

**RÖNESANS GAYRİMENKUL YATIRIM
ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
1 JANUARY - 31 DECEMBER 2023
INDEPENDENT AUDITOR'S REPORT**



INDEPENDENT AUDITOR'S REPORT

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

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rönesans Gayrimenkul Yatırım A.Ş. (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, comprising material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of investment properties</p>	
<p>The accounting policy adopted by the Group management for the purpose of accounting for such investment properties is explained in detail in Notes 2 and 10. The Group’s investment properties amounted to TRY67,646 million is 80% of the total assets.</p> <p>Investment properties are stated at fair value based on valuations carried out by independent qualified professional valuers and these values are evaluated by the Group’s Financial Strategic Planning Department.</p> <p>Significant assumptions have been associated with determining the fair value of Group’s investment properties</p> <p>Reasons for concentrating on this topic is the significance of the balance in relation to the financial statements as a whole and significant assumptions associated with determining the fair value of investment properties.</p>	<p>Validation of the controls:</p> <p>Testing the design and implementation of the control in relation to the Group’s Financial Strategic Planning Department’s review of the valuation prepared by the Group’s Valuer.</p> <p>Assessment of management’s expert:</p> <p>We assessed the valuer’s competence, capability, objectivity and independence.</p> <p>Assessment of input and assumptions used for the valuation:</p> <p>We assessed the valuation report prepared by the valuation expert of the Group through involvement of our experts,</p> <p>We assessed the valuation method applied and the appropriateness of the assumptions used through involvement of our experts,</p> <p>We evaluated our findings with the Valuation Expert of the Group along with comparing assumptions used with market data, We assessed whether inputs such as unit sales value that are significant on the property value included within the valuation report are in an acceptable range by comparing the consistency of the inputs with the observable market prices,</p> <p>We tested the inputs used in the valuation reports, which are significant influences on the property value, such as rental income, duration of rental contracts, occupancy rates and expenses, We assessed whether the assumptions used by the valuation experts in valuation such as the real discount rate are within acceptable ranges.</p> <p>Assessment of financial statement disclosures:</p> <p>We reviewed compliance of the information in the appraisal report with the disclosures related to the fair value of investment properties in Notes 2 and 10.</p>



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Burak Özpoyraz, SMMM
Independent Auditor

Istanbul, 1 April 2024

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

ASSETS	Notes	(Audited)	(Restated) (*)	(Restated) (*)
		31 December 2023	31 December 2022	31 December 2021
Current Assets		2,576,079	7,220,810	5,809,943
Cash and cash equivalents	34	1,597,606	1,788,710	4,228,374
Financial investments	28	46,935	4,386,970	23,238
Trade receivables		405,106	364,491	341,783
- Trade receivables from related parties	5	91,845	43,781	27,670
- Trade receivables from third parties	6	313,261	320,710	314,113
Other receivables		2,160	5,381	1,589
- Other receivables from related parties	5-7	322	2,186	809
- Other receivables from third parties	7	1,838	3,195	780
Derivative instruments	26	88,419	260,116	296,965
Inventories	8	1,278	-	3,613
Prepaid expenses	9	370,084	118,526	30,588
Current tax assets	23	15,178	1,714	4,788
Other current assets	15	49,313	294,902	457,553
Assets classified as held for sale	29	-	-	421,452
Non-Current Assets		81,179,409	69,204,699	62,662,202
Other receivables		2,236	5,622	67,015
- Other receivables from third parties	7	2,236	5,622	67,015
Financial investments	28	-	-	1,713,649
Investments accounted for using the equity method	3	11,150,838	8,931,776	7,104,166
Inventories	8	1,255,432	-	-
Investment properties	10	67,646,780	59,764,429	52,312,062
Property, plant and equipment	11	82,412	104,019	74,191
Right of use assets		179,531	166,629	166,969
Intangible assets		1,469	1,279	2,004
- Other intangible assets	12	1,469	1,279	2,004
Prepaid expenses	9	8,018	14,300	39,818
Deferred tax assets	23	842,995	211,145	737,309
Other non-current assets	15	9,698	5,500	445,019
TOTAL ASSETS		83,755,488	76,425,509	68,472,145

(*) The effects of restatement are explained in Note 2.2.

