

**RÖNESANS GAYRİMENKUL YATIRIM A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD
ENDED 30 JUNE 2021 TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Rönesans Gayrimenkul Yatırım A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated interim statement of financial position of Rönesans Gayrimenkul Yatırım A.Ş. (the “Company”) and its subsidiaries (“collectively referred as the “Group”) as at 30 June 2021 and condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the International Standard on Review Engagements (“ISRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of R nesans Gayrimenkul Yatırım A.Ş. is not prepared in accordance with IAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali M şavirlik A.Ş.

A handwritten signature in blue ink, appearing to read 'B.  zpoyraz', is written over the printed name.

Burak  zpoyraz, SMMM
Partner

Istanbul, 19 August 2021

INDEX	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPERHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5-6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7-59

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2021**

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

ASSETS	Notes	(Reviewed) 30 June 2021	(Audited) 31 December 2020
Current Assets		1,260,109	1,082,944
Cash and cash equivalents	27	462,744	843,516
Financial investments	23	3,590	2,838
Trade receivables		149,975	105,908
- Trade receivables from related parties	5-6	5,685	7,685
- Trade receivables from third parties	6	144,290	98,223
Other receivables		322,419	670
- Other receivables from related parties	5-7	322,123	411
- Other receivables from third parties	7	296	259
Derivative instruments	21	20,492	-
Inventories	8	5,810	10,229
Prepaid expenses	9	14,667	8,672
Current tax assets	19	1,130	1,034
Other current assets	12	130,138	110,077
Assets classified as held for sale	24	149,144	-
Non-Current Assets		17,836,910	16,989,182
Other receivables		8,811	33,235
- Other receivables from third parties	7	8,811	33,235
Financial investments	23	267,274	200,396
Investments accounted for using the equity method	3	2,235,236	2,055,437
Investment properties	10	14,933,419	14,187,841
Property, plant and equipment		1,279	1,218
Intangible assets		853	906
- Other intangible assets		853	906
Prepaid expenses	9	11,381	13,854
Deferred tax assets	19	145,490	198,262
Other non-current assets	12	233,167	298,033
TOTAL ASSETS		19,097,019	18,072,126

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

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

LIABILITIES	Notes	(Reviewed) 30 June 2021	(Audited) 31 December 2020
Current Liabilities		608,328	1,092,764
Short term financial debts	22	46	49,477
Short term portion of long term borrowings	22	368,493	778,131
Trade payables		56,908	62,055
- Trade payables to related parties	5-6	25,670	24,794
- Trade payables to third parties	6	31,238	37,261
Other payables		8,168	16,994
- Other payables to related parties	5-7	2,732	2,444
- Other payables to third parties	7	5,436	14,550
Derivative instruments	21	111,775	164,766
Deferred revenue	9	35,702	11,172
Current tax liabilities	19	6	26
Payables related to employee benefits		4,343	4,977
Short term provisions		5,499	5,166
- Short term provision for employee benefits		1,648	1,672
- Other short-term provisions		3,851	3,494
Liabilities directly associated with assets classified as held for sale	24	17,388	-
Non-Current Liabilities		11,668,567	10,259,931
Long term borrowings	22	9,179,559	7,932,964
Trade payables		31,104	29,130
- Trade payables to related parties	5	31,104	29,130
Other payables		1,209,083	1,141,950
- Other payables to related parties	5-7	1,200,494	1,135,032
- Other payables to third parties	7	8,589	6,918
Derivative instruments	21	19,976	28,652
Deferred revenue		19	222
Long term provisions		3,852	3,288
- Long term provision for employee benefits		3,852	3,288
Deferred tax liabilities	19	1,224,974	1,123,725
SHAREHOLDERS' EQUITY		6,820,124	6,719,431
Paid in capital	13	303,717	303,717
Other comprehensive income not to be reclassified to profit or loss		(1,112)	(1,112)
Loss on remeasurement of defined benefit obligations		(1,112)	(1,112)
Share premium	13	630,844	630,844
Restricted profit reserve	13	66,237	65,992
Retained earnings		5,719,745	6,116,862
Net (loss) /profit for the period		100,693	(396,872)
TOTAL LIABILITIES		19,097,019	18,072,126

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

	Notes	<i>(Reviewed)</i> 1 January - 30 June 2021	<i>(Reviewed)</i> 1 January - 30 June 2020
- Revenue	4-14	364,351	304,121
- Cost of sales (-)	4-14	(115,884)	(95,117)
GROSS PROFIT		248,467	209,004
- Marketing expenses (-)	15	(8,409)	(2,223)
- General administrative expenses (-)	15	(8,432)	(11,522)
- Other operating income	16	1,486,954	802,042
- Other operating expense (-)	16	(140,110)	(103,137)
OPERATING PROFIT		1,578,470	894,164
- Income from investing activities	18	67,758	2,561
- Share on profit of investments valued using equity method	3	179,354	81,834
PROFIT BEFORE FINANCIAL EXPENSES		1,825,582	978,559
- Finance expenses (-)	17	(1,515,747)	(1,234,269)
PROFIT BEFORE TAXATION		309,835	(255,710)
Tax expenses		(209,142)	67,595
- Current tax expense	19	(30)	-
- Deferred tax expense	19	(209,112)	67,595
NET (LOSS) / INCOME FOR THE PERIOD		100,693	(188,115)
Earnings per share			
- Basic and diluted earnings per share	20	0.33	(0.62)
		<i>(Reviewed)</i> 1 January - 30 June 2021	<i>(Reviewed)</i> 1 January - 30 June 2020
(LOSS) / PROFIT FOR THE YEAR		100,693	(188,115)
TOTAL COMPREHENSIVE INCOME		100,693	(188,115)

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

	<u>Accumulated other comprehensive income or loss that will not be reclassified in profit or loss</u>					<u>Total</u>
	<u>Paid in capital</u>	<u>Share premium</u>	<u>Loss on remeasurement of defined benefit obligations</u>	<u>Restricted profit reserve</u>	<u>Retained earnings</u>	
Opening balance as of 1 January 2020	303,717	630,844	(744)	66,045	6,116,813	7,116,675
<u>Changes in 2020:</u>						
<i>Loss for the period</i>	-	-	-	-	(188,115)	(188,115)
Total comprehensive income	-	-	-	-	188,115	(188,115)
Transfer to legal reserves	-	-	-	(47)	47	-
Balance as of 30 June 2020	<u>303,717</u>	<u>630,844</u>	<u>(744)</u>	<u>65,998</u>	<u>5,928,745</u>	<u>6,928,560</u>
Opening balance as of 1 January 2021	303,717	630,844	(1,112)	65,992	5,719,990	6,719,431
<u>Changes in 2021:</u>						
<i>Income for the period</i>	-	-	-	-	100,693	100,693
Total comprehensive income	-	-	-	-	100,693	100,693
Transfer to legal reserves	-	-	-	245	(245)	-
Balance as of 30 June 2021	<u>303,717</u>	<u>630,844</u>	<u>(1,112)</u>	<u>66,237</u>	<u>5,820,438</u>	<u>6,820,124</u>

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	1 January -	1 January -
	30 June	30 June
References	2021	2020
A. Cash Flows From Operating Activities		
Loss for the Period	100,693	(188,115)
Adjustments to reconcile net profit		
Adjustments related to depreciation and amortization expense	668	267
Adjustments related to doubtful receivables provisions	6 3,029	434
Adjustments related to provisions	1,327	1,043
Adjustments related to Group's share on net assets of investments in accounted for using the equity method	3 (179,354)	(81,834)
Adjustments related to interest expense	383,752	231,601
Unrealized foreign exchange losses	1,114,573	1,055,616
Adjustments related to fair value gains	10-16 (1,201,625)	(589,105)
Adjustments related to derivative instruments carried at fair value gain	17 (78,052)	(71,695)
Adjustments related to tax expense	19 209,142	(67,595)
Gain on disposal of subsidiary	18 (67,758)	(2,561)
Other adjustments to related to profit and loss	(5)	38
Movements in Working Capital	286,390	288,094
Change in trade receivables	(47,098)	(22,500)
Change in other receivables related to operations	(21,489)	14,173
Change in inventories	8 4,419	2,440
Change in prepaid expenses	(901)	2,059
Change in trade payables	(2,889)	(121,122)
Change in other payables related to operations	(8,073)	2,284
Change in deferred income	24,327	300
Cash generated by operating activities	234,686	165,728
Retirement pay paid	(547)	(599)
Income tax paid	6	234
Other inflows (outflows) of cash	(29)	-
Net cash generated by operations	234,116	165,363

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

		<i>(Reviewed)</i>	<i>(Reviewed)</i>
		1 January - 30 June 2021	1 January - 30 June 2020
B. Cash Flows From Investing Activities			
Cash flows from sales of subsidiaries		79,409	24,500
Payments for tangible and intangible assets		(671)	(610)
Net cash outflow on acquire of investment property and expenditures		(16,765)	(30,531)
Advances given and receivables from related parties	5	(2,920)	4,607
Interest received		21,894	3,753
Change in long term VAT receivables	12	64,866	(7,275)
Purchase of other financial assets		(15,051)	(177,106)
Other cash outflow		33	(155)
Net cash used in investing activities		130,795	(182,817)
C. Cash Flows From Financing Activities			
Proceeds from borrowings		839,566	977,985
Repayment of borrowings		(1,081,980)	(521,876)
Change in non-trade payables to related parties		(103,129)	(4,236)
Change in non-trade receivables from related parties		6,475	(4,678)
Cash receipts from future contracts, forward contracts, option contracts and swap contracts		(4,107)	211,226
Interest paid		(402,508)	(211,254)
Net cash generated by financing activities		(745,683)	447,167
Net increase / (decrease) in cash and cash equivalents		(380,772)	429,713
D. Cash and cash equivalents at the beginning of the year	27	843,516	332,087
Cash and cash equivalents at the end of the year (A+B+C+D)	27	462,744	761,800

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

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Rönesans Gayrimenkul Yatırım A.Ş. (“the Company”) was founded on 2 June 2006 in Ankara / Turkey. The registered address of the Company is Çankaya Mahallesi Atatürk Bulvarı No: 144-146 Protokol Yolu Çankaya/Ankara, Turkey. The ultimate controlling party and the major shareholder of the Company is Rönesans Emlak Geliştirme Holding A.Ş. (“Rönesans Emlak Geliştirme Holding”). Ultimate parent of the Company is Rönesans Holding A.Ş.

The details of the Company’s shareholders are disclosed in Note 13.

The principal activities of the Company and its subsidiaries (“the Group”) consist of developing and management of shopping malls, office buildings and other commercial real estate projects.

As of 9 December 2014, Euro Efes S.a.r.l acquired 9.8% shares of Rönesans Gayrimenkul by capital increase for a total consideration for TRY 278,670. Amounting to TRY 26,047 has been classified as nominal capital increase and the remaining amounting to TRY 252,623 has been classified as share premium.

Euro Efes S.a.r.l is a Company which is under indirect control GIC’s real estate department GIC Real Estate Pte. Ltd. of Singapore’s government fund. As of 25 February 2015, Euro Efes S.a.r.l acquired 11.6% shares of Rönesans Gayrimenkul by way of capital increase for a total consideration for TRY 417,291. Amounting to TRY 39,070 has been classified as nominal capital increase and the remaining amounting to TRY 378,221 has been classified as share premium (Note 13). As a result of this transaction, partnership ratio of Euro Efes S.a.r.l. has increased from 9.8% to 21.4%.

As at 30 June 2021, the Group has 270 employees (31 December 2020: 269).

