

2020

*Board Of Directors
Annual Report*



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This report has been prepared in accordance with the Capital Markets Board's Communiqué with Serial II No: 14-1, Serial III No: 48-1, Serial II No: 17-1 and the Regulation texts dated 28.08.2012

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MESSAGE FROM THE CHAIRMAN

Dear Business Partners,

We have completed a very active year marked by the pandemic. The Covid-19 epidemic, which radically transformed the way we do business in many sectors as well as remodelling our personal lives, had an impact on almost every economic and social variable. Naturally, the construction and real estate sectors were also affected by this situation in many ways.

While the demands for real estate postponed especially in 2018 and 2019 were expected to be realized in 2020, the first half of the year was extremely controlled in terms of economic and social life and expectations were deferred. In the second half of the year, however, the outlook changed. A lively and recovery period has started for the sector as of June with the proactive measures taken by the Ministry of Treasury and Finance and the Ministry of Environment and Urbanization.

The postponed demands quickly reciprocated in the housing market with the campaigns implemented by financial institutions led by public banks, including Halkbank, under favorable conditions. So much so that the all-time sales record was broken in house sales in July.

It was once again seen that investment in real estate retains its appeal.

In this process, banks played a very active role in overcoming the effects of the pandemic. In particular, the Turkish banking sector, with its stable stance and balancing position, provided decisive support in the continuation of economic activities by providing finance to small businesses, companies and retail customers.

The real estate sector has shown substantial performance with the effect of the support provided,

which, as it is known, has the ability to set many sectors in motion. The real estate sector, which interacts with nearly 250 sub-sectors, has highlighted its economic locomotive function also during the epidemic period.

As Halk GYO, we were also very productive, and completed a challenging period with successful results. As the innovative face of the industry, we have entered our 10th year and during our journey we set forth with 477 million TL equity in 2010, we have increased our asset size to 3.5 billion TL and our equity to 2.9 billion TL by the end of 2020. Thanks to the strength we got from our main shareholder, Halkbank, our balanced and controlled growth model, the projects we have developed and the investment portfolio we diversified, we have strengthened our position among the leading companies of the real estate sector.

In the upcoming period, we will see that real estate continues to maintain its economic determination and appeal. Ongoing or planned giant infrastructure projects and major conversion works in many parts of Turkey have qualifications encouraging economic actors. These projects will significantly contribute to the diversification of economic activities and to direct the investment appetite of both domestic and foreign investors and to the expansion of employment.

As Halk Gayrimenkul Yatırım Ortaklığı A.Ş., we will continue to support the projects that will increase the value and volume of the Turkish economy and to contribute to the activities that will expand the economic diversity, by focusing on transparency and trust in communication with our business partners.

I would like to express my gratitude to all of our stakeholders, with whom we build the future together, especially our main shareholder Halkbank, and wish 2021 to be a year full of success for our country and our company.

Sincerely,

**Ergin
KAYA**

Chairman
of the
Board



EVALUATION OF THE GENERAL MANAGER

Dear Stakeholders,

We left 10 years behind in our journey that we have continued with the trust and reputation from our founder and main shareholder Halkbank.

I would like to share with pride that the healthy, balanced and stable structure we have created in Halk GYO with the motivation to serve our country and our sector during this 10-year journey has once again proved its strength in the days full of surprises in 2020.

In 2020, almost every moment of our business and private lives centered around Covid-19. The restrictions imposed for precautionary purposes affected many sectors in different ways. However, as in all over the world, economic administrations in our country implemented extensive support programs to alleviate the effects of the epidemic. When we look at the real estate sector in particular, we can say that the campaigns carried out by financial institutions with favourable conditions in the summer months in Turkey left their mark on the sector. We have seen that the housing loan campaigns, which have been implemented with the lowest interest rates in history, have responded very well to these expectations.

Also before these campaigns, as Halk GYO, we completed the first 6 months of the year with an effective performance and managed to increase our revenue by 125 percent compared to the same period of the previous year. In the first two quarters of the year, we obtained most of our revenues from housing sales, and the deliveries of Bizimtepe Aydos and Erzurum Şehristan Residences continued in this period. In the same period, our sales also continued in the Evora Izmir project.

We started the second half of the year with the intense activity created by the credit campaigns with favorable conditions led by the state banks. As a result of the campaigns, we saw that the demands for residences that were deferred were quickly found their own level. After this very dynamic period for us, we completed the year with strong financial results. As of the end of 2020, our asset size increased by 15.65% compared to the previous year and reached 3.5 billion TL. While the net profit of our company for the year 2020 was realized as 352 million TL, our equity exceeded the level of 2.9 billion TL.

We are proud of bringing in exemplary artifacts to the sector up to now with various projects developed all around Turkey. We have provided a broad portfolio of diverse and modern structures, from commercial

property to residence, from office to hotel. All of the investments we have implemented have been exemplary projects that added value to the operational regions. We have designed innovative projects in different parts of the country from Erzurum to Izmir. Thanks to our balanced portfolio and controlled balance sheet, both our customers and investors win.

As we enter 2021, the construction of our Istanbul International Financial Center and Evora Izmir hybrid project continues. As one of the biggest stakeholders of the Istanbul International Financial Center project, we are building the 46 and 34-storey Halk Office Towers. Works continue at the same pace and active sales continue in the Evora Izmir project, which is under construction in Izmir Alsancak. When these projects are completed, they will become an important part of urban life in Istanbul and Izmir. Istanbul International Financial Center project will be an expression of Turkey's financial strength and its strategic position in the global economy. Evora Izmir, on the other hand, will be the new face of Izmir as a hybrid project that includes residential and commercial functions together.

At this point, I would like to draw attention to the fact of the earthquake that never loses its feature of being a hot agenda in both our beautiful cities. Our city, the pearl of the Aegean, was shaken by a severe earthquake on October 30, 2020. Heavy destructions and casualties deeply affected all of us as a nation. Likewise, there is a big earthquake that we are anticipating also in Istanbul. This situation once again reminds us of the fact that our housing stock that is aging and vulnerable to earthquake risks must be renewed rapidly and the quality level must be raised, and it places an important responsibility on the real estate sector.

As an innovative company that has completed 10 years in the sector, I would like to share with you that we will continue to develop projects of the highest quality, aesthetically pleasing, suitable for consumer trends and setting an example for the city, by also bearing the earthquake reality in mind.

We underlined that we are an important player in the real estate sector with our performance in 2020. I would like to thank and express my gratitude to our main shareholder Halkbank, all of our stakeholders and devoted employees for their support in our successful journey in line with our national goals.

Sincerely,

**Bülent
KARAN**

General
Manager
and Member
of the Board
of Directors



I - COMPANY PROFILE

About the Company

Founded in 2010 as an affiliate of Türkiye Halk Bankası A.Ş., with a non-cash capital of TRY 466 million and total capital of TRY 477 million, Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (Halk GYO) is a company that invests in real estate, real estate projects, real estate backed securities and capital market instruments.

Our company operates in accordance with the regulations of the Capital Market Board and the applicable legislations in its businesses, portfolio investment policies, and management restrictions

Headquarters Address	Şerifali Çiftliği Tatlısu Mahallesi Ertuğrulgazi Sokak No:1 34774 Yukarı Dudullu Ümraniye/İSTANBUL
Phone Number	216 600 10 00
Fax Number	216 594 53 72
Website	www.halkgyo.com.tr
Trade Registry No	İstanbul / 751122
Mersis No	0456046607600015



Vision

To be one of the leading companies within REIT sector and always be preferred by investors, by looking after the rights of all stakeholders with its transparent corporate governance structure...



Strategy

To provide high return to our shareholders via equity weighted financing model by developing our real estate portfolio heavily based on the commercial property where higher rental yield can be gained...



Mission

To continuously create value for their stakeholders, to contribute to the improvement of REIT sector, and to become a global company...

2010 - 2011

- October** Foundation
- April** Beyoğlu building added the portfolio, developed and sold with a profit of TRY 18.5 Million in September 2011
- September** Bakırköy land added to the portfolio
- December** Purchase of Halkbank Finans Tower building which was in project phase
*Achieving a net profit of TRY 30 million in the first fiscal year (2011) with the contribution of sale of real property to profitability

2012

- January** Eskişehir land added to the portfolio
- February** Tender of Bakırköy land with minimum net guarantee of TRY 90.5 million
- April** Signing of 10-year lease contract for Levent Hotel Building with Dedeman Group
- September** Participation of Kocaeli Şekerpınar land in the portfolio
The relocation of the General Directorate of our company to the Şerifali area

2013

- January** Start of Levent Hotel project. Starting excavation and shoring works of the IFM project which was tendered by Emlak Konut GYO to Akdeniz İnşaat in November 2012
- February** Completion of public offering and earning an income in the amount of TRY 250 million via public offering
- April** Starting of Eskişehir Panorama Plus residence project
- August** Acquisition of building permit for Şekerpınar Banking Center and start of its construction
- December** By the sale of our Karşıyaka building with a value of TRY 18 million, obtaining a profit of about TRY 9 million from the sales process

2014

- January** Start of the title deed transfer processes with buyers in Referans Bakırköy project
- March** Acquisition of construction permit for Halk Office Şekerpınar
- September** Establishment of an ordinary partnership with Vakıf GYO to develop a residential project in Sancaktepe, İstanbul
- October** Purchasing a land in the amount of TRY 110 million within the scope of planned residential project on behalf of Ordinary Partnership
- December** Obtaining positive EIA (Environmental Impact Assessment) decision for IFM Halk Office Towers project

2015

- March** Transforming the Salıpazarı Building into a hotel project and renting out for 20 years
- June** Obtaining of building permits for the IFM Halk Office Towers project
- July** Completing of Levent Hotel Project and delivery thereof to Dedeman Group, commissioning of hotel
- September** Start of title deed transfer with buyers in Panorama Plus project
- November** Start of construction and sales of Bizimtepe Aydos Residential Project realized with Vakıf GYO partnership
- December** Leasing out Şekerpınar Banking Center to Halkbank

2016

- April** Adding Erzurum land in the portfolio and establishing an ordinary partnership with Er Konut A.Ş. to develop a residential project
- May** Starting construction and sales of the Şehristan Residences Project, which has been carried out jointly with Er Konut A.Ş.
- June** Starting the tender process for the main contractor selection in the IFM Halk Office Towers project
- November** Selection of the prime contractor for the Building at Caddebostan which has been included in urban transformation process
- December** Start of leasing/sales process of Şekerpınar Office Block. Completion of IFM Halk Office Towers project main contractor selection process, entering into agreement with YDA İnşaat Sanayi ve Ticaret A.Ş. and starting the project construction.

2017

- January** Acquisition of modification construction permit for Salıpazarı Hotel project.
- May** Selection of consulting firm for marketing process of Halk Office Şekerpınar building
- July** Determination of Long-term National Score of our Company as (TR) AA- and Short-term National Score of our Company as (TR) A1+, which will be rated under "investable" category
- August** Establishing an Ordinary Partnership with Teknik Yapı for İzmir Evora Project
- October** Issue of first corporate bond in the amount of TRY 100 million
- November** Involvement of our company in BIST Dividend Index with corporate governance score of 9.24
- December** Realization of "The first REIT Sukuk Issuance of Turkey"

2018

- March** Signing an agreement with Buga Otis Asansör Sanayi ve Ticaret A.Ş. as part of service provision for IIFC Halk Office Towers project's vertical transportation (elevator and escalator)
- June** Commissioning of Salıpazarı Hotel Building
- July** Confirmation of Long-term National Score of our Company as (TR) AA- and Short-term National Score of our Company as (TR) A1+, which will be rated under "investable" category
- September** Obtaining the building permits and starting presales for the 451 independent units of "Evora İzmir" project. Obtaining building permits for another 321 independent units of Evora İzmir project
- November** Corporate Governance Rating of our company, which was previously 9.24, was increased to 9.27 after a review

2019

- February** Leasing of Bahçelievler 2 Building in our portfolio to İpekyol Giyim A.Ş.
- July** Confirmation of Long-term National Score of our Company as (TR) AA- and Short-term National Score of our Company as (TR) A1+, which will be rated under "investable" category
- September** Conveyancing of Şehristan Residential Project and signing a contract regarding the purchase of land of 29 million TRY in return
- November** Increase of our Company's Corporate Management Rating which was set as 9.27 to 9.31 with the review

2020

- July** Confirmation of Long-term National Score of our Company as (TR) AA- and Short-term National Score of our Company as (TR) A1+, which will be rated under "investable" category
- October** Leasing of Beyoğlu Building in our portfolio to Taksim Yatırım Gayrimenkul A.Ş.
- November** Updating the Corporate Governance Rating of our company that was previously set as 9.31 to 9.29 after the review
- December** Establishing a company titled Halk Yapı Projeleri Geliştirme A.Ş with a capital of 15,000,000 TRY to operate in the field of real estate development. Selling Nişantaşı Building, which is in the portfolio of our company, to one of our subsidiaries Halk Yapı Geliştirme A.Ş.

BOARD OF DIRECTORS & SENIOR MANAGEMENT

The powers and responsibilities of the Board Members are regulated in the Company's Articles of Association. The Company is managed by the Board of Directors and is represented outside. The Board of Directors performs its duties assigned to it by the General Assembly in accordance with the Turkish Commercial Code, the Capital Markets Law and other relevant legislation. As of 31.12.2020 The Board of Directors consists of a total of 7 members, 2 of which are independent. 1 of its members is executive and the other 6 of them are non-executive.

Members of the Board of Directors of our company are as follows:

Name-Surname	Duty	Membership start date	Duty selection date
Ergin KAYA	Chairman	24.06.2020	24.06.2020
Mehmet TANRIVERDİ	Vice Chairman	06.09.2018	24.06.2020
Ali CEBECİ	Board Member	21.02.2019	24.06.2020
Mehmet Hakan TERCAN	Board Member	16.04.2020	24.06.2020
Raci Kaptan KOLAYLI	Independent Board Member	24.06.2020	24.06.2020
Memduh YILMAZLAR	Independent Board Member	24.06.2020	24.06.2020
Bülent KARAN	Board Member // General Manager	04.08.2020	04.08.2020

POWER AND LIMITATION OF BOARD MEMBERS

The Chairman and the Members of the Board of Directors are authorized as defined in the relevant articles of Turkish Commercial Code and the Articles of Association of the Company. The members of the Board of Directors are not restricted to take other duties outside the company and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. During the accounting period January-December 2020, there has been no violation of the Company's transactions and prohibition of competition regarding the members of the Board of Directors.

BOARD OF DIRECTORS MEETING

Board of Directors held 46 meetings in the accounting period of January-December 2020 and took 84 decisions in these meetings. Board decisions were taken unanimously by the attendees.

BOARD OF DIRECTORS & SENIOR MANAGEMENT



Ergin KAYA
Chairman

He was born in Artvin in 1970. He graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration. Having worked as Deputy Inspector, Inspector, Department Manager, Head of Department, Deputy General Manager responsible for Banking Operation and Information Technology at Türkiye Halk Bankası AŞ, Mr. KAYA has been serving as the Deputy General Manager of Banking Operations and Support Services since 31.05.2019. He is elected as the Chairman of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 24.06.2020.



Mehmet TANRIVERDİ
Vice Chairman

He was born in Giresun in 1979. He graduated from Istanbul University, Faculty of Political Sciences, Department of Finance. He started his professional career in 2004 as an Assistant Inspector at Türkiye Halk Bankası A.Ş. He served as an Inspector, Senior Inspector and Department Manager at the same bank. Since September 2017, he has been serving as the Head of Construction Expertise and Real Estate Management Department in T. Halk Bankası A.Ş. On September 6, 2018, he was appointed as a Board Member of Halk Gayrimenkul Yatırım Ortaklığı A.Ş.



Ali CEBECİ
Board Member

He was born in Kızılcihamam/Ankara in 1971. He graduated from Ankara University, Faculty of Political Sciences, Department of Labor Economics and Industrial Relations. He continued to work at T. Halk Bankası A.Ş. where he started his professional career as an Assistant Inspector in 1995 as Chief Inspector, Ankara 1st Region Coordination Office Credit Allocation and Management Department Manager, Risk Tracking and Liquidation DB Department Manager, Head of Training Department and Head of Internal Control Department at the same bank. Having worked as Head of the Inspection Board of T. Halk Bankası A.Ş. since 12.02.2019, CEBECİ was assigned to the Board Membership of Halk GYO A.Ş. on 21.02.2019.



Mehmet Hakan TERCAN
Board Member

Mr. Mehmet Hakan TERCAN was born in Çorum in 1969. He graduated from İhsan Doğramacı Bilkent University Engineering Faculty Electrical and Electronics Engineering Department (English) in 1992. He started his career in 1992 as a Network Engineer at Turkish Airlines Electronic Computing Department. He worked as System Engineer and Information Security Specialist respectively at Pamukbank as of 1996. He continued his duty after the Pamukbank-Halkbank merger. He became Information Security Processes Manager in 2011 and Information Security Department Manager on January 04, 2017. Mr. TERCAN, who has been serving as the Head of Infrastructure Operation and Management Department in Türkiye Halk Bankası A.Ş. Information Technologies Group Directorate since October 2, 2019, is appointed as member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on April 16, 2020.

He was born in Trabzon in 1965. He graduated from Istanbul Technical University, Faculty of Civil Engineering, Department of Civil Engineering in 1990. He started to work as Civil Engineer at Entes İnşaat in the same year. Mr. Kolaylı worked at Çapkınoğlu İnşaat ve Northern Sea Area Command in 1991 and 1992 respectively, and worked as Construction Site Manager at Türkiye İş Bankası between 1993-2008. After working as Project Manager at Falezboru JV Company in 2009, he worked as Coordinator in the office building construction project in Megateknikbud company in Kiev, the capital of Ukraine, in 2010. Mr. Kolaylı, who worked as Project Manager in various companies such as Akgün Mühendislik, Uzunlar İnşaat, Sera Yapı, Biscon Yapı, Kavan Yapı, Palace MMC respectively between 2011-2018, was elected as member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 24 June 2020.



Raci Kaptan KOLAYLI
Board Member- Independent

He was born in Şavşat/Artvin in 1965. He graduated from Anadolu University Business Administration Faculty. He started his career as probationary employee at Pamukbank A.Ş. in 1992, and worked in Commercial Loans Allocation and Collection Departments as well as at the branches. After 2004, he worked as manager in Credit Risk Liquidation Department and Credit Risk Monitoring Department at Türkiye Halk Bankası A.Ş. He worked as restructuring manager in Credit Risk Monitoring Department and Credit Risk Liquidation Department at Ziraat Bankası A.Ş. as of February 2013. He has been working as the Head of Credit Risk Monitoring Department since May 2020. He was elected as member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 24.06.2020.



Memduh YILMAZLAR
Board Member- Independent

Bülent KARAN was born in Giresun in 1969. He graduated from Kadıköy Anatolian High School in 1987 and from Istanbul Technical University Mining Faculty, Petroleum Engineering Department in 1991. Mr. KARAN completed his MBA in business administration at Sakarya University Institute of Social Sciences. Bülent KARAN started his career at Aladdin Middle East Ltd. Şti. in 1991. Afterwards, he worked as an executive in the media, advertising, construction and food sectors. Bülent Karan, who started working as Marketing Group Manager at Halk Sigorta A.Ş. in April 2006, was appointed as Deputy General Manager between 2007 and 2016 and as General Manager between 2016 and 2020, and afterwards he was appointed as member of the Board of Directors and General Manager of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 04.08.2020.



Bülent KARAN
General Manager and Board Member

INDEPENDENCE STATEMENTS BY THE BOARD OF DIRECTORS TO THE CAPITAL MARKET BOARD

I hereby declare that I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than %5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total.

24.06.2020
Memduh YILMAZLAR

TO THE CAPITAL MARKET BOARD

I hereby declare that, in the last five years I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than % 5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I will not work as a full-time employee at public authorities and institutions after being elected as an independent member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total,

24.06.2020
Raci Kaptan KOLAYLI

COMMITTEES

A Corporate Governance Committee, an Audit Committee, a Remuneration Committee and Committee for Early Detection of Risk have been established at the existing board of directors in accordance with the Corporate Governance Principles of the Capital Market Board and Operating Principles of the Board of Directors at the Company. The Remuneration Committee meets at least once a year, the Committee for Early Detection of Risk at least every two months, and the Audit Committee at least once every three months and reports to the Board of Directors. Rules of procedure for the committees can be accessed by following this link: <http://www.halkgyo.com.tr/investor-relations/corporategovernance/committees>. In the period 01.01.2020- 31.12.2020, the Corporate Governance Committee, Audit Committee, Committee for Early Detection of Risk, and Remuneration Committee conducted their affairs in an effective and efficient manner, in compliance with relevant legislation and rules of procedure.

Corporate Governance Committee; has been set up in accordance with the Capital Markets Board's rules and regulations related to corporate governance and it has been charged with fulfilling its incumbent duties and responsibilities which are specified under Corporate Governance Principles. This Committee regularly overviews the Company's corporate governance practices and it exerts effort to make improvements in them. In addition to its corporate governance functions, this Committee also gives a crucial importance to investor relations. At regular intervals, the Committee follows the Company's investor relations activities and strategies and it provides that the Board of Directors is kept regularly informed about such issues. Besides these functions, the Committee also gets into the acts in such areas as providing coordination among other committees and backing up their activities if necessary. During the period, Committee assembled for 4 meetings.

Corresponding its duties as indicated in its working principles and pursuant to the principles of applicable Capital Market Laws, regulations, and administrative provisions during the year, the

Audit Committee; actively works in such subjects of publicly disclosing the Company's financial statements, having independent audits conducted, ensuring that the Company's internal control system functions in an effective way, electing independent audit company and reviewing all other aspects of the independent auditors' activities. During the period, Committee assembled for 10 meetings.

Committee for Early Detection of Risk; in accordance with the regulations of corporate governance of Capital Markets Board, the Committee for Early Detection of Risk has been established to early detect the threatening risks upon Company's existence, development and survival, to take the necessary provisions for identified risks, to manage the risks pursuant to Article 378 of TCC and to supervise the risk management systems. During the period, Committee assembled for 6 meetings.

Remuneration Committee; identifies and monitors the principles, criteria and practices to be used in remuneration of the members of the Board of Directors and managers who have administrative responsibilities, taking into account the Company's long-term goals. This Committee presents its recommendations to the Board of Directors about the pay packages to be offered to the members of the Board of Directors and executives, considering the level of achievement with respect to the criteria used in remuneration. During the period, Committee assembled for 1 meeting.

As of 31.12.2020, the committees and distribution of duties are as follows

MEMBERS OF THE AUDIT COMMITTEE

Name Surname	Duty
Memduh YILMAZLAR	Chairman - Independent Board Member
Raci Kaptan KOLAYLI	Member - Independent Board Member

MEMBERS OF CORPORATE GOVERNANCE COMMITTEE

Name Surname	Duty
Raci Kaptan KOLAYLI	Chairman - Independent Board Member
Mehmet Hakan TERCAN	Member - Board Member
Uğur GÜNEY	Member - Corporate Communications and Investor Relations Director

MEMBERS OF COMMITTEE FOR EARLY DETECTION OF RISK

Name Surname	Duty
Memduh YILMAZLAR	Chairman - Independent Board Member
Ali CEBECİ	Member - Independent Board Member

REMUNERATION COMMITTEE

Name Surname	Duty
Memduh YILMAZLAR	Chairman - Independent Board Member
Mehmet TANRIVERDİ	Member - Vice Chairman

EVALUATION OF THE BOARD OF DIRECTORS ON THE EFFECTIVENESS OF THE COMMITTEES

The Company's committees, established within the framework of Capital Markets Board, Corporate Management Principles and Board of Directors, Remuneration Committee assembled at least once per annum, other committees gathered at least three times per monthly and informed Board of Directors regularly on the subjects under existing operating principles

In this context;

Corporate Governance Committee; conducted studies to regularly review the Company's corporate governance practices and to make improvements during the period. After each quarterly fiscal period, on the point of evaluating the Company's annual report, Investor Relations Department's annual report and Company's operations in terms of compliance with the Company's Corporate Governance Principles, the committee held the necessary meetings for the subjects required to be in the Board of Directors agenda and presented its report and opinions to the Board. During the year, Committee assembled 4 meetings and prepared 4 reports on the concerned topics to submit to the Board of Directors

Audit Committee; actively worked in such subjects of publicly disclosing the Company's financial statements, having independent audits conducted, ensuring that the Company's internal control system functions in an effective way, electing independent audit company and reviewing all other aspects of the independent auditors' activities. The committee held the necessary meetings for the subjects required to be in the Board of Directors agenda and presented its report and opinions to the Board. During the year, Committee assembled 10 meetings in accordance with the topics mentioned above and prepared 6 reports so as to submit them to the Board of Directors

Committee for Early Detection of Risk; hold the meetings about the topics of credit risk related to the Company's operations, magnitudes of interest rate risks, time sheet of liquid ratios, legal and operational risks of the Company, occupational health and safety practices for Company's ongoing projects, and submitted its reports related to these topics to the Board of Directors during the year. During the year, Committee assembled 6 meetings in accordance with the topics mentioned above and prepared 6 reports so as to submit them to the Board of Directors.

Remuneration Committee; identifies and monitors the principles, criteria and practices to be used in remuneration of the members of the Board of Directors and managers who have administrative responsibilities, taking into account the Company's long-term goals. This Committee presents its recommendations to the Board of Directors about the pay packages to be offered to the members of the Board of Directors and executives, considering the level of achievement with respect to the criteria used in remuneration. During the period, Committee assembled 1 meeting and took 1 decision.

Sincerely,
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
Board of Directors

SENIOR STAFF

Name-Surname	Duty
Bülent KARAN	General Manager and Board Member
Erdal BEKİN	Deputy of GM for Project Development and Execution
Yaşar GÖKTAŞ	Deputy of GM for Financial Planning and Management
Uğur GÜNEY	Corporate Communications and Investor Relations Director

Payments to Board of Directors and Senior Management

Company's senior management consists of Board Members, General Manager and Vice General Managers. Benefits provided to senior managers include advantages such as wages, premiums, health insurance and transport. The sum of the benefits provided to senior managers during the year is TRY 2,071,198. (January 1- December 31, 2019: 1,963,398 TRY)

Changes in the Board of Directors and Executives

Following the resignation of our company's Board Member and General Manager Dr. Feyzullah YETGİN from his duties with the petition dated 11.02.2020, it was decided to appoint our Company's Deputy General Manager Mr. Erdal BEKİN as a member of the board of directors in his place in accordance with Article 363 of TCC and to appoint him as General Manager by proxy to fulfill Powers and Duties of the General Manager defined in the Company's Internal Directive until submitting him to the approval of the first General Assembly.

Member of the Board of Directors Mr. Adil Mahmut EROĞLU resigned from his position on 21.06.2019. Mr. Mehmet Hakan TERCAN has been appointed as the member of the board of directors in his place as of 16.04.2020 until submitting him to the approval of first general assembly.

At the Company's Ordinary General Assembly held on 24.06.2020, in addition to the approval of Mr. Erdal BEKİN and Mr. Mehmet Hakan TERCAN as board members, the appointment of Ergin KAYA, Raci Kaptan KOLAYLI and Memduh YILMAZLAR in place of Mr. Mehmet Emin ÖZCAN, Mr. Mevlüt UYSAL and Mr. Dursun Ali KILIÇLI was accepted and approved.

It is decided to accept the resignation of Mr. Erdal BEKİN as the member of Board of Directors as of 04.08.2020 and to abolish his duty as general manager, which he conducted by proxy, and to appoint Mr. Bülent KARAN as member of the Board of Directors in his place in accordance with Article 363 of TCC until submitting him to the approval of first General Assembly, and to appoint him as General Manager of our company as of 04.08.2020.

CAPITAL OF THE COMPANY AND PARTNERSHIP STRUCTURE

The capital information and partnership structure of our Company as of December 31, 2020 is as follows.

CAPITAL DETAILS

Issued Capital **970.000.000.-TL**
Registered Capital **2.500.000.000.-TL**

	31.12.2020		31.12.2019		
	Group	Share rate %	Share Amount TL	Share rate %	Share Amount TL
Türkiye Halk Bankası A.Ş.	A	1,58	15.326.700,037	1,58	14.663.069,719
Türkiye Halk Bankası A.Ş.	B	70,38	682.707.470,564	70,38	653.146.923,394
Halk Yatırım A.Ş.	A	0,04	366.037,562	0,04	350.188,520
Halk Finansal Kiralama A.Ş.	A	<0,01	1,459	<0,01	1,396
Publicly Held Portion*	B	28,00	271.599.790,378	28,00	259.839.816,971
Capital Receipts		100,00	970.000.000,000	100,00	928.000.000,000

*As of 31.12.2020; Türkiye Halk Bankası A.Ş. has 71.434.390,375 nominal shares; and Halk GYO has 27.346.398,639 nominal shares in the publicly held portion

On 01 February 2013, the CMB approved the issuance of Group B shares with a nominal value of 185.500.000.-TL to be offered to the public in order to increase the issued capital of the company from 477.000.000.-TL to 662.500.000.-TL., and as a result of the public offering, the shares that constitute 28 percent of the company shares have started to be traded on the BIST with the code "HLGYO" as of 22 February 2013 after the public offering process realized on 13-14-15 February 2013.

The information on dividend distribution and the capital increases of the Company during and after the public offering is as follows:

No	Completion Date	Source	Ratio	Former Capital	New Capital	Net Profit (Dividend) Payments
1	22.02.2013	Public Offering	%38,888	477.000.000 TRY	662.500.000 TRY	-
2	25.06.2013	Bonus Shares from 2012 - year profit	%1,6813	662.500.000 TRY	673.638.704 TRY	-
3	09.06.2014	Bonus Shares from 2013 - year profit	%3,6015	673.638.704 TRY	697.900.000 TRY	3,0 million TRY
4	15.06.2015	Bonus Shares from 2014 - year profit	%6,4622	697.900.000 TRY	743.000.000 TRY	5,9 million TRY
5	27.05.2016	Bonus Shares from 2015 - year profit	%6,3257	743.000.000 TRY	790.000.000 TRY	5,4 million TRY
6	18.08.2017	Bonus Shares from 2016 - year profit	%3,7975	790.000.000 TRY	820.000.000 TRY	3,0 million TRY
7	22.06.2018	Bonus Shares from 2017 - year profit	%4,6341	820.000.000 TRY	858.000.000 TRY	3,8 million TRY
8	24.06.2019	Bonus Shares from 2018 - year profit	% 8,1585	858.000.000 TRY	928.000.000 TRY	5,0 million TRY
9	31.08.2020	Bonus Shares from 2019 - year profit	% 4,5258	928.000.000 TRY	970.000.000 TRY	4,4 million TRY

The total share of 970.000.000 shares with a nominal value per share of TRY 1 are composed of 15.692.739,058 Group A shares and 954.307.260,942 Group B shares

The Company's Group A shares have the privilege of nominating candidates for the election of members of the Board of Directors.

263,358.46 registered –and not listed- shares, with TRY 1 par value per share, of Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş. were transferred on August 29, 2014, with all rights and interest thereon, to our main shareholder Türkiye Halk Bankası A.Ş. at the closing price of the shares at the Stock Exchange on the date of signing of the share purchase/sale agreement

SHAREHOLDERS HOLDING MORE THAN 5% OF THE CAPITAL

The details of shareholders who have more than 5 percent of the capital as of December 31, 2020 are provided below

Shareholder	Share
Türkiye Halk Bankası A.Ş.	79,33 %
Ratio of Non-public Shares to Total Capital	71,96 %
Ratio Of Publicly Traded Shares To Total Capital	7,36* %

*The rate of Türkiye Halk Bankası A.Ş. after purchasing our Company's public shares traded at Borsa İstanbul.

II - EVALUATION OF THE PERIOD FROM JANUARY 1, 2020 TO DECEMBER 31, 2020

ISSUANCE OF MAJOR COMMUNIQUE'S, AMENDMENTS TO THE REGULATIONS, AND CAPITAL MARKETS BOARD ANNOUNCEMENTS

"The Communiqué (II-17.1.a) on the Amendment of the Corporate Governance Communiqué (II-17.1) ", where the necessary additions to the articles 1 and 8 of the Corporate Governance Communiqué were made in order to ensure that the basic principles (Sustainability Principles Compliance Framework) expected to be disclosed by public partnerships while conducting their Environmental, Social and Corporate Governance activities can be shared with stakeholders as indicated in the Corporate Governance Communiqué No.Serial II-17.1, entered into force after being published in the Official Gazette on 02.10.2020.

With the addition to articles 1 and 8 of the Corporate Governance Communiqué;

In terms of the area of application of sustainability principles, it is stipulated that the corporations other than those set forth in the second paragraph of 1. Article of the Communiqué "... (a) Publicly held corporations whose shares are not traded on the exchange, (b) Corporations whose shares are traded on markets, market places or platforms other than National Market, Second National Market or Collective Products Market (c) Corporations whose shares will be traded on markets, market places or platforms other than National Market, Second National Market or Collective Products Market, from among those which have applied to the Board for offering their shares to public and/or being admitted to the trading on the exchange for the first time; and (ç) Corporations deemed to be residing abroad in accordance with the Decree No. 32 on Protection of the Value of Turkish Currency come into force by the Cabinet Decree No. 89/14391 dated 7 August 1989 ..." must include statements within the scope of the Sustainability Principles Compliance Framework in their corporate governance principles compliance reports; and among other issues, the reasoned explanation regarding whether the sustainability principles are applied, if not, a reasoned explanation for this; and must disclose information about the impacts on environmental and social risk management due to failure in fully complying with these principles in their annual reports.

The Communiqué published by the Capital Markets Board on the amendment of the Communiqué Series III-48.1 on the Principles Regarding Real Estate Investment Trusts entered into force after being published in the Official Gazette dated 9 October 2020. In summary, according to the articles of the new Communiqué bringing many changes; Many changes introduced by the articles of the new Communiqué in the business and transactions of REITs can be summarized as follows;

1. REITs are subjected to the provisions applicable to other public companies.
2. Investment activities and limitations on investment activities are changed.
3. REITs are given the authority to use funds in the article titled "Prohibited Activities".
4. Investment instruments were regulated in the article titled portfolio limitations.
5. Restrictions on establishment of mortgages, pledges and limited real rights are removed.
6. Significant convenience is provided in construction services.
7. Public disclosure requirement for every change in appraisal value is removed
8. Information provision and public disclosure article simplified

ECONOMIC AND SECTORAL DEVELOPMENTS

WORLD ECONOMY

The FED, which reduced the interest rates 3 times in 2019, not reducing the interest rate by keeping the rate in 0-0.25 band at its meetings held in September and December after reducing the interest rate twice also in 2020, giving the signal that it would hold the interest rates near zero until 2023, bringing the size of the balance sheet to the historical peak with the purchases made with the effect of the pandemic; The European Central Bank (ECB), which ended its asset purchase program in December 2018 and made an interest rate cut once in 2019, continuing with its expansionary monetary policy while not making any changes in interest rates in 2020; The Bank of England (BOE) reducing the interest rates for the first time since 2016 at two extraordinary meetings held in a row and reducing its political interest rate from 0.75 percent to 0.10 percent and increasing its asset purchase program from £ 645 billion to £ 745 billion at the meeting held in June and then to £ 845 billion in November; The Bank of Japan (BOJ), which ended its annual 80 trillion yen bond purchase program, announcing in April that it could buy unlimited government bonds against the economic effects of the coronavirus pandemic; slowing down of the economic recovery in the Euro Zone in the fourth quarter of 2020, when the second wave of Covid-19 was experienced; The Chinese economy, which is considered to be a global demand indicator, shrinking by 6.8 percent in the first quarter of 2020 for the first time since 1992, then growing by 3.2 percent and 4.9 percent in the second and third quarters, respectively, and growing 6.5 percent by gaining more speed in the last quarter and being the only economy growing last year with a growth of 2.3 in 2020; gold prices rising to its historical peak with the developments of corona virus; Syrian civil war; developments in Libya; military coup in Mali; rising of tension in the Korean peninsula and between India and China; The USA-China talks; the memorandum of understanding signed between the Greek Cypriot Administration and the USA, and the developments concerning Oruç Reis, which has been conducting seismic survey in the Eastern Mediterranean;

the George Floyd incidents that started in the USA and became a global concern; the explosion in Beirut; The normalization agreement signed between Israel and the UAE; the developments between Armenia and Azerbaijan; the decisions taken by the governments against the effects of the corona virus and the steps taken by central banks to support their economies; the congress raid by Trump supporters; the election of Joe Biden as the 46th President of the United States; the number of corona virus cases exceeding 100 million worldwide; The oil price that fell below \$ 40 after the expectation that travel would decrease due to the second wave and pandemic effect, which started to be effective worldwide in September, starting to return to pre-pandemic levels due to the effects of the vaccine developments and the unilateral decision of Saudi Arabia to cut production were on the agenda as the important economic and political developments of 2020.

While the U.S. economy contracted by 5 percent in the first quarter of 2020 for the first time in the last 6 years, it contracted by 31.4 percent in the second quarter of the year, the sharpest since 1940. It experienced a record growth of 33.4 percent on an annual basis in the third quarter with the loosening of measures to contain the epidemic and the gradual return of economic activity to normal. In the fourth quarter of 2020, the gross domestic product increased by 4 percent annually. . Increasing number of cases since September and the return to restrictions have been effective in the decrease in growth. The U.S. economy contracted 3.5 percent across 2020, the worst performance since 1946. This contraction was the first annual contraction since the global financial crisis in 2007-2009 period.

Inflation, which remained below 2 percent increase rate target throughout 2019, reached an annual increase rate of 2.5 percent in January, while it decreased continuously since March with the effect of the pandemic and regressed to an annual increase rate of 0.1 percent in May.

While it increased to 0.6 percent in June with the end of the quarantine period and the start of reopening of businesses, whereas it was 1.4 percent in September in line with the expectations. In December, inflation, which was 1.2 in the previous month, rose to 1.4 percent again. The increase in gasoline prices was effective in this rise.

