AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

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

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

2. Basis for opinion

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

3. Key audit matters

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

<table>
<tr><th>Key Audit Matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Valuation work related to determining the fair value of investment properties</td><td></td></tr>
<tr><td>As of 31 December 2020, the Group’s investment properties, which have a carrying value of 5,276,965,741 TRY and represent a significant share of its total assets, consisted of office and commercial units.

The accounting policy Group management applies when recognising these investment properties is the “fair value method”, as described in detail in Note 2 and Note 11. The fair value of these assets is determined by an independent valuation institution accredited by the Capital Markets Board and used as the basis for the carrying values in the balance sheet after being assessed by Group management. When determining the fair value of investment properties, methods such as benchmark comparison and reduced cash flow are used, and these methods include inputs based on important assumptions such as real discount and inflation, which may lead to changes when determining fair value. Fair value is directly affected by factors such as market conditions and the detailed features of each property. The impacts of rent losses arising from market conditions and restrictions caused by the COVID-19 pandemic are also taken into account when determining fair value.

The work carried out to determine the fair value of the investment properties was defined as a key audit matter because the book value of investment properties comprises a significant portion of the Group’s aggregate assets and the valuations are subjective in nature and include material assumptions and reasoning.</td><td>During our audit, the following audit procedures were used to determine the fair value of investment properties:

• The procedures used by Group management to determine the fair value of investment properties were evaluated.
• As for the expert institution carrying out the valuation work, we performed the following procedures:
- The expert institution’s property valuation accreditation and licence were checked.
- The expert institution’s competence, ability and neutrality were evaluated.
• We tested the investment properties’ title deed records and ownership rates.
• We compared the consistency of the inputs that have significant impact on the property value determined and stated in the valuation reports, such as square meter details of areas that can be rented and unit sales value, against observable market prices, and then tested whether the appraised values fall within an acceptable range.
• We have also tested inputs such as rental income, duration of rental contracts, occupancy rates and expenses used in the valuation reports that have a significant impact on property value.
• We evaluated with our experts whether the assumptions used by the valuation experts in their valuations, the appraised values such as inflation and the real discount fall within an acceptable range.
• We checked whether the fair values in the valuation report complied with the notes and whether the note explanations are sufficient in terms of TFRS.</td></tr>
</table>

4. Other matters

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 28 February 2020 expressed an unqualified opinion.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 26 February 2021.

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

Baki Erdal, SMMM
Partner

Istanbul, 26 February 2021

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

AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019

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

	Notes	**Audited 31 December 2020**	**Audited 31 December 2019**
ASSETS			
Current Assets		**711,816,606**	**799,648,318**
Cash and cash equivalents	4	139,316,960	246,302,394
Financial investments	5	8,403,983	10,921,134
Trade receivables	7	68,095,015	77,163,274
- Trade receivables from related parties	*7, 28*	*138*	*23,684*
- Trade receivables from third parties		*68,094,877*	*77,139,590*
Other receivables		3,512,738	2,113,534
- Other receivables from third parties	*8*	*3,512,738*	*2,113,534*
Inventories	12	312,405	20,904,892
Inventories under development	12	466,030,710	433,819,841
Prepaid expenses	9	7,352,377	4,316,006
Derivative instruments	10	18,517,207	3,740,888
- Derivative financial assets held for trading		*18,517,207*	*3,425,449*
- Derivative financial assets held for hedging		-	*315,439*
Other current assets		275,211	366,355
Non-current Assets		**5,393,060,925**	**5,499,236,273**
Trade receivables		-	564,642
- Trade receivables from third parties	*7*	-	*564,642*
Other receivables		16,766,272	14,185,483
- Other receivables from related parties	*28*	*15,103,118*	*12,631,530*
- Other receivables from third parties	*8*	*1,663,154*	*1,553,953*
Investments accounted for using the equity method	13	34,484,785	27,813,159
Investment properties	11	5,276,965,741	5,403,103,276
Property, plant and equipment	14	27,991,675	29,203,459
Intangible assets		5,304,042	5,842,799
- Goodwill		*707,175*	*707,175*
- Other intangible assets	*15*	*4,596,867*	*5,135,624*
Deferred tax assets		524,115	474,453
Prepaid expenses	9	26,889,087	11,664,258
Derivative financial assets	10	1,649,554	4,339,918
- Derivative financial assets held for trading		*1,649,554*	*4,339,918*
Other non-current assets	16	2,485,654	2,044,826
Total Assets		**6,104,877,531**	**6,298,884,591**

The consolidated financial statements for the 1 January - 31 December 2020 accounting period have been reviewed by the audit committee and approved by the Board of Directors resolution dated 26 February 2021.

AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Current Liabilities		**812,171,283**	**953,960,198**
Short-term borrowings	6	436,390,089	584,781,297
Short-term portion of long-term borrowings	6	323,455,636	299,631,154
Trade payables		10,875,726	13,085,158
- Trade payables to related parties	*7, 28*	*3,551,691*	*4,274,506*
- Trade payables to third parties	*7*	*7,324,035*	*8,810,652*
Employee benefit related liabilities	18	1,668,515	1,669,278
Other payables		3,728,552	6,252,253
- Other payables to third parties	*8*	*3,728,552*	*6,252,253*
Deferred income (Excluding liabilities from customer contracts)	9	4,845,313	8,722,921
Derivative financial liabilities	10	21,875,881	30,223,912
- Derivative financial liabilities held for trading		*15,160,681*	*446,152*
- Derivative financial liabilities held for hedging		*6,715,200*	*29,777,760*
Short-term provisions	17	9,269,328	9,465,185
- Short-term provisions for employee benefits	*17, 18*	*768,616*	*736,430*
- Other short-term provisions		*8,500,712*	*8,728,755*
Income tax payable		62,243	129,040
Non-current Liabilities		**1,685,492,270**	**1,324,473,833**
Long-term borrowings	6	1,675,979,854	1,289,652,762
Trade payables		4,739,096	3,125,366
- Trade payables to third parties	*7*	*4,739,096*	*3,125,366*
Deferred income (Excluding liabilities from customer contracts)	9	2,925,230	5,483,069
Derivative financial liabilities	10	-	24,355,539
- Derivative financial liabilities held for hedging		-	*24,355,539*
Long-term provisions		1,848,090	1,857,097
- Long term provisions for employee termination benefits	*18*	*1,848,090*	*1,857,097*
Equity		**3,607,213,978**	**4,020,450,560**
Paid-in share capital	26	554,699,850	430,091,850
Adjustment to share capital		121,877,344	121,877,344
Combination offset account		870,289,152	870,289,152
Share premium		50,712,389	50,712,389
Treasury shares		(219,131)	(4,592,411)
Other comprehensive income / (expense) not to be reclassified to profit or loss	19	(1,025,675)	(1,148,542)
- Remeasurement loss arising from defined benefit plan		*(1,025,675)*	*(1,148,542)*
Other comprehensive income / (expense) to be reclassified to profit or loss	19	(6,620,992)	(47,332,651)
- Currency translation reserve		*15,768,639*	*7,370,271*
- Cash flow hedge gains/(losses)		*(22,389,631)*	*(54,702,922)*
Effects of business combination of entities under common control		(4,109,167)	(4,109,167)
Restricted reserves appropriated from profit	19	112,319,777	116,693,057
Other reserves	19	54,696,807	54,696,807
Retained earnings	19	2,313,038,012	1,884,229,243
Net (loss)/profit for the year		(458,444,388)	549,043,489
Total Liabilities and equity		**6,104,877,531**	**6,298,884,591**

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

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

AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	20	301,444,451	437,161,617
Cost of sales (-)	20	(105,719,172)	(107,502,696)
Gross profit		**195,725,279**	**329,658,921**
General administrative expenses (-)	21	(28,958,067)	(29,623,784)
Marketing expenses (-)	21	(2,454,329)	(3,905,773)
Other operating income	23	45,271,803	39,772,884
Other operating expenses (-)	23	(43,255,805)	(39,602,658)
Operating profit		**166,328,881**	**296,299,590**
Income from investing activities	24	34,267,430	580,453,447
Expenses from investment activities	24	(164,851,765)	(9,779,099)
Share of profit of investment accounted for using the equity method	13	(1,222,053)	(1,531,678)
Operating profit before financial loss		**34,522,493**	**865,442,260**
Financial income	25	328,263,100	182,435,677
Financial expenses (-)	25	(820,944,655)	(498,540,615)
Profit/(loss) before tax from continuing operations		**(458,159,062)**	**549,337,322**
Current tax expense	27	(334,989)	(440,322)
Deferred tax income/expense	27	49,663	146,489
Net profit/(loss) for the year from continuing operations		**(458,444,388)**	**549,043,489**
NET PROFIT/(LOSS) FOR THE YEAR		**(458,444,388)**	**549,043,489**
Total income for the period attributable to:			
Equity holders of the parent		(458,444,388)	549,043,489
Earnings per share	**26**	**(0.94)**	**1.28**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items not to be reclassified to profit and loss		**122,867**	**(722,505)**
Remeasurement loss arising from defined benefit plan	18	122,867	(722,505)
Items to be reclassified to profit or loss		**40,711,659**	**(50,327,424)**
Currency translation differences		8,398,368	4,602,648
Other comprehensive income/(expense) related to cash flow hedge	10	32,313,291	(53,664,818)
Shares to reclassified in comprehensive income/ (expense) of investments accounted for using the equity method		-	(1,265,254)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		**40,834,526**	**(51,049,929)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		**(417,609,862)**	**497,993,560**
Total comprehensive income attributable to:			
Equity holders of parent		(417,609,862)	497,993,560

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

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

AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

													Accumulated profit		
PRIOR PERIOD	**Paid in capital**	**Adjustments to share capital**	**Share premium**	**Remeasurement gain/(loss) arising from benefit plan (1)**	**Currency Translation differences (2)**	**Cash flow hedge gains/ (losses)**	**Shares from other comprehensive income of investments accounted for using the equity method (2)**	**Combination/ offsetting account**	**Treasury shares**	**Effect of business combination of entities under common control**	**Other reserves**	**Restricted reserves appropriated from profit**	**Retained earnings**	**Net profit for the year**	**Total equity**
As of 1 January 2019	**430,091,850**	**121,877,344**	**50,712,389**	**(426,037)**	**2,767,623**	**(1,038,104)**	**1,265,254**	**870,289,152**	**(3,860,001)**	**(4,109,167)**	**54,696,807**	**107,311,106**	**971,344,594**	**1,029,882,607**	**3,630,805,417**
Transfers	-	-	-	-	-	-	-	-	-	-	-	8,649,541	1,029,882,607	(1,029,882,607)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(107,616,007)	-	(107,616,007)
Increase/(decrease) resulting from recovering of shares	-	-	-	-	-	-	-	-	(732,410)	-	-	732,410	(732,410)	-	(732,410)
Total comprehensive income	-	-	-	(722,505)	4,602,648	(53,664,818)	(1,265,254)	-	-	-	-	-	-	549,043,489	497,993,560
Balance as of 31 December 2019	**430,091,850**	**121,877,344**	**50,712,389**	**(1,148,542)**	**7,370,271**	**(54,702,922)**	**-**	**870,289,152**	**(4,592,411)**	**(4,109,167)**	**54,696,807**	**116,693,057**	**1,884,229,243**	**549,043,489**	**4,020,450,560**
CURRENT PERIOD															
As of 1 January 2020	**430,091,850**	**121,877,344**	**50,712,389**	**(1,148,542)**	**7,370,271**	**(54,702,922)**	**-**	**870,289,152**	**(4,592,411)**	**(4,109,167)**	**54,696,807**	**116,693,057**	**1,884,229,243**	**549,043,489**	**4,020,450,560**
Transfers	-	-	-	-	-	-	-	-	-	-	-		549,043,489	(549,043,489)	-
Capital increase	124,608,000	-	-	-	-	-	-	-	-	-	-	-	(124,608,000)	-	-
Increase/(decrease) resulting from recovering of shares	-	-	-	-	-	-	-	-	4,373,280	-	-	(4,373,280)	4,373,280	-	4,373,280
Total comprehensive income	-	-	-	(122,867)	8,398,368	32,313,291	-	-	-	-	-	-	-	(458,444,388)	(417,609,862)
Balance as of 31 December 2020	**554,699,850**	**121,877,344**	**50,712,389**	**(1,025,675)**	**15,768,639**	**(22,389,631)**	**-**	**870,289,152**	**(219,131)**	**(4,109,167)**	**54,696,807**	**112,319,777**	**2,313,038,012**	**(458,444,388)**	**3,607,213,978**

(1) Items not to be reclassified to other comprehensive income and expenses.
(2) Items to be reclassified to other comprehensive income and expenses.
(3) Disclosed on Note 19.

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

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

AKİŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		**169,416,760**	**342,192,942**
Net (loss)/profit for the period		**(458,444,388)**	**549,043,489**
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities		**619,462,488**	**(270,624,610)**
Adjustments related to depreciation and amortization	22	3,814,129	4,105,660
Adjustments related to impairment/(cancellation) on assets		6,826,238	11,740,461
Adjustments related to provisions		2,245,533	2,107,532
Adjustments related to interest income and expenses	25	144,009,979	135,212,087
Adjustments related to unrealized exchange differences		330,097,551	147,744,935
Adjustments related to tax income/expenses		285,326	293,833
Adjustments related to fair value gain, net	11	130,878,203	(570,289,533)
Adjustments related to undistributed profits of subsidiaries	13	1,222,053	1,531,678
Adjustments for other items that cause cash flow resulting from financing and investing activities	24	(293,868)	(384,815)
Other adjustments related to non-cash items		377,344	(2,686,448)
Changes in net working capital		**46,789,065**	**136,328,435**
Increases in inventories		13,777,650	(1,792,708)
Decrease in trade receivables		19,482,005	62,274,990
Decrease in trade payables		(1,453,885)	(623,087)
Decrease (increase) in financial investments		2,517,151	13,254,610
Adjustments related to other increases in operating capital		12,466,144	63,214,630
Decrease (increase) in other receivables arising from operating activities		*(16,226,578)*	*(7,031,038)*
Increase (decrease) in other payables arising from operating activities		*28,692,722*	*70,245,668*
Cash flows from operating activities		**207,807,165**	**414,747,314**
Taxes paid		(37,901,257)	(71,986,282)
Other cash proceeds/outflows		(489,148)	(568,090)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(3,181,350)**	**(1,749,863)**
Cash outflows from purchase of property, plant and equipment and intangibles	14, 15	(2,269,837)	(2,379,310)
Cash inflows from sales of property, plant and equipment and intangibles		228,518	-
Cash proceeds from disposal of investment property	11, 24	4,559,901	3,564,815
Cash outflows from purchase of investment property	11	(5,699,932)	(2,935,368)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(333,185,218)**	**(197,342,884)**
Cash proceeds arising from borrowings	6	1,865,966,691	1,350,293,708
Cash outflow arising from repayments of borrowings	6	(2,012,341,668)	(1,249,218,968)
Cash inflows from derivative instruments		19,235,349	3,530,992
Cash outflows from derivative instruments		(19,885,171)	(16,137,906)
Dividends paid		-	(107,616,007)
Cash outflows arising from purchasing business's own share and other equity-based derivatives		4,373,280	(732,410)
Interest received		9,768,402	11,987,865
Interest paid	6	(173,929,945)	(189,450,158)
Other cash outflows	4	(26,372,156)	-
Net decrease/increase in cash and cash equivalents before currency translation differences		**(166,949,808)**	**143,100,195**
D. Effects of currency translation differences on cash and cash equivalents		**33,592,218**	**7,077,862**
Net increase (decrease) in cash and cash equivalents		**(133,357,590)**	**150,178,057**
E. Cash and cash equivalents at the beginning of the year	**4**	**246,302,394**	**96,124,337**
Cash and cash equivalents at the end of the year	**4**	**112,944,804**	**246,302,394**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Akiş GYO" or "the Company") was established on 22 November 2005 with the title of "Akiş Gayrimenkul Yatırımı A.Ş." in Istanbul/Turkey. The Company's legal title was changed to "Akiş Gayrimenkul Yatırım Ortaklığı A.Ş." The mentioned changes in the articles of association has been registered on 18 May 2012 and published on the Trade Register Gazette on 24 May 2012 and numbered 8075. The company, included in the Akkök Group, is a subsidiary of Akkök Holding A.Ş. which is the dominant partner in the Group.

The Company's main business activity is to engage in objectives and matters written in the regulations concerning the real estate investment trusts of the Capital Markets Board ("CMB"), such as, investment in real estate, real estate based capital market instruments, real estate projects, real estate based rights and capital market instruments.

At the meeting of the Board of Directors held on 17 August 2012, it was decided to merge with Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayi A.Ş. (Ak-Al), through takeover, in accordance with the article 136 of the Turkish Commercial Code No. 6120 and articles 18.19 and 20 of the Corporate Tax Law, and the merger was to be carried out based on the balance sheets of the entities dated 30 June 2012 prepared in accordance with the related arrangements of the CMB, and through transferring all assets and liabilities of Ak-Al to Akiş GYO and the merger operation was approved at the extraordinary general meeting held on 31 December 2012.

With the Company resolution dated 8 September 2016 and 134th and the following articles of the Turkish Commercial Code (TCC) numbered 6102, 18th, 19th and 20th articles of the Corporate Tax Law Taxes No: 5520 and since both companies are subject to the Capital Markets Law numbered 6362 (SPK.) and their shares are publicly traded and traded in the Borsa İstanbul A.Ş. (Stock Exchange), 23rd and 24th articles of the Capital Market Laws which was published in the Official Gazette dated 28 December 2013 and numbered 28865, that has the title of "Merger and separation" (II-23.2), and the article "Common Principles on Important Qualifications and Separation Articles" (II-23.1) published on Capital Markets Board's (CMB's) Official Gazette dated 24 December 2013 and numbered 28861, and in accordance other relevant legislative provisions; it has been decided to merge with Saf Gayrimenkul Yatırım Ortaklığı A.Ş. ("Saf GYO") within Akiş GYO, including assets and liabilities, as of the balance sheet date 30 June 2016, of Saf GYO to be taken over by Akiş GYO as a whole, within the context of the Extraordinary General Assembly held on 28 December 2016.