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

The subsidiaries of the Group, place of incorporation, the nature of business together with geographical segments are as follows:

Registered name of subsidiary	Short name	Place of incorporation and operation	Nature of business	Geographic segment
Akaretler Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Akaretler	Turkey, Ankara	Real Estate Development	Turkey
Akatlar Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Akatlar	Turkey, Ankara	Real Estate Development	Turkey
Altunizade Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Altunizade	Turkey, Ankara	Real Estate Development	Turkey
Ayazağa Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Ayazağa	Turkey, Ankara	Real Estate Development	Turkey
Bakırköy Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Bakırköy	Turkey, Ankara	Real Estate Development	Turkey
Bahariye Gayrimenkul Yatırım İnş. Turizm San. ve Tic. A.Ş.	Bahariye	Turkey, Ankara	Real Estate Development	Turkey
Bostancı Gayrimenkul Yatırım İnşaat Turizm Eğitim Sanayi ve Ticaret A.Ş.	Bostancı	Turkey, Ankara	Real Estate Development	Turkey
Cevizli Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Cevizli	Turkey, Ankara	Real Estate Development	Turkey
Göksu Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Göksu	Turkey, Ankara	Real Estate Development	Turkey
Kabataş Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Kabataş	Turkey, Ankara	Real Estate Development	Turkey
Kavacık Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Kavacık	Turkey, Ankara	Real Estate Development	Turkey
Kozyatağı Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Kozyatağı	Turkey, Ankara	Real Estate Development	Turkey
Mel2 Gayrimenkul Geliştirme Yatırım İnşaat ve Ticaret A.Ş.	Mel2	Turkey, Ankara	Real Estate Development	Turkey
Mel3 Gayrimenkul Geliştirme Yatırım İnşaat ve Ticaret A.Ş.	Mel3	Turkey, Ankara	Real Estate Development	Turkey
Mel4 Gayrimenkul Geliştirme Yatırım İnşaat ve Ticaret A.Ş.	Mel4	Turkey, Ankara	Real Estate Development	Turkey
Nisbetiye Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Nisbetiye	Turkey, Ankara	Real Estate Development	Turkey
Pendik Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Pendik	Turkey, Ankara	Real Estate Development	Turkey
Rönesans Yönetim A.Ş.	ROY	Turkey, Ankara	Asset Management	Turkey
Salacak Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Salacak	Turkey, Ankara	Real Estate Development	Turkey
Sancaktepe Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Sancaktepe	Turkey, Ankara	Real Estate Development	Turkey
Selimiye Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Selimiye	Turkey, Ankara	Real Estate Development	Turkey
Tarabya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Tarabya	Turkey, Ankara	Real Estate Development	Turkey
Salacak Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.-Rönesans Gayrimenkul Yatırım A.Ş. İş Ortaklığı	Salacak-RGY	Turkey, Ankara	Real Estate Development	Turkey
Kabataş Gayrimenkul Yatırım İnşaat Turizm San. ve Ticaret A.Ş.-Rönesans Gayrimenkul Yatırım A.Ş. Adi Ortaklığı	Kabataş-RGY	Turkey, Ankara	Real Estate Development	Turkey
Yakacık Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Yakacık	Turkey, Ankara	Real Estate Development	Turkey

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

Joint Ventures:

The Company's joint ventures, center, main business activities and geographic segments is as follows:

<u>Registered name of joint ventures</u>	<u>Short name</u>	<u>Place of incorporation and operation</u>	<u>Nature of business</u>	<u>Geographic segment</u>
Esentepe Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Esentepe	Turkey, Ankara	Real Estate Development	Turkey
Feriköy Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Feriköy	Turkey, Ankara	Real Estate Development	Turkey
Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Florya	Turkey, Ankara	Real Estate Development	Turkey
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş.	Kandilli	Turkey, Ankara	Real Estate Development	Turkey
Kurtköy Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Kurtköy	Turkey, Ankara	Real Estate Development	Turkey

Approval of consolidated financial statements:

These consolidated financial statements have been approved for issue by the Board of Directors on 19 August 2021 and signed on its behalf by Sercan Yüksel, Head of Finance.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Adoption of New and Revised International Financial Reporting Standards

The following new and revised standards and interpretations are presented below.

a) Standards, amendments and interpretations applicable as at 30 June 2021:

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Adoption of New and Revised International Financial Reporting Standards (Continued)

b) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:*

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Basis of representation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Basis of preparation

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

Reporting and measurement currency

Reporting currency

For the purpose of the consolidated financial statements, the results and the consolidated financial position of the Group is expressed in TRY.

Functional currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira (“TRY”), which is the functional and presentation currency of the Group.

Comparative information and reclassification of prior period consolidated financial statements

Consolidated 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 consolidated financial statement, comparative information is reclassified and significant changes are disclosed if necessary.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Basis of representation (Continued)

Basis of consolidation:

Subsidiaries included in consolidation as at 30 June 2021 and 31 December 2020 are as follows:

Subsidiaries	Effective ownership ratio (%)		Voting power held (%)	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
Akaretler	100.00	100.00	100.00	100.00
Akatlar	100.00	100.00	100.00	100.00
Altunizade	100.00	100.00	100.00	100.00
Ayazağa	100.00	100.00	100.00	100.00
Bahariye	100.00	100.00	100.00	100.00
Bakırköy	100.00	100.00	100.00	100.00
Bostancı	100.00	100.00	100.00	100.00
Cevizli	100.00	-	100.00	-
Göksu	100.00	100.00	100.00	100.00
Kabataş	100.00	100.00	100.00	100.00
Kavacık	100.00	100.00	100.00	100.00
Kozyatağı	100.00	100.00	100.00	100.00
Mel2	100.00	100.00	100.00	100.00
Mel3	100.00	100.00	100.00	100.00
Mel4	100.00	100.00	100.00	100.00
Nakkaştepe ⁽¹⁾	-	100.00	-	100.00
Nisbetiye	100.00	100.00	100.00	100.00
Pendik	100.00	100.00	100.00	100.00
Rönesans Yönetim	100.00	100.00	100.00	100.00
Salacak	100.00	100.00	100.00	100.00
Sancaktepe	100.00	100.00	100.00	100.00
Selimiye	100.00	-	100.00	-
Tarabya	100.00	100.00	100.00	100.00
Yakacık	100.00	-	100.00	-
Kabataş-RGY	100.00	100.00	100.00	100.00
Salacak-RGY	100.00	100.00	100.00	100.00

⁽¹⁾ Nakkaştepe has sold on 12 March 2021.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by 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 power to affect its returns.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Basis of representation (Continued)

Basis of consolidation (Continued):

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.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Basis of representation (Continued)

Investments in joint ventures:

Joint venture	Principle activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2021	31 December 2020
Esentepe	Real Estate Development	Turkey, Ankara	50.00	50.00
Feriköy	Real Estate Development	Turkey, Ankara	50.00	50.00
Florya	Real Estate Development	Turkey, Ankara	50.00	50.00
Kandilli	Real Estate Development	Turkey, Ankara	50.00	50.00
Kurtköy	Real Estate Development	Turkey, Ankara	50.00	50.00

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint 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.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of a joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

Gains and losses resulting from transactions between the Group and its joint ventures are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. The Group's share in the joint venture's gains or losses resulting from these transactions is eliminated on consolidation.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

2.3.1 Critical judgments in applying the entity’s accounting policies

In the process of applying the entity’s accounting policies, which are described in Note 2.2, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below under notes).

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are concluded that the Group’s investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group’s deferred taxation on investment properties, the Group management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognized deferred taxes on changes in fair value of investment properties.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. In the subsidiaries of the Group, there are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group has recognized deferred tax assets in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities.

Deferred tax asset amounting to TRY 806,082 is related to the carry forward tax losses of the Group. The Group concluded that the deferred tax asset will be able to be utilized before its expire date by the way of taxable income, based on approved tax plannings and planned asset and company sales. These assets will be expired in a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years.

2.3.2 Key sources of estimation uncertainty

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

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

The fair value of investment property is based on valuations, performed by independent valuers, who hold recognized and relevant professional qualifications and who have recent experience in the location and category of the investment properties being valued. The valuations are based primarily on comparable rents, discount rates, yields and sales prices from recent market transactions on an arm’s lengths basis, using the Discounted Cash Flow technique, Market comparison and income capitalization approach for investment properties. Key estimates used in valuation is disclosed in Note 10.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Comparative information and adjustment effect on previous financial statement

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period financial statements.

3. INTERESTS IN OTHER ENTITIES

The details of Group’s joint ventures valued by using equity method as at 30 June 2021 and 31 December 2020 are as follows:

The fair values of investment properties under development and investment property are given below:

Joint venture	Project Name	Place of property	30 June 2021	31 December 2020
Esentepe	Optimum İzmir SHC ⁽¹⁾⁽²⁾	İzmir, Turkey	1,686,592	1,495,160
Feriköy	Optimum İstanbul SHC ⁽¹⁾⁽²⁾	İstanbul, Turkey	978,938	902,380
Florya	Konak ⁽¹⁾	İzmir, Turkey	217,752	216,643
Kandilli	Ümraniye Tepeüstü ⁽¹⁾	İstanbul, Turkey	99,583	93,725
Kurtköy	Optimum Ankara SHC ⁽¹⁾⁽²⁾	Ankara, Turkey	751,255	690,362
			<u>3,734,120</u>	<u>3,398,270</u>

⁽¹⁾ Amount presents the value of the projects multiplied with the Company’s share.

⁽²⁾ Assets are secured with mortgage, pledge, lien or other security interest to secure borrowings.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

3. INTERESTS IN OTHER ENTITIES (Continued)

Joint ventures

30 June 2021	Esentepe	Feriköy	Florya	Kandilli	Kurtköy	Total
Cash	57,854	29,195	17	133	14,817	102,016
VAT deductible	-	-	-	-	-	-
Other current assets	36,252	16,218	0	73	15,045	67,588
Current Assets	94,106	45,413	17	206	29,862	169,604
Investment properties	3,373,185	1,957,875	435,505	199,165	1,502,510	7,468,240
VAT deductible	-	-	6,961	17,071	-	24,032
Other non-current assets	869,334	836,854	45	0	215,887	1,922,120
Non-Current Assets	4,242,519	2,794,729	442,511	216,236	1,718,397	9,414,392
Total Assets (*)	4,336,625	2,840,142	442,528	216,442	1,748,259	9,583,996
Financial debts	49,504	20,794	0	0	864,877	935,175
Other current liabilities	12,449	7,393	122	235	4,647	24,846
Current Liabilities	61,953	28,187	122	235	869,524	960,021
Financial debts	1,886,339	1,122,994	0	0	0	3,009,333
Deferred tax liabilities	484,039	346,449	61,324	18,137	217,516	1,127,465
Other non-current liabilities	12,586	1,747	0	0	2,373	16,706
Non-Current Liabilities	2,382,964	1,471,190	61,324	18,137	219,889	4,153,504
Total Liabilities (*)	2,444,917	1,499,377	61,446	18,372	1,089,413	5,113,525
Net Assets of Joint Ventures	1,891,708	1,340,765	381,082	198,070	658,846	4,470,471
Proportion of the Group's share in the joint ventures	50%	50%	50%	50%	50%	50%
Carrying amount of the Group's interest in joint ventures	945,854	670,383	190,541	99,035	329,423	2,235,236
Share of Group on VAT deductible	-	-	3,481	8,536	-	12,017
Share of Group on investment properties	1,686,592	978,938	217,752	99,583	751,255	3,734,120
Share of Group on total assets	2,168,312	1,420,070	221,264	108,221	874,130	4,791,997
Share of Group on deferred tax liabilities	242,020	173,224	30,662	9,069	108,758	563,733
Share of Group on total liabilities	1,222,459	749,688	30,722	9,186	544,707	2,556,762