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

LIABILITIES	Notes	(Audited) 31 December 2023	(Restated) (*) 31 December 2022	(Restated) (*) 31 December 2021
Current Liabilities		5,323,839	16,936,253	2,024,612
Short term financial debts	27	530,691	-	1,995
Short term portion of long term borrowings		2,580,322	16,317,242	1,213,826
-Short term portion of long term borrowings from related parties	27	30,121	-	-
-Short term portion of long term borrowings from third parties	27	2,550,201	16,317,242	1,213,826
Trade payables		453,620	396,300	247,806
- Trade payables to related parties	5	133,045	227,271	103,462
- Trade payables to third parties	6	320,575	169,029	144,344
Payables related to employee benefits	14	16,575	17,052	15,103
Other payables		1,271,686	148,987	65,316
- Other payables to related parties	5	1,086,285	112,111	36,501
- Other payables to third parties	7	185,401	36,876	28,815
Derivative instruments	26	135,138	-	328,785
Deferred revenue	9	218,719	41,168	58,770
Current tax liabilities	23	90,983	-	170
Short term provisions		26,105	15,504	18,278
- Employee benefits	14	15,152	7,687	7,210
-Other short-term provisions	24	10,953	7,817	11,068
Liabilities directly associated with assets classified as held for sale	29	-	-	74,563
Non-Current Liabilities		22,733,583	22,077,315	43,597,005
Long term borrowings	27	16,077,334	10,674,504	33,777,015
-Long term borrowings from related parties		4,043,320	-	-
-Long term borrowings from third parties		12,034,014	10,674,504	33,777,015
Trade payables		40,462	59,127	109,918
- Trade payables to related parties	5	40,462	59,127	109,918
Other payables		1,806,339	2,939,213	4,355,436
- Other payables to related parties	5	1,784,196	2,914,514	4,326,921
- Other payables to third parties	7	22,143	24,699	28,515
Deferred revenue	9	5,109	2,366	9,809
Long term provisions		84,889	17,270	12,870
- Employee benefits	14	84,889	17,270	12,870
Deferred tax liabilities	23	4,719,450	8,384,835	5,331,957
SHAREHOLDERS' EQUITY				
Equity attributable to equity holders of the parent		55,698,066	37,411,941	22,850,528
Paid in capital	16	303,717	303,717	303,717
Adjustment to share capital		2,936,952	2,936,952	2,936,952
Other comprehensive income not to be reclassified to profit or loss		(9,128)	(10,697)	(2,518)
-Loss on remeasurement of defined benefit obligations		(9,128)	(10,697)	(2,518)
Share premium	16	5,605,159	5,605,159	5,605,159
Restricted profit reserve	16	455,922	455,922	458,173
Retained earnings		28,120,888	13,551,296	15,519,753
Net profit for the period		18,284,556	14,569,592	(1,970,708)
Total Equity		55,698,066	37,411,941	22,850,528
TOTAL LIABILITIES		83,755,488	76,425,509	68,472,145

(*) The effects of restatement are explained in Note 2.2.

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	(Audited) 1 January - 31 December 2023	(Restated) (*) 1 January - 31 December 2022
- Revenue	17	5,010,863	4,201,418
- Cost of sales (-)	17	(1,842,067)	(1,581,081)
GROSS PROFIT		3,168,796	2,620,337
- Marketing expenses (-)	18	(38,927)	(27,003)
- General administrative expenses (-)	18	(162,590)	(104,117)
- Other operating income	20	10,294,328	10,970,388
- Other operating expense (-)	20	(1,122,752)	(1,311,155)
OPERATING PROFIT		12,138,855	12,148,450
- Income from investing activities	22	375	178,461
- Expenses from investing activities (-)		(7,105)	-
- Share on profit of investments valued using equity method	3	2,219,062	1,827,297
PROFIT BEFORE FINANCIAL EXPENSES		14,351,187	14,154,208
- Finance income	21	10,691,852	2,587,101
- Finance expenses (-)	21	(23,007,830)	(11,839,815)
- Monetary gain		12,072,651	13,213,133
PROFIT BEFORE TAXATION		14,107,860	18,114,627
Tax income/ (expense)		4,176,696	(3,545,035)
- Current tax expense	23	(121,062)	(30)
- Deferred tax (expense)/income	23	4,297,758	(3,545,005)
NET INCOME FOR THE PERIOD		18,284,556	14,569,592
- Basic and diluted earnings per share	25	60.20	47.97

(*) The effects of restatement are explained in Note 2.2.