The unemployment rate, which reached 3.5 percent in January, rose to 4.4 percent in March as a result of the unemployment of millions due to the pandemic in the middle of March, and it has seen its highest level since the Great Depression of 1929 by rising to 14.8 percent in April. In June, it fell to 11.1 percent, with the commercial life returning to normal a little bit. In September, it fell to 7.8 below expectations, and was realized as 6.7 below expectations in December. Return to restrictions and increase in the number of cases suppressed the starting recovery in the labor market.

In line with all these data, the credit rating agency Fitch Ratings while not changing the 'AAA' credit rating of USA at the beginning of August, whereas it underlined the deterioration in public finance and the lack of a credible financial consolidation plan, and reduced the rating outlook from 'stable' to 'negative' and repeated its negative views in the upcoming months.

The Euro Zone, while shrinking above expectations with 3.3 percent annually in the first quarter with the effect of the pandemic, whereas it experienced a historical contraction by 11.8 percent in the second quarter with the halting business activities and reducing global demand. It grew by 12.5 percent in the third quarter, above the economists' forecast of 9.6 percent and the fastest expansion since 1995. The Euro Zone economy, which contracted by 0.7 percent in the last quarter, contracted by 6.8 percent in 2020 compared to the previous year.

The unemployment rate, which was 7.4 percent in January, rose to 7.9 percent in June. While it was 8.5 percent in September, whereas it was 8.3 percent in December, in line with the expectations.

The inflation rate, which rose to 1.4 percent in January, was minus 0.3 percent in September, the lowest level since April 2016, and remained the same also in December. The decline in prices of energy products and non-energy industrial goods was effective in this decline. The European Central Bank, whose most important goal is to prevent deflation and ended the asset purchase program in December 2018, lowered the deposit rate by 10 basis points within expectations from minus 0.4 percent to minus 0.5 percent by pointing out the inflation declined only in September in 2019. Following this decision, the ECB, which did not change the interest rates, announced at its meeting in March that it would purchase an additional 120 billion euros of assets by the end of 2020 and announced a new pandemic refinancing fund at its meeting in April. In December, leaders of EU countries agreed on a 1.8 trillion euro budget and bailout program package.

IMF lowered its 2020 shrinkage forecast for the global economy to 3.5 percent (Previous: October; 4.4%), and increased its growth forecast for 2021 to 5.5 percent (Previous: October; 5.2%) in its World Economic Outlook Report updated in January. The contribution of vaccination and financial incentives was shown as the reason for the rise. The IMF revised its 2020 GDP projection down from 4.3 percent contraction to 3.4 percent for the US economy, and from 8.3 percent contraction to 7.2 percent for the Euro zone.

OECD emphasized that progress in vaccination and treatment against Covid-19 increased expectations and reduced uncertainty in its Transitional Economic Outlook Report published in December. In the report, while the global economic contraction forecast for 2020 was reduced to 4.2 percent (Previous: September; 4.5%), whereas the growth forecast for 2021 was reduced to 4.2 percent (Previous: September; 5.0%).

While the US economy contraction forecast for 2020 was reduced to 3.7 percent (Previous: September; 3.8%), whereas the country's economy was projected to grow by 3.2 percent (Previous: September; 4.0%) in 2021. For the Eurozone, while the shrinkage forecast in 2020 was reduced to 7.5 percent (Previous: September; 7.9%), whereas the growth forecast in 2021 was reduced to 3.6 percent (Previous: September; 5.1%).

The World Bank, on the other hand, decreased the contraction forecast for 2020 to 4.3 percent (Previous: June; 5.2%) in the January 2021 publication of its "Global Economic Prospects Report" published semi-annually. The global economic growth forecast for 2021 was reduced to 4 percent (Previous: June; 4.2%). In the report predicting contraction in the economies of many countries in 2020, China, Turkey, Egypt and Bangladesh have attracted attention as the countries expected to show growth performance in 2020.

In the report, it is predicted that the collapse in global economic activity in 2020 was slightly less severe than previously anticipated, mainly due to the shallower contractions in developed economies and the stronger recovery in China. In most other emerging markets and developing economies, cuts in activity were noted to be more severe than expected.

TURKISH ECONOMY

In Turkey's economy; global markets, fluctuations in the exchange rate, Syrian refugee process, Operation Spring Shield in Syria and Idlib Armistice Agreement signed with Russia right after, earthquakes in Elazig, Van and Izmir, the adoption of the law proposal on the execution regulation by the Turkish Grand National Assembly, announcement of the New Economic Program (YEP) in September, the extension of the mandate to deploy

troops abroad including Syria, Iraq, Mali and Central Africa and Lebanon, the ratification of the memorandum of understanding signed with Libya, Greece developments, agreements between Turkey and Qatar, the increase in the current account deficit, election of the new Central Bank President, changes in the management of the Ministry of Treasury and Finance, the Coordination Meeting against Corona Virus in March and the support packages announced immediately, additional measures taken by the CBRT, the BRSA and the government against the economic and financial effects of the new type of corona virus, the second wave, which started to become effective worldwide in September after the normalization process that has been implemented since June were on the agenda as the important economic and political developments of 2020.

Turkey's economy, which completed 2019 with 0.9 percent growth according to the chain-linked volume index (2009=100), grew by 6.7% in the third quarter of 2020 compared to the same quarter of the previous year.

The unemployment rate, which was 13.8 percent in January, was 13.4 percent in July and 12.7 in October, with the government imposing a three-month ban on dismissals in April, despite the coronavirus crisis, to reduce the impact of the pandemic. Dismissal ban is extended for another 2 months in January.

The inflation rate, which rose from single digit to double digits again and increased to an annual increase rate of 12.15 percent in January, increased to 14.60 percent in December, exceeded expectations. PPI was announced as 25.15 percent in December. The highest monthly increase was in the household goods with 3.46 percent, while the highest annual increase was in the miscellaneous goods and services with 28.12 percent.

The CBRT, in its Price Developments-December Report, stated that energy prices continue to increase due to the recovery in international oil prices, and that the annual food inflation has recorded a limited decline and that the core goods are the main determinant of the increase in inflation.

New Economic Program (YEP) (2021 -2023) prepared with the main theme "New Balancing, New Normal, New Economy" was announced in September. Growth targets in the New Economic Program are 5.8 percent for 2021, 5 percent for 2022 and 2023. Inflation targets are 8 percent for 2021, 6 percent for 2022 and 4.9 percent for 2023.

The CBRT, which lowered the policy interest rate down to 12 percent with a total reduction of 1200 basis points in 2019, lowered the policy interest rate further by 75 basis points to 11.25 percent at its meeting in January by stating that the improvement in macroeconomic indicators, especially inflation, supported the decrease in the country's risk premium and contributed to the limitation of the pressure on cost factors. It cut another 50 basis points and pulled the policy rate down to 10.75 percent at its meeting in February by pointing to the recovery trend in economic activity. At its extraordinary meeting held in March, it reduced the policy rate to 9.75 percent with a 100 basis point reduction by stating that the developments regarding the corona virus epidemic weaken the global growth outlook and caused the central banks of developed and developing countries to take coordinated steps in the expansion direction. The CBRT, which lowered the policy rate to 8.25 percent in April and May with a 100 and 50 basis point cut, respectively, did not change the interest rates in June, July and August. CBRT, which increased the policy rate by 200 basis points to 10.25 percent at its meeting in September, increased the policy rate to 17 percent with the last increase it made in December.

In December, the foreign trade deficit decreased by 3.0 percent compared to the same month of the previous year from 4 billion 668 million dollars to 4 billion 530 million dollars. In the same period, while exports increased by 16.0 percent on an annual basis, whereas imports increased by 11.6 percent. The ratio of exports to imports increased from 76.7 percent in December 2019 to 79.8 percent in December 2020.

Moody's, which reduced Turkey's credit rating from "B1" to "Ba3" and affirmed its rating outlook as "negative" in June 2019 by pointing out the continuing escalation of the balance of payment crisis as the basis and not making any change in the rating outlook since that date, revised Turkey's economic growth forecast, in its assessment made in March, from 0.2 percent growth to 1.4 percent contraction this year and stated that it expected 0.8 percent growth in 2021 by pointing out that the balance of payments crisis continues to be a significant risk despite the decline in oil prices. In the same report, Moody's, which projected inflation in Turkey to be 12.0 percent in 2021, revealed its budget deficit / GDP forecast as 5.4 percent for 2021. While revising the growth forecasts in April, it projected that the Turkish economy would contract 5 percent in 2020 and would grow 3.5 percent in 2021 by pointing out that the time taken by countries to remove the measures taken to control the Covid-19 pandemic will determine the speed of recovery of the economies and stating that economic policy measures will continue to expand and the incentives will grow as the economic damage becomes clearer. Moody's, while not announcing any assessment for Turkey in June 2020, lowered the credit rating of Turkey from "B1" to "B2" and affirmed the rating outlook as "negative" in September. While stating that Turkey's orientation toward the more orthodox monetary and fiscal policy being positive, it did not update Turkey's credit rating and outlook in its statement in December.

Fitch Ratings (Fitch), revising Turkey's outlook as "stable" and affirming its credit note as "BB-" in its evaluation in November 2019, and affirming Turkey's credit rating and lowering its outlook from "stable" to "negative" in August, Fitch, in its assessment in December, stated that Turkey's economy is expected to grow 0.2 per cent this year, 3.5 percent in 2021 and 4.5 percent in 2022. Fitch, while affirming Turkey's long-term foreign currency credit note as 'BB-', revised its outlook from "negative" to "stable" in its latest assessment in February.

In August 2018, Standard&Poor's (S&P) dropped Turkey's foreign currency credit rating from "BB-" to "B+" by noting that weak Lira, high inflation and high current account deficit are the main factors in Turkey's being fragile. The rating agency, which has not made any change in Turkey's rating outlook since then, said in its July statement that Turkey's economy is expected to contract by 3.3 percent in 2020 due to the effects of volatility in exchange rates and the COVID-19 pandemic, and Turkey's economy is expected to rebound in the second half of this year despite the deteriorations in economic activity. In the last statement in January, it was predicted that the economy

will grow by 3.6 percent in 2021, 3.5 percent in 2022, 3.3 percent in 2023 and 3.3 percent in 2024. Whereas the unemployment rate in the country was projected to be 13.4 percent in 2021, 12 percent in 2022, 11.2 percent in 2023 and 11.2 percent in 2024. Inflation was predicted to be 12.5 percent in 2021, 8.7 percent in 2022, 8 percent in 2023 and 8 percent in 2024. It is indicated that Turkey's economy is estimated to grow 0.9 percent in 2020 despite the COVID-19 pandemic and that it is believed that Turkey's economy is another important emerging market economy to show growth in 2020 besides China, Egypt and Vietnam. In the statement, where it is indicated that the recovery trend in Turkey's economy is expected to continue while the inflation decreases and the current account deficit declines, it is stated that the economic growth of the country in short-term will depend on the external environment and the vaccination program in Turkey.

In the light of all these macroeconomic developments and policies, the estimated figures for Turkey have been revised with the following figures

%	World Bank		IMF		OECD		YEP	
	2020	2021	2020	2021	2020	2021	2020	2021
Growth	0,5	4,5	-5,0	6,0	-0,2	2,6	0,3	5,8
Inflation	11,0	9,0	11,9	11,9	12,0	11,9	10,5	8,0
Unemployment	-	-	14,6	12,4	13,2	13,7	13,8	12,9
Balance/ GDP	2,0	3,2	-3,7	-0,9	-4,7	-4,6	-3,5	-1,9

DEVELOPMENTS IN THE SECTOR

The construction sector grew by 6.4 percent in the third quarter of 2020. In addition to the ongoing campaigns in the sector, the housing loan interest rates, which declined to 0.79 percent in April in parallel with the CBRT during this period, decreasing to 0.64 percent for the first-hand houses and 0.74 percent for the second-hand houses in May, the maturity period increasing up to 180 months, the land registry fee regulations, the increase in the the government assistance for the first-time home buyers, the reduction of the housing loan down payment rates to 10 percent, the ease of payment brought to the housing accounts due to the corona virus and other regulations, Real estate certificates that were implemented for the first time after 3 years were followed closely.

The Construction Revenue Index, an important indicator for the sector, increased by 16.6 percent in November compared to the same month of the previous year.

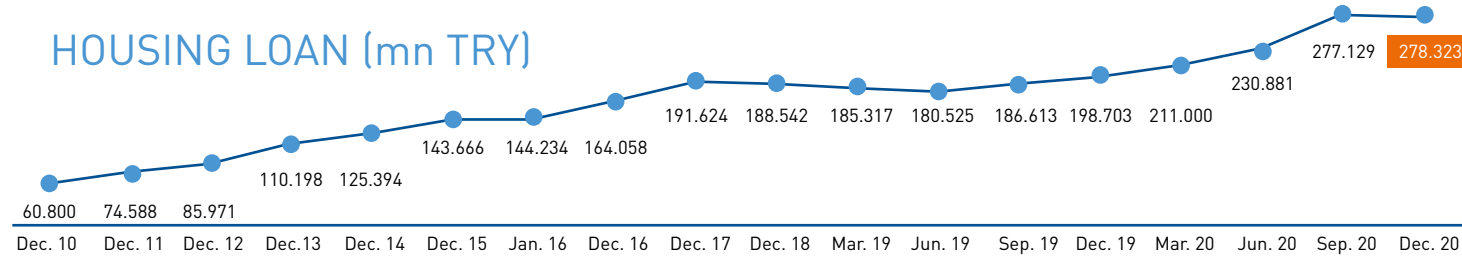
The area of the buildings for which Building Permits were issued increased by 58.1 percent in the January-September period of 2020. While the total area of the buildings was 72.5 million m²; 40.7 million m² of it was residential, 17.3 million m² was non-residential and 14.4 million m² was communal area.

The surface area of the buildings for which Occupancy Permit issued is decreased by 22.8 percent in the January-September period of 2020. While the total area of the buildings was 86,2 million m²; 48,8 million m² of it was residential, 18,6 million m² was non-residential and 18,7 million m² was communal area.

Annual housing loans interest rates, which decreased to 11.50 percent on average in January, rose to 18.69 percent by the end of December. (Source:TCMB)

The volume of housing loans reached 278 billion TRY at the end of December, and its share in total loans was at 7.78 percent

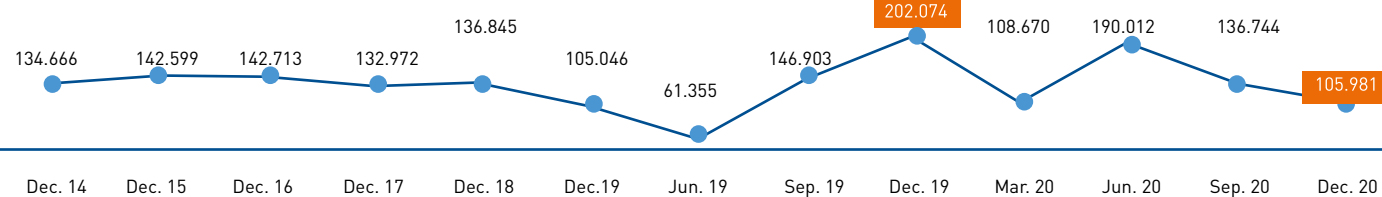
HOUSING LOAN (mn TRY)



Housing sales decreased by 47.6 percent compared to the same month a year earlier and realized as 105.981 units. Mortgaged house sales decreased by 70.9% compared to December of previous year and realized as 14.631 units. A total

of 1,499,316 houses were sold in 2020. The number of houses sold to foreigners throughout the year decreased by 10.3 percent compared to the previous year.

HOUSING SALES NUMBER

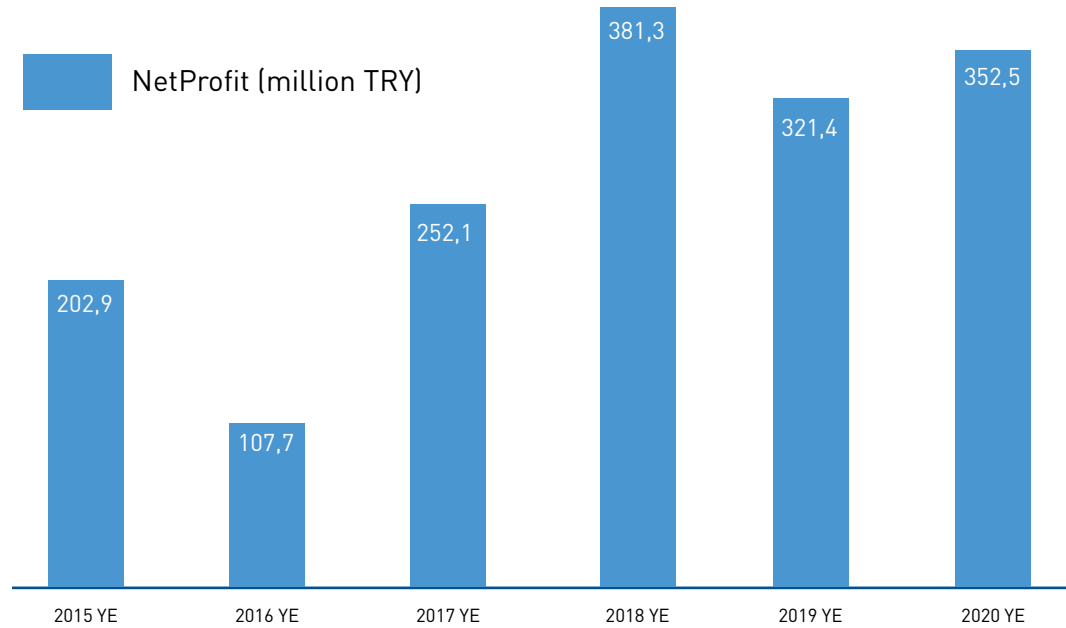
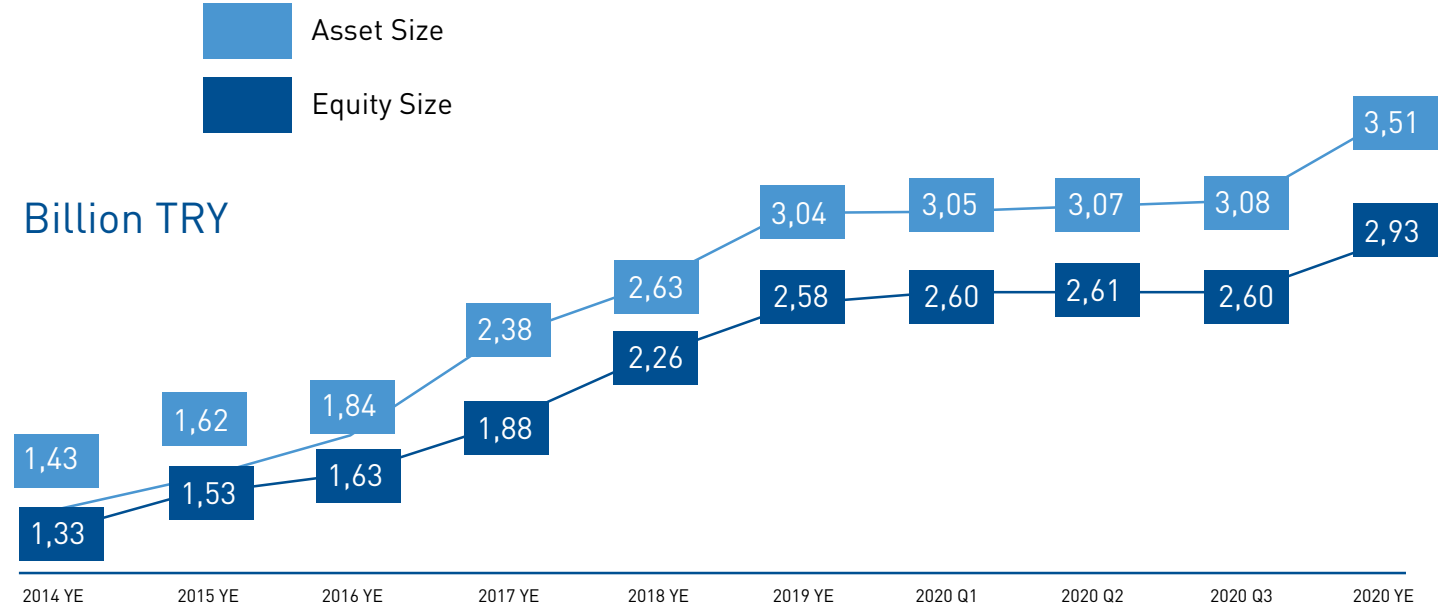


The Residential Property Price Index was 152,2 as of November. The unit prices, calculated as residential value per square meter, were 3.813,1 TRY/sqm in November 2020

FINANCIAL PERFORMANCE

	Independently audited January 1-December 31, 2020	Independently audited January 1-December 31, 2019
Revenue	151.865.863	129.978.874
Cost of Sales (-)	(65.492.481)	(42.155.655)
Gross Profit (Loss)	86.373.382	87.823.219
General Administrative Expenses (-)	(18.309.513)	(15.141.458)
Marketing Expenses (-)	(10.596.425)	(4.993.522)
Other Incomes From Main Activities	3.304.947	2.288.368
Other Expenses From Main Activities (-)	(4.290.524)	(481.752)
Real operating profit (Loss)	56.481.867	69.494.855
Shares of Profits (Losses) of Investments Valued by Equity Method	315.139.702	262.434.998
Operating Profit (Loss) Before Financial Income (Expense)	371.621.569	331.929.853
Financing Expenses	(19.169.104)	(10.521.639)
Profit (Loss) From Continuing Operations Before Tax	352.452.465	321.408.214
Tax Expenditure	-	-
Period Income (Loss)	352.452.465	321.408.214
Earning Per Share	0,3634	0,3463
Other Comprehensive Income		
Those That Will Not Be Reclassified Subsequently To Profit Or Loss	92.523	57.893
Remeasurement gains on Defined Benefit Plans	92.523	57.893
Total Comprehensive Income (Expense)	352.544.988	321.466.107

Balance Sheet Data	31.12.2020	31.12.2019
Total Assets	3.514.726.080	3.039.209.130
Equities	2.926.488.712	2.578.219.682
Total Financial Debt	481.216.936	433.407.135
Basic Ratios	31.12.2020	31.12.2019
Financial Debt / Equities	%16,4	%16,8
Equities / Total Assets	%83,3	%84,8
Return on Average Asset	%10,8	%11,3
Return on Average Equity	%12,8	%13,28



2020 REALIZATIONS AND 2021 TARGETS

At the end of the year, our Company posted a net profit of 352.5 million TL, and reached shareholder equity of 2.9 billion TL and an asset size of 3.5 billion TL, with the contribution of existing house sales and the increase in the value of investment properties. Our company's average return on equity realized as 12.8% and average return on asset realized as 10.8%, which was estimated as 8%.

In 2020 the total gross revenue of our company, whose main income items are rental income, housing sales revenue and financial income, increased by 16.8% compared to the same period of the previous year, and realized as 151.8 million TL and the real estate size as 3.3 billion TL with the last precedent values. The sales revenues of our company from the housing projects in its portfolio increased by 55.5% compared to the end of the previous year and reached 85 million TL.

The Covid-19 pandemic, which has spread all over the world as of the first months of 2020, has had negative effects on both global and national markets. Various measures have been taken all over the world in order to protect against the negative effects of the disease, which has become a pandemic, and contractions have occurred in the economies due to the measures taken. Our company closely monitors the negative effects and macroeconomic data that may arise due to the fact that the pandemic effects are still experienced. During the 2020 fiscal year of our company,

there was no situation that would cause a decrease in the value of the investment properties within the scope of the Covid-19 pandemic, and there was no significant change in the revenue items of our company, consisting of sales, rental and financial income, that would adversely affect the profitability of the Company within the scope of the Covid-19 pandemic.

Our company continues its investments and activities within the framework of strategic portfolio management throughout 2020. While the construction of the Halk Office Towers within the scope of Istanbul International Financial Center project continues, the turnkey delivery of the apartments in Bizimtepe Aydos and Şehristan Residences have been completed to a large extent.

Our company, which manages its real estate portfolio and continuing its investments with the main strategy of "offering high income to its stakeholders with equity-weighted financing model by developing commercial property with high rental income", is expected to reach an average return on assets of approximately 8% in 2021.

Sincerely,

Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
Board of Directors

01 JANUARY DECEMBER 2020-31 DECEMBER 2020 COMPANY ACTIVITIES

1 - PORTFOLIO ACTIVITIES

The activities performed on the portfolio of our company and the activities of the company during the January-December 2020 accounting period are as follows:

For 2020, it is decided to receive service from "Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş." for the appraisal of the real estates in our portfolio, and to receive appraisal services from "Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş." or "Adım Gayrimenkul Değerleme A.Ş." for the assets that might be included in the portfolio and may require appraisal in 2020.

2 commercial real estates within the scope of Bizimtepe Aydos project, which was realized by Halk GYO- Vakıf GYO ordinary partnership (50%-50%) are leased out jointly with Vakıf GYO A.Ş. to Remax Arge - Akatlı Grup Gayrimenkul İnşaat Taahhüt Sanayi ve Dış Ticaret Ltd. Şti. with a monthly rental of 1.500.-TL + VAT as of 01.05.2020. The lease contract is for 5 + 5 years, and the new period (annual) rental increase has been decided to be applied in April each year, at the rate of 12-month average (CPI + PPI).

The rental period of our "Ataşehir Finance Tower" building leased out to Türkiye Halk Bankası A.Ş and used as Halkbank Head Office complex is extended for 1 more year at a monthly rental of 1.556.000.-TL + KDV by signing a new lease contract to be effective as of 01.04.2020.

4 detached commercial real estates (total net area 103,48sqm) within the scope of Bizimtepe Aydos project, which was realized by Halk GYO- Vakıf GYO ordinary partnership (50%-50%) are leased out jointly with Vakıf GYO A.Ş. to Remax Arge - Akatlı Grup Gayrimenkul İnşaat Taahhüt Sanayi ve Dış Ticaret Ltd. Şti. with a monthly rental of 3.000.-TL + VAT as of 01.07.2020. The lease contract is for 5 + 5 years, and the new period (annual) rental increase has been decided to be applied in June each year, at the rate of 12-month average (CPI + PPI).

The validity of the construction permit of the Halk Office Şekerpinar (Block B) project, which is located in the district of Şekerpinar in Kocaeli Province and the marketing process for renting and/or selling is ongoing, has been updated as 16.07.2025.

Building licenses of A, B1, B2, B3, C, D, E, F, H, K, L and M blocks are obtained within the scope of Evora Izmir Project located in Izmir Province, Konak District, Umurbey Subdistrict.

A 10 + 10 year contract has been signed with "Taksim Yatırım Gayrimenkul A.Ş." company for the "Beyoğlu Building" registered in Istanbul Province, Beyoğlu District, Hüseyinağa Subdistrict, Layout 5, Block 338, Plot 8, which is in the portfolio of our company.

According to the terms of the contract; it has been decided that;

- The reinforcement, mechanical, electrical, infrastructure and façade renovations to be undertaken by the company, and the portion of the related renovation costs up to 5.750.000.-TL + VAT to be paid by our Company,

- The rental started to be accrued at the end of 20th month after the legal permit and license for the renovation construction obtained by Taksim Yatırım Gayrimenkul A.Ş.

- Determining the monthly rental at the end of the 20th month by increasing 168.000.-TL + VAT at the rate of last 12-month CPI, and

- Updating the rental every year at the rate of CPI increase in the following years.

A joint stock company with a capital of TL 15,000,000 was established to operate in the field of real estate development, all the shares of which belong to our Company. The company in question was established with the trade title of 'Halk Yapı Projeleri Geliştirme Anonim Şirketi' and was registered by Istanbul Trade Registry Office on 15.12.2020. Nişantaşı Building, registered in

Istanbul Province, Şişli District, Halaskargazi Subdistrict, Block 680, plot 14, which is in our company's portfolio, has been sold to our subsidiary Halk Yapı Projeleri Geliştirme AŞ for 14.750.000.-TL including VAT.

A contract has been signed with T. Halk Bankası A.Ş., to be effective as of 01.11.2020, for the lease of 14 real estates to T.Halk Bankası A.Ş. for a period of 5 years, which are owned by our Company and the previous 5-year lease contract of which expired on 30.10.2020.

2 - FINANCIAL STRUCTURE ACTIVITIES

1.Outstanding Capital Market Instruments (as of 31.12.2020)

Type	Amount Issued		Date of Issue	Date of Redemption	Return Rate (%)	Type of Issue
	Amount	Currency				
Lease Certificate (Based on Management Contract) (TRDHVKA12121)	40.000.000	TRY	18.08.2020	13.01.2021	Period Return / %4,6630 Annual Simple Return / %11,50	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA22120)	120.000.000	TRY	29.09.2020	24.02.2021	Period Return / %5,3321 Annual Simple Return / %13,15	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32129)	120.000.000	TRY	06.10.2020	10.03.2021	Period Return / %5,5842 Annual Simple Return / %13,15	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA42128)	46.000.000	TRY	23.12.2020	06.04.2021	Period Return / %4,9578 Annual Simple Return / %17,40	Qualified Investor

2.Capital Markets Instruments the Completion of which has been Completed (as of 31.12.2020)

Type	Amount Issued		Date of Issue	Date of Redemption	Return Rate (%)	Type of Issue
	Amount	Currency				
Commercial Paper (TRFHLY31810)	100.000.213	TRY	06.10.2017	30.03.2018	Annual Simple / %14,10 Annual Compound / %14,62	Qualified Investor
Commercial Paper (TRFHLY91814)	80.000.000	TRY	30.03.2018	19.09.2018	Annual Simple / %14,85 Annual Compound / %15,43	Qualified Investor
Commercial Paper (TRFHLY91813)	50.000.000	TRY	19.09.2018	21.12.2018	Annual Simple / %28,50 Annual Compound / %31,67	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA31816)	100.000.000	TRY	19.12.2017	16.03.2018	Period Return / %3,1582 Annual Simple Return / %13,25	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA61821)	100.000.000	TRY	16.03.2018	20.06.2018	Period Return / %3,5244 Annual Simple Return / %13,40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA61839)	25.000.000	TRY	23.03.2018	20.06.2018	Period Return / %3,2674 Annual Simple Return / %13,40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA91810)	125.000.000	TRY	20.06.2018	19.09.2018	Period Return / %4,2384 Annual Simple Return / %17,00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA18311)	125.000.000	TRY	19.09.2018	19.12.2018	Period Return / %6,7315 Annual Simple Return / %27,00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA11925)	75.000.000	TRY	12.10.2018	22.01.2019	Period Return / %7,6850 Annual Simple Return / %27,50	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA41922)	170.000.000	TRY	19.12.2018	16.04.2019	Period Return / %7,6295 Annual Simple Return / %23,60	Qualified Investor

Lease Certificate (Based on Management Contract) (TRDHVKA51921)	80.000.000	TRY	22.01.2019	21.05.2019	Period Return / %7,3356 Annual Simple Return / %22,50	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA81928)	180.000.000	TRY	16.04.2019	20.08.2019	Period Return / %7,8534 Annual Simple Return / %22,75	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA91927)	75.000.000	TRY	21.05.2019	17.09.2019	Period Return / %7,6616 Annual Simple Return / %23,50	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA1914)	205.000.000	TRY	20.08.2019	17.12.2019	Period Return / %5,7054 Annual Simple Return / %17,50	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA12022)	75.000.000	TRY	17.09.2019	07.01.2020	Period Return / %4,5720 Annual Simple Return / %14,90	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32012)	100.000.000	TRY	09.10.2019	10.03.2020	Period Return / %5,8684 Annual Simple Return / %14,00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA52010)	185.000.000	TRY	17.12.2019	12.05.2020	Period Return / %4,3898 Annual Simple Return / %10,90	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA62027)	75.000.000	TRY	07.01.2020	02.06.2020	Period Return / %4,1884 Annual Simple Return / %10,40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82025)	75.000.000	TRY	10.03.2020	18.08.2020	Period Return / %4,3227 Annual Simple Return / %9,80	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA92057)	100.000.000	TRY	02.06.2020	29.09.2020	Period Return / %2,8038 Annual Simple Return / %8,60	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA2017)	75.000.000	TRY	12.05.2020	06.10.2020	Period Return / %3,6247 Annual Simple Return / %9,00	Qualified Investor

3. Unsold Capital Market Instruments for which Issue Limits have been Obtained

Type	Issue Limit and the Board Decision Concerning the Limit	Sales Within the Limit	
		Amount	Currency
Lease Certificate (Based on Management Contract)	2.000.000.000.-TRY 28.10.2020 / 67-1338	46.000.000	TRY
Commercial Paper	2.000.000.000.-TRY 14.01.2021/03-38	-	TRY

As of 23 July 2020, as a result of the credit rating process carried out by Saha Kurumsal Yönetim ve Kredi Rating Hizmetleri A.Ş., ranked our Company in an "investable" category; and determined our Long-Term National Rating as (TR) AA-, and our Short-Term National Grade (TR) A1 + and both rating outlooks as "stable"

A contract, to be valid for a period of one year, is signed between our company and JCR Avrasya Derecelendirme A.Ş. on 22.12.2020 in order to obtain credit rating on behalf of our Company within the scope of credit rating legislation of the Capital Markets Board.

3 - ACTIVITIES REGARDING GENERAL ASSEMBLY, CAPITAL INCREASE AND ARTICLES OF ASSOCIATION

With the decision of our Board of Directors dated 02.06.2020, the Ordinary General Assembly Meeting of our Company for the 2019 activity year is held on Wednesday, June 24, 2020, at 14:00, at the Company Headquarters, under the supervision of the Ministry Representative Mrs. Aysin Yazgan Bilgin, who was assigned with the Letter No.55245382 of the Istanbul Governorship Provincial Directorate of Commerce dated 24.06.2020 with a participation rate of 80.19%.

At the meeting;

- The proposal of the Board of Directors regarding profit distribution for the year 2019 was approved and cash dividend amounting to 4.400.000.-TL was distributed to our shareholders on 29.06.2020.

- Also in line with the Board of Directors decision dated 24.06.2020, it was decided to make application to the Capital Markets Board for the bonus share amounting to 42.000.000.-TL and a capital increase application was made to the Capital Markets Board on 21.07.2020. Application for the amendment of 8th Article of Articles of Association, which will be revised as a result of the capital increase, was approved by the Board decision dated 21.08.2020, and the capital increase through

bonus issues procedures started as of 27.08.2020.

The Articles of Association of the Company, which includes new capital information, was registered on 02.09.2020 and published in the Turkish Trade Registry Gazette No. 10152 dated 03.09.2020.

The relevant General Assembly resolutions were registered on 14.07.2020 and published in the Trade Registry Gazette No. 10120 dated 17.07.2020.

In addition, the applications we made to the Capital Markets Board and the Ministry of Trade for the revision of the 8th Article of the Articles of Association, titled "Capital and Shares" regarding the extension of the validity period of the authorized capital stock of our company for a further period of 5 years (2020-2024) and the increase in the upper limit of the authorized capital stock from 1.500.000.000.-TL to 2.500.000.000.-TL were approved on 23.12.2019 and 06.01.2020, respectively, and after the Ordinary General Assembly meeting of our company held on 24.06.2020, the relevant article amendment has been registered on 14.07.2020.

4 - CORPORATE GOVERNANCE ACTIVITIES

During the period; The activities regarding Compliance with Corporate Governance Principles process of our company are completed by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., and the Corporate Governance Rating grade of our company has been determined as 9.29 as of 30.11.2020. The rating grades obtained by our company in 4 main sections are as follows: Shareholders 94,66, Public Disclosure and Transparency 95,17, Stakeholders 94,36, Board of Directors 89,43.

Within the scope of the Capital Markets Board's legislation for compliance with corporate governance principles, a contract was signed between our Company and JCR Avrasya Derecelendirme A.Ş. on 22.12.2020 to be valid for one year for the purpose of obtaining Compliance with Corporate Governance Principles rating grade on behalf of our company

in 2021.

With the decision of the Board of Directors of our Company dated 24.06.2020, Mr. Mehmet Tanriverdi, who was appointed as a Member of the Board of Directors, is assigned as member of the Remuneration Committee; Mr. Ali Cebeci, as member of Early Detection of Risk Committee; Mr. Mehmet Hakan Tercan, as member of the Corporate Governance Committee; Mr. Memduh Yılmazlar, who was appointed as a member of the Independent Board of Directors, as Chairman of the Audit Committee, Early Detection of Risk Committee and Remuneration Committee; Mr. Raci Kaptan Kolaylı, who was appointed as a member of the Independent Board of Directors, was assigned as the Chairman of the Corporate Governance Committee and a member of the Committee Responsible for Audit.

5 - TRANSACTIONS PERFORMED WITH RELATED PARTIES

AFFILIATION REPORT OF BOARD OF DIRECTORS FOR THE PERIOD OF 01.01.2020-31.12.2020

This report was prepared within the scope of first three clauses of Article 199 in Turkish Commercial Code, numbered 6102.