(*) Non trade receivables and non-trade payables disclosed in related party notes are shown in total asset and total liability.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

3. INTERESTS IN OTHER ENTITIES (Continued)

Joint ventures (Continued)

31 December 2020	Esentepe	Feriköy	Florya	Kandilli	Kurtköy	Total
Cash	44,416	38,270	38	24	14,504	97,252
Other current assets	26,406	12,782	-	73	9,433	48,694
Current Assets	70,822	51,052	38	97	23,937	145,946
Investment properties	2,990,320	1,804,760	433,285	187,450	1,380,725	6,796,540
VAT deductible	-	-	6,930	17,070	-	24,000
Other non-current assets	768,456	875,101	45	-	194,316	1,837,918
Non-Current Assets	3,758,776	2,679,861	440,260	204,520	1,575,041	8,658,458
Total Assets (*)	3,829,598	2,730,913	440,298	204,617	1,598,978	8,804,404
Financial debts	43,208	1,174,906	-	-	737,434	1,955,548
Other current liabilities	10,089	6,627	73	19	10,392	27,200
Current Liabilities	53,297	1,181,533	73	19	747,826	1,982,748
Financial debts	1,657,454	-	-	-	-	1,657,454
Deferred tax liabilities	425,850	314,724	61,070	15,815	209,342	1,026,801
Other non-current liabilities	17,136	1,440	-	-	7,950	26,526
Non-Current Liabilities	2,100,440	316,164	61,070	15,815	217,292	2,710,781
Total Liabilities (*)	2,153,737	1,497,697	61,143	15,834	965,118	4,693,529
Net Assets of Joint Ventures	1,675,861	1,233,216	379,155	188,783	633,860	4,110,875
Proportion of the Group's share in the joint ventures	50%	50%	50%	50%	50%	50%
Carrying amount of the Group's interest in joint ventures	837,931	616,608	189,578	94,392	316,929	2,055,438
Share of Group on VAT deductible	-	-	3,465	8,535	-	12,000
Share of Group on investment properties	1,495,160	902,380	216,643	93,725	690,362	3,398,270
Share of Group on total assets	1,914,799	1,365,456	220,149	102,309	799,489	4,402,202
Share of Group on deferred tax liabilities	212,925	157,362	30,535	7,908	104,671	513,401
Share of Group on total liabilities	1,076,868	748,849	30,572	7,917	482,559	2,346,765

(*) Non trade receivables and non-trade payables disclosed in related party notes are shown in total asset and total liability.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

3. INTERESTS IN OTHER ENTITIES (Continued)

Joint ventures (Continued)

30 June 2021	Esentepe	Feriköy	Florya	Kandilli	Kurtköy	Total
Revenue	72,100	36,098	-	-	30,872	139,070
Cost	(14,269)	(9,776)	-	-	(8,231)	(32,276)
Operating expenses	(2,773)	(1,997)	-	-	(2,220)	(6,990)
Interest income from bank deposit	526	200	-	-	238	964
Interest expense financial debts	(21,152)	(16,202)	-	-	(8,597)	(45,951)
Income tax expense	(58,189)	(31,724)	(254)	(2,323)	(8,174)	(100,664)
Realised gain on derivative instruments carried at fair value through profit and loss, net	(5,816)	-	-	-	(6,865)	(12,681)
Unrealised gain/(loss) on derivative instruments carried at fair value through profit and loss, net	4,350	-	-	-	6,268	10,618
Other	241,073	130,949	1,292	11,607	21,695	406,616
Net income for the period	215,850	107,548	1,038	9,284	24,986	358,706
Proportion of the Group's share in the joint ventures	50%	50%	50%	50%	50%	50%
Share of Group on revenue	36,050	18,049	-	-	15,436	69,535
Share of Group on cost	(7,134)	(4,888)	-	-	(4,116)	(16,138)
Share of Group on operating expenses	(1,387)	(999)	-	-	(1,110)	(3,496)
Share of Group on interest income from bank deposit	263	100	-	-	119	482
Share of Group on interest expense financial debts	(10,576)	(8,101)	-	-	(4,299)	(22,976)
Share of Group on income tax expense	(29,095)	(15,862)	(127)	(1,162)	(4,087)	(50,333)
Share of Group on realised gain on derivative instruments	(2,908)	-	-	-	(3,432)	(6,340)
Share of Group on unrealised gain/(loss) on derivative instruments	2,175	-	-	-	3,134	5,309
Share of Group on other income / (expense)	120,537	65,475	646	5,804	10,848	203,310
Share of Group on income for the period	107,925	53,774	519	4,642	12,493	179,353

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

3. INTERESTS IN OTHER ENTITIES (Continued)

Joint ventures (Continued)

30 June 2020	Esentepe	Feriköy	Florya	Kandilli	Kurtköy	Total
Revenue	59,065	28,958	-	-	22,670	110,693
Cost	(13,188)	(8,337)	-	-	(6,749)	(28,274)
Operating expenses	(1,600)	(1,184)	-	-	(985)	(3,769)
Interest income from bank deposit	135	78	-	-	103	316
Interest expense financial debts	(16,128)	(12,562)	-	-	(11,240)	(39,930)
Income tax expense	(15,883)	(12,094)	(4,275)	(1,155)	(1,786)	(35,193)
Realised gain on derivative instruments carried at fair value through profit and loss, net	(2,821)	-	-	-	(2,264)	(5,085)
Unrealised gain/(loss) on derivative instruments carried at fair value through profit and loss, net	(1,878)	-	-	-	(9,150)	(11,028)
Other	55,869	80,678	21,376	5,790	12,225	175,938
Net profit for the period	63,571	75,537	17,101	4,635	2,824	163,668
Proportion of the Group's share in the joint ventures	50%	50%	50%	50%	50%	50%
Share of Group on revenue	29,533	14,479	-	-	11,335	55,347
Share of Group on cost	(6,594)	(4,168)	-	-	(3,375)	(14,137)
Share of Group on operating expenses	(800)	(592)	-	-	(492)	(1,884)
Share of Group on interest income from bank deposit	68	39	-	-	52	159
Share of Group on interest expense financial debts	(8,064)	(6,281)	-	-	(5,620)	(19,965)
Share of Group on income tax expense	(7,942)	(6,048)	(2,138)	(578)	(893)	(17,599)
Share of Group on realised gain on derivative instruments	(1,411)	-	-	-	(1,132)	(2,543)
Share of Group on unrealised gain/(loss) on derivative instruments	(939)	-	-	-	(4,575)	(5,514)
Share of Group on other income / (expense)	27,935	40,339	10,688	2,895	6,113	87,970
Share of Group on profit for the period	31,786	37,768	8,550	2,317	1,413	81,834

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING

The Group identifies and presents segment reporting in accordance with IFRS 8, Operating Segments. The information on operating segments is based on internal reports which are periodically reviewed by the management of the Company.

The management of the Company reviews assets, liabilities, deferred tax liabilities, value added tax, net operating income, operating expense, interest income from time deposit, interest expense, income tax expense and capital expenditures real estate projects for the purpose of determining resources to be allocated to segments and assessing the performance of each segment.

The assets, liabilities, deferred tax liabilities, gross profit, operating expense, value added tax, interest income from bank deposit, interest expense, income tax expense and capital expenditures of the Group’s real estate projects are as follows:

a) Total Assets (*)

Company Name	Project Name	30 June 2021	31 December 2020
Kabataş Rönesans	Beachtown	265,242	239,044
Nakkaştepe ⁽¹⁾	Bayraklı	-	366,561
Nispetiye ⁽²⁾	Bursa	149,144	130,599
Tarabya	Hilltown SHC and Office	2,477,847	2,288,714
Pendik	İzmit	26,775	24,088
Mel3	Kahramanmaraş Piazza SHC	815,756	755,040
Altunizade	Hilltown Karşıyaka SHC	2,359,621	2,197,808
Florya	Konak	221,264	220,149
Kozyatağı	Kozzy SHC	367,123	353,485
Bostancı	Küçükyalı Office and School	844,327	796,344
Salacak	Maltepe Piazza	2,598,599	2,411,071
Bakırköy	Maltepe Park	1,723,292	1,489,753
Kavacık	Mamak	94,869	84,491
Göksu	Optimum Adana SHC	1,553,655	1,446,805
Kurtköy	Optimum Ankara SHC	874,130	799,489
Feriköy	Optimum İstanbul SHC	1,420,070	1,365,456
Esentepe	Optimum İzmir SHC	2,168,312	1,914,799
Mel2	Samsun Piazza SHC and Hotel	1,678,460	1,568,843
Sancaktepe	Seyrantepe	49,170	46,057
Akatlar	Silivri	50,012	45,048
Mel4	Şanlıurfa Piazza SHC	598,650	560,179
Kandilli	Ümraniye Tepeüstü	108,221	102,309
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	719,731	744,823
Rönesans Yönetim	Rönesans Yönetim	1,676	1,134
Other	Other	729	582
Combined		21,166,675	19,952,671
Less : Joint ventures (Note 3)		(4,791,997)	(4,402,202)
Less : Consolidation eliminations and adjustments		2,722,341	2,521,657
Consolidated		19,097,019	18,072,126

(*) Total Asset includes related party receivables.

⁽¹⁾ Nakkaştepe has sold on 12 March 2021.

⁽²⁾ Nispetiye has been classified as asset held for sale.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

b) Total Liabilities (*)

Company Name	Project Name	30 June 2021	31 December 2020
Kabataş Rönesans	Beachtown	76,717	71,643
Nispetiye ⁽¹⁾	Bursa	17,388	13,586
Tarabya	Hilltown SHC and Office	1,519,562	1,346,409
Pendik	İzmit	4,295	3,284
Mel3	Kahramanmaraş Piazza SHC	254,206	240,431
Altunizade	Hilltown Karşıyaka SHC	1,719,051	1,512,397
Florya	Konak	30,722	30,572
Kozyatağı	Kozzy SHC	234,506	219,941
Bostancı	Küçükyalı Office and School	401,082	397,063
Salacak	Maltepe Piazza	2,135,488	1,819,070
Bakırköy	Maltepe Park	620,788	430,894
Kavacık	Mamak	16,962	14,839
Göksu	Optimum Adana SHC	751,591	711,455
Kurtköy	Optimum Ankara SHC	544,707	482,559
Feriköy	Optimum İstanbul SHC	749,688	748,849
Esentepe	Optimum İzmir SHC	1,222,457	1,076,868
Mel2	Samsun Piazza SHC and Hotel	735,124	698,982
Sancaktepe	Seyrantepe	4,371	3,425
Akatlar	Silivri	7,868	6,815
Mel4	Şanlıurfa Piazza SHC	318,129	302,687
Kandilli	Ümraniye Tepeli	9,186	7,917
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	2,968,848	3,053,160
Rönesans Yönetim	Rönesans Yönetim	1,409	990
Other	Other	2,407	1,417
Combined		14,346,551	13,233,240
Less : Joint ventures (Note 3)		(2,556,760)	(2,346,765)
Less : Consolidation eliminations and adjustments		487,104	466,220
Consolidated		12,276,895	11,352,695

(*) Total Liability includes related party payables.

