

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY - 31 DECEMBER 2021 TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

**(Convenience translation of a report and financial statements originally issued in Turkish)**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Vakıf Gayrimenkul Yatırım Ortaklığı Anonim Şirketi**

### **A) Report on the Audit of the Financial Statements**

#### **1) Opinion**

We have audited the financial statements of Vakıf Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("The Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

#### **2) Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. These matters were addressed in the context of our 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.

<i><b>Key audit matter</b></i>	<i><b>How our audit addressed the key audit matter</b></i>
<p><b>Presentation of investment properties in the financial statements and significant information disclosed</b></p> <p>As explained in note 2 and 10, the Company recognizes investment properties at their fair values, after initial recognition.</p> <p>As of December 31, 2021, fair value amount of the investment properties disclosed in the financial statements has been valued at TL 1,594,626,855 by independent appraisal firms and details of the valuation have been disclosed in note 10. Due to the fact that investment properties are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.</p>	<p>We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying investment property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 10. In addition, we reconciled standing data included in the valuation report to source documents.</p> <p>Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures.</p> <p>Due to the high level of judgment in the valuation of investment property and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range.</p> <p>We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.</p>

Inventories	
<p>As of December 31, 2021, in the financial statements of the Company there has been inventories amounting to TL 973,711,360 in the current assets and TL 607,713,712 in the non-current assets. Inventories comprise of cost of land that is held to build housing projects for sale in the short-term and construction costs of housing units. Accounting policy regarding to inventories is disclosed in note 2, related inventory amounts are disclosed in note 11. Due to the fact that inventories are significant part of the Company's assets and matters such as accounting of purchase, conversion-capitalization and other necessary costs which are included to inventories, inventories are considered as key audit matter to our audit.</p>	<p>Within the scope of our audit procedures performed regarding to the inventories, it has been focused on the followings;</p> <ul style="list-style-type: none"> <li>- Testing cost of development additions in the current year by comparing with documents such as invoice and progress payment</li> <li>- Review of borrowing costs capitalized to inventories in the current year and review the capitalization ceiling test</li> <li>- Controlling of net realizable value of the inventories with valuation report and realized sales.</li> </ul>

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

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**

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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's 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 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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 Matter**

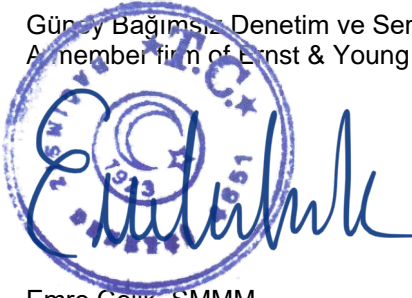
Financial statements of the Company as at 31 December 2020 were audited by another auditor who expressed an unqualified opinion in the report of the relevant audit firm issued on 12 February 2021.

**C) Report on Other Legal and Regulatory Requirements**

- 1) In accordance with paragraph 4 of Article 402 of the Turkish Commercial Code ("TCC") 6102, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.
- 3) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of TCC is submitted to the Board of Directors of the Company on February 9, 2022.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Emre Çelik, SMMM  
Partner

February 9, 2022  
İstanbul, Turkey

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

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021 AND 2020**

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>2,038,355,679</b>	<b>1,204,036,114</b>
Cash and cash equivalents	4	849,041,503	820,021,801
Trade receivables			
- Trade receivables from third parties	6	36,445,330	8,311,723
Other receivables			
- Other receivables from third parties	7	807,016	879,568
Inventories	11	973,711,360	321,093,621
Prepaid expenses	8	20,485,966	49,172,069
Current income tax assets	9	7,874,776	2,742,272
Other current assets	9	149,989,728	1,815,060
<b>NON-CURRENT ASSETS</b>		<b>2,581,459,332</b>	<b>1,724,945,302</b>
Trade receivables			
- Trade receivables from third parties	6	29,484,195	2,750,913
Other receivables			
- Other receivables from third parties	7	45,944	231,579
Inventories	11	607,713,712	532,926,026
Investment properties	10	1,594,626,855	867,782,413
Tangible assets	12	406,987	537,191
Intangible assets			
- Goodwill	14	14,631,400	14,631,400
- Other intangible assets	13	1,520,765	163,351
Prepaid expenses	8	311,920,680	228,093,152
Other non-current assets	9	21,108,794	77,829,277
<b>TOTAL ASSETS</b>		<b>4,619,815,011</b>	<b>2,928,981,416</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>1,673,057,086</b>	<b>1,025,308,718</b>
Short-term portion of long-term borrowings			
- Short-term portion of long-term borrowings from related parties	3, 5	103,651,639	35,358,932
- Short-term portion of long-term borrowings from third parties	5	23,897,347	70,316,324
Trade payables			
- Trade payables to related parties	3, 6	126,296,305	126,284,247
- Trade payables to third parties	6	234,722,519	62,594,803
Payables for employee benefits		207,774	174,043
Other payables			
- Other payables to third parties	7	41,970,524	432,885
Deferred revenue (Other than contract liabilities)			
- Deferred revenue to related parties	3, 17	1,127,006,536	727,008,300
- Deferred revenue to third parties	17	699,060	812,941
Short term provisions			
- Short-term provisions for employee benefits	16	868,300	576,087
Other current liabilities	17	13,737,082	1,750,156
<b>NON-CURRENT LIABILITIES</b>		<b>505,627,905</b>	<b>459,197,454</b>
Long term borrowings			
- Long term borrowings from related parties	3, 5	184,521,721	258,369,234
- Long term borrowings from third parties	5	10,233,314	30,795,971
Trade payables			
- Trade payables to related parties	3, 6	--	126,250,000
Other payables			
- Other payables to third parties	7	1,436,089	16,247,091
Deferred revenue (Other than contract liabilities)			
- Deferred revenue from third parties	17	308,443,584	27,096,800
Long term provisions			
- Long-term provisions for employee benefits	16	993,197	438,358
<b>EQUITY</b>		<b>2,441,130,020</b>	<b>1,444,475,244</b>
Paid-in capital	18	1,000,000,000	460,000,000
Adjustment to share capital	18	21,599,008	21,599,008
Share premiums	18	301,118,336	278,977,708
Other comprehensive income not to be reclassified			
to profit or loss			
- (Loss) / gain on remeasurement of employee benefits	18	(186,972)	(13,176)
Restricted reserves appropriated from profit		11,781,404	9,055,996
Retained earnings		632,130,300	556,263,597
Net profit for the year		474,687,944	118,592,111
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,619,815,011</b>	<b>2,928,981,416</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 2021 AND 2020

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

		Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
	Notes		
<b>Profit/loss</b>			
Revenue	19	248,238,123	119,573,361
Cost of sales (-)	19	(60,457,969)	(53,532,596)
<b>Gross Profit</b>		<b>187,780,154</b>	<b>66,040,765</b>
General administrative expenses (-)	20	(18,848,025)	(14,617,561)
Marketing expenses (-)	20	(17,726,344)	(3,009,036)
Other operating income from operating activities	21	343,449,371	92,944,085
Other operating expenses from operating activities (-)	21	(5,636,244)	(11,033,049)
<b>Operating Profit</b>		<b>489,018,912</b>	<b>130,325,204</b>
<b>Operating Profit Before Financial Income</b>		<b>489,018,912</b>	<b>130,325,204</b>
Financial expenses (-)	23	(14,330,968)	(11,733,093)
<b>Profit from continuing operations before tax</b>		<b>474,687,944</b>	<b>118,592,111</b>
<b>Net Profit for the Year</b>		<b>474,687,944</b>	<b>118,592,111</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		<b>(173,796)</b>	<b>(23,841)</b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>			
- Gain or loss from the remeasurement of employee benefits	16	(173,796)	(23,841)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>474,514,148</b>	<b>118,568,270</b>
Earnings per share (in full TRY)	25	0.608	0.274

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 2021 AND 2020

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

	<i>Other comprehensive income</i>			<i>Retained Earnings</i>				
	<i>Paid in Capital</i>	<i>Adjustment to share capital</i>	<i>Share premium</i>	<i>Remasurement of employee benefits</i>	<i>Restricted Reserves</i>	<i>Retained Earnings</i>	<i>Net Profit for the year</i>	<i>Total Equity</i>
<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	--	--	--	(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>
<b>Balances as of 1 January 2021</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>
Capital increase	540,000,000	--	22,140,628	--	--	(40,000,000)	--	522,140,628
Transfers	--	--	--	--	2,725,408	115,866,703	(118,592,111)	--
Total comprehensive income	--	--	--	(173,796)	--	--	474,687,944	474,514,148
<b>Balances as of 31 December 2021</b>	<b>1,000,000,000</b>	<b>21,599,008</b>	<b>301,118,336</b>	<b>(186,972)</b>	<b>11,781,404</b>	<b>632,130,300</b>	<b>474,687,944</b>	<b>2,441,130,020</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 2021