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPERENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	<i>(Audited)</i> 1 January - 31 December 2023	<i>(Restated) (*)</i> 1 January - 31 December 2022
Notes	2023	2022
PROFIT FOR THE YEAR	18,284,556	14,569,592
Other comprehensive income / (expense):	1,569	(8,179)
Items that will be reclassified to profit or loss		
<i>-Gain / (Loss) on remeasurement of defined benefit obligations</i>	<i>14</i> 2,092	<i>(10,905)</i>
Accumulated other comprehensive income or loss that will not be reclassified in profit or loss		
<i>-Gain / (Loss) on remeasurement of defined benefit obligations</i>	<i>23</i> (523)	<i>2,726</i>
TOTAL COMPREHENSIVE INCOME	18,286,125	14,561,413

(*) The effects of restatement are explained in Note 2.2.

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Paid in capital	Adjustment to share capital (**)	Share premium (*)	Other comprehensive income or expenses not to be reclassified to profit or loss			Total
				Gains/(losses) on remeasurement of defined benefit plans	Restricted reserves (*)	Retained earnings	
Balance at 1 January 2021	303,717	2,775,282	5,605,159	(3,550)	457,271	15,364,364	24,502,243
Restatement effect (Note 2.2)	-	161,670	-	-	-	156,291	317,961
Restated balance at 1 January 2021	303,717	2,936,952	5,605,159	(3,550)	457,271	15,520,655	24,820,204
<i>Transfer to legal reserves</i>	-	-	-	-	902	(902)	-
<i>Net profit for the period</i>	-	-	-	-	-	(1,970,708)	(1,970,708)
<i>Total other comprehensive income, net</i>	-	-	-	1,032	-	-	1,032
Total comprehensive income	-	-	-	1,032	902	(1,971,610)	(1,969,676)
Balance as of 31 December 2021	303,717	2,936,952	5,605,159	(2,518)	458,173	13,549,045	22,850,528
Opening balance as of 1 January 2022	303,717	2,936,952	5,605,159	(2,518)	458,173	13,549,045	22,850,528
<i>Transfer to legal reserves</i>	-	-	-	-	(2,251)	2,251	-
<i>Net profit for the period</i>	-	-	-	-	-	14,569,592	14,569,592
<i>Total other comprehensive income, net</i>	-	-	-	(8,179)	-	-	(8,179)
Total comprehensive income	-	-	-	(8,179)	(2,251)	14,571,843	14,561,413
Balance as of 31 December 2022	303,717	2,936,952	5,605,159	(10,697)	455,922	28,120,888	37,411,941
Opening balance as of 1 January 2023	303,717	2,936,952	5,605,159	(10,697)	455,922	27,884,755	37,175,808
Restatement effect (Note 2.2)	-	-	-	-	-	236,133	236,133
	303,717	2,936,952	5,605,159	(10,697)	455,922	28,120,888	37,411,941
<i>Transfer to legal reserves</i>	-	-	-	-	-	-	-
<i>Net profit for the period</i>	-	-	-	-	-	18,284,556	18,284,556
<i>Total other comprehensive income, net</i>	-	-	-	1,569	-	-	1,569
Total comprehensive income	-	-	-	1,569	-	18,284,556	18,286,125
Balance as of 31 December 2023	303,717	2,936,952	5,605,159	(9,128)	455,922	46,405,444	55,698,066

(*) Share premium and restricted reserves are recalculated to their purchasing power as of 31 December 2023 in accordance with hyperinflation accounting. The effect of inflation on these financial statement items is TL 4.974.315 and TL 391.057 respectively.