⁽¹⁾ Nispetiye has been classified as asset held for sale.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4.SEGMENTAL REPORTING (Continued)

c) Deferred Tax Assets

Company Name	Project Name	30 June 2021	31 December 2020
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	145,023	197,859
Rönesans Yönetim	Rönesans Yönetim	290	262
Other	Other	177	141
Combined		145,490	198,262
Less : Joint ventures (Note 3)		-	-
Consolidated		145,490	198,262

d) Deferred Tax Liabilities

Company Name	Project Name	30 June 2021	31 December 2020
Kabataş Rönesans	Beachtown	39,670	34,521
Nakkaştepe ⁽¹⁾	Bayraklı	-	37,863
Nispetiye ⁽²⁾	Bursa	-	13,576
Tarabya	Hilltown SHC and Office	149,672	141,239
Pendik	İzmit	3,672	3,274
Mel3	Kahramanmaraş Piazza SHC	103,149	94,285
Altunizade	Hilltown Karşıyaka SHC	87,764	92,543
Florya	Konak	30,662	30,535
Kozyatağı	Kozzy SHC	34,937	34,560
Bostancı	Küçükyalı Office and School	113,888	102,879
Salacak	Maltepe Piazza	80,263	35,769
Bakırköy	Maltepe Park	161,435	116,583
Kavacık	Mamak	16,872	14,824
Göksu	Optimum Adana SHC	181,112	167,200
Kurtköy	Optimum Ankara SHC	108,758	104,671
Feriköy	Optimum İstanbul SHC	173,224	157,362
Esentepe	Optimum İzmir SHC	242,020	212,925
Mel2	Samsun Piazza SHC and Hotel	201,865	188,761
Sancaktepe	Seyrantepe	3,891	3,360
Akatlar	Silivri	7,853	6,769
Mel4	Şanlıurfa Piazza SHC	38,931	35,719
Kandilli	Ümraniye Tepeüstü	9,069	7,908
Combined		1,788,707	1,637,126
Less : Joint ventures (Note 3)		(563,733)	(513,401)
Less : Consolidation eliminations and adjustments		-	-
Consolidated		1,224,974	1,123,725

⁽¹⁾ Nakkaştepe has sold on 12 March 2021.

⁽²⁾ Nispetiye has been classified as asset held for sale.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4.SEGMENTAL REPORTING (Continued)

e) Value Added Tax (“VAT”) Deductible

Company Name	Project Name	30 June 2021	31 December 2020
Kabataş Rönesans	Beachtown	4,512	4,435
Nakkaştepe ⁽¹⁾	Bayraklı	-	25,012
Nispetiye ⁽²⁾	Bursa	-	543
Tarabya	Hilltown SHC and Office	64,548	70,244
Pendik	İzmit	93	92
Mel3	Kahramanmaraş Piazza SHC	1,718	605
Altunizade	Hilltown Karşıyaka SHC	145,226	151,319
Florya	Konak	3,481	3,465
Salacak	Maltepe Piazza	105,346	110,967
Bakırköy	Maltepe Park	33,182	36,522
Kavacık	Mamak	91	90
Salacak Rönesans	Salacak Rönesans	174	184
Sancaktepe	Seyrantepe	128	98
Akatlar	Silivri	12	20
Kandilli	Ümraniye Tepeüstü	8,536	8,535
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	8,149	7,853
Other	Other	126	126
	Combined	375,322	420,110
	Less : Joint ventures (Note 3)	(12,017)	(12,000)
	Consolidated	363,305	408,110

(1) Nakkaştepe has sold on 12 March 2021.

(2) Nispetiye has been classified as asset held for sale.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

f) Gross Profit

Company Name	Project Name	30 June 2021			30 June 2020		
		Revenue	Cost	Gross Profit	Revenue	Cost	Gross Profit
Tarabya	Hilltown SHC and Office	49,580	(23,379)	26,201	42,112	(16,875)	25,237
Mel3	Kahramanmaraş Piazza SHC	26,111	(7,678)	18,433	18,968	(6,168)	12,800
Altunizade	Hilltown Karşıyaka SHC	58,653	(15,300)	43,353	42,509	(12,435)	30,074
Kozyatağı	Kozzy SHC	8,520	(4,979)	3,541	7,600	(3,990)	3,610
Bostancı	Küçükyalı Office and School	32,737	(7,933)	24,804	30,936	(6,462)	24,474
Salacak	Maltepe Piazza	48,445	(18,967)	29,478	34,338	(13,363)	20,975
Bakırköy	Maltepe Park	29,618	(9,019)	20,599	26,738	(7,649)	19,089
Göksu	Optimum Adana SHC	38,347	(10,750)	27,597	29,681	(9,026)	20,655
Kurtköy	Optimum Ankara SHC	15,436	(4,116)	11,320	11,335	(3,375)	7,960
Feriköy	Optimum İstanbul SHC	18,049	(4,888)	13,161	14,479	(4,168)	10,311
Esentepe	Optimum İzmir SHC	36,050	(7,135)	28,915	29,533	(6,594)	22,939
Mecidiyeköy ⁽¹⁾	RönesansBiz Mecidiyeköy	-	-	-	9,506	(1,925)	7,581
Mel2	Samsun Piazza SHC and Hotel	39,777	(8,904)	30,873	32,315	(8,353)	23,962
Mel4	Şanlıurfa Piazza SHC	20,919	(7,225)	13,694	15,598	(5,661)	9,937
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	8,655	(517)	8,138	9,862	(760)	9,102
Other	Other	107	(20)	87	192	-	192
Combined		431,004	(130,810)	300,194	355,702	(106,804)	248,898
Less : Joint ventures (Note 3)		(69,535)	16,139	(53,396)	(55,347)	14,137	(41,210)
Less : Consolidation eliminations and adjustments		2,882	(1,213)	1,669	3,766	(2,450)	1,316
Consolidated		364,351	(115,884)	248,467	304,121	(95,117)	209,004

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

g) Operating Expenses

Company Name	Project Name	30 June 2021	30 June 2020
Tarabya	Hilltown SHC and Office	1,320	550
Mel3	Kahramanmaraş Piazza SHC	1,094	176
Altunizade	Hilltown Karşıyaka SHC	5,060	3,177
Kozyatağı	Kozzy SHC	659	235
Bostancı	Küçükyalı Office and School	164	133
Salacak	Maltepe Piazza	1,258	358
Bakırköy	Maltepe Park	809	391
Göksu	Optimum Adana SHC	1,476	535
Kurtköy	Optimum Ankara SHC	1,110	492
Feriköy	Optimum İstanbul SHC	999	592
Esentepe	Optimum İzmir SHC	1,386	800
Mecidiyeköy ⁽¹⁾	RönesansBiz Mecidiyeköy	-	29
Mel2	Samsun Piazza SHC and Hotel	1,115	331
Mel4	Şanlıurfa Piazza SHC	1,102	287
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	964	6,211
Other	Other	153	15
	Combined	18,669	14,312
	Less : Joint ventures (Note 3)	(3,495)	(1,884)
	Less : Consolidation eliminations and adjustments	1,667	1,317
	Consolidated	16,841	13,745

⁽¹⁾ Mecidiyeköy has sold on 11 August 2020.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

h) Interest income from bank deposit

Company Name	Project Name	30 June 2021	30 June 2020
Tarabya	Hilltown SHC and Office	381	141
Me13	Kahramanmaraş Piazza SHC	112	57
Altunizade	Hilltown Karşıyaka SHC	401	167
Kozyatağı	Kozzy SHC	78	16
Bostancı	Küçükyalı Office and School	1,339	627
Salacak	Maltepe Piazza	143	93
Bakırköy	Maltepe Park	367	147
Göksu	Optimum Adana SHC	522	145
Kurtköy	Optimum Ankara SHC	119	52
Feriköy	Optimum İstanbul SHC	100	39
Esentepe	Optimum İzmir SHC	263	68
Me12	Samsun Piazza SHC and Hotel	266	91
Akatlar	Silivri	10	-
Me14	Şanlıurfa Piazza SHC	316	51
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	17,926	2,146
Rönesans Yönetim	Rönesans Yönetim	33	21
Other	Other	-	51
	Combined	22,376	3,912
	Less : Joint ventures (Note 3)	(482)	(159)
	Consolidated	21,894	3,753

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

i) Interest expenses of financial debts

Company Name	Project Name	30 June 2021	30 June 2020
Tarabya	Hilltown SHC and Office	36,710	21,417
Altunizade	Hilltown Karşıyaka SHC	39,026	22,505
Kozyatağı	Kozzy SHC	4,028	3,297
Bostancı	Küçükyalı Office and School	17,322	10,163
Salacak	Maltepe Piazza	45,947	35,940
Göksu	Optimum Adana SHC	48,491	17,326
Kurtköy	Optimum Ankara SHC	4,299	5,620
Feriköy	Optimum İstanbul SHC	8,101	6,281
Esentepe	Optimum İzmir SHC	10,576	8,064
Mel2	Samsun Piazza SHC and Hotel	39,784	9,317
Mel4	Şanlıurfa Piazza SHC	24,791	5,678
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	99,637	76,084
	Combined	378,712	221,692
	Less : Joint ventures (Note 3)	(22,976)	(19,965)
	Consolidated	355,736	201,727

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

j) Income tax expense

Company Name	Project Name	30 June 2021	30 June 2020
Kabataş Rönesans	Beachtown	(5,149)	509
Nakkaştepe ⁽¹⁾	Bayraklı	34	(3,144)
Nispetiye ⁽²⁾	Bursa	(3,686)	(726)
Tarabya	Hilltown SHC and Office	(8,433)	25,917
Pendik	İzmit	(398)	(381)
Mel3	Kahramanmaraş Piazza SHC	(8,864)	(6,367)
Altunizade	Hilltown Karşıyaka SHC	4,780	(15,129)
Florya	Konak	(127)	(2,138)
Kozyatağı	Kozzy SHC	(378)	2,142
Bostancı	Küçükyalı Office and School	(11,009)	(6,704)
Salacak	Maltepe Piazza	(44,494)	19,532
Bakırköy	Maltepe Park	(44,852)	9,289
Kavacık	Mamak	(2,048)	(391)
Göksu	Optimum Adana SHC	(13,912)	(1,793)
Kurtköy	Optimum Ankara SHC	(4,087)	(893)
Feriköy	Optimum İstanbul SHC	(15,862)	(6,048)
Esentepe	Optimum İzmir SHC	(29,094)	(7,942)
Mecidiyeköy ⁽³⁾	RönesansBiz Mecidiyeköy	-	(3,180)
Mel2	Samsun Piazza SHC and Hotel	(13,105)	(6,841)
Sancaktepe	Seyrantepe	(531)	(135)
Akatlar	Silivri	(1,105)	(531)
Mel4	Şanlıurfa Piazza SHC	(3,212)	(1,260)
Kandilli	Ümraniye Tepeüstü	(1,162)	(578)
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	(52,836)	56,712
Rönesans Yönetim	Rönesans Yönetim	20	71
Other	Other	36	5
	Combined	(259,474)	49,996
	Less : Joint ventures (Note 3)	50,332	17,599
	Consolidated	(209,142)	67,595

(1) Nakkaştepe has sold on 12 March 2021.

(2) Nispetiye has been classified as asset held for sale.