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

	<i>Note</i>	<b>Audited</b> <b>1 January –</b> <b>31 December</b> <b>2021</b>	<b>Audited</b> <b>1 January –</b> <b>31 December</b> <b>2020</b>
<b>A. Cash flows from operating activities</b>		<b>167.021.299</b>	<b>615.710.178</b>
<b>Profit for the year</b>		<b>474.687.944</b>	<b>118.592.111</b>
<b><u>Adjustments to reconcile net profit</u></b>		<b>(475.762.858)</b>	<b>(105.918.722)</b>
Depreciation and amortisation expenses	12,13	540.812	112.305
Adjustments related to provisions for employee benefits	16	640.608	204.689
Adjustments related to impairment Loss (Reversal of Impairment Loss) of Inventories	21	(11.033.049)	11.033.049
Adjustments to provisions for expected credit loss	6, 4	836.841	--
Adjustments related to interest income and expenses	23,19	(135.056.674)	(30.690.518)
Adjustment related to the fair value gain			
<i>Fair value gain on investment properties</i>	10,21	(331.691.396)	(86.428.330)
Adjustments related to profit or loss on sales of tangible and intangible assets		--	(149.917)
<b><u>Changes in net working capital</u></b>		<b>168.159.356</b>	<b>603.220.985</b>
Adjustments related to increase/(decrease) in receivables		(55.703.730)	136.705.745
Adjustments related to (increase)/ decrease in inventories		(390.630.985)	(218.209.974)
Adjustments related to increase in prepaid expenses		(55.141.425)	(7.153.404)
Adjustments related to increase in trade payable		45.889.774	256.628.210
Adjustments related to increase in other payables from operating activities		26.726.637	6.110.855
Adjustments related to deferred income		681.231.139	443.533.014
Adjustments related to increase/(decrease) in other working capital		(84.212.054)	(14.393.461)
<b><u>Cash (used in)/provided from operations</u></b>		<b>167.084.442</b>	<b>615.894.374</b>
Employment termination benefits paid	16	(63.143)	(184.196)
<b>B. Cash Flows from Investing Activities</b>		<b>(722.662.459)</b>	<b>(148.756.480)</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	(105.027)	(91.383)
<i>Cash outflow from acquisition of intangible assets</i>	13	(1.662.995)	(190.842)
Cash outflow from acquisition of investments properties		5.276.000	25.516.000
Cash inflow arising from sales of investment property		(726.170.437)	(174.176.831)
<b>C. Cash flows from financing activities</b>		<b>594.006.526</b>	<b>339.028.878</b>
Cash inflow from borrowings	26	--	346.146.083
Cash inflow from sale of property shares and Instruments based on other equity		500.000.000	230.000.000
Cash inflows from issued debt instruments		22.140.628	32.246.359
Cash outflow from borrowings	26	(73.126.446)	(291.724.677)
Interest paid		157.484.499	28.603.793
Interest received		(12.492.155)	(6.242.680)
<b>Change in cash and cash equivalents (A+B+C)</b>		<b>38.365.366</b>	<b>805.982.576</b>
<b>D. Cash and cash equivalents at the beginning of the period</b>	4	<b>806.766.236</b>	<b>783.660</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D)</b>	4	<b>845.131.602</b>	<b>806.766.236</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 2021

(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 2021 and 31 December 2020:

	31 December 2021		31 December 2020	
	Share rate (%)	Share amount	Share rate (%)	Share amount
T, Vakıflar Bankası Türk Anonim Ortaklığı	48.95	489,533,418	45.71	210,288,575
Vakıfbank Personeli Özel Sosyal Güv, Hiz, Vakfı	7.51	75,144,026	6.96	32,036,244
Vakıfbank Memur ve Hizmetleri Emekli Sandığı	6.89	68,822,015	7.23	33,268,126
T,C, Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	3.65	36,563,104	7.31	33,638,055
Toplu Konut İdaresi Başkanlığı				
Other	33.00	329,937,437	32.79	150,769,000
<b>Total</b>	<b>100.00</b>	<b>1,000,000,000</b>	<b>100.00</b>	<b>460,000,000</b>

The company made an application to the Capital Markets Board on April 9, 2021 to increase its issued capital of 460,000,000 TRY to TRY 500,000,000 from the profit of 2020, within the registered capital ceiling of TRY 1,000,000,000. The application was approved at the meeting dated April 22, 2021 and numbered 22/672 and announced in the Capital Market Bulletin No. 2021/21.

The company made an application to the Capital Markets Board on May 18, 2021 to increase its issued capital of 500,000,000 TRY by 100% to TRY 1,000,000,000, all in cash, within the registered capital ceiling of TRY 1,000,000,000. The application was approved at the meeting dated June 3, 2021 and numbered 29/864 and announced in the Capital Market Bulletin No. 2021/28.

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 2021, the Company's registered capital is TRY 1,000,000,000 (31 December 2020: TRY 1,000,000,000). As of 31 December 2021 the number of employees of Company is 39 (31 December 2020: 39).

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

The financial statement of the Company is approved on 9 February 2022 by Board of Directors as of 31 December 2021. 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 2021

(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.

Joint Venture	Nature of the business	Entrepreneur Partner
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 TRY 100,000. 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 m2 piece of land in Istanbul's Sancaktepe district for TRY 110,000,000 + 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 TRY 100,000 and a share of 50% and 50% and the purpose of the established partnership is to develop a housing project in Maltepe, Istanbul. The Company purchased a land of 15,268 m2 in Maltepe, Istanbul, for a total of TRY 66,971,250, 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 TRY 14,680,400 as a share transfer fee, and total amounting TRY 56,831,614.

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 2021, goodwill amount is TRY 14,631,400. 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 2021

(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.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

##### 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(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)**

**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 2021. The Company consolidated its joint venture by using proportional consolidation method.

**f Going concern**

The Company's financial statements are prepared under the going concern assumption. As of 31 December 2021, current assets of the Company are TRY 2,038,355,679 and short-term liabilities amount to TRY 1,673,057,086. The Company does not foresee any shortcomings regarding the fulfillment of these short-term liabilities.

As of 31 December 2021, the Company's inventory and investment properties are TRY 3,176,051,927. Also, marketing and sales activities are in progress for the sale of inventories.

**2.2. Comparative Information and Adjustment of Prior Period Financial Statements**

The Company's financial statements are prepared comparatively with the previous period in order to allow the determination of financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and important differences are disclosed.

As of 31 December 2020, the Company's interest income from time deposits amounting to TRY 41.858.909, which was classified in the "Financial income / (expenses)", is classified in the "Revenue" account in the current period comparative financial statements.

As of 31 December 2021, financial statements are presented in comparison with the financial information of the previous period, 31 December 2020.

**2.3. 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.

**2.4. The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. The effects of these standards and interpretations on the Company financial position and performance have been disclosed in the related paragraphs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**2.4 The new standards, amendments and interpretations (Continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:**

- **Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16;** In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

*Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform:* The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

***Relief from discontinuing hedging relationships***

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

***Separately identifiable risk components***

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

***Additional disclosures***

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.



**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 The new standards, amendments and interpretations (Continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows (continued):**

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments did not have a significant impact on the financial position or performance of the Company.

**• Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted. The amendments did not have a significant impact on the financial position or performance of the Company.

**ii) Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:** In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.
- Amendments to TFRS 3 – Reference to the Conceptual Framework:** In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version). The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**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 The new standards, amendments and interpretations (Continued)**

**ii) Standards issued but not yet effective and not early adopted (continued):**

- **Amendments to TAS 16 – Proceeds before intended use:** In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.
- **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract:** In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.
- **TFRS 17 - The new Standard for insurance contracts:** The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.
- **Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities:** On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.
- **Amendments to TAS 8 - Definition of Accounting Estimates:** In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**2.4 The new standards, amendments and interpretations (Continued)**

**iii) Standards issued but not yet effective and not early adopted (continued):**

- **Amendments to TAS 1 - Disclosure of Accounting Policies:** In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.
- **Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction:** In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**Annual Improvements – 2018–2020 Cycle**

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Company is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**2.5 Summary of critical account estimation**

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

**2.5.1 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.

***Interest income:***

Interest income from financial assets is booked as long as it is possible to measure the economic benefits of the Company and the income can be measured reliably. Interest income is accrued in the relevant period at the rate of the effective interest rate that reduces the remaining principal balance and the estimated cash inflows to be obtained from the related financial asset during its expected life to the book value.

**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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

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. In addition, if the company has the right to withdraw from the sales contracts and does not collect the contract price in cash, it does not booked in the financial statements.

**2.5.2 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.

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.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

##### 2.5.3 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
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.

##### 2.5.4 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 3 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.

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FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

**2.5.5 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.

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

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

**2.5 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.

The Company calculates the impairment for its trade receivables based on the expected lifetime credit losses. Expected credit losses on trade receivables is estimated using a provision matrix created by looking at customers' past defaults, analyzing their current financial situation, and considering the general economic conditions of the industry in which the relevant customer operates and the conditions at the reporting date. As of 31 December 2021, an expected credit loss provision has been made for the portion of trade receivables amounting to TRY 685,953. The expected loss provision has been accounted for in the other expenses part of the main activities item in the current period.

***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. As of 31 December 2021, the Company has provided expected credit loss for cash and cash equivalents amounting to TL 150,888. The expected loss provision has been recognized in other operating expenses in the current period.

***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.

**2.5.7 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.



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

---

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

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

**2.5.8 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. The Company does not have assets and liabilities in foreign currency.

**2.5.9 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.

**2.5.10 Paid-in capital**

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

**2.5.11 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.

**2.5.12 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.

**2.5.13 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.

**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)**

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

**2.5.14 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.

**2.5.15 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  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

**2.5.16 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.

**2.5.17 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.

**2.5.18 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.

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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)**

**2.5 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 10,848.59 full TRY which is effective from 1 January 2022 has been taken into consideration when calculating the liability (1 January 2021: TRY 7,638.96) as of 31 December 2021.

**2.5.19 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.

**2.5.20 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).

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FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5 Summary of critical account estimation (Continued)****2.5.21 Segments Reporting**

The company's activities are concentrated in a single geographical segment (Turkey) and all of activities are concentrated in the real estate investment field, the Company does not report according to segments.