(**) The effects of restatement are explained in Note 2.2.

As stated in the Capital Markets Board's bulletin numbered 2024/14 published on March 7, 2024, the index difference between the amounts of share premiums and restricted reserves adjusted to the purchasing power of December 31, 2023 using the Domestic Producer Price Index (D-PPI) in the statutory records and the amounts adjusted to the purchasing power of December 31, 2023 using the Consumer Price Index is reflected in retained earnings. The effect of the related indexations and changes are disclosed in Note 16.

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		<i>(Audited)</i>	<i>(Audited)</i>
		1 January -	1 January -
		31 December	31 December
	Notes	2023	2022
A. Cash Flows From Operating Activities			
Profit for the Period		18,284,556	14,569,592
Adjustments to reconcile net profit			
Adjustments related to depreciation and amortization expense	19	30,800	20,029
Adjustments related to doubtful receivables provisions	6	6,238	15,259
Adjustments related to provisions		127,026	14,472
Adjustments related to Group's share on net assets of investments in accounted for using the equity method	3	(2,219,062)	(1,827,297)
Adjustments related to interest expense		2,672,014	2,310,084
Adjustments related to interest income		(122,007)	(49,156)
Unrealized foreign exchange losses		9,739,983	7,083,032
Adjustments related to fair value gains	10-20	(7,709,149)	(8,580,330)
<i>Adjustments related to fair value gains on investment properties</i>		(7,522,725)	(7,571,319)
<i>Adjustments related to fair value gains on derivative financial instruments</i>	21	(186,424)	(1,009,011)
Adjustments related to tax expense	23	4,176,696	(3,545,035)
Gain on disposal of interests in subsidiaries		-	(138,875)
Other adjustments to related to profit or loss		7,105	(292,992)
Movements in Working Capital		24,994,200	9,578,784
Change in trade receivables		(310,856)	(200,458)
Change in other receivables related to operations		203,174	332,835
Change in inventories	8	(1,256,710)	2,603
Change in prepaid expenses		(490,128)	(106,865)
Change in trade payables		328,678	283,284
Change in other payables related to operations		290,612	40,945
Change in deferred income		264,839	2,116
Cash generated by operating activities		24,023,807	9,933,245
Retirement pay paid	14	(8,244)	(3,982)
Payments related to other provisions		(2,230)	(2,790)
Income tax paid		(16,565)	1,293
Net cash generated by operations		23,996,768	9,927,767

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	<i>(Audited)</i> 1 January - 31 December 2023	<i>(Audited)</i> 1 January - 31 December 2022
B. Cash Flows From Investing Activities		
Cash flows from sales of subsidiaries and joint venture	-	602,323
Payments for intangible and tangible assets	(3,895)	(58,347)
Net cash inflows / (outflows) on acquire or sales of invesment property	(168,809)	406,240
Interest received	122,007	49,157
Purchase of other financial assets	(566,289)	(3,000,135)
Other cash inflows	149,814	347,154
Net cash flow from investing activities	<u>(467,172)</u>	<u>(1,653,607)</u>
C. Cash Flows From Financing Activities		
Proceeds from borrowings	8,912,524	39,018
Repayment of borrowings	(9,839,147)	(531,635)
Change in non-trade payables to related parties	(223,063)	(535,830)
Change in non-trade receivables from related parties	13,084	(1,995)
Cash receipts from future contracts, forward contracts, option contracts and swap contracts	447,893	640,155
Interest paid	(2,065,627)	(2,109,367)
Other cash outflow	(1)	(2,009)
Net cash provided by financing activities	<u>(2,754,338)</u>	<u>(2,501,665)</u>
D. Effect of inflation on cash and cash equivalents	(20,966,362)	(8,212,159)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(191,104)	(2,439,664)
E. Cash and cash equivalents at the beginning of the year	34	1,788,710
Cash and cash equivalents at the end of the year (A+B+C+D+E)	34	1,597,606