(3) Mecidiyeköy has sold on 11 August 2020.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

k) Realised Derivative

Company Name	Project Name	30 June 2021	30 June 2020
Tarabya	Hilltown SHC and Office	-	(2,951)
Kozyatağı	Kozzy SHC	(527)	(367)
Salacak	Maltepe Piazza	(6,890)	(4,730)
Kurtköy	Optimum Ankara SHC	(3,432)	(1,132)
Esentepe	Optimum İzmir SHC	(2,908)	(1,411)
Mel2	Samsun Piazza SHC and Hotel	(3,398)	(970)
Mel4	Şanlıurfa Piazza SHC	-	(502)
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	(6,225)	220,745
Combined		(23,380)	208,682
Less : Joint ventures (Note 3)		6,340	2,543
Consolidated		(17,040)	211,225

l) Unrealised Derivative

Company Name	Project Name	30 June 2021	30 June 2020
Tarabya	Hilltown SHC and Office	-	2,158
Kozyatağı	Kozzy SHC	432	(77)
Salacak	Maltepe Piazza	5,068	(4,005)
Göksu	Optimum Adana SHC	-	(11)
Kurtköy	Optimum Ankara SHC	3,134	(4,575)
Esentepe	Optimum İzmir SHC	2,175	(939)
Mel2	Samsun Piazza SHC and Hotel	3,175	211
Mel4	Şanlıurfa Piazza SHC	-	(245)
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	86,417	(137,561)
Combined		100,401	(145,044)
Less : Joint ventures (Note 3)		(5,309)	5,514
Consolidated		95,092	(139,530)

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

4. SEGMENTAL REPORTING (Continued)

m) Capital Expenditures (*)

Company Name	Project Name	30 June 2021	31 December 2020
Kabataş Rönesans	Beachtown	79,086	78,692
Nakkaştepe ⁽¹⁾	Bayraklı	-	468,014
Nisbetiye	Bursa	62,432	62,341
Tarabya	Hilltown SHC and Office	802,970	802,215
Pendik	İzmit	7,841	7,776
Mel3	Kahramanmaraş Piazza SHC	204,346	203,598
Altunizade	Karşıyaka	1,166,534	1,162,701
Florya	Konak	65,943	65,015
Kozyatağı	Kozzy SHC	54,939	54,549
Bostancı	Küçükyalı Office and School	233,120	232,864
Salacak	Maltepe Piazza	1,326,467	1,323,079
Bakırköy	Maltepe Park	918,895	916,258
Kavacık	Mamak	10,565	10,422
Kuzguncuk	Optimum Antalya	99,384	99,162
Göksu	Optimum Adana SHC	325,945	325,012
Kurtköy	Optimum Ankara SHC	54,910	54,372
Feriköy	Optimum İstanbul SHC	112,193	110,733
Esentepe	Optimum İzmir SHC	354,423	351,653
Mel2	Samsun Piazza SHC and Hotel	652,454	650,989
Akatlar	Silivri	10,996	10,981
Sancaktepe	Seyrantepe	29,543	29,276
Mel4	Şanlıurfa Piazza SHC	207,632	206,626
Kandilli	Ümraniye Tepeüstü	55,071	54,964
Combined		6,835,689	7,281,292
Less : Joint ventures		(642,540)	(636,737)
Consolidated		6,193,149	6,644,555

(*) “Capital expenditures” include cumulative capital expenditures made for “Investment properties” and acquisition cost of lands to be developed for projects in the accompanying consolidated financial statements.

(1) Nakkaştepe has sold on 12 March 2021.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

5. RELATED PARTY DISCLOSURES

The ultimate controlling party of the Group is Rönesans Holding A.Ş. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

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

	30 June 2021								
	Receivables				Payables				Advances
	Current		Non-current		Current		Non-current		Current
	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	
Balances with related parties									
<i>Joint ventures</i>									
Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Tic. A.Ş.	10	-	-	-	-	-	-	-	-
Kandilli Gayrimenkul Yatırım İnşaat Turizm San. ve Tic. A.Ş.	15	110	-	-	-	-	-	-	-
Esentepe Gayrimenkul Yatırım İnşaat Turizm San. ve Tic.A.Ş. ⁽¹⁾	1,327	37	-	-	30	1,321	-	438,678	-
Kurtköy Gayrimenkul Yatırım İnşaat Turizm San. ve Tic.A.Ş. ⁽¹⁾	876	26	-	-	-	54	-	108,829	-
Feriköy Gayrimenkul Yatırım İnşaat Turizm San. ve Tic.A.Ş. ⁽¹⁾	812	67	-	-	-	1,106	-	421,014	-
<i>Shareholders</i>									
Euro Efes S.a.r.l ⁽²⁾	-	-	-	-	-	-	-	49,735	-
Rönesans Emlak Geliştirme Holding A.Ş. ⁽²⁾	-	-	-	-	-	-	-	182,238	-
<i>Other companies managed by the parent company</i>									
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	-	-	-	-	12,834	-	-	-	2,920
Rönesans Altyapı Sistemleri ⁽³⁾	1,123	58	-	-	11,513	190	31,104	-	-
Rönesans Holding A.Ş. ⁽⁴⁾	219	-	-	-	971	57	-	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş.	892	2	-	-	-	-	-	-	-
Tiranda Danışmanlık ve Ticaret A.Ş. ⁽⁶⁾	-	321,816	-	-	-	-	-	-	-
Other ⁽⁵⁾	411	7	-	-	322	4	-	-	-
	5,685	322,123	-	-	25,670	2,732	31,104	1,200,494	2,920

⁽¹⁾ Current trade receivables consist of asset, property management and leasing services provided. Non trade payables represent the reverse shareholder loans provided by the relevant joint ventures to Rönesans Gayrimenkul Yatırım A.Ş.

⁽²⁾ Non trade payables to Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş. represent the shareholder loans provided to Rönesans Gayrimenkul Yatırım A.Ş..

⁽³⁾ The payables are related with construction works mainly from Hiltown Karşıyaka project.

⁽⁴⁾ Rönesans Holding A.Ş. sub-leases to the group companies in accordance with its lease agreement with Allianz Tower.The payables are related with rental payables.

⁽⁵⁾ Rönesans Elektrik Enerji Toptan Satış A.Ş. provides electric energy services to the projects.

⁽⁶⁾ Non-trade receivables consist of due from the share sale of Nakkaştepe.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

5. RELATED PARTY DISCLOSURES (Continued)

	31 December 2020								
	Receivables				Payables				Advances
	Current		Non-current		Current		Non-current		Current
	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	
Balances with related parties									
<i>Joint ventures</i>									
Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Tic. A.Ş.	10	-	-	-	-	-	-	-	-
Kandilli Gayrimenkul Yatırım İnşaat Turizm San. ve Tic. A.Ş.	14	-	-	-	-	-	-	-	-
Esentepe Gayrimenkul Yatırım İnşaat Turizm San. ve Tic.A.Ş. ⁽¹⁾	728	74	-	-	125	1,167	-	386,687	-
Kurtköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	4,787	9	-	-	-	55	-	97,747	-
Feriköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	1,012	-	-	-	26	986	-	439,329	-
<i>Shareholders</i>									
Euro Efes S.a.r.l. ⁽²⁾	-	-	-	-	-	-	-	45,296	-
Rönesans Emlak Geliştirme Holding A.Ş. ⁽²⁾	-	-	-	-	-	-	-	165,973	-
<i>Other companies managed by the parent company</i>									
Rönesans Altyapı Sistemleri A.Ş. ⁽³⁾	501	9	-	-	12,167	190	29,130	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş.	567	-	-	-	-	-	-	-	-
Rönesans Holding A.Ş. ⁽⁴⁾	-	-	-	-	5,118	44	-	-	-
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	-	-	-	-	7,328	-	-	-	-
Other	66	319	-	-	30	2	-	-	-
	7,685	411	-	-	24,794	2,444	29,130	1,135,032	-

⁽¹⁾ Current trade receivables consist of asset, property management and leasing services provided. Non trade payables represent the reverse shareholder loans provided by the relevant joint ventures to Rönesans Gayrimenkul Yatırım A.Ş.

⁽²⁾ Non trade payables to Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş. represent the shareholder loans provided to Rönesans Gayrimenkul Yatırım A.Ş..

⁽³⁾ The payables are related with construction works mainly from Hiltown Karşıyaka project.

⁽⁴⁾ Rönesans Holding A.Ş. sub-leases to the group companies in accordance with its lease agreement with Allianz Tower.The payables are related with rental payables.

⁽⁵⁾ Rönesans Elektrik Enerji Toptan Satış A.Ş. provides electric energy services to the projects.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

5. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties	1 January-30 June 2021			
	Purchases	Sales	Interest received	Interest given
<i>Associates & Joint ventures</i> ⁽²⁾⁽⁶⁾	-	11,443	-	28,700
<i>Shareholders</i>				
Euro Efes S.a.r.l ⁽⁶⁾	-	-	-	4,932
Rönesans Emlak Geliştirme Holding A.Ş. ⁽⁶⁾	-	-	-	16,264
<i>Other companies</i>				
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁴⁾	32,508	15	-	-
Rönesans Holding A.Ş. ⁽¹⁾⁽³⁾	5,145	178	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁵⁾	-	1,512	-	-
Rönesans Endüstri Tesisleri İnşaat Sanayi ve Ticaret A.Ş. ⁽³⁾	-	220	-	-
Other	61	107	-	-
	<u>37,714</u>	<u>13,475</u>	<u>-</u>	<u>49,896</u>

- (1) Purchases from Rönesans Holding A.Ş. are composed of services given by Rönesans Holding A.Ş.
- (2) Sales to joint ventures consist of services provided to investments accounted for using the equity method from Rönesans Gayrimenkul Yatırım A.Ş.
- (3) The Group sub-leases to the group companies where has been leased in accordance with the lease agreement with Allianz Tower and sales represent the leasing services provided by Rönesans Gayrimenkul Yatırım A.Ş.
- (4) Purchases from Rönesans Elektrik Enerji Toptan Satış A.Ş. are composed of energy services provided to the Group.
- (5) Sales to Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related with rent of Küçükyalı School which is the project of Bostancı Gayrimenkul.
- (6) Interest given represents accrued interest of reverse shareholder and shareholder loans received from joint ventures, Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş.

Transactions with related parties	1 January-30 June 2020			
	Purchases	Sales	Interest received	Interest given
<i>Associates & Joint ventures</i> ⁽²⁾⁽⁶⁾	-	9,724	-	19,848
<i>Shareholders</i>				
Euro Efes S.a.r.l ⁽⁶⁾	-	-	-	2,297
Rönesans Emlak Geliştirme Holding A.Ş. ⁽⁶⁾	-	-	-	5,833
<i>Other companies</i>				
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁴⁾	30,077	-	-	-
Rönesans Holding A.Ş. ⁽¹⁾⁽³⁾	1,920	1,026	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁵⁾	-	1,260	-	-
Rönesans Endüstri Tesisleri İnşaat Sanayi ve Ticaret A.Ş. ⁽³⁾	20	1,351	-	-
Other	273	395	-	-
	<u>32,290</u>	<u>13,756</u>	<u>-</u>	<u>27,978</u>

- (1) Purchases from Rönesans Holding A.Ş. are composed of services given by Rönesans Holding A.Ş.
- (2) Sales to joint ventures consist of services provided to investments accounted for using the equity method from Rönesans Gayrimenkul Yatırım A.Ş.
- (3) The Group sub-leases to the group companies where has been leased in accordance with the lease agreement with Allianz Tower and sales represent the leasing services provided by Rönesans Gayrimenkul Yatırım A.Ş.
- (4) Purchases from Rönesans Elektrik Enerji Toptan Satış A.Ş. are composed of energy services provided to the Group.
- (5) Sales to Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related with rent of Küçükyalı School which is the project of Bostancı Gayrimenkul.
- (6) Interest given represents accrued interest of reverse shareholder and shareholder loans received from joint ventures, Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

6. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

As at balance sheet date, details of trade receivables of the Group are as follows:

	30 June 2021	31 December 2020
<u>Current trade receivables</u>		
Trade receivables	170,008	115,108
Notes receivables	17,565	23,369
Trade receivables from related parties (Note 5)	5,685	7,685
Expected credit loss (-)	(43,283)	(40,254)
	<u>149,975</u>	<u>105,908</u>

The movement of the Group’s provision for expected credit loss as at 30 June 2021 and 2020 is as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
<u>Movement of allowance for credit loss</u>		
Balance at beginning of the year	(40,254)	(34,137)
Charge for the period (Note 16)	(5,091)	(5,088)
Provision released (Note 16)	2,062	4,654
Balance at 30 June	<u>(43,283)</u>	<u>(34,571)</u>