**2.6 Significant matters arised in current period****Covid 19 Outbreak**

COVID-19 epidemic emerged in China at the end of 2019 and affected the whole world. Company has been taken necessary measures to minimize the possible effects of the Covid-19 pandemic to its financial position and operations. The company evaluated the possible effects of the Covid 19 outbreak on its financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements while preparing its financial statements of 31 December 2021 and 31 December 2020. In this context, possible impairment in the financial statements dated 31 December 2021 and 31 December 2020 has been evaluated and no significant impact has been identified.

**2.7 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, 2021, 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 2021	31 December 2020
		(m2) value TRY	(m2) value TRY
İİFC Land and Project (*)	Cost approach	112,245	55,164
İstanbul/Fatih Business Center	Sale comparison	18,900	16,801
Ankara/Kavaklıdere Store	Sale comparison	16,455	14,294
Transform Fikirtepe Project	Sale comparison	20,154	10,844
Bizimtepe Aydos Commercial Units	Sale comparison	10,677	7,650
İzmir/Konak Land 8601 Plot-1 Parcel	Sale comparison	14,070	8,800
İzmir/Konak Land 8603 Plot-1 Parcel	Sale comparison	14,070	8,800
İzmir/Konak Land 8604 Plot-4 Parcel	Sale comparison	14,070	9,150
İzmir/Aliağa Business Center	Sale comparison	9,881	6,313
Sancaktepe/Samandıra Land	Sale comparison	7,376	4,500
Kütahya/Merkez Business Center	Sale comparison	5,255	3,893

(\*) As of 31 December 2021, since the construction has started in the İİFC 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.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### 2.7 Critical accounting estimates, assumptions and judgments (Continued):

###### *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 2021 is amounting to TRY 171,089,000 (31 December 2020: TRY 79,642,583) and this amount has been reclassified to amounting to TRY 149,980,206 (31 December 2020: TRY 1,813,306) as short-term and amounting to TRY 21,108,794 (31 December 2020: TRY 77,829,277) as long-term based on timing of forecast income and expense subjected to VAT.

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

Presented information as of 31 December 2021, 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.

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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### 3. RELATED PARTY DISCLOSURES

#### Debt and credit from related parties

As of 31 December 2021, and 31 December 2020, the company's receivables from and payables to related parties are as follows:

	Cash and cash equivalents	Prepaid expenses	Short and long term borrowings	Short and Long term trade payables	Deferred revenue
<b>31 December 2021</b>					
Türkiye Vakıflar Bankası T.A.O	787,086,567	--	288,173,360	126,250,000	1,127,006,536
Türkiye Sigorta A.Ş	--	249,846	--	1,967	--
Vakıf Pazarlama San. Tic. A.Ş	--	--	--	22,615	--
PYS Güvenlik A.Ş	--	--	--	13,463	--
Vakıf Yatırım Menkul Değerler A.Ş	--	--	--	8,260	--
<b>Total</b>	<b>787,086,567</b>	<b>249,846</b>	<b>288,173,360</b>	<b>126,296,305</b>	<b>1,127,006,536</b>

	Cash and cash equivalents	Prepaid expenses	Short and long term borrowings	Short and Long term trade payables	Deferred revenue
<b>31 December 2020</b>					
Türkiye Vakıflar Bankası T.A.O	819,794,585	--	293,728,166	252,500,000	727,008,300
Türkiye Sigorta A.Ş	--	268,054	--	--	--
Vakıf Pazarlama San. Tic. A.Ş	--	--	--	25,775	--
PYS Güvenlik A.Ş	--	--	--	8,472	--
<b>Total</b>	<b>819,794,585</b>	<b>268,054</b>	<b>293,728,166</b>	<b>252,534,247</b>	<b>727,008,300</b>

#### Related party transactions

The details of income from related parties for the period 1 January – 31 December 2021 and 1 January – 31 December 2020 are as follows:

Rent Income	1 January - 31 December 2021	1 January - 31 December 2020
Türkiye Vakıflar Bankası T.A.O ("Vakıfbank")	2,990,248	2,662,215
Vakıf Yatırım Menkul Değerler A.Ş	--	463,608
<b>Total</b>	<b>2,990,248</b>	<b>3,125,823</b>

Interest Income	1 January - 31 December 2021	1 January - 31 December 2020
Türkiye Vakıflar Bankası T.A.O ("Vakıfbank")	148,754,365	39,184,177
<b>Total</b>	<b>148,754,365</b>	<b>39,184,177</b>

In the accounting period ending 1 January – 31 December 2021, the company obtained 61% of its revenue from related parties (1 January – 31 December 2020: 35%).

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 3. RELATED PARTY DISCLOSURES (Continued)

##### Related party transactions (Continued)

The details of the transactions made with related parties between 1 January – 31 December 2021 and 1 January – 31 December 2020 are as follows:

Insurance Expenses	1 January – 31 December 2021	1 January – 31 December 2020
Türkiye Sigorta A.Ş	466,814	540,070
<b>Total</b>	<b>466,814</b>	<b>540,070</b>

Interest Accruals	1 January – 31 December 2021	1 January – 31 December 2020
Türkiye Vakıflar Bankası T.A.O ("Vakıfbank")	29,269,100	25,888,269
<b>Total</b>	<b>29,269,100</b>	<b>25,888,269</b>

Operating and Commission Expenses	1 January – 31 December 2021	1 January – 31 December 2020
Türkiye Vakıflar Bankası T.A.O ("Vakıfbank")	506,225	342,803
PYS Güvenlik A.Ş	373,354	96,493
Vakıf Yatırım Menkul Değerler A.Ş	216,201	236,918
Vakıf Pazarlama San. Tic. A.Ş	304,113	232,157
Taksim Otelcilik A.Ş	23,831	--
<b>Total</b>	<b>1,423,724</b>	<b>908,371</b>

##### *Employee benefits to key management*

The details of the employee benefits to key management in the periods between 1 January – 31 December 2021 and 1 January – 31 December 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Remuneration and fees paid to members of the board of directors	1,465,123	937,787
Remuneration and fees paid to other key management	1,906,192	1,636,754
<b>Total</b>	<b>3,371,315</b>	<b>2,574,541</b>



# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### 4. CASH AND CASH EQUIVALENTS

As of 31 December 2021 and 31 December 2020, cash and cash equivalents are as follows:

	31 December 2021	31 December 2020
Cash	664	2,175
Banks		
- Banks-Time deposits	10,734,335	409,779
- Banks-Demand deposits	835,307,940	819,609,847
Expected credit loss (-)	(150,888)	--
Credit card receivables	3,149,452	--
<b>Total</b>	<b>849,041,503</b>	<b>820,021,801</b>
Interest income accruals on cash and cash equivalents	(3,909,901)	(13,255,565)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>845,131,602</b>	<b>806,766,236</b>

As of 31 December 2021 and 31 December 2020, there is no blockage on cash and cash equivalents.

As of 31 December 2021, average maturity of credit card receivables is 32-37 days.

#### Demand deposits

As of 31 December 2021 and 31 December 2020, the details of demand deposits at bank are as follows:

	31 December 2021	31 December 2020
TRY	10,734,335	409,779
<b>Total</b>	<b>10,734,335</b>	<b>409,779</b>

#### Time deposits

As of 31 December 2021 and 31 December 2020, the details of time deposits at banks are as follows:

31 December 2021	Amount (TRY)	Interest Rate (%)	Maturity
TRY	150,706,849	21.5	18 March 2022
TRY	140,748,904	17.75	18 February 2022
TRY	136,516,383	17.75	24 January 2022
TRY	100,471,233	21.5	25 March 2022
TRY	65,991,129	17.75	18 March 2022
TRY	50,235,616	21.5	11 February 2022
TRY	41,698,380	21.5	28 January 2022
TRY	30,160,479	17.75	25 February 2022
TRY	22,117,685	17.75	28 January 2022
TRY	21,896,508	17.75	8 February 2022
TRY	21,793,724	23	18 February 2022
TRY	21,112,336	17.75	11 February 2022
TRY	12,742,457	16.25	3 January 2022
TRY	9,005,548	22.5	14 January 2022
TRY	8,018,411	21	6 January 2022
TRY	1,998,624	15.75	3 January 2022
TRY	80,984	15	3 January 2022
TRY	10,332	14.75	31 January 2022
TRY	2,358	4.75	3 January 2022
<b>Total</b>	<b>835,307,940</b>		

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

31 December 2020	Amount (TRY)	Interest Rate (%)	Maturity
TRY	722,628,689	15.5	6 January 2021
TRY	30,014,754	18	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	17.6	22 January 2021
TRY	8,129,399	16	4 January 2021
TRY	8,003,934	18	15 January 2021
TRY	7,003,443	18	14 January 2021
TRY	3,127,613	18	4 January 2021
TRY	222,513	16.25	4 January 2021
TRY	5,692	3	4 January 2021
<b>Total</b>	<b>819,609,847</b>		

#### 5. FINANCIAL LIABILITIES

The details of financial borrowings as of 31 December 2021 and 31 December 2020 are as follows:

<i>Short-term portion of long-term bank loans</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
- Short-term portions of long-term borrowings from related parties	103,651,639	35,358,932
- Short-term portions of long-term borrowings from third parties	23,897,347	70,316,324
<b>Total</b>	<b>127,548,986</b>	<b>105,675,256</b>

<b>Long term bank loans</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
- Long-term borrowings from related parties	184,521,721	258,369,234
- Long-term borrowing from third parties	10,233,314	30,795,971
<b>Total</b>	<b>194,755,035</b>	<b>289,165,205</b>
<b>Total Financial Liabilities</b>	<b>322,304,021</b>	<b>394,840,461</b>

As of December 31, 2021, the currency of all financial liabilities is TRY. As of 31 December, 2021, interest rate is 10% (31 December 2020: 10% - 17%) and the effective interest rate is 12.90% (31 December 2020: 12.80%).