LEGAL TRANSACTIONS

1 - TRANSACTIONS WITH THE DOMINANT COMPANY AND ITS SUBSIDIARIES

Receivables and Payables from Related Parties

	December 31, 2020
Banks	
Halk Bank A.Ş. (Demand deposit)	797.854
Halk Bank A.Ş. (Time deposit)	48.750.104
Total	49.547.958
Receivables from Related Parties	
Halk Bank A.Ş.	60
Total	60
Prepaid Expenses	
Halk Finansal Kiralama A.Ş.	52.208
Capitalization of expenses on investment properties	
Halk Bank A.Ş.	3.691.074
Halk Finansal Kiralama A.Ş. . (Financial Expense)	18.591.391
Halk Finansal Kiralama A.Ş. (Capital)	6.514.813
Halk Varlık Kiralama A.Ş.	33.734.958
Total	62.584.444
Financial borrowings	
Halk Bank A.Ş. – Short Term	47.231.352
Halk Bank A.Ş. – Long Term	70.861.117
Halk Finansal Kiralama A.Ş. – Short Term	12.957.765
Halk Finansal Kiralama A.Ş. – Long Term	13.433.643
Halk Varlık Yönetim A.Ş.	335.615.485
Total	480.099.362
Trade payables to related parties	
Halk Bank A.Ş.	8.742
Total	8.742

Revenues from Related Parties

	December 31, 2020
Rent income	
Halk Bank A.Ş.	44.932.238
Halk Hayat ve Emeklilik A.Ş.	20.029
Total	44.952.267
Interest Income	
Halk Bank A.Ş. Time Deposit Interest Rate	4.869.343
Total	4.869.343

33% of the Company's revenues in the interim period ended on December 31, 2020 consists of income from related parties

Related Party Expenses

Expenses	December 31, 2020
Insurance expenses paid to related parties	
Halk Sigorta A.Ş.*	(314.966)
Halk Hayat ve Emeklilik A.Ş.*	(8.323)
Interest, financing and premium expenses paid to related parties	
Halk Bank A.Ş.	(10.003.142)
Halk Varlık Kiralama A.Ş.	(33.734.958)
Halk Finansal Kiralama A.Ş.	(6.514.813)
Operating expenses paid to related parties	
Halk Bank A.Ş.	(695.365)
Total	(51.271.567)

[*]It consists of the building received from Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş. and health insurance service expenses. The companies in question are excluded from the group as of 31 March 2020.

1.1 TRANSACTIONS WITH THE DOMINANT COMPANY

1.1.1 Incomes

a) Rent Income

Our company has leased 18 rentable properties in its portfolio to Türkiye Halk Bankası A.Ş. and has collected rental income regularly during the year. These leases have been made in accordance with the Capital Market Board's Communiqué on Principles Regarding Real Estate Investment Partnership Serial III No.48.1. The total rental income during the year is 44.932.238 TRY. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

b) Interest Income

On the transactions conducted with Türkiye Halk Bankası A.Ş., 4.869.343 TRY, interest income was received on the time deposits. Of the amount, 2.799.898 was classified in the real estate for the purpose of investment. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

1.1.2 Expenses

a) Bank Interest Expenses

In 2020, an interest expense of 10.003.142TRY was spent on the loan that our company took out from Türkiye Halk Bankası A.Ş. 6.490.972-TL of this amount is classified in investment properties. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

b) Bank Transactions Expenses

Due to the transactions made by our Company with Türkiye Halk Bankası A.Ş., operating expense amounting to 695.365 TRY as been incurred. The entire amount consists of the letter of guarantee and other banking commission expenses. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

1.1.3 Financial Debts

As of 31.12.2020, our Company has a loan at the amount of 118.092.469 TRY which has been used from Türkiye Halk Bankası A.Ş. 15.402.668-TL of the loans used consists of the spot loans used by the company for the Izmir Evora Project, and the remaining 102.689.801-TL consists of the year-end balance of the monthly equal instalment and spot loans used by the company. 47.231.352-TL of

the remaining amount of monthly equal instalment and spot loans as of 31.12.2020 has been classified as short-term loan and 70.861.117-TL as long-term loan. In 2020, there we have incurred financing expenses of 10.698.507 TRY, and in these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not face any loss

1.2 TRANSACTIONS WITH SUBSIDIARIES

1.2.1 Incomes

Rent Income

Halk Hayat ve Emeklilik A.Ş.

Halk Hayat ve Emeklilik A.Ş. Our property, at the address of Akdeniz Mah. The real estate property at the address of Cumhuriyet Bulvarı No:45 Konak / İzmir was rented to Halk Hayat ve Emeklilik A.Ş and the rental income at the amount of 20.029 TRY has been obtained per year regularly in 2020 . The rental has been accrued in accordance with the REIT Communiqués by CMB and the rents were increased by using PPI+CPI/2 rate. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss. Halk Hayat ve Emeklilik A.Ş. is excluded from the group as of 31 March 2020.

1.2.2 Expenses

a) Insurance Expenses

Halk Sigorta A.Ş.

As a result of the health insurance provided to our personnel, projects, buildings, fixtures and fire insurances created by Halk Sigorta A.Ş., TRY 314.966 insurance expense occurred in 2020. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss. Halk Sigorta A.Ş. is excluded from the group as of 31 March 2020.

Halk Hayat ve Emeklilik A.Ş.

Private pension and standard group life insurance policies made by Halk Hayat ve Emeklilik A.Ş. within the scope of the rights provided to the personnel in the year 2020, 8.323 TRY expense has been occurred. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss. Halk Hayat ve Emeklilik A.Ş. is excluded from the group as of 31 March 2020.

b) Capitalization Of Expenses On Investment Properties

Halk Varlık Kiralama A.Ş.

Due to the transactions made by our Company with Halk Varlık Kiralama A.Ş., capitalized expense amounting to 33.734.958 TRY has been incurred.

31.767.925TRY of these transactions were financing expenses, and 1.967.033 TRY were commissions for intermediation services. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

Halk Finansal Kiralama A.Ş.

Due to the transactions made by our Company with Halk Finansal Kiralama A.Ş., capitalized expense amounting to 25.106.204 TRY has been incurred. 6.514.813-TL of this transaction consists of financing expenses and 18.591.391 TL capital cost. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

c) Financial Debts

Halk Varlık Kiralama A.Ş.

In order to meet the financing needs of our company, lease certificate is issued through Halk Varlık Kiralama A.Ş. and a financial debt of 367,171,740-TL has been incurred. 33,734,958-TL period financing expense has been incurred in 2020 regarding the transactions made, all of which have been capitalized in investment properties. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

Halk Finansal Kiralama A.Ş.

A financial lease agreement has been signed with Halk Finansal Kiralama A.Ş. in order to meet the financing needs of our company, and there is a financial lease of 26.391.408-TL at the end of 2020. Period financing expense of 6.514.813-TL concerning the transactions made occurred in 2020, and 6.514.813-TL was capitalized in investment properties. In these transactions, no financial interest was provided to the dominant company or its subsidiaries and our Company did not meet any loss.

2 - TRANSACTIONS MADE ON THE SUGGESTION OF THE DOMINANT COMPANY

None.

3 - TRANSACTIONS IN FAVOR OF DOMINANT COMPANY OR SUBSIDIARIES

None.

PRECAUTIONS TAKEN

All commercial and legal transactions details of which are stated above were carried out by using market value as base and in line with the Company interest. Lease transactions were made toward the reports by independent real estate appraisal company whereas commercial activities of purchasing of goods and services were conducted by tender. Due to being publicly traded, our company acts in accordance with the relevant communiqué of the Capital Market Board and its principles. Our Company's financials are audited quarterly by an independent audit firm. The transactions with related companies, also placed in independent auditor's report, are disclosed to public quarterly.

In the period of activity, in the case that a subsidiary incurs material loss/damage due to intra-group transactions, dominant company has no such right of demanding equivalent counter-request from another associated company to provide the balance by justifying their benefits or the related transactions.

CONCLUSION

Considering circumstances of all actions known by us, all Company transactions including dominant company or an affiliated company, the legal transactions which were made in favor of a dominant or an affiliated company and all Company's measures which were taken or avoided to be taken in favor of a dominant or an affiliated company in 2020 were evaluated in the operating period between January 1 and December 31, 2020. Related to this operating period of 2020, we hereby declare that our Company did not meet such a loss through an action raised due to known circumstances.

DESCRIPTIONS OF THE ASSETS AND RIGHTS IN THE PORTFOLIO

1 - Real Estate Statement

Real Estates	Acquisition Date To Portfolio	*Fair Value (TRY)
Lands & Projects		
Erzurum Palandöken Lands	05.09.2019	12.600.000
Erzurum Yakutiye Land	30.09.2019	10.350.000
İstanbul Salıpazarı Land	26.01.2018	9.120.000
Adapazarı Land	28.10.2010	10.000.000
İUFM "Halk Office Towers"	28.10.2010	1.780.000.000
İzmir Evora	25.08.2017	1.550.000.000
Bizimtepe Aydos (50% of the value for 48 BB (independent section))	16.10.2014	213.400.000
Erzurum Şehristan Residences (50% of the value for 1 BB (independent section))	07.04.2016	2850.000
Referans Bakırköy (50% of the value for 1 BB (independent section))	09.09.2011	2555.500
Lands and Projects Total		1.836.875.500
Buildings		
İstanbul, Halkbank Finance Tower	29.12.2011	349.655.000
İstanbul Levent Hotel	28.10.2010	286.200.000
Şekerpınar Banking Center	11.09.2012	171.000.000
Halk Office Şekerpınar	11.09.2012	103.000.000
İstanbul Salıpazarı Port Bosphorus Hotel	28.10.2010	100.000.000
İstanbul Karaköy Building	28.10.2010	45.000.000
İzmir, Konak Building ¹	28.10.2010	38.500.000
İstanbul Beyoğlu Building	28.10.2010	35.000.000
İstanbul Bakırköy Building	28.10.2010	31.000.000
İstanbul Caddebostan Building	28.10.2010	30.440.000
İstanbul Etiler Building	28.10.2010	26.500.000
İstanbul Beşiktaş Building	28.10.2010	25.750.000
Ankara Kızılay Building	28.10.2010	25.000.000
İstanbul Şişli Building	28.10.2010	22.500.000
İzmir Konak Building ²	28.10.2010	21.000.000
Bursa Building	28.10.2010	19.250.000
İstanbul Fatih Building	28.10.2010	16.750.000
İstanbul Ataköy Building	28.10.2010	16.750.000
Kocaeli Building	28.10.2010	16.000.000
Ankara Başkent Building	28.10.2010	15.170.000
Ankara Bahçelievler Building ¹	28.10.2010	13.000.000
İstanbul Nişantaşı Building ³	28.10.2010	12.500.000
Ankara Bahçelievler Building ²	28.10.2010	9.400.000
Buildings Total		1.429.365.000
Total Portfolio		3.266.240.500

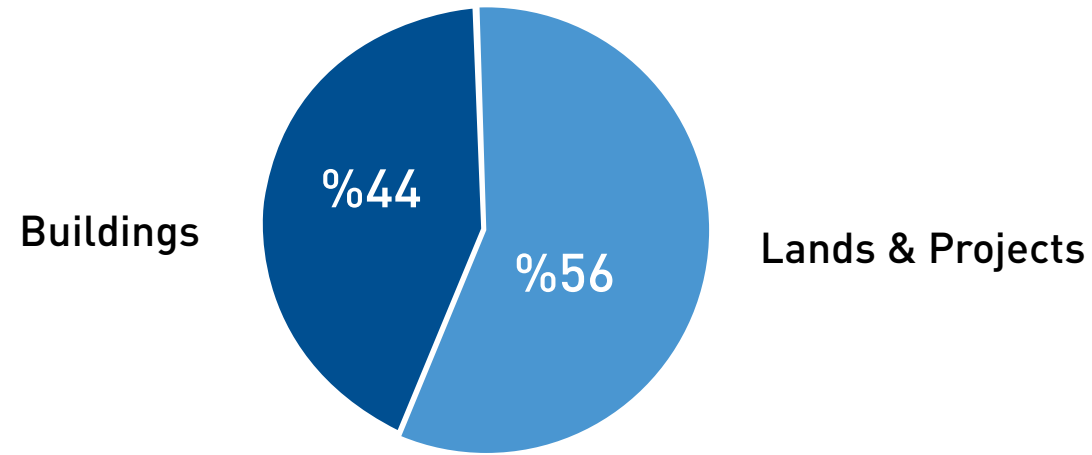
* The values in the independent audit report of the end of 2020

1- The sales value accrued to our company over the project contract price of 1.7 billion TL. It is not included in the sum of the portfolio and is written for information purposes. (50% of the 65% of the Ordinary Partnership share is calculated as Halk GYO's share.)

2- The share of Halk GYO (50%) in total appraisal value of the independent sections remaining in the projects as of 31.12.2020.

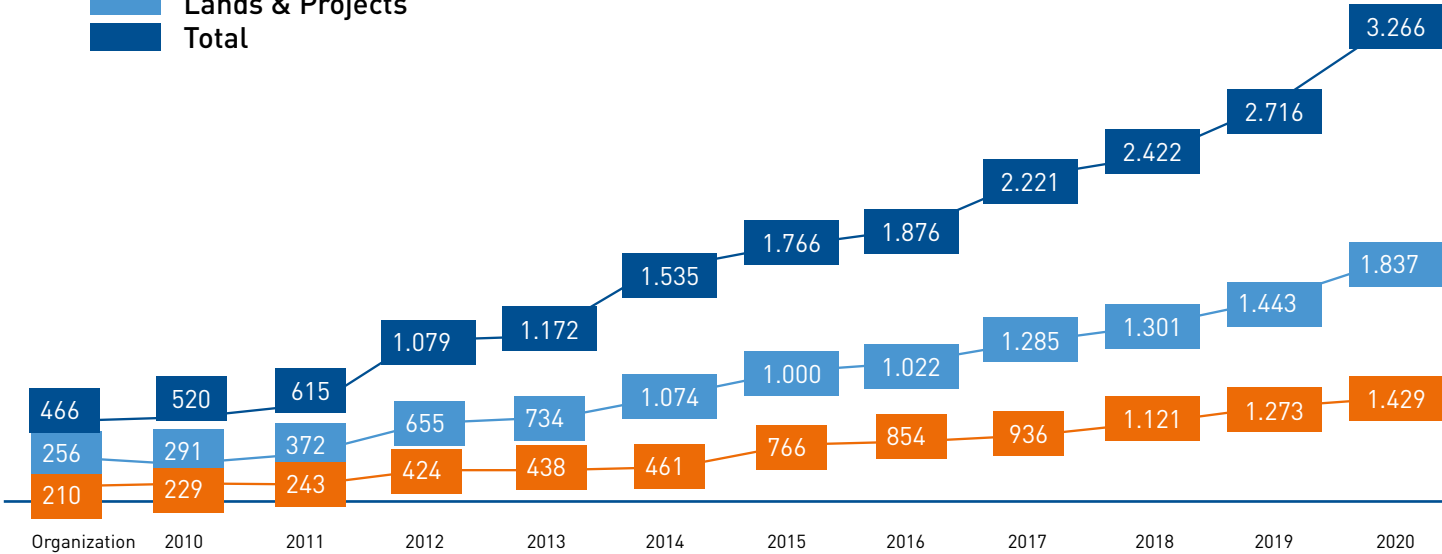
3- Nişantaşı Building was sold to our 100% subsidiary Halk Yapı Projeeleri Geliştirme A.Ş. on 28.12.2020.

Real Estate Distribution (According to Last Appraisal Values)



Real Estate Values (TL)

Buildings
Lands & Projects
Total



2 - Information on Leased Real Estate

Summary statement on the real estate investments from which our Company generated rental income is provided below:

Real Estate With Rental Income	Lessee	Usage Purpose	January-December Rent Income (TRY)
Ataşehir Halkbank Finance Tower	Halkbank	Head Office	18.249.000
İstanbul Levent Hotel ²³	Dedeman Grup	Hotel	11.241.560
Şekerpinar Banking Center	Halkbank	Banking Center	8.617.147
Salıpaazarı Port Bosphorus Hotel	Sapaz Otelcilik	Hotel	4.111.400
Bakırköy Building	Halkbank	Bank Branch	1.940.046
Kızılay Building	Halkbank	Bank Branch	1.851.863
Konak Building 1	Halkbank	Bank Branch	1.820.396
Beşiktaş Building ⁷	Halkbank	Bank Branch	1.149.614
Başkent Building	Halkbank / Ceda Ltd.Şti.	Bank Branch / Hotel	1.458.985
Etiler Building	Ceda Ltd.Şti.	Bank Branch	1.376.578
Şişli Building	Halkbank	Bank Branch	1.366.032
Bursa Building	Halkbank	Bank Branch	1.313.486
Konak Building ² ¹⁰	Halkbank Halk Emeklilik	Bank and Subsidiary Branch	1.189.623
Kocaeli Building	Halkbank	Bank Branch	1.218.211
Ataköy Building	Halkbank	Bank Branch	1.088.208
Bahçelievler Building ¹	Halkbank	Bank Branch	970.205
Fatih Building	Halkbank	Bank Branch	889.294
Beyoğlu Building ⁸	Halkbank	Bank Branch	189.357
Nişantaşı Building ²⁴	Halkbank	Bank Branch	744.927
Bahçelievler Building ² ⁴	İpekyol	-	567.587
Panorama Plus B12 Dairesi ⁵	Gerçek Kişi	Property	3.931
Panorama Plus B13 Dairesi ⁶	Gerçek Kişi	Property	4.023
Bizimtepe Aydos Ticari / 1-3 Nolu BB ¹²	Yakın Ufuklar A.Ş.	Nursery School	182.535
Bizimtepe Aydos Ticari / 17-22 Nolu BB ¹³	Mopaş	Market	156.131
Bizimtepe Aydos Ticari / 23-24 Nolu BB ¹⁸	Akatlı Grup	Real Estate Agency	51.483
Bizimtepe Aydos Ticari / 39-44 Nolu BB ¹⁹	Meşgalem Hediye	Souvenir shop	27.040
Bizimtepe Aydos Ticari / 25 Nolu BB ¹⁷	Real Person	Pharmacy	17.092
Bizimtepe Aydos Ticari / 16 Nolu BB ¹⁵	Real Person	Seller of Dried Fruits	13.218
Bizimtepe Aydos Ticari / 26 Nolu BB ¹⁶	Akatlı Grup	Real Estate Agency	14.700
Bizimtepe Aydos Ticari / 13 Nolu BB ¹⁴	Real Person	Hairdresser	11.469
Bizimtepe Aydos Ticari / 27-28 Nolu BB ²⁰	Akatlı Grup	Real Estate Agency	6.000
Bizimtepe Aydos Ticari / 14 Nolu BB ²¹	Habitad Gayrimenkul	Real Estate Agency	2.267
Bizimtepe Aydos Ticari / 29-32 Nolu BB ²²	Akatlı Grup	Real Estate Agency	9.000
Adapazarı Building ³	-	In the Process of Demolition	-
Halk Ofis Şekerpinar ¹¹	-	In Marketing Process	-
Karaköy Building ⁹	-	In Marketing Process	-
Caddebostan Building	-	Urban Transformation	-
Total			61.852.408

3- Following the identification of Sakarya Adapazarı Building as a risky structure, the building was demolished and converted as building plot and classified as building plot in the financial statements.

4- Lease agreement of Ankara Bahçelievler Building 2 expired as of May 24, 2017, and the building is leased to İpekyol Giyim San. Paz. ve Tic. A.Ş. as of April 1, 2019.

5- Eskişehir B Block No.12 flat was sold on February 11, 2020; no rental income has been earned since that date.

6- Eskişehir B Block No.13 flat was sold on February 11, 2020; no rental income has been earned since that date.

7- No rental income was obtained between June 7, 2020 - October 11, 2020 due to the building reinforcement works carried out in İstanbul Beşiktaş Building.

8- The lease agreement of İstanbul Beyoğlu Building with T.Halk Bankası AŞ expired on February 15, 2020. A new lease agreement was signed with Taksim Yatırım Gayrimenkul AŞ on October 22, 2020. Rental income will begin to be earned 20 months after the necessary construction permits are obtained for the reinforcement of the building.

9- The lease agreement for İstanbul Karaköy Building has expired on October 23, 2017.

10- The lease agreement made with Halk Hayat ve Emeklilik AŞ, which is a tenant in

İzmir Konak 2 building, expired on August 31, 2020.

11- Marketing activities continue for Kocaeli Şekerpinar B Block Building.

12- Bizimtepe Aydos T Block No.01, 02, 03 Independent Sections (Kindergarten) were rented to Yakın Ufuklar Eğitim Kurumları A.Ş. on April 10, 2019.

13- Bizimtepe Aydos Commercial Block No.17, 18, 19, 20, 21, 22 Independent Sections (Market) are rented to Mopaş Marketçilik Gıda San. ve Tic. A.Ş. on April 16, 2019.

14- Bizimtepe Aydos Commercial Block No.13 Independent Section (Coiffeur) is rented to a real person on May 23, 2019.

15- Bizimtepe Aydos Commercial Block No.16 Independent Section (dry nuts and fruits store) is rented to a real person on June 10, 2019.

16- Bizimtepe Aydos Commercial Block No.26 Independent Section (Real Estate Agency) is rented to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Şti. on September 19, 2019.

17- Bizimtepe Aydos Commercial Block No.25 Independent Section (Pharmacy) is rented to a real person on October 1, 2019.

18- Bizimtepe Aydos Commercial Block No.23, 24 Independent Sections (Real Estate Agency) are rented to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Şti. on October

30, 2019.

19- Bizimtepe Aydos Commercial Block No.39, 40, 41, 42, 43, 44 Independent Sections (Souvenir Shop) are rented to Meşgalem Hediye Sanayi A.Ş. on November 22, 2019.

20- Bizimtepe Aydos Commercial Block No.27, 28 Independent Sections (Real Estate Agency) are rented to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Şti. on March 27, 2020.

21- Bizimtepe Aydos Commercial Block No.14 Independent Section (Real Estate Agency) is rented to Habitad Gayrimenkul İnş. Eml. Eğit. Danış.ve Paz. Tic. AŞ on April 10, 2020.

22- Bizimtepe Aydos Commercial Block No.29, 30, 31, 32 Independent Sections (Real Estate Agency) are rented to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Co. on April 27, 2020.

23- The lease agreement for Levent Hotel Building with Dedeman Turizm Yönetimi A.Ş. is terminated as of December 31, 2020, and a lease agreement is signed with Caba İnşaat Enerji Tur. San. ve Tic. A.Ş. so as to start in 2021.

24- Nişantaşı Building is sold to our 100% subsidiary Halk Yapı Projeleri A.Ş. on 28.12.2020.

3 - Subsidiaries and Affiliates & Joint Activities

Affiliated Companies

Halk Yapı Projeleri Geliştirme A.Ş.	December 31, 2020	December 31, 2019
Current Assets	2.322.810	
Fixed Assets	12.500.000	
Short-term Liabilities	6.183	

Joint Activities

Halk GYO - Vakıf GYO Ordinary Partnership	December 31, 2020	December 31, 2019
Current Assets	23.226.353	76.266.214
Fixed Assets	10.184.977	9.892.027
Short-term Liabilities	(1.839.047)	(3.922.897)

	January 1-December 31, 2020	January 1-December 31, 2019
Period profit	21.097.379	17.636.097

Halk GYO - Erkonut Ordinary Partnership	December 31, 2020	December 31, 2019
Current Assets	4.779.860	9.212.839
Short-term Liabilities	(671.945)	(680.156)

	January 1-December 31, 2020	January 1-December 31, 2019
Period profit	2.603.927	199.842

Halk GYO - Teknik Yapı Ordinary Partnership	December 31, 2020	December 31, 2019
Current Assets	20.615.282	19.530.554
Fixed Assets	2.785.229	2.307.748
Short-term Liabilities	(69.183.767)	(44.683.306)
Long-term Liabilities	(9.236.746)	(10.254.938)

	January 1-December 31, 2020	January 1-December 31, 2019
Period profit	(23.237.804)	(12.581.338)

4 - Money and Capital Markets Instruments

	December 31, 2020	December 31, 2019
Cash in Bank	49.553.809	74.286.168
Demand Deposits	798.013	724.840
Short-term deposits for less than three months	48.755.796	73.561.328
Expected loss reserve (-)	(594)	(891)
Total cash as cash equivalents included in the statement of financial position	49.553.215	74.285.277
Minus: Total cash and cash equivalents interest rediscunts	(21.693)	(84.178)
Total cash and cash equivalents included in the cash flow statement	49.531.522	74.201.099

(*There is a blocked amount for employee salary payments in the demand deposit amount on December 31, 2020 and December 31, 2019.

As of December 31, 2020, the details of time deposits in banks are as follow:

December 31, 2020	Amount	Interest Rate	Term
Time Deposit			
TRY	48.725.549	%16,25	January 4, 2021
TRY	5.692	%3,00	January 4, 2021
TRY	24.556	%15,5	January 4, 2021
	48.755.796		

COMPLETED PROJECTS

İstanbul Levent Hotel

İstanbul Referans Bakırköy

Eskişehir Panorama Plus

Kocaeli Şekerpınar Project

İstanbul Bizimtepe Aydos

Erzurum Şehristan Residences

Salıpazarı Port Bosphorus Hotel





Province ***İstanbul***
District ***Şişli / Levent***
Appraisalment Value* ***286,2 Million TRY***

Our hotel project in the portfolio of our company, constructed in 2013 and completed in 2015 at Levent area, is our Company's first investment in the tourism sector.

Our building, which is one of the most beautiful examples of city hotels in terms of architecture and location, meets the need of a business hotel in Mecidiyeköy-Maslak line.

Levent Hotel is aimed to be an environmentally friendly building and awarded with LEED Gold (Leadership in Energy- and Environment-Friendly Design) certificate.



*[It is the fair value of the project written in the independent audit report as of 31.12.2020.]





Province **İstanbul**
District **Bakırköy**
Appraisalment Value* **555,5 Thousand TRY**

"Reference Bakırköy" that has been tendered in 2012 by a revenue sharing method so as to our Company's share will be 50.5 percent over the total sales revenue and that is located on our land in Bakırköy is our first residential project. The project that we carried out and accomplished together with Biskon Yapı A.Ş., from Kiler Holding subsidiaries, has been located in one of the last remaining project sites, in Bakırköy, a privileged district of İstanbul. Title deeds transfers and session have started as of year 2014.

The project, constructed in three blocks, consists of a total of 327 independent units, 254 of which are residences and 73 are commercial units.

* (50.5% of the value of one unsold independent section as of 31.12.2020, accrued to Halk GYO.)



Province **Eskişehir**
District **Odunpazarı**

The project in our Company's portfolio, which is brought into action on our land of 9,811 sqm in total in Odunpazarı district of Eskişehir Province, consists of totally 102 independent units 97 of which are residences and 5 are commercial units.

The project of which construction and sales process started in November 2013, was completed in 2015. All independent sections in the project have been sold.

Panorama Plus was the first project to receive the “LEED Silver certificate” with the highest score in Eskişehir” in line with the sustainability studies conducted by the United States Green Building Council (USGBC).





Province **Kocaeli**
District **Şekerpınar**
Appraisalment Value **274 Million TL**

“Şekerpınar Project” built in Kocaeli Şekerpınar, on our land of 15,652 sqm included in the Company’s portfolio in September 2012, has total approximate usage area of 62 thousand sqm including Block A and B.

“Şekerpınar Banking Center”, which is Block A of the project with an area of 9 thousand sqm, was rented for 10 years in April 2015. Our building, which is aimed to be an environmentally friendly structure, owns the LEED Gold certificate

The marketing process regarding the sale or lease of “Halk Ofis Şekerpınar” is continuing, which is a part of B Block of approximately 53 thousand sqm of the project and whose construction license validity has been extended until 16.07.2025.





Province **İstanbul**

District **Sancaktepe**

Appraisalment Value * **13,4 million TRY**

Contractor **Haldız İnşaat A.Ş.**

Construction Start date **November 2015**

Project End date **May 2018**

Number of Total Independent Units **1037 Residences +
47 Commercial Units**

Number of Units Sold **1036**

The residential project that has been brought into action by the partnership established with the cooperation of Vakıf GYO is located in Sancaktepe, one of the most popular and developing districts of İstanbul. The project is aimed to meet the residential demand in the region as it is close to İstanbul International Financial Center.

This project with the motto "Happiness begins at home", will have a land of 95 thousand sqm, 90% of which is allocated for landscape. The project consists of 2+1/3+1/4+1 apartments in 17 blocks with 13 storeys, with a total of 1037 residences and 47 commercial units, with hobby gardens, bicycle and running tracks, arbors and ponds, grass amphitheaters, as well as commercial units, private kindergarten and market.

The project, of which the construction started in November 2015 was completed in 2018 and its Occupancy Permit (Housing) was started in February 2019.

In our project of which the delivery process of all sold independent sections were completed, the sales of the remaining independent sections are continuing.

*[50% of the appraisal value of 48 independent sections remaining in the project as of 31.12.2020 accrued to Halk GYO.]





Province **Erzurum**

District **Yakutiye**

Appraisalment Value * **850 thousand TRY**

Contractor **Er Konut İnşaat A.Ş.**

Construction Start date **May 2016**

Project End date **May 2018**

Number of Total Independent Units

1037 Residences+ 47 Commercial units

Number of units sold** **644**

The land in Erzurum province Yakutiye district, which was owned by Er Konut İnşaat, an affiliate of Erzurum Metropolitan Municipality, was included in the portfolio to develop a residential project in April 2016. There are 13 blocks in 3 different styles, each with 13 storeys, with a total of 632 residences and 13 commercial units on a land of 23,734 sqm in this project, initiated by the Halk GYO-Er Konut İnşaat Ordinary Partnership, in which each partner has a 50 - 50 percent share.

Construction work for the project, which had started in May 2016, was completed in 2018, and we have started to deliver the units to their new owners.

*[50% of the expertise value of 1 independent section remaining in the project as of 31.12.2020 accrued to Halk GYO.]

** [as of 31.12.2020]



Province **İstanbul**
District **Beyoğlu / Salıpazarı**
Appraisalment Value* **100 million TRY**
Rent period **20 years**
Opening date **2018**

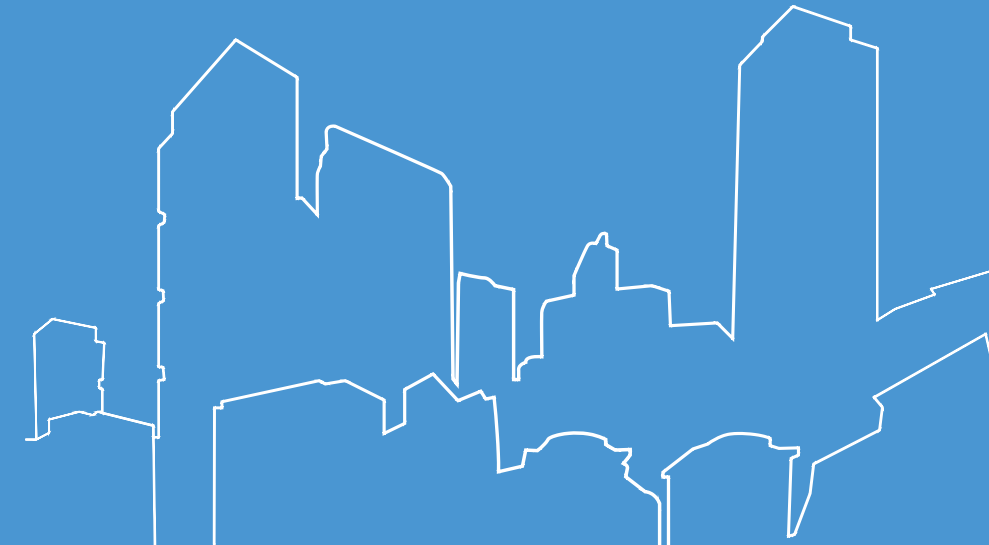
After the renovation of the Salıpazarı Building, which is in the Halk GYO portfolio and serves as a bank branch and office, in a manner to be used as a hotel building, occupancy permit was obtained in 2018 and started to serve as a hotel building.

*[It is the fair value of the project as of 31.12.2020 written in the independent audit report.]



ONGOING PROJECTS

İstanbul International Finance Center
“Halk GYO Office Towers” Project
Evora İzmir Project



Istanbul International Finance Center

“Halk GYO Office Towers” Project



Province **İstanbul**
District **Ümraniye**

Appraisalment Value * **1.780 million TRY**

Contract **YDA İnşaat A.Ş.**

Construction Start Date **December 2016**

Planned End Date **December 2021**

Construction Completion Rate **%51,78**

Construction Area **425.000 sqm**

Our company, as one of the major stakeholders of the İstanbul International Financial Center Project carried out under the coordination of the Ministry of Environment and Urban Planning, is building two office towers, one with 46 floors and the other with 34 floors and also 3 commercial buildings each with 8 floors.

After the completion of the project, goodwill agreement has been signed with Türkiye Halk Bankası A.Ş. for the leasing of the area to be determined in the direction of the needs and demands of Türkiye Halk Bankası A.Ş.

*[It is the fair value of the project as of 31.12.2020 written in the independent audit report.]





Province **İzmir**

District **Alsancak**

Plot size **47.070 sqm**

Project Scope **Residential+Commercial+Tourism**

Project Revenue Size **1,7 billion TRY**

TEKNİK YAPI - Halk GYO Ordinary Partnership has been established with Teknik Yapı A.Ş. who won the revenue sharing tender in return for land that Emlak Konut GYO A.Ş. initiated for its land of approximately 47 acres consisting of two separate plots in Alsancak, İzmir in June, with a commitment of a revenue of 1 billion 672 million TRY and a revenue share of 35%, with the profit sharing ratios to be obtained with all expenditures and revenues by half

Between the established "TEKNİK YAPI - Halk GYO Ordinary Partnership and Emlak Konut GYO, "Revenue Sharing Contract in return for Land Sales" has been signed on 25.08.2017, with regard to the mentioned project in which commercial + tourism + residential area + parking area + mosque area will be constructed on the total of 47 thousand sqm parcels. According to the contract details, the income share rate of the Ordinary Partnership is 65%

EVORA İzmir project, which was designed to have a mixed structure combining residential, commercial, park, culture, and tourism functions, was awarded the "Best Architectural Design" award in the 2018 SOTCA (Sign of the City Awards) organization held on an annual basis

Building licenses for A, B1, B2, B3, C, D, E, F, H, K, L and M blocks are obtained within the scope of Evora İzmir Project located in İzmir Province, Konak District, Umurbey Subdistrict, and the sales process has started.

