>	Financial liabilities	Serial III-48.1, Art.31	394,840,461	335,493,344
<b>F</b>	Other financial liabilities	Serial III-48.1, Art.31	-	-
<b>G</b>	Financial leasing obligations	Serial III-48.1, Art.31	-	-
<b>H</b>	Due to related parties (non trade)	Serial III-48.1a, Art.23/(f)	-	-
<b>I</b>	Equity	Serial III-48.1, Art.31	1,444,475,244	1,063,660,615
	<b>Other liabilities</b>		<b>1,089,665,711</b>	<b>382,313,390</b>
<b>D</b>	<b>Total liabilities</b>	<b>Serial III-48.1, Art.3/(p)</b>	<b>2,928,981,416</b>	<b>1,781,467,349</b>
Financial Information		Related regulations	Current period	Previous period
<b>A1</b>	The portion of money and capital market instruments held for payables of properties for the following 3 years (*)	Serial III-48.1, Art.24/(b)	819,609,846	-
<b>A2</b>	Time deposit/demand deposit/TRY/Foreign currency (*)	Serial III-48.1, Art.24/(b)	409,780	781,238
<b>A3</b>	Foreign capital market instruments	Serial III-48.1, Art.24/(d)	-	-
<b>B1</b>	Foreign properties, projects based on properties and rights based on properties	Serial III-48.1, Art.24/(d)	-	-
<b>B2</b>	Idle lands	Serial III-48.1, Art.24/(c)	220,926	205,926
<b>C1</b>	Foreign Subsidiaries	Serial III-48.1, Art.24/(d)	-	-
<b>C2</b>	Investments in affiliated operating companies	Serial III-48.1, Art.28/1(a)	-	-
<b>J</b>	Non-cash loans	Serial III-48.1, Art.31	298,547,437	154,040,286
<b>K</b>	Mortgage amounts on lands that project to be developed and the ownership does not belong the partnership	Serial III-48.1, Art.22/(e)	-	-
<b>L</b>	Total investments of monetary and capital market instruments at one company(*)	Serial III-48.1, Art.22/(1)	409,780	652,618

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed as Turkish Lira ("TRY") unless otherwise stated.)

#### 29. SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS (Continued)

Portfolio Restrictions	Related Regulation	Current period	Previous period	Max/Min Rate
1 Mortgage amounts on lands that project to be developed and the ownership does not belong to the partnership	Serial III-48.1a, Art.22/(e)	-	-	Max 10%
2 Real estates, projects based on real estates, rights based on real estates	Serial III-48.1a, Art.24/(a),(b)	%86.77	71.82%	Min 51%
3 Monetary and capital market instruments	Serial III-48.1a, Art.24/(b)	%0.01	0.04%	Max 49%
4 Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments	Serial III-48.1a, Art.24/(d)	-	-	Max 49%
5 Idle lands	Serial III-48.1a , Art.24/(c)	%0.01	0.01%	Max 20%
6 Subsidiaries (operating companies)	Serial III-48.1a , Art.28/1(a)	-	-	Max 10%
7 Borrowing limit	Serial III-48.1a , Art.31	%48	46.02%	Max 500%
8 TRY and foreign currency time and demand deposits	Serial III-48.1a , Art.24/(b)	%0.01	0.04%	Max 10%
9 Total investments of monetary and capital market instruments at one company	Serial III-48.1a Art.22/(1)	%0.01	0.04%	Max 10%

(\*) In accordance with the subparagraph (b) of the first paragraph of the Article 24 of the Capital Markets Board Communiqué on Real Estate Investment Trusts numbered III-48.1; has notified the Capital Markets Board of the planned expenditure amounts for the year 2021 for the projects that are paid in return for certain progress payments or in installments. Cash surpluses corresponding to these expenditures were evaluated through the assets included in subparagraph (k) of the first paragraph of Article 22 and the "Part of Money and Capital Market Instruments Retained for 3-Year Real Estate Payments" in the table of Control of Compliance with Portfolio Limitations was shown in the main account item. In addition, as a result of the company's application to the Capital Markets Board on March 8, 2016, at the meeting of the Board Decision Making Body dated March 23, 2016 and numbered 10/305; Since it has been decided that the cash amounts evaluated in the time deposit / participation account will not be evaluated within the scope of the 10% issuer limit specified in the clause (1) of the first paragraph of Article 22 of the Communiqué, cash surpluses subject to these expenditures are not included in the calculation. Considering these issues, as of 31 December 2020, Article III-48.1 Communiqué Art. 24 / (b) and III-48.1 Communiqué Art. There is no discrepancy regarding the maximum limit for articles 22 / (1).

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