The details of bank loans are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Up to 1 year	127,548,986	105,675,256
1 - 2 years	103,209,262	111,915,305
After 2 years	91,545,773	177,249,900
<b>Total</b>	<b>322,304,021</b>	<b>394,840,461</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 6. TRADE RECEIVABLES AND PAYABLES

##### *Short term trade receivables*

As of 31 December 2021 and 31 December 2020, short term trade receivables of the Company are as follows:

	31 December 2021	31 December 2020
Note receivables (*)	34,966,738	7,917,691
Trade receivables	2,164,545	394,032
Provision for doubtful receivables (-) (**)	(685,953)	--
<b>Total</b>	<b>36,445,330</b>	<b>8,311,723</b>

(\*) As of 31 December 2021, amounting to TRY 34,966,738 of the total notes receivables are related to the Nidapark Küçükalyalı project for TRY 33,657,321, and TRY 1,309,417 consists of the receivables for the BTA project. As of 31 December 2021, the maturity date of the short-term receivables is December 2022.

(\*\*) Consists of provisions for expected credit losses within the scope of IFRS 9.

##### *Long term trade receivables*

As of 31 December 2021 and 31 December 2020, long term trade receivables of the Company are as follows:

	31 December 2021	31 December 2020
Note receivables (*)	33,909,555	2,750,913
Provision for doubtful receivables (-)	(4,425,360)	--
<b>Total</b>	<b>29,484,195</b>	<b>2,750,913</b>

(\*) As of 31 December 2021, TRY 33,909,555 of the notes receivable are related to the Cubes Ankara project for TRY 252,234 and TRY 33,657,321 to the Nidapark Küçükalyalı project.

##### *Short term trade payable*

As of 31 December 2021 and 31 December 2020, short term trade payables of the Company are as follows:

	31 December 2021	31 December 2020
Trade payables to related parties (Note 3) (**)	126,296,305	126,284,247
Accrued payables	203,158,143	56,316,716
Trade payables(*)	31,564,376	6,278,087
<b>Total</b>	<b>361,018,824</b>	<b>188,879,050</b>

(\*) As of 31 December 2021, average maturity of trade payables is 15 days (31 December 2020: 15 days).

(\*\*) Amounting to TRY 126,250,000 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 two equal installments.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### *Long term trade payable*

As of 31 December 2021 and 31 December 2020, long term trade payables of the Company are as follows:

	31 December 2021	31 December 2020
Trade payables to related parties (Note 3) (*)	--	126,250,000
<b>Total</b>	<b>--</b>	<b>126,250,000</b>

(\*) It is the long-term portion of the purchase price of the Cubes Ankara project purchased from T. Vakıflar Bankası T.A.O.

#### 7. OTHER RECEIVABLES AND PAYABLES

##### *Other current receivables*

As of 31 December 2021 and 31 December 2020, other current receivables of the Company are as follows:

	31 December 2021	31 December 2020
Other receivables from third parties	807,016	879,568
<b>Total</b>	<b>807,016</b>	<b>879,568</b>

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

As of 31 December 2021 and 31 December 2020, other non-current receivables of the Company are as follow:

	31 December 2021	31 December 2020
Other non-current receivables from third parties	45,944	231,579
<b>Total</b>	<b>45,944</b>	<b>231,579</b>

##### *Other payables*

##### *Other current payables*

As of 31 December 2021 and 31 December 2020, other current payables of the Company are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees received (*)	41,968,698	432,050
Other payables	1,826	835
<b>Total</b>	<b>41,970,524</b>	<b>432,885</b>

(\*)As of 31 December 2021, deposits and guarantees received amounting to TRY 41,465,321 consist of cash guarantees received from contractors within the scope of Vakıf GYO's Financial Center Project. The amount of deposit and guarantee received, amounting to TRY 16,247,091 for year 31 December 2020 is included in other long-term debts.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

As of 31 December 2021 and 31 December 2020, other long-term payables of the Company are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees received (*)	1,436,089	16,247,091
<b>Total</b>	<b>1,436,089</b>	<b>16,247,091</b>

(\*) As of 31 December 2020, TRY 16,247,091 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. The deposit and guarantee amount of TL 41,465,321 for the year 31 December 2021 is included in other short-term debts.

#### 8. PREPAID EXPENSES

As of 31 December 2021 and 31 December 2020, short term prepaid expenses of the Company are as the follows:

	31 December 2021	31 December 2020
Advances given (*)	19,945,170	48,652,100
Prepaid expenses to third parties	290,950	251,915
<b>Total</b>	<b>20,236,120</b>	<b>48,904,015</b>

Prepaid expenses to related parties (Note:3)	249,846	268,054
<b>Related party total</b>	<b>249,846</b>	<b>268,054</b>
<b>Total</b>	<b>20,485,966</b>	<b>49,172,069</b>

(\*) As of 31 December 2021, it is the advance payment given within the scope of IIFC's main contracting works, (31 December 2020: TRY 48,652,100)

As of 31 December 2021 and 31 December 2020, long term prepaid expenses of the Company are as the follows:

	31 December 2021	31 December 2020
Advances given (*)	311,920,680	228,093,152
<b>Total</b>	<b>311,920,680</b>	<b>228,093,152</b>

(\*) As of 31 December 2021 and 31 December 2020, details of the given advances as follows:

	31 December 2021	31 December 2020
Cubes Ankara Project	103,172,281	--
Nidapark Küçükyaşı Project (**)	174,378,781	228,093,152
Tablo Adalar Project	34,369,618	--
<b>Total</b>	<b>311,920,680</b>	<b>228,093,152</b>

(\*\*) Consists of the payments made for the purchase of 81 independent sections from the Nidapark Küçükyaşı project of the Company (31 December 2020: 106 independent sections).

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

As of 31 December 2021 and 31 December 2020, current income tax assets of the Company are as follows:

	31 December 2021	31 December 2020
Prepaid taxes and funds (*)	7,874,776	2,742,272
<b>Total</b>	<b>7,874,776</b>	<b>2,742,272</b>

(\*) As of 31 December 2021, all prepaid taxes and funds amount of TRY 7,874,776 consist of withholding tax from time deposits income (31 December 2020: TRY 2,742,272).

As of 31 December 2021 and 31 December 2020, current assets of the Company are as follows:

	31 December 2021	31 December 2020
VAT receivable	149,980,206	1,813,306
Other receivables	9,522	1,754
<b>Total</b>	<b>149,989,728</b>	<b>1,815,060</b>

As of 31 December 2021 and 31 December 2020, non-current assets of the Company are as follows:

	31 December 2021	31 December 2020
VAT receivable	21,108,794	77,829,277
<b>Total</b>	<b>21,108,794</b>	<b>77,829,277</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 10. INVESTMENT PROPERTIES

As of 31 December 2021 and 31 December 2020, details of investment properties are as follows:

	31 December 2021	31 December 2020
Investment properties under development	1,540,714,355	821,296,713
Operating investment properties	53,912,500	46,485,700
<b>Total</b>	<b>1,594,626,855</b>	<b>867,782,413</b>

As of 31 December 2021 and 31 December 2020, details of operating investment properties and investment properties under development are as follows:

	31 December 2021	31 December 2020
Investment properties under development		
- Land/ Project	1,540,714,355	821,296,713
Operating investment properties		
- Buildings	53,912,500	46,485,700
<b>Total</b>	<b>1,594,626,855</b>	<b>867,782,413</b>

As of 31 December 2021, the company has evaluated that there is no situation that would cause an impairment in its investment properties due to the Covid-19 outbreak. There has been no change in the turnover of the Company from rental income due to the Covid-19 outbreak.

#### *Investment properties under development*

As of 31 December 2021, the fair value of the investment properties under development in the financial statements are as follows:

	Valuation Method	Valuation Report Date	Fair Value
IIFM Arsa ve Project	" Cost approach "	30 December 2021	1,103,179,913
Samandıra/Sancaktepe Land	" Sale comparison "	6 December 2021	129,205,878
İzmir /Konak Land			
8604 Ada - Parsel No 1	" Sale comparison "	25 November 2021	92,867,114
İzmir /Konak Land			
8604 Ada - Parsel No 4	" Sale comparison "	25 November 2021	87,530,912
İzmir /Konak Land			
8603 Ada - Parsel No 1	" Sale comparison "	25 November 2021	72,930,538
Transform Fikirtepe Project	" Sale comparison "	29 December 2021	55,000,000
<b>Total</b>			<b>1,540,714,355</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 10. INVESTMENT PROPERTIES (Continued)

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

	Valuation Method	Valuation Report Date	Fair Value
IIFM Arsa ve Project	" Cost approach "	29 December 2020	552,247,670
Samandıra/Sancaktepe Lan	" Sale comparison "	29 December 2020	78,831,765
İzmir /Konak Land 8604 Ada - Parsel No 1	" Sale comparison "	29 December 2020	58,084,576
İzmir /Konak Land 8604 Ada - Parsel No 4	" Sale comparison "	29 December 2020	56,924,438
İzmir /Konak Land 8603 Ada - Parsel No 1	" 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>

As of 31 December 2021 and 31 December 2020, the movement of investment properties under development are as follows:

	2021	2020
<b>Beginning of the period - 1 January</b>	<b>821,296,713</b>	<b>951,005,294</b>
Additions (*)	725,383,373	174,176,831
Change in fair value gain/(loss)	319,848,643	82,598,742
Transfers (**)	(325,814,374)	(386,484,154)
<b>End of the period- 31 December</b>	<b>1,540,714,355</b>	<b>821,296,713</b>

(\*) TRY 574,523,960 of total amount (31 December 2020: TRY 155,296,486) is comprised of the payments made to the IIFC main contractor and TRY 15,217,551 are related with the capitalised financing expenses (31 December 2020: TRY 16,754,162),

(\*\*) The Company has signed an agreement with "Türkiye Vakıflar Bankası" for selling the 22,900 m<sup>2</sup> part of the IUFM project with an area of 135.988 m<sup>2</sup> on November 23, 2018, on November 2, 2020 for the sale of 28,001 m<sup>2</sup>, and on January 6, 2021 for the sale of 4,785.68 m<sup>2</sup> of the IUFM project. Since the company has started to develop the relevant real estate for sale purposes, it has transferred to its stocks.



## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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#### 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 which have started in 2016 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 2022.

According to the report dated 30 December 2021 of Arge Gayrimenkul Değerleme ve Dan. Hiz. A.Ş. which is authorized by CMB to provide valuation services, the fair value of Istanbul Financial Center according to market comparison method is TRY 1,795,902,854 excluding VAT and the investment amounting to TRY 325,814,374 has been transferred to the inventories. As of 31 December 2021, additional costs are transferred to the inventories by using the ratio of sales promise agreements.

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 2021

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

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#### 10. INVESTMENT PROPERTIES (Continued)

##### *Sancaktepe/Samandıra Land*

On December 9<sup>th</sup>, 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 TRY 63,750,000 +VAT.

According to the report dated 6 December 2021 of Arge Gayrimenkul Değerleme ve Dan. Hiz. A.Ş., which is authorized by the CMB to provide valuation services, the fair value of Sancaktepe Land TRY 129,205,878, excluding VAT (31 December 2020 : TRY 78,831,765).

##### *İzmir Lands*

8604 island 4 plot, 8601 island 1 parcel, 8603 island 1 parcel and 8604 island 1 are registered in Izmir Province, Konak District, Mersinli Mahallesi. 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.

According to the report dated 25 November 2021 of Arge Gayrimenkul Değerleme ve Dan. Hiz. A.Ş., which is authorized by the CMB to provide valuation services, the fair value of 8603 Island 1 parcels, 8604 Island 1 and 8604 Island 4 parcels the fair value of Sancaktepe Land TRY 253,328,564, excluding VAT (31 December 2020 :TRY 160,624,078).

Since the construction has started on İzmir Konak Island 8601 parcel 2, an amount of TRY169,958,400 has been transferred to the inventory as of 31 December 2020.

##### *Transform Fikirtepe Project*

The Company signed a real estate sales commitment contract amounting to TRY 24.000.000+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 29 December 2021 of Arge Gayrimenkul Değerleme ve Dan. Hiz. A.Ş., which is authorized by CMB to provide valuation services. the fair value of Transform Fikirtepe according to market comparison method is TRY 55.000.000 excluding VAT (31 December 2020: TRY 29,523,200)

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 10. INVESTMENT PROPERTIES (Continued)

##### *Operating investment property:*

As of 31 December 2021, the fair values of investment properties are as follows:

	Valuation Method	Valuation Report Date	Fair Value
İzmir/ Aliağa Business Center	"Sale comparison"	9 November 2021	11,225,000
İstanbul/Fatih Business Center	"Sale comparison"	9 November 2021	9,615,000
Ankara/Kavaklıdere Shop	"Sale comparison"	9 November 2021	17,475,000
Kütahya/Merkez Business Center	"Sale comparison"	9 November 2021	10,825,000
Bizimtepe Aydos Commercial Units (17 independent section)	"Sale comparison"	27 December 2021	4,772,500
<b>Total</b>			<b>53,912,500</b>

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

	Valuation Method	Valuation Report Date	Fair Value
İzmir/ Aliağa Business Center	"Sale comparison"	30 December 2020	7,146,700
Ankara/Kavaklıdere Dükkan	"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
<b>Total</b>			<b>46,485,700</b>

As of 31 December 2021 and 2020, the fair value movement of operating investment properties are as follows:

	2021	2020
<b>Opening period</b>	46,485,700	67,629,500
Change in fair value	11,842,753	3,829,587
Additions	787,064	--
Disposal (*)	(5,276,000)	(25,516,000)
Transfers (**)	72,983	542,613
<b>Dönem sonu</b>	<b>53,912,500</b>	<b>46,485,700</b>

(\*) Company shares of 3 kindergarten and 9 commercial units in Bizimtepe Aydos project were sold in 2021 for a price of TRY 7,502,331 TL + VAT. Also, Levent Business Center, which is in the portfolio of the company, was sold to Vakıf Yatırım Menkul Değerler A.Ş. for the amount of TRY 25,516,000+VAT.

(\*\*) All the transfers to investment properties refer to commercial units rented in Bizimtepe Aydos project.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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#### 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 Arge Gayrimenkul 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 9 November 2021 Kütahya/Merkez Business Center's VAT excluded fair value is TRY 10,825,000 (31 December 2020: TRY 8,020,000) according to sales comparison method. There is no restriction on investment properties. The Company rented this property branch office of Vakıfbank. The Company generated TRY 800,376 of rental income for the period started 1 January 2021 and ended 31 December 2021 (1 January - 31 December 2020: TRY 712,237).

##### Ankara / Kavaklıdere Shop

Ankara/ Kavaklıdere shop is registered to Çankaya/Ankara Küçüksat Mahallesi 2537 plot 6th parcel. Total gross surface is 1,062 m<sup>2</sup>.

Based on Arge Gayrimenkul 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 9 November 2021 Ankara/Kavaklıdere shop's VAT excluded fair value is TRY 17,475,000 (31 December 2020: TRY 15.180.000) 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 TRY 1,293,466 of rental income for the period started 1 January 2021 and ended 31 December 2021 (1 January -31 December 2020: TRY 1,152,000).

##### 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 Arge Gayrimenkul Değerleme ve Danışmanlık 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 9 November 2021 İzmir/Aliğa business center's VAT excluded fair value is TRY 11,225,000 (31 December 2020: TRY 7,146,700) 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 TRY 381,683 of rental income for the period started 1 January 2021 and ended 31 December 2021 (1 January - 31 December 2020: TRY 337,992).

##### 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 Arge Gayrimenkul Değerleme ve Danışmanlık 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 9 November 2021 İstanbul/Fatih Business Center's VAT exclude fair value is TRY 9,615,000 (31 December 2020: TRY 8,535,000) 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 TRY 516,909 of rental income for the period started 1 January 2021 and ended 31 December 2021 (1 January -31 December 2020: TRY 459,986).

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 10. INVESTMENT PROPERTIES (Continued)

##### Bizimtepe Aydos Commercial Units

İstanbul / Bizimtepe Aydos project is located on İstanbul / Bizimtepe Aydos projesi , İstanbul İli, Sancaktepe İlçesi, Samandıra Mahallesi ,8085 parcels, 36 plots in Istanbul Province. Sancaktepe District. Samandıra Mahallesi. There are 32 (31 December 2020: 47) independent commercial sections in the project. Arge Gayrimenkul Değerleme A.Ş. is authorized by the CMB to provide valuation services. According to the report dated 27 December 2021, the fair value of Bizimtepe Aydos 17 independents area determined by the market approach Company share's is TRY 4,772,500 excluding VAT. (31 December 2020: 28 independent area marketing approach is TRY 7,604,000. There are no restrictions on investment property.

As of 30 June 2019, the Company started to sign lease agreements for its commercial units in Bizimtepe Aydos Project. In the accounting period, 1 January 2021 - 31 December 2021, the company earned TRY 525,818 rental income (1 January - 31 December 2020: TRY 490,936).

Company shares of 3 kindergarten and 9 commercial units in Bizimtepe Aydos project were sold for a price of TRY 7,502,331 TL + VAT.

As of 31 December 2021 and 2020, insurance amount of investment properties are as follows:

	31 December 2021		31 December 2020	
	Insurance Date	Insurance Value	Insurance Date	Insurance Value
Bizimtepe Aydos Commercial Areas	26 August 2021	793,150	2 August 2020	6,187,330
Kütahya/Merkez Business Center	3 February 2021	2,858,250	3 February 2020	1,989,960
İzmir/Aliağa Business Center	3 February 2021	1,438,763	3 February 2020	1,278,018
Ankara/Kavaklıdere Shop	3 February 2021	769,950	3 February 2020	880,992
İstanbul Fatih Business Center	8 February 2021	590,138	8 February 2020	491,443
		<b>6,450,251</b>		<b>10,827,743</b>

#### 11. INVENTORIES

	31 December 2021	31 December 2020
İstanbul International Finance Center (*)	972.753.381	319.973.776
Bizimtepe Aydos Project	957.979	1.119.845
<b>Total Short Term Inventories</b>	<b>973.711.360</b>	<b>321.093.621</b>
Cubes Ankara Project	315.473.675	253.843.285
İzmir Konak Land	169.958.400	169.958.400
Tablo Adalar Project	122.281.637	109.124.341
<b>Total Long Term Inventories</b>	<b>607.713.712</b>	<b>532.926.026</b>
<b>Total Short and Long Term Inventories</b>	<b>1.581.425.072</b>	<b>854.019.647</b>

(\*) The company signed a promise-to-sale contract with Türkiye Vakıflar Bankası T.A.O on November 23 related to IUFM project which covers 135,988 m<sup>2</sup> area, 2018 for the sale of 22,900 m<sup>2</sup>, on November 2, 2020 for the sale of 28,001 m<sup>2</sup>, and on 6 January 2021 for the sale of 4,785.68 m<sup>2</sup>. The company transferred the related real estates to its stocks as it started to develop for sale purposes. Between 1 January - 31 December 2021, TRY 325,814,374 TL has been transferred to stocks (1 January - 31 December 2020: TRY 216,525,754 TL).