6 - Information Regarding Portfolio Limitations

Financial Statement Primary Account Items	Concerned Regulation	December 31, 2020 (TRY)	December 31, 2019 (TRY)
A Money And Capital Market Instruments	Serial: III-48.Communiqué no 1 , Art.24/(b)	49.553.215	74.285.277
B Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Serial: III-48.Communiqué no 1 , Art.24/(a)	3.278.206.351	2.783.856.465
C Subsidiaries	Serial: III-48.Communiqué no 1 , Art.24/(b)	--	--
Receivables from the associated parties (non-commercial)	Serial: III-48.Communiqué no 1 , Art.23/(f)	--	--
Other assets		186.966.514	181.067.390
D Total assets (Assets in total)	Serial: III-48.Communiqué no 1 , Art.3/(k)	3.514.726.080	3.039.209.130
E Financial liabilities	Serial: III-48.Communiqué no 1 , Art.31	453.707.953	410.240.038
F Other financial liabilities	Serial: III-48.Communiqué no 1 , Art.31	--	--
G Financial leasing payables	Serial: III-48.Communiqué no 1 , Art.31	27.508.983	23.167.097
H Payables to the associated parties (non-commercial)	Serial: III-48.Communiqué no 1 , Art.23/(f)	--	--
i Equities	Serial: III-48.Communiqué no 1 , Art.31	2.926.488.712	2.578.219.682
Other equities		107.020.432	27.582.313
D Total equities	Serial: III-48.Communiqué no 1 , Art.3/(k)	3.514.726.080	3.039.209.130

Other Financial Information	Relevant Regulation	December 31, 2020 (TRY)	December 31, 2019 (TRY)
A1 Part held for 3-year real estate payments of money and capital markets instruments	Serial: III-48.Communiqué no 1 , Art.24(b)	--	--
A2 Time/Drawing TRY/Currency	Serial: III-48.Communiqué no 1 , Art.24(b)	49.553.215	74.289.168
A3 Foreign capital markets instruments	Serial: III-48.Communiqué no 1 , Art.24(d)	--	--
B1 Foreign real estates, real estate-based projects, real estate-based rights	Serial: III-48.Communiqué no 1 , Art.24(d)	--	--
B2 Idle plots/lands	Serial: III-48.Communiqué no 1 , Art.24(c)	--	--
C1 Foreign subsidiaries	Serial: III-48.Communiqué no 1 , Art.24(d)	--	--
C2 Subsidiary to the operating company	Serial: III-48.Communiqué no 1 , Art.28	--	--
J Non-cash loans	Serial: III-48.Communiqué no 1 , Art.31	407.989.762	216.456.082
K Mortgage costs of mortgage plots of which the property related to the project is not owned by the partnership	Serial: III-48.Communiqué no 1 , Art.22(c)	--	--
L Investments in total in a single company of money and capital markets instruments	Serial: III-48.Communiqué no 1 , Art.22(l)	--	--

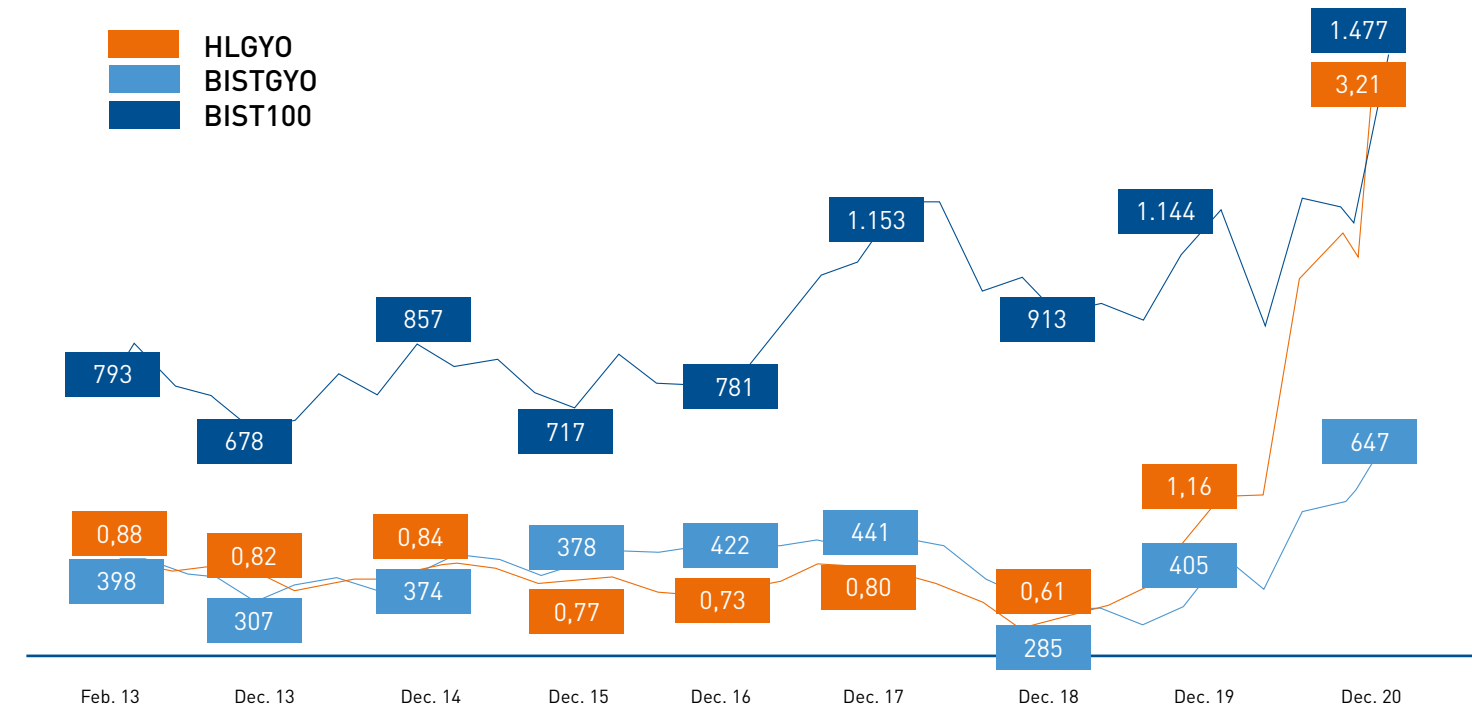
Portfolio limitations	Concerd Regulation	Calculation	Minimum/Maximum Rate	December 31, 2020 (TRY)	December 31, 2019 (TRY)
1 Mortgage costs of mortgage plots of which the property related to the project is not owned by the partnership	Serial: III-48.Communiq� no 1, Art.22(c)	K/D	Maximum 10%	--	--
2 Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Serial: III-48.Communiq� no 1, Art.24(a)(b)	(B+A1)/D	Minimum 51%	93,27%	91,06%
3 Subsidiaries with Money and Capital Markets Instruments	Serial: III-48.Communiq� no 1, Art.24 (b)	(A+C-A1)/D	Maximum 49%	1,41%	2,44%
4 Foreign Real Estates, Real EstateBased Projects, Real Estate-Based Rights, Subsidiaries, Capital Markets Instruments	Serial: III-48.Communiq� no 1, Art.24 (d)	(A3+B1+C1)/D	Maximum 49%	--	--
5 Idle Plots/Lands	Serial: III-48.Communiq� no 1, Art.24 (c)	B2/D	Maximum 20%	--	--
6 Subsidiary to the Operating Company	Serial: III-48.Communiq� no 1, Art.28	C2/D	Maximum 10%	--	--
7 BorrowingLimit	Serial: III-48.Communiq� no 1, Art.31	(E+F+G+H+J)/I	Maximum 500%	30,38%	25,21%
8 Time/Drawing TRY/Currency	Serial: III-48.Communiq� no 1, Art.24 (b)	(A2-A1)/D	Maximum 10%	1,41%	2,44%
9 Investments in total in a single company of money and capital markets instruments	Serial: III-48.Communiq� no 1, Art.22(l)	L/D	Maximum 10%	--	--

SHARE PERFORMANCE

Our company was offered to public on February 22, 2013, and 28 percent of the shares are traded at BIST A.Ş. with the code "HLGYO". Our stocks are included in BIST CORPORATE, BUST DIVIDEND, BIST REIT, BIST FINANCIAL, BIST ALL, BIST 100, BIST 100-30, BIST STAR indexes.

As of December 2020	Piece	Rate %	Market Value (TRY)
Closing Price			3,21
Total Shares	970.000.000		3.113.700.000
Total Publicly Held Shares	271.599.790	28,00	871.835.327
Other Shares in Actual Circulation	172.819.001	17,82	554.748.994
HALKBANK's shares from BIST	71.434.390	7,36	229.304.393
HALK GYO's shares from BIST	27.346.399	2,82	87.781.940

While the BIST 100 index increased by 29.06%, the REIT index in its one-year performance increased by 59.91% compared to the previous year in December 2020. Our company's stock, on the other hand, experienced an increase of 176.72% in value on annual basis, it closed at 3.21 TL in December. Our company ranks 5th in the sector with 3.114 million TL in terms of market value as of the end of the period.



RISK MANAGEMENT POLICIES AND INTERNAL CONTROL MECHANISM

In the company, the risk management, internal control and audit systems have been structured in accordance with the international practices, principles and organization. Internal audit activities have been organized to provide that all related principles and procedures are monitored for the purposes of orderly, efficient and effective execution of all acts and transactions of the Company, including those of its peripheral organization, in accordance with the management strategy and policies in the direction of existing legislation and rules, ensuring the integrity and reliability of bookkeeping and record keeping systems, assuring timely and accurate availability of information in the data system, and preventing and identifying errors, fraud and irregularities.

Internal audit system is managed so as to help the Company to achieve its goals by developing systematic approaches for evaluating and improving the productivity and the efficiency of the process of risk management, internal audit and management in an independent and objective way in order to develop and enhance all kinds of the Company's operations and provide added value to the Company. The risk management and internal control activities in our Company "are being conducted by" Internal Audit Risk Management and Compliance Directorate. The Department makes reporting simultaneously to the Audit Committee and senior management of the company in respect of the risks related to the company's operation, risk policy of the company and risk management in accordance with the relevant internal regulations. A periodic assessment report, a statement of compliance

with and follow up of the portfolio restrictions, and a monthly statement of liquidity rate are drawn up by the Department of Internal Audit & Risk and Compliance, and these are submitted simultaneously to the Audit Committee, Corporate Governance Committee and Committee for Early Detection of Risk and to the senior management. Thus, in respect of the management of the relevant risks, it is aimed by the senior management of the Company to take the necessary actions and to develop control systems.

Internal control systems of the Company are formed in order to review, check, monitor, assess and report the fitness, adequacy and effectiveness of Company's activities, as well as their controls. Created system is based on a risk-focused approach to control; so, the internal control activity basically deals with controls that are developed to minimize and remove the risks inherent in the Company's activities and the adequacy of these controls. The Directorate responsible for internal audit activities conducts under the framework of "Directive on Internal Audit Risk Management and Compliance Directorate of Halk Gayrimenkul Yatırım Ortaklığı A.Ş". regulating the operation, internal control activities, duties, powers and responsibilities of the personnel in charge and working rules and principles.

The risks related to the Company's actions are classified under 5 categories which are Operational Risk, Market Risk, Loan Risk, Liquidity Risk and Compliance Risk which means of compliance with the legal limits:

Operational Risk: It is the direct and indirect damage risk arising from such a wide range of reasons for the processes, employees, technology used and infrastructure. Operational risks may be caused by all of the Company's operations. The purpose of the Company is to avoid causing financial damages and damage to the reputation of the company, while supporting the entrepreneurship and creativity and managing the operational risk.

Market Risk: The market risk related to the monetary and capital market instruments are regularly measured and followed-up within the limits as specified by the legislation and reported to the senior management.

Loan Risk: As required by the primary business of the Company, the major resource of the potential receivables

includes the rental receivables and the receivables arising from the sales of the units in the developed projects. The loan risk is minimized with the collateralization application in accordance with the standards as specified by the management of the portfolio of qualified leaseholders and receivables.

Liquidity Risk: The company evaluates their cash resources and cash outflows which are not directed into the projects in monetary and capital market instruments so that it will be covered fully and at the right time.

Compliance Risk: The company complies with the portfolio restrictions as involved in the Communiqué Serial: III, no: 48.1 for Principles on Real Estate Investment Partnership as issued by Capital Market Board.

SERVICE PROVIDING COMPANIES

Independent Audit Company

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte)

Rating Company

Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş.

Appraisal Companies

Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Adım Gayrimenkul Değerleme A.Ş.

Advertising Agency

M&G Reklam Hizmetleri

There is no interest conflict and controversy of our Company with these companies in the period of 01.01.2020 and 31.12.2020. We strictly follow to not have any interest conflict with both our contracts and company internal business regulations.

OTHER TOPICS

1 - Human Resources

It is essential for our company to bring the human resources with necessary qualifications and development ability and to provide the continuous development and motivation of its qualified personnel, in reaching its mission, vision and goals.

Topics such as recruitment conditions, career guidance and promotion conditions, monetary arrangements and social benefits are presented to the employees in detail in the Company Human Resources Regulation. All decisions taken about the employees are conducted in accordance with the relevant guidelines within the framework of Human Resources.

Job descriptions of employees have been created as a result of job analysis. The number of employees is determined by the distribution of tasks in line with the workloads and demands of the units.

All rights and personal dignity of each employee are legally protected under the Code of Ethics, and all grounds are established for them to work in a safe and healthy environment. The relevant social rights are regularly and periodically provided for our personnel in accordance with the legislation. We do not have any collective labor agreement.

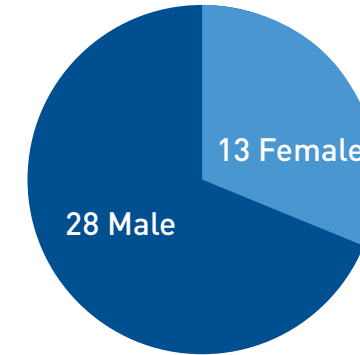
During the year, there are no complaints from Human Resources about discrimination.

Organization Structure and Employee Profile

Halk GYO conducts its activities with a structure that consists of the Directorate of Internal Audit & Risk and Compliance under the Board of Directors, two Vice General Managers and the Directorate of Investor Relations and Corporate Governance under the General Manager's office, and five directorates and their departments under the Assistant General Managers. Our Company's number of personnel is 41 as of 31 December 2020. (December 31, 2019: 42)

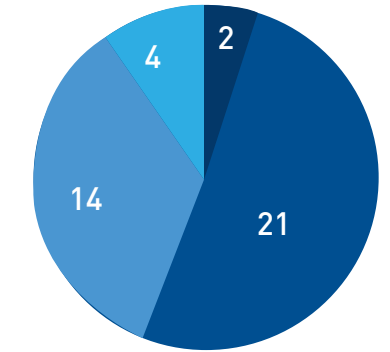
The organizational structure and employee profile of our Company are as follow:

Number of Employees (person)

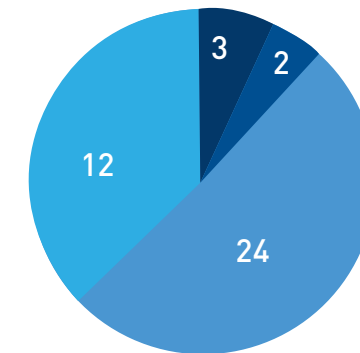


Female - Male

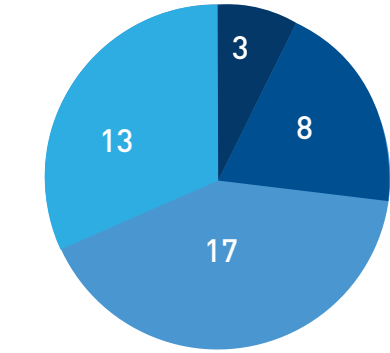
Age Distribution (person)



Educational Distribution (person)



Total Job Experience (person)



Employees' Recognized Social Rights

Employer contributions are provided to company employees after the 2-month trial period is completed, if they are included in the Individual Pension System; corporate health insurance is provided to all employees. In addition, all employees are provided with daily food contributions and service for transportation. Apart from these, chamber subscription fees of our architect, engineer, lawyer and independent accountant and financial advisor employees are covered by the company.

Training

In the trainings planned according to the needs of employees; changes in knowledge, skills and attitudes, career advancements, increased motivation and satisfaction with the job, and matching of company targets with individual goals are aimed. The priority of Halk GYO is to provide all Company employees to attend training under the equality in opportunity. In 2020, they participated in different trainings for updating their professional knowledge and improving their competencies related to Foreign Language, Financial Management, Tax, Accounting and Real Estate Technical topics.

Election and Placement Process

Our recruitment is aimed at selecting the most suitable candidates by reaching the right target group for all positions. It is aimed to incorporate the candidates who are committed to corporate culture, believe in open communication and continuous improvement, are customer focused and result oriented.

Also, in our experienced recruitment; candidates are expected to have the training, knowledge, experience and competencies required by the position.

General Conditions of Employment

The personnel to be employed in our company should have the following qualifications;

- Being 18+ years old,
- For male candidates, having completed military service or having deferred at least one year or being exempted from military service,
- Not having a health problem that prevents from doing the job,
- Not being deprived of public rights,
- Not to be under any compulsory service commitment against any institution or organization,
- Not to be convicted or to be prosecuted for an infamous crime,

Candidate Recruitment

During the candidate recruitment process, the existing applications are first evaluated.

Career Planning

In promotions to a higher title, criteria such as having knowledge, experience, performance and relevant competencies, etc. required by the job description, within the waiting periods specified in the Human Resources Regulation, are taken into account.

2 - Donations and Contributions

No donation or aid payment has been made during the period.

3 - Research and Development Activities

There are not any research and development activities other than the land and project feasibility studies performed by our Company.

4 - Cases Brought/Ongoing Against the Company

There is 1 ongoing tax court lawsuit filed by the Company on behalf of the company's own legal entity. In addition to this, there are 13 ongoing lawsuits filed against the Company/or added defendant-notified lawsuits; 3 of them are consumer lawsuits, 1 of them is a lawsuit pending before the civil enforcement court, 1 of them is a negative declaratory action, 5 of them are civil lawsuits, 1 of them is a lawsuit pending before the civil court of first instance, 1 of them is a business lawsuit and 1 of them is action for nullity pending before the administrative court. There are 3 lawsuits concluded in favor of the Group. 1 of these is the consumer court lawsuit and 2 of them are the civil enforcement court lawsuits.

There is 1 pending foreclosure lawsuit filed by Halk GYO-Vakif GYO Ordinary Partnership. In addition to this, there are 26 consumer lawsuits, 2 lawsuits pending before the civil courts of peace, 1 execution proceeding and 1 Consumer Arbitration Committee application

Also, there are 2 consumer lawsuits and 1 civil enforcement court lawsuit concluded in favor of Halk GYO-Vakif GYO Ordinary Partnership .

There are no consumer lawsuits filed by Halk GYO-Er Konut Ordinary Partnership. On the other hand, there is 1 consumer lawsuit filed against the Ordinary Partnership and pending before the civil court of first instance.

There are 2 consumer lawsuits, 1 lawsuit pending before the civil court, 1 enforcement proceeding filed against Teknik Yapı-Halk GYO Ordinary Partnership and 2 important administrative lawsuits concerning the Ordinary Partnership.

There are no lawsuits filed against the members of the Board of Directors and employees due to practices contrary to the provisions of the legislation, and there is no administrative or judicial sanction in 01.01.2020 - 31.12.2020 period.

EVENTS AFTER THE FISCAL PERIOD

Within the framework of the Board of Directors decision regarding the issuance of bonds, bills or similar debt instruments to be sold to private or qualified investors without public offering, our application made to the Capital Markets Board to obtain issue upper limit with a maximum nominal value of TL 2,000,000,000,- TL (two billion Turkish Lira) was approved by the Decision No.3/38 of the Board dated 14.01.2021.

Pursuant to the decision made by the Board of Directors of our company on 15.01.2021; the "Adapazarı Building", which consists of shops with independent section No.1-3 and the office qualified independent section No.23, registered in Sakarya Province, Adapazarı District, Cumhuriyet Subdistrict with Block No.130, Plot No.167 and owned by our company is sold to Adapazarı Municipality for 12.655.000,-TL including VAT; and the independent section No.3 on the ground and 1. normal floor of the main real estate property registered in Sakarya Province, Adapazarı District, Cumhuriyet Subdistrict with Block No.78, Plot No.233 and owned by by Adapazarı Municipality is bought for 10.000.000,-TL by our company.

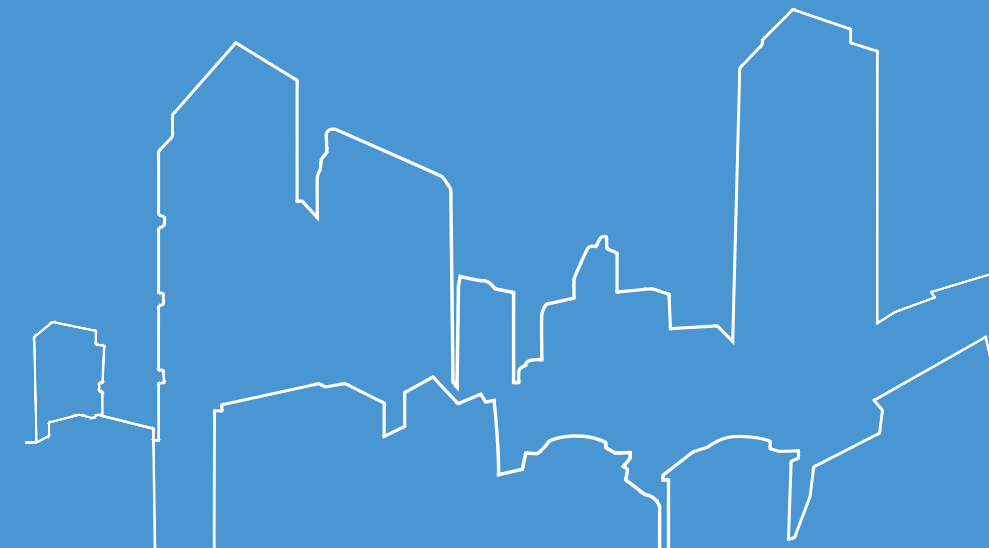
Credit rating and corporate governance rating service agreement signed between our company and Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. is expired on 16.01.2021.

In line with the decision made by the Board of Directors of our company; the building plot in the portfolio of our company and registered in Erzurum province, Palandoken district with Blok No.12580, Plot No.1 is sold for 3.933.628.- TL including VAT and the building plot registered with Block No.12580, Plot No.1 is sold for 5.816.372,- TL including VAT on February 1,2021, i.e., together amounting to 9.750.000,-TL including VAT in total.

At the meeting of the Board of Directors of our company on 04.02.2021, it is decided to initiate the process of application to the Capital Markets Board and the Ministry of Commerce regarding the revision of article 5, titled "Purpose and Field of Activity of the Company" and article 16 titled "Special Decisions" of the Articles of Association and the application to the Board is made on 09.02.2021.

Annex 1:

YEAR-END
EVALUATION REPORT
SUMMARIES OF 2020
REGARDING THE
ASSETS



LANDS & PROJECTS

İSTANBUL SALIPAZARI LAND

Report Date	24.11.2020
Report Number	Confidential 2020 - 1210
Appraisal Date	23.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The real estate qualified as land in İstanbul Province, Beyoğlu District, Kılıçalı Quarter, plot 57, no 15
Stated Value (Precedent)	(Excluding VAT) 9.120.000.-TRY

ERZURUM PALANDÖKEN LANDS (PLOT NO 12580 and 12581)

Report Date	11.12.2020
Report Number	Confidential 2020-1217
Appraisal Date	09.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The immovable property qualified as land in Erzurum Province, Palandöken District, Solakzade Quarter, Block 12581, Plot 1 and Block 12580, Block 1
Stated Value (Precedent)	(Excluding VAT) 7.600.000.-TRY

ERZURUM PALANDÖKEN LANDS (PLOT 12476)

Report Date	22.12.2020
Report Number	Confidential 2020-1218
Appraisal Date	21.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real property with the qualification located in Erzurum Province, Palandöken District, Kazım Yurdalan Quarter, Block 12476, Plot 5-6-7-8-9
Stated Value (Precedent)	(Excluding VAT) 5.000.000.-TRY

ERZURUM YAKUTİYE LAND

Report Date	22.12.2020
Report Number	Confidential 2020-1219
Appraisal Date	21.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The immovable property qualified as land in Erzurum Province, Yakutiye District, Hasan Basri Quarter, Block 12406, Plot 5
Stated Value (Precedent)	(Excluding VAT) 10.350.000.-TRY

İSTANBUL INTERNATIONAL FINANCIAL CENTER PROJECT "HALK OFFICE TOWERS"

Report Date	28.12.2020
Report Number	Confidential 2020-1244
Appraisal Date	25.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	16,337.10 and 12,394.57 sqm of lands and project located in İstanbul Province, Ümraniye District, Küçükbakkalköy Quarter, block 3328, plot 4 and block 3328, plot 11.
Stated Value (Precedent)	(Excluding VAT) 1.780.000.000.-TRY

İSTANBUL "BİZİMTEPE AYDOS" RESIDENCE PROJECT

Report Date	06.11.2020
Report Number	Confidential 2020-1161
Appraisal Date	05.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Residential project located on a plot of land of 95,221.84 sqm located in İstanbul Province, Sancaktepe District on block 8085 and plot 36.
Stated Value (Precedent) (For 98 Bb (Independent Section))	(Excluding VAT) 56.250.000.-TRY
Entire Project Appraisal Value-HALK GYO Share (50%)	(Excluding VAT) 28.125.000.-TRY

ERZURUM ŞEHRİSTAN RESIDENCE PROJECT

Report Date	30.12.2020
Report Number	Confidential 2020-1216
Appraisal Date	28.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The residential project located on the registered land in Erzurum Province, Yakutiye District, Gez Quarter, layout 12, block 250 and plot 10.
Stated Value (Precedent) (For 20 Bb (Independent Section))	(Excluding VAT) 10.210.000.-TRY
Entire Project Appraisal Value-Halk Gyo Share (50%)	(Excluding VAT) 5.105.000.-TRY

REFERANS BAKIRKÖY RESIDENCE PROJECT

Report Date	02.12.2020
Report Number	Confidential 2020-1243
Appraisal Date	01.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Residential + commercial project located in İstanbul Province, Bakırköy District, Osmaniye Quarter, on block 1225, plot 1
Stated Value (Precedent) (For 1 Bb (Independent Section))	(Excluding VAT) 1.100.000.-TRY

REAL ESTATE WITH RENTAL INCOME

İSTANBUL HALKBANK FINANCE TOWER

Report Date	15.12.2020
Report Number	Confidential 2020-1260
Appraisal Date	14.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	13 stores and 92 real estate properties qualified as office located in Block B of main real estate with registered construction servitude qualified as "Reinforced Concrete and Land" in İstanbul Province, Ataşehir District, Küçükbakkalköy Quarter, block 3332 and plot 24
Stated Value (Precedent)	(Excluding VAT) 349.655.000.-TRY

İSTANBUL "LEVENT HOTEL"

Report Date	02.12.2020
Report Number	Confidential 2020-1212
Appraisal Date	01.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The real property with the qualification "18-story Reinforced Concrete Hotel and its land" registered in İstanbul province Şişli District, Mecidiyeköy Quarter, block 1957, plot 6.
Stated Value (Precedent)	(Excluding VAT) 286.200.000.-TRY

ŞEKERPINAR BUILDINGS

Report Date	24.11.2020
Report Number	Confidential 2020-1252
Appraisal Date	23.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real estates located in Kocaeli Province, Çayırova District, Şekerpınar land.
Stated Value (Precedent)	(Excluding VAT) 274.000.000.- TRY

İSTANBUL SALIPAZARI PORT BOSPHORUS HOTEL

Report Date	24.11.2020
Report Number	Confidential 2020-1211
Appraisal Date	23.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	The real estate property qualified as 10-Story Reinforced Framed Building located in İstanbul Province, Beyoğlu District, Kılıçalı Quarter, layout 138, block, 57 and plot 14
Stated Value (Precedent)	(Excluding VAT) 100.000.000.-TRY

İSTANBUL ATAKÖY BUILDING

Report Date	09.12.2020
Report Number	Confidential 2020-1255
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	It is the building with basement+ ground floor+ 1 normal floor+penthouse located in İstanbul Province, Beyoğlu District, Kartaltepe Quarter on layout 51, block 115, plot 174.
Stated Value (Precedent)	(Excluding VAT) 16.750.000.-TRY

İSTANBUL BEYOĞLU BUILDING

Report Date	16.10.2020
Report Number	Confidential 2020-764
Appraisal Date	15.10.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Office building consisting of 2 basements + ground + mezzanine + 6 normal floor buildings and 9 independent units located in İstanbul Province, Beyoğlu District, Hüseyinağa Quarter on block 338, plot 8.
Stated Value (Precedent)	(Excluding VAT) 35.000.000.-TRY

İSTANBUL BEŞİKTAŞ BUILDING

Report Date	10.12.2020
Report Number	Confidential 2020-1259
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Masonry office building bank service building registered in İstanbul Province, Beşiktaş District, Sinanpaşa Quarter on block 291, plot 93.
Stated Value (Precedent)	(Excluding VAT) 25.750.000.-TRY

İSTANBUL BAKIRKÖY BUILDING

Report Date	09.12.2020
Report Number	Confidential 2020-1253
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Building consisting of 2 basements + ground floor + 5 normal floor buildings located in İstanbul Province, Bakırköy District, Zeytinlik Quarter on layout 16, block 101, plot 29.
Stated Value (Precedent)	(Excluding VAT) 31.000.000.-TRY

İSTANBUL CADDEBOSTAN BUILDING

Report Date	17.12.2020
Report Number	Confidential 2020-1248
Appraisal Date	14.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Land share values of independent units numbered 1,2,9,10 in the main property registered on the land located in İstanbul Province, Kadıköy District, Erenköy Quarter, on layout 106/4, block 368, plot 25
Stated Value (Precedent)	(Excluding VAT) 30.440.000,00.-TRY

İSTANBUL ETİLER BUILDING

Report Date	10.12.2020
Report Number	Confidential 2020-1258
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Building registered in İstanbul Province, Beşiktaş District, Etiler Quarter, block 578, plot 3
Stated Value (Precedent)	(Excluding VAT) 26.500.000.-TRY

İSTANBUL FATİH BUILDING

Report Date	09.12.2020
Report Number	Confidential 2020-1256
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Building with basement + ground + 4 normal story located in İstanbul Province, Fatih District, Hobyar Quarter on layout 25, block 418, plot 2
Stated Value (Precedent)	(Excluding VAT) 16.750.000. -TRY

İSTANBUL KARAKÖY BUILDING

Report Date	02.12.2020
Report Number	Confidential 2020-1242
Appraisal Date	01.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	It is the real estate property with qualification of "Bank with Extensions" and with independent unit numbered 1, located in the Basement + Ground + 1 (entresol) +2. floor of "Kargir Office Building with Bank under" in İstanbul Province, Beyoğlu District, Müeyyetzade District, block 102 and plot 3.
Stated Value (Precedent)	(Excluding VAT) 45.000.000.-TRY

İSTANBUL NİŞANTAŞI BUILDING

Report Date	09.11.2020
Report Number	Confidential 2020-1229
Appraisal Date	06.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Main real estate registered in İstanbul province, Şişli District, Halaskargazi Quarter, block 680, plot 14.
Stated Value (Precedent)	(Excluding VAT) 12.500.000.-TRY

İSTANBUL ŞİŞLİ BUILDING

Report Date	09.12.2020
Report Number	Confidential 2020-1254
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Masonry with the notification of masonry with a working place under, located in İstanbul Province, Şişli District, Meşrutiyet Quarter, block 954, plot 62 with an area of 200.00 sqm
Stated Value (Precedent)	(Excluding VAT) 22.500.000.-TRY

ANKARA BAHÇELİEVLER BUILDING 1

Report Date	11.12.2020
Report Number	Confidential 2020-1247
Appraisal Date	10.11.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real estate qualified as "1 Bank Branch with independent unit no 1, 2 and 7" in the title deed, located in Ankara Province, Merkez Çankaya District, Yukarı Bahçelievler Quarter, block 2758, plot 29
Stated Value (Precedent)	(Excluding VAT) 13.000.000.-TRY

ANKARA BAHÇELİEVLER BUILDING 2

Report Date	04.12.2020
Report Number	Confidential 2020-1241
Appraisal Date	01.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Ankara İli, Çankaya İlçesi, 2763 ada 10 parselde a "Warehouse Workplace" with ground floor no 9 located in Ankara Province, Çankaya District, block 2763 plot 10 zemin kat 9 numaralı "Depolu İşyeri"
Stated Value (Precedent)	(Excluding VAT) 9.400.000.-TRY

ANKARA KIZILAY BUILDING

Report Date	14.12.2020
Report Number	Confidential 2020-1245
Appraisal Date	11.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real estate registered qualified as "Masonry" in Ankara Province, Çankaya District, block 1064 plot 14 (51 independent units)
Stated Value (Precedent)	(Excluding VAT) 25.000.000.-TRY

ANKARA BAŞKENT BUILDING

Report Date	11.12.2020
Report Number	Confidential 2020-1246
Appraisal Date	09.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real estate registered as "11-storey Reinforced Concrete Hotel, Office and Workplace and its land" located in Ankara Province, Çankaya District, block 1046, plot 27
Stated Value (Precedent)	(Excluding VAT) 15.170.000.-TRY

İZMİR KONAK BUILDING 1

Report Date	18.12.2020
Report Number	Confidential 2020-1250
Appraisal Date	15.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	İzmir İli, Konak İlçesi, Akdeniz Mahallesi, 77 pafta, 971 ada 17 parsel üzerinde kayıtlı olan "Beş Mağaza ve İki a "Bank Building including Five Stores and Two Offices" registered in İzmir Province, Konak District, Akdeniz Quarter, layout 77, block 971, plot 17 Havi Banka Binası"
Stated Value (Precedent)	(Excluding VAT) 38.500.000.-TRY

İZMİR KONAK BUILDING 2

Report Date	22.12.2020
Report Number	Confidential 2020-1251
Appraisal Date	21.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	Real properties located in İzmir Province, Konak District, Akdeniz Quarter, layout 77, block 2802, plot 15 i. u. numbered 1-3-5-15-16
Stated Value (Precedent)	(Excluding VAT) 21.000.000.- TRY

BURSA BUILDING

Report Date	09.12.2020
Report Number	Confidential 2020-1257
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	"7-Storey Reinforced Concrete Bank Building" registered on Bursa Province, Osmangazi District, Kayihan Quarter, layout H22D07A3B, block 4306, plot 1"
Stated Value (Precedent)	(Excluding VAT) 19.250.000.-TRY

KOCAELİ BUILDING

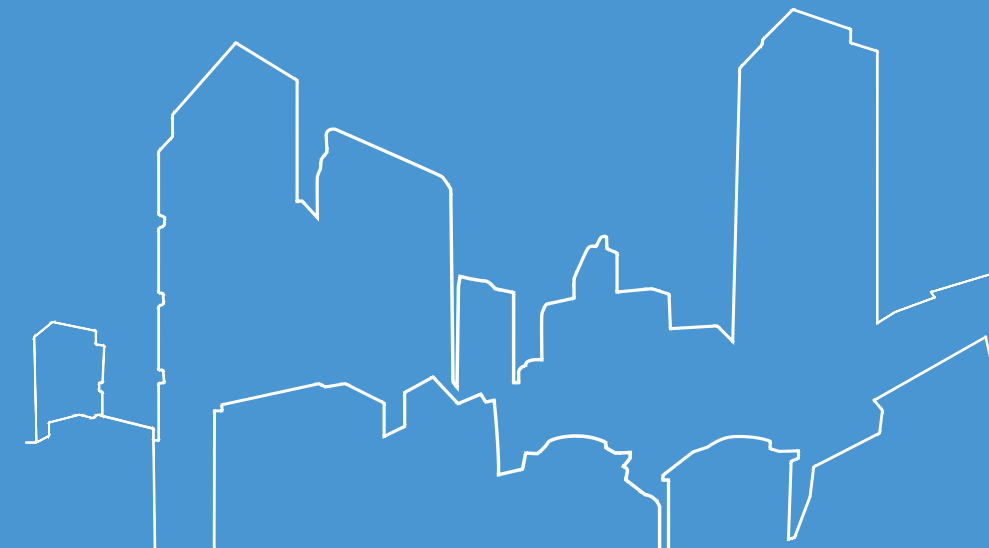
Report Date	09.12.2020
Report Number	Confidential 2020-1249
Appraisal Date	08.12.2020
Date Of The Base Contract	30.01.2020
Short Description Of The Appraised Property	"Reinforced Concrete Bank Service Building" in Kocaeli Province, İzmit District, block 870 plot 48
Stated Value (Precedent)	(Excluding VAT) 16.000.000.-TRY

SAKARYA ADAPAZARI BUILDING

Raporun Tarihi	17.12.2020
Raporun Numarası	Confidential 2020-813
Değerleme Tarihi	14.12.2020
Dayanak Sözleşmenin Tarihi	30.01.2020
Değerlenen Taşınmazın Kısa Tanımı	Working place with independent unit no 23 and stores with independent unit 1 and 3 in the main real property qualified as "Land" registered in Sakarya Province, Adapazarı District, block 130, plot 167
Tespit Edilen Değer (Arsa - Emsal)	(Excluding VAT) 10.000.000.-TRY

Annex 2:

CORPORATE
GOVERNANCE
COMPLIANCE REPORT
OF 2020



SECTION I – CORPORATE GOVERNANCE COMPLIANCE STATEMENT

All our Company's activities are carried out by adopting the concepts of Equality, Transparency, Accountability and Responsibility, which are the four main components of "Corporate Governance Principles" regulated by the legal regulations and the Capital Market Board and observes compliance with the said principles. Our Company pays strict attention to implementing the "Corporate Governance Principles" published by the Capital Market Board (CMB) and the Corporate Governance Regulations of the Turkish Commercial Code.

Our company applies to all of the Corporate Governance Principles that are obligated to be implemented and carries out the necessary studies diligently to stick to optional principles. Some rare principles that are not applied do not cause any conflicts of interests. There is no conflict of interest that occurred during the year by reason of non-implementation of optional principles.

Our company has the necessary sensitivity in compliance with Corporate Governance Principles. The Committee's primary duties are to monitor compliance with Corporate Governance Principles, to undertake improvements in this regard and to offer suggestions to the Board of Directors.

Within the scope of the evaluation of the compliance level of our Company with Corporate Governance Principles, our corporate governance rating was set as "9.29" by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) within the scope of their examination in 2020. Our Company's notes taken from 4 main sections: It is as Shareholders with 94.66, Public Disclosure and Transparency with 95.17, Stakeholders 94.36, Board of Directors 89.43. The rating report prepared by SAHA is placed under the heading "Rating Notes" in the "Investor Relations" section of the Company website

As per Capital Markets Board Decision 2/49 dated 10.01.2019, Corporate Governance Compliance reporting under Communique II-17.1 shall be made using the Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) templates using the Public Disclosure Platform KAP. These reports can be accessed via <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1701-halkgayrimenkul-yatirim-ortakligi-a-s> These reports are also available on the Company website in the "Investor Relations" section, under the heading of "Corporate Governance".

The descriptive information regarding the reporting made via the templates are detailed below.

SECTION II - SHAREHOLDERS

2 - Investor Relations Unit

Halk GYO, whose 28% of shares have started to be traded in Stock Exchange Istanbul since the date of February 22, 2013, has continued to operate in accordance with the principles laid down in the Corporate Governance Principles published by the Capital Market Board.

The Company has established an Investor Relations Department within the Directorate of Corporate Communication and Investor Relations, which operates under the General Manager, in order to ensure the regular and effective management of the use of shareholder rights, public disclosure and information, especially the general assembly and capital increase transactions. The department is run by Corporate Communication and Investor Relations Director Uğur Güney. Uğur Güney is also a member of the Corporate Governance Committee and has licenses as stipulated by Capital Markets Board.

The contact information of the persons employed in the Investor Relations Department is as follows.

Name-Surname	Duty	Phone	E-mail	License Information
Uğur GÜNEY	Director	0216 600 10 25	ugur.guney@halkgyo.com.tr	Advanced Level/ Corporate Governance Rating / Real Estate Valuation / Credit Rating Licenses
Serpil YÖRÜK	Manager	0216 600 10 33	serpil.yoruk@halkgyo.com.tr	Advanced Level/ Corporate Governance Rating / Real Estate Valuation / Derivative Instruments Licenses
M. Erhan ÇELEBİ	Assistant Specialist	0216 600 10 06	mustafaerhan.celebi@halkgyo.com.tr	Advanced Level/ Corporate Governance Rating Licenses

The Investor Relations Department principally conducts activities in order to fulfill their duties in terms of;

- Ensuring that the records of shareholders are kept healthy, secure and up-to-date,
- Responding to the written information requests of the shareholders regarding the company, except for information that is confidential and/or trade secret, and not disclosed to the public,
- Ensuring that the General Assembly meeting is held in accordance with the applicable legislation, the Articles of Association and other in-house regulations, preparing documents for the benefit of shareholders, keeping the record of voting results and sending the reports related to the results to relevant shareholders,
- Supervision and monitoring of all aspects of public disclosure including legislation and the company's information policy,
- Contributing to the promotion and positive evaluation of the Company by organizing meetings with domestic and foreign investors and analysts,

- Monitoring developments related to the REIT sector and competitor company performances, informing senior management,
- Following the sector related news, economic developments, news of competing companies and Halk GYO on daily basis,
- Participating in domestic and overseas roadshows

The Investor Relations which actively works on the communication between the shareholders and the Company, participated in all of the meetings of the Corporate Governance Committee throughout the year and gave information to the Committee on the unit activities, important developments that took place during the year, legislative changes concerning investor relations activities and has also been active in the process of rating and improving corporate governance practices.