The provision for trade receivables is provided based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

b) Trade payables

As at balance sheet date, details of trade payables of the Group are as follows:

	30 June 2021	31 December 2020
<u>Current trade payables</u>		
Trade payables	31,238	37,261
Trade payables to related parties (Note 5)	25,670	24,794
	<u>56,908</u>	<u>62,055</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

7. OTHER RECEIVABLES AND PAYABLES

a) Other receivables:

	30 June 2021	31 December 2020
<u>Other short term receivables</u>		
Non-trade receivables from related parties (Note 5)	322,123	411
Other receivables	296	259
	<u>322,419</u>	<u>670</u>

	30 June 2021	31 December 2020
<u>Other long term receivables</u>		
Deposits and guarantees given	1,624	24,559
Other	7,187	8,676
	<u>8,811</u>	<u>33,235</u>

b) Other payables:

	30 June 2021	31 December 2020
<u>Other short term payables</u>		
Taxes due and payables	3,507	3,724
Deposits and guarantees received	1,904	1,797
Non-trade payables to related parties (Note 5)	2,732	2,444
Other	25	9,029
	<u>8,168</u>	<u>16,994</u>

	30 June 2021	31 December 2020
<u>Other long term payables</u>		
Non-trade payables to related parties (Note 5)	1,200,494	1,135,032
Deposits and guarantees received	8,589	6,918
	<u>1,209,083</u>	<u>1,141,950</u>

8. INVENTORIES

	30 June 2021	31 December 2020
Residential units ⁽¹⁾	5,810	10,229
	<u>5,810</u>	<u>10,229</u>

(1) Amount consist of Maltepe Piazza residential units.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

9. PREPAID EXPENSES AND DEFERRED INCOME

	30 June 2021	31 December 2020
<u>Short term prepaid expenses</u>		
Advances given to related parties (Note 5)	2,920	-
Prepaid expenses	9,992	5,930
Order advances given	1,748	2,737
Other	7	5
	<u>14,667</u>	<u>8,672</u>
	30 June 2021	31 December 2020
<u>Long term prepaid expenses</u>		
Prepaid expenses	11,381	13,854
	<u>11,381</u>	<u>13,854</u>
	30 June 2021	31 December 2020
<u>Short term deferred revenue</u>		
Order advances received	35,702	11,172
	<u>35,702</u>	<u>11,172</u>

10. INVESTMENT PROPERTIES

	30 June 2021	31 December 2020
Investment properties	14,273,823	13,118,857
Investment properties under development	659,596	1,068,984
	<u>14,933,419</u>	<u>14,187,841</u>

a) Investment properties:

	1 January- 30 June 2021	1 January- 30 June 2020
Opening balance at 1 January	13,118,857	11,920,329
Additions through subsequent expenditure	15,399	29,067
Land rental	16,707	72,286
Net gain from fair value adjustments (Note 16)	1,122,860	553,163
Closing balance at 30 June	<u>14,273,823</u>	<u>12,574,845</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

10. INVESTMENT PROPERTIES (Continued)

a) Investment properties (Continued):

The fair values of the Group’s investment properties have been arrived at on the basis of a valuation carried out at that date by TSKB Gayrimenkul Değerleme A.Ş. which is independent valuers not connected with the Group. The valuation, which conforms to Capital Market Board legislation, was arrived at by reference to discounted cash flows approach, capitalization approach and market approach.

The valuation reports of the investment properties prepared by reference to discounted cash flows approach are primarily based on the following key assumptions:

	30 June 2021	31 December 2020
Currency base	TRY	TRY
Discount rate (%)	16-16.50	15.75-16.25
Occupancy rate (%)	89-100	85-100
Rent increase rate (%)	6.5-13.3	6-10.75
Capitalization rate (%)	7-8	7-9

The Group mortgages some real estates as collateral of the bank loans. The details of mortgages are disclosed in Note 11.

The property rental income earned by the Group from its investment properties amounted to TRY 345,299 (30 June 2020: TRY 290,539). (Note 14) Direct operating expenses arising on the investment property in the year include maintenance and repair costs which amounted to TRY 103,341 (30 June 2020: TRY 89,250) (Note 14).

As at 30 June 2021 and 31 December 2020 investment properties and their values are as follows:

Project Name	Company Name	Place of Property	30 June 2021	31 December 2020
Maltepe Piazza	Salacak	İstanbul, Turkey	2,459,150	2,267,520
Hilltown SHC and Office ⁽²⁾	Tarabya	İstanbul, Turkey	2,381,484	2,191,320
Hilltown SHC Karşıyaka	Altunizade	İzmir, Turkey	2,175,240	2,010,830
Samsun Piazza SHC and Hotel	Mel 2	Samsun, Turkey	1,652,765	1,528,790
Maltepe Park	Bakırköy	İstanbul, Turkey	1,676,190	1,441,405
Adana Optimum SHC	Göksu	Adana, Turkey	1,528,940	1,425,580
Kahramanmaraş Piazza SHC	Mel 3	Kahramanmaraş, Turkey	796,570	744,245
Küçükyalı Office & School ⁽¹⁾	Bostancı	İstanbul, Turkey	764,695	722,107
Şanlıurfa Piazza SHC	Mel 4	Şanlıurfa, Turkey	585,450	544,320
Kozzy SHC ⁽³⁾	Kozyatağı	İstanbul, Turkey	253,339	242,740
			<u>14,273,823</u>	<u>13,118,857</u>

(1) Rental payables amounting to TRY 29,005 calculated in accordance with IFRS 16 are both added to final fair value of Küçükyalı Office & Ted Rönesans College and operational lease of that investment property in the balance sheet.

(2) Rental payables amounting to TRY 139,569 calculated in accordance with IFRS 16 are both added to final fair value of Hilltown SHC and Office and operational lease of that investment property in the balance sheet.

(3) Rental payables amounting to TRY 9,504 calculated in accordance with IFRS 16 are both added to final fair value of Kozzy SHC and operational lease of that investment property in the balance sheet.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

10. INVESTMENT PROPERTIES (Continued)

b) Investment properties under development

	1 January- 30 June 2021	1 January- 30 June 2020
Opening balance at 1 January	1,068,984	971,513
Additions through subsequent expenditure	1,366	1,464
Land rental	(34)	3,626
Disposal ⁽¹⁾ (Note 18)	(340,910)	(22,300)
Transfer to available for sale (Note 24)	(148,575)	-
Net gain from fair value adjustments (Note 16)	78,765	35,942
Closing balance at 30 June	659,596	990,245

⁽¹⁾ Nakkaştepe and Balmumcu has sold on respectively 12 March 2021 and 23 June 2020.

Investment properties under development consist of two components: land and costs capitalized in connection with the development of the site. Costs capitalized related to development carried out on sites owned or partly owned by the Group or sites to which the Group holds lease titles and which will be acquired on completion of the development. Land and buildings that are being constructed for future use as investment property are classified under investment properties under development account until construction or development is complete, at which time they are reclassified as investment.

As of 30 June 2021 and 2020 the fair value of the Group’s investment properties under development has been arrived at on the basis of a valuation carried out at that date by independent valuers not connected with the Group. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties and discounted cash flows and income capitalization approach. The fair values are based on the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arm’s length transaction.

The fair value of the investment properties under development prepared by reference to discounted cash flow is primarily based on the following key assumptions:

	30 June 2021	31 December 2020
Currency base	TRY	TRY
Discount rate (%)	16.75	16.50-17.50
Occupancy rate (%)	92	92-98
Rent increase rate (%)	6.5-13.3	6-10.75

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

10. INVESTMENT PROPERTIES (Continued)

b) Investment properties under development (Continued)

The fair value of the investment properties under development prepared by reference to sale comparison approach are primarily based on the following key assumptions:

	30 June 2021	31 December 2020
Market comparable sqm value in TRY	600-10,900	775-27,000

Investment properties under development comprise of the following projects:

Project Name	Company Name	Place of Property	30 June 2021	31 December 2020
Turan ⁽¹⁾⁽³⁾⁽⁵⁾	Nakkaştepe	İstanbul, Turkey	-	340,910
Beachtown ⁽¹⁾⁽²⁾⁽³⁾	Kabataş-RGY	Ankara, Turkey	260,676	234,569
Optimum Antalya ⁽¹⁾	RGY	İstanbul, Turkey	175,530	164,620
Ataşchir ⁽¹⁾	RGY	İstanbul, Turkey	3,780	-
Bursa ⁽¹⁾⁽⁴⁾	Nispetiye	Antalya, Turkey	-	130,055
Mamak ⁽¹⁾	Kavacık	İzmit, Turkey	94,775	84,390
Seyrantepe ⁽¹⁾	Sancaktepe	Bursa, Turkey	48,825	45,905
Silivri ⁽¹⁾	Akatlar	İstanbul, Turkey	49,960	44,545
İzmit ⁽¹⁾	Pendik	İzmir, Turkey	26,050	23,990
			<u>659,596</u>	<u>1,068,984</u>

- (1) In the consolidated financial statements as of 30 June 2021 and 31 December 2020, based on the valuation reports issued by TSKB Gayrimenkul Değerleme A.Ş. an independent accredited valuer licenced by the Capital Market Board of Turkey.
- (2) Rental payables amounting to TRY 36,366 calculated in accordance with IFRS 16 is added to final fair value of Antalya Beachtown Projects and operational lease of that investment property in the balance sheet.
- (3) The Group has a building permit for these projects.
- (4) Nispetiye has been classified as asset held for sale.
- (5) Nakkaştepe has sold on 12 March 2021.

Operating lease commitments – Company as lessee

The Group has operating lease contracts for the projects of Hilltown SHC and office, Küçükyalı School & Office on land belonging to Atik Valide Sultan Vakfı in İstanbul, Maltepe and the Group has the usage right with a renewal option at the end of the lease period for 49 years. There are no restrictions placed upon the Group by entering into these leases.

The Group has an operating lease contract for the projects of Antalya Konyaaltı project on land belonging to Antalya Metropolitan Municipality in Antalya, Konyaaltı. The Group has the usage right with a renewal option at the end of the lease period for 30 years. There are no restrictions placed upon the Group by entering into these leases.

The Group has an operating lease contract for the projects of Kozzy SHC on land belonging to İstanbul Metropolitan Municipality in İstanbul, Kozyatağı. The Group has the usage right with a renewal option at the end of the lease period for 30 years. There are no restrictions placed upon the Group by entering into these leases.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

10. INVESTMENT PROPERTIES (Continued)

Details of the Group’s investment properties and information about the fair value hierarchy as at 30 June 2021 and 2020 are as follows:

	30 June 2021	Fair value as at 30 June 2021		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Investment properties	14,273,823	-	-	14,273,823
Investment properties under development	659,596	-	659,596	-

	31 December 2020	Fair value as at 31 December 2020		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Investment properties	13,118,857	-	-	13,118,857
Investment properties under development	1,068,984	-	1,068,984	-

Sensitivity analysis of investment properties and investment properties under development are as follow:

		Change in fair value as at 30 June 2021	
		Investment properties	Investment properties under development
Rent increase rate	increase 1%	1,215,100	49,120
	decrease 1%	(1,040,400)	(50,810)
Discount rate	increase 1%	(919,785)	(45,680)
	decrease 1%	1,086,740	44,550
Occupancy rate	increase 1%	179,980	2,120
	decrease 1%	(133,475)	(9,840)
1 sq ² land price	increase 10%	-	54,370
	decrease 10%	-	(54,370)
Capitalization rate	increase 1%	(592,990)	-
	decrease 1%	841,580	-

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

10. INVESTMENT PROPERTIES (Continued)

Sensitivity analysis of investment properties and investment properties under development are as follow
(Continued):

		Change in fair value as at 31 December 2020	
		Investment properties	Investment properties under development
Rent increase rate	increase 1%	977,890	51,030
	decrease 1%	(901,685)	(45,040)
Discount rate	increase 1%	(874,660)	(37,360)
	decrease 1%	976,425	43,420
Occupancy rate	increase 1%	128,220	5,210
	decrease 1%	(134,475)	(5,210)
1 sq ² land price	increase 10%	-	83,440
	decrease 10%	-	(83,440)
Capitalization rate	increase 1%	(560,755)	-
	decrease 1%	731,770	-

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

11. COMMITMENTS AND CONTINGENCIES

The Group’s guarantee given, pledges and mortgages (“GPM”) position as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Mortgage	4,961,661	4,606,242
Letters of guarantees given	81,773	60,692
Surety and guarantees given	1,966,549	1,952,654
	<u>7,009,983</u>	<u>6,619,588</u>

TRY 6,927,819 of total amount in 2021 is already reflected in the consolidated statement of financial position and related with the guarantees given for the loans utilized by the Group. The remaining TRY 82,164 is for the guarantees provided by the Group for the third or related parties. (31 December 2020: TRY 6,406,991 remaining amount: TRY 212,597).