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Rönesans Gayrimenkul Yatırım Anonim Şirketi ("the Company") was founded on 2 June 2006 in Ankara/Turkey. The registered address of the Company is Aziziye Mahallesi Portakal Çiçeği Sok. No: 33 Yukarı Ayrancı 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 ultimate controlling party and the major shareholder of Rönesans Holding A.Ş. is Erman Ilıcak with a shareholder 90,01%. The remaining outstanding shares in Rönesans Holding A.Ş. are held by other members of Ilıcak Family and International Finance Corporation ("IFC"). From hereinafter Erman Ilıcak and other members of Ilıcak Family will be referred to as "Ilıcak Family". The details of the Company's shareholders are disclosed in Note 16. As at 12 January 2024, trade name of Rönesans Emlak Geliştirme Holding A.Ş. was changed as Rönesans Varlık ve Proje Yatırımları A.Ş.

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 2,464,460. Amounting to TRY 195,500 has been classified as nominal capital increase and the remaining amounting to TRY 2,268,960 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 3,624,194. Amounting to TRY 287,995 has been classified as nominal capital increase and the remaining amounting to TRY 3,336,199 has been classified as share premium (Note 16). As a result of this transaction, partnership ratio of Euro Efes S.a.r.l. has increased from 9,8% to 21,4%.

As of 13 July 2023, Euro Efes S.a.r.l. has transferred all its rights and shares to Euro Cube Private Limited and the ultimate shareholder has not changed.

As at 31 December 2023, the Group has 316 employees (31 December 2022: 268, 31 December 2021: 281).

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
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 San. ve Tic. 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 İnş. Turizm San. ve Tic. A.Ş.	Kabataş	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 İnş. ve Tic. A.Ş.	Mel2	Turkey, Ankara	Real Estate Development	Turkey
Mel3 Gayrimenkul Geliştirme Yatırım İnş. ve Tic. A.Ş.	Mel3	Turkey, Ankara	Real Estate Development	Turkey
Mel4 Gayrimenkul Geliştirme Yatırım İnş. ve Tic. A.Ş.	Mel4	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
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 Sanayi ve Ticaret A.Ş.-Rönesans Gayrimenkul Yatırım A.Ş. Adi Ortaklığı	Kabataş-RGY	Turkey, Ankara	Real Estate Development	Turkey
Yakaçık Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş.	Yakaçık	Turkey, Ankara	Real Estate Development	Turkey

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 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:

Registered name of joint ventures	Short name	Place of incorporation and operation	Nature of business	Geographic segment
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
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 20 March 2024.

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 31 December 2023:*

- **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;** effective 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.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The aforementioned standard changes did not have any significant impact on the financial status and performance of the Group.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

b) *Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:*

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

These changes are not expected to have a significant impact on the financial status and performance of the Group.

2.2 Basis of representation

Statement of compliance

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

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

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.

The exchange rates used for the preparation of consolidated financial statements as of 31 December 2023, 31 December 2022 and 31 December 2021 as follows:

The exchange rates used for the preparation of consolidated financial statements as at 31 December 2023
1 US Dollars = TRY 29.4382 1 EUR= TRY 32.5739. (31 December 2022 1 US Dollars= TRY 18.6983
1 EUR= TRY 19.9349, 31 December 2021: 1 US Dollars= TRY 13.3290, 1 EUR= TRY 15.0867)

Comparative information and restatements in the previous period’s 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. The Group has amended its statement of financial position as of 31 December 2021 and 31 December 2022 as well as its comprehensive income statement for the period ended 31 December 2022.

The financial statement figures of investment properties subject to IFRS 16 and paid in capital have been restated to the purchasing power of 31 December 2023 using appropriate indices, taking into account the contract and trade registry dates. The restatement effect of the financial statements has been applied retrospectively.