The Company is registered in İstanbul Trade Registry Office in Turkey, and the registered address is:

Acıbadem Mahallesi Çeçen Sokak No: 25, 34660 Akasya AVM, Acıbadem/Üsküdar - İstanbul.

Akiş GYO, together with its subsidiaries and joint ventures, is referred to as "the Group".

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

The Company's shareholder structure as of 31 December 2020 is as follows:

	31 December 2020	
	Share rate (%)	**Share amount**
Raif Ali Dinçkök	14.67	81,359,897
Akkök Holding A.Ş.	14.66	81,337,556
Alize Dinçkök	8.91	49,443,925
Emniyet Ticaret A.Ş.	8.16	45,250,922
Nilüfer Dinçkök Çiftçi	8.15	45,198,135
European Bank For Reconsrtruction And Development	7.36	40,819,767
Alina Dinçkök	6.53	36,214,047
Other, publicly traded shares included (*)	31.56	175,075,601
Total paid capital	**100.00**	**554,699,850**

(*) As of 31 December 2020, 44.04% of Akiş GYO's shares are traded on Borsa İstanbul A.Ş. ("BIST").

The Company's shareholder structure as of 31 December 2019 is as follows:

	31 December 2019	
	Share rate (%)	**Share amount**
Raif Ali Dinçkök	16.79	72,210,635
Akkök Holding A.Ş.	14.66	63,065,857
Alize Dinçkök	10.07	43,326,381
Nilüfer Dinçkök Çiftçi	9.21	39,605,909
Emniyet Ticaret A.Ş.	9.13	39,267,011
European Bank For Reconsrtruction And Development	7.36	31,650,000
Alina Dinçkök	6.53	28,078,910
Other, publicly traded shares included	26.25	112,887,147
Total paid capital	**100.00**	**430,091,850**

As of 31 December 2020 the share groups representing the issued capital consist of group A with 25,049,859 shares equivalent to TRY 25,049,859 while the rest of shares represent group B. (31 December 2019: Group A consists of 19,422,649 shares corresponding to TRY 19,422,649) The group A are registered shares, and group B are shares to bearer. Transfer of registered shares can't be restricted. Group A shares have the privilege of nominating candidates for the election of Board members. Five members of the Board of Directors are elected by the General Assembly among the candidates nominated by the majority vote of group A shareholders.

As of 31 December 2020, the registered share capital of the Company is TRY1,000,000,000 (31 December 2019: TRY500,000,000). As of 31 December 2020, the paid-in capital of the Company is TRY554,699,850 and consists of 554,699,850 shares with a nominal value of TRY1 per each (31 December 2019: TRY 430,091,850 consisting of 430,091,850 shares with a nominal value of TRY1 per each).

As of 31 December 2020, number of employees of the Group is 257 (31 December 2019: 288).

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

Akiş GYO's subsidiaries has operations in Turkey and Bulgaria, the main business activities are as follows:

Subsidiaries	**Nature of business**
Aksu Real Estate E.A.D. ("Aksu Real Estate")	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım A.Ş. ("Karlıtepe ")	Real estate investment
Akyaşam Yönetim Hizmetleri A.Ş. ("Akyaşam")	Shopping mall and office management
Akasya Çocuk Dünyası A.Ş. ("Akasya Çocuk")	Children entertainment industry

	31 December 2020		**31 December 2019**	
	Direct and indirect ownership rate (%)	**Effective ownership rate (%)**	**Direct and indirect ownership rate (%)**	**Effective ownership rate (%)**
Aksu Real Estate	100.00	100.00	100.00	100.00
Karlıtepe	100.00	100.00	100.00	100.00
Akyaşam	100.00	100.00	100.00	100.00
Akasya Çocuk	100.00	100.00	100.00	100.00

Akyaşam

Akyaşam Yönetim Hizmetleri A.Ş. was established on 6 January 2014 with the aim of management of shopping malls and offices. Akiş GYO owns 100% of share capital.

Aksu Real Estate

Aksu Textiles E.A.D was established in Bulgaria on 18 December 2000 and its main business activity is the production of all kinds of textiles and clothing, importation and exportation. Aksu Textiles E.A.D whose all capital belongs to Ak-Al became a subsidiary of Akiş GYO with the merger registered on 4 January 2013.

With the Board of Directors' decision dated 16 August 2013, the title of Aksu Textile EAD was decided to be changed to Aksu Real Estate EAD. With the change of title, the operational activity of the Company was also changed as to perform real estate investment activities both locally and abroad.

Karlıtepe

Karlıtepe Gayrimenkul Geliştirme ve Yatırım A.Ş. was registered on 12 May 2015 and established in İstanbul, and its main operating activities are: purchasing land or miscellaneous real estate in its own name, leasing, dividing up into plots, amalgamate, selling in sections, creating or having reconstruction plan created, acquisition of maps/projects and to make constructions at related land, providing architecture, engineering, technical consultancy and operating services for any kind of building, office, facility, landscape and environmental design and involving commercial activities in this context. On 28 May 2015, it became Akiş GYO's subsidiary. Karlıtepe was purchased in scope of business development process of Beykoz lands.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Akasya Çocuk Dünyası

Akasya Çocuk Dünyası A.Ş. provides children, inside Akasya shopping mall, with the opportunity to play in different roles in the thematic park scaled according to their own interior. The Company is the subsidiary of Akyaşam Yönetim Hizmetleri A.Ş. with the share of 100%.

Joint Ventures

WMG London Developments L.P.

In order to make a real estate investment in London/England, an investment has been made to have 51% share of WMG London Developments L.P. ("WMG London") based in Jersey.

Due to the significant influence of Akiş GYO on joint ventures, WMG London is accounted for using the equity method in the financial statements.

Joint Venture	Nature of Business
WMG London	Real estate investments

	31 December 2020		31 December 2019	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
WMG London Developments L.P.	51.00	51.00	51.00	51.00

Joint Operations

Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A participant of a joint operation is evaluated according to the owned asset, obligation, revenue and cost. Assets, liabilities, equity items, income and expenses and cash flows of the joint operations are consolidated on proportionate basis, the transactions and unrealized profit/losses with the joint operations are eliminated from the financial statements.

The joint ventures of Akiş GYO are operating in Turkey and the nature of their business is as follows:

Joint Venture	Nature of Business	Entrepreneur Partner
Akiş - Mudanya Ordinary Partnership	Real estate investments	Mudanya Gayrimenkul Geliştirme ve Yatırım A.Ş.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

	31 December 2020		31 December 2019	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Akiş - Mudanya Ordinary Partnership	50.00	50.00	50.00	50.00

Akiş - Mudanya Ordinary Partnership

Ordinary Partnership has been established on 28 May 2015 with the contract of project partnership signed by Akiş GYO and Mudanya Gayrimenkul Geliştirme ve Yatırım A.Ş. Akiş's share in partnership is 50%. The purpose of the project partnership is the execution of rights and obligations due to the construction in return for flat agreements on project development in İstanbul, Beykoz district, Gümüşsuyu neighbourhood.

Approval of Financial Statements

The consolidated financial statements for the year ended at 31 December 2020 has been approved by the Board of Directors on 26 February 2021.

Accounting policies used for the preparation of consolidated financial statements are presented below. Unless otherwise indicated, these accounting policies are applied to all the periods presented.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

Accounting Principles Applied

The consolidated financial statements of the Group have been prepared in accordance with communique No: II, 14.1 "Communique on Financial Reporting Standards in Capital Markets" ("Comminuqeu") promulgated by CMB, which is published at 13 June 2013 in the official Gazette numbered 28676 and in accordance with the Turkish Accounting Standards ("TAS"), issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS; Turkish Accounting Standards is composed of Turkish Financial Reporting Standards with related additions and interpretations. TAS/TFRS is updated via comminiques in order to be parellel to changes in the International Financial Reporting Standards (IFRS).

In addition, consolidated financial statements are presented in accordance with the formats announced by the POA with the announcement dated 15 April 2019.

Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Preparation (Continued)

Presentation and functional currency

The reporting currency of the Group is Turkish Lira (TRY) and all financial informations are expressed in TRY unless otherwise is indicated. The reporting currency of the WMG London is the British Pound ("GBP"), the reporting currency of the Aksu Real Estate is Bulgarian Lev ("BGN"). The financial information expressed in the currencies other TRY is full unless otherwise indicated.

Offsetting

Financial assets and liabilities are clearly shown in cases, necessary legal rights, intention to clearly evaluate related assets and liabilities, or obtaining assets and fulfilment of obligations occurring simultaneously.

Periodicity of Activities

There is not any effect on the financial performance of the Group for the 12 months period that ends as of 31 December 2020 that is related to periodicity of activities.

Going Concern

The Company prepared its financial statements in line with the going concern principle. In December 2019, a new strain of coronavirus was reported in Wuhan, China and WHO announced that the pandemic posed a "Public Health Emergency of International Concern." With COVID-19 cases in Turkey in March and the resulting COVID-19 pandemic, customer traffic in malls in Turkey declined gradually.

As of 19 March 2020, Company management prioritised the health of visitors, store personnel in malls, and its personnel, and temporarily stopped operations in the Akasya and Akbatı Malls. Similarly, it was decided that rent would not be collected for the duration of the mall shut-downs, for March 2020 rent would only be collected for the period up 19 March which was the shut-down date considered for stores that closed down previously because of regulations, and that rent regulation authority would be handed over to management for stores still operating, such as markets and pharmacies.

Akbatı and Akasya Malls, which were shut down on 19 March 2020 in the scope of the Company's fight against the COVID-19 pandemic, reopened as of 1 June 2020, taking all necessary measures to maximise hygiene and minimise risk. For rent payments between the period starting June-and ending December, and only for this period, it was decided that rent support would be provided at rates determined monthly depending on criteria such as turnover.

Company management is taking the necessary measures to minimise the pandemic's negative effects on the Company's financial position, financial performance and cash flows. Additionally, management evaluated the continuity of the Company's business operations and foresees that commercial risks, which might affect the going concern, can be managed. Company management estimates that the Company has adequate liquidity reserves to maintain operational continuity and will have adequate resources with malls reopening. Also, the Company reviewed budget projections and reassessed: cash flow predictions in line with various scenarios, the actions to be taken to compensate for the income loss expected because of the cessation of operations and the relevant predictions and assumptions, asset impairment assumptions and revenue expectations. The consolidated financial statements prepared in line with the going concern principle were prepared considering these assessments.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Amendments in accounting policies

2.2.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and
iii) incorporate some of the guidance in TAS 1 about immaterial information.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the TASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the TASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Amendments in accounting policies (Continued)

ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

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

TFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to TAS 1, Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3**, Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Amendments in accounting policies (Continued)

Amendments to TFRS 17 and TFRS 4, 'Insurance contracts', deferral of TFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instrument until 1 January 2023.

2.3 Comparative figures and the restatement to the financial statements of the prior period

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented.

As of 31 December 2020, consolidated financial statements are provided comparative with previous period.

2.4 Summary of Significant Accounting Policies

2.4.1 Basis of Consolidation

The consolidated financial statements include the accounts of the parent company, Akiş GYO and its subsidiaries on the basis set out in sections below. The financial statements of the subsidiaries which are included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and the required adjustments and reclassifications have been made in accordance with CMB Financial Reporting Standards and applying uniform accounting policies and presentation.

Subsidiaries

Control is achieved by having control over financial and operational policies in order to benefit from an operator's activities.

Subsidiaries are companies that either (a) are directly or indirectly entitled to exercise more than 50% of the voting rights relating to the shares in the company as a result of their own voting rights, or (b) refers to companies that have the power and power to control their financial and operating policies in the interests of the Company by using the actual dominance effect on the financial and operating policies, without having the authority to use more than 50%.

The existence of potential convertible or usable potential voting rights is also taken into account when evaluating whether the Group controls another company.

Subsidiaries subject to consolidation, their voting rights and effective ownership interests at 31 December 2020 and 2019 are shown in Note 1.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Subsidiaries have started to be consigned to the controlling Group since the date of the control, and the process of consoling is ended with the removal from the controlling Group. The accounting policies applied for the Subsidiaries are changed to ensure consistency with the accounting policies applied by the Group.

The results of subsidiaries purchased or disposed of during the period are included in the comprehensive income statement after the date of purchase or on the date of exclusion.

The financial statements of the subsidiaries and profit or loss and other comprehensive income statements are consolidated using the full consolidation method and the carrying value of the shares held by the Company and its subsidiaries is offset against the related equity. Intra-group transactions and balances between the Company and its subsidiaries are eliminated during consolidation. The carrying value of the shares held by the Company and the dividends arising therefrom have been netted from the related equity and comprehensive income statement accounts.

Minority interests in the net assets of subsidiaries in the Consolidated Subsidiary are separately stated in the equity of the Group. Minority interests consist of the shares in the initial business combinations and minority interests in the changes in equity since the date of the combination. The accumulated loss on a non-consolidated basis of a consolidated subsidiary may exceed the amount of the non-parent equity on that subsidiary. In this case, the cumulative loss and the subsequent current year losses to be deducted from the minority interest are attributable to minority interests.

2.4.2 Joint Agreements

Joint Operations

The Group applies TFRS 11, "Joint Agreements" standard for its all joint agreements. In accordance with TFRS 11, investments in joint ventures are classified as joint ventures or joint ventures, depending on the investor's rights and obligations to the contract. The Group has assessed the project partnership agreements detailed in Note 1 and determined that it is a joint venture. Project partnerships subject to joint operations are accounted by proportional consolidation method.

Joint operations have been included in the scope since the date that the rights and obligations in the contract were transferred to the Company and were excluded from the scope at the date of completion of joint operation. Where necessary, adjustments have been made to accounting policies in the financial statements of the project partnerships in the scope of joint operations so as to be consistent with the accounting policies followed by the Group.

The financial statements of the joint ventures and the profit or loss tables are included in the financial statements of the Group using proportional consolidation method and the carrying values of the shares in which the project partnerships are held are offset against the related equity. Transactions and balances between the Group and the project partnerships in the scope of the joint operations are proportionately offset during the acquisition of the financial statements. The carrying values of the shares held by the Group and the dividends arising therefrom are eliminated from the related equity and comprehensive income statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.3 Business combinations and goodwill

Business combinations are considered as a combination of separate entities or businesses reporting on a single entity. Business combinations are accounted for in accordance with TFRS 3, using method of acquisition. The fact that an entity obtains control of one or more non-business operating entities and the combination of these entities is not considered a business combination. If the entity obtains a group of assets or net assets, these transactions are also not included within the scope of business combinations.

The cost of the purchase of an operating entity is allocated to the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition of the acquiree. The difference between the cost of the acquisition and the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for in the Consolidated Financial Statements as goodwill. Not included in the financial statements of the acquiree in the business combinations; however, assets, intangible assets and contingent liabilities that can be separated within the goodwill are reflected to the financial statements with their fair values. Goodwill amounts included in the financial statements of the acquiree are not recognized as identifiable assets.

If the acquirer's share of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the difference is recognized in profit or loss. The minority interest of the acquiree for each acquisition is accounted for at the proportionate share of the net assets of the acquired company.

The Group allocates the difference between the cost of each identifiable asset and liability and the fair value at the acquisition date for unobservable acquisitions within the business combinations. No such goodwill arises from such transactions.

The Group allocates the difference between the cost of each identifiable asset and liability and the fair value at the acquisition date for unobservable acquisitions within the business combinations. No such goodwill arises from such transactions. Goodwill is reviewed annually for impairment and carried in the balance sheet at fair value after deducting the accumulated impairment loss from cost value. Goodwill is allocated to cash-generating units for impairment testing. Distribution is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination generating the goodwill. The Group performs goodwill impairment tests on December 31 of each year. Provision for impairment on goodwill cannot be reversed. Profits and losses arising from the sale of an entity include the carrying amount of the goodwill on the entity being sold.

2.4.4 Segment Reporting

Segment reporting is designed as to supply consistence on reporting to the competent authority on taking decisions about the activities of the group. The competent authority is responsible for evaluation of the departments' performance and decision taking related to the resources which are to be allocated according to departments.

2.4.5 Related Parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures within the scope of TAS 24 -Related Party Disclosures are considered and referred to as related parties.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.6 Effects of Foreign Currency Translations

Transactions in foreign currencies are translated into TRY at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rate of exchange ruling at the balance sheet date. Exchange differences arising from such transactions are reflected in the comprehensive income statement.

2.4.7 Financial instruments

i) Financial assets

Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "other receivables". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below;

- 12 - Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade receivables

Trade receivables are carried at amortized rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. The Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the statement of income or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank deposits with maturity periods of less than three-months and other highly liquid short-term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The carrying values of these assets are close to their fair values.

ii) Non-derivative financial liabilities

Financial liabilities

Financial liabilities are recognized at fair value at the date of initial recognition. Financial liabilities are measured at amortized cost using the effective interest rate method, after they are recorded at acquisition costs after deducting transaction costs.

Trade and other payables

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective interest method. Short-term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

iii) Derivative financial instruments

Derivative financial instruments are recognized at their fair value at the contract date and related transaction costs associated with derivatives are recognized in profit or loss on the date that they are incurred. Subsequent to initial recognition, changes are accounted for at fair value and changes are recognized in profit or loss.