3 - Use of Shareholders' Right to be Informed

Halk GYO Disclosure Policy is based on transparency and fairness and our Company treats every shareholder equally in all of the public disclosure activities. Information demands of the shareholder, unless they are disclosed, are evaluated in accordance with such policy and principles.

Shareholders can request information by directly contacting the personnel of Investor Relations Department or by sending an e-mail.

Information requests and inquiries from investors and analysts during the period have been responded pursuant to especially legislation and the Company's Disclosure Policy, as well as all other considerations relating to public disclosure.

Necessary records related to written and oral information requests and the responses regularly are kept by the Investor Relations. Not only the information requests made to the Company, but also the prepared reports about the Company and the sector are regularly followed up.

The Company website is actively used to facilitate public disclosure and usage of shareholder rights. Quarterly investor presentations, as well as the financial statements, along with material event disclosures made through the Public Disclosure Platform (PDP) are published on the Company website in both Turkish and English. Moreover, the sections of the Company's website which are subject to updates, particularly the information with a potential impact on the usage of shareholder rights, are regularly updated. By this way, accurate and updated information

is made available especially to investors and analysts in addition to various individuals or institutions that require information about the Company and its activities.

Investors can connect to CRA's portal through the "Information Society Services" section organized by the Ministry of Customs and Trade within the scope of the "Regulation" published on the websites of capital companies and can access basic information about the Company through this link..

Care is taken to publish the announcements regarding the company's activities in the press in the national press. In addition, documents concerning ordinary and extraordinary General Assemblies of Shareholders that are required by the relevant legislation are also published on the corporate website.

Although the company management refrains from making transactions that would make it difficult to conduct a special audit within the scope of the shareholders' right to obtain and review information, the request for the appointment of a special auditor is not governed as an individual right in the company's articles of association. On the other hand, during the period, our company did not receive any request for appointing of a special auditor.

4 - General Assembly Meetings

The General Assembly is convened to ensure the highest-level involvement of shareholders and also, the minutes of the meeting are always made available either in writing, or electronically. The financial reports and General Assembly information reports are made available at the head office of the company, on the web site of the company, and anywhere the shareholders can easily access not later than 21 (twenty-one) days before the General Assembly. It is duly provided by the Council for the shareholders to use their rights to ask question at the General Assembly, to offer suggestions related to the items on the agenda and to make a speech on their suggestions. There is no provision in the Articles of Association that the General Assembly should make important decisions such as dividing, selling, purchasing and renting property in significant amounts. These issues are decided upon by the Board of Directors elected and authorized by the General Assembly in accordance with the provisions of the articles of association. The minutes of General Assembly meetings are published in the Trade Registry Gazette and made continuously available to the shareholders at the head office of the Company and on our web site, as well.

The 2019 Ordinary General Assembly meeting was held at the Company headquarters on June 24, 2020 with a participation of 80.19 percent, i.e., 79.38 percent physically, 0.81 percent electronically. Besides the shareholders, all Members of the Board of Directors were participated in the meeting, as well as officials from the independent audit firm to give information about the Company's financial statements and the audited period, Company General Manager and authorized officials.

Although the Company's Articles of Association does not include prohibitive provisions for the media about attending the General Assembly, no members of the media attended the General Assembly held in 2019.

The Company's General Assembly Meeting for 2019 was concurrently held on the Electronic General Meeting System provided by the Central Registry Agency (CRA), under the relevant regulations of the Turkish Commercial Code and the Ministry of Customs and Trade, and shareholders who have a right to participate in the General Assembly Meeting were given the opportunity to electronically participate in the meeting, assign a proxy, make suggestions, express their comments, and cast votes through this system.

The general assembly process was conducted within the framework of the Corporate Governance Principles and the provisions of the Turkish Commercial Code; the invitation to the meeting together with the agenda, important activities during the fiscal period and the changes to the articles of association, if any, were published on the Public Disclosure Platform (KAP), Company's website, and Central Registry Agency's Electronic General Assembly System (EGKS), and in the Trade Registry Gazette, and also the invitation letter was sent to registered shareholders, whose shares are not traded on the stock exchange, by registered mail as stipulated in the law and the articles of association. In addition to those, a "General Assembly Information Document" was prepared for the investors to give prior information on topics to be discussed in the general assembly and a sample of power of attorney, agenda and suggestion of Board of Directors about dividend were added to Company's website together with the invitation text. The 2019 Annual Report was presented 21 days prior to the meeting date on Company's registered office, website and on www.kap.gov.tr in order for the investors to review.

All documents prepared regarding the General Assembly were also uploaded to the Electronic General Meeting System of CRA.

Prior to the meeting, in accordance with Corporate Governance, shareholders were informed about the number of total votes that may be cast at the General Assembly, the privileges they have, and the voting procedure.

At each stage of the meeting, shareholders were allowed to raise questions and make suggestions; all questions were answered, and the suggestions were taken into consideration. Questions and suggestions from the shareholders participating in the meeting were registered in the meeting minutes. Furthermore, all oral and written queries from the shareholders about the Company during the period were answered prior to and after the General Assembly of Shareholders within the scope of the Company Disclosure Policy.

5 - Voting Rights and Minority Rights

The total share of 970,000,000 with the nominal value of 1 TRY representing the capital within the capital limit registered of our Company as 2,500,000,000 TRY is comprised of Group A of 15.692.739,058 and Group B of 954.307.260,942

Group A shares are entitled to nominate a candidate for the election of the members of the Board of Directors. The member who will constitute one more than the half of the Board of Directors will be elected among the candidates as nominated by the Group A shareholders, and the rest will be elected among the candidates as nominated by the Group A and B shareholders.

In the Articles of Association of our Company, the following provision has been included: "No securities can be issued, which provides privilege other than those shares that already grant privilege to nominate candidates for the election of the members of the Board of Directors. The provision, "No privilege can be created including the privilege for nominating candidates to the Board of Directors after public offering," was inserted.

After the General Assembly, the meeting minutes were uploaded to the e-GEM, the minutes and the list of attendants were publicly disclosed through the Public Disclosure Platform and were submitted to shareholders' information by publishing them under the heading of "Corporate Governance-General Assembly" beneath the "Investor Relations" section of the Company website.

Change of duties of the Board of Directors, capital increase and cash dividend distribution amounts and dates were also resolved in the same meeting.

The General Assembly did not meet extraordinarily during the period.

Principles related to voting at General Assembly Meetings are placed in the Company's "General Assembly Operating Principles and Procedures Guidelines", which has been submitted for approval at the General Assembly and has been publicly disclosed.

One voting right is granted for each share in Ordinary or Extraordinary General Assemblies. Shareholders can attend the General Assemblies by proxy, by giving a power of attorney to other shareholders or non-shareholders. The proxy holders who are shareholders have the right to vote for each share belonging to the shares they represent, apart from their own votes.

The controlling shareholder of the company votes in the General Assembly Meeting. Although there is no provision in the Articles of Association for granting minority rights to shareholders with less than one-twentieth of the capital, attention is paid to the use of minority rights within the scope of TCC and CMB regulations.

There is no company with which there is a mutual affiliate relationship.

6 - Dividend Right

The dividend policy of the company is determined by the Board of Directors considering the shareholders' equity structure and cyclical changes and submitted for approval of the General Assembly. The dividend policy approved by the General Assembly is disclosed to the public. The relevant policy is made available on the web site of the company and included in the annual report. There is no privilege for sharing the company's profit and dividend distribution.

The company has adopted the principle of distributing dividends to the shareholders as cash dividends or bonus shares of at least 50% of the net distributable period profit for each fiscal year, except for investing in high amounts for growth in the long term and extraordinary circumstances arising in the economic framework.

The principles and procedures of the company regarding profit distribution are included in the 30th article of the Articles of Association. The dividend decided to be

distributed is distributed to the shareholders within the legal periods stipulated in the legislation.

At the Ordinary General Assembly meeting for 2019 accounting period; the proposal of the Board of Directors regarding the 2019 profit distribution was approved and the cash amount of the profit distribution 4.400.000 TRY was distributed to our shareholders on 29.06.2020.

Also, in line with the decision of the Board of Directors dated 24.06.2020, it was decided to apply to the Capital Markets Board for the bonus share distribution transactions in the amount of 42.000.000,-TRY, and an application for capital increase was made to the Capital Markets Board on 21.07.2020. The application for the capital increase and for the revision of the 8th article of the Articles of Association, which will be revised as a result of the capital increase is approved by the Board decision dated 21.08.2020, and the procedures for capital increase through bonus issue started as of 27.08.2020.

7 - Transfer of Shares

The Articles of Association do not contain any provisions restricting the transfer of shares.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

8 - Company Information Policy

The "Information Policy" of our Company adopts to disclose the information in time, completely, clearly and in an easily accessible way, which are not considered to be trade secret or such information that may prevent the competitive power of the Company, to the shareholders and beneficiaries, so that the same looks out for the rights and benefits of the Company in accordance with the primary transparency principle of the corporate governance.

The Information Policy, which was set forth by our company in 2010 and revised in 2013 within the framework of the "Communiqué on Disclosure of Special Events to the Public" published by the Capital Markets Board, was

submitted for the information and the approval of the shareholders at the 2013 Ordinary General Assembly Meeting. The approved policy has been announced to the public and has been included in the annual report of the company. The Disclosure Policy can be accessed from the "Corporate Policies" section in the "Corporate Governance" chapter under the "Investor Relations" heading on the website.

The Board of Directors is responsible for monitoring, supervising and improving the Disclosure Policy. Investor Relations is obliged to supervise and monitor the Information Policy.



9 - Company Website and Content

The Company's web site is available at www.halkgyo.com.tr. The information and documentation as stipulated under the Capital Market Board Corporate Governance Principles Article 2.1.1 and Article 2.1.2 and the other relevant laws and regulations are made available at the web site.

Care is taken for the web site to be used actively and kept updated continuously. The Company takes due precautions in order to protect accuracy of published information and to prevent the changes on them. The information made available at our web site is also available in English .

The partnership structure of the Company is updated on a quarterly basis by means of the Continuous Information Form, so as to also show the real and legal persons who have a share or voting right of 5% or more directly in the capital, within the framework of the Central Registry Agency published through Public Disclosure Platform. In accordance with the capital market legislation, financial statements and notes disclosed to the public are published both in Turkish and English on the internet site.

10 - Annual Report

The Company's annual report is prepared within the framework of the Corporate Governance Principles, other relevant Capital Markets regulations and relevant Regulations of the Ministry of Customs and Trade, to ensure that the public has full and accurate information about the Company's activities.

In addition to basic information about the Company's activities, attention is paid to include detailed information on board members and committees in the annual report. In this scope; resumes of the members of the board of directors, the powers and responsibilities within the Company and the duties they carry out outside the Company; whether they are involved in any transaction with the legal entity of the Company or the Company's

The Company website contains the information set forth in the Corporate Governance Principles, and the information contained in the Company's website is regularly reviewed and the compliance of the site as to form and substance under the relevant regulations is also taken into consideration.

The company website contains the "Information Society Services" section under the Regulation published by the Ministry of Customs and Trade concerning the internet sites of the capital companies. Investors can access the portal of the CRA through the Information Society Services section and can also access basic information about the Company via this link.

In 2014, our company designed an English and Turkish mobile web site to provide easy access for smart phones and tablets. This mobile website contains all published and synchronically updated information on the Company's website.

capital market instruments in the field of the Company's main activity, whether they are involved in a debtor/creditor relationship with the Company, financial rights provided to members and independency statements of independent members; the working principles of the board of directors, the number of meetings held during the year, the attendance status of the meetings, information on the number of resolutions taken and the manner of taking resolutions; information on the structure of the committees of the board of directors, principles of operation, activities carried out during the year, meetings and resolutions, and the evaluation of the board of directors on the effectiveness of the committees are included in the annual report.

In addition, changes in legislation that could materially affect Company operations, whether there is a conflict of interest with the Company's investment advisory and rating agencies, and the measures taken to prevent conflicts of interest, information on possible consequences if there are significant cases filed against the Company during the year, information on cross-shareholding companies exceeding 5% of direct contribution to capital and the social rights and vocational training of employees are included in the annual report.

The evaluation of the board of directors on the activities carried out by the company during the period and the targets for the upcoming period is also presented for the information of the investors in the annual reports.

Our Annual Reports are announced to the public at the end of the Board approval process. It is published on our internet site and sent to the partners upon request.

SECTION IV - STAKEHOLDERS

11 - Informing the Stakeholders

Our Company takes utmost care to protect the rights of all stakeholders regulated under the legislation and mutual contracts in their transactions and operations, and the rights of all of the stockholders are looked out for in accordance with the "Code of Ethics" of our Company.

Stakeholders are informed accurately and in time through the material disclosures made by the Company to the public, press bulletins, financial reports, web site and internal notices.

Stakeholders' information, demands and questions regarding the company activities are submitted to the Investor Relations Department using their contact information available on the web site, except for the trade secrets and/or such information that are not publicly disclosed. In addition, it is likely for the stakeholders to forward their questions about the operations they consider to be against the legislation and code of ethics to the Corporate Governance Committee or Audit Committee of our Company

12 - Stakeholders' Involvement in the Management

The rights of the shareholders to join management are provided as per the applicable laws, legislations and the Articles of Association. All expectations and requests of the beneficiaries who are in a relationship with the Company are assessed in accordance with the code of ethics.

13 - Human Resources Policy

Topics such as recruitment conditions, career guidance and promotion conditions, monetary arrangements and social benefits are presented to the employees in detail in the Company Human Resources Regulation. All decisions taken about the employees and the communication are conducted in accordance with the relevant guidelines.

All rights of each of the employees are legally protected under the Labor Code and the Code of Ethics, and all grounds are established for them to work in a safe and healthy environment.

There are no complaints from employees regarding discrimination during the period.

The Human Resources Policy of our Company has been set under the following principles and the same has been shared with our employees.

- To fulfill the activities that the Company will carry out in order to realize its aims with the ideal number of personnel,
- To perform the selection and assignment of personnel in accordance with the competence of the job,
- To provide the environment and conditions in which all staff can use and develop their skills, professional development and abilities,
- To provide adequate fees and other additional benefits suitable for the market and the conditions of the day,
- To give importance to the personality of the personnel, to respect the protection of the material and moral rights,
- To have personnel that embraces the corporate culture and corporate values and is in compliance with Ethical Principles,
- To ensure that they work cost conscious, depending on the principles of efficiency and profitability of the staff

14 - Ethical Principles and Social Responsibility

Ethical principles created in 2010 and approved by the Board of Directors were published on the company website and disclosed to the public. In 2016, our company has decided to implement the Ethical Principles of Türkiye Halk Bankası A.Ş., our main shareholder, and published these principles under the title "Ethical Principles" in the Corporate section of the website. "Ethical Principles" include detailed information under the main titles of conflicts of interest, information flow regulatory rules, relationships with customers and suppliers and human resources, and principles that Halk GYO A.Ş. employees should abide in performing their duties and regulations on working order. The purpose of these principles is to prevent any dispute and conflict of interest between the employees, shareholders, customers and the institution. These contradictory attitudes and behaviors are assessed in accordance with the Discipline Directive and employees are expected to act according to the rules of common sense and goodwill in the circumstances and conditions

that are not covered by these rules. Our company carries out its relations with all stakeholders pursuant to ethical rules.

There are no lawsuits filed against the Company due to damages incurred in the period.

In our company vision, it is important to provide benefits in the field of modern urbanization, to build environmentally sensitive constructions and to take part in the activities that will support the sector and to be a pioneer as much as to evaluate investments in the best way.

Our company real estate projects are produced with environment-friendly, carbon-free materials, and LEED certified. In addition, during the year, our Company has also maintained to support the development of the sector as a sponsor of many sectoral organizations and conferences.

SECTION V – BOARD OF DIRECTORS

15 - Structure and Formation of Board of Directors and Independent Members

The powers and responsibilities of the Board Members are regulated in the Company's Articles of Association. The Company is managed by the Board of Directors and is represented outside. The Board of Directors performs its duties assigned to it by the General Assembly in accordance with the Turkish Commercial Code, the Capital Markets Law and other relevant legislation. All of the Board Members have the minimum qualifications required in selection of Board Member set out in CMB Corporate Management Principles. The Board of Directors

has a total of 7 members, consisting of 1 executive and 6 nonexecutive directors, 2 of which are independent. In 2020, there was no situation removing the independence of the Board of Directors. As of the date of this report, there were no female board members. Our Company does not have any regulation preventing the selection of woman member to the Board of Directors along with not having any policy determining target rate and time providing that the rate of woman members are not less than twenty-five percent in the Board of Directors.

Name-Surname	Duty	Profession	Duties Assumed In The Trust In The Last 5 Years	Current Duties Outside The Trust	Share Of Capital In The Trust (%)	Represented Share Group	Election Date	Status
Ergin KAYA	Chairman Of The Board	Banker	--	T. Halk Bankası A.Ş. Banking Operations And Support Services Deputy General Manager, Bi leşi m AŞ Chairman Of The Board, Safi r Çarşı Yöneti mi Hizmetleri A.Ş. Chairman Of The Board	--	--	June 2020	Non-Executive Member/ Independent Member
Mehmet TANRIVERDİ	Vice Chairman Of The Board	Banker	--	T. Halk Bankası A.Ş. Head Of Construction Expertise And Real Estate Management Department, Safi r Çarşı Yöneti mi Hizmetleri A.Ş. Member Of The Board Of Directors	--	--	June 2020	Non-Executive Member/ Independent Member
Ali CEBEÇİ	Board Member	Banker	--	T. Halk Bankası A.Ş. Chairman Of The Inspection Board	--	--	June 2020	Non-Executive Member/ Independent Member
Mehmet Hakan TERCAN	Board Member	Banker	--	T. Halk Bankası A.Ş. Head Of Infrastructure Operation And Management Department	--	--	June 2020	Non-Executive Member/ Independent Member
Raci Kaptan KOLAYLI	Board Member	Engineer	--	--	--	--	June 2020	Non-Executive Member/ Independent Member
Memduh YILMAZLAR	Board Member	Banker	--	T.c. Ziraat Bankası A.Ş. Head Of Credit Risk	--	--	June 2020	Non-Executive Member/ Independent Member
Bülent KARAN	YK Üyesi / Genel Müdür	Mühendis	--	--	--	--	August 2020	Executive Member/ Independent Member

Within the framework of Corporate Governance Principles, a Nomination Committee has not been established in the Company and the Corporate Governance Committee fulfills the duties of the committee in question. The Corporate Governance Committee submits reports on whether candidates meet the criteria for independency to the Board of Directors.

Declarations of independence of independent members were included in 2020 year-end annual report. The members of the Board of Directors are not restricted

to take other duties outside the company and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. During 2020, there has been no violation of the Company's transactions and prohibition of competition regarding the members of the Board of Directors.

The resume information of the Company's Board Members is included in the annual report and on the Company's corporate website.

16 - Operating Principles of the Board of Directors

The Board of Directors convenes at times deemed necessary for the Company's business, upon the invitation of the Chairman or Vice Chairman. Each member of the Board of Directors may apply in writing to the Chairman or Vice Chairman of the Board and request the board to be called to the meeting. If the Chairman or the Vice Chairman does not still call a meeting, the members shall also have the authority to call a meeting on their own initiative.

If none of the members call a meeting, board resolutions may also be taken by getting written approval of the majority of the total number of members to the offer that is written in the form of a decision made by a member of the board in a particular matter. In order for the decision to be made in this way to be valid, the same proposal must be made to all board members. It is not necessary that the approvals are on the same paper; but it is necessary for the validity of the decision to affix all papers bearing approval signatures to the minute book of the board of directors or to convert them into a decision containing the signatures of the acceptors and register them in the minute book.

Each member has one vote at the meetings. Voting rights are used personally. Unless a member requests a meeting, resolution can also be taken by written notification of approval of the other members to a member's offer.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board of Directors. Changes may be made on the agenda with the decision of the Board of Directors. The meeting place is the company headquarters. However, the Board of Directors can also convene elsewhere, subject to a decision.

The board of directors convenes with absolute majority and takes decisions with the absolute majority of the attendees. In the board of directors votes are used as acceptance or rejection. The voter who gives the rejection signs it by writing the reason for rejection under the

decision. Decisions of the Board of Directors about the matters entered in the relevant communiqués and legislation are shared with the public and published on the company website.

Members who do not attend the meeting may not vote in writing or in any other way unless they are based on a legitimate excuse. Members of the Board of Directors who have not participated in three consecutive meetings without authorization from the Board of Directors, regardless of the reason or necessity, or who have not participated in an intermittent or half of the meetings held during an accounting period, shall be deemed to have resigned.

Meetings of the Board of Directors can be realized in physical and / or electronic environment.

Those who have the right to participate in the board meeting of the Company may participate in this meeting in electronic environment in accordance with article 1527 of the Turkish Commercial Code. In accordance with the provisions of the "Communiqués Regarding Committees to be Made in Electronic Media Other than the Joint Stock Company General Assemblies in Trade Companies", the Company may purchase the Electronic Meeting System which enables the beneficiaries to participate and vote in these electronic meetings and may also purchase services from the systems established for this purpose. At the meetings to be held, it is ensured that the rights of the rights holders specified in the related legislation can be used within the framework specified in the Communiqués, either through the system established under this provision of the Main Contractor or through the system to receive support services.

The Investor Relations Department is actively involved in organizing board meetings, preparing the necessary reports and documentation, and preparing and registering board decisions, ensuring information flow and coordination among members, and similar issues.

The Company's Board of Directors met 46 times during the period and 84 decisions were taken at these meetings. Care has been taken to ensure that the meeting date is determined to ensure the participation of all members. All resolutions of the Board of Directors are taken unanimously. None of the resolutions taken at the meetings were casted a dissenting vote. In addition, there is no point in the decision record because there are no opposing votes used in the decisions taken. Members of the Board of Directors have not been given the weighted voting right and / or to veto negatively.

17- Number, Structure and Independence of the Committees Established in the Board of Directors

A Corporate Governance Committee, an Audit Committee, a Remuneration Committee and an Committee for Early Detection of Risk have been established within the existing board of directors in accordance with the Corporate Governance Principles of the Capital Markets Board and Operating Principles of the Board of Directors at the Company. The committees are convened at least once every three months and report to the Board of Directors except Remuneration Committee convened at least once in a year.

Working principles for each of the committees have been established and announced to the public. The committees

Committee	Chairman	Independence Status	Member	Independence Status
Audit Committee	Memduh YILMAZLAR	Independent	Raci Kaptan KOLAYLI	Independent
Corporate Governance Committee	Raci Kaptan KOLAYLI	Independent	Mehmet Hakan TERCAN Uğur GÜNEY	Not Independent Not Independent-Executive
Remuneration Committee	Memduh YILMAZLAR	Independent	Mehmet TANRIVERDİ	Not Independent
Committee for Early Detection of Risk	Memduh YILMAZLAR	Independent	Ali CEBECİ	Not Independent

The Board of Directors of the Company consists of a total of 7 members, 1 executive and 6 non-executive, and 2 members hold the status of independent member of the Board of Directors. As it is required to have at least one independent member in the committees as per the relevant legislation, a member of the board of directors is assigned in more than one committee within the current organization.

Decisions of the board of directors regarding the related party transactions of significant quality presented to the approval of the independent board members during the year were taken unanimously by the positive votes of independent board members as well.

During the period, the company was insured against any damages that the Board Members may cause the company when carrying out their duties, and the company has not made a Public Disclosure Platform announcement regarding this insurance transaction.

operate within the framework of these principles. During the year, in accordance with the Corporate Governance Communiqué of the Capital Markets Board; following the general assembly meeting, task distributions and committee elections were held within the board of directors and announced to the public.

While members of the committee are elected, they are acting within the framework of corporate governance principles.

The information about committees is provided below.

In the Board of Directors, there is no Nomination Committee which has been constituted. The functions of this committee are performed by the Corporate Governance Committee.

Corporate Governance Committee has been set up in accordance with the Capital Markets Board's rules and regulations related to corporate governance and it has been charged with fulfilling its incumbent duties and responsibilities which are specified under Corporate Governance Principles. This Committee regularly overviews the Company's corporate governance practices and it exerts effort to make improvements in them. In addition to its corporate governance functions, this Committee also gives a crucial importance to investor relations. At regular intervals, the Committee follows the Company's investor relations activities and strategies and it provides that the Board of Directors is kept regularly informed about such issues. Besides these functions, the Committee also gets into the acts in such areas as providing coordination among other committees and backing up their activities if necessary. During the period, Committee assembled for 4 meetings and took 4 decisions.

Corresponding its duties as indicated in its working principles and pursuant to the principles of applicable Capital Market Laws, regulations, and administrative provisions during the year, the Audit Committee actively works in such subjects of publicly disclosing the Company's financial statements, having independent audits conducted, ensuring that the Company's internal control system functions in an effective way, electing independent audit company and reviewing all other aspects of the independent auditors' activities. During the

18 - Risk Management and Internal Control Mechanism

At the Company, the risk management, internal control and audit systems are organized in accordance with the international practices, principles and organization framework. Risk management and internal control operations in our Company are conducted by the "Department of Internal Audit & Risk and Compliance". By considering the opinion of the relevant Board of Directors committees, the Board of Directors generates the Company's internal control systems, including information systems and processes as well as risk management systems, which ensure to minimize the impact of risks that have the potential to affect the Company's stakeholders, particularly its shareholders. The effectiveness of the risk management and internal

year, Committee assembled for 10 meetings and took 6 decisions.

In accordance with Capital Markets Board's rules and regulations of corporate governance, the Committee for Early Detection of Risk has been established to early detect the threatening risks upon Company's existence, development and survival, to take the necessary provisions for identified risks, to manage the risks pursuant to Article 378 of TCC and to supervise the risk management systems. During the year, Committee assembled for 6 meetings and took 6 decisions.

The Remuneration Committee identifies and monitors the principles, criteria and practices to be used in remuneration of the members of the Board of Directors and managers who have administrative responsibilities, taking into account the Company's long-term goals. This Committee submits its recommendations to the Board of Directors about the pay packages to be offered to the members of the Board of Directors and executives, considering the level of achievement with respect to the criteria used in remuneration. During the year, Committee assembled for 1 meeting and took 1 decision .

The Board's Assessment Report on the work of the committees within the period was included under the title no 1 of 2020 yearend annual report.

control systems are reviewed at least once per each year. Internal Audit actions are conducted within the framework of approved "Annual Audit Plan" by Audit Committee during the year.

Internal control systems are formed in order to review, check, monitor, assess and report the fitness, adequacy and effectiveness of Company's activities, as well as their controls.

The information of inter-corporate controls and internal audit's existence, process and effectiveness are also presented in the annual reports.

A periodic assessment report, a statement of compliance and follow up of the portfolio restrictions, and a monthly statement of liquidity rate are drawn up by the Department of Internal Audit and Risk Control, and these are submitted simultaneously to the Audit Committee, Corporate Governance Committee, Committee for Early Detection of Risk, the senior management and to the Board. Thus, in respect of the management of the relevant risks, it is aimed by the senior management and by the Board of the Company to take the necessary actions and

19 - Strategic Goals of the Company

The Company's strategic goals, include developing their real estate portfolio as heavily based on the commercial property where can be gained high rental income and offering high return to their shareholders with weighted average cost of capital model.

The Board of Directors approves the annual budget included of the targets and strategies so as to incorporate

20 - Financial Rights

Any and all benefits and pays provided for the Board of Directors and executives of the company as well as the criteria and remuneration principles used in determining these are set in accordance with the Remuneration Policy of the company, and the relevant policy is disclosed to public on the web site.

Remunerations to be paid to the members of the Board of Directors are determined by the decision of the General Assembly in line with the proposal of the Remuneration Committee. The members of the Board of Directors have not been granted the rights to provide financial benefits such as daily allowance, premiums and bonuses except for the payments determined in the general assembly. Care is taken for the pay to be at a level that protects the independence of the member while determining the pay levels of the independent members of the board of directors, and no stock options or payment schemes based on the performance of the company are used in accordance with the Corporate Governance Principles.

Their social rights are provided regularly and periodically

to develop control systems.

Halk GYO provides a wide portfolio range within the real estate industry as an investment strategy, and they steer for the estate where they earn regular rental income and put efforts to minimize the risk for their investors in respect of choosing the real estate. All real estate contained in the Company's portfolio is insured against any and all damages.

its own revisions and suggestions. Except extraordinary cases, all changes in strategies result of the decisions made and the deviations in forecasts, the performance assessments of the company are conducted quarterly by the Board of Directors during the assessment of the financial statements. Short and long-term investment and funding plans are revised and repositioned, if needed due to new developments.

to the executives in accordance with the legal regulations, and no different compensation policy is applied other than the legal compensations as set forth in the laws and regulations. Remunerations to be paid to the executives are determined by the decision of the Board of Directors in line with the proposal of the Remuneration Committee.

The company has not lent money, extended a loan, extended a loan under the name of personal loan through any third parties or given such guarantees as surety in their favor to any member of the Board of Directors and the executives and no conflict of interest arising from this cause has occurred within the period.

In accordance with Article 4.6.6 of the Corporate Governance Principles, the fees paid to the members of the Board of Directors and executives and all other benefits provided are announced to the public through quarterly Annual Report and financial reports. However, the explanation made is not personbased. Total financial rights provided by the Company to the board of directors and senior executives are 2.071.198TRY.

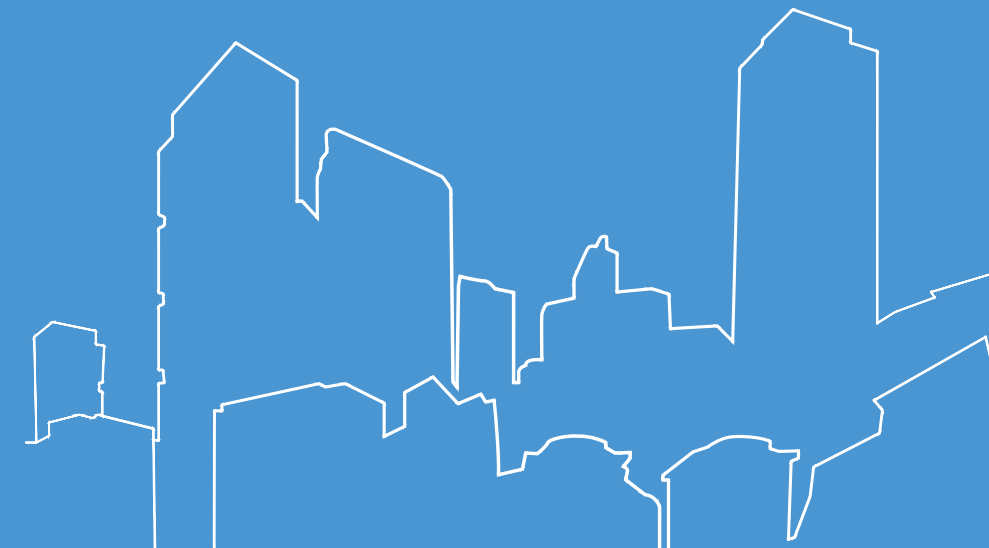
ANNEX 3:

SUSTAINABILITY

PRINCIPLES

COMPLIANCE

FRAMEWORK REPORT



A. GENERAL PRINCIPLES

Halk GYO, in the sector it operates, is aware that correct corporate governance practices can only be possible with practices such as setting forth the management strategy, establishing an effective risk management and internal control mechanism, setting forth the ethical rules, fulfilling the investor relations activities and the public disclosure obligation with the required quality and executing the Board of Directors activities transparently.

Our company carries out all its activities by adopting the concepts of "Equality, Transparency, Accountability and Responsibility", which are the four main elements of the Corporate Governance Principles, and observing compliance with these principles.

Within the scope of the Sustainability Principles, Halk GYO realizes sustainable projects attaching importance to energy efficiency and sustainability, increasing use of green spaces with the materials used and targetting low CO2 emission by prioritizing gender equality, decent work, economic growth and the matters of reducing inequalities and the efficient use of all resources in all its activities.

"Information Policy" of our company, in line with the transparency and equality principles of corporate governance, adopts to disclose information that does not hinder trade secrets or the competitive power of the Company in a timely, complete, understandable and easily accessible way to the shareholders and stakeholders, while also taking the rights and benefits of the Company

into account. The Board of Directors is responsible for the follow-up, supervision and development of the Information Policy. Investor Relations, on the other hand, are obliged to observe and follow the Disclosure Policy.

Company's operational and financial status, position in the sector, performance and development are disclosed through financial reports and investor presentations prepared quarterly and published also on our website within the framework of legal regulations and disclosure policy. In addition, our website is an information tool that provides to all stakeholders all kinds of information of general nature, from corporate policies to general assembly information. Both our website and our reports directly meet the needs of different stakeholders. Halk GYO, aiming to comply with the Corporate Governance Principles at a high level, within the framework of the importance it attaches to the issue of transparency, discloses all important developments in a timely, complete, accurate and simultaneously accessible manner to all stakeholders through the relevant reports, the company website and the Public Disclosure Platform.

Our company has not been subjected to any legal sanctions on environmental, social and corporate governance issues during its activities and did not cause any conflict of interest that arose due to its practices.

B. ENVIRONMENTAL PRINCIPLES

In the vision of our company, it is important not only to make the most of its investments but also to avail benefit in the field of modern urban planning, to build environment-friendly structures and to be a pioneer and take part in activities that will support the sector.

The real estate projects of our company are produced with environmentally compatible, carbon-free materials, and it has the LEED certificate, which is an internationally developed green building rating system for all building

types from hospitals to data centers, from historical buildings to schools.

Halk GYO is a corporate member of USGBC (U.S. Green Building Council), which has been conducting the LEED certification since 2013. 3 of the 6 projects completed have received LEED certification, and the certification process continues for one of the ongoing projects.

Halk GYO Leed Certification Completed Projects;

Eskişehir Panorama Plus Project (Leed Silver)
Levent Hotel Project (Leed Gold)
Şekerpınar Banking Centre Project (Leed Gold)

Halk GYO LEED Certification Ongoing Projects;

İstanbul International Finance Centre 'Halk Office Towers' (Leed Platinum Planned)

Within the scope of Eskişehir Panorama + Residence Project LEED certification;

37% saving in water use and 34% saving in electricity use is achieved. The amount of wastewater has been reduced by 54% by using wet area equipment that consumes less water. During the construction phase, 77% of construction waste was recycled. There is 33% recycled material in the contents of the materials used.

Within the scope of Levent Otel Project LEED certification;

31% saving in water use and 24% saving in electricity use is achieved. All of the landscape irrigation in the project has been provided by the use of gray water. A 44% reduction was achieved in reservoirs and urinals with the selection of high efficiency wet area armatures and the use of treated water. In areas with intense usage, measuring the indoor air quality with CO2 sensors and providing the necessary fresh air is done through the automation system.

Within the scope of Şekerpınar Banking Centre Project LEED certification;

49% saving in water use and 46% saving in electricity use is achieved.



Within the scope of Istanbul International Finance Centre 'Halk Office Towers' Leed certification;

A Gold level LEED certificate has been made mandatory for all stakeholders for the Istanbul Financial Center Project within the framework of the design handbook and master booklet published by the Ministry of Environment and Urban Planning. However, Leed Platinum, which is the highest level of Leed certification, was targeted in this project due to the competitive environment stemming from the multi-stakeholder structure of the project, and the works are carried out in this direction. The application in the Halk Office Towers has been made according to the LEED certificate being LEED BD + C (Building Design + Construction), in other words, the Shell & Core (shell core) principle. In addition, the application for LEED ND (Neighborhood Development) certificate across IFM is targeted by Emlak Konut and the Republic of Turkey the Ministry of Environment and Urban Planning, and works have been initiated in this direction with the necessary consultants.

40% savings in water use and 30% savings in electricity use are projected. In addition, within the scope of efficient energy use, it is planned to build an ice storage system, which is an innovative development. During the current construction phase, 50% of construction wastes are recycled, and it is targeted to increase this rate to 75% by regular monitoring and to get additional points. Indoor air quality can be monitored with CO2 sensors.

There were no lawsuits filed against our Company for damages to the environment during the period.

C. SOCIAL PRINCIPLES

Halk GYO prioritizes the requirement of full compliance with the legal framework and legislation governing human rights and business life while performing all of its activities.

Our company maintains its relations with all stakeholders interacted within the framework of ethical rules in addition to legal regulations. The Code of Ethics has been published under the heading "Ethical Principles" in the "Corporate" section of the Company website. "Ethical Principles" contain detailed explanations and regulations under the main headings of conflicts of interest, rules regulating information flow, relations with stakeholders, customers, suppliers and human resources. The purpose of these principles is to prevent any dispute and conflict of interest that may arise between employees, shareholders, customers and the corporation.

Our company's human resources policy is based on the acquisition of human resources with the necessary qualifications and the ability to develop, and the continuous development and motivation of its qualified personnel in achieving the company's mission, vision and goals. Matters such as recruitment conditions,

career orientation and promotion conditions, monetary regulations and social assistance are presented to the employees in detail and clearly in the Company's Human Resources Regulation. All decisions taken with respect to employees are carried out within Human Resources within the framework of the aforementioned regulation.

The individual dignity of each employee and all rights recognized by laws are protected within the framework of legal practices and Code of Ethics, and all kinds of groundwork have been prepared for our human resources to work in a safe and healthy environment. Our personnel's social rights are provided regularly and periodically within the scope of legal legislation. Halk GYO prioritizes equal opportunity in recruitment processes and employee training. There were no complaints about discrimination reaching Human Resources during the year.

The sector in which our company operates, the quality of its personnel and the number of personnel are at a level where functions such as forming an association or collective bargaining agreement are not required, and it does not require such formations.

Therefore, although our company does not have a collective bargaining agreement, there is no prohibitive regulation or practice in our company on these issues.

Occupational Health and Safety is one of the important elements of our Human Rights and Human Resources Policy. Trainings on these issues are regularly offered to employees, and necessary information is provided by raising awareness in these areas.