31 December 2021

	Previously reported	Restatement and reclassification effect	Restated and reclassified
Non-Current Assets			
Investment properties	52,841,671	(529,609)	52,312,062
Property, plant and equipment	17,620	56,571	74,191
Right of use assets	-	166,969	166,969
Deferred tax assets	730,786	6,523	737,309
Deferred tax liabilities	(5,475,212)	143,255	5,331,957
Equity			
Adjustment to share capital	(2,775,282)	(161,670)	(2,936,952)
Retained earnings	13,867,006	317,961	13,549,045

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

31 December 2022

	Previously reported	Restatement and reclassification effect	Restated and reclassified
Non-Current Assets			
Investment properties	60,227,162	(462,733)	59,764,429
Property, plant and equipment	47,594	56,425	104,019
Right of use assets	-	166,629	166,629
Deferred tax assets	206,699	4,446	211,145
Deferred tax liabilities	(8,545,605)	160,770	8,384,835
Equity			
Adjustment to share capital	(2,775,282)	(161,670)	(2,936,952)
Retained earnings	28,357,021	236,133	28,120,888

Restatement for the effects of hyperinflation

The financial statements at 31 December 2023 are expressed in terms of the purchasing power of TRY at 31 December 2023.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the comparative amounts was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index (“WPI”) published by the State Institute of Statistics (“SIS”). Indices and conversion factors used to restate the comparative amounts until 31 December 2023 are given below:

Date	Index	Conversion factor	Cumulative three-year inflation rate
31.12.2023	1,859.38	1,000	268%
31.12.2022	1,128.45	1,647	156%
31.12.2021	686.95	2,706	74%
31.12.2020	504.81	3,6833	54%

Comparative information and adjustment effect on previous financial statement

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

In the consolidated statements of financial position dated 31 December 2023, 2022 and 2021 approved by the Board of Directors on 13 February 2024, the Group classified the leased land to be used for the Beachtown project in Antalya under investment property under development and measured its fair value as TRY992,546 thousand (2022: TRY1,015,573 thousand, 2021: TRY982,134 thousand) as of 31 December 2023. As a result of the assessment, the leased land has been reclassified as right of use asset and remeasured with a cost of TRY166,366 thousand (2022: TRY166,629 thousand, 2021: TRY166,969 thousand) as of 31 December 2023. In addition, costs directly attributable to the project amounting to TRY60,822 thousand as of 31 December 2023 (2022: TRY54,523 thousand, 2021: TRY54,523 thousand) have been recognised as construction in progress in non-current assets. Following the related adjustments, the consolidated financial statements as of 31 December 2023, 2022 and 2021 were re-approved by the Board of Directors on 1 April 2024.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 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 31 December 2023, 2022 and 2021 are as follows:

Subsidiaries	Effective ownership rate (%)			Voting power held (%)		
	31 December 2023	31 December 2022	31 December 2021	31 December 2023	31 December 2022	31 December 2021
Akaretler	100.00	100.00	100.00	100.00	100.00	100
Altunizade	100.00	100.00	100.00	100.00	100.00	100
Ayazağa	100.00	100.00	100.00	100.00	100.00	100
Bahariye	100.00	100.00	100.00	100.00	100.00	100
Bakırköy	100.00	100.00	100.00	100.00	100.00	100
Bostancı	100.00	100.00	100.00	100.00	100.00	100
Cevizli	100.00	100.00	100.00	100.00	100.00	100
Göksu	100.00	100.00	100.00	100.00	100.00	100
Kabataş	100.00	100.00	100.00	100.00	100.00	100
Kozyatağı	100.00	100.00	100.00	100.00	100.00	100
Mel2	100.00	100.00	100.00	100.00	100.00	100
Mel3	100.00	100.00	100.00	100.00	100.00	100
Mel4	100.00	100.00	100.00	100.00	100.00	100
Rönesans Yönetim	100.00	100.00	100.00	100.00	100.00	100
Salacak	100.00	100.00	100.00	100.00	100.00	100
Selimiye	100.00	100.00	100.00	100.00	100.00	100
Tarabya	100.00	100.00	100.00	100.00	100.00	100
Yakacak	100.00	100.00	100.00	100.00	100.00	100
Kabataş-RGY	100.00	100.00	100.00	100.00	100.00	100
Salacak-RGY	100.00	100.00	100.00	100.00	100.00	100

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.

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.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.2 Basis of representation (Continued)

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.