Cash flow hedge transactions

At the date of derivate contract signed, hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset of liability or a high probable forecast transaction and could affect profit and loss are designed as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges as effective, are recognised in equity as "Cash flow hedge gains/(losses)". Where the forecasted transaction of firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset of liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedge firm commitment or forecasted transaction affects the consolidated income statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

If the forecasted transaction is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.4.8 Offsetting

Financial assets and liabilities are carried at fair value if the legal right to net settlement exists, the net settlement or collection is possible or the obligation can be realized simultaneously.

2.4.9 Share premium

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

2.4.10 Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.4.11 Dividends

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

2.4.12 Earnings per share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. For the purpose of earnings per share computations, such "bonus share" issuances are regarded as issued shares for all periods presented. 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.13 Events after the reporting period

Events after the reporting period represent the events that occur against or in favour of the Company between the reporting date and the date when reporting was authorized for the issue. There are two types of events after the reporting period:

- Those that provide evidence of conditions that existed as at 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 events after the reporting period that are not adjusting events but material.

2.4.14 Provisions, contingent liabilities and contingent assets

A provision is recognized in the consolidated financial statements when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In case of the mentioned criteria unformed, the Company discloses the related situation 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 recognized in the consolidated financial statements at the relevant period that income change effect occurs.

2.4.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessee are classified as financial leases. The rest of leases other than finance leases are classified as operating leases. The Group doesn't have any significant lease as lessee.

The Group as the lessor

The operating rental income is recognized on a straight-line basis over the lease term in the consolidated statement of comprehensive income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Finance lease

The assets acquired under finance leases is recognized as property; as for that recognized financial lease payable in the consolidated financial statements. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments and financial costs of leasing are distributed over the lease period with a fixed rate. The property acquired under finance leases is depreciated in accordance with the principles applied for property, plant and equipment.

Liabilities under finance leases, decreased by the payment of principal and interest payments are recorded as expense in the statement of comprehensive income.

2.4.16 Taxation

Corporate tax

According to Article 5/1(d) (4) of the Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from corporate income tax. This exemption is also applicable to advance corporate tax.

Since the Company is exempt from corporate income tax in conformity with Article 5 of the Corporate Tax Law, deferred tax is not recognized.

The Company's subsidiaries, Akyaşam, Akasya Çocuk Dünyası and Karlıtepe, have corporate tax obligation.

2.4.17 Employee benefits / provision for employee termination benefits

Provision for the employee termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from retirement of its employees calculated in accordance with Turkish Labour Law. In conformity with the laws regulating the work life in Turkey and 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. The amount payable consists of one month's salary limited to a maximum of amount of TRY 7,117 as of 31 December 2020 (31 December 2019: 6,380 TRY).

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 the consolidated 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 consolidated financial statements 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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 provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans.

Unused vacation rights

Liabilities for unused vacation rights are accrued in the relevant period.

2.4.18 Inventories

Inventories are valued at the lower of cost or net realizable value, Inventories comprise of construction costs of residences (completed and in-progress) and the cost of land used for these residence projects, Land held for future development of real estate 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. Borrowing costs attributable to qualifying assets are capitalized. Lands which are currently used or will be used in near future for real estate construction are evaluated in inventory.

2.4.19 Advances

Advances received consist of amounts received from customers who entered into preliminary sales contracts with the Group for its real estate projects and are classified as short-term and long-term considering the expected delivery date of residences. The advances received for other operational activities are classified as short-term and long-term according to nature and duration of advances. Advances are not subject to discount.

2.4.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.4.21 Property, plant and equipment

Property, plant 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Depreciation is calculated over of the cost of property, plant and equipment using the straight-line method based on expected useful lives.

Estimated useful lives of property, plants and equipment is as follow;

Tangible assets	**Expected useful life (year)**
Buildings	50
Land improvements	3-25
Plant, machinery and equipment	5-15
Furniture and fixtures	3-10
Leasehold improvements	5

Subsequent costs incurred for property, plant and equipment for increasing the future benefits from the asset by enhancing its capacity are included in the asset's carrying amount and are amortized for its remaining economic life. The costs except from those are recognized as expense.

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 expense accounts.

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

2.4.22 Intangible assets

Intangible assets include licenses, computer software and other rights. They are recorded at acquisition cost and from the date of acquisition over the estimated useful lives of 3 to 15 years are amortized using the straight-line method.

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

2.4.23 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that the book value of a non-financial asset or group of non-financial assets is impaired. If the existence of the mentioned objective evidence, the Group estimates the recoverable amount of related non-current asset in order to determine the amount of impairment. In case of the assessment of recoverable amount is not possible, the recoverable amount of the cash generating unit relating that asset is calculated.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use is reduced the present value by using the discount rate before tax which is affected the projected future cash flows, time value of the money and risks in particular to relating non-financial asset.

In case of the recoverable amount of an asset (or a cash generating unit) is less than its book value, the book value of the asset is reduced to its recoverable amount. As a result of that impairment losses are accounted in the statement of income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.24 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15, "Revenue from Contracts with Customers Standard"; effective from 1 January 2018:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Rent income

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are netted off from rent revenue as incurred.

Revenue is presented net of discounts and sales taxes after elimination of intra-group sales transactions.

Residence sales income

Income obtained from the sales of the real estate is accounted in the statement of comprehensive income when all significant risks and rewards associated property has been transferred to the buyer.

2.4.25 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.4.26 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.4.27 Dividend distribution

Dividend distribution to the shareholders of the Company is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.4.28 Investment properties

Investment properties comprise of operative investment properties and investment properties under construction.

a) Operational investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as operative investment property. The operative investment properties of the Group comprise of shopping mall, lands and buildings.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Investment properties is measured initially at cost. These cots comprise of the transaction costs and subsequent expenditures or services. The borrowing costs related to qualifying assets is also recognized during the construction of the asset, the mentioned capitalization continues until the completion of the construction. The Group does not include the daily service expenses related to real estate in the book value of the investment property. Those costs are recognized in the profit or loss statement to the extent that they are realized. Daily services costs mainly comprise of the labour and consumables however, it may also include the cost of small pieces. These types of expenditures are classified as the "maintenance expenses" related with the real estates.

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. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections. The Group considers the conditions resulted with the difference in the determination of the fair value of the investment properties in order to make the most reliable estimation.

Gains and losses resulting from changes in fair value of investment properties are recognized in the consolidated statement of comprehensive income as incurred. Gains and losses resulting from malfunction or dispose of investment property is a difference between cash proceeds from disposal of investment properties and its book value and is accounted as fair value gain or loss of investment property as incurred.

b) Investment properties under construction

The purchase transaction costs and constructions costs of investment properties under construction and the related subsequent expenditures can be capitalized, if, it is enhancing the economic benefits of the mentioned property. The capitalization starts at the beginning date of the incurred expenditures and the mentioned capitalization continues until ready to use of the property. Investment properties under construction that is held for long-term rental yields or for capital appreciation or both is classified as investment property and is measured at fair value.

The Group measures the investment property under construction at fair value. Group, investment properties under construction for which the fair value cannot be determined reliably, but for which the

Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others;

- The stage of completion,
- Comparability of the project in market,
- The level of reliability of cash inflows after completion,
- The development risk specific to the property,
- Past experiences with similar constructions and
- Status of construction permits.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Group transfers its investment properties to inventory or fixed assets if and only if a change occurs in use of the investment property. The aforementioned change in use is to start development for the purpose of sale after the development. If the Group decides on disposal of the investment properties without any development, until the disposal date, it is continued to be classified as investment property. Likewise, if the Group re-develops an existing investment property to be used as an investment property in the future, the classification of the property remained as investment property and cannot be reclassified to fixed assets during the course of development.

Transfers to, or from, investment property shall be made, and only when, there is a change in use, evidenced by:

- Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- Commencement of development with a view to sale, for a transfer from investment property to inventories;
- End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- Commencement of an operating lease to another party, for a transfer from inventories to investment property.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

The treatment of transfers from inventories to investment property that will be carried at fair value is consistent with the treatment of sales of inventories.

2.5 Control of compliance with the portfolio limitations

As of 31 December 2020, the information stated in Note "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 28 May 2013 numbered 28660 ,Capital Markets Board's Communiqué Serial: III. No: 48.1 a "Amendment on Real Estate Investment Company" published in the Official Gazette dated 23 January 2014 numbered 28891 and Capital Markets Board's Communiqué Serial: III. No: 48.1 e "Amendment on Real Estate Investment Company" published in the Official Gazette dated 9 October 2020 numbered 31269.The related information which is stated Note 32 may not be consistent with the information given in the consolidated financial statements.

2.6 Significant accounting judgement, estimations and assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although these estimates rely on the best knowledge and belief of the management, due to their nature accounting estimates may differ from actual results.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting judgement, estimations and assumptions (Continued)

As of 31 December 2020 and 2019, the significant estimates and assumptions stated in the consolidated financial statements are as follow;

a) Current ratio balance

As of 31 December 2020, current assets of the Group are amount to TRY 711,816,606 and short term liabilities of the Group are amount to TRY 812,171,283. Short term liabilities exceeded current assets TRY 100,354,677. The Group does not predict any shortcomings regarding the fulfilment of these short term liabilities.

The Board of Directors decided to increase the paid-in capital amounting to TRY 250,300,150 on 22 December 2020.

The Group anticipates that approximately TRY 363,8 million of rental income from its investment properties will be collected in the following year.

b) Fair values of investment properties:

Significant evaluations, estimates and assumptions that are used at the time of determining the fair value of the real estates that are classified as investment property in the consolidated financial statements are explained below:

Akbatı Shopping Mall

The Group develops the Akbatı Project on a land piece of 50,838 m² in total that is classified under investment properties as of 31 December 2020 and 2019 and located in Istanbul Province, Esenyurt District, Kapadık Neighborhood, plot number 383, and Parcel 3. Akbatı Project comprises Akbatı Shopping Mall that has a construction area of 185,032 m² and leasable area of 65,496 m².

While determining the fair value of Akbatı Shopping Mall as of 31 December 2020, an expert report numbered AKSGY-2010056 is prepared by Reel Gayrimenkul Değerleme A.Ş. ("Reel") on 31 December 2020 and the fair value of Akbatı Shopping Mall is determined as TRY 1,450,728,000 related to the expert report via discounted cash flows method.

While determining the fair value of Akbatı Shopping Mall as of 31 December 2019, an expert report numbered 2019/1722 is prepared by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Lotus") on 31 December 2019 and the fair value of Akbatı Shopping Mall is determined as TRY 1,465,000,000 related to the expert report via discounted cash flows method.

	Discount rate	Annual rent increase rate	Capitalization rate
31 December 2020	Average 18%	Average 10.5%	7.5%

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting judgement, estimations and assumptions (Continued)

Akasya Shopping Mall

The Group's Akasya Shopping Mall, classified under investment properties as of 31 December 2020 and 2019, stands on a total of 41,357 m² land located in İstanbul Province, Üsküdar District, Bulgurlu Neighbourhood, plot number 1083, and Parcel 38. At Akasya Project, there is Akasya Shopping Mall with 412,882 m² construction and 88,862 m² leasable area.

While determining the fair value of Akasya Shopping Mall as of 31 December 2020, the expert report prepared by Reel Gayrimenkul Değerleme A.Ş. ("Reel") and dated 31 December 2020 with No. AKSGY-2010055 was taken into account and the related expert report set the fair value of Akasya Shopping Mall at TRY 3,504,970,000 via discounted cash flows method.

While determining the fair value of Akasya Shopping Mall as of 31 December 2019, the expert report prepared by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Lotus") and dated 31 December 2019 with No. 2019/1719 was taken into account and the related expert report set the fair value of Akasya Shopping Mall at TRY 3,650,000,000 via discounted cash flows method.

	Discount rate	Annual rent increase rate	Capitalization rate
31 December 2020	Average 18%	Average 11%	7.5%

Uşaklıgil

The Group completed Uşaklıgil Project at Istanbul City, Kadiköy District, Bostancı Street, Bağdat Avenue No: 481 located on City Block No 3206, Parcel No 14 and 1,437 m2 area with 3,432 m2 rentable area.

While determining the fair value of Uşaklıgil project as of 31 December 2020, the expert report prepared by Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş. ("Epos") and dated 31 December 2020 with No. AKGYO-2020-00004 was taken into account and the related expert report set the fair value of Uşaklıgil project at TRY 253,945,000 via discounted cash flows method.

While determining the fair value of Uşaklıgil project as of 31 December 2019, the expert report prepared by Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş. ("Epos") and dated 31 December 2019 with No. AKGYO-2019-00004 was taken into account and the related expert report set the fair value of Uşaklıgil project at TRY 228,369,000 via discounted cash flows method.

Social facility

Akasya Social Facility is located in Istanbul, Üsküdar, Bulgurlu Mahallesi, 73 sections, 1341 plot number and 64 parcels.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting judgement, estimations and assumptions (Continued)

While determining the fair value of the Group's Akasya Social Facility as of 31 December 2020, the expert report prepared by Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Invest") and dated 31 December 2020 with No. 4660 was taken into account and the related expert report set the fair value at TRY 24,000,000 via cost method.

While determining the fair value of the Group's Akasya Social Facility as of 31 December 2019, the expert report prepared by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Lotus") and dated 31 December 2019 with No. 2019/1720 was taken into account and the related expert report set the fair value at TRY 21,850,000 via equivalent comparison method.

Akasya Office

The Akasya Acıbadem project, which has a saleable area of 209,285 m² built on 121,000 m² of land in Istanbul Acıbadem consists of 3 stages as Akasya Lake, Akasya Koru and Akasya Kent. The Akasya Project contains one residence / office.

While determining the fair value of the the Group's independent section as of 31 December 2020, the expert report prepared by Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Invest Gayrimenkul") and dated 31 December 2020 with No.4659 was taken into account and the related expert report set the fair value at TRY 6,600,000 via equivalent comparison method.

Ak Apartment

Group has completed Ak Apartment Project located in Istanbul Province, Kadıköy District, Bostancı Mahallesi, 65 layouts, 315 plot number and 3 plots, "Block A with 8 floors of reinforced concrete offices and workplaces, and Block B with 10 floors of reinforced concrete residences, offices and workplaces", consisting of 12 independent sections. As of 31 December 2020, there are 5 independent sections belong to the Project.As of 31 December 2019, this real estate, which is under the investment properties under development account, is classified to the investment properties (non-residential areas).

While determining the fair value of the Group's Ak Apartment Project as of 31 December 2020, the expert report prepared by Epos and dated 31 December 2020 with No. AKGY-2020-00003 was taken into account and the related expert report set the fair value at TRY 31,599,000 via market approach method.

While determining the fair value of the Group's Ak Apartment Project as of 31 December 2019, the expert report prepared by Epos and dated 2 December 2019 with No.AKGY-2019-00003 was taken into account and the related expert report set the fair value at TRY 50,015,000 via market approach method. The amount classified under the investment properties account is TRY 32,259,675.

Independent Unit in Üsküdar

The Group has independent section located in Gayret apartment numbered 22 in Istanbul, Üsküdar, Bulgurlu Mahallesi, Gayretli Sokak, 474 plot number, parcel no 4.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting judgement, estimations and assumptions (Continued)

While determining the fair value of the the Group's independent section as of 31 December 2020, the expert report prepared by Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Invest Gayrimenkul") and dated 31 December 2020 with No.4568 was taken into account and the related expert report set the fair value at TRY 565,000 via market approach method.

While determining the fair value of the the Group's 3 independent sections as of 31 December 2019, the expert report prepared by A Gayrimenkul Değerleme A.Ş. ("A Gayrimenkul") and dated 31 December 2019 with No.2019-AKIS-001 was taken into account and the related expert report set the fair value at TRY 1,550,000 via equivalent comparison method.

Building and lands in Bulgaria

The Group owns 22 pieces of land with an area of 110,580 m2 in total that are classified under in investment properties as of 31 December 2020 and 2019 located in Bulgaria, Silistre Province, Industrial Zone, 1, 23, 24, 25, 26, 27 and 28 plot numbers. Regarding the use of land the Group has not made any decision yet and currently holds it in order to increase value for capital appreciation.

While determining the fair value of these lands as of 31 December 2018, the expert report prepared by Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. ("Terra") and dated 31 December 2018 numbered 2018/006 was taken into consideration and the related expert reports set the total fair value of the Bulgaria building and lands as TRY 3,645,000.

NOTE 3 - SEGMENT REPORTING

The Group's operating segments are determined based on strategic decisions reports reviewed by the Board of Directors.

The Group management has set operating segments as of "Akbatı Project", "Akasya Project" and "Other". The segment of "Akbatı Project" consists of Akbatı Shopping Mall and Akbatı Residences located in Esenyurt. The segment of "Akasya Project" consists of Akasya Shopping Mall and Akasya Residences located in Acıbadem. "Other" operating segment consists of lands of the Group that are located in the several places of Turkey, real estates that have been included to the portfolio within the scope of urban transformation and investment properties generating rental income excluding Akasya and Akbatı projects.