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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#### 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. 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> and the project has been updated to consist of 1.085 independent sections, including 1.037 residences, 44 commercial units, 3 nurseries and 1 sports center. Real estate project deliveries started on 30 May 2018 and their marketing and selling activities are near to finalization stage. Between 1 January and 31 December 2021, 3 commercial units were sold. As of 31 December 2021, commercial unit leases continues.

##### **İstanbul/Maltepe (Tablo Adalar Project)**

The company purchased a 15,268 m<sup>2</sup> piece of land in Istanbul's Maltepe district for TRY 66,971,250, 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 TRY 56,831,614 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 2021, TRY 3,246,399 of financing expenses have been capitalized on inventories (1 January - 31 December 2020: TRY 3,254,349).

##### **Cubes Ankara Project**

A contract was signed with T. Vakıflar Bankası on 13 May 2020 in order to include the Cubes Ankara Project which is constructing in two separate blocks, parcel 16124/5 and parcel 16125/4 in total 16.778,93 m<sup>2</sup> in Çukurambar Mahallesi , Çankaya district of Ankara province to the Company portfolio in total TRY252,500,000 including VAT.

In 06 July 2020, the title deed transfer of the "Cubes Ankara Project" to the Company was completed. The renovation license for the project was obtained on April 20, 2021, and according to the new construction license, the project has a closed construction area of 216,932 m<sup>2</sup>. The "Main Contractor Service" and "Project Management Service" tenders of the project were finalized and construction activities were started by signing contracts with the relevant companies.

The Company's financing expenses of TRY 6,792,345 were included in project costs between 1 January – 31 December 2021 (1 January - 31 December 2020: None.)

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### 11. INVENTORIES (Continue)

#### İzmir Konak

A land of 17,673.63 m<sup>2</sup> in İzmir Province, Konak District, Mersinli Mahallesi, block 8601, 1 parcel was purchased on 19 August 2015 for TRY57,500,000 including VAT. 100 m<sup>2</sup> TEİAŞ Land located on block 8669/2/plot was added to the portfolio on 13 March 2019 for the land located on block 8601/1/plot with a cost of TRY215,000 and it was registered in the name of the Company on 4 April 2019. Due to the changes arising from the Unification and Free Release to Public Transaction, a real estate with an area of 17,703,70 m<sup>2</sup>, parcel no. 8601, block 2, was formed as a result of the consolidation of parcel no. 8601 and parcel no. 8669, and registered on the side of the Company on April 11, 2019. In addition, the "Agricultural Equipment Buildings, Warehouses and Nursery" idle structures, which are not in use on block 8601, parcel 1, were demolished by declaring the "Law No. 6306 on Transformation of Areas Under Disaster Risk" as risky structures. After demolition on 8 May 2019 deed type of real estate is changed and title deed has become a land.

The Company signed a revenue sharing agreement in return for land with İlk İnşaat and Kaf Teknik Joint Venture for the İzmir Konak Mixed Project in 2018. The Mass Attestation Project regarding the real estate no. 8601 parcel no. 2 submitted to Konak Municipality has been approved by the Directorate of Zoning and Urbanization. The construction license of the project was received on the immovable property numbered 8601 block no. 2 in İzmir Konak, on April 16, 2020. Since the construction has started on İzmir Konak Island 8601 parcel 2, an amount of TRY 169,958,400 has been transferred to the inventory as of December 31, 2020. In line with the needs in the region, the main contractor made arrangements in the license project and the modification license dated 31 December 2021 was obtained.

### 12. PROPERTY, PLANT AND EQUIPMENT

The movement schedule of property, plant and equipment as of 31 December 2021 is as follows:

	1 January 2021	Addition	31 December 2021
<b>Cost</b>			
Land	220,926	--	<b>220,926</b>
Inventories	649,178	105,027	<b>754,205</b>
Special costs	710,180	--	<b>710,180</b>
<b>Total</b>	<b>1,580,284</b>	<b>105,027</b>	<b>1,685,311</b>
<b>Accumulated depreciation</b>			
Land	(505,552)	(67,595)	<b>(573,147)</b>
Special costs	(537,541)	(167,636)	<b>(705,177)</b>
<b>Total</b>	<b>(1,043,093)</b>	<b>(235,231)</b>	<b>(1,278,324)</b>
<b>Net book value</b>	<b>537,191</b>		<b>406,987</b>

As of 31 December 2021, TRY 235,231 of the total depreciation expenses has been accounted under general administrative expenses (31 December 2020: TRY 53,337).

In terms of financial classification, the land that is referred included in the property, plant and equipment. The fair value of the land was determined as TRY 4,322,518, based on the current market value, based on the report dated 6 December 2021 by Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş., which is authorized by the CMB to provide valuation services (31 December 2020: TL 3,322,000). The gross book value of the land, which is located on an energy transmission line, is 220,926 TL and there is no legal restriction on the land.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

	1 January 2021	Addition	Disposal	31 December 2021
<b>Cost</b>				
Land	205,926	15,000	--	<b>220,926</b>
Inventories	578,790	76,383	(5,995)	<b>649,178</b>
Vehicles	104,331	--	(104,332)	<b>--</b>
Special costs	710,180	--	--	<b>710,180</b>
<b>Total</b>	<b>1,599,227</b>	<b>91,383</b>	<b>(110,327)</b>	<b>1,580,284</b>
<b>Accumulated depreciation</b>				
Inventories	(471,488)	(40,058)	5,995	<b>(505,552)</b>
Vehicles	(103,257)	--	103,257	<b>--</b>
Special costs	(524,262)	(13,279)	--	<b>(537,541)</b>
<b>Total</b>	<b>(1,099,007)</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>

There is no lien and no pledge on tangible assets as of 31 December 2021 and 31 December 2020.

#### 13. INTANGIBLE ASSETS

The movement schedule of intangible assets which consist of software and rights as of 31 December 2021 and 31 December 2020 are as follows:

	1 January 2021	Addition	Disposal	31 December 2021
<b>Cost Value</b>				
Cost	278,235	1,662,995		<b>1,941,230</b>
Accumulated amortisation	(114,884)	(305,581)		<b>(420,465)</b>
<b>Net book value</b>	<b>163,351</b>	<b>1,357,414</b>		<b>1,520,765</b>
	1 January 2021	Addition	Disposal	31 December 2021
<b>Cost Value</b>				
Cost	163,642	190,842	(76,249)	<b>278,235</b>
Accumulated amortisation	(96,582)	(58,968)	40,666	<b>(114,884)</b>
<b>Net book value</b>	<b>67,060</b>	<b>131,874</b>	<b>(35,583)</b>	<b>163,351</b>

As of 31 December 2021, TRY 305,581 of the total amortisation expenses has been accounted under general administrative expenses (31 December 2020: TRY 58,968),



## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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#### 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:

	31 December 2021
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	41,840,650
Long term trade payables	34,480
<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 2021

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

### 15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2021 and 31 December 2020 commitments given are as follows:

	31 December 2021	31 December 2020
<b>The CPMs given by the Company</b>		
A. CPM's given in the name of its own legal personality	113,698,671	136,417,822
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 (*)	101,326,070	1,774,336
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 (**)	160,037,241	160,355,279
<b>Total</b>	<b>375,061,982</b>	<b>298,547,437</b>

(\*) It represents the guarantor fee given to the banks in return for the loan amount, in case the buyers of the residences and commercial areas in the projects of which the sale is ongoing, using both housing or commercial workplace loans from the contracted banks within the scope of the relevant projects. The ratio of other CPMs given by the Company within this scope to the Company's equity is 15.36%. (31 December 2020: 20.67%). As of 31 December 2021 and 31 December 2020, the details are as follows:

	31 December 2021		31 December 2020	
	Sales made within the scope of warranty	Company share	Sales made within the scope of warranty	Company share
Cubes Ankara Project (100%)	21,246,099	21,246,099	--	--
Bizimtepe Aydos Project (50%)	1,115,445	557,723	3,548,672	1,774,336
Tablo Adalar Project (99%)	80,325,503	79,522,248	--	--
<b>Total</b>	<b>102,687,047</b>	<b>101,326,070</b>	<b>3,548,672</b>	<b>1,774,336</b>

(\*\*) On 6 July 2020, the "Cubes Ankara Project", which has a construction progress of 15.36%, 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, 2021, there are no other CPMs given by the Company (31 December 2020: None).

As of 31 December 2021 and 31 December 2020, the details of deposits and guarantees received are showed below:

	31 December 2021	31 December 2020
TRY	396,861,507	107,511,749
<b>Total</b>	<b>396,861,507</b>	<b>107,511,749</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

***The case where the company is a party***

As of December 31, 2021, there are 45 cases that the Company is a party to and the subject of 32 lawsuits are consumer lawsuits, 4 enforcement proceedings, 7 action of debts, 2 reemployment lawsuit. According to the opinion received from the lawyers, there are no important lawsuits against the Company.