12. OTHER CURRENT AND NON-CURRENT ASSETS

	30 June 2021	31 December 2020
<u>Other current assets</u>		
VAT deductible	130,138	110,077
	<u>130,138</u>	<u>110,077</u>
	30 June 2021	31 December 2020
<u>Other non current assets</u>		
VAT deductible	233,167	298,033
	<u>233,167</u>	<u>298,033</u>

13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 30 June 2021 and 31 December 2020 the share capital held is as follows:

	%	30 June 2021	%	31 December 2020
Rönesans Emlak Geliştirme Holding A.Ş	74.24	225,477	74.24	225,477
Euro Efes S.a.r.l	21.44	65,117	21.44	65,117
Kamil Yanıkömeroğlu	2.36	7,158	2.36	7,158
Murat Özgümüş	1.96	5,965	1.96	5,965
Nominal share capital in TRY	100	<u>303,717</u>	100	<u>303,717</u>

The total number of ordinary shares is 303,717 thousand (31 December 2020: 303,717 thousand shares) with a par value of TRY 1 (31 December 2020: per share TRY 1).

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

b) Restricted Reserves Appropriated from Profit

	30 June 2021	31 December 2020
Legal reserves	66,237	65,992
	<u>66,237</u>	<u>65,992</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

c) Share premium

	30 June 2021	31 December 2020
Share premium	630,844	630,844
	<u>630,844</u>	<u>630,844</u>

14. REVENUE

a) Revenue

	1 January - 30 June 2021	1 January - 30 June 2020
Rental revenue from investment properties ⁽¹⁾	345,299	290,539
Management and consulting revenue	11,416	9,819
Residential sales revenue	4,554	1,643
Other rental revenue	3,082	2,120
	<u>364,351</u>	<u>304,121</u>

⁽¹⁾ This is also includes electricity, water and other common utility charges of the shopping malls and offices owned by the Group and charged to the tenants on an accrual basis in accordance with lease agreements.

b) Cost of sales

	1 January - 30 June 2021	1 January - 30 June 2020
Cost of revenue related to investment properties	(103,341)	(89,250)
Cost of residence sales	(4,617)	(2,657)
Cost of revenue related to management and consulting and other	(7,926)	(3,210)
	<u>(115,884)</u>	<u>(95,117)</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

15. GENERAL ADMINISTRATIVE EXPENSES / MARKETING EXPENSES

	1 January - 30 June 2021	1 January - 30 June 2020
Marketing expenses	(8,409)	(2,223)
General administrative expenses	(8,432)	(11,522)
	<u>(16,841)</u>	<u>(13,745)</u>

a) Detail of marketing expenses:

	1 January - 30 June 2021	1 January - 30 June 2020
Advertising expenses	(8,409)	(2,223)
	<u>(8,409)</u>	<u>(2,223)</u>

b) Detail of general administrative expenses:

	1 January - 30 June 2021	1 January - 30 June 2020
Employee benefit expenses	(5,784)	(8,600)
Consultancy expenses	(1,758)	(1,256)
Rent expenses	(540)	(1,053)
Taxes and fees	(256)	(551)
Other	(94)	(62)
	<u>(8,432)</u>	<u>(11,522)</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

16. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 30 June 2021	1 January - 30 June 2020
<u>Other operating income</u>		
Change in fair value of investment properties (Note 10.a)	1,122,860	600,795
Foreign exchange gain from operations	260,053	153,254
Change in fair value of investment properties under development (Note 10.b)	78,932	38,487
Interest income ⁽¹⁾	21,894	3,753
Reversal of provision (Note 6)	2,062	4,654
Other	1,153	1,099
	<u>1,486,954</u>	<u>802,042</u>

⁽¹⁾ Interest income from bank deposit is TRY 21,894 thousand in 2021 and TRY 3,753 thousand in 2020.

	1 January - 30 June 2021	1 January - 30 June 2020
<u>Other operating expense</u>		
Foreign exchange loss from operations	(133,676)	(44,619)
Change in fair value of investment properties under development (Note 10.b)	(167)	(2,545)
Change in fair value of investment properties (Note 10.a)	-	(47,632)
Provision for doubtful receivables (Note 6)	(5,091)	(5,088)
Lawsuit provision	(260)	(376)
Other	(916)	(2,877)
	<u>(140,110)</u>	<u>(103,137)</u>

17. FINANCE EXPENSES

	1 January - 30 June 2021	1 January - 30 June 2020
<u>Finance costs</u>		
Interest expense of financial debts	(355,736)	(201,727)
Foreign exchange loss of bank loan, net	(1,167,466)	(1,062,328)
Commission expenses	(20,686)	(8,282)
Realized (loss)/gain on derivative instruments carried at fair value through profit and loss, net	(17,040)	211,225
Unrealized gain/(loss) on derivative instruments carried at fair value through profit and loss, net ⁽¹⁾	95,092	(139,530)
Other	(49,911)	(33,627)
	<u>(1,515,747)</u>	<u>(1,234,269)</u>

⁽¹⁾ The amount represents change in fair value of derivative instruments.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

18. INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

	1 January - 30 June 2021	1 January - 30 June 2020
Income from investing activities		
Effect of additional consideration received from sale of subsidiary	67,758	2,561
	<u>67,758</u>	<u>2,561</u>

Nakkaştepe has been sold on 12 March 2021.

	12 March 2021
Book value of net assets sold	
Current assets	
Cash and cash equivalents	16
Other receivables and current assets	529
Non-current assets	
Investment property	340,910
Other receivables and non-current assets	25,049
Current liabilities	
Trade payables	(157)
Other short-term liabilities	(4)
Non-current liabilities	
Deferred tax liabilities	(37,829)
Net assets disposed	328,514
Effective ownership disposed	100%
Net assets disposed	328,514
Net consideration received in cash and cash equivalents	
Net gain on sale of subsidiary	67,758
Sales price:	
Price as cash and cash equivalents	396,272
Net cash inflow from sales	396,272
Cash consideration received	396,288
(Less) cash and cash equivalents disposed	(16)

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

18. INCOME / (EXPENSES) FROM INVESTING ACTIVITIES (Continued)

Balmumcu has been sold on 23 June 2020.

	<u>23 June 2020</u>
<u>Book value of net assets sold</u>	
Current assets	
Other receivables and current assets	50
Non-current assets	
Investment property	22,300
Other receivables and non-current assets	97
Current liabilities	
Other short-term liabilities	(48)
Non-current liabilities	
Deferred tax liabilities	(460)
Net assets disposed	<u>21,939</u>
Effective ownership disposed	100%
Net assets disposed	21,939
Net consideration received in cash and cash equivalents	
Net gain on sale of subsidiary	2,561
Sales price:	
Price as cash and cash equivalents	24,500
	<u>24,500</u>
Net cash inflow from sales	
Net cash consideration received in cash and cash equivalents	<u>24,500</u>
	<u>24,500</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

19. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2021	31 December 2020
<u>Current tax assets</u>		
Prepaid taxes and funds	1,130	1,034
	<u>1,130</u>	<u>1,034</u>
	30 June 2021	31 December 2020
<u>Current tax liability</u>		
Current corporate tax provision	34	48
Less: prepaid taxes and funds	(28)	(22)
	<u>6</u>	<u>26</u>
	1 January- 30 June 2021	1 January- 30 June 2020
<u>Income tax recognized in profit or loss</u>		
Current tax expense	(30)	-
Deferred tax expense	(209,112)	67,595
	<u>(209,142)</u>	<u>67,595</u>

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2021 is 25% (2020: 22%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2021 is 25%. (2020: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

19. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50% which will have no impact on the Group's consolidated financial statements. This regulation has been effective from 5 December 2017.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was 25% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

	30 June 2021	31 December 2020
<u>Deferred tax (assets) / liabilities:</u>		
Change in fair values of investment properties under development	61,757	455,048
Change in fair values of investment properties	1,809,348	1,211,774
Depreciation / amortization differences of property, plant and equipment and other intangibles	12,851	12,167
Tax losses carried forward	(806,082)	(741,913)
Provision for retirement pay and unused vacation	(1,266)	(992)
Other temporary differences	2,876	(10,621)
	<u>1,079,484</u>	<u>925,463</u>
<u>Reflected as:</u>	30 June 2021	31 December 2020
Deferred tax assets	(145,490)	(198,262)
Deferred tax liabilities	1,224,974	1,123,725
Net deferred tax liabilities	<u>1,079,484</u>	<u>925,463</u>

At the balance sheet date, the Group has unused tax losses of TRY 3,968,604 (31 December 2020: TRY 3,709,564) available for offset against future profits and deferred tax asset have been recognized in respect of TRY 806,082 (31 December 2020: TRY 741,913) of such losses.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

19. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Expiration schedule of carry forward tax losses is as follows:

	30 June 2021	31 December 2020
Expiring in 2021	135,264	141,093
Expiring in 2022	363,889	193,434
Expiring in 2023	661,066	803,663
Expiring in 2024	394,799	528,122
Expiring in 2025 and later	2,413,586	2,043,252
	<u>3,968,604</u>	<u>3,709,564</u>

The movement of deferred tax assets for years ended 30 June 2021 and 2020 as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
<u>Movement of deferred tax liability:</u>		
Opening balance	925,463	979,874
Charged to statement of profit or loss	209,112	(67,595)
Deferred tax liabilities for assets held for sale (Note 24)	(17,262)	-
Disposal effect	(37,829)	(460)
Closing balance	<u>1,079,484</u>	<u>911,819</u>

	1 January- 30 June 2021	1 January- 30 June 2020
<u>Reconciliation of taxation:</u>		
(Loss) / profit before taxation	309,835	(255,710)
Tax at the domestic income tax rate of 25%,22% respectively	% 25	22%
Tax at the domestic income	77,459	(56,256)
Tax effects of:		
- share in profit of associates	(44,839)	(18,003)
- expenses that are not deductible in determining taxable profit	39,004	341
- effect of sales of subsidiary	19,987	-
- unused tax losses not recognised at deferred tax asset	174,756	-
- effect of increase in corporate tax rate in Turkey (from 20% to 25%)	(57,225)	6,323
Income tax expense recognised in profit or loss	<u>209,142</u>	<u>(67,595)</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

20. EARNINGS PER SHARE

	1 January - 30 June 2021	1 January - 30 June 2020
Net income / (loss) for the year	100,693	(188,115)
Average number of ordinary share outstanding during the year (in full)	303,717	303,717
(Loss) / Earning per share from operations (TRY)	0.33	(0.62)