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

NOTE 3 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Akbatı Project	Akasya Project	Other	Undistributed	Total
Revenues outside the Group	84,576,690	183,539,543	33,328,218	-	301,444,451
Cost of sales (-)	(26,980,663)	(60,639,074)	(18,099,435)	-	(105,719,172)
Gross profit	**57,596,027**	**122,900,469**	**15,228,783**	**-**	**195,725,279**
Marketing expenses (-)	(573,789)	(1,880,540)	-	-	(2,454,329)
General administrative expenses (-)	(506,550)	(6,922,756)	(2,126,188)	(19,402,573)	(28,958,067)
Other operating income	10,532,597	21,266,460	7,613,783	5,858,963	45,271,803
Other operating expenses (-)	(3,222,698)	(11,170,585)	(23,606,214)	(5,256,308)	(43,255,805)
Operating profit/(loss)	**63,825,587**	**124,193,048**	**(2,889,836)**	**(18,799,918)**	**166,328,881**
Income from investment activities	-	5,927,371	28,340,059	-	34,267,430
Expenses from investment activities (-)	(15,110,361)	(149,741,404)	-	-	(164,851,765)
Share of profit of investment accounted for using the equity method	-	-	-	(1,222,053)	(1,222,053)
Operating profit before financial income/(expense)	**48,715,226**	**(19,620,985)**	**25,450,223**	**(20,021,971)**	**34,522,493**
Financial income	-	201,640,369	35,592,059	91,030,672	328,263,100
Financial expenses (-)	(9,213)	(462,474,530)	(167,937,195)	(190,523,717)	(820,944,655)
Profit before tax	**48,706,013**	**(280,455,146)**	**(106,894,913)**	**(119,515,016)**	**(458,159,062)**
Current expense tax (-)	(119,434)	(215,555)	-	-	(334,989)
Deferred tax income	17,706	31,957	-	-	49,663
Net profit/ (loss) for the year	**48,604,285**	**(280,638,744)**	**(106,894,913)**	**(119,515,016)**	**(458,444,388)**

1 January - 31 December 2019	Akbatı Project	Akasya Project	Other	Undistributed	Total
Revenues outside the Group	117,253,258	301,992,823	17,915,536	-	437,161,617
Cost of sales (-)	(29,624,222)	(77,672,215)	(206,259)	-	(107,502,696)
Gross profit	**87,629,036**	**224,320,608**	**17,709,277**	**-**	**329,658,921**
Marketing expenses (-)	(557,682)	(3,348,091)	-	-	(3,905,773)
General administrative expenses (-)	(431,266)	(8,627,318)	(1,740,699)	(18,824,501)	(29,623,784)
Other operating income	6,426,083	17,592,636	11,031,044	4,723,121	39,772,884
Other operating expenses (-)	(3,024,278)	(9,320,627)	(24,742,722)	(2,515,031)	(39,602,658)
Operating profit/(loss)	**90,041,893**	**220,617,208**	**2,256,900**	**(16,616,411)**	**296,299,590**
Income from investment activities	248,988,632	316,460,815	15,004,000	-	580,453,447
Expenses from investment activities (-)	-	-	(9,779,099)	-	(9,779,099)
Share of profit of investment accounted for using the equity method	-	-	-	(1,531,678)	(1,531,678)
Operating profit before financial income/(expense)	**339,030,525**	**537,078,023**	**7,481,801**	**(18,148,089)**	**865,442,260**
Financial income	-	97,824,698	21,447,209	63,163,770	182,435,677
Financial expenses (-)	(9,472)	(283,506,404)	(70,796,130)	(144,228,609)	(498,540,615)
Profit before tax	**339,021,053**	**351,396,317**	**(41,867,120)**	**(99,212,928)**	**549,337,322**
Current expense tax (-)	(125,841)	(314,481)	-	-	(440,322)
Deferred income tax	41,865	104,624	-	-	146,489
Net profit for the year	**338,937,077**	**351,186,460**	**(41,867,120)**	**(99,212,928)**	**549,043,489**

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

NOTE 3 - SEGMENT REPORTING (Continued)

As of 31 December 2020 and 2019 segment assets and liabilities:

	31 December 2020		31 December 2019	
	Asset	**Liability**	**Asset**	**Liability**
Akasya Project	3,609,212,627	1,162,185,967	3,726,070,850	1,043,996,800
Akbatı Project	1,470,465,458	6,619,016	1,481,031,169	7,798,802
Other	889,775,420	644,466,425	843,362,988	517,585,594
Undistributed	135,424,026	684,392,145	248,419,584	709,052,835
Total	**6,104,877,531**	**2,497,663,553**	**6,298,884,591**	**2,278,434,031**

For the years ended 31 December 2020 and 2019 investment expenditures, depreciation and amortization expenses are as follows:

	31 December 2020		31 December 2019	
	Investment expense	**Depreciation expense**	**Investment expense**	**Depreciation expense**
Akasya Project	6,183,920	1,769,213	4,472,420	2,093,379
Other	4,471,389	-	6,933,302	-
Akbatı Project	1,352,639	735,249	478,832	815,942
Undistributed	283,043	1,309,667	681,142	1,196,339
Total	**12,290,991**	**3,814,129**	**12,565,696**	**4,105,660**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2020	**31 December 2019**
Cash on hand	93,257	106,309
Cash at banks	139,223,703	246,196,085
- Demand deposit	1,832,640	3,686,796
- Time deposit	137,391,063	242,509,289
Total cash and cash equivalents in The financial statement	**139,316,960**	**246,302,394**
Blocked deposits (-)	(26,372,156)	-
Total cash and cash equivalents in the cash flow statement	**112,944,804**	**246,302,394**

The Company has TRY26,372,156 blocked deposits related to the loans used as of 31 December 2020 (31 December 2019: None).

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

Maturities of cash and cash equivalents are as follows:

	31 December 2020	31 December 2019
Until 30 days	137,391,063	242,509,289
	137,391,063	**242,509,289**

The breakdown of foreign currency denominated cash and cash equivalents in terms of TRY is as follows:

	31 December 2020	31 December 2019
USD	121,552,977	90,564,089
EUR	11,712	9,027
GBP	149	117
Other	110,861	88,805
	121,675,699	**90,662,038**

Effective interest rates of time deposits are as follows:

	31 December 2020 (%)	31 December 2019 (%)
USD	2.25 - 3.55	1.75 - 1.85
TRY	13.75 - 18.25	9.98 - 11.25

NOTE 5 - FINANCIAL INVESTMENTS

The Group's short-term financial investments are as follows:

	31 December 2020	31 December 2019
Bank balances with restricted usage (*)	8,403,983	10,921,134
	8,403,983	**10,921,134**

(*) Akasya Shopping Mall rent receivables are pledged to HSBC Middle East Limited and Akbatı Shopping Mall and rent receivables from Bagdat Street are assigned to Yapı Kredi. Regarding balances are TRY3,347,945 and TRY5,056,038 respectively (31 December 2019: Akasya Shopping Mall rent receivables are assigned to HSBC Bank and 1/3 of Akbatı Shopping Mall rent receivables are assigned to Yapı Kredi Bank. The related balances are TRY10,307,927 and TRY613,207 respectively).

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

NOTE 6 - BORROWINGS

Borrowings	31 December 2020	31 December 2019
Bank borrowings	436,390,089	565,555,406
Finance lease payable	-	19,225,891
Short-term borrowings	**436,390,089**	**584,781,297**
Short-term portion of long-term bank borrowings	222,262,720	298,714,435
Issued Bonds and bills	101,192,916	916,719
Short-term portion of long-term bank borrowings	**323,455,636**	**299,631,154**
Bank borrowings	1,675,979,854	1,189,652,762
Issued Bonds and bills	-	100,000,000
Long-term borrowings	**1,675,979,854**	**1,289,652,762**

	2020	2019
Total financial liabilities as of 1 January	**2,174,065,213**	**1,914,433,295**
Cash proceeds arising from borrowings	1,865,966,691	1,350,293,708
Cash outflows related to principal payments	(2,012,341,668)	(1,249,218,968)
Interest paid	(173,929,945)	(189,450,158)
Accruals	178,609,110	145,684,310
Foreign exchange differences	403,456,178	202,323,026
Total financial liabilities as of 31 December	**2,435,825,579**	**2,174,065,213**

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

NOTE 6 - BORROWINGS (Continued)

a) Bank Borrowings

	31 December 2020			31 December 2019		
	Weighted average effective interest rate (%)	**Original**	**TRY**	**Weighted average effective interest rate (%)**	**Original**	**TRY**
Short-term borrowings:						
TRY bank borrowings	14.41	183,625,785	183,625,785	25.69	146,043,773	146,043,773
USD denominated bank borrowings	2.47	34,434,208	252,764,304	4.77	70,622,476	419,511,633
			436,390,089			**565,555,406**
Short-term portion of long-term borrowings:						
TRY bank borrowings	12.92	90,497,677	90,497,677	13.91	4,424,942	4,424,942
USD denominated bank borrowings	6.08	17,950,418	131,765,043	6.27	43,320,902	257,334,825
EUR denominated bank borrowings	-	-	-	4.60	5,556,592	36,954,668
			222,262,720			**298,714,435**
Long-term borrowings:						
USD denominated bank borrowings	6.03	223,112,514	1,637,757,409	6.45	164,215,669	975,473,916
TRY bank borrowings	12.98	38,222,445	38,222,445	14.06	7,141,364	7,141,364
EUR denominated bank borrowings	-	-	-	4.60	31,130,647	207,037,482
			1,675,979,854			**1,189,652,762**

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

NOTE 6 - BORROWINGS (Continued)

Redemption schedule of bank borrowings as of 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Bank loans:		
2021	-	396,409,501
2022	342,423,182	513,943,858
2023	289,699,342	122,434,122
2024	276,468,458	156,865,281
2025	479,576,211	-
2026	94,820,688	-
2027	84,615,860	-
2028	108,376,113	-
	1,675,979,854	**1,189,652,762**

Fair values and registered values of credits which are deferred TRY credits and foreign currency credits with fixed and variable interest rate as of 31 December 2020 and 2019 are as follows:

	Carrying value		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Borrowings	2,435,825,579	2,174,065,213	2,439,124,902	2,172,471,225

b) Issued Bonds and bills

The details of the issued bonds and bills as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020

ISIN CODE	Interest rate (%)	Issued nominal amount(TRY)	Issue date	Call date	Carrying value
TRSAIGY92113	TRLIBOR+3.00	100,000,000	10 September 2019	8 September 2021	101,192,916
					101,192,916

31 December 2019

ISIN CODE	Interest rate (%)	Issued nominal amount(TRY)	Issue date	Call date	Carrying value
TRSAIGY92113	TRLIBOR+3.00	100,000,000	10 Semtember 2019	8 September2021	100,916,719
					100,916,719

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

NOTE 6 - BORROWINGS (Continued)

The Company's issued variable interest bonds which it's nominal value is TRY100,000,000, have 2-year maturity and 3-month coupon payment, for sales to qualified investors via Ziraat Yatırım Menkul Değerler A.Ş. on 10 September 2019.

c) Finance lease payable

Gross financial leasing liabilities - minimal rent payments:

	31 December 2020	31 December 2019
Up to 1 year	-	19,557,254
Unincurred financial expenses	-	(331,363)
Present value of finance lease payables	**-**	**19,225,891**

The maturity breakdown of finance lease payable as of 31 December 2020 and 2019:

	31 December 2020	31 December 2019
Up to 1 year	-	19,225,891
Present value of finance lease payables	**-**	**19,225,891**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
Short-term trade payables		
Notes receivables	43,661,855	59,964,676
Trade receivables	41,769,531	33,272,648
Trade receivables from related parties (Note 28)	138	23,684
	85,431,524	**93,261,008**
Less: Provisions for expected credit losses	(16,072,082)	(14,233,701)
Less: Unearned finance income on credit sales	(1,264,427)	(1,864,033)
	68,095,015	**77,163,274**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of the provision for expected credit losses are as follows:

	2020	**2019**
Opening Balance, 1 January	**(14,233,701)**	**(12,400,032)**
Current year charge (Note 23)	(1,920,687)	(3,074,143)
Provisions no longer required (Note 23)	82,306	1,240,474
Ending Balance, 31 December	**(16,072,082)**	**(14,233,701)**

Long-term trade receivables	**31 December 2020**	**31 December 2019**
Notes receivables	-	564,642
	-	**564,642**

Short-term trade payables	**31 December 2020**	**31 December 2019**
Payables to suppliers	7,324,035	8,810,652
Trade payables to related parties (Note 28)	3,551,691	4,274,506
	10,875,726	**13,085,158**

Long-term trade payables	**31 December 2020**	**31 December 2019**
Payables to suppliers	4,739,096	3,125,366
	4,739,096	**3,125,366**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Short-term other receivables from third parties	**31 December 2020**	**31 December 2019**
Deposits and guaranties given	1,677,613	2,113,534
Other	1,835,125	-
	3,512,738	**2,113,534**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Long-term other receivables from third parties	31 December 2020	31 December 2019
Deposits and guaranties given	1,663,154	1,553,953
	1,663,154	**1,553,953**

Short-term other payables due to third parties	31 December 2020	31 December 2019
Taxes and fund payables	3,498,816	5,753,528
Social security premium payable	176,579	472,269
Other	53,157	26,456
	3,728,552	**6,252,253**

NOTE 9 - PREPAID EXPENSES AND DEFFERED INCOME

Short term prepaid expenses	31 December 2020	31 December 2019
Advances given for project	3,020,926	1,153,209
Prepaid commission expenses (**)	1,910,713	-
Prepaid expenses for insurance	892,302	955,764
Advances given to suppliers	404,356	296,822
Other	1,124,080	1,910,211
	7,352,377	**4,316,006**

Long term prepaid expenses		
Advances given for project (*)	14,432,743	11,439,782
Prepaid commission expenses (**)	12,101,183	-
Other	355,161	224,476
	26,889,087	**11,664,258**

(*) Advances given for project as of 31 December 2020 represents the long-term advances given to Akiş-Mudanya Ordinary Partnership for the lands in Beykoz.

(**) Consists of paid and accrued loan commission expenses as of 31 December 2020.

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

NOTE 9 - PREPAID EXPENSES AND DEFFERED INCOME (Continued)

Short-term deferred income	31 December 2020	31 December 2019
Advances received - Akasya Project	2,022,031	5,025,186
Income from contributions (*)	1,256,087	1,607,014
Advances received - Akbatı Project	888,383	1,029,383
Sponsorship income (**)	678,812	1,061,338
	4,845,313	**8,722,921**

(*) The relevant amount consists of the balances which are taken as promotional contribution shares from the tenants related to Akasya Shopping Mall. Contributions are recorded on the basis of the relevant rental period.

(**) The relevant amount consists of sponsorship income of Akasya Çocuk. Sponsorship revenues are recorded on the basis of the relevant contract term.

Long-term deferred income	31 December 2020	31 December 2019
Income from contributions (*)	2,842,523	5,028,773
Advances received- Akbatı project	82,707	28,957
Advances received- Akasya project	-	425,339
	2,925,230	**5,483,069**

(*) The relevant amount consists of the balances which are taken as promotional contribution shares from the tenants related to Akasya Shopping Mall. Contributions are recorded on the basis of the relevant rental period.

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments subject to hedge accounting

As a result of changes in foreign exchange rates and interest rates, the Company manages the cash flow risk arising from the principal and interest payments of existing loans.

On December 19, 2018, "Participating Cross Currency Swap" transaction has been performed regarding the spot loan with floating libor rate and with maturity of 31 July 2024 for the cash flows through the date of 30 November 2021. The cash inflows and outflows arising from the cross-interest swap and the cash outflows from the loan are matched directly with the floating rate interest payments of the loan and currency risk of the interest. For this reason, the cross-interest swap portion of this transaction is subject to cash flow hedge accounting. Thus, the portion of the loan that is the fair value of the derivative instrument arising from the future interest rate and currency risk is classified under equity until the related payments of the loan are realized.

The Company has made option and forward transactions that have maturity until December 2020, as of 30 May 2019, 31 May 2019 and 10 June 2019 for it's loans with principal and interest payments in USD. These derivative transactions have been included in hedge accounting as of 30 September 2019. All of these transactions were carried out on the maturity dates in accordance with the contracts.

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

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives measured at fair value accounted for under the statement of profit loss

On 1 November 2019, USD / EUR Cross Currency Swap transaction has been performed for a loan with 30 September 2024 maturity, variable libor rate and a principal and interest payment in USD. Derivative instruments that are not subject to hedge accounting are measured at their fair value and fair value changes are reflected to profit / loss in the relevant periods.

On 15 March 2019, the loan with variable libor rate and principal and interest payments in USD has been included in hedge accounting as of 30 September 2019 through the foreign currency option contract. Fair value changes will be accounted in profit / loss since it does not meet the prospective efficiency criteria that stated in paragraph 6.4.1 (c) of IFRS 9, hedge accounting from cash flow risk from this date as of 1 January 2021.

On 27 November 2019, a seagull forward transaction was carried out on three different loans with variable libor rate and USD principal and interest payments, from January 2021 to June 2022 and included in hedge accounting. Fair value changes will be accounted in profit / loss since it does not meet the prospective efficiency criteria that stated in paragraph 6.4.1 (c) of IFRS 9, hedge accounting from cash flow risk from this date as of 31 May 2020.