Halk GYO also ensures a high level of compliance with regulations on the protection of personal data, and our Clarification Text for the Protection of Personal Data has been prepared in writing and disclosed to the public on our website. In addition, necessary written and verbal information on the protection of personal data is provided to employees.

Halk GYO conducts its rights and responsibilities with all its stakeholders with an understanding of accountability, equality, transparency, fairness and responsibility. All stakeholders and stakeholders are fully and timely informed by the Company through public disclosures, press releases, financial reports, website and in-house announcements. Except for trade secrets and/or undisclosed information, the stakeholders' requests and questions about company activities are conveyed to the Investor Relations Department via the contact information available on the website. At the same time, it is possible for the stakeholders to convey their questions about the transactions they deem contrary to the legislation and ethical rules to the Corporate Governance Committee of our Company or the Committee Responsible for Audit.

Although the company management avoids any action that makes it difficult to conduct a special audit within the scope of the shareholders' right to obtain and review information, the request for the appointment of a special auditor has not been governed as an individual right in the articles of association of the company.

D. CORPORATE GOVERNANCE PRINCIPLES

There are detailed explanations in the "A. General Principles" heading of this section and in the "Corporate Governance Principles Compliance Report" section of the Annual Report regarding the subjects included in this heading of the Sustainability Principles.

Although there is no provision in the Articles of Association for granting minority rights to shareholders who have a share less than one-twentieth of the capital, care is taken to exercise minority rights within the scope of TCC and CMB regulations.

Although there are no female members in our Board of Directors as of the report date, there is no regulation preventing the election of female members to the Board of Directors of our company. 33% of the total human resources are female employees.

Our company conducts the relations with non-governmental organizations and sectoral associations on a balanced and continuous basis. Our company supports the development of the sector by sponsoring many sectoral organizations and conferences.

International reporting standards such as the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) or the Sustainability Accounting Standards Board (SASB) have not yet been adopted by our company. On the other hand, we do not have a membership or signature in international organizations or principles such as the Equator Principles, the United Nations Environment Program Finance Initiative (UNEP-FI), the United Nations Global Compact (UNGC) or the United Nations Principles for Responsible Investment (UNPRI).

Our company will evaluate the case of being included in the said principles/organizations by improving sustainability studies, especially in terms of environmental and social impacts. The issue of being included in the sustainability indices in the upcoming periods can also be considered within the framework of our Sustainability Policies and practices that are planned to be developed.

HALK GAYRIMENKUL YATIRIM ORTAKLIGI A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020 AND
INDEPENDENT AUDITOR'S REPORT



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HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira TL)

Assets	Notes	Audited 31 December 2020	Audited 31 December 2019
Current Assets		106,170,870	192,228,287
Cash and Cash Equivalents	26	49,553,215	74,285,277
Trade Receivables	5	5,346,392	11,511,709
- Trade Receivables from Related Parties	4	60	3,114
- Trade Receivables from Third Parties		5,346,332	11,508,595
Inventory	6	18,178,851	67,906,463
Prepaid Expenses	7	1,524,881	10,072,788
- Prepaid Expenses to Related Parties	4	52,208	421,994
- Prepaid Expenses to Third Parties		1,472,673	9,650,794
Current Tax Assets		846,745	1,024,761
Other Current Assets	13	30,720,786	27,427,289
- Other Current Assets from Third Parties		30,720,786	27,427,289
Non-Current Assets		3,408,555,210	2,846,980,843
Trade Receivables	5	1,587,042	4,426,244
- Trade Receivables From Third Parties		1,587,042	4,426,244
Investment Property	8	3,260,027,500	2,715,950,000
Property, Plant and Equipment	9	4,086,222	4,424,599
Intangible Assets	10	350,671	305,959
- Other Intangible Assets		350,671	305,959
Prepaid Expenses	7	108,754,887	96,753,415
- Prepaid Expenses to Third Parties		108,754,887	96,753,415
Other Non-Current Assets	13	33,748,888	25,120,626
- Other Non-Current Assets From Related Parties		33,748,888	25,120,626
Total Assets		3,514,726,080	3,039,209,130

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

Liabilities	Notes	Audited 31 December 2020	Audited 31 December 2019
Current Liabilities		502,826,748	452,228,381
Short-Term Liabilities	22	355,705,257	421,990,029
Short-Term Portion of Long-Term Borrowings	22	40,918,126	3,396,659
Short-Term Portion of Long-Term Borrowings from Related Parties		40,918,126	3,396,659
Trade Payables	5	30,896,058	2,955,431
- Trade Payables to Related Parties	4	8,742	55,804
- Trade Payables to Third Parties		30,887,316	2,899,627
Deferred Income (Excluding Liabilities Arising from Customer Contracts)	7	61,108,287	13,423,297
- Deferred Income from Third Parties (Excluding Liabilities Arising from Customer Contracts)		61,108,287	13,423,297
Short-Term Provisions		1,808,629	1,594,925
- Short-Term Portion of Provisions Related to Employee Benefits	12	1,808,629	1,592,889
- Other Current Provisions	11	--	2,036
Other Current Liabilities	13	12,390,391	8,868,040
- Other Current Liabilities to Related Parties / Other Current Liabilities to Third Parties		12,390,391	8,868,040
Non-Current Liabilities		85,410,620	8,761,067
Long-Term Borrowings	22	84,593,553	8,020,447
- Long-Term Financial Borrowings From Related Parties		84,593,553	8,020,447
Long-Term Provisions	12	817,067	740,620
- Long-Term Portion of Provisions Related to Employee Benefits		817,067	740,620
Equity		2,926,488,712	2,578,219,682
Share Capital	14	970,000,000	928,000,000
Treasury Shares (-)	14	(27,346,399)	(26,162,328)
Share Premium / Discounts		49,945,096	49,945,096
Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss"		68,913	(23,610)
- Gains on remeasurement of defined benefit plans		68,913	(23,610)
Restricted Reserves Appropriated from Profit	14	52,735,975	49,937,018
Prior Years' Profit or Loss		1,528,632,662	1,255,115,292
Net Profit for the Period		352,452,465	321,408,214
Total Liabilities And Equity		3,514,726,080	3,039,209,130

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

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira TL)

	Notes	Audited 1 January-31 December 2020	Audited 1 January-31 December 2019
Revenue	15	151.865.863	129.978.874
Cost of Sales (-)	15	(65.492.481)	(42.155.655)
Gross Profit (Loss)		86.373.382	87.823.219
General Administrative Expenses (-)	17	(18.309.513)	(15.141.458)
Marketing Expenses (-)	17	(10.596.425)	(4.993.522)
Other Income from Operating Activities	18	3.304.947	2.288.368
Other Expenses from Operating Activities (-)	18	(4.290.524)	(481.752)
Operating Profit (Loss)		56.481.867	69.494.855
Gain (Loss) from Investments Accounted Through Equity Method"	8	315.139.702	262.434.998
Operating Profit (Loss) Before Finance Income (Expense)		371.621.569	331.929.853
Finance Expenses (-)	19	(19.169.104)	(10.521.639)
Profit (Loss) Before Tax From Continuing Operations		352.452.465	321.408.214
Tax Expenses			
Profit (Loss) For The Period		352.452.465	321.408.214
Earnings Per Share		0,3634	0,3463
Other Comprehensive Income:			
"Items That Will Not Be Reclassified To Profit Or Loss"		92.523	57.893
Gain On Remeasurement Of Defined Benefit Plans		92.523	57.893
Total Comprehensive Income / (Expense)		352,452,465	321,466,107

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

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira TL)

	Notes	Share Capital	Treasury Shares	Share Premium / Discounts	Accumulated Gains / Losses on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profits / Losses	Net Profit / Loss for the Period	Equity
Balances as of 1 January 2019		858.000.000	(24.188.879)	49.945.096	(81.503)	42.011.650	954.587.570	381.344.886	2.261.618.820
Transfers		--	--	--	--	7.925.368	373.419.518	(381.344.886)	--
Total Comprehensive Income		--	--	--	57.893	--	--	321.408.214	321.466.107
Capital Increase	14	70.000.000	(1.973.449)	--	--	--	(68.026.551)	--	--
Dividends		--	--	--	--	--	(4.865.245)	--	(4.865.245)
Balances at 31 December 2019	14	928.000.000	(26.162.328)	49.945.096	(23.610)	49.937.018	1.255.115.292	321.408.214	2.578.219.682
Balances as of 1 January 2020	14	928.000.000	(26.162.328)	49.945.096	(23.610)	49.937.018	1.255.115.292	321.408.214	2.578.219.682
Transfers		--	--	--	--	2.798.957	318.609.257	(321.408.214)	2.578.219.682
Total Comprehensive Income		--	--	--	92.523	--	--	352.452.465	--
Purchase of Share		--	--	--	--	--	--	--	352.544.988
Capital Increase	14	42.000.000	(1.308.113)	--	--	--	(40.691.887)	--	--
Dividends		--	124.042	--	--	--	(4.400.000)	--	(4.275.958)
Balances at 31 December 2020	14	970.000.000	(27.346.399)	49.945.096	68.913	52.735.975	1.528.632.662	352.452.465	2.926.488.712

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

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

(Amounts expressed in Turkish Lira TL)

Notes	Audited 1 January- 31 December 2020	Audited 1 January- 31 December 2019
Cash Flows From Operating Activities		
Profit/(Loss) For The Period	352.452.465	321.408.214
Adjustments To Reconcile Net Profit (Loss) For The Period		
- Adjustments Related To Depreciation And Amortization Expenses	9-10	3.508.581
- Adjustments Related To Provisions	11-12	357.987
- Adjustments Related To Interest Income And Expenses	15-19	(1.866.834)
- Adjustments Related To Fair Value Losses/Gains	8	(315.139.702)
- Adjustments Related To (Increase) / Decrease In Inventories	6	49.727.612
- Adjustments Related To (Increase) / Decrease In Trade Receivables		9.004.519
- Decrease (Increase) In Prepaid Expenses		(3.453.565)
- Decrease (Increase) In Other Operating Assets		(11.743.743)
- Adjustments Related To Increase / (Decrease) In Trade Payables		27.940.627
- Adjustments Related To Increase / Decrease In Deferred Income (Excluding Liabilities Arising From Customer Contracts)		47.684.990
- Adjustments Related To Increase (Decrease) In Other Operating Liabilities		3.614.874
Cash Generated From Operations	162.087.811	78.602.967
Interest Paid		
Interest Received	5.128.303	3.704.407
Other Cash Inflows / Outflows	(67.836)	(12.431)
	167.148.278	82.294.943
Cash Flows From Investing Activities		
Cash Inflows From Sale Of Property, Plant And Equipment And Intangible Assets	9	20.458
Cash Outflows From Purchase Of Property, Plant And Equipment And Intangible Assets	9-10	(3.235.374)
Cash Outflows From Purchase Of Investment Properties	8-19	(185.596.356)
Cash Inflows From Disposals Of Investment Properties	8	1.419.063
	(187.392.209)	(81.043.975)
Cash Inflows From Disposals Of Investment Properties		
Cash Inflows From Borrowings	1.492.856.900	1.614.559.579
Cash Used For Repayment Of Borrowings	(1.444.985.255)	(1.555.808.291)
Dividends Paid	(4.275.958)	(4.865.245)
Interest Paid	(48.021.333)	(9.537.441)
	(4.425.646)	44.348.602
Net Increase / Decrease In Cash And Cash Equivalents (A+B+C)	(24.669.577)	45.599.571
Cash And Cash Equivalents At The Beginning Of The Period	74.201.099	28.601.528
Cash And Cash Equivalents At The End Of The Period	26	49.531.522

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

1 - Organization And Operations Of The Company

The main activity of Halk Gayrimenkul Yatırım Ortaklığı A.Ş (the "Company") is to invest in properties, property projects, rights on properties, property related capital market instruments and portfolio including other rights and assets as deem appropriate by the Capital Markets Board of Turkey ("CMB") The Company, its joint operations and its subsidiary will be described as ("Group") in this report (see also Note 2.1 and Note 3). In accordance with the relevant articles of the CMB's Communiqué on the Principles of Real Estate Investment Trusts, the main objective of the Group is to invest in properties, property projects, property rights and capital market instruments.

The operations of the Company, its portfolio management policies and limitations are consistent with the regulatory requirements of the CMB. Investment property portfolio of the Group consists of lands and rental properties which are used as bank branches and bank headquarter. The Company obtained its license to operate by the CMB's approval dated 24 September 2010 and numbered 9546, and registered in the CMB. The registered capital ceiling of the Company is TL 1,500,000,000. The paid in capital of the Company is TL 970,000,000 of which TL 196,217,979 was paid in cash whereas TL 466,282,021 was paid in kind and TL 307,500,000 was incorporated from reserves internally appropriated (by bonus issue).

The headquarter of the Company is registered in Şerifali Çiftliği Tatlısu Mah. Ertuğrulgazi Sok. No:1 34774 Yukarı Dudullu Ümraniye/İstanbul.

As of 31 December 2020, the number of personnel employed in the Company is 41 (31 December 2019: 42).

The Company is a subsidiary of Türkiye Halk Bankası A.Ş ("Halkbank") and was registered on 18 October 2010. With the amendment dated 31 December 2009 made by the CMB the Communiqué on the Principles of Real Estate Investment Trusts, it is obligatory that the shares of trusts representing a minimum 25% of their capital be issued within three months of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, are offered to public and that they apply to the CMB with the request that all shares to be registered.

The Company has applied to the CMB on 29 August 2012 to increase the issued capital from TL 477,000,000 to TL 662,500,000 within TL 1,500,000,000 registered capital ceiling, by initial public offering of the increase of TL 185,500,000 B group bearer shares. The application was approved in accordance with the CMB's decision numbered 4/97 on 8 February 2013. During 13-15 February 2013, TL 185,500,000 B group shares offered to public by restricting the preemptive rights of the existing shareholders. After the collection of the investors demand, the Company's shares started to be traded on İstanbul Stock Exchange with HLGYO title as of 22 February 2013.

2 - Basis Of Presentation Of The Financial Statements

2.1 - Basis of Presentation

The capital increase is detailed as follows:

Date	Share Capital	Capitalisation	Increase Value	Funds
18 October 2010	477.000.000	Rights Issue	-	Funding Capital
15 August 2012	662.500.000	Rights Issue	185.500.000	Public Offering
20 June 2013	673.638.704	Bonus Issue	11.138.704	Prior Years' Profit
5 June 2014	697.900.000	Bonus Issue	24.261.296	Prior Years' Profit
11 June 2015	743.000.000	Bonus Issue	45.100.000	Prior Years' Profit
25 Mayıs 2016	790.000.000	Bonus Issue	47.000.000	Prior Years' Profit
15 August 2017	820.000.000	Bonus Issue	30.000.000	Prior Years' Profit
8 June 2018	858.000.000	Bonus Issue	38.000.000	Prior Years' Profit
17 June 2019	928.000.000	Bonus Issue	70.000.000	Prior Years' Profit
20 August 2020	970.000.000	Bonus Issue	42.000.000	Prior Years' Profit

As at 4 September 2014, the Company has signed a Joint Operation Agreement with Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. for developing a real estate project.

As at 24 August 2017, the Company has signed a Joint Operation Agreement with Teknik Yapı Teknik Yapılar San. ve Tic. A.Ş. for developing a real estate project.

As at 14 April 2016, the Company has signed Joint Operation Agreement with Er Konut İnş. Taah. İnş. Malz. Nak. ve Mad. Tic. ve San. A.Ş. for developing a real estate project.

The Company established Halk Yapı Projeleri Geliştirme A.Ş. to develop all kinds of real estate projects on 15 December 2020. The entire capital of the company established belongs to Halk GYO.

The details of the Company's joint operations are as follows:

Joint operations	Type of activity	Main activity fields
Halk Yapı Projeleri Geliştirme A.Ş.	Construction	Real Estate Construction

Müşterek faaliyetlerdeki paylar	Type of activity	Main activity fields
Halk GYO-Vakıf GYO Joint Venture	Construction	Real Estate Construction
Halk GYO-Erkonut Joint Venture	Construction	Real Estate Construction
Teknik Yapı-Halk GYO Joint Venture	Construction	Real Estate Construction

The Board of Directors has approved the financial statements and delegated authority for publishing it on 15 February 2021. The General Assembly has the authority to modify the financial statements.

Statement of Compliance in TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("the Communiqué"), which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The consolidated financial statements have been prepared in accordance with the "Announcement on TFRS Taxonomy" published by POA and the resolution of CMB about the Illustrations of Financial Statements and Application Guidance published on 15 April 2019.

The financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Currency Used

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional

currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the financial statements.

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.

Comparative Information and Adjustment of Previous Period Financial Statements

Financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

Basis of Consolidation

As of 31 December 2020 and 2019, the details of the Company's subsidiaries are as follows:

Subsidiaries	Place of incorporation and operation	Functional Currency	The Group's shareholding rate and voting power (%)	
			31 December 2020	31 December 2019
Halk Yapı Projeleri Geliştirme A.Ş.*	Turkey	Turkish Lira	100%	-

(*) The subsidiary operating in the field of real estate development was established as of 15 December 2020 with 100% shareholding of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. with a capital of TL 15,000,000.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its yields.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in joint operations:

A 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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a company undertakes its activities under joint operations, the company as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the TFRS applicable to the particular assets, liabilities, revenues and expenses.

2.2 - Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current period, there are no material changes in accounting estimates of the Group.

2.3 - New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2020

Amendments to TAS 1 and TAS 8

Amendments to TFRS 9, TAS 39 and TFRS 7

Amendments to TFRS 16

Conceptual Framework

Definition of Material

Interest Rate Benchmark Reform

COVID-19 Related Rent Concessions

Amendments to References to the Conceptual Framework in TFRS Standards.

Amendments to TFRS 3 Definition of a Business

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.

- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.

- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 Definition of Material

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 Interest

Rate Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendment to TFRS 16, Covid-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID 19 related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID 19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there are no substantive changes to other terms and conditions of the lease.

Amendments to References to the Conceptual Framework in TFRS Standards

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17

Insurance Contracts

Amendments to TAS 1

Classification of Liabilities as Current or NonCurrent

Amendments to TFRS 3

Reference to the Conceptual Framework

Amendments to IAS 16

Proceeds before Intended Use

Amendments to TAS 37

Onerous Contracts Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018 – 2020

Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

Amendments to TFRS 4

Extension of the Temporary Exemption from Applying TFRS 9

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 ve TFRS 16

Interest Rate Benchmark Reform – Phase 2

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge

2.4 - Summary of Significant Accounting Policies**Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

These amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual beginning on or after 1 January 2021. Early application is permitted.

(ii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Revenue

Revenue is recognized when it is probable that an economic gain will be realized to the Group as a result of its operations and it is probable that the income will be measured reliably. Net sales is reduced for estimated and realized customer returns, rebates, commissions and taxes related with sales. Revenue is recognized when all the following conditions are satisfied:

Sale of real estate

In accordance with the contract, revenue is included in the financial statements when the performance obligation determined in the contract is fulfilled after the real estate committed is transferred to the customer. When the customer receives the control of the property, the real estate is considered as transferred.

Rental income from real estate leases:

Rental income from real estates is recognized on an accrual and a straight line basis through the related lease contract. If there are other benefits to the tenants of the Group, they are recorded so as to reduce rental income during the lease term.

Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Sale of lands

Revenue is recognised when all significant risks and rewards regarding the lands that are not designed are transferred to the buyer according to TFRS 15 and the amount of revenue can be measured reliably.

Sales of land by way of "Land Sale of Revenue Sharing Agreement" ("LSRSA")

The Group recognizes revenue from the sale of the lands designed in the scope of "Land Sale of Revenue Sharing Agreement" (LSRSA) when transfer of legal ownership of land is transferred to the buyer. When the legal ownership is not transferred, the Group books its share of revenue as deferred income. The Group's share (land sales income) in Total Sales Revenue ("TSR") is recorded as revenue from sale of land and related cost is recognised as cost of land sold in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability

(using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

GThe Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts.

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

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.



Intangible AssetsIntangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5-10 years). Costs associated with developing or maintaining computer software programmes are recognized in the statement of profit or loss as incurred.

Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and

consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

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.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. 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 the statement of profit or loss in the period in which they are incurred.

Financial InstrumentsFinancial assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Group measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with TFRS 15 (or when the entity applies the practical expedient) at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. A regular way purchase or sale of financial assets shall be recognized using trade

date accounting or settlement date accounting.

The Group shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: (a) the Group's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset. When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date the Group shall not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) 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.

Interest revenue regarding the financial assets at amortised cost, shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss.

The Group shall directly reduce the gross carrying amount of a financial asset and derecognizes the financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial assets at FVTOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) 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.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, an entity can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Derivatives are also categorized as FVTPL unless they are designated as hedges. These financial assets are stated at fair value and any gain or losses are recognised in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

Financial liabilities

When a financial liability is recognised initially, the Group measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies: When the Group continues to recognise an asset to the extent of its continuing involvement, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset.

(c) Contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a

financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

Derivative financial instruments and financial risk hedge

accounting

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives are included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for financial risk hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Effect of Exchange Differences

Foreign Currency Balances and Transactions

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Earnings Per Share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. No assets held under operating lease have been classified as investment properties.

Income Taxes

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5520, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. According to the Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(4). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to the temporary Article (1) of the Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the Corporate Tax Law, real estate investment trusts earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

Deferred tax

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

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity deducting from retained earnings in the period in which they are approved and declared.

2.5 - Segment Reporting

As the Group only operates in Turkey and in the field of real estate investment, there are no business segments apart from those disclosed in the notes regarding the revenue and the cost of sales and reporting details in accordance with geographic segments to be reported.

2.6 - Critical Accounting Judgments and Key Sources of Estimation UncertaintyCritical judgments in applying the entity's accounting policies

2.4. notta belirtilen muhasebe politikalarının uygulanması sürecinde yönetim, finansal tablolarda muhasebeleştirilen tutarlar üzerinde önemli etkisi olan aşağıdaki yorumları yapmıştır:

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

Determination of fair values of investment properties and investment properties under development

The fair values of investment properties are based on valuations, performed by independent valuers using certain estimates and assumptions, who hold recognized

and relevant professional qualifications licensed by the CMB and who have recent experience in the location and category of the investment properties being valued. Any future changes in these estimates and assumptions may cause significant impact on the Group's financial statements.

The Group generally uses the final appreciation value in Independent valuation expert reports to determine fair value.

Borrowing costs

In accordance with TAS 23, the Group evaluates whether 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, will be added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.



3 - Interests In Other Entities

a) Subsidiaries

Shareholding of the Group in its subsidiaries are as follows:

	31 December 2020	31 December 2019
Halk Yapı Projeleri Geliştirme A.Ş.	%100	-

Financial information on Halk Yapı Projeleri Geliştirme A.Ş. is summarized below.

Halk Yapı Projeleri Geliştirme A.Ş.	31 December 2020	31 December 2019
Current assets	2.322.810	-
Non-current assets	12.500.000	-
Current liabilities	(6.183)	-

b) Joint Operations

Shareholding of the Group in the joint operation is as follows:

	31 December 2020	31 December 2019
Halk GYO - Vakıf GYO Joint Venture	50 %	50%
Halk GYO - Erkonut Joint Venture	50 %	50%
Halk GYO - Teknik Yapı Joint Venture	50 %	50%

Halk GYO-Vakıf GYO Joint Venture

Halk GYO-Vakıf GYO Joint Venture has been founded in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The Company owns 50% of the Bizimtepe Aydos Project in İstanbul. The residences in the project will be offered for sale. The financial information of Halk GYO-Vakıf GYO is summarized in the following tables. The financial information of Halk GYO-Vakıf GYO as per the shareholding and voting rights is as follows:

Halk GYO-Vakıf GYO Adi Ortaklığı	31 December 2020	31 December 2019
Current assets	23.226.353	76.266.214
Non-current assets	10.184.977	9.892.027
Current liabilities	(1.839.047)	(3.922.897)
	1 January -31 December 2020	1 January -31 December 2019
Profit for the period	21.097.379	17.636.097

Halk GYO-Erkonut Adi Ortaklığı

Halk GYO-Erkonut Joint Operation has been founded in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The Company owns 50% of the Şehristan Project in Erzurum. The residences in the project will be offered for sale. The financial information of Halk GYO-Erkonut is summarized in the following tables. The financial information of Halk GYO-Erkonut as per the shareholding and voting rights is as follows:

Halk GYO - Erkonut Adi Ortaklığı	31 December 2020	31 December 2019
Current assets	4.779.860	9.212.839
Current liabilities	(671.945)	(680.156)
	1 January -31 December 2020	1 January -31 December 2019
Profit for the period	2.603.927	199.842

Halk GYO-Teknik Yapı Adi Ortaklığı

Halk GYO-Teknik Yapı Joint Operation has been founded on 24 August 2017 in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The Company owns 50% of the İzmir Project in İzmir. The residences in the project will be offered for sale. The financial information of Halk GYO-Teknik Yapı is summarized in the following tables. The financial information of Halk GYO-Teknik Yapı as per the shareholding and voting rights is as follows:

Halk GYO-Teknik Yapı Adi Ortaklığı	31 December 2020	31 December 2019
Current assets	20.615.282	19.530.554
Non-current assets	2.785.229	2.307.748
Current liabilities	(69.183.767)	(44.683.306)
Non-current liabilities	(9.236.746)	(10.254.938)
	1 January -31 December 2020	1 January -31 December 2019
Loss for the period	(23.237.804)	(12.581.338)

4 - Related Party Disclosures

Transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below:

Deposits at Halk Bank	31 December 2020	31 December 2019
Demand deposits	797.854	715.995
Time deposits	48.750.104	73.575.405
	49.547.958	74.291.400
Balances with related parties		
Halk Varlık Yönetimi A.Ş. lease certificate issuance (Note 22)	335.615.485	367.171.740
Short-term loans received from Halk Bank	47.231.352	31.143.131
Long-term loans received from Halk Bank	70.861.117	1.058.667
Halk Leasing financial lease agreement (Note 22)	26.391.408	21.549.682
	480.099.362	420.923.220

	31 December 2020					
	Receivables		Payables			Prepaid Expenses
	Short-term		Short-term		Long-term	Short-term
Balances with related parties	Trade	Non-trade	Trade	Non-trade	Non-trade	Trade
Shareholders						
Halkbank A.Ş.	60	-	8.742	47.231.352	70.861.117	--
Other companies controlled by main shareholder						
Halk Leasing Finansal Kiralama A.Ş.(*)	-	-	-	12.957.765	13.433.643	52.208
Halk Varlık Kiralama A.Ş.	-	-	-	335.615.485	--	--
	60	-	8.742	395.804.602	84.294.760	52.208
	31 December 2019					
	Receivables		Payables			Prepaid Expenses
	Short-term		Short-term		Long-term	Short-term
Balances with related parties	Trade	Non-trade	Trade	Non-trade	Non-trade	Trade
Shareholders						
Halkbank A.Ş.	627	--	10.322	31.143.131	1.058.667	--
Other companies controlled by main shareholder						
Halk Hayat ve Emeklilik A.Ş.	--	--	--	--	--	7.246
Halk Leasing Finansal Kiralama A.Ş.(*)	2.487	--	--	15.332.102	6.217.580	--
Halk Varlık Kiralama A.Ş.	--	--	--	367.171.740	--	--
Halk Sigorta A.Ş.	--	--	45.482	--	--	414.748
	3.114	--	55.804	413.646.973	7.276.247	421.994

(*) The Group signed a contract with Buga Otis Asansör Sanayi ve Ticaret A.Ş. concerning the purchase of the vertical procurement works (lift and escalator) services of Halk Office Towers, which will be built within the scope of the Istanbul International Financial Center project and for the financing of the aforementioned service purchase, the Group also signed a finance lease contract with Halk Finansal Kiralama A.Ş. Assets acquired through finance leases are recognized under investment properties and borrowing cost amounting to TL 6,514,813 has been capitalized based on the principal payment amounting to TL 18,591,391 in 2020 (31 December 2019: borrowing cost amounting to TL 4,157,949 based on the principal payment amounting to TL 7,303,798).

Transactions with related parties	1 January - 31 December 2020					
	Interest income	Interest expenses	Currency difference expense	Rent income	Other expenses	Finance expense capitalized on investment properties
Shareholders						
Halkbank A.Ş.	(4.869.343)	10.003.142	--	(44.932.238)	695.365	(3.691.074)
Other companies controlled by the parent						
Halk Varlık Kiralama A.Ş.	--	33.734.958	--	--	--	(33.734.958)
Halk Hayat ve Emeklilik A.Ş.	--	--	--	(20.029)	8.323	--
Halk Leasing Finansal Kiralama A.Ş.	--	811.929	5.702.884	--	--	(6.514.813)
Halk Sigorta A.Ş.(*)	(4.869.343)	44.550.029	5.702.884	(44.952.267)	1.018.654	(43.940.845)

(*) The amount consists of building and health insurance services from Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş. The concerned companies have been unconsolidated as of 31 March 2020.

Transactions with related parties	1 January - 31 December 2019					
	Interest income	Interest expenses	Currency difference expense	Rent income	Other expenses	Finance expense capitalized on investment properties
Shareholders						
Halkbank A.Ş.	(6.602.940)	6.180.291	--	43.610.622	630.002	4.797.866
Other companies controlled by the parent						
Halk Varlık Kiralama A.Ş.	--	60.671.562	--	--	--	(60.671.562)
Halk Hayat ve Emeklilik A.Ş.	--	--	--	76.861	28.604	16.971
Halk Leasing Finansal Kiralama A.Ş.	--	2.234.707	--	--	--	(4.157.949)
Halk Sigorta A.Ş.(*)	(6.602.940)	69.086.560	2.191.728	--	1.348.288	--
			--	43.687.483	2.006.894	(60.031.645)

Compensation of key management personnel:

Key management personnel comprises members of board of directors and members of execution committee, general manager and deputy general manager. Compensation of key management personnel comprises salaries, premium, healthcare insurance and transportation. The remuneration of directors and other members of key management during the period is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Salaries and other short-term benefits	2.071.198	1.963.398
	2.071.198	1.963.398

5 - Trade Receivables And Payables

a) Trade Receivables:

The details of the Group's trade receivables as of balance sheet date are as follows:

Short-term trade receivables	31 December 2020	31 December 2019
Trade receivables	5.431.937	11.624.875
Trade receivables from related parties (Note 4)	60	3.114
Provision for doubtful receivables (-)	(85.605)	(116.280)
	5.346.392	11.511.709

The short-term trade receivables of the Group arising from the residences sold and leased under the projects developed are as follows;

Short-term trade receivables from sale of residences and rental properties	31 December 2020	31 December 2019
Sale of residences	1.567.262	5.488.061
Eskişehir Panorama Plus project	-	1.388.928
Bizimtepe Aydos project	1.552.864	2.922.933
Referans Bakırköy project	-	938.552
Erzurum Şehristan project	14.398	237.648
Rental properties (*)	3.864.735	6.139.928
	5.431.997	11.627.989

(*)Lease receivables consist of trade receivables secured by guarantee letters.

As of 31 December 2020, the total of overdue trade receivables (notes) is TL 139,624 (31 December 2019: TL 1,408,956).

Long-term trade receivables	31 December 2020	31 December 2019
Trade receivables	1.592.477	4.470.954
Provision for doubtful receivables (-) (*)	(5.435)	(44.710)
	1.587.042	4.426.244

(*) Consists of provisions for losses expected within the scope of TFRS 9.

Long-term trade receivables from sale of residences and rental properties	31 December 2020	31 December 2019
Sale of residences	1.592.477	4.470.954
Bizimtepe Aydos project	1.592.477	3.082.027
Eskişehir Panorama Plus project	-	1.388.927
	1.592.477	4.470.954

Movement of allowance for doubtful receivables	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	(160.990)	(161.350)
Provisions reversed	69.950	18.082
Charge for the period	--	(17.722)
Closing balance	(91.040)	(160.990)

Explanations about the nature and level of risks related to trade receivables are provided in Note 23.

b) Trade Payables:

The details of the Group's trade payables as of balance sheet date are as follows:

Short-term trade payables	31 December 2020	31 December 2019
Trade payables	30.887.316	2.899.627
Trade payables to related parties (Note 4)	8.742	55.804
	30.896.058	2.955.431

Explanations about the nature and level of risks related to trade payables are provided in Note 23.

6 - Inventories

Land stocks	31 December 2019 Cost value	Addition	Disposal	Transfer	31 December 2020 Cost value
Referans Bakırköy Residence Project ⁽¹⁾	314.639	--	(218.132)	--	96.507
Panaroma Plus Residence Project ⁽²⁾	2.242.080	--	(2.242.080)	--	--
Sancaktepe - Residence Project ⁽³⁾	53.255.447	--	(50.632.360)	(377.155)	2.245.932
Erzurum - Şehristan Project ⁽⁴⁾	4.043.415	--	(3.730.814)	--	312.601
İzmir Project ⁽⁵⁾	8.050.882	7.472.929	--	--	15.523.811
Total	67.906.463	7.472.929	(56.823.386)	(377.155)	18.178.851

Land stocks	31 December 2018 Cost value	Addition	Disposal	Transfer	31 December 2019 Cost value
Referans Bakırköy Residence Project ⁽¹⁾	473.957	--	(159.318)	--	314.639
Panaroma Plus Residence Project ⁽²⁾	4.633.813	--	(2.391.733)	--	2.242.080
Sancaktepe - Residence Project ⁽³⁾	69.511.723	--	(12.901.344)	(3.354.932)	53.255.447
Erzurum - Şehristan Project ⁽⁴⁾	27.714.455	--	(23.671.040)	--	4.043.415
İzmir Project ⁽⁵⁾	6.601.383	2.273.274	--	(823.775)	8.050.882
Total	108.935.331	2.273.274	(39.123.435)	(4.178.707)	67.906.463

(1) The Group has arranged a bid to develop a project on Bakırköy Land as Land Sale of Revenue Sharing Agreement (LSRSA) and as a consequence signed a contract with a firm on 17 February 2012. The projected land cost of the Group is TL 31,765,625. The company received its first building license on 31 May 2012. There are 254 and 73 commercial units in the Referans Bakırköy project. The Group issued condominium deeds on 29 April 2015. In 2017, the Group realized sharing in-kind and while 27 independent units left to the contractor, 9 independent units remained in the Group. Within the period of 31 December 2020, 1 house sales revenue amounting to TL 357,000 and cost of sales amounting to TL 225,272 have been recorded (31 December 2019: transfer of 1 deeds, revenue in the amount of TL 808,000 and cost of sales relating to these sales amounting to TL 159,318. Cost of sales includes taxes, duties and charges). There is no restriction on the land stock.

(2) The Group has obtained a construction license on a land of 13,073 square meters located in Eskişehir, Odunpazarı, Osmangazi Mahallesi, in lot no 1452 and parcel no 89, 90 and 110 on 22 April 2013. There are 97 residences and 5 commercial units in the project. The construction servitude and condominium title deeds of 97 residences and 5 commercial units were issued on 30 December 2014 and 2 November 2015, respectively. Within period of 31 December 2020, after the transfer of property deeds of 6 independent units, sales revenue amounting to TL 3,805,000 has been recognized under revenue and TL 3,713,572 has been recognized under cost of sales. (31 December 2019: transfer of 4 deeds, revenue in the amount of TL 2,770,000 and cost of sales relating to these sales amounting to TL 2,434,883). Cost of sales includes taxes, duties and charges. There is no restriction on the land stock.

(3) As at 16 October 2014, a land was purchased in İstanbul, Sancaktepe, Samandıra Mahallesi for TL 110,000,000 by Halk GYO-Vakıf GYO Joint Operation for real estate development project. The main contractor services agreement was signed at 22 October 2015 and the construction permit was granted on 6 November 2015. The Company issued property deeds on 8 February 2019. As of 31 December 2020, delivery process of 226 independent units has been completed. Total sales amounting to TL 74,097,694 and TL 52,306,032 cost of sales have been recognized (31 December 2019: transfer of 59 independent units, sales income amounting to TL 17,629,163 and cost of sales amounting to TL 13,021,013 have been recognized as income from residence sales and cost of residences).

(4) As at 1 April 2016, a land was purchased in Erzurum, Yakutiye, Gez Mahallesi for TL 17,500,000 by Halk GYO-Er Konut Joint Venture for real estate development project. A contract was signed with the main contractor company on 31 May 2016. A building license was obtained on 10 May 2016. The Company issued condominium deeds on 30 January 2019. As of 31 December 2020 delivery transactions of 31 independent units are completed. Total sales amounting 6,687,943 TL and 3,915,126 have been recognized as cost of sales (31 December 2019: transfer of 207 independent units, TL 33,455,033 and TL 24,167,797 have been recognized as cost of sales). There is no restriction on the land stock.

(5) As of 24 August 2017, Halk GYO and Teknik Yapı Joint Operation signed a LSRSA contract for a mixed project on the parcels located in İzmir, Konak Province, Umurbey and Kuruçay districts and this amount comprise of the official expenses made for the project. There is no restriction on the land. In the scope of the 1st Phase LSRSA contract (Evora İzmir), the building licenses for 451 residences with Lot no. 7700 and Parcel no. 1 were received on 27 September 2018, the building licenses for 321 residences with Lot no. 7689 and Parcel no. 1 were received on 2 November 2018, building licenses for 260 independent units consisting of 195 residence and 65 commercial units at Lot no 8110 and Parcel no 1, and for 2 commercial units at Lot no 8115 and Parcel no 3 were received on 30 June 2020, and total number of units for which the licenses were received is 1,034. As of 31 December 2020, a preliminary sales contract was signed for 364 independent units. (31 December 2019: for 34 independent units, a preliminary sales contract was signed.)