21. DERIVATIVE INSTRUMENTS

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	20,685	-	29,932
Cross currency swap	-	104,346	-	138,872
Forward	20,492	6,720	-	24,614
	<u>20,492</u>	<u>131,751</u>	<u>-</u>	<u>193,418</u>
Short term	20,492	111,775	-	164,766
Long term	-	19,976	-	28,652
	<u>20,492</u>	<u>131,751</u>	<u>-</u>	<u>193,418</u>

22. FINANCIAL LIABILITIES

Financial Debts

	30 June 2021	31 December 2020
Short term operational lease	46	-
Short term bank loans	-	49,477
Current portion of long-term bank loans	320,456	736,000
Total bank loans - current	<u>320,502</u>	<u>785,477</u>
Short term portion of issued corporate bonds	42,032	36,186
Current portion of long term finance lease	-	138
Current portion of long term operational lease (*)	6,005	5,807
Total current financial debt	<u>368,539</u>	<u>827,608</u>
Long-term bank loans	6,359,560	5,538,850
Corporate bonds	2,611,560	2,202,150
Long-Term obligation under operational lease (*)	208,439	191,964
Total non-current financial debt	<u>9,179,559</u>	<u>7,932,964</u>
Total current and non current financial debt	<u>9,548,098</u>	<u>8,760,572</u>

(*) Operational leases are related with Hilltown SHC and office, Küçükyalı Office&School, Kozzy SHC and Beachtown land rental payables.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

22. FINANCIAL LIABILITIES (Continued)

On 26 April 2018, the Group has issued fixed interest coupon corporate bonds with a nominal amount of USD 300,000 and with a maturity of 5 years. Details of issued corporate bonds are as follows:

Currency Type	Effective interest rate %	30 June 2021	
		Current	Non-current
USD	7,25	42,032	2,611,560
		<u>42,032</u>	<u>2,611,560</u>

Currency Type	Effective interest rate %	31 December 2020	
		Current	Non-current
USD	7,25	36,186	2,202,150
		<u>36,186</u>	<u>2,202,150</u>

The bank loans are repayable as follows:

	30 June 2021	31 December 2020
Payable within 1 year	320,456	785,477
Payable between 1-2 years	2,061,022	841,317
Payable between 2-3 years	982,026	1,999,778
Payable between 3-4 years	1,076,726	831,276
Payable between 4-5 years	338,178	657,524
Payable after 5+ years	1,901,608	1,208,955
	<u>6,680,016</u>	<u>6,324,327</u>

The Group’s major bank loans are as follows:

- Tarabya’s loan balance as of 30 June 2021 are EUR 72,432 and 314,902 TRY. The maturity of these loans are March 2025.
- Salacak’s loan balance as of 30 June 2021 is EUR 174,860. The maturity of this loan is June 2029.
- Altunizade’s loan balance as of 30 June 2021 is EUR 155,000. The maturity of this loan is May 2023.
- Mel2’s loan balance as of 30 June 2021 is TRY 523,352. The maturity of this loan is December 2028.
- Mel4’s loan balance as of 30 June 2021 is TRY 231,000. The maturity of this loans are June 2022 and December 2028.
- Kozyatağı’s loan balance as of 30 June 2021 is EUR 17,955. The maturity of this loan is December 2023.
- Göksu’s loan balance as of 30 June 2021 is TRY 524,475. The maturity of this loan is February 2024.
- Bostancı’s loan balance as of 30 June 2021 is TRY 254,750. The maturity of this loan is February 2027.
- Rönesans Gayrimenkul Yatırım’s total corporate loan balance as of 30 June 2021 is equivalent of TRY 447,000. The maturity of these loans are August 2021, January 2022, September 2022 and February 2023 respectively.

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

22. FINANCIAL LIABILITIES (Continued)

	1 January 2021	Net financing cash flows	Foreign exchange Gain/ (loss)	Other changes	30 June 2021
Bank loans	6,324,327	(242,414)	636,466	(38,363)	6,680,016
	1 January 2020	Net financing cash flows	Foreign exchange Gain/ (loss)	Other changes	30 June 2020
Bank loans	4,666,187	445,961	740,980	(29,589)	5,823,539

23. FINANCIAL INVESTMENTS

	30 June 2021	31 December 2020
<u>Short term financial investments</u>		
Financial assets carried at fair value through other comprehensive income	3,590	2,838
	<u>3,590</u>	<u>2,838</u>
<u>Long term financial investments</u>		
Financial assets carried at fair value through other comprehensive income	267,274	200,396
	<u>267,274</u>	<u>200,396</u>

24. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 June 2021, Rönesans Gayrimenkul Yatırım A.Ş. has signed a Share Transfer Agreement for the sale of its %100 shares in Nispetiye Gayrimenkul Yatırım İnş. Turz. San. Ve Tic. A.Ş. Sales amount is 19 million USD from which 6.4 million USD has been collected by the end of July 2021, the remaining amount will be collected in parts up until November 2021. After collecting the whole amount, the share transfer will be completed.

The major classes of assets and liabilities comprising the disposal classified as held for sale are as follows:

	<u>30 June 2021</u>
Cash and cash equivalents	24
Investment properties	148,575
Other receivables and non current assets	545
<u>Total assets classified as held for sale</u>	<u>149,144</u>
Trade payables	126
Deferred tax liabilities	17,262
Total liabilities associated with assets classified as held for sale	<u>17,388</u>
<u>Net assets of disposal</u>	<u>131,756</u>

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management:

The Group manages its capital to ensure that entities in the Group will be able to continue as a 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 debt, which includes bank loans and equity attributable to equity holders of the parent, premiums in capital stock, restricted profit reserves and retained earnings.

Within the framework of risk management activities, Group defines the undertaken risks, estimates the loss amounts caused by these risks and defines the capital base amount related to these loss amounts. Thus, Group aims to minimize its capital risk.

After the capital base is defined, the steadily management of funding structure is aimed by obtaining new debts, repayment of existing debts, and dividend payments.

b) Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

b.3.1) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The Group is exposed to currency risk (in the form of transaction risk) from receivables, liabilities, cash and cash equivalents and pending transactions other than functional currency of the Group companies concerned in each case. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts. The carrying amounts of the Group’s foreign currency denominated monetary assets and liabilities at the reporting period are as follows:

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Financial risk factors (Continued)

b.3.1) Foreign currency risk management (Continued)

30 June 2021	Equivalent of Thousands TRY	Thousands US Dollars	Thousands EUR
1. Trade receivables	1,257	17	107
2. Monetary financial assets	352,622	21,056	16,337
3. Non monetary financial assets (including RP)	-	-	-
4. CURRENT ASSETS	353,879	21,073	16,444
5. Monetary financial assets	267,276	30,703	-
6. Non monetary financial assets	4,001	-	386
7. NON-CURRENT ASSETS	271,277	30,703	386
8. TOTAL ASSETS	625,156	51,776	16,830
9. Trade payables (including RP)	(14,447)	(94)	(1,315)
10. Financial liabilities	(93,955)	(4,828)	(5,010)
11. Monetary other liabilities	(2,419)	(4)	(230)
12. Non monetary other liabilities	(676)	(11)	(56)
13. CURRENT LIABILITIES	(111,497)	(4,937)	(6,611)
14. Trade payables	(31,104)	-	(3,001)
15. Financial liabilities	(6,929,483)	(300,000)	(416,607)
16. Monetary other liabilities (including RP)	(803,529)	(10,344)	(68,839)
17. Non monetary other liabilities	(4,085)	(155)	(264)
18. NON-CURRENT LIABILITIES	(7,768,201)	(310,499)	(485,710)
19. TOTAL LIABILITIES	(7,879,698)	(315,436)	(492,321)
20. Net foreign currency assets/ (liabilities) position	(7,254,542)	(263,660)	(475,491)
21. Monetary items net foreign currency assets/(liabilities) position (1+2+5+9+10+11+14+15+16)	(7,253,782)	(263,494)	(478,558)

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Financial risk factors (Continued)

b.3.1) Foreign currency risk management (Continued)

31 December 2020	Equivalent of Thousands TRY	Thousands US Dollars	Thousands EUR
1. Trade receivables	22	3	-
2. Monetary financial assets	498,066	19,097	39,730
3. Non monetary financial assets	27	-	3
4. CURRENT ASSETS	498,115	19,100	39,733
5. Monetary financial assets	200,396	27,300	-
6. Non monetary financial assets	27,504	3,110	519
7. NON-CURRENT ASSETS	227,900	30,410	519
8. TOTAL ASSETS	726,015	49,510	40,252
9. Trade payables (including RP)	(2,171)	(92)	(166)
10. Financial liabilities	(505,933)	(4,930)	(52,148)
11. Monetary other liabilities	(2,176)	(8)	(235)
12. Non monetary other liabilities	(18,988)	(11)	(2,099)
13. CURRENT LIABILITIES	(529,268)	(5,041)	(54,648)
14. Financial liabilities	(6,445,096)	(300,000)	(471,025)
15. Monetary other liabilities	(712,556)	(11,024)	(70,120)
16. Non monetary other liabilities	(2,713)	(145)	(183)
17. NON-CURRENT LIABILITIES	(7,160,365)	(311,169)	(541,328)
18. TOTAL LIABILITIES	(7,689,633)	(316,210)	(595,976)
19. Net foreign currency assets/ (liabilities) position	(6,963,618)	(266,700)	(555,724)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+9+10+11+14+15)	(6,969,448)	(269,654)	(553,964)

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b) Financial risk factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro.

The following table details the Group’s sensitivity to a 20% (2020:20%) increase and decrease in the US Dollars and Euro. 20% (2020:20%) 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 20% (2020:20%) change in foreign currency rates. The sensitivity analysis includes external loans within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss.

	30 June 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 20% appreciated vs TRY	
US Dollars net assets/ (liabilities)	(458,754)	458,754
	If EUR 20% appreciated vs TRY	
Euro net assets/ (liabilities)	(992,003)	992,003
TOTAL	(1,450,757)	1,450,757
	31 December 2020	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 20% appreciated vs TRY	
US Dollars net assets/ (liabilities)	(395,879)	395,879
	If EUR 20% appreciated vs TRY	
Euro net assets/ (liabilities)	(998,010)	998,010
TOTAL	(1,393,889)	1,393,889

RÖNESANS GAYRİMENKUL YATIRIM A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

26. EVENTS AFTER THE REPORTING PERIOD

On 24 June 2021, the Group has signed a Share Purchase Agreement for the sale of %50 shares in Florya Gayrimenkul Yatırım İnş. Turz. San. Ve Tic. A.Ş. and the share sale amount which is 25.25 million USD is collected on 9 July 2021 and the share transfer is completed as of 9 July 2021.

27. DISCLOSURES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2021	31 December 2020
Cash on hand	17	15
Demand deposits	76,924	332,821
Time deposits	385,803	510,680
	<u>462,744</u>	<u>843,516</u>

As of 30 June 2021, there are no blocked deposit in banks (31 December 2020: None).

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 25.

The details of time deposits as at 30 June 2021 and 31 December 2020 are as follows:

Currency Type	Range of interest rate %	Maturity date	Currency amount	30 June 2021
TRY	11.50-19.25	July 2021	99,684	99,684
Euro	0.01-0.55	July 2021	14,448	149,743
US Dollar	0.12-0.60	July 2021	15,666	136,376
				<u>385,803</u>

Currency Type	Range of interest rate %	Maturity date	Currency amount	31 December 2020
TRY	16-18.75	January 2021	254,498	254,498
US Dollar	0.1-0.15	January 2021	10,531	77,303
Euro	0.05-0.85	January 2021	19,858	178,879
				<u>510,680</u>

.....