Derivative instruments and tables showing the fair values are as follows:

31 December 2020					**Current values**
	Purchase contract amount (USD)	**Sales contract amount (EUR)**	**Sales contract amount (TRY)**	**Assets**	**Liabilities**
Cash flow hedge					
Cross currency interest rate swap transactions	-	-	21,196,000	-	6,715,200
Trading					
Seagull forward	10,190,000	-	72,247,100	3,384,374	-
Capped forward	15,100,000	-	109,970,700	6,798,815	-
Right to buy and sell currency	4,000,000	-	-	8,334,018	-
Cross currency interest rate swap transactions	3,111,111	2,789,484	-	-	15,160,681
Short-term derivatives	**32,401,111**	**2,789,484**	**203,413,800**	**18,517,207**	**21,875,881**
Cash flow hedge					
Cross currency interest rate swap transactions	-	-	139,540,333	-	-
Trading					
Right to buy and sell currency	26,333,333	-	-	-	-
Cross currency interest rate swap transactions	14,296,297	12,818,342	-	-	-
Seagull forward	14,860,000	-	115,908,000	1,649,554	-
Long-term derivatives	**55,489,630**	**12,818,342**	**255,448,333**	**1,649,554**	**-**
Total derivatives	**87,890,741**	**15,607,826**	**458,862,133**	**20,166,761**	**21,875,881**

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

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2019					**Current values**
	Purchase contract amount (USD)	**Sales contract amount (EUR)**	**Sales contract amount (TRY)**	**Assets**	**Liabilities**
Cash flow hedge					
Cross currency interest rate swap transactions	-	-	21,196,000	-	7,117,005
Capped forward	26,950,000	-	181,693,650	-	13,256,262
Forward	21,212,000	-	137,207,310	315,439	9,404,493
Trading					
Right to buy and sell currency	4,000,000	-	-	3,425,449	-
Cross currency interest rate swap transactions	2,592,593	2,324,570	-	-	446,152
Short-term derivatives	**54,754,593**	**2,324,570**	**340,096,960**	**3,740,888**	**30,223,912**
Cash flow hedge					
Cross currency interest rate swap transactions	-	-	160,736,333	-	5,170,295
Capped forward	15,100,000	-	109,970,700	-	8,232,876
Seagull forward	25,050,000	-	188,155,100	-	10,952,368
Trading					
Right to buy and sell currency	30,333,333	-	-	4,339,918	-
Cross currency interest rate swap transactions	17,407,407	15,607,825	-	-	-
Long-term derivatives	**87,890,740**	**15,607,825**	**458,862,133**	**4,339,918**	**24,355,539**
Total derivatives	**142,645,333**	**17,932,395**	**798,959,093**	**8,080,806**	**54,579,451**

As of 31 December 2020, the movement of the fair value of the derivative financial instruments is as follows:

	2020	**2019**
Opening balance, 1 January	**(46,498,645)**	**(3,106,754)**
Gains/(losses) from derivative financial assets/(liabilities) measured at fair value through profit or loss, net	12,476,234	10,272,927
Gains/(losses) from hedging that recognized in other comprehensive income	32,313,291	(53,664,818)
Total financial derivatives (liabilities)/assets, net	**(1,709,120)**	**(46,498,645)**

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

NOTE 11 - INVESTMENT PROPERTIES

	2020	2019
Opening balance, 1 January	**5,403,103,276**	**4,790,590,000**
Additions		
- Direct acquisitions	5,699,932	2,935,368
Change in fair value	(130,878,203)	570,289,533
Currency translation adjustments	484,140	429,601
Transfer	2,822,629	42,038,774
Disposal	(4,266,033)	(3,180,000)
Net book value, 31 December	**5,276,965,741**	**5,403,103,276**

The movement of the investment properties for the years ending 31 December 2020 and 2019 are as follows:

	1 January 2020	Curreny Translation reserve	Addition	Disposal	Transfer	Increase in fair value	31 December 2020
Akasya Shopping Mall	3,650,000,000	-	4,711,404	-	-	(149,741,404)	3,504,970,000
Akbatı Shopping Mall	1,465,000,000	-	838,361	-	-	(15,110,361)	1,450,728,000
Uşaklıgil Project	228,369,000	-	-	-	-	25,576,000	253,945,000
Social facility	21,850,000	-	-	-	-	2,150,000	24,000,000
Akasya Office	-	-	-	-	2,822,629	3,777,371	6,600,000
Ak Apartment(*)	32,259,675	-	150,167	(3,266,033)	-	2,455,191	31,599,000
Üsküdar 1 Section (**)	1,550,000	-	-	(1,000,000)	-	15,000	565,000
Lands in Bulgaria	4,074,601	484,140	-	-	-	-	4,558,741
	5,403,103,276	**484,140**	**5,699,932**	**(4,266,033)**	**2,822,629**	**(130,878,203)**	**5,276,965,741**

	1 January 2019	Curreny Translation reserve	Addition	Disposal	Transfer	Increase in fair value	31 December 2019
Akasya Shopping Mall	3,331,000,000	-	2,924,000	-	-	316,076,000	3,650,000,000
Akbatı Shopping Mall	1,216,000,000	-	11,368	-	-	248,988,632	1,465,000,000
Uşaklıgil project	214,380,000	-	-	-	-	13,989,000	228,369,000
Social facility	20,835,000	-	-	-	-	1,015,000	21,850,000
Mecidiyeköy	3,180,000	-	-	(3,180,000)	-	-	-
Ak Apartment (*)	-	-	-	-	42,038,774	(9,779,099)	32,259,675
Üsküdar 3 Section (**)	1,550,000	-	-	-	-	-	1,550,000
Lands in Bulgaria	3,645,000	429,601	-	-	-	-	4,074,601
	4,790,590,000	**429,601**	**2,935,368**	**(3,180,000)**	**42,038,774**	**570,289,533**	**5,403,103,276**

(*) The total appraisal value in the appraisal report for Ak Apartment is amounting TRY 50,015,000 and the determined value consists of 12 independent sections. 6 independent sections in Block B are held for sale, 6 independent sections in Block A and 1 independent section (store) in Block B are held for lease. Appraisal value corresponding to the independent sections held for lease has been determined as TRY 32,259,675 and this value has been taken into consideration as of 31 December 2019. The independent section in block A was sold in 2020.

(**) 2 independent sections were sold in 2020 and 1 independent section left as of 31 December 2020.

As of 31 December 2020, there is insurance guarantee amounting to TRY4,164,387,316 on investment properties (31 December 2019: TRY4,261,658,971).

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

NOTE 11 - INVESTMENT PROPERTIES (Continued)

As of 31 December 2020, there is a mortgage on the Akbatı Shopping Mall amounting to USD 62,140,000 in the first degree and amounting to USD 57,723,014 in the second degree. (31 December 2019: USD 62,140,000 and TRY 216,720,911) Akbatı Shopping Mall rent receivables are assigned to Yapı Kredi.

The ongoing Uşaklıgil project has a first degree mortgage amounting to USD 23,287,671 as of 31 December 2020 (31 December 2019: TRY 310,000,000). Uşaklıgil project rent receivables are assigned to Yapı Kredi.

As of 31 December 2020, there is a first degree mortgage on the Ak Apartment project of USD 6,852,055. Ak Apartment rent receivables are assigned to Yapı Kredi.

As of 31 December 2020, there is a total of USD 184,850,000 mortgages, as a first degree is USD 55,000,000, second degree is USD 60,000,000, third degree is USD 25,000,000, fourth degree is USD 14,300,000 and fifth degree is USD 30,550,000 on the Akasya Shopping Mall. (31 December 2019: USD 400,000,000). Akasya Shopping Mall rent receivables are pledgedto HSBC Middle East Limited; the amount remaining after deducting the instalment amounts related to the loan from the lease collections is in the free use of the Company.

NOTE 12 – INVENTORIES UNDER DEVELOPMENT AND INVENTORIES

	31 December 2020	31 December 2019
Inventories under development		
Erenköy Apartment	360,535,468	328,028,310
Çiftehavuzlar Land	82,317,247	75,491,008
Beykoz Lands	68,426,242	68,722,532
Çiftehavuzlar Land impairment (*)	(45,248,247)	(38,422,009)
	466,030,710	**433,819,841**
Inventories		
Ak Apartment (**)	-	23,137,621
Akasya Project	-	2,822,629
Other	312,405	326,937
Ak Apartmanı impairment (**)	-	(5,382,295)
Total	**312,405**	**20,904,892**

(*) Due to the uncertainties explained in Note 17 Contingent Assets, an impairment loss provision has been allocated for Çiftehavuzlar Land. Due to ongoing uncertainties, difficulties for valuation of real estate has been occurred and there has been no precedent available. Therefore, the land's cost value as of 31 December 2019 which is TRY 82,317,247 has been brought to the purchase value of TRY 37,069,000 as it can be seen on our announcement in Public Disclosure Platform (KAP) released on 9 July 2013. The subject amount is the prescribed amount for the possible conservative scenario within the scope of ongoing legal and administrative processes.

(**) The fair value of 6 independent sections in Block B held for sale is amounting to TRY 17,755,326. 6 residences were sold in the reporting period of 1 January - 31 December 2020.

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

NOTE 12 - INVENTORIES UNDER DEVELOPMENT AND INVENTORIES (Continued)

For the purpose of project development under urban transformation, Bağdat Street Projects, Erenköy, Ak Apartments and Çiftehavuzlar land located in Kadıköy district of İstanbul are included in the Group's portfolio.

As of December 31, 2020, the Grup has given a first degree mortgage worth of TRY 29,500,000 on the estate (Çiftehavuzlar Land) registered in Istanbul Province, Kadikoy District, Erenkoy Neighbourhood, Ciftehavuzlar, Section 106, Block 1435, Parcel No 39, a first degree mortgage worth of USD 28,943,759 on the estate (Erenköy Apartment) registered in Istanbul Province, Kadikoy District, Located in Bağdat Street, Section 106, Block 378, Parcel No 25.

Borrowing costs amounting to TRY 35,044,897 has been capitalized as of 31 December 2020 (31 December 2019: TRY 33,782,323).

As of 31 December 2020, there is TRY 62,004,000 insurance on inventories (31 December 2019: 83,523,600).

The Akasya Acıbadem project, which has a saleable area of 209,285 m² built on 121,000 m² of land in Istanbul Acıbadem consists of 3 stages as Akasya Lake, Akasya Koru and Akasya Kent. The Akasya Project mentioned above refers to remaining office. As of 31 December 2020, it is followed under investment properties.

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of the reporting date, the carrying values of equity investments in the Group's consolidated financial statements are as follows:

	31 December 2020		**31 December 2019**	
	Ownership rate (%)	**Registered value**	**Ownership rate (%)**	**Registered value**
WMG London	51.00	34,484,785	51.00	27,813,159
Total		**34,484,785**		**27,813,159**

As of 31 December 2020, the movement of investments accounted for using the equity method is as follows:

	2020	**2019**
Opening Balance, 1 January	**27,813,159**	**25,180,202**
Shares of profit and loss	(1,222,053)	(1,531,678)
Shares in other comprehensive income	7,893,679	4,164,635
Ending Balance, 31 December	**34,484,785**	**27,813,159**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Addition	Disposal	31 December 2020
Cost:				
Lands	2,182,703	-	-	2,182,703
Buildings	18,479,902	-	-	18,479,902
Land improvements	499,812	-	-	499,812
Furniture and fixture	20,660,757	1,742,672	(245,443)	22,157,986
Plant, machinery and equipment	128,741	-	-	128,741
Vehicles	139,149	-	-	139,149
Leasehold improvements	2,710,471	268,583	(330,808)	2,648,246
	44,801,535	**2,011,255**	**(576,251)**	**46,236,539**
Accumulated Depreciation:				
Buildings	(1,119,185)	(387,078)	-	(1,506,263)
Land improvements	(446,000)	(10,250)	-	(456,250)
Furniture and fixture	(12,893,728)	(2,250,275)	39,784	(15,104,219)
Plant, machinery and equipment	(97,904)	-	-	(97,904)
Vehicles	(94,803)	(23,882)	-	(118,685)
Leasehold improvements	(946,456)	(345,305)	330,218	(961,543)
	(15,598,076)	**(3,016,790)**	**370,002**	**(18,244,864)**
Net book value	**29,203,459**			**27,991,675**

	1 January 2019	Addition	Disposal	31 December 2019
Cost:				
Lands	2,182,703	-	-	2,182,703
Buildings	18,479,902	-	-	18,479,902
Land improvements	499,812	-	-	499,812
Furniture and fixture	18,750,818	1,983,178	(73,239)	20,660,757
Plant, machinery and equipment	128,741	-	-	128,741
Vehicles	139,149	-	-	139,149
Leasehold improvements	2,560,126	150,345	-	2,710,471
	42,741,251	**2,133,523**	**(73,239)**	**44,801,535**
Accumulated Depreciation:				
Buildings	(732,107)	(387,078)	-	(1,119,185)
Land improvements	(435,750)	(10,250)	-	(446,000)
Furniture and fixture	(10,329,532)	(2,564,196)	-	(12,893,728)
Plant, machinery and equipment	(97,904)	-	-	(97,904)
Vehicles	(65,001)	(29,802)	-	(94,803)
Leasehold improvements	(658,046)	(288,410)	-	(946,456)
	(12,318,340)	**(3,279,736)**	**-**	**(15,598,076)**
Net book value	**30,422,911**			**29,203,459**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The breakdown of depreciation expense for the years ended 31 December 2020 and 2019 is disclosed in Note 22.

There are no capitalized borrowing costs for property, plant and equipment for the years ended 31 December 2020 and 2019.

As of 31 December 2020, there is insurance coverage on property, plant and equipment amounting TRY 2,088,631 (31 December 2019: TRY 1,739,699).

NOTE 15 - INTANGIBLE ASSETS

	1 January 2020	Addition	31 December 2020
Cost:			
Rights	7,135,987	245,283	7,381,270
Other	708,079	13,299	721,378
	7,844,066	**258,582**	**8,102,648**
Accumulated amortization:			
Rights	(2,065,047)	(689,123)	(2,754,170)
Other	(643,395)	(108,216)	(751,611)
	(2,708,442)	**(797,339)**	**(3,505,781)**
Net book value	**5,135,624**		**4,596,867**

	1 January 2019	Addition	31 December 2019
Cost:			
Rights	6,939,540	196,447	7,135,987
Other	658,739	49,340	708,079
	7,598,279	**245,787**	**7,844,066**
Accumulated amortization:			
Rights	(1,481,433)	(583,614)	(2,065,047)
Other	(401,085)	(242,310)	(643,395)
	(1,882,518)	**(825,924)**	**(2,708,442)**
Net book value	**5,715,761**		**5,135,624**

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2020	31 December 2019
Value added taxes ("VAT") receivables	2,485,654	2,044,826
	2,485,654	**2,044,826**

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 December 2020	31 December 2019
Provisions for school donation (*)	6,000,000	6,000,000
Provisions for litigation	1,572,146	1,776,546
Provisions for employee benefits	768,616	736,430
Other short term provisions	928,566	952,209
	9,269,328	**9,465,185**

(*) School donation provision as of 31 December 2020 and 2019, as SAF GYO announced on Public Disclosure Platform (KAP) on 8 May 2015, reflects the value provided to the school to be constructed in Ünalan Neighbourhood in front of Akasya Shopping Mall as part of the protocol signed with Directorate of National Education.

	2020	2019
Opening balance, 1 January	**1,776,546**	**4,434,726**
Provision for litigation expenses	804,176	205,448
Litigation provision no longer required	(1,008,576)	(395,184)
Paid litigation provisions	-	(2,468,444)
Closing balance, 31 December	**1,572,146**	**1,776,546**

Guarantees given	31 December 2020	31 December 2019
Mortgages (*)	2,700,148,201	3,522,574,939
Letters of guarantees	5,741,919	6,399,234
	2,705,890,120	**3,528,974,173**

(*) Mortgages on the Group's investment properties and long-term inventories are given for the liabilities of the Group to the financial institutions.

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

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received	**31 December 2020**	**31 December 2019**
Letter of guarantees	115,045,348	93,947,744
Mortgages	90,437,295	90,437,295
Collateral bills	20,455,599	18,717,796
Surety bonds	2,091,640	1,754,973
Cheques of guarantee	1,498,809	1,103,531
	229,528,691	**205,961,339**

In consideration of the current contract periods, the total of the expected minimum operational lease revenue of the Group is as follows as of 31 December 2020 and 2019:

	31 December 2020	**31 December 2019**
Operational lease revenues between 0-1 year	363,837,493	446,183,278
Operational lease revenues between 1-5 year	2,388,039,743	3,117,379,675
Operational lease revenues 5 years and above	4,888,606,922	3,406,472,510
	7,640,484,158	**6,970,035,463**

As of 31 December 2020 and 2019, the Group's collaterals/pledges/mortgages position as follows:

CPM's given by the Group (Collaterals, Pledges, Mortgages)	**31 December 2020**	**31 December 2019**
A. CPM' s given for its own legal personality	2,705,890,120	3,528,974,173
B. CPM's given on behalf of fully consolidated companies	-	-
C. CPM's given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM's	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given on 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	-	-
	2,705,890,120	**3,528,974,173**

As of 31 December 2020, there is no other CPM given by Company (December 31, 2019: None).

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

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The original amount of CPM is as follows:

	31 December 2020		31 December 2019	
Guarantees given	**Foreign Currency**	**TRY equivalent**	**Foreign Currency**	**TRY equivalent ı**
USD	363,796,499	2,670,448,201	462,140,000	2,745,204,028
TRY	35,441,919	35,441,919	783,770,145	783,770,145
		2,705,890,120		**3,528,974,173**

	31 December 2020		31 December 2019	
Guarantees received	**Foreign Currency**	**TRY equivalent**	**Foreign Currency**	**TRY equivalent**
TRY	164,211,019	164,211,019	158,220,270	158,220,270
USD	8,642,332	63,439,038	7,979,041	47,397,100
EUR	208,554	1,878,634	51,720	343,969
		229,528,691		**205,961,339**

Ongoing lawsuits

With a nature that would not have impact on financial statements of the Company and its activities, lawsuits opened by a shareholder of the Company, named Ömer Dinçkök, against the Company are as follows:

- A lawsuit was filed by Ömer Dinçkök, a shareholder of the Company, for the nullity and cancellation of the decisions taken on the agenda items 2, 5, 6 and 7 at the Ordinary General Assembly Meeting of the Company regarding 2015 dated 29 March, 2016, before Istanbul 12th First Instance Commercial Court, with the file number of 2016/739. At the hearing held on 22 October, 2018, Istanbul 12th First Instance Commercial Court decided to dismiss the lawsuit on the ground that the claimant has lack of capacity to sue. The decision of the local court appealed by the plaintiff and 13th Department Regional Courts of Justice decided to dismiss the appeal request of the plaintiff, leaving appeal of the decision is open. The decision of 13th Department Regional Courts of Justice appealed by the plaintiff and it is expected that application of the claimant shall be rejected by the Supreme Court.