7 - Prepaid Expenses And Deferred Income

Short-Term Prepaid Expenses	31 December 2020	31 December 2019
Order advances given (*)	741.107	9.557.421
Prepaid insurance expenses	390.014	421.994
Other	393.760	93.373
	1.524.881	10.072.788

Long-Term Prepaid Expenses	31 December 2020	31 December 2019
Order advances given (*)	108.632.994	96.714.586
Other	121.893	38.829
	108.754.887	96.753.415

(*) Investment advances given	31 December 2020	31 December 2019
İstanbul Finance Center project	108.627.627	96.709.219
İzmir Evora project	741.107	9.557.421
Caddebostan project	5.367	5.367
	109.374.101	106.272.007

Short-Term Deferred Income	31 December 2020	31 December 2019
Deferred residential sale income	61.051.324	11.939.883
Advance rents	56.963	1.483.414
	61.108.287	13.423.297

Deferred Residence Sales Income	31 December 2020	31 December 2019
İzmir Evora project	59.808.222	8.718.935
Bizimtepe Aydos project	809.031	2.140.027
İstanbul Salıpazarı building	--	1.451.400
Erzurum Şehristan project	421.091	340.389
Bakırköy project	768	710.592
Eskişehir Odunpazarı project	12.212	61.954
	61.051.324	13.423.297

8 - Investment Properties

Fair value measurement of the Group's investment properties

As of 31 December 2020, the fair value of the Company's investment properties have been determined by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is an appraisal firm not related to Group. Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by CMB and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value of the properties owned is determined according to the sample comparison approach and cost value that reflects the current transaction prices for similar properties.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2020 and 31 December 2019 are as follows:

	Fair value as of the reporting date			
	31 December 2020	1. Level TL	2. Level TL	3. Level TL
Land	42.070.000	--	42.070.000	--
Buildings	1.407.517.500	--	732.147.500	675.370.000
Investment properties under development	1.810.440.000	--	30.440.000	1.780.000.000
	3.260.027.500	--	804.657.500	2.455.370.000

	Fair value as of the reporting date			
	31 December 2019	1. Level TL	2. Level TL	3. Level TL
Land	32.400.000	--	32.400.000	--
Buildings	1.273.200.000	--	679.780.000	593.420.000
Investment properties under development	1.410.350.000	--	27.100.000	1.383.250.000
	2.715.950.000	--	739.280.000	1.976.670.000

There were no transfers between Level 1 and Level 2 in the current year.

Reconciliation of the property, plant and equipment valued at Level 3 at the beginning and end of the period is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	1.976.670.000	1.701.958.098
Total gain/loss	233.659.678	138.587.377
- charged to profit/loss	229.870.322	136.124.525
Additions	15.170.000	--
Transfers from level 2 to level 3 (*)	2.455.370.000	1.976.670.000
Closing balance		

(*) The Group has transferred the appraised values which have been also determined as ultimate value in the valuation reports of Ankara Başkent Building among its investment properties fair value of which were determined by sample comparison approach and appraised by the Income Discounting Method, from level 2 to level 3 as it represents the values of the related properties more accurately, as of 31 December 2020.

As of 31 December 2020, the total amount of insurance on investment properties is TL 1,639,801,010 (31 December 2019: TL 1,610,135,654). As of 31 December 2020, the total amount of capitalized finance expenses on investment properties is TL 146,102,832 (31 December 2019: TL 101,342,328).

Investment properties	31 December 2019 Fair value	Addition	Disposal	Transfer	Fair value difference	31 December 2020 Fair value
İstanbul Salıpazarı Land	8.200.000	--	--	--	920.000	9.120.000
Erzurum Yakutiye Land	9.850.000	--	--	--	500.000	10.350.000
Erzurum Palandöken Lands	14.350.000	--	--	--	(1.750.000)	12.600.000
Sakarya Adapazarı Land	-	--	--	9.500.000	500.000	10.000.000
Total lands	32.400.000	--	--	9.500.000	170.000	42.070.000
İstanbul Karaköy Building	40.000.000	--	--	--	5.000.000	45.000.000
İstanbul Salıpazarı Building	85.000.000	--	--	--	15.000.000	100.000.000
İzmir Konak Building-1	33.900.000	--	--	--	4.600.000	38.500.000
Ankara Kızılay Building	22.400.000	--	--	--	2.600.000	25.000.000
İstanbul Beyoğlu Building	33.350.000	27.255	--	--	1.622.745	35.000.000
İstanbul Beşiktaş Building	22.750.000	--	--	--	3.000.000	25.750.000
İstanbul Etiler Building	23.700.000	--	--	--	2.800.000	26.500.000
İstanbul Şişli Building	20.000.000	--	--	--	2.500.000	22.500.000
İzmir Konak Building-2	18.250.000	--	--	--	2.750.000	21.000.000
Ankara Başkent Building	14.000.000	--	--	--	1.170.000	15.170.000
İstanbul Bakırköy Building	27.750.000	--	--	--	3.250.000	31.000.000
Bursa Building	17.250.000	--	--	--	2.000.000	19.250.000
Ankara Bahçelievler Building-1	11.550.000	--	--	--	1.450.000	13.000.000
Kocaeli Building	14.500.000	--	--	--	1.500.000	16.000.000
İstanbul Fatih Building	14.975.000	--	--	--	1.775.000	16.750.000
Sakarya Adapazarı Building	9.500.000	--	--	(9.500.000)	--	--
Ankara Bahçelievler Building-2	8.250.000	--	--	--	1.150.000	9.400.000
İstanbul Ataköy Building	14.750.000	--	--	--	2.000.000	14.750.000
İstanbul Nişantaşı Building	11.500.000	--	--	--	1.000.000	16.750.000
Halkbank Finance Tower	313.200.000	--	--	--	36.455.000	12.500.000
Park Dedeman Levent Hotel	275.000.000	--	--	--	11.200.000	349.655.000
Kocaeli Şekerpınar A Block	138.500.000	--	--	--	32.500.000	286.200.000
Kocaeli Şekerpınar Office Project	94.920.000	125.499	--	--	7.954.501	171.000.000
Eskişehir B12 Apartment	685.000	--	(685.000)	--	--	103.000.000
Eskişehir B13 Apartment	710.000	--	(710.000)	--	--	--
Bizimtepe Aydos T 1-2-3 No BB Nursery	2.358.000	--	--	--	257.000	--
Bizimtepe Aydos T 17-18-19-20-21-22 Nolu BB Market	1.666.500	--	--	--	173.500	2.615.000
Bizimtepe Aydos T 13 No BB Hairdresser	209.500	--	--	--	35.500	1.840.000
Bizimtepe Aydos T 16 No BB Nuts Shop	276.000	--	--	--	104.000	245.000
Bizimtepe Aydos T 26 No BB Real Estate Agency	325.500	--	--	--	2.000	380.000
Bizimtepe Aydos T 25 No BB Pharmacy	323.000	--	--	--	4.500	327.500
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	1.046.500	--	--	--	13.500	327.500
Bizimtepe Aydos T 39-40-41-42-43-44 Nolu BB Gift Shop	605.000	181.305	--	--	192.500	1.060.000
Bizimtepe Aydos T 27-28 No BB Real Estate Agency	--	--	--	--	162.750	797.500
Bizimtepe Aydos T 14 No BB Real Estate Agency16	--	181.305	--	--	141.399	245.000
Bizimtepe Aydos T 29-30-31-32 No BB Real Estate Agency17	--	--	--	--	318.695	500.000
Total buildings	1.273.200.000	529.910	(1.395.000)	(9.500.000)	144.682.590	1.407.517.500
İstanbul International Finance Center Project	1.383.250.000	229.744.823	--	--	167.005.177	1.780.000.000
İstanbul Caddebostan Building Project	27.100.000	82.128	(24.063)	--	3.281.935	30.440.000
Total investment properties under development	1.410.350.000	229.826.951	(24.063)	--	170.287.112	1.810.440.000
Total	2.715.950.000	230.356.861	(1.419.063)	--	315.139.702	3.260.027.500

Investment properties	31 December 2018 Fair value	Addition	Transfer	Fair value difference	31 December 2019 Fair value
İstanbul Salıpazarı Land	7.286.000	--	--	914.000	8.200.000
Erzurum Yakutiye Land	--	10.047.000	--	(197.000)	9.850.000
Erzurum Palandöken Land	--	14.637.000	--	(287.000)	14.350.000
Total lands	7.286.000	24.684.000	--	430.000	32.400.000
İstanbul Karaköy Building	37.825.000	--	--	2.175.000	40.000.000
İstanbul Salıpazarı Building	81.056.000	--	--	3.944.000	85.000.000
İzmir Konak Building-1	28.794.550	--	--	5.105.450	33.900.000
Ankara Kızılay Building	18.714.823	--	--	3.685.177	22.400.000
İstanbul Beyoğlu Building	28.741.669	--	--	4.608.331	33.350.000
İstanbul Beşiktaş Building	21.346.000	--	--	1.404.000	22.750.000
İstanbul Etiler Building	20.526.000	--	--	3.174.000	23.700.000
İstanbul Şişli Bulding	18.844.404	--	--	1.155.596	20.000.000
İzmir Konak Building-2	16.186.796	--	--	2.063.204	18.250.000
Ankara Başkent Building	12.642.550	--	--	1.357.450	14.000.000
İstanbul Bakırköy Building	25.154.333	--	--	2.595.667	27.750.000
Bursa Building	16.110.000	--	--	1.140.000	17.250.000
Ankara Bahçelievler Building-1	10.770.670	--	--	779.330	11.550.000
Kocaeli Building	13.100.920	--	--	1.399.080	14.500.000
İstanbul Fatih Building	13.475.250	--	--	1.499.750	14.975.000
Sakarya Adapazarı Building	10.979.699	--	--	(1.479.699)	9.500.000
Ankara Bahçelievler Building 2	9.000.000	--	--	(750.000)	8.250.000
İstanbul Ataköy Building	12.954.666	--	--	1.795.334	14.750.000
İstanbul Nişantaşı Building	10.288.500	--	--	1.211.500	11.500.000
Halkbank Finance Tower	228.385.286	473.965	--	84.340.749	313.200.000
Park Dedeman Levent Hotel	246.138.000	--	--	28.862.000	275.000.000
Kocaeli Şekerpınar Block-A	137.773.786	--	--	726.214	138.500.000
Kocaeli Şekerpınar Office Project	77.995.312	--	--	16.924.688	94.920.000
Eskişehir B12 Apartment	680.248	--	--	4.752	685.000
Eskişehir B13 Apartment	703.173	--	--	6.827	710.000
Bizimtepe Aydos T 1-2-3 Nolu BB Nursery	--	--	1.462.550	895.450	2.358.000
Bizimtepe Aydos T 17-18-19-20-21-22 Nolu BB Market	--	--	799.931	866.569	1.666.500
Bizimtepe Aydos T 13 Nolu BB Nuts Shop	--	--	103.601	105.899	209.500
Bizimtepe Aydos T 16 Nolu BB Hairdresser	--	--	106.997	169.003	276.000
Bizimtepe Aydos T 26 Nolu BB Real Estate Agency	--	--	135.420	190.080	325.500
Bizimtepe Aydos T 25 Nolu BB Pharmacy	--	--	134.490	188.510	323.000
Bizimtepe Aydos T 23-24 Nolu BB Real Estate Agency	--	--	323.378	723.122	1.046.500
Bizimtepe Aydos T 39-40-41-42-43-44 Nolu BB Gift Shop	--	--	288.565	316.435	605.000
Total Buildings	1.098.187.635	473.965	3.354.932	171.183.468	1.273.200.000
İstanbul Finance Center Project	1.158.995.000	136.124.525	--	88.130.475	1.383.250.000
İstanbul Caddebostan Building Project	24.303.775	105.170	--	2.691.055	27.100.000
Total investment properties under development	1.183.298.775	136.229.695	--	90.821.530	1.410.350.000
Total	2.288.772.410	161.387.660	3.354.932	262.434.998	2.715.950.000

Comparable Sales Approach	Acquisition Date	Acquisition Amount	Appraisal Method	Appraisal Dste	Appraisal Value
İstanbul Salıpzarı Land	26 January 2018	5.178.343	Comparable Sales Approach	24 November 2020	9.120.000
Erzurum Yakutiye Land ¹	30 September 2019	10.047.000	Comparable Sales Approach	22 December 2020	10.350.000
Erzurum Palandöken Land ²	5 September 2019	14.637.000	Comparable Sales Approach	11 - 22 December 2020	12.600.000
Sakarya Adapazarı Building ³	28 October 2010	5.960.000	Comparable Sales Approach	17 December 2020	10.000.000
Total lands		29.862.343			42.070.000
Ankara Bahçelievler Building 1	28 October 2010	6.681.356	Comparable Sales Approach	11 December 2020	13.000.000
Ankara Bahçelievler Building 2 ⁴	28 October 2010	5.684.746	Comparable Sales Approach	4 December 2020	9.400.000
Ankara Başkent Building	28 October 2010	9.541.729	Revenue Discount Method	11 December 2020	15.170.000
Ankara Kızılay Building	28 October 2010	12.475.237	Comparable Sales Approach	14 December 2020	25.000.000
Ataşehir Finance Tower	12 January 2012	126.548.795	Comparable Sales Approach	15 December 2020	349.655.000
Bursa Building	28 October 2010	8.500.000	Comparable Sales Approach	9 December 2020	19.250.000
Eskişehir B12 Apartment ⁵	24 January 2012	680.634	Comparable Sales Approach	-	--
Eskişehir B13 Apartment ⁶	24 January 2012	607.604	Comparable Sales Approach	-	--
İstanbul Ataköy Building	28 October 2010	5.061.500	Comparable Sales Approach	9 December 2020	16.750.000
İstanbul Bakırköy Building	28 October 2010	9.023.500	Comparable Sales Approach	9 December 2020	31.000.000
İstanbul Beşiktaş Building ⁷	27 October 2010	11.893.840	Comparable Sales Approach	10 December 2020	25.750.000
İstanbul Beyoğlu Building ⁸	28 October 2010	12.000.000	Comparable Sales Approach	16 October 2020	35.000.000
İstanbul Etiler Building	27 October 2010	11.000.000	Comparable Sales Approach	10 December 2020	26.500.000
İstanbul Fatih Building	28 October 2010	6.380.000	Comparable Sales Approach	9 December 2020	16.750.000
İstanbul Karaköy Building ⁹	2 November 2010	23.500.000	Comparable Sales Approach	2 December 2020	45.000.000
İstanbul Nişantaşı Building	2 November 2010	5.000.000	Comparable Sales Approach	9 November 2020	12.500.000
İstanbul Salıpzarı Building	28 October 2010	38.050.960	Revenue Discount Method	24 November 2020	100.000.000
İstanbul Şişli Building	2 November 2010	11.000.000	Comparable Sales Approach	9 December 2020	22.500.000
İzmir Konak Building-1	2 November 2010	13.400.000	Comparable Sales Approach	18 December 2020	38.500.000
İzmir Konak Building-2 ¹⁰	2 November 2010	10.290.000	Comparable Sales Approach	22 December 2020	21.000.000
Kocaeli Building	28 October 2010	6.519.193	Comparable Sales Approach	9 December 2020	16.000.000
Kocaeli Şekerpınar Block-A	11 September 2012	67.860.443	Revenue Discount Method	24 November 2020	171.000.000
Kocaeli Şekerpınar Block-B ¹¹	11 September 2012	39.830.221	Revenue Discount Method	24 November 2020	103.000.000
Levent Hotel Project ²³	3 November 2010	91.186.481	Revenue Discount Method	2 December 2020	286.200.000
Bizimtepe Aydos T 1-2-3 Nolu BB Nursery ¹²	10 April 2019	1.462.550	Comparable Sales Approach	6 November 2020	2.615.000
Bizimtepe Aydos T 17-18-19-20-21-22 Nolu BB Market ¹³	16 April 2019	799.931	Comparable Sales Approach	6 November 2020	1.840.000
Bizimtepe Aydos T 13 Nolu BB Hairdresser ¹⁴	10 June 2019	103.601	Comparable Sales Approach	6 November 2020	245.000
Bizimtepe Aydos T 16 Nolu BB Nuts Shop ¹⁵	23 May 2019	106.997	Comparable Sales Approach	6 November 2020	380.000
Bizimtepe Aydos T 26 Nolu BB Real Estate Agency ¹⁶	19 September 2019	135.420	Comparable Sales Approach	6 November 2020	327.500
Bizimtepe Aydos T 25 Nolu BB Pharmacy ¹⁷	1 October 2019	134.490	Comparable Sales Approach	6 November 2020	327.500
Bizimtepe Aydos T 23-24 Nolu BB Real Estate Agency ¹⁸	30 October 2019	323.378	Comparable Sales Approach	6 November 2020	1.060.000
Bizimtepe Aydos T 39-40-41-42-43-44 Nolu BB Gift Shop ¹⁹	22 November 2019	288.565	Comparable Sales Approach	6 November 2020	797.500
Bizimtepe Aydos T 27-28 Nolu BB Real Estate Agency ²⁰	27 Mart 2020	92.250	Comparable Sales Approach	6 November 2020	255.000
Bizimtepe Aydos T 14 Nolu BB Real Estate Agency ²¹	10 April 2020	103.601	Comparable Sales Approach	6 November 2020	245.000
Bizimtepe Aydos T 29-30-31-32 Nolu BB Real Estate Agency ²²	27 April 2020	181.305	Comparable Sales Approach	6 November 2020	500.000
Total buildings		536.448.326			1.407.517.500
İstanbul Caddebostan Urban Transformation Project	3 November 2010	6.300.000	Comparable Sales Approach	28 December 2020	30.440.000
İstanbul Finance Center Project	28 October 2010	229.846.920	Cost Method	17 December 2020	1.780.000.000
Total investment properties under development		236.146.920			1.810.440.000
Total		802.457.589			3.260.027.500

Leases	Rent Income 2020	Operating Expenses 2020 (TL)	Rent Income 2019	Operating Expenses 2019 (TL)
--		62.012	--	54.094
--	-	16.721	--	--
--		16.323	--	--
--		19.342		54.094
		114.398	932.748	74.878
Halk Bankası A.Ş.	970.205	19.178	387.000	4.792
İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	567.587	5.494	1.446.061	19.544
Ceda Akaryakıt İnş. Emlak Tur. Ltd Şti, Halkbank A.Ş.	1.458.985	28.497	1.775.067	34.102
Halk Bankası A.Ş.	1.851.863	41.225	16.785.000	454.945
Halk Bankası A.Ş.	18.249.000	3.163.659	1.235.849	18.496
Halk Bankası A.Ş.	1.313.486	25.982	33.700	2.327
Real Person	3.931	112	33.544	2.490
Real Person	4.023	120	1.034.060	15.979
Halk Bankası A.Ş.	1.088.208	18.137	1.842.051	17.264
Halk Bankası A.Ş.	1.940.046	20.432	1.674.592	48.477
Halk Bankası A.Ş.	1.149.614	23.617	1.436.800	69.370
Halk Bankası A.Ş.	189.357	83.837	1.306.182	37.456
Halk Bankası A.Ş.	1.376.578	53.743	837.296	36.501
Halk Bankası A.Ş.	889.294	36.435	--	59.919
--	--	58.403	703.329	9.916
Halk Bankası A.Ş.	744.927	13.021	5.932.952	281.086
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	4.111.400	380.172	1.289.436	37.089
Halk Bankası A.Ş.	1.366.032	42.709	1.758.321	96.751
Halk Bankası A.Ş.	1.820.396	60.465	1.190.256	67.290
Halk Bankası A.Ş. , Halk Hayat ve Emeklilik A.Ş.	1.189.623	119.175	1.172.214	14.603
Halk Bankası A.Ş.	1.218.211	17.251	7.643.021	309.698
Halk Bankası A.Ş.	8.617.147	320.488	--	405.336
--	--	488.778	21.051.851	179.859
Dedeman Turizm Yönetimi A.Ş.	11.241.560	183.955	--	17.793
Yakın Ufuklar Eğitim Kurumları A.Ş.	182.535	6.026	82.167	1.213
Mopaş Marketçilik Gıda San. ve Tic. A.Ş.	156.131	1.861	58.450	643
Real Person	11.469	412	6.300	181
Real Person	13.218	505	5.950	182
Akatlı Grup Gayrimenkul İnş San ve Dış Tic Ltd Şti	14.700	529	--	64
Real Person	17.092	529	2.800	64
Akatlı Grup Gayrimenkul İnş San ve Dış Tic Ltd Şti	51.483	1.402	274	144
Meşgalem Hediye San. A.Ş.	27.040	1.418		99
Akatlı Grup Gayrimenkul İnş San ve Dış Tic Ltd Şti	6.000	133		
Habitad Gayrimenkul İnş.Eml.Eğit. Danış.ve Paz. Tic. AŞ	2.267	120		
Akatlı Grup Gayrimenkul İnş San ve Dış Tic Ltd Şti	9.000	261		
--	61.852.408	5.218.081	71.657.271	2.300.758
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
Total	61.852.408	5.332.479	71.657.271	2.372.645

- 1- Erzurum Yakutiye Land was transferred from Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş. to Halk GYO A.Ş. on 30 September 2019.
- 2- Erzurum Palandöken Land was transferred from Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş. to Halk GYO A.Ş. on 05 September 2019.
- 3- Upon detecting that Sakarya Adapazarı Building posed risks, the building was demolished and turned into a land, and classified as land in the financial statements.
- 4- Ankara Bahçelievler Building 2 lease contract has expired as of 24 May 2017; the building has been leased to İpekyol Giyim San. Paz. ve Tic. A.Ş. as of 1 April 2019.
- 5- Eskişehir Block B Apartment No 12 was sold on 11 February 2020 and there is no lease income as of this date.
- 6- Eskişehir Block B Apartment No 13 was sold on 11 February 2020 and there is no lease income as of this date.
- 7- Due to the building reinforcement work in İstanbul Beşiktaş Building, no lease income could be generated between 7 June 2020 – 11 October 2020.
- 8- Lease contract with T.Halk Bankası AŞ of İstanbul Beyoğlu Building terminated as of 15 February 2020. A new lease contract was signed with Taksim Yatırım Gayrimenkul AŞ as of 22 October 2020. Lease income will start to be generated after 20 months following the acquisition of the required permissions for building reinforcement.
- 9- İstanbul Karaköy Building lease contract was expired on 23 October 2017.
- 10- Lease contract with Halk Hayat ve Emeklilik AŞ., the lessee of İzmir Konak 2 building terminated as of 31 August 2020.
- 11- Marketing activities are ongoing for Kocaeli Şekerpinar Block B Building.
- 12- Bizimtepe Aydos T Blok Independent Sections Numbered 01,02,03 (Nursery) were leased to Yakın Ufuklar Eğitim Kurumları A.Ş. on 10 April 2019.

Operating leases

The Group as lessor

The Group has signed operating leases with Halkbank, Ceda Akaryakıt Turizm, Sapaz Otelcilik Turizm, Caba İnşaat Otelcilik, İpekyol Giyim, Yakın Ufuklar Eğitim, Mopaş Marketçilik, Akatlı Group and 4 real persons. As of 31 December 2020 and 31 December 2019 annual minimum lease amounts concerning the remaining lease terms are as follows:

Operating leases	31 December 2020	31 December 2019
Less than one year	52.366.961	58.923.363
Between one and five years	205.959.191	176.148.370
More than five years	241.762.696	164.322.235
	500.088.848	399.393.968

- 13- Bizimtepe Aydos Trade Block Independent Sections Numbered 17,18,19,20,21,22 (Market) were leased to Mopaş Marketçilik Gıda San ve Tic A.Ş. on 16 April 2019.
- 14- Bizimtepe Aydos Trade Block Independent Section Numbered 13 (Coiffeur) was leased to a real person on 23 May 2019.
- 15- Bizimtepe Aydos Trade Block Independent Section Numbered 16 (Dried fruits and nuts store) was leased to natural person on 10 June 2019.
- 16- Bizimtepe Aydos Trade Block Independent Section Numbered 26 (Real estate agency) was leased to Akatlı Grup Gayrimenkul İnş.San. ve Dış Tic. Ltd. Şti. on 19 September 2019.
- 17- Bizimtepe Aydos Trade Block Independent Section Numbered 25 (Pharmacy) was leased to a real person on 1 October 2019.
- 18- Bizimtepe Aydos Trade Block Independent Sections Numbered 23,24 (Real estate agency) were leased to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Şti. on 30 October 2019.
- 19- Bizimtepe Aydos Trade Block Independent Sections Numbered 39,40,41,42,43,44 (Souvenir shop) were leased to a real person on 22 November 2019.
- 20- Bizimtepe Aydos Ticaret Blok Ticaret Block No. 27.28 Independent Sections (Realtor) was rented to Akatlı Group on 27 March 2020.
- 21- Bizimtepe Aydos Ticaret Blok Ticaret Block No. 14. Independent Sections (Realtor) was rented to Habitad Gayrimenkul İnş. Eml. Eğit. Ve Paz. A.Ş. on 10 April 2020.
- 22- Bizimtepe Aydos Ticaret Blok Ticaret Block No. 29,30,31,32 Independent Sections (Realtor) was rented to Akatlı Grup Gayrimenkul İnş. San. ve Dış Tic. Ltd. Şti. on 27 April 2020.
- 23- Lease contract with Dedeman Turizm Yönetimi A.Ş. of Levent Hotel Building terminated as of 31 December 2020, and a lease contract was signed with Caba İnşaat Enerji Tur. San. ve Tic. A.Ş. so as to be effective in 2021.

9 - Property, Plant And Equipment

Cost Value	Furniture and fixture	Leashold improvements	Right-of use assets (*)	Total
Opening balance as of 1 January 2020	2.010.704	3.678.796	2.017.401	7.706.901
Additions	577.830	2.045.738	514.567	3.138.135
Disposals	(52.163)	--	--	(52.163)
Closing balance as of 31 December 2020	2.536.371	5.724.534	2.531.968	10.792.873
Accumulated Depreciation				
Opening balance as of 1 January 2020	(1.287.940)	(1.330.177)	(664.185)	(3.282.302)
Charge for the period	(297.201)	(2.285.843)	(873.010)	(3.456.054)
Disposals	31.705	--	--	31.705
Closing balance as of 31 December 2020	(1.553.436)	(3.616.020)	(1.537.195)	(6.706.651)
Net carrying value as of 31 December 2020	982.935	2.108.514	994.773	4.086.222

Cost Value	Furniture and fixture	Leashold improvements	Right-of use assets (*)	Total
Opening balance as of 1 January 2019	1.855.540	670.527	--	2.526.067
Additions	166.181	2.184.494	2.017.401	4.368.076
Transfers	--	663.427	--	(36.324)
Disposals	(11.017)	--	--	(11.017)
Closing balance as of 31 December 2019	2.010.704	3.678.796	2.017.401	7.706.901
Accumulated Depreciation				
Opening balance as at 1 January 2019	(1.062.715)	(663.032)	--	(1.725.747)
Charge for the period	(235.779)	(667.091)	(664.185)	(1.567.055)
Disposals	10.500	--	--	10.500
Closing balance as of 31 December 2019	(1.287.994)	(1.330.123)	(664.185)	(3.282.302)
Net carrying value as of 31 December 2019	722.710	2.348.673	1.353.216	4.424.599

(*) Assets arising from operating leases consist of assets that the Group uses within the scope of building and vehicle lease contract.

The following useful lives are used in the calculation of depreciation:

	Useful Life
Furniture and fixture	5 years
Leashold improvements	3 years
Right-of use assets	3 years

Depreciation expenses of TL 2,251,350 (31 December 2019: TL 951,045) have been charged in marketing expenses and TL 1,257,231 (31 December 2019: TL 616,010) have been charged in general administrative expenses.

10 - Intangible Assets

Cost Value	Other Intangible Assets
Opening balance as of 1 January 2020	1.023.724
Additions	97.239
Closing balance as of 31 December 2020	1.120.963
Accumulated Amortization	
Opening balance as of 1 January 2020	(717.765)
Charge for the period	(52.527)
Closing balance as of 31 December 2020	(770.292)
Net carrying value as of 31 December 2020	350.671

Cost Value	Other Intangible Assets
Opening balance as of 1 January 2019	1.019.841
Additions	3.883
Closing balance as of 31 December 2019	1.023.724
Accumulated Amortization	
Opening balance as of 1 January 2019	(673.528)
Charge for the period	(44.237)
Closing balance as of 31 December 2019	(717.765)
Net carrying value as of 31 December 2019	305.959

Amortization expenses of TL 52,527 (31 December 2019: TL 44,237) have been charged in general administrative expenses.

The following useful lives are used in the calculation of amortization:

	Useful Life
Other intangible assets	2-10 years

11 - Provisions, Contingent Assets And Liabilities

a) Provisions

As at 31 December 2020 and 31 December 2019, lawsuit details is as follows:

Other short-term provisions	31 December 2020	31 December 2019
Lawsuit provision	--	2.036
	--	2.036
		Provision for legal claims
Balance as of 1 January 2020		2.036
Provision reversed		(2.036)
Balance as of 31 December 2020		--
		Provision for legal claims
Balance as of 1 January 2019		205.335
Additional provisions recognized		(203.299)
Balance as of 31 December 2019		2.036

b) Collateral, Pledge and Mortgage

As per the decision of the CMB, made in the meeting no. 28/780, dated 9 September 2009, in which the collateral-pledge-mortgages ("CPM") given by publicly owned companies to the guarantee a third party's debts;

For companies other than publicly owned investment trusts and financial institutions, no limitation is imposed;

- i) For their own corporate identities,
- ii) In favour of fully consolidated subsidiaries,
- iii) In favour of 3rd parties in the normal course of their operations,

After the decision is published at the Public Disclosure Platform, publicly owned companies would not give commitments, except for those given under normal course of their operations, to natural entities or corporations

other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitment has already been given it would be reduced to nil until 31 December 2014.

The Group has ongoing 1 tax case on behalf of its own legal entity that is opened by the Group and it also has 13 lawsuits against the Group comprised of 3 consumer cases, 1 case in enforcement court, 1 negative declaratory action, 5 civil lawsuits, 1 case in civil court of first instance and 1 labor lawsuit, and 1 annulment suit in administrative court. There are 3 cases which has resulted in favor of the Group. 1 of these cases is a consumer case, and 2 of them is the case in the enforcement court. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

Halk GYO-Vakıf GYO Joint Venture has 1 case in enforcement court which is ongoing, and it also has 26 consumer cases, 2 civil lawsuits, 1 case proceeding in enforcement court and 1 appeal to Consumer Arbitration Committee against Halk GYO-Vakıf GYO joint venture. In addition, there are 2 consumer cases and 1 case in enforcement court which resulted in favor of Halk GYO-Vakıf GYO Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There is no consumer cases filed by Halk GYO-Er konut Joint Venture. However, there is 1 case in first instance

	31 December 2020	31 December 2019
A. CPMs Given for Company's Own Legal Personality	395.808.339	243.141.245
-Collateral	245.808.339	93.141.245
-Pledge	--	--
-Mortgage	150.000.000	150.000.000
B. CPMs Given on Behalf of Fully Consolidated Companies	--	--
-Collateral	--	--
-Pledge	--	--
-Mortgage	--	--
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	162.181.423	123.314.837
-Collateral	162.181.423	123.314.837
-Pledge	--	--
-Mortgage	--	--
D. Total Amount of Other CPMs	--	--
i. Total Amount of CPMs Given on Behalf of the Parent	--	--
-Collateral	--	--
-Pledge	--	--
-Mortgage	--	--
ii. Total amount of CPMs given to on behalf of other Group Companies which are not in scope of B and C"	--	--
-Collateral	--	--
-Pledge	--	--
-Mortgage	--	--
iii. Total Amount of CPMs Given on Behalf of third parties which are not in scope of C"	--	--
-Collateral	--	--
-Pledge	--	--
-Mortgage	--	--
Total	557.989.762	366.456.082

court filed and ongoing against the Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There are 2 consumer cases, 1 case in civil court, 1 case in enforcement court and 2 significant administrative cases against Teknik Yapı-Halk GYO Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

A. CPMs Given for Company's Own Legal Personality	Project	CPM Type	31 December 2020	31 December 2019
Halk Bankası A.Ş.	Halkbank Finance Tower	Mortgage	150.000.000	150.000.000
İller Bankası A.Ş.	İstanbul Finance Center	Letter of Guarantee	244.899.015	92.161.474
T.C. İstanbul Büyükşehir Belediyesi	Dedeman Hotel	Letter of Guarantee	769.436	622.658
CNV Yapı Mimarlık San. Tic. A.Ş.	Caddebostan project	Guarantee Note	--	219.565
2,5 ve 8 No'lu Eskişehir İcra M üdürlükleri	Eskişehir project	Letter of Guarantee	126.448	124.108
Sakarya Elektrik Perakende Satış A.Ş.	Kocaeli project	Letter of Guarantee	13.440	13.440
			395.808.339	243.141.245

31 December 2020						
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of Guarantee	Letter of Conveyance	Limit of Guarantee	The Company's Share 50%	Sales Under Guarantee	The Company's Share 50%
Halk GYO-Vakıf GYO Joint Ventures (*)	--	3.548.671	662.565.000	331.282.500	2.868.539	1.774.336
Halk GYO-Er Konut Joint Ventures (**)	--	2.562.175	180.000.000	90.000.000	1.782.544	1.281.088
Teknik Yapı-Halk GYO Joint Ventures (***)	118.252.000	200.000.000	--	--	--	159.126.000
Total	118.252.000	206.110.846	842.565.000	421.282.500	4.651.083	162.181.423

(*) The balance consists of the guarantor fee given to the banks that the Company agreed in consideration of the loan amount when the customers of the pre-sales of residences at Bizimtepe Aydos Project use loans from these banks to buy residences in the scope of the relevant projects.

(**) The balance consists of the guarantor fee given to the banks that the Company agreed in consideration of the loan amount when the customers of the pre-sales of residences at Erzurum Şehristan Project use loans from these banks to buy residences in the scope of the relevant projects.

(***) In accordance to Teknik Yapı-Halk GYO Joint Operation İzmir Project, the joint operation has given guarantee letters for İzmir Konak Stage 1 Land Sale of Revenue Sharing amounting to TL 118,252,000 and the letter of conveyance to T.Halk Bankası A.Ş amounting to TL 200,000,000 as at 31 December 2020.

31 December 2019						
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of Guarantee	Letter of Conveyance	Limit of Guarantee	The Company's Share 50%	Sales Under Guarantee	The Company's Share 50%
Halk GYO-Vakıf GYO Joint Ventures (*)	45.918.370	--	650.000.000	325.000.000	20.491.733	33.205.052
Halk GYO-Er Konut Joint Ventures (**)	--	--	85.000.000	42.500.000	4.607.571	2.303.786
Teknik Yapı-Halk GYO Joint Ventures (***)	50.112.000	125.500.000	--	--	--	87.806.000
Total	96.030.370	125.500.000	735.000.000	367.500.000	25.099.304	123.314.837

The proportion of other CPM given by the Group to the Group's equity is as follows:

	31 December 2020	Equity Rate	31 December 2019	Equity Rate
A. CPMs Given for Company's Own Legal Personality	395.808.339	13,53%	243.141.245	9,43%
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties				
Halk GYO-Vakıf GYO Joint Ventures (*)	1.774.336	0,06%	33.205.052	1,29%
Halk GYO-Er Konut Joint Ventures (**)	1.281.088	0,04%	2.303.786	0,09%
Teknik Yapı-Halk GYO Joint Ventures (***)	159.126.000	5,44%	87.806.000	3,41%

As of 31 December 2020 and 31 December 2019 , Group's guarantee letters and notes received are as follows:

Collateral, Pledge and Mortgage Received	Project	CPM Type	31 December 2020	31 December 2019
YDA İnşaat San. Ve Tic. A.Ş.	İstanbul Finance Center	Letter of guarantee	131.362.964	144.617.238
Buga Otis Asansör San.ve Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	58.885.780	46.687.212
Dedeman Turizm Yönetimi A.Ş.	Levent Hotel (lessee)	Letter of guarantee	23.003.985	23.003.985
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	İstanbul Salıpaazarı (lessee)	Letter of guarantee	10.233.361	9.500.000
Er Konut İnş. Taah. İnşaat Malz. Nak. ve Mad.Tic.A.Ş.	Erzurum Şehristan	Letter of guarantee	3.150.000	3.150.000
UCD Yapı A.Ş.	İzmir Evora	Guarantee note	1.878.588	1.830.490
Haldiz İnşaat Otomotiv ve Tic. Ltd. Şti.	Bizimtepe Aydos	Guarantee note	1.550.463	9.477.466
Entegre Proje Yönetim Dan.Müh.Tic. A.Ş.	İstanbul Finance Center	Guarantee note	1.326.617	720.000
Teknik Yapı Proje A.Ş.	İzmir Evora	Letter of guarantee	746.045	1.326.617
Teknik Gayrimenkul Geliştirme A.Ş.	İzmir Evora	Guarantee note	733.900	701.500
Kaf ve İzmir Zemin A.Ş. Adi Ortaklığı	İzmir Evora	Letter of guarantee	714.365	--
Taksim Yatırım Gayrimenkul A.Ş.	Beyoğlu Lease Contract	Letter of guarantee	594.720	--
İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	Ankara Bahçelievler (lessee)	Letter of guarantee	350.000	300.000
Aktuna Ahşap San. ve Tic. Ltd Şti.	İzmir Evora	Letter of guarantee	207.638	--
Ceda Akaryakıt İnşaat Emlak Tur. Tic. Ltd. Şti.	Ankara Başkent (lessee)	Letter of guarantee	200.000	200.000
CNV Yapı Mimarlık San. Tic. Ltd. Şti.	Caddebostan project	Letter of guarantee	124.775	379.775
Biskon Yapı A.Ş.	Referans Bakırköy	Letter of guarantee	--	240.300
YPU Yapı Proje Uygulama Ltd. Şti.	İstanbul Finance Center	Letter of guarantee	--	30.975
Direk Reklam İnş. San. Tic. A.Ş.	Sancaktepe Project	Letter of guarantee	--	344.895
Other			460.521	304.440
			235.523.722	242.814.893

12 - Employee Benefits

Çalışanlara sağlanan faydalara ilişkin kısa vadeli karşılıklar

	31 December 2020	31 December 2019
Employee bonus accruals	1.030.090	892.244
Unused vacation accruals	778.539	700.645
	1.808.629	1.592.889

	31 December 2020	31 December 2019
Retirement pay provision	817.067	740.620
	817.067	740.620

Provision for retirement pay liability:

The movements of provision for retirement pay liability in the accounting periods for the years ended with 31 December 2020 and 31 December 2019, are as follows:

	1 January-31 December 2020	1 January-31 December 2019
Provision as of 1 January	740.620	529.935
Service cost	20.527	144.877
Interest cost	31.233	20.346
Retirement pay paid	(67.836)	(12.431)
Actuarial loss/gain	92.523	57.893
Provision as of 30 June	817.067	740.620

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 7,117.17 for each period of service at 31 December 2020 (31 December 2019: TL: 6,739.86).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits, stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. Accordingly, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.85% real discount rate (31 December 2019: 4.21%) calculated by using 9% annual inflation rate and 13.20% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 17.07% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 7,638.96 which is in effect since 1 April 2020 is used in the calculation of Group's provision for retirement pay liability (1 January 2019: TL 6,730.15).