***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 Aliğa. The amount of monthly rent is TRY 31.624,78 + VAT as of 31 December 2021. 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 2021 for the lease full building which consist of basement. ground and two flats located in İstanbul Fatih. The amount of monthly rent is TRY 43,479.20 +VAT as of 31 December 2021. 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 TRY 107,788.88 + VAT as of 31 December 2021. 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 2021 for the lease full building which consist of basement ground and seven flats located in Kütahya. The amount of monthly rent is TRY 67,322.65 + VAT as of 31 December 2021. 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. Company earned TRY 525,818 +VAT as of rental income for the period started 1 January - 31 December 2021. 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 TRY 47,349 + stoppage as of 31 December 2021. 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 TRY 14,500 + VAT per month as of 31 December 2021. 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 2021

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### 16. PROVISIONS FOR EMPLOYEE BENEFITS

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

As of 31 December 2021 and 31 December 2020, provisions for employee benefits are as follows:

	31 December 2021	31 December 2020
Provision for bonus	462,374	366,583
Provision for unused vacation	405,926	209,504
<b>Total</b>	<b>868,300</b>	<b>576,087</b>

The movement schedule of the unused vacation as of 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
<b>Balance at the beginning of the period - 1 January</b>	<b>209,504</b>	<b>217,340</b>
Changes during the period	196,422	(7,836)
<b>At the end of the period - 31 December</b>	<b>405,926</b>	<b>209,504</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 TRY 10.848,59 for each period of service as of 31 December 2021 (31 December 2020: TRY 7,639). The retirement pay provision ceiling is revised semi-annually, and TRY 10,848.59 which is effective from 1 January 2022, 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 2021 and 31 December 2020, movement of provision for employee termination benefits is as follows:

	2021	2020
<b>Opening balance – 1 January</b>	<b>438,358</b>	<b>386,188</b>
Service cost	260,941	152,908
Interest cost	183,245	59,617
Employment termination benefits paid	(63,143)	(184,196)
Actuarial loss/(gain)	173,796	23,841
<b>Closing balance – 31 December</b>	<b>993,197</b>	<b>438,358</b>

# VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### *Other current liabilities*

As of 31 December 2021 and 2020, other current liabilities of the Company are as follows:

	31 December 2021	31 December 2020
Taxes payable and other duties	13,525,822	1,388,947
Accrued expenses	211,260	361,209
<b>Total</b>	<b>13,737,082</b>	<b>1,750,156</b>

#### *Deferred income (Excluding liabilities arising from customer contracts)*

As of 31 December 2021 and 31 December 2020, current deferred revenue of the Company is as follows:

	31 December 2021	31 December 2020
Deferred income from related parties(*)	1,127,006,536	727,008,300
Deferred income from third parties	699,060	812,941
<b>Total</b>	<b>1,127,705,596</b>	<b>727,821,241</b>

As of 31 December 2021 and 31 December 2020, non-current deferred revenue of the Company is as follows:

	31 December 2021	31 December 2020
Deferred income from third parties (**)	308,443,584	27,096,800
<b>Total</b>	<b>308,443,584</b>	<b>27,096,800</b>

(\*) As of 31 December 2021, short-term deferred income amounting to TL 1,126,955,231 is the cash price received in return for the preliminary sales contract made by the Company with Türkiye Vakıflar Bankası for the IUFM project. While determining the transaction price, the company adjusted the promised price according to the effect of the time value of money. The portion of 51,305 TL of the transaction is the rent collected in advance within the scope of the workplace lease agreement with T. Vakıflar Bankası TAO in Istanbul/Fatih district.

(\*\*) As of 31 December 2021, 136,176,200 TL of long-term deferred revenues is the cash price received for Cubes Ankara project and 163,012,384 TL for the preliminary sales contract for Tablo Adalar Project. While determining the transaction price, the Company adjusted the promised price according to the effect of the time value of money. Deferred income amounting to 9,255,000 TL is the main contractor advance for İzmir Konak Karma Project (31 December 2020: TL 9,255,000).

Since the sales price of the sale projects was not collected in cash as of 31 December 2021, the performance obligation arising from the preliminary sales contract amounting to TRY 294,183,857 was not recorded as deferred income.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### Paid in capital

As of 31 December 2021, and 31 December 2020, the Company's paid-in capital is as follows:

		31 December 2021		31 December 2020	
	Class	Capital rate (%)	Capital amount	Capital rate (%)	Capital amount
T. Vakıflar Bankası T.A.O ("Vakıfbank")	A	22.81	228,084,036	20.54	94,506,883
	B	26.14	261,449,382	25.17	115,781,692
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı ("TOKİ")	A	2.26	22,634,294	4.53	20,823,550
	B	1.40	13,928,810	2.78	12,814,505
Vakıfbank Personeli Özel Sosyal Güv. Hiz. Vakfı	A	5.57	55,715,186	5.57	25,628,985
	B	1.94	19,428,840	1.39	6,407,259
Vakıfbank Memur ve Hizmetleri Emekli Sandığı Vakfı	A	2.78	27,857,592	2.79	12,814,492
	B	4.10	40,964,423	4.44	20,453,634
Other	A	2.09	20,893,198	2.09	9,610,871
	B	30.91	309,044,239	30.70	141,158,129
<b>Total</b>		<b>100</b>	<b>1,000,000,000</b>	<b>100.00</b>	<b>460,000,000</b>
Effects of inflation adjustments			21,599,008		21,599,008
<b>Total</b>			<b>1,021,599,008</b>		<b>481,599,008</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

	31 December 2021	31 December 2020
Share premium	291,780,478	269,639,850
Share premium inflation adjustments difference	9,337,858	9,337,858
<b>Total</b>	<b>301,118,336</b>	<b>278,977,708</b>

The company increase its issued capital of 460,000,000 TRY to TRY 500,000,000. all in cash. within the registered capital ceiling of TRY 1,000,000,000. The application was approved on 28 April 2021.

The company increase its issued capital of 500,000,000 TRY by 100% to TRY 1,000,000,000, all in cash within the registered capital ceiling of TRY 1,000,000,000. The application was approved on 9 August 2021. The company obtained a share premium of TRY 22,140,628 from this transaction.

##### Restricted reserves

As of 31 December 2021 and 31 December 2020, 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 2021

(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 TRY 186,972 (31 December 2020: TRY 13,176 Actuarial Loss) have been accounted for by "Revaluation Funds" under the equity as of 31 December 2021.

#### 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 2021 and 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Income from sales of investment property	7,502,331	--
Rent income	3,518,252	3,616,758
Residence sales	88,077,862	74,097,694
<b>Total residence sales</b>	<b>99,098,445</b>	<b>77,714,452</b>
Interest income	148,138,835	41,858,909
Investment security buy-sell income	1,000,843	--
<b>Total Debt Instruments Revenues</b>	<b>149,139,678</b>	<b>41,858,909</b>
<b>Total revenue</b>	<b>248,238,123</b>	<b>119,573,361</b>
Cost of sales (-)	(60,457,969)	(53,532,596)
<b>Gross profit</b>	<b>187,780,154</b>	<b>66,040,765</b>

Sales of residence and investment property includes the deliveries of the residential units, 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 2021

(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 2021 and 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Cost of inventory sold	53,965,164	52,610,070
Cost of selling investment property	5,276,000	--
Real estate tax	1,021,525	795,559
Land Registry fees	171,355	106,751
Insurance expenses	15,131	17,126
Other	8,794	3,090
<b>Cost of sales</b>	<b>60,457,969</b>	<b>53,532,596</b>

#### 20. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing expenses for the years ended 31 December 2021 and 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Advertisement expenses	10,284,253	3,009,036
Sales commission expense	7,321,285	--
Other	120,806	--
<b>Total</b>	<b>17,726,344</b>	<b>3,009,036</b>

General administrative expenses for the years ended 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	13,526,586	10,386,408
Capital increase expenses	1,685,043	820,053
Outsourced service expenses	1,391,083	1,406,047
Depreciation and amortization (Not 12,13)	540,812	112,305
Tax expenses	96,326	789,352
Other expenses (*)	1,608,175	1,103,396
<b>Total</b>	<b>18,848,025</b>	<b>14,617,561</b>

(\*) Other expenses consist of office overheads.



## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 21. OTHER OPERATING INCOME AND EXPENSE

##### *Other Operating Income*

Other operating income for the years ended 31 December 2021 and 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Fair value gain on investment properties	331,691,396	86,428,330
Inventory impairment provision reversal	11,033,049	--
Reimbursement income	275,670	--
Dividend income	--	5,002,500
Other	449,256	1,513,255
<b>Total</b>	<b>343,449,371</b>	<b>92,944,085</b>

##### *Other real operating expense*

	1 January – 31 December 2021	1 January – 31 December 2020
Rediscount expense	4,425,360	--
Expected credit loss expense	836,841	--
Inventory impairment loss	--	11,033,049
Other	374,043	--
<b>Total</b>	<b>5,636,244</b>	<b>11,033,049</b>

#### 22. EXPENSES BY NATURE

The Company's explanation of the fees for services rendered by independent audit firms, which is prepared by the Public Oversight Authority pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of POA letter dated August 19, 2021 are as follows:

<b>Independent Audit Firm Fees</b>	1 January – 31 December 2021	1 January – 31 December 2020
Audit service fee	100,200	86,000
Tax service fee	47,400	48,000
<b>Total</b>	<b>147,600</b>	<b>134,000</b>

Breakdown of depreciation and amortization expense for the years ended 31 December 2021 and 2020 are as follows:

<b>Personnel Expenses</b>	1 January – 31 December 2021	1 January – 31 December 2020
General administrative expenses (Not 20)	13,526,586	10,386,408
<b>Total</b>	<b>13,526,586</b>	<b>10,386,408</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 22. EXPENSES BY NATURE (Continued):

Depreciation and amortization	1 January – 31 December 2021	1 January – 31 December 2020
General administrative expenses (Not 20)	540,812	112,305
<b>Total</b>	<b>540,812</b>	<b>112,305</b>

#### 23. FINANCE INCOME/EXPENSE

Finance expense for the years ended 31 December 2021 and 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Interest expense	13,082,161	11,168,391
Bank charges and commission expenses	1,218,528	564,702
Exchange rate difference expense	30,279	--
<b>Total</b>	<b>14,330,968</b>	<b>11,733,093</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.