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Ongoing lawsuits (Continued)

- With the request of Ömer Dinçkök, a shareholder of the Company, for the cancellation of the decisions taken on the agenda items 2, 5, 6, 7, 10 and 11 at the Ordinary General Assembly Meeting of the Company regarding 2013 dated 28 March, 2014, a lawsuit was filed at Istanbul 18th First Instance Commercial Court (formerly Istanbul 50th First Instance Commercial Court) numbered Docket No: 2014/545 (formerly Docket No: 2014/208), and at the hearing held on 9 April, 2015, with the partially acceptance of the case, it was decided to acceptance of cancellation request of the decision taken on 6th agenda item regarding to determination of the use of profit and the determination of the profit and profit share ratios to be distributed; however it was decided to reject cancellation requests of decisions taken on the agenda items 2, 5, 7, 10 and 11. On April 1, 2016, the Company had appealed the court decision with respect to cancellation of the decision, which was taken on agenda item 6 of the aforementioned general assembly meeting, and Eleventh Court of Cassation has made a reversal of decision in favour of the Company regarding to file numbered Docket No: 2016/6238. Regarding to the reversal of decision, 18th Commercial Court of First Instance had decided to reject the lawsuit on July 19, 2018, leaving appealing the Court decision is open, since the claimant had absence of active hostility. The claimant has appealed to aforementioned decision and the Supreme Court approved the decision of the 18th Commercial Court of First Instance. The plaintiff requested the Correction of the decision given by the Supreme Court. The stage of Correction of the decision continues and it is expected that application of the claimant shall be rejected by the respective court.

Other lawsuits

- There are compensation and commercial lawsuits filed against Garanti Koza-Akiş Ordinary Partnership, which Akiş GYO was one of the founding companies of this partnership and sold its shares in the Ordinary Partnership on 11 March, 2013. Regarding to the aforementioned sale, the buyer has agreed in the Transfer Agreement to compensate any possible obligation regarding the Ordinary Partnership. There has been no cash outflow since the sale date regarding the ongoing lawsuits.

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other lawsuits (Continued)

- A lawsuit has been filed at the 3rd Administrative Court of Istanbul upon the cancellation of the license, given to the Company with respect to immovable property, which is owned by the Company and located in Erenköy, Kadıköy and registered as 106 Map section, 1435 Block and 39 Parcel number before Kadıköy Land Registry Directorate and administrative proceedings, which subject to lawsuit, was decided to be cancelled by the decision of 3rd Administrative Court of Istanbul dated 07.03.2017 and numbered Docket No: 2016/1504 and Decision No: 2017/553. The defendant Municipalities had made a request of appeal. The Company has requested to get involved in to the related lawsuit upon being aware of the lawsuit due to the notification made to the Company by 4th Administrative Lawsuit Department during appeal phase. Final rejection of the appeal has been made by Istanbul 4th Administrative Lawsuit Department with its decision dated 13.09.2017 and numbered Docket No: 2017/640 and Decision No: 2017/736 and the defendant administrations had also appealed against this decision however, such request of appeal has been rejected as well. The Company has appealed to the said decision rejecting the request of appeal and 6th Department of Council of State has decided rejection of request of appeal with its decision dated 01.02.2018 and numbered Docket No: 2018/264 and Decision No: 2018/820. Since it was decided by the Istanbul Metropolitan Municipality Council that the parcel numbered 39, belongs to Company, is determined as low-density housing area and it is required to maintain Region Planning Decisions scaled as 1/5000 and approved on 22.03.2007, the Company has requested for a "Retrial" extraordinary law on the decision, dated 07.03.2017 and numbered Docket No: 2016/1504 and Decision No: 2017/553, of Istanbul 3rd Administrative Court. However, Istanbul 3rd Administrative Court, with the decision dated 15.02.2019, numbered Docket No: 2019/425 and Decision No: 2019/270, rejected the request of the Company on the ground that "since the Company is an intervening party, the Company cannot request solely the retrial". An appeal was filed against the aforementioned decision of the Istanbul 3rd Administrative Court. With the decision of Istanbul 4th Administrative Case Department taken by majority dated 27.06.2019, numbered Docket No: 2019/941 and Decision No: 2019/1309, the final rejection of the appeal was decided. An individual application was filed by the Company before the Constitutional Court with the individual application number 2019/30484 against the said decision. In accordance with the verdict of the Constitutional Court dated 07.05.2020 and numbered 2019/30484, the Company's application was rejected.

- Upon rejection of the request of the claimant with respect to determination of parcel numbered (39) as green space, which was filed by the landlord of the immovable, adjacent to immovable property, which is owned by the Company and located in Erenköy, Kadıköy and registered as 106 Map section, 1435 Block and 39 Parcel number before Kadıköy Land Registry Directorate, the claimant has filed a lawsuit against Istanbul Metropolitan Municipality and Kadıköy Municipality with requesting cancellation of such rejection transaction before 10th Administrative Court of Istanbul and the aforementioned Court has decided to accept the lawsuit with its decision dated 30.04.2015 and numbered Docket No: 2014/115 and Decision No: 2015/800. Upon the appealing of the decision, 6th Department of Council of State has decided to approve decision of the local court in line with its decision dated 07.06.2017 and Docket No: 2015/11861 and Decision No: 2017/4590. Correction has been processed against such approval decision and it was decided to finally reverse the decision of local court decision with the decision of 6th Department of Council of State dated 03.10.2018 and Docket No: 2017/5257 and Decision No: 2018/7383 and in line with the aforementioned reversal of decision, 10th Administrative Court of Istanbul has decided that it is not appropriate to make a judgement on the lawsuit with its decision dated 23.01.2019 and numbered Docket No: 2019/51 and Decision No: 2019/67.

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other lawsuits (Continued)

- In the lawsuit filed against Istanbul Metropolitan Municipality by the landlord of the immovable adjacent to immovable property which is owned by the Company with the demand of cancelling the transactions of Istanbul Metropolitan Municipality Planning Directorate dated 24.06.2016 and numbered 122396 with regard to the notification of the plaintiff in relation to its verdict regarding the resolution of Istanbul Metropolitan Municipality Council dated 10.05.2016 and numbered 744 for the "protection of the original plan decisions" of the immovable registered in Kadıköy Land Registry Directorate with the number of 106 sheet, 1435 plot and 39 parcel and located in the province of Istanbul, Kadıköy district, Erenköy Neighborhood, Istanbul 3rd Administrative Court decided to accept the case with the decision numbered Docket No: 2016/1486 and Decision No: 2017/65. The defendant Istanbul Metropolitan Municipality appealed against this verdict and the appeal request was rejected. Upon the rejection of appeal request, the defendant administration filed an appeal, and 6th Department of Council of State has decided to revoke the verdict of 4th Administrative Court of Istanbul Regional Administrative Court dated 18.04.2017, numbered Docket No: 2017/195 and Decision No: 2017/278 through its final verdict dated 03.10.2018, numbered Docket No: 2017/2154 and Decision No: 2018/7384. Upon the aforesaid revoke verdict of the Council of State, the lawsuit was registered in the file number 2018/2893 of the 4th Administrative Law Department of the Istanbul Regional Administrative Court, and it was decided by the 4th Administrative Law Department to accept the request of the Company to participate in the case as an intervener together with the defendant administration and it was decided to resist in its previous verdict dated 24.06.2019, numbered Docket No: 2018/2893 and Decision No: 2019/1239. The Company filed an appeal against the said persistence verdict, and as a result of the appeal review, Council of State Administrative Law Divisions has decided to accept the appeal application with the final verdict dated 27.02.2020, Docket No. 2019/2396 and Decision No. 2020/526 and to reverse the persistence verdict of Istanbul Regional Administrative Court, 4th Administrative Litigation Department, dated 24.06.2019, Docket No. 2018/2893 and Decision No. 2019/1239. In accordance with the final decision of the Council of State Council of Administrative Case Divisions regarding the reversal of the persistence verdict, Istanbul Regional Administrative Court, 4th Administrative Case Department gave the judgment of obeying the reverse verdict of Council of State Administrative Law Divisions, with its decision dated 22.10.2020 and Docket Number of 2020/1367 and Decision Number of 2020/1350 and to remove the verdict of Istanbul 3rd Administrative Court dated 12.01.2017, Docket No. 2016/1486 and Verdict No. 2017/65 and has decided that it is not appropriate to make a judgement on the lawsuit.

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

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other lawsuits (Continued)

- The Company was informed about the cancellation of Conservative Master Development Plan, scaled as Beykoz 1st Zone 1/5000 and Conservative Revision Development Plan, scaled as Beykoz 1st Zone 1/1000, in Istanbul, Beykoz Region, that contain fields that the Company has signed flat for land contracts as Akiş Mudanya Ordinary Partnership to develop projects in the Beykoz Region and estates owned by Karlıtepe Gayrimenkul Geliştirme ve Yatırım A.Ş. which the subsidiary of the Company with share of 100%, as a result of the lawsuit filed at Istanbul 4th Administrative Court by Union of Chamber of Turkish Engineers and Architects (TMMOB) against Ministry of Environment and Urbanization through the decision, dated 31.01.2018 and numbered Docket No: 2015/1269 and Decision No: 2018/163, of the respective Court and afterwards the Company immediately requested to get involved during the appeal phase. Ministry of Environment and Urbanization appealed against the decision of local court and the Company requested to get involved in during the on-going appeal examination of Istanbul Regional Administrative Court 4th Administrative Lawsuit Department regarding file numbered Docket No: 2018/1326. The aforementioned court has accepted the participation of the Company. The rejection of the appeal was decided by the Istanbul Regional Administrative Court 4th Administrative Case Department with the decision dated 15.03.2019 and numbered Docket No: 2018/1326 and Decision No: 2019/548. Appeals have been filed against the aforementioned decision, and the appeal review continues under the file numbered Docket No: 2019/14427 before the 6th Chamber of the Council of State.

- Other lawsuit provisions consist of lawsuits and enforcement proceedings filed by customers due to incomplete performance and late delivery of the promise to sell contract and labor lawsuits and also lawsuits filed by the Group regarding the receivables of the Group.

  The Group's total number of lawsuits and enforcement proceedings is 390.

NOTE 18 - PROVISION FOR EMPLOYEE BENEFITS

a) Short-term benefits provided to personnel

	31 December 2020	31 December 2019
Provisions for short-term benefits provided to personnel		
Unused vacation rights	768,616	736,430
	768,616	**736,430**
Liabilities with in the short-term benefits provided to personnel		
Performance premium provision	1,435,544	1,078,020
Personnel expenses payable	232,971	591,258
	1,668,515	**1,669,278**

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

NOTE 18 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

b) Long-term benefits provided to personnel

Provision for employee termination benefits

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law’s Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month’s salary limited to a maximum of TRY 7,117 for each period of service as of 31 December 2020 (31 December 2019: TRY 6,380). Maximum severance pay is revised once in every 6 months period, in the calculation of provision for employee termination benefits, ceiling price amounting to TRY 7,639 which is valid since 1 January 2021 is taken into consideration (1 January 2020: TRY 6,730). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the entity’s obligation under defined benefit plans. As of 31 December 2020, actuarial gains/(loss) are recognized in "comprehensive income" under "Defined benefit plans remeasurement gains".

Assumptions have been used for the actuarial calculation are as follow:

	31 December 2020 (%)	**31 December 2019 (%)**
Discount rate	4.70	4.96

Movements in the provision for employment termination benefits are as follows

	2020	**2019**
Opening balance, 1 January	**1,857,097**	**1,186,150**
Actuarial (gain) / loss	(122,867)	722,505
Increase during year	350,443	372,415
Interest expense	252,565	144,117
Payment during year	(489,148)	(568,090)
Closing balance, 31 December	**1,848,090**	**1,857,097**

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

NOTE 19 - EQUITY

a) Equity

Company's shareholders and capital structure as of 31 December 2020 and 2019 are described in Note 1.

b) Other comprehensive income /(expense) not to be reclassified to profit or loss

	31 December 2020	31 December 2019
Remeasurement loss arising from defined benefit	(1,025,675)	(1,148,542)
	(1,025,675)	**(1,148,542)**

c) Other comprehensive income /(expense) to be reclassified to profit or loss

	31 December 2020	31 December 2019
Currency translation reserve	15,768,639	7,370,271
Cash flow hedge gains / (losses)	(22,389,631)	(54,702,922)
	(6,620,992)	**(47,332,651)**

d) Restricted reserves appropriated from profit

Accumulated profits in legal books can be distributed except for the provisions relating to the legal reserve that is stated below.

Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% of the portion of the paid-in capital that exceeds 5% of the paid-in capital. Group companies are not subject to this implementation.

"Legal reserves" allocated in accordance with the TCC requirements, "Share premium" that is in statue of legal reserve and legal reserves allocated for certain purposes apart from profit sharing (gains of sharing sales for tax advantage) is demonstrated the amounts in records. Differences arising from inflation adjustment coming out in the assessments based on TFRS principals and that is not subject to profit distribution or capital increase as of reporting date are related to accumulated profit/loss.

	31 December 2020	31 December 2019
Legal reserves	112,319,777	116,693,057

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

NOTE 19 - EQUITY (Continued)

e) Other Reserve

	31 December 2020	31 December 2019
Other reserve	54,696,807	54,696,807

With the changes in CPM's reporting format, items in shareholders' equity by name "Other reserves" and "Merger reserve" are classified in "Other reserves".

f) Retained earnings

As of the reporting date, extraordinary reserve of parent company, which is in retained earning amounting to TRY 2,313,038,012 (31 December 2019: TRY 1,884,229,243) is TRY 284,661,247 (31 December 2019: TRY 271,111,709).

Profit distribution

Regarding the dividend distribution, the entities are to distribute their profits under the scope of CMB Communiqué Serial: II-19.1 their articles of association and their previously publicly declared profit distribution policies.

Besides that, it is regulated that companies which are obligated to prepare consolidated financial statements under CMB policies, if it's allowed in their statutory reserves, amount of profit available for distribution must be prepared, in accordance with CMB Communiqué No. II -14.1 announced publicly consolidated financial statements taking into account net profit of the period.

It has been allowed that in the case of a dividend payment, depending on the decisions taken at the General Assembly's, payment can be made as cash or issuing the shares to shareholders for free after dividend is added to capital or partially cash and partially issuing free shares. In the case of first dividend payment is less than 5% of issued/paid-in capital, it has been allowed that the dividend can be left within the venture without being distrubuted. However, the joint stock companies that increased their capital without being distrubuted the dividend belonging to the prior period and therefore separate the shares as "new" and "old" must pay the first dividend that is calculated as cash.

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

NOTE 19 - EQUITY (Continued)

In the Company's 2019 Ordinary General Assembly meeting on 2 April 2020, certified on 28 April 2020, it was decided that the Company's registered capital cap should be increased to TRY1,000,000,000 effective between 2020 and 2024, and that TRY124,608,000 of the 2019 profit should be allocated to partners as free-of-charge shares as a 1st dividend. In this framework, the Company Board of Directors decided on 5 May 2020 that the Company's issued capital within its registered capital cap of TRY1,000,000,000 should be raised to TRY554,699,850 with an increase of TRY124,608,000 free of charge to be paid from the Company's 2019 profit share, that the entirety of the TRY124,608,000 capital increase free of charge should be paid from the 2019 profit share, that 124,608,000 shares having a nominal value of TRY1 should be issued for a capital increase free of charge, that (A) group shares should be issued for (A) group shares and (B) group shares for should be issued for (B) group shares in relation to the shares to be issued for the capital increase, that (A) group shares should not be listed in the stock market and (B) group shares should be listed in the stock market, and that the TRY124,608,000 which would be added to the capital should be allocated to all shareholders in proportion to their shares. In line with the decision of the Company's Board of Directors, application was made to the Capital Markets Board on 7 May 2020 to amend the capital article of the articles of association. The Capital Markets Board approved the application on 18 June 2020. The affairs concerning the Company's capital increase were certified on 14 July 2020 by the Istanbul Trade Registry Directorate and promulgated in Turkey Trade Registry Gazette No. 10121 dated 20 July 2020.

According to the legal bookings of the company, current period net profit, retained earnings and other equtiy that can be paid as dividend are TRY 144,397,463.