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. If the discount rate would have been 1% higher/(lower), provision for employee termination benefits would decrease/(increase) by TL 110,537 / TL (133,508). If the anticipated turnover rate would have been 1% lower/(higher) while all other variables were held constant, provision for employee termination benefits would decrease/(increase) by TL (5,029) / TL 4,869.

13 - Other Assets And Liabilities

Other current assets	31 December 2020	31 December 2019
Deferred value added tax ("VAT") (*)	29.734.324	26.337.910
Deposits and guarantees given	76.143	233.779
Business advances given	15.938	13.198
Other	894.381	842.402
	30.720.786	27.427.289

Other non-current assets	31 December 2020	31 December 2019
Deferred value added tax ("VAT") (**)	33.748.888	25.120.626
	33.748.888	25.120.626

Details of Value Added Tax ("VAT") Carried Forward	Project	31 December 2020	31 December 2019
Halk GYO-Vakıf GYO Joint Venture	Bizimtepe Aydos	19.013.881	19.602.752
Halk GYO-Erkonut Joint Venture	Erzurum Şehristan	4.417.144	4.830.515
Halk GYO-Teknik Joint Venture	İzmir Evora	4.052.360	1.904.643
Halk Yapı Projeleri Geliştirme A.Ş.		2.250.939	-
		29.734.324	26,337,910

(**) As of 31 December 2020, the VAT balance of Halk GYO amounting to TL 33,748,888 is recognized under other non-current assets since collection is expected in long-term (31 December 2019: TL 25,120,626).

Other Current Liabilities	31 December 2020	31 December 2019
Deposits and guarantees received(*)	10.870.101	7.922.896
Taxes and funds payable	1.005.627	464.690
Other current liabilities	514.663	480.454
	12.390.391	8.868.040

(*) Deposits and guarantees received consist of cash guarantees received from contractors for projects under construction.

14 - Share Capital, Reserves And Other Equity Items

a) Share Capital

As of 31 December 2020 and 31 December 2019 the share capital held is as follows:

Shareholders	Group	%	31 December 2020	%	31 December 2019
Halkbank	A	1,58	15.326.700	1,58	14.663.070
Halkbank (*)	B	70,38	682.707.471	70,38	653.146.923
Halk Yatırım Menkul Değerler AŞ	A	0,04	366.038	0,04	350.189
Halk Finansal Kiralama AŞ	A	<0,01	1	<0,01	1
Publicly traded	B	28,00	271.599.790	28,00	259.839.817
Nominal capital		100	970.000.000	100	928.000.000
Total capital			970.000.000		928.000.000

(*) Türkiye Halk Bankası A.Ş. has 71,434,390.375, and Halk GYO A.Ş. has 27,346,398.639 nominal shares in the publicly traded held group as of 31 December 2020 (31 December 2019: 68,341,356 shares).

The Group shares are issued to the names into two groups; Group A and Group B. The Group A shares have the right to nominate the members of the Board of Directors ("BOD"). More than half of the BOD members are elected from the nominees of A Group shares and remaining members are elected from mutual nominees of A Group and B Group shares by the General Assembly. In capital increases new Group A shares are issued for Group A shares and new Group B shares are issued for Group B shares.

However, if the board of director restricts preemptive rights of shareholders, new shares are issued as Group B shares.

The Company has been established 1,500,000,000 shares with registered capital ceiling of TL 1,500,000,000 each with par value of TL 1. The Company's issued capital is 970,000,000 shares amounting to TL 970,000,000. All capital has been committed by the founders; TL 196,217,979 paid in cash, TL 307,500,000 incorporated into capital from reserves and TL 466,282,021 paid in kind

(real estates). TL 466,282,021 of the share capital has been paid in kind by main shareholder Halkbank.

As per the Board of Directors decision numbered 49/110 on 15 August 2012, the Company's capital was increased to TL 662,500,000. Increased capital of TL 185,500,000 corresponding to 185,500,000 shares were publicly offered during 13-15 February 2013. As at 20 June 2013, the Company increased its share capital by TL 11,138,704 from prior years' profit.

As of 5 June 2014, the Company increased its share capital by TL 24,261,296 from prior years' profit.

As of 11 June 2015, the Company increased its share capital to TL 743,000,000 by transferring TL 45,100,000 from prior years' profit to share capital.

As of 25 May 2016, the Company increased its share capital to TL 790,000,000 by transferring TL 47,000,000 from prior years' profit to share capital.

As of 15 August 2017, the Company increased its share capital to TL 820,000,000 by transferring TL 30,000,000 from prior years' profit to share capital.

As of 8 June 2018, the Company increased its share capital to TL 858,000,000 by transferring TL 38,000,000 from prior years' profit to share capital.

b) Treasury shares acquired

The Company's treasury shares acquired are accounted for at cost of repurchased shares out of the publicly traded shares. The Company holds 27,346,399 treasury shares as of 31 December 2020 (31 December 2019: 26,162,328 shares). The details of the treasury shares acquired for the year ended 31 December 2020 are as follows:

Transaction	Transaction date	Nominal value	Weighted average share price	Transaction amount
Repurchased shares	26 February 2013	933.649	1.34	1.251.090
Repurchased shares	27 February 2013	736.571	1.34	987.004
Repurchased shares	28 February 2013	1.000.000	1.34	1.340.000
Repurchased shares	1 March 2013	2.297.269	1.32	3.021.922
Repurchased shares	5 March 2013	3.455.130	1.33	4.608.678
Repurchased shares	11 March 2013	457.867	1.32	604.384
Repurchased shares	12 March 2013	586.245	1.32	773.843
Repurchased shares	15 March 2013	2.000.000	1.32	2.640.000
Repurchased shares	21 March 2013	7.210.586	1.33	9.582.612
Bonus shares from incorporating reserves	20 June 2013	314.024	--	--
Bonus shares from incorporating reserves	5 June 2014	683.977	--	--
Bonus shares from incorporating reserves	11 June 2015	1.271.466	--	--
Bonus shares from incorporating reserves	25 May 2016	1.325.030	--	--
Bonus shares from incorporating reserves	17 August 2017	845.764	--	--
Bonus shares from incorporating reserves	8 June 2018	1.071.301	--	--
Bonus shares from incorporating reserves	17 June 2019	1.973.449	--	--
Bonus shares from incorporating reserves	20 August 2020	1.184.071	--	--
Total repurchased shares		27.346.399		24.809.533

As of 17 June 2019, the Company increased its share capital to TL 928,000,000 by transferring TL 70,000,000 from prior years' profit to share capital.

As of 20 August 2020, the Company increased its share capital to TL 970,000,000 by transferring TL 42,000,000 from prior years' profit to share capital.

c) Share premiums/discounts

The surplus of sales price over nominal value of shares amounted to TL 64,925,000 during the initial public offering on 13-15 February 2013 were accounted for as share premium. Commission expenses and legal expenses which are related with the initial public offering amounting to TL 8,847,688 are netted off with share premium. Additionally, the differences of sales price over nominal value of own shares acquired amounted to TL 6,132,216 are netted off with share premium.

d) Restricted reserves appropriated from profit

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The

first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted. In accordance with the Turkish Commercial Code, the Company has to appropriate restricted reserve equivalent to the Company's treasury shares acquired. Such reserve can only be released in the amount of any sold or destroyed shares valued at acquisition cost. As of 31 December 2020, the Company's restricted reserves appropriated from profit are comprised of legal reserves amounting to TL 52,735,975 (31 December 2019: TL 49,937,018).

15 - Revenue And Cost Of Sales

a) Sales	1 January-31 December 2020	1 January-31 December 2019
Total income on properties	146.800.045	126.274.467
Income from sale of residence (*)	84.947.637	54.617.196
Rental income	61.852.408	71.657.271
Total income on debt instruments	5.065.818	3.704.407
Interest income on deposits	5.065.818	3.704.407
	151.865.863	129.978.874

(*) The Group recognized net sales amounting to 84,947,637 for the year ended 31 December 2020 after the committed property was transferred to the customer and the performance obligation guaranteed in the contract is fulfilled when customers had the control of the properties.

b) Cost of Sales	1 January-31 December 2020	1 January-31 December 2019
Cost of sales of residence	60.160.002	39.783.010
Insurance expenses	1.050.923	860.697
Property tax expenses	1.242.729	1.017.029
Expenses of maintenance, repair and participation in general expenses	38.892	224.962
Consulting and support service expenses	368.026	202.400
Tax and duty expenses	2.631.909	67.557
	65.492.481	42.155.655

16 - Expenses By Nature

	1 January-31 December 2020	1 January-31 December 2019
Cost of residence sales	60.160.002	39.783.010
Personnel expenses	12.938.210	10.854.041
Advertisement expenses	4.853.445	1.782.632
Depreciation and amortization expenses	3.508.581	1.611.292
Commission expenses	2.510.850	333.267
Taxes and duties	4.225.227	657.367
Building common expenses	795.352	1.542.499
Insurance expenses	1.050.923	860.697
Outsource service expenses	961.595	144.266
Property tax expenses	1.242.729	1.017.029
Maintanance expenses	413.804	380.376
Consulting expenses	1.112.427	889.721
Stationery and IT related expenses	160.859	151.627
Travel and car expenses	119.319	986.503
Rent expenses	115.473	545.079
Charity and donations	--	625.000
Other	229.623	126.229
	94.398.419	62.290.635

17 - General Administrative Expenses, Marketing And Sales Expenses

	1 January-31 December 2020	1 January-31 December 2019
General administrative expenses (-)	18.309.513	15.141.458
Marketing and sales expenses (-)	10.596.425	4.993.522
	28.905.938	20.134.980
a) Details of General Administrative Expenses	1 January-31 December 2020	1 January-31 December 2019
Personnel expenses	12.166.321	10.441.782
Advertisement expenses	1.662.924	616.010
Depreciation and amortization charges	1.257.231	144.266
Outsource servise expenses	961.595	430.131
Taxes and duties	1.022.865	808.850
Maintanance expenses	374.912	155.414
Consulting expenses	468.721	986.503
Stationery and IT related expenses	160.859	390.383
Travel and car expenses	119.319	151.627
Rent expenses	17.026	355.883
Donations and charity	--	625.000
Other	97.740	35.609
	18.309.513	15.141.458

b) Details of Marketing Expenses	1 January-31 December 2020	1 January-31 December 2019
Advertisement expenses	3.190.521	973.782
Commission expenses (*)	2.510.850	333.267
Depreciation and amortization charges	2.251.350	995.282
Consulting expenses	275.680	296.938
Building common expenses	795.352	1.542.499
Taxes and duties	570.453	159.679
Sales office rent expenses	98.447	189.196
Personnel expenses	771.889	412.259
Other	131.883	90.620
	10.596.425	4.993.522

(*) The amount comprises sales commissions paid related to the property projects.

Personel Expenses	1 January-31 December 2020	1 January-31 December 2019
Wages and salaries	8.762.283	7.671.854
Social Security Instituion employer's shares	1.383.832	1.126.608
Insurance expenses	662.993	584.624
Board of directors' remunerations	647.096	466.944
Provision expenses for retirement pay and unused vacation	604.278	557.254
Other	877.727	446.757
	12.938.210	10.854.041

18 - Other Income And Expenses From Operating Activities

Other income from operating activities:	1 January-31 December 2020	1 January-31 December 2019
Income on indemnified guarantees and penalties	--	934.018
Foreign exchange gains arising from activities	2.321.853	663.112
Incentives and discounts from public institutions	--	162.622
Income from waiver and cancellation of promise of sale	325.446	52.701
Provisions released	70.246	209.483
Other income	587.402	266.432
	3.304.947	2.288.368

Other expenses from operating activities:	1 January-31 December 2020	1 January-31 December 2019
Foreign exchange difference expense arising from activities	(3.632.521)	(446.391)
Delay interest discounts	(228.312)	--
Other expenditures related to sales returns	(290.358)	--
Non-deductible VAT	(112.500)	--
Other expenses	(26.833)	(35.361)
	(4.290.524)	(481.752)

19 - Finance Expenses

	1 January – 31 December 2020	1 January – 31 December 2019
Interest expenses from bank loans	12.476.648	9.250.624
Commision expenses	15.615.448	984.199
Expenses on finance leases	6.514.813	4.426.436
Short-term lease certificate interest expenses	28.968.027	55.699.510
Expenses on operating leases	354.672	192.515
Other expenses	--	--
	63.929.609	70.553.284
Less: Amounts included in the investment properties	(44.760.505)	(60.031.645)
Finance expense	19.169.104	10.521.639

20 - Income Taxes

According to the Article 5/1(d) (4) of the Corporate Tax Law numbered 520, earnings of real estate investment trusts are exempt from Corporate Income Tax in Turkey.

21 - Earnings Per Share

Earning per share	1 January – 31 December 2020	1 January – 31 December 2019
Weighted average number of shares	970.000.000	928.000.000
Net profit for the period	352.452.465	321.408.214
Earnings per share	0,3634	0,3463

22 - Financial Instruments

Financial Liabilities	31 December 2020	31 December 2019
a) Borrowing Instruments	335.615.485	367.171.740
b) Bank Loans	118.092.468	43.068.298
c) Finance Lease Payables(*)	26.391.408	21.549.682
d) Operating Lease Payables	1.117.575	1.617.415
	481.216.936	433.407.135

(*) The signed an agreement with Buğa Otis Asansör Sanayi ve Ticaret A.Ş. within the scope of service procurement for vertical transports (elevator and escalator) in Halk Office Towers to be built related to the project of Istanbul International Finance Center and signed financial lease agreement with Halk Finansal Kiralama A.Ş. for relevant service procurement.

Borrowing Instruments	31 December 2020	31 December 2019
Kısa vadeli kira sertifa Short-term lease certificates ikası	335.615.485	367.171.740
	335.615.485	367.171.740

The Group's lease certificate issue is detailed as follows:

The Date Of Issuance	Maturity date	Rate of return	Nominal amount	Redemption Date	Amortization Amount
19 December 2017	16 March 2018	%13,25	100.000.000	16 March 2018	103.158.384
16 March 2018	20 June 2018	%13,40	100.000.000	20 June 2018	103.528.384
23 March 2018	20 June 2018	%13,40	25.000.000	20 June 2018	25.816.849
20 June 2018	19 September 2018	%7,00	125.000.000	19 September 2018	130.297.945
19 September 2018	19 December 2018	%27,00	128.560.000	19 December 2018	129.614.742
12 October 2018	22 January 2019	%27,50	75.000.000	22 January 2019	80.763.699
19 December 2018	16 April 2019	%23,60	170.000.000	16 April 2019	182.970.150
22 January 2019	21 May 2019	%22,50	80.000.000	21 May 2019	85.868.480
16 April 2019	20 August 2019	%22,75	180.000.000	20 August 2019	194.136.120
21 May 2019	17 September 2019	%23,50	75.000.000	17 September 2019	80.746.200
20 August 2019	17 December 2019	%17,50	205.000.000	17 December 2019	216.696.070
17 September 2019	7 January 2020	%14,90	75.000.000	7 January 2020	78.429.000
9 October 2019	10 March 2020	%14,00	100.000.000	10 March 2020	105.868.400
17 December 2019	12 May 2020	%10,90	185.000.000	12 May 2020	193.121.130
7 January 2020	2 June 2020	%10,40	75.000.000	2 June 2020	78.141.300
10 March 2020	18 August 2020	%9,80	75.000.000	18 August 2020	78.242.025
2 June 2020	29 September 2020	%8,60	100.000.000	29 September 2020	102.803.800
12 May 2020	6 October 2020	%9,00	75.000.000	6 October 2020	77.718.525
18 August 2020	13 January 2021	%11,50	40.000.000	13 January 2021	--
29 September 2020	24 February 2021	%13,15	120.000.000	24 Şubat 2021	--
6 October 2020	10 March 2021	%13,15	120.000.000	10 March 2021	--
23 December 2020	6 April 2021	%17,4	46.000.000	6 April 2021	--

The Group's commercial bill issue is detailed as follows:

The Date Of Issuance	Maturity date	Rate of return	Nominal amount	Redemption Date	Amortization Amount
6 October 2017	30 March 2018	%14,10	93.668.000	30 March 2018	100.000.000
30 March 2018	19 September 2018	%14,85	74.739.200	19 September 2018	80.000.000
19 September 2018	21 December 2018	%28,50	46.615.000	21 December 2018	50.000.000

Bank Loans	31 December 2020	31 Aralık 2019
Short-term bank loans	6.313.225	38.612.972
Short-term portion of long term bank loans	40.918.126	3.396.659
Long-term bank loans	70.861.117	1.058.667
	118.092.468	43.068.298

23 - Nature And Level Of Risks Arising From Financial Instruments

Interest rates of financial liabilities are as follows:

31 December 2020				
Financial Instrument	Currency	Weighted average interest rate	Short-term	Short-term
Lease certificates	TL	%13,53	335.615.485	--
Fixed rate loans	TL	% 9,76	47.231.351	70.861.117
Financial lease agreement	EUR	% 5,10	12.957.765	13.433.643
Operating lease agreement	TL	% 23,5	757.030	298.793
Operating lease agreement	EUR	% 5,10	61.752	--
			396.623.383	84.593.553
31 December 2019				
Financial Instrument	Currency	Weighted average interest rate	Short-term	Short-term
Lease certificates	TL	% 12,62	367.171.740	--
Floating rate loans	TL	% 15,07	38.612.972	--
Fixed rate loans	TL	%8,00	3.396.659	1.058.667
Financial lease agreement	EUR	% 5,10	15.719.844	5.829.838
Operating lease agreement	TL	% 23,5	418.721	966.379
Operating lease agreement	EUR	% 5,10	66.752	165.563
			425.386.688	8.020.447

Maturities of bank borrowings are as follows:

Bank Loans	31 December 2020	31 December 2019
Less than 1 year	396.623.383	425.386.688
Between 1-2 years	59.608.580	5.937.754
Between 2-3 years	23.975.740	2.082.693
Between 3-4 years	1.009.233	--
	481.216.936	433.407.135

a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 22, comprising cash and cash equivalents, issued capital, reserves and prior years' profit.

The Group's board of directors reviews the capital structure of the Group on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Group balances its overall capital structure through the payment of dividends, new share issues and acquiring own shares, as well as the issue of new debt or the redemption of existing debt.

	31 December 2020	31 December 2019
Financial Liabilities	481.216.936	433.407.135
Less: Cash and Cash Equivalents	(49.553.215)	(74.285.277)
Net Debt	431.663.721	359.121.858
Total Shareholders Equity	2.926.488.712	2.578.219.682
Total Share Capital	970.000.000	928.000.000
Gearing ratio	%45	%39

b) Financial Risk Factors

The Group's activities expose it to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on Group's financial performance.

Risk management, is conducted by a treasury department with policies approved by the Board of Directors. Treasury department of the Group defines and evaluates the financial risk, and by working with the operation units

In addition and consistent with other entities in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

During 2020, the Group's strategy has not been change from 2019. As of 31 December 2020 and 31 December 2019 the net debt/capital ratio calculated as net debt divided by total capital (net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments) is as follows:

by using tools to decrease the risk. Board of Directors maintains generates a written procedure about foreign exchange risk, interest rate risk, credit risk, usage of derivative instruments and other non-derivative financial instruments, and evaluating excess liquidity or other various risks.

b.1) Credit risk management

Finansal araç türleri itibarıyla maruz kalınan kredi riskleri

31 December 2020	Receivables				Deposits at Banks
	Trade Receivables		Other Receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed as of balance sheet date [A+B+C+D] (*)	60	6.933.374	--	--	49.553.215
- Secured portion of the maximum credit risk by guarantees, etc. (**)	--	3.950.340	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	60	6.933.374	--	--	49.553.215
B. Net book value of financial assets that are past due but not impaired	--	--	--	--	--
C. Net book value of the impaired assets	--	--	--	--	--
- Past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
- Not past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
D. Off-balance sheet items include credit risk	--	--	--	--	--

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(**) Guarantees consist of guarantee letters, guarantee notes and mortgages obtained from the customers.

31 December 2019	Receivables				Deposits at Banks
	Trade Receivables		Other Receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed as of balance sheet date [A+B+C+D] (*)	3.114	15.972.432	--	--	74.285.277
- Secured portion of the maximum credit risk by guarantees, etc. (**)	--	6.139.928	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	3.114	15.972.432	--	--	74.285.277
B. Net book value of financial assets that are past due but not impaired	--	1.408.956	--	--	--
C. Net book value of the impaired assets	--	--	--	--	--
- Past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
- Not past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
D. Off-balance sheet items include credit risk	--	--	--	--	--

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(**) Guarantees consist of guarantee letters, guarantee notes and mortgages obtained from the customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group aims to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. Credit risks which the Group is exposed and credibility of customers are being monitored regularly. Credit risk is being controlled by the risk management committee through limits which are determined and annually controlled by the Board of Directors.

b.2) Liquidity risk management

The ultimate responsibility for liquidity risk management belongs to the Board of Directors. The Board of Directors has established a liquidity risk management in order to

meet short, mid and long term financing, and liquidity requirements. The Group manages liquidity risk by monitoring expected and actual cash flows closely, and by maintaining sustainability of sufficient borrowing funds through matching maturities of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk table:

31 December 2020					
Contractual Terms	Carrying value	Total Contractual Cash Outflows (I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)
Non-derivative financial liabilities					
Bank loans	118.092.468	135.175.550	6.847.441	43.265.664	85.062.445
Debt securities issued	335.615.485	343.245.348	294.964.760	48.280.588	--
Financial lease liabilities	26.391.408	27.926.180	5.486.637	7.736.660	14.702.882
Long-term liabilities from operating lease	1.117.575	1.192.483	293.240	579.102	320.141
Trade payables	30.896.058	30.896.058	30.896.058	--	--
Other liabilities	1.520.290	1.520.290	1.520.290	--	--
Total liabilities	513.633.284	539.955.909	340.008.426	99.862.015	100.085.469
31 December 2019					
Contractual Terms	Carrying value	Total Contractual Cash Outflows (I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)
Non-derivative financial liabilities					
Bank loans	43.068.298	43.386.360	39.507.983	2.685.031	1.193.346
Debt securities issued	367.171.740	377.418.530	184.297.400	193.121.130	--
Financial lease liabilities	21.549.682	22.477.343	3.873.327	11.619.981	6.984.035
Long-term liabilities from operating lease	1.617.415	2.076.075	346.182	853.301	876.592
Trade payables	2.955.431	2.955.431	2.955.431	--	--
Other liabilities	945.144	945.144	945.144	--	--
Total liabilities	437.307.710	449.258.883	231.925.467	208.279.443	9.053.973

b.3) Market risk management

During the current period, any change to either exposed risks or management and measurement methods of these risks, was not happened compared to the prior year.

b.3.1) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting period are as follows:

	31 December 2020		
	TL Amount	US Dollar	Euro
1. Trade Receivables	--	--	--
2a. Monetary Financial Assets	--	--	--
2b. Non-monetary Financial Assets	--	--	--
3. Other	--	--	--
4. Current Assets	--	--	--
5. Trade Receivables	52.208	--	5.796
6a. Monetary Financial Assets	--	--	--
6b. Non-monetary Financial Assets	--	--	--
7. Other	--	--	--
8. Non-Current Assets	52.208	--	5.796
9. Total Assets	52.208	--	5.796
10. Trade Payables	--	--	--
11. Financial Liabilities	13.019.517	--	1.445.344
12a. Monetary Other Liabilities	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--
13. Current Liabilities	13.019.517	--	1.445.344
14. Trade Payables	--	--	--
15. Financial Liabilities	13.433.643	--	1.491.318
16a. Monetary Other Liabilities	--	--	--
16b. Non-Monetary Other Liabilities	--	--	--
17. Non-Current Liabilities	13.433.643	--	1.491.318
18. Total Liabilities	26.453.160	--	2.936.662
19. 19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	--	--	--
19a. Assets on foreign currency derivative instruments	--	--	--
19b. Liabilities on foreign currency derivative instruments	--	--	--
20. Net Foreign Currency Assets/Liabilities Position	(26.400.952)	--	(2.930.867)
21. Monetary Items Net Foreign Currency Assets/Liabilities (1+2a+5+6a-10-12a-14-16a)	(26.400.952)	--	(2.930.867)

	31 December 2019		
	TL Amount	US Dollar	Euro
1. Trade Receivables	--	--	--
2a. Monetary Financial Assets	938.552	158.000	--
2b. Non-monetary Financial Assets	--	--	--
3. Other	--	--	--
4. Current Assets	938.552	158.000	--
5. Trade Receivables	2.581	--	388
6a. Monetary Financial Assets	--	--	--
6b. Non-monetary Financial Assets	--	--	--
7. Other	--	--	--
8. Non-Current Assets	2.581	--	388
9. Total Assets	941.133	158.000	388
10. Trade Payables	802	135	--
11. Financial Liabilities	15.276.116	--	2.296.953
12a. Monetary Other Liabilities	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--
13. Current Liabilities	15.276.918	135	2.296.953
14. Trade Payables	--	--	--
15. Financial Liabilities	6.505.883	--	978.240
16a. Monetary Other Liabilities	--	--	--
16b. Non-Monetary Other Liabilities	--	--	--
17. Non-Current Liabilities	6.505.883	--	978.240
18. Total Liabilities	21.782.800	135	3.275.193
19. 19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	--	--	--
19a. Assets on foreign currency derivative instruments	--	--	--
19b. Liabilities on foreign currency derivative instruments	--	--	--
20. Net Foreign Currency Assets/Liabilities Position	(20.841.668)	157.865	(3.274.805)
21. Monetary Items Net Foreign Currency Assets/Liabilities (1+2a+5+6a-10-12a-14-16a)	(20.841.668)	157.865	(3.274.805)

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit/loss or equity.

	31 December 2020			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dolar increases in 10% against TL				
1 - US Dolar net asset/liability	--	--	--	--
2- US Dolar hedges (-)	--	--	--	--
3- Net effect of US Dollar (1 +2)	--	--	--	--
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(2.640.095)	2.640.095	(2.640.095)	2.640.095
5 - Euro hedges (-)	--	--	--	--
6- Net effect of Euro (4+5)	(2.640.095)	2.640.095	(2.640.095)	2.640.095
	(2.640.095)	2.640.095	(2.640.095)	2.640.095
	31 December 2019			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dolar increases in 10% against TL				
1 - US Dolar net asset/liability	93.775	(93.775)	93.775	(93.775)
2- US Dolar hedges (-)	--	--	--	--
3- Net effect of US Dollar (1 +2)	93.775	(93.775)	93.775	(93.775)
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(2.177.942)	2.177.942	(2.177.942)	2.177.942
5 - Euro hedges (-)	--	--	--	--
6- Net effect of Euro (4+5)	(2.177.942)	2.177.942	(2.177.942)	2.177.942
	(2.084.167)	2.084.167	(2.084.167)	2.084.167

b.3.2) Interest rate risk management

The Group borrows funds at fixed interest rate. Risk hedging strategies are evaluated regularly in order to comply with interest rate anticipations and defined risks.

Interest rate sensitivity analysis

The details of the interest-bearing financial assets of the Group are as follows:

Interest position table	31 December 2020	31 December 2019
Fixed Interest Rate Instruments		
Financial Liabilities	481.216.936	394.794.163
Variable Interest Rate Instruments		
Financial Liabilities	-	38.612.972

24 - Financial Instruments (Fair Value Disclosures)

31 December 2020	Fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	49.553.215	--	49.553.215	26
Trade receivables	6.933.434	--	6.933.434	5
Financial liabilities				
Borrowings	--	481.216.936	481.216.936	22
Trade payables	--	30.887.316	30.887.316	5
Due to related parties	--	8.742	8.742	4
Other financial liabilities	--	1.520.290	1.520.290	13
31 December 2019	Fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	74.285.277	--	74.285.277	26
Trade receivables	15.937.953	--	15.937.953	5
Financial liabilities				
Borrowings	--	433.407.135	433.407.135	22
Trade payables	--	2.899.627	2.899.627	5
Due to related parties	--	55.804	55.804	4
Other financial liabilities	--	945.144	945.144	13

(*) The Group management considers the carrying amounts of financial assets approximate their fair values.

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions; and
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

25 - Events After The Reporting Period

"Adapazarı Building" owned by the Group, consisting of the stores with independent unit no 1-3 in the main property registered in Lot no 130 and parcel no 167 and independent unit with qualification of bureau no 23 at Sakarya Province, Adapazarı District, Cumhuriyet Quarter, was sold to Adapazarı Municipality for TL 12,655,000 including VAT on 15 January 2021, and the independent unit no 3 of the ground and first floors of the main property registered in Lot no 78 and parcel no 233 at Sakarya Province, Adapazarı District, Cumhuriyet Quarter, owned by Adana Municipality, was purchased by the Group for TL 10,000,000.

The lands in the portfolio of the Group with lot no 12580 and parcel no 1 and with lot no 12581 and parcel no 1 at Erzurum Province, Palandöken District, were sold to TL 3,933,628 including VAT and TL 5,816,372 including VAT, respectively, and for TL 9,750,000 including VAT in total, on 1 February 2021.

26 - Notes On The Statement Of Cash Flows

	31 December 2020	31 December 2019
Cash at banks	49.553.809	74.286.168
- Demand deposits (*)	798.013	724.840
- Time deposits with maturity less than 3 months	48.755.796	73.561.328
Expected credit loss (-)	(594)	(891)
Cash and cash equivalents in the statement of financial position	49.553.215	74.285.277
Less: Interest income accruals on cash equivalents	(21.693)	(84.178)
Cash and cash equivalents in the statement of cash flows	49.531.522	74.201.099

(*) As of 31 December 2020 and 31 December 2019, there is blocked amount for salary payments to personnel from demand deposit amounts.

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

31 December 2020	Amount	Interest rate	Maturity
Time deposits			
TL	48.725.549	16,25%	4 January 2021
TL	5.692	3,00%	4 January 2021
TL	24.556	15,5%	4 January 2021
	48.755.796		
31 December 2019	Amount	Interest rate	Maturity
Time deposits			
TL	73.343.707	10,75%	5 February 2020
TL	128.113	10,24%	2 January 2020
TL	7.501	9,5%	2 January 2020
TL	82.007	10,49%	2 January 2020
	73.561.328		

27 - Disclosure Of Other Matters That May Affect Financial Statements Significantly Or Is Necessary For Financial Statements To Be Clear, Interpretable And Comprehensible

On October 15, 2019, U.S. Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank by repeating the allegations set forth in the case filed against the former executive of the Parent Bank due to Iranian sanction violations.

First, the Parent Bank applied to the District Court on 4 November 2019, and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On 5 December 2019, the District Court denied the request of special appearance. The Parent Bank objected to the District Court's decision and appealed the decision at the Court of Appeals Second Circuit on 17 December 2019. On 21 February 2020, the Second Circuit denied the Parent Bank's objection.

In the meeting held by the Parent Bank's Board of Directors on 27 March 2020, it was decided to attend the District Court hearing on 31 March 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Parent Bank.

At the hearing on 31 March 2020, the District Court decided to postpone the hearing initially to 9 June 2020 and subsequently to 30 June 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on 30 June 2020; the schedule regarding the motion to recuse, discovery motions, and filings of other motions were identified. It was decided that the jury hearing would begin on 1 March 2021 for which the schedule was revised on 26 October 2020. Accordingly, the jury hearings are scheduled to be held on 3 May 2021. In this regard, the Bank filed its recusal motion on 14 July 2020 and its other motions to dismiss the indictment on 10 August 2020 at the District

Court. Bank's recusal motion was denied by the District Court on 24 August 2020 and by the Court of Appeals Second Circuit on 23 December 2020.

District Court denied the Parent Bank's motion to dismiss the indictment on 1 October 2020. The Parent Bank appealed the Court of Appeals Second Circuit for the motion to dismiss the indictment with regard to Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On 23 December 2020, the Court of Appeals Second Circuit granted the Parent Bank's motion to stay the case pending sovereign immunity appeal. Accordingly, the jury hearings are expected to be rescheduled instead of starting on 3 May 2021.

In addition, a civil case was filed against the Parent Bank on 27 March 2020 with a claim for damages by plaintiffs in the District Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Parent Bank's attorneys on 1 July 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs on 25 September 2020. The motion process within this scope was completed on 16 December 2020. The civil case is pending at the District Court.

The proceedings of both the criminal case and civil case are closely monitored by the Parent Bank through law firms representing the bank.

The appeal process of the case which resulted in the conviction of the defendant former executive of the Parent Bank, who was released on 19 July 2019 and returned to Turkey, is completed. The decision of the conviction was upheld.

Effects of COVID-19

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as a global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies.

Due to the fact that the effects of the pandemic are still being experienced, adverse effects that may arise and macroeconomic indicators are closely monitored.

Appendix 1 - Control Of Compliance With Restrictions On The Investment Portfolio

The information contained herein, is summary information derived from the financial statements according to Article 16 “Communiqué on Financial Reporting in Capital Market” Serial: II, No: 14.1 of the CMB and prepared for purposes of the controlling the compliance with portfolio limitations as set out in the CMB’s Serial: III No: 48.1 communique, “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660 dated 28 May 2013.

As of 31 December 2020, the Group complied with the restrictions that stated on the paragraph “a, b, c, ç and d” of 24th, 22nd and 38th articles of the CMB’s communique no III-48.1, “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660. The ratios related with these restrictions are shown below.

Financial statement primary account items		Regulations	31 December 2020 (TL)	31 December 2019 (TL)
A	Money and capital market instruments	Serial: III-48.1, Article 24/(b)	49.553.215	74.285.277
B	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a)	3.278.206.351	2.783.856.463
C	Subsidiaries	Serial: III-48.1, Article 24/(b)	--	--
	Due from related parties (non-trade)	Serial: III-48.1, Article 23/(f)	--	--
	Other assets		186.966.514	181.067.390
D	Total Assets	Serial: III-48.1, Article 3/(k)	3.514.726.080	3.039.209.130
E	Loans and borrowings	Serial: III-48.1, Article 31	453.707.953	410.240.038
F	Other financial liabilities	Serial: III-48.1, Article 31	--	--
G	Financial leasing obligations	Serial: III-48.1, Article 31	27.508.983	23.167.097
H	Due to related parties (non-trade)	Serial: III-48.1, Article 23/(f)	--	--
I	Equity	Serial: III-48.1, Article 31	2.926.488.712	2.578.219.682
	Other liabilities		107.020.432	27.582.313
D	Total liabilities and equity	Serial: III-48.1, Article 3/(k)	3.514.726.080	3.039.209.130
Other financial information		Regulations	31 December 2020 (TL)	31 December 2019 (TL)
A1	Portion of money and capital markets instruments for real estate payments of 3 years	Serial: III-48.1, Article 24/(b)	--	--
A2	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article 24/(b)	49.553.215	74.286.168
A3	Foreign capital market instruments	Serial: III-48.1, Article 24/(d)	--	--
B1	Foreign real estates, based on real estates projects, rights for real estates	Serial: III-48.1, Article 24/(d)	--	--
B2	Idle land	Serial: III-48.1, Article 24/(c)	--	--
C1	Foreign Subsidiaries	Serial: III-48.1, Article 24/(d)	--	--
C2	Investment in the operating company	Serial: III-48.1, Article 28	--	--
J	Non-cash loans	Serial: III-48.1, Article 31	407.989.762	216.456.082
K	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article 22/(e)	--	--
L	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article 22/(l)	--	--

Portfolio Restriction	Regulations	Calculation	Min/Mx Rate	31 December 2020 (TL)	31 December 2019 (TL)	
1	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article 22/(e)	K/D	Maximum 10%	--	--
2	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a),(b)	(B+A1)/D	Minimum 51%	93,27%	91,6%
3	Money and capital market instruments and associates	Serial: III-48.1, Article 24/(b)	(A+C-A1)/D	Maximum 49%	1,41%	2,44%
4	Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, Article 24/(d)	(A3+B1+C1)/D	Maximum 49%	--	--
5	Idle land	Serial: III-48.1, Article 24/(c)	B2/D	Maximum 20%	--	--
6	Investment in the operating company	Serial: III-48.1, Article 28	C2/D	Maximum 10%	--	--
7	Borrowing Limit	Serial: III-48.1, Article 31	(E+F+G+H+J)/I	Maximum 500%	30,38%	25,21%
8	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article 24/(b)	(A2-A1)/D	Maximum 10%	1,41%	2,44%
9	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article 22/(l)	L/D	Maximum 10%	--	--



Şerifali Çiftliği Tatlısu Mahallasi Ertuğrulgazi Sokak No: 1
34774 Yukarı Dudullu - Ümraniye/İstanbul
T. 0216 600 10 00 • F. 0216 594 53 72
www.halkgyo.com.tr