	1 January – 31 December 2021	1 January – 31 December 2020
Profit for the period	474,687,944	118,592,111
Weighted average number of shares	780,219,780	433,205,479
Earnings per share	0.608	0.274

#### 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 2021

(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 2021 and 31 December 2020, credit risk exposure of financial assets is as follows:

	Trade receivables		Other receivables		Cash and Cash Equivalents	Total
31 December 2021	Related party	Related party	Related party	Related party	Deposits in Banks	
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D)</b>	--	<b>65,929,525</b>	--	<b>852,960</b>	<b>846,042,275</b>	<b>912,824,760</b>
- 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	--	65,887,543	--	852,960	846,042,275	912,782,778
B. Net book value of the expired but not impaired financial assets	--	41,982	--	--	--	41,982
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	685,953	--	--	--	685,953
- Impairment (-)	--	(685,953)	--	-	--	(685,953)
- 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 FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Trade receivables		Other receivables		Cash and Cash Equivalents	Total
31 December 2020	Related party	Related party	Related party	Related party	Related party	
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D)</b>	-	<b>11,062,636</b>	-	<b>1,111,147</b>	<b>820,019,626</b>	<b>832,193,409</b>
- 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 FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

Trade receivables past due but not impaired as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
0-3 months overdue	--	123,000
More than 3 months overdue	41,982	838,099
<b>Total</b>	<b>41,982</b>	<b>961,099</b>

As of December 31, 2021 and 2020, the Company's movement tables for its loans are as follows:

	2021	2020
<b>Beginning of period</b>	394,840,461	335,493,344
Payments	(73,126,446)	(291,724,677)
Change in interest accruals	590,006	4,925,711
Cash inflow from borrowings	--	346,146,083
<b>End of period</b>	<b>322,304,021</b>	<b>394,840,461</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

31 December 2021	Carrying value	Total of contractual cash flow (=I+II+III)	Up to 3 months (I)	3-12 months (II)	1 year to 5 years (III)
<b>Contract terms</b>					
<b>Non-derivative financial liabilities</b>					
Financial liabilities	322,304,021	392,154,619	50,137,785	100,429,953	241,586,881
Trade payables	361,018,824	361,018,824	297,893,824	63,125,000	--
Other short term payables and liabilities	13,737,082	13,737,082	13,737,082	--	--
Other payables and liabilities	43,406,613	43,406,613	505,203	41,465,321	1,436,089
<b>Total</b>	<b>740,466,540</b>	<b>810,317,138</b>	<b>362,273,894</b>	<b>205,020,274</b>	<b>243,022,970</b>

31 December 2020	Carrying value	Total of contractual cash flow (=I+II+III)	Up to 3 months (I)	3-12 months (II)	1 year to 5 years (III)
<b>Contract terms</b>					
<b>Non-derivative financial liabilities</b>					
Financial liabilities	394,840,461	486,746,259	9,384,314	101,626,115	375,735,830
Trade payables	315,129,050	315,129,050	188,879,050	--	126,250,000
Other short term payables and liabilities	1,750,156	1,750,156	1,750,156	--	--
Other payables and liabilities	16,679,976	16,679,976	432,884	--	16,247,092
<b>Total</b>	<b>728,399,643</b>	<b>820,305,441</b>	<b>200,446,404</b>	<b>101,626,115</b>	<b>518,232,922</b>

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

As of 31 December 2021 and 31 December 2020, 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 2021 and 31 December 2020, 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:

Financial instruments with fixed interest rates	31 December 2021	31 December 2020
Financial assets		
- Time deposits (Note : 4 )	835,307,940	819,609,847
Financial liabilities		
- Bank loans (Note : 5)	322,304,021	394,840,461

Weighted average interest rates which are applied to financial instruments as of 31 December 2021 and 31 December 2020 are as follows:

Financial instruments		31 December 2021	31 December 2020
Banks time deposits	TRY	14,75% - 23,00%	15,50% - 18,00%
Bank credits	TRY	10,00%	10,00% - 17,00%

##### 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 2021	31 December 2020
Total liabilities	2,178,684,991	1,484,506,172
Cash and cash equivalents (-)	(849,041,503)	(820,021,801)
<b>Net debt</b>	<b>1,329,643,488</b>	<b>664,484,371</b>
<b>Equity</b>	<b>2,441,130,020</b>	<b>1,444,475,244</b>
<b>Equity / Net debt</b>	<b>54%</b>	<b>46%</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**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.

**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.

## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### *Investment Properties*

As of 31,December 2021 and 2020, Sensitivity analysis of investment property calculated by using fair value comparative method is as follows;

31 December 2021	Imputed m2	Sensitivity analysis	Effect of profit on fair value	Effect of loss on fair value
Sancaktepe/Samandıra Land	7,376	10%	12,920,588	(12,920,588)
İzmir/Konak Arsası 8604 Ada-1 Parcel	14,070	10%	9,286,711	(9,286,711)
İzmir/Konak Arsası 8604 Ada-4 Parcel	14,070	10%	8,753,091	(8,753,091)
İzmir/Konak Arsası 8603 Ada-1 parcel	14,070	10%	7,293,054	(7,293,054)
Transform Fikirtepe Project	20,154	10%	5,500,000	(5,500,000)
Ankara/Kavaklıdere Shop	16,455	10%	1,747,500	(1,747,500)
İstanbul/Fatih Business Center	18,900	10%	961,500	(961,500)
Kütahya/Merkez Business Center	5,255	10%	1,082,500	(1,082,500)
Bizimtepe Aydos Commercial Units	10,677	10%	477,250	(477,250)
İzmir/Aliağa Business Center	9,881	10%	1,122,500	(1,122,500)

31 December 2020	Imputed m2	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 Arsası 8604 Ada-1 Parcel	8,800	10%	5,808,458	(5,808,458)
İzmir/Konak Arsası 8604 Ada-4 Parcel	9,150	10%	5,692,444	(5,692,444)
İzmir/Konak Arsası 8603 Ada-1 parcel	8,801	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)

##### *Classification of Fair Value Measurement*

"TFRS 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,



## VAKIF GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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 2021	Level 1	Level 2	Level 3	Total
Investment properties	--	1,594,626,855	--	1,594,626,855
<b>Total</b>	<b>--</b>	<b>1,594,626,855</b>	<b>--</b>	<b>1,594,626,855</b>

31 December 2020	Level 1	Level 2	Level 3	Total
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>

#### 28. SUBSEQUENT EVENTS

None.

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

As of 31 December 2021, 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 2021 and 31 December 2020.

# 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 2021

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

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

Financial statements main account items		III-48.1 Related regulations	Current period	Previous period
<b>A</b>	Monetary and capital market instruments	Art.24/(b)	849,041,503	820,021,801
<b>B</b>	Real estates, projects based on real estates, rights based on real estates	Art.24/(a)	3,176,051,927	1,721,802,060
<b>C</b>	Subsidiaries	Art.24/(b)	-	-
	Due from related parties (non-trade)	Art.23/(f)	-	-
	Other assets		594,721,581	387,157,555
<b>D</b>	<b>Total asset</b>	<b>Art.3(p)</b>	<b>4,619,815,011</b>	<b>2,928,981,416</b>
<b>E</b>	Financial liabilities	Art.31	322,304,021	394,840,461
<b>F</b>	Other financial liabilities	Art.31	-	-
<b>G</b>	Financial leasing obligations	Art.31	-	-
<b>H</b>	Due to related parties (non trade)	Art.23/(f)	-	-
<b>I</b>	Equity	Art.31	2,441,130,020	1,444,475,244
	Other liabilities		1,856,380,970	1,089,665,711
<b>D</b>	<b>Total liabilities</b>	<b>Art.3/(p)</b>	<b>4,619,815,011</b>	<b>2,928,981,416</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 (*)	Art.24/(b)	848,468,031	819,609,846
<b>A2</b>	Time deposit/demand deposit/TRY/Foreign currency (*)	Art.24/(b)	573,472	409,780
<b>A3</b>	Foreign capital market instruments	Art.24/(d)	-	-
<b>B1</b>	Foreign properties, projects based on properties and rights based on properties	Art.24/(d)	-	-
<b>B2</b>	Idle lands	Art.24/(c)	220,926	220,926
<b>C1</b>	Foreign Subsidiaries	Art.24/(d)	-	-
<b>C2</b>	Investments in affiliated operating companies	Art.28/1(a)	-	-
<b>J</b>	Non-cash loans	Art.31	375,061,982	298,547,437
<b>K</b>	Mortgage amounts on lands that project to be developed and the ownership does not belong the partnership	Art.22/(e)	-	-
<b>L</b>	Total investments of monetary and capital market instruments at one company(*)	Art.22/(1)	573,472	407,252

# 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 2021

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

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

Portfolio Restrictions	III-48.1Related Regulation	Current period	Previous period	Max/Min Rate
1 Mortgage amounts on lands that project to be developed and the ownership does not belong the partnership	Art.22/(e)	-	-	Max 10%
2 Real estates, projects based on real estates, rights based on real estates	Art.24/(a),(b)	80,15%	86,77%	Min 51%
3 Monetary and capital market instruments	Art.24/(b)	6,98%	0,01%	Max 49%
4 Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments	Art.24/(d)	-	-	Max 49%
5 Idle lands	Art.24/(c)	0,00%	0,01%	Max 20%
6 Subsidiaries (operating companies)	Art.28/1(a)	-	-	Max 10%
7 Borrowing limit	Art.31	28,57%	48%	Max 500%
8 TRY and foreign currency time and demand deposits	Art.24/(b)	6,98%	0,01%	Max 10%
9 Total investments of monetary and capital market instruments at one company	Art.22/(1)	%0,01	0,01%	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 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 2021 and 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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