NOTE 20 - SALES AND COST OF SALES

	1 January- 31 December 2020	**1 January- 31 December 2019**
Revenues		
Akasya rent income	169,996,244	269,422,809
Akbatı rent income	84,576,689	116,786,673
Residence sales income	19,586,827	5,717,593
Other rent income	13,739,342	18,380,509
Sponsorship income	3,877,519	5,657,431
Ticket sales	2,527,646	11,572,308
Other	7,140,184	9,624,294
	301,444,451	**437,161,617**
Cost of sales		
Cost of Akasya shopping mall	(48,872,122)	(54,393,609)
Cost of Akbatı shopping mall	(26,980,663)	(29,105,521)
Cost of residence sales	(17,788,051)	(5,107,220)
Cost of other services	(12,078,336)	(18,896,346)
	(105,719,172)	**(107,502,696)**
Gross profit	**195,725,279**	**329,658,921**

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January- 31 December 2020	1 January- 31 December 2019
General administrative expenses		
Personnel expenses	12,443,178	12,169,585
Consultancy expenses	8,210,284	8,970,188
Taxes, duties and fees	1,545,481	1,350,241
Depreciation expenses	1,309,667	1,196,339
Office expenses	1,228,146	1,175,234
Transportation and travel expenses	835,204	875,560
Donation	143,200	479,700
Other	3,242,907	3,406,937
	28,958,067	**29,623,784**

Marketing expenses		
Personnel expenses	1,558,058	2,565,410
Advertisement expenses	602,362	920,915
Corporate communication	26,828	68,023
Other	267,081	351,425
	2,454,329	**3,905,773**

NOTE 22 - EXPENSE BY NATURE

	1 January- 31 December2020	1 January- 31 December 2019
Cost of shopping malls	53,576,471	61,296,548
Personnel expense	29,816,605	33,986,894
Cost of residence sales	17,788,050	5,107,220
Consultancy expenses	9,087,163	10,043,400
Taxes, duties and fees	7,604,222	6,944,827
Amortisation expenses	3,814,129	4,105,660
Office expenses	1,228,146	1,175,233
Transportation and travel expenses	835,204	875,560
Advertisement expense	602,362	920,915
Donations	145,350	481,750
Other	12,633,866	16,094,246
	137,131,568	**141,032,253**

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

NOTE 22 - EXPENSE BY NATURE (Continued)

The allocation of personnel expenses as of 31 December 2020 and 2019 is as follows:

	1 January- 31 December2020	**1 January- 31 December 2019**
Expensed on cost of sales	15,815,369	19,251,899
General administrative expenses	12,443,178	12,169,585
Marketing expenses	1,558,058	2,565,410
Total personnel expenses	**29,816,605**	**33,986,894**

The allocation of depreciation and amortization expenses as of 31 December 2020 and 2019 are as follows:

	1 January- 31 December2020	**1 January- 31 December 2019**
Expensed on cost of sales	2,504,462	2,909,321
General administrative expenses	1,309,667	1,196,339
Total depreciation and amortization expenses	**3,814,129**	**4,105,660**

NOTE 23 - OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	**1 January- 31 December 2020**	**1 January- 31 December 2019**
Foreign exchange gains related to trade receivable and payable	37,648,536	26,891,938
Interest income related to trade receivable	4,326,942	7,690,700
Provisions no longer required for litigation (Note 17)	1,008,576	395,184
Provisions no longer required for expected credit losses (Note 7)	82,306	1,240,474
Rediscount income	-	1,699,737
Other	2,205,443	1,854,851
	45,271,803	**39,772,884**

Other expenses from operating activities

Foreign exchange losses related to trade receivable and payable	(31,806,922)	(18,382,317)
Impairment	(6,826,238)	(11,740,461)
Provision for expected credit losses (Note 7)	(1,920,687)	(3,074,143)
Provision for litigation (Note 17)	(804,176)	(205,448)
Rediscount expense	(399,614)	(205,305)
Other	(1,498,168)	(5,994,984)
	(43,255,805)	**(39,602,658)**

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

NOTE 24 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2020	1 January- 31 December 2019
Income from investment activities		
Increase in fair value of investment properties (Note 11)	33,973,562	580,068,632
Gain on sales of Ak Apartment	283,967	-
Gain on sales of independent sections of Üsküdar	9,901	-
Gain on sales of Mecidiyeköy	-	384,815
	34,267,430	**580,453,447**
Expenses from investment activities		
Decrease in fair value of investment properties (Note 11)	(164,851,765)	(9,779,099)
	(164,851,765)	**(9,779,099)**

NOTE 25 - FINANCIAL INCOME AND EXPENSE

	1 January- 31 December 2020	1 January- 31 December 2019
Financial income		
Foreign exchange gains	308,557,022	158,214,295
Interest income	12,018,865	16,338,214
Gains on derivative financial instruments	7,687,213	7,883,168
	328,263,100	**182,435,677**
Financial expenses		
Foreign exchange losses	(664,915,811)	(346,990,314)
Interest expenses	(156,028,844)	(151,550,301)
	(820,944,655)	**(498,540,615)**

NOTE 26 - EARNINGS PER SHARE

Earnings per share are determined by dividing net income attributable to ordinary shareholders by the weighted average number of shares, As of 31 December 2020 the Company has 554,699,850 (31 December 2019: 430,091,850) number of shares each valued as TRY 1. There is no preferred stock for shareholders and other share groups. Companies can increase their capital by distributing shares to their shareholders from retained earnings in line with their interest in share capital ("Bonus shore"). In the course of determination of earnings/loss per share per share, these are considered as issued shares. Earning per share calculation are made by dividing distributable net profit of main partnership interest to weighted average number of shares issued during year.

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

NOTE 26 - EARNINGS PER SHARE (Continued)

	31 December 2020	31 December 2019
Net income from continuing operations	(458,444,388)	549,043,489
Average number of ordinary shares in the nominal value of TRY1	554,699,850	430,091,850
Earnings per share from continuing operations	**(0.94)**	**1.28**
Net income for the period attributable to equity holders of the parent	(458,444,388)	549,043,489
Average number of ordinary shares in the nominal value of TRY1	554,699,850	430,091,850
The parent partnership, distributable profit to partners main and relative earnings per share	**(0.94)**	**1.28**

NOTE 27 -INCOME TAXES (INCLUDED DEFERED TAX ASSETS AND LIABILITIES)

a) Current tax payable:

The application of Akiş in 2011, for being converted to a real estate company was approved in accordance with the decision of Capital Market Board dated 19 April 2012 and numbered 15/345 and the mentioned conversion and the changes in the articles of association registered on 18 May 2012 which was then published on the Trade Gazette on 24 May 2012. Subsequently, the profit of the Company as a real estate investment exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes. According to Corporation Tax Law, Article 15 / (3), 15% withholding tax is applied to those profits which are exempt from corporation tax. The Council of Ministers shall be authorized to reduce the tax rate to zero for each income and payment which is specified in article 15, to raise up to corporation tax rate and within the same limit, to differentiate the gains which are defined in the third paragraph, according to funds or types of partnerships or according to nature and composition of assets in their portfolios. According to the Council of Minister's decision, No: 2009/14594, the withholding tax rate is determined as "0". In this scope, the gains subject to the tax cut are not subject to dividend stoppage separately, according to Corporate Tax Law, Article 15 / (2).

However, the Turkish tax legislation does not allow for a consolidated tax return of a parent company, its subsidiaries, joint ventures and subsidiaries as a whole. Hence, despite the fact that the parent company is exempted from the corporation tax as it is converted to a real estate investment, its subsidiaries are excluded from this exemption. As of 31 December 2020 and 2019, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis:

The taxes reflected in the income statements for the periods ended 31 December 2020 and 2019 are summarized below:

	1 January 31 December 2020	1 January- 31 December 2019
Current income tax	(334,989)	(440,322)
Deferred tax income/(expense)	49,663	146,489
Total tax	**(285,326)**	**(293,833)**

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

NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 31 December 2020 and 2019 are as follows:

Short-term trade receivables from related parties	31 December 2020	31 December 2019
Dinkal Sigorta Acenteliği A.Ş ("Dinkal")	-	8,204
Other	138	15,480
	138	**23,684**

Long-term other receivables from related parties		
Akiş-Mudanya Ordinary Partnership (*)	15,103,118	12,631,530
	15,103,118	**12,631,530**

(*) Long-term receivable from Akiş-Mudanya Ordinary Partnership ("Adi Ortaklık") is related to receivables that resulted from payments made to Adi Ortaklık regarding agreements of the construction in return for flat.

Short- term trade payables to related parties	31 December 2020	31 December 2019
Sakarya Elektrik Perakende ve Satış A.Ş. ("Sepaş")	2,041,854	2,988,501
Aktek Bilgi İlet. Tekno. San. A.Ş. ("Aktek")	681,329	621,697
Dinkal (*)	326,915	325,204
Akkök Holding	325,202	173,514
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San. ve Tic. A.Ş. ("Akgirişim")	172,715	165,264
Other	3,676	326
	3,551,691	**4,274,506**

(*) Payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

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

NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) As of 31 December 2020 and 2019 services and product purchases from related parties are as follows:

	1 December- 31 December 2020	1 December- 31 December 2019
Purchases of goods and services from related parties		
Sepaş (**)	27,716,517	32,474,904
Dinkal (*)	5,372,130	5,154,158
Aktek	2,997,689	2,885,263
Akgirişim	1,506,530	2,427,457
Akkök Holding	1,472,630	1,153,001
Akdünya	300,784	1,013,180
Aksa Akrilik Kimya San. A.Ş.	151,498	-
Akhan Bakım Yönetim Servis Hizmetleri Güvenlik Malzemeleri Ticaret A.Ş.("Akhan")	124,733	86,337
Akapartmanı Yöneticiliği	51,370	-
	39,693,881	**45,194,300**

(*) Purchases made from various insurance companies through Dinkal Sigorta Acenteliği A.Ş.

(**) Transactions occuring with purchase of electricity for Shopping Malls from Sakarya Elektrik Perakende ve Satış A.Ş. ("Sepaş").

c) As of 31 December 2020 and 2019 services and product sales to related parties are as follows:

	31 December 2020	31 December 2019
Sales of goods and services to related parties		
Sepaş	642,791	216,379
Akcoat İleri Kimyasal Kaplama Malz. San. ve Tic. A.Ş.	443,382	10,882
Ak-kim Yapı Kim. San. Tic. A.Ş.("Ak-kim")	234,675	218,754
Dowaksa İleri Kompozit Malzemeler San. Ltd. Şti. ("Dowaksa")	117,182	137,000
Dese Gıda Ürünleri San. ve Tic. A.Ş. ("Dese Gıda")	58,112	138,181
Dinkal	86,468	78,315
Aksa Akrilik Kimya San. A.Ş. ("Aksa")	-	50,047
Other	124,098	107,003
	1,706,708	**956,561**

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

NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

d) As of 31 December 2020 and 2019 interest income and interest expenses with related parties are as follows:

Interest income from related parties	**1 Janaury- 31 December 2020**	**1 January- 31 December 2019**
Akiş Mudanya Adi Ortaklığı	1,796,742	2,567,479
	1,796,742	**2,567,479**

Finance expense from related parties	**1 Janaury- 31 December 2020**	**1 January- 31 December 2019**
Ak-Pa Tekstil İhracat Pazarlama A.Ş.	3,997,014	8,383,820
	3,997,014	**8,383,820**

The Company defined its key management personnel as board of directors and members of the executive committee. Benefits provided to key management personnel as of 31 December 2020 and 2019 are as follows:

	1 January- 31 December 2020	**1 January- 31 December 2019**
Salary and other short term employee benefits	9,208,912	7,812,428
Employment termination benefits	610,589	489,321
Total	**8,644,661**	**8,301,749**

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Liquidity Risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. The Group management tries to avoid liquidity risk from daily operations by trying to keep sufficient levels of cash and to have open credit lines with creditors. Management also tries to align the repayment of borrowings utilized for the construction and acquisition of investment properties with the rental income from such properties to the extent that is possible. For the construction of residential units the Group obtains cash advances from customers by being engaged through pre-sales agreements to minimize the funding requirement in such projects. The explanations about Group's current ratio balance are stated in detail in Note 2. The Company hedges its liquidity risk arising from floating rate loans by cross currency and interest rate swap transactions and is subject to hedge accounting for cash flow hedges.

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2020 is as follows:

	The Book Value	Contractual cash outflows	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities (Non-derivative)						
Bank borrowings	2,334,632,663	2,387,640,931	243,811,103	239,510,858	1,476,303,416	428,015,554
Issued bonds	101,192,916	114,414,774	4,804,925	109,609,849	-	-
Trade payables	15,614,822	15,614,822	10,875,726	-	4,739,096	-
Other payables	3,728,552	3,728,552	3,728,552	-	-	-
	2,455,168,953	**2,521,399,079**	**263,220,306**	**349,120,707**	**1,481,042,512**	**428,015,554**
Derivative Financial Instruments (Subject to cash flow hedge accounting)						
Derivative cash inflows	199,485,953	294,809,325	42,213,642	122,269,344	130,326,339	-
Derivative cash outflows	(201,195,073)	(443,884,541)	(56,520,216)	(166,514,362)	(220,849,963)	-
	(1,709,120)	**(149,075,216)**	**(14,306,574)**	**(44,245,018)**	**(90,523,624)**	**-**

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2019 is as follows:

	The Book Value	Contractual cash outflows	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities (Non-derivative):						
Bank borrowings	2,053,922,603	2,350,438,002	587,527,246	348,260,573	1,364,186,719	50,463,464
Issued bonds	100,916,719	124,921,659	3,979,193	10,471,233	110,471,233	-
Finance lease payables	19,225,891	19,499,781	12,182,146	7,317,635	-	-
Trade payables	16,210,524	16,210,524	13,085,158	-	3,125,366	-
Other payables	6,252,253	6,252,253	6,252,253	-	-	-
	2,196,527,990	**2,517,322,219**	**623,025,996**	**366,049,441**	**1,477,783,318**	**50,463,464**
Derivative Financial Instruments (Subject to cash flow hedge accounting)						
Derivative cash inflows	318,278,951	574,249,417	170,908,638	133,414,214	269,926,565	-
Derivative cash outflows	(364,777,596)	(636,875,786)	(186,721,484)	(150,346,447)	(299,807,855)	-
	(46,498,645)	**(62,626,369)**	**(15,812,846)**	**(16,932,233)**	**(29,881,290)**	**-**

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities.

In this context, matching of not only maturities of receivables and payables but also contractual re-pricing dates is crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/floating interest", "short-term/long-term", "TRY/foreign currency" balance is structured consistent within and with assets in the balance sheet.

Financial instruments which have been classified as other financial liabilities in the Group's balance sheet have been exposed to the interest risk as a result of change in prices. At 31 December 2020, if interest rates at contractual re-pricing dates of TRY denominated financial assets and liabilities with variable interest rates have strengthened/weakened by 1% with all other variables held constant, income would have been TRY 115,717 / TRY (37,980) lower/higher as a result of interest expenses (31 December 2019: TRY 338,533/ TRY/(339,019)).

The nature of the derivative is to protect the Group's statement of comprehensive income against the fluctuations in floating interest rates due to possible changes in market interest rates. As of 31 December 2020, if USD denominated interest rate of the derivative instruments of the Company has strengthened/weakened by %1 with all other variables held constant, income would have been TRY 12,577 / TRY (12,596) higher/lower (31 December 2019: TRY 81,976 / TRY(82,058) higher/lower).

Average effective annual interest rates of balance sheet items as of 31 December 2020 and 2019 are as follows:

31 December 2020 (%)	**TRY**	**EUR**	**USD**
Current assets			
Cash and cash equivalents	13.75 - 18.25	-	2.25-3.55
Trade receivables	4.91	-	-
Current liabilities			
Bank borrowings	13.92	-	3.70
Issued bonds	19.27	-	-
Non-current liabilities			
Bank borrowings	12.98	-	6.03

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2019 (%)	TRY	USD	USD
Current assets			
Cash and cash equivalents	9.98 - 11.25	-	1.75 - 1.85
Trade receivables	1.51	-	0.47
Current liabilities			
Bank borrowings	25.35	4.60	5.34
Issued bonds	15.96	-	-
Finance lease payables	-	-	1.72
Non-current liabilities			
Bank borrowings	14.06	4.60	6.45
Issued bonds	15.96	-	-

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

	31 December 2020	31 December 2019
Financial instruments with fixed interest rate		
Time deposits	137,391,063	242,509,289
Bank borrowings	1,429,941,733	1,280,782,881
Finance lease payable	-	19,225,891
Financial instruments with floating interest rate		
Bank borrowings (Excluding derivative)	452,828,784	293,187,516
Bank borrowings (Including derivative)	451,862,146	479,952,206
Issued bonds	101,192,916	100,916,719

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Group's financial assets and liabilities (excluding interest rate sensitivity) in carrying amounts classified in terms of periods remaining to contractual re-pricing dates as of 31 December 2020 and 2019 are as follows:

	31 December 2020				
	Up to 3 months	**3-12 months**	**More than 1 year**	**Not interest bearing**	**Total**
Cash and cash equivalent	137,391,063	-	-	1,925,897	139,316,960
Trade receivables	23,753,370	18,827,438	-	25,514,207	68,095,015
Other receivables	-	-	16,766,272	3,512,738	20,279,010
Total assets	**161,144,433**	**18,827,438**	**16,766,272**	**30,952,842**	**227,690,985**
Bank borrowings	367,741,289	290,911,520	1,675,979,854	-	2,334,632,663
Issued bonds	-	101,192,916	-	-	101,192,916
Finance lease payable	10,875,726	-	4,739,096	-	15,614,822
Other payables	3,728,552	-	-	-	3,728,552
Total liabilities	**382,345,567**	**392,104,436**	**1,680,718,950**	**-**	**2,455,168,953**
Net re-pricing position	**(221,201,134)**	**(373,276,998)**	**(1,663,952,678)**	**30,952,842**	**(2,227,477,968)**

	31 December 2019				
	Up to 3 months	**3-12 months**	**More than 1 year**	**Not interest bearing**	**Total**
Cash and cash equivalent	242,509,289	-	-	3,793,105	246,302,394
Trade receivables	26,381,943	30,111,092	564,642	20,670,239	77,727,916
Other receivables	-	-	14,185,483	2,113,534	16,299,017
Total assets	**268,891,232**	**30,111,092**	**14,750,125**	**26,576,878**	**340,329,327**
Bank borrowings	567,561,460	296,708,381	1,189,652,762	-	2,053,922,603
Issued bonds	916,719	-	100,000,000	-	100,916,719
Finance lease payables	12,012,847	7,213,044	-	-	19,225,891
Trade payables	13,085,158	-	3,125,366	-	16,210,524
Other payables	6,252,253	-	-	-	6,252,253
Total liabilities	**599,828,437**	**303,921,425**	**1,292,778,128**	**-**	**2,196,527,990**
Net re-pricing position	**(330,937,205)**	**(273,810,333)**	**(1,278,028,003)**	**26,576,878**	**(1,856,198,663)**

Credit Risk Explanations

The Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Group keeps majority of its deposits within top 10 banks established in Turkey, with which the Group have standing relations.

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk of financial instruments as of 31 December 2020 and 2019 is as follows:

	Trade and other receivables		Deposit
31 December 2020	**Related party**	**Third party**	**in banks**
Maximum exposed credit risk as of reporting date (A+B+C+D)	**15,103,256**	**73,270,769**	**139,223,703**
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	15,103,256	67,087,679	139,223,703
- Secured portion by guarantees, etc			
B. Net book value of the expired but not impaired financial assets	-	6,183,090	-
- Secured portion by guarantees			
C. Net book value of impaired assets	-	-	-
- Overdue (Gross book value)		16,072,082	
- Impairment (-)	-	(16,072,082)	-
- 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. Financial assets with renegotiated conditions	-	-	-

	Trade and other receivables		Deposit
31 December 2019	**Related party**	**Third party**	**in banks**
Maximum exposed credit risk as of reporting date (A+B+C+D)	**12,655,214**	**81,371,719**	**246,196,085**
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	12,655,214	73,472,162	246,196,085
- Secured portion by guarantees, etc			
B. Net book value of the expired but not impaired financial assets	-	7,899,557	-
- Secured portion by guarantees	-	-	-
C. Net book value of impaired assets	-	-	-
- Overdue (Gross book value)	-	14,233,701	-
- Impairment (-)	-	(14,233,701)	-
- 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. Financial assets with renegotiated conditions	-	-	-

While determining the above-mentioned amounts, the factors that increase the credibility such as guarantees received are considered. In the financial assets of the Group which are subject to credit risk, no impairment risk has been identified. Furthermore, the Group does not have any off balance sheet items which are subject to credit risk.

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The aging table of the receivables that are past due but not impaired

	31 December 2020	31 December 2019
Past due 1-3 month	2,335,140	4,184,700
Past due 3-12 month	596,062	339,760
Past due 1-5 years	3,251,888	3,375,097
	6,183,090	**7,899,557**

Foreign exchange risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. This risk management is to maintain a foreign exchange position as at least the main principles to be affected by exchange rate fluctuations. The Group is mainly exposed to Euro and USD foreign exchange rate risk.

The nature of the derivative transaction is to protect the Group's statement of comprehensive income from the fluctuations caused by the change in the foreign currency denominated loan principal and interest payments against the TRY against USD.

Foreign currency position

Foreign currency denominated assets and liabilities held by the Group are as follows:

	31 December 2020	31 December 2019
Assets	162,815,174	152,392,096
Liabilities	(2,025,355,503)	(1,918,110,499)
Net on-balance sheet position	**(1,862,540,329)**	**(1,765,718,403)**

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below summaries foreign currency position risk of the Group as of 31 December 2020 and 2019. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

31 December 2020	**EUR**	**USD**	**GBP**	**Other**	**TRY Equivalent**
Current assets	**116,744**	**21,773,754**	**15**	**24,082**	**160,992,869**
Cash and cash equivalent	1,300	16,559,223	15	24,082	121,675,699
Financial investments	-	381,666	-	-	2,801,619
Trade receivables	10,182	4,530,359	-	-	33,346,816
Other receivables	-	250,000	-	-	1,835,125
Prepaid expenses	105,262	49,479	-	-	1,311,390
Other assets	-	3,027	-	-	22,220
Non-current assets	**-**	**-**	**-**	**443,954**	**1,822,305**
Other non-current assets	-	-	-	443,954	1,822,305
Total assets	**116,744**	**21,773,754**	**15**	**468,036**	**162,815,174**
Current liabilities	**5,413**	**52,403,020**	**-**	**1,826**	**384,720,623**
Financial liabilities	-	52,384,626	-	-	384,529,347
Trade payable	5,413	9,536	-	-	118,756
Other liabilities	-	7,646	-	1,826	63,624
Deferred income	-	1,212	-	-	8,896
Non-current liabilities	**15,299**	**223,485,739**	**-**	**-**	**1,640,634,880**
Financial liabilities	-	223,112,514	-	-	1,637,757,409
Other liabilities	15,299	373,225	-	-	2,877,471
Total liabilities	**20,712**	**275,888,759**	**-**	**1,826**	**2,025,355,503**
Net (liability)/asset position	**96,032**	**(254,115,005)**	**15**	**466,210**	**(1,862,540,329)**

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2019	**EUR**	**USD**	**GBP**	**Other**	**TRY Equivalent**
Current assets	**108,032**	**25,308,434**	**300**	**30,522**	**151,147,896**
Cash and cash equivalent	1,357	15,245,966	15	30,166	90,662,038
Financial investments	-	1,628,049	-	-	9,670,936
Trade receivables	2,056	8,433,700	-	356	50,112,655
Prepaid expenses	104,301	25	-	-	693,813
Other assets	318	694	285	-	8,454
Non-current assets	**-**	**-**	**-**	**441,820**	**1,244,200**
Other fixed assets	-	-	-	441,820	1,244,200
Total assets	**108,032**	**25,308,434**	**300**	**472,342**	**152,392,096**
Current liabilities	**5,585,885**	**117,202,813**	**342**	**-**	**733,360,292**
Borrowings	5,556,592	117,179,952	-	-	733,027,017
Trade payables	29,114	18,472	-	-	303,353
Other liabilities	179	3,584	342	-	25,140
Deferred income	-	805	-	-	4,782
Non-current liabilities	**31,147,572**	**164,573,611**	**-**	**-**	**1,184,750,207**
Financial liabilities	31,130,647	164,215,669	-	-	1,182,511,398
Other liabilities	16,925	357,942	-	-	2,238,809
Total liabilities	**36,733,457**	**281,776,424**	**342**	**-**	**1,918,110,499**
Net (liability) /asset position	**(36,625,425)**	**(256,467,990)**	**(42)**	472,342	**(1,765,718,403)**

The table below shows the Group's sensitivity to a 20% increase/decrease in USD, EUR and GBP exchange rates. These amounts represent the effect on the consolidated statement of comprehensive income of 20% increase/decrease in USD, EUR and GBP against TRY. During this analysis all other variables especially interest rate are assumed to remain constant.

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency sensitivity analysis as of 31 December 2020 and 2019 are as follows:

	Profit/(Loss)		**Equity**	
31 December 2020	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/- 20% fluctuation in US Dollar rate				
USD net asset/liability	(373,066,239)	373,066,239	(373,066,239)	373,066,239
Secured portion from US Dollar risk	21,807,016	(21,807,016)	2,994,304	(2,994,304)
USD Net Effect	**(351,259,223)**	**351,259,223**	**(370,071,935)**	**370,071,935**
+/- 20% fluctuation in EUR rate				
EUR net asset/liability	173,009	(173,009)	173,009	(173,009)
Secured portion from EUR risk	-	-	-	-
EUR Net Effect	**173,009**	**(173,009)**	**173,009**	**(173,009)**
+/- 20% fluctuation in GBP rate				
GBP net asset/liability	30	(30)	30	(30)
Secured portion from GBP risk	-	-	-	-
GBP Net Effect	**30**	**(30)**	**30**	**(30)**

	Profit(/Loss)		**Equity**	
31 December 2019	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/- 20% fluctuation in US Dollar rate				
USD net asset/liability	(304,694,231)	304,694,231	(304,694,231)	304,694,231
Secured portion from US Dollar risk	37,442,629	(37,442,629)	(6,842,269)	6,842,269
USD Net Effect	**(267,251,602)**	**267,251,602**	**(311,536,500)**	**311,536,500**
+/- 20% fluctuation in EUR rate				
EUR net asset/liability	(48,716,210)	48,716,210	(48,716,210)	48,716,210
Secured portion from EUR risk	-	-	-	-
EUR Net Effect	**(48,716,210)**	**48,716,210**	**(48,716,210)**	**48,716,210**
+/- 20% fluctuation in GBP rate				
GBP net asset/liability	(65)	65	(65)	65
Secured portion from GBP risk	-	-	-	-
GBP Net Effect	**(65)**	**65**	**(65)**	**65**

The exchange published by Central Bank of Turkey, rates and applied by the Group as at the year ends are followed:

	31 December 2020	**31 December 2019**
USD	7,3405	5,9402
EUR	9,0079	6,6506
GBP	9,9438	7,7765

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital risk management

The Group attempts to manage its capital by minimizing the investment risk by portfolio diversification. The Group's objective is to safeguard the Group's sustainability as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to keep a gearing ratio that is in-line with industry averages. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratios as of 31 December 2020 and 2019 are as follows:

	31 December 2020	**31 December 2019**
Total liabilities	2,497,663,553	2,278,434,031
Cash and cash equivalents	(139,316,960)	(246,302,394)
Net debt	2,358,346,593	2,032,131,637
Total shareholders' equity	3,607,213,978	4,020,450,560
Invested capital	**5,965,560,571**	**6,052,582,197**
Gearing ratio	**40%**	**34%**

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

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

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Financial assets

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade and other receivables, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at period-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

Financial liabilities

As of 31 December 2020 and 2019, carrying values and fair values of TRY and foreign currency denominated borrowings fixed and floating rates are explained at Note 7.

Estimation of Fair Value

Expertise values are used on the determination of the fair values of investment property (Note 11).

As of 31 December 2020 and 2019, the Group's assets and liabilities measured with fair value are as follows:

	31 December 2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties	-	5,276,965,741	-	5,276,965,741
Total assets	**-**	**5,276,965,741**	**-**	**5,276,965,741**

	31 December 2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties	-	5,403,103,276	-	5,403,103,276
Total assets	**-**	**5,403,103,276**	**-**	**5,403,103,276**

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

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Group's classifications of financial assets and liabilities related to fair value are as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices.

- Second level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market. The details related to used method of the fair value is disclosed in Note 2 and 12 by the Group.

- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market. The details related to used method of the fair value is disclosed in Note 2 and 12 by the Group.

Investment properties

In the event that there was an increase / decrease of 0.5% in the discount rates of investment properties, the fair value of which was calculated by using the income discount approach method and all other variables remained constant, the profit would be TRY157,814,550 less and TRY164,345,492 more. The sensitivity analysis of investment properties calculated using the income discount approach as of 31 December 2020 is as follows:

31 December 2020	Discount rate	Sensitivity analysis	Profit effect on fair value	Loss effect on fair value
Akasya	18%	0,5%	110,924,947	(106,515,038)
Akbatı	18%	0,5%	45,430,433	(43,628,713)
Uşaklıgil	18%	0,5%	7,990,112	(7,670,799)

NOTE 31 - EVENTS AFTER THE REPORTING PERIOD

About Capital Increase Through Rights Issue

On 22 December 2020, the Board of Directors of the Company decided that the Company's TRY554,699,850 issued capital would be raised by the nominal amount of TRY250,300,150 in cash to TRY805,000,000, maintaining the TRY1,000,000,000 capital cap; that no limitations would be imposed on the current partners' pre-emptive rights; that (A) group shares would be issued for (A) group shares and (B) group shares for (B) group shares in relation to the shares to be issued for the capital increase; that the portion of the shares representing TRY250,300,150.00 with a nominal value of TRY11,303,380.59 would be issued in (A) Group and the portion with a nominal value of TRY238,996,769.41 would be issued in (B) Group bearer shares; that (A) group shares would not be listed in the stock market and (B) group shares would be listed in the stock market; that the pre-emptive rights utilisation fee for a share with a TRY1 nominal value would be TRY1 when using new share purchase rights; that the utilisation duration for new share purchase rights would be 15 days; that the shares remaining after utilisation of new share purchase rights would be publicly offered on Borsa İstanbul A.Ş. (BİAŞ) for two work days provided that the value is not lower than the nominal value; that representative shares would be allocated to the company partners in the framework of Capital Markets Board's dematerialisation regulations and General Letters of Central Securities A.Ş.; that new share purchase rights would be used in the framework of dematerialisation system principles; that application would be made to the Capital Markets board by preparing the necessary information and documentation in the scope of the Capital Markets Board Share Communiqué (VII - 128.1) to carry out capital increase transactions. Application was made to the Capital Markets Board on 21 January 2021 with the confirmation request of the draft prospectus prepared for the relevant issue request, which was approved in the CMB bulletin dated 25 February 2021.

Derivative Transactions

An interest swap transaction was carried out in February 2021 for all the terms of current floating rate borrowings in USD.

NOTE 32 - ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

As of 31 December 2020 and 2019, the information presented in note "Control of Compliance with the Portfolio Limitations" are summary of information derived from the financial statements in accordance with Capital Markets Board's Communiqué 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 28 May 2013 numbered 28660 and 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 and published in the Official Gazette dated 9 October 2020 numbered 31269 and Capital Markets Board's Communiqué Serial: III, No: 48.1a "Amendment on Real Estate Investment Company". The related information may not be consistent with the information given in consolidated financial statements since the information given in this additional note are individual financial data.

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

NOTE 32 - ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)

As of 31 December 2020 and 2019, the information about portfolio restrictions are as follows:

	The unconsolidated (individual) financial statements of main account	Related Regulations	31 December 2020	31 December 2019
A	Monetary and capital market instruments	Serial III- 48.1 Art, Md.24/(b)	136,990,130	240,913,804
B	Real estate, projects based on real estate rights based on real estate, real estate investment fund 100% of its shares and capital participate in (ç) of the first paragraph of Article 28	Serial III- 48.1 Art, Md.24/(a)	5,674,818,871	5,789,007,133
C	Subsidiaries	Serial III- 48.1 Art, Md.24/(b)	107,740,047	104,060,060
	Due from Related parties (non-trade)	Serial III- 48.1 Art, Md.23/(f)	15,103,118	12,631,530
	Other assets		162,002,041	143,489,168
D	**Total assets**	**III- 48.1 Serial Art, Md.3/(p)**	**6,096,654,207**	**6,290,101,695**
E	Borrowings	III- 48.1 Serial Art, Md.31	2,435,825,579	2,154,839,322
F.	Other financial liabilities	III- 48.1 Serial Art, Md.31	-	-
G	Finance lease liabilities	III- 48.1 Serial Art, Md.31	-	19,225,891
H	To related parties liabilities (non-trade)	III- 48.1 Serial Art, Md.23/(f)	-	-
I	Equity	III- 48.1 Serial Art, Md.31	3,607,213,978	4,020,450,560
	Other liabilities		53,614,650	95,585,922
D	**Total liabilities**	**III- 48.1 Serial Art, Md.3/(p)**	**6,096,654,207**	**6,290,101,695**

	The unconsolidated (individual) other financial information	Related Regulations	31 December 2020	31 December 2019
A1	The portion of money and capital market instruments held for payables of properties for the following 3 years	III- 48.1 Serial Art, Md.24/(b)	-	-
A2	Time deposit/demand / deposit/TRY/Foreign currency	III- 48.1 Serial Art, Md.24/(b)	136,637,259	240,480,328
A3	Foreign capital market instruments	III- 48.1 Serial Art, Md.24/(d)	-	-
B1	Foreign properties, projects based on properties and rights based on properties	III- 48.1 Serial Art, Md.24/(d)	-	-
B2	Idle lands	III- 48.1 Serial Art, Md.24/(c)	-	-
C1	Foreign investments	III- 48.1 Serial Art, Md.24/(d)	39,292,188	32,116,353
C2	Operating companies	III- 48.1 Serial Art, Md.28/1(a)	3,255,194	6,117,855
J	Non-cash borrowings	III- 48.1 Serial Art, Md.31	5,741,919	6,399,234
K	Mortgage amount on non-owned land to be developed total of investments monetary capital market company	III- 48.1 Serial Art, Md.22/(e)	-	-
L	The total of money and capital market instruments for investment in a single company	III- 48.1 Serial Art, Md.22/(l)	59,598,352	119,476,889

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

NOTE 32 - ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)

	Portfolio limitations	**Related Regulation**	**31 December 2020 (%)**	**31 December 2019 (%)**	**Minimum maximum rate (%)**
1	Mortgage amount on non-owned land to be developed (K/D)	III- 48.1 Serial Art, Md.22/(e)	-	-	≤10
2	Properties, projects based on properties and a 100% participation in its shares and capital (ç) of the first paragraph of Article 28. rights based on properties (B+A1)/D)	III- 48.1 Serial Art, Md.24/(a),(b)	93	92	≥51
3	Money and capital market instruments affiliates (A+C-A1)/D)	III- 48.1 Serial Art, Md.24/(b)	4	5	≤49
4	Foreign properties, projects based on properties rights based on properties, affiliates araçları ((A3+B1+C1)/D)	III- 48.1 Serial Art, Md.24/(d)	<1	<1	≤49
5	Idle lands(B2/D)	III- 48.1 Serial Art, Md.22/(c)	-	-	≤20
6	Investment in affiliated operating companies (C2/D)	III- 48.1 Serial Art, Md.28/1(a)	<1	<1	≤10
7	Borrowing limit (E+F+G+H+J)/İ	III- 48.1 Serial Art, Md.31	68	54	≤500
8	TRY and foreign currency time and demand / deposits (A2-A1)/D	III- 48.1 Serial Art, Md. 24/(b)	2	4	≤10
9	The total of money and capital market instruments for investment in a single company (L/D)	III- 48.1 Serial Art, Md.22/(l)	<1	<2	≤10

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

	31 December 2020	**31 December 2019**
Karlıtepe	70,000,069	70,129,046
WMG London	34,484,785	27,813,159
Aksu Real Estate	4,807,403	4,303,194
Akyaşam	3,255,193	6,117,855
	112,547,450	**108,363,254**

As of 31 December 2020 and 2019, there are no valuation reports prepared for the Company's subsidiaries Karlıtepe, Aksu Real Estate, Akyaşam and joint venture WMG London. The net asset values of the individual financial statements prepared in accordance with the Group's financial reporting standards have been calculated for Aksu Real Estate, Akyaşam, Karlıtepe and WMG London by the participation rate of the investments in the Group, while the values of the participations in the control table for compliance with portfolio limits are determined. It is accepted that the net values determined by adding / subtracting net receivables / liabilities as of the balance sheet date are close to the fair values of the investments in the investment properties they own.

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