Investments in joint ventures

Joint Ventures	Main activities	Place of incorporation and operation	31 December 2023	31 December 2022	31 December 2021
Esentepe	Real estate development	Turkey, Ankara	50.00	50.00	50.00
Feriköy	Real estate development	Turkey, Ankara	50.00	50.00	50.00
Kandilli	Real estate development	Turkey, Ankara	50.00	50.00	50.00
Kurtköy	Real estate development	Turkey, Ankara	50.00	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.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.2 Basis of representation (Continued)

Investments in joint ventures (Continued)

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.

The Group has adopted IFRS 16 “Leases” as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset,
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies IAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.3 Significant Accounting Policies

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

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

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

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

2.3 Significant Accounting Policies (Continued)

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Short term lease agreements with a duration of 12 months or less and the lease agreements for office rent and equipment determined by the Group as low value have been evaluated within the scope of the exemption recognized by the standard and the payments related to these agreements continue to be recorded as expense in the period they occur.

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (“reporting entity”).

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

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

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

2.3 Significant Accounting Policies (Continued)

Revenue

Rental income from real estate properties

Rental income generated from real estate development projects is recognized on an accrual basis. Revenue is recognised if it is probable that the economic benefit associated with these transactions will flow to the entity or the amount of revenue can be measured reliably.

Revenue generated from electricity, water and shared area expense reflecting

Electricity, water and shared area expense invoices related to shopping malls and offices owned by the Group, are reflected to the tenants as accrual basis according to the rental agreements between Group companies and tenants.

Revenues generated from sale flats or residential units

The Group sells flats or residential units. Revenue from the sale of these flats or residential units is measured at the fair value of the consideration received or receivable.

Revenue from sale of flats or residential units is recognized when all the following conditions are satisfied in accordance with IFRS 15 Revenue from Contract with Customers.

- The Group has transferred to the buyer the control of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Transfers of control depending on the individual terms of the contract of sale. Revenues from the sale of flats or residential units are recognised when the Group turnover the ownership of the flats or residential units to the buyer and upon acceptance of such by the buyer.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued with weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

2.3 Significant Accounting Policies (Continued)

Inventories

Residential projects under construction; costs comprise direct costs, attributable direct costs, attributable indirect costs, raw materials related to projects. These inventories are stated at the lower of cost or net realizable value.

Lands to be developed for projects consist of lands for sale of residential real estates.

In accordance with hyperinflation accounting, inventory items are indexed as of the date of entry into the inventory and are booked in the financial statements by bringing them to the purchasing power of the relevant reporting period.

In line with the hyperinflation accounting, the inventories are adjusted according to the price indexes at their inventory entry date and recognised in the financial statements after adjustment to the purchasing power level of the relevant reporting period.

Property, plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

In line with the hyperinflation accounting, the property plant and equipment are adjusted according to the price indexes at their capitalisation date and recognised in the financial statements after adjustment to the purchasing power level of the relevant reporting period. Fixed assets adjusted according to the Producer Price Index in the statutory records are adjusted according to the Consumer Price Index in the financial statements prepared according to the IFRS.

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

2.3 Significant Accounting Policies (Continued)

Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

Intangible assets acquired separately

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

In line with the inflation accounting principles, intangible assets are adjusted according to the price indexes at their capitalisation date and recognised in the financial statements after adjustment to the purchasing power level of the relevant reporting period. Fixed assets adjusted according to the Producer Price Index in the statutory records are adjusted according to the Consumer Price Index in the financial statements prepared according to the IFRS.

Bonds

Bonds are recognized initially at their proceeds net of transaction costs incurred at the date of purchase or issue. Bonds are subsequently stated at amortised cost using the effective yield method in the consolidated financial statements. Any difference between the proceeds and redemption value (net of transaction costs) is recognized in the consolidated income statement over the period of the bonds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalization for funds borrowed for the purpose of specific qualifying assets is the actual borrowing costs incurred during the period on such borrowed funds less any investment income on any amount of the borrowing that is temporary invested.

All other borrowing costs are recognized in the consolidated statement of income in the period in which they are incurred.

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

2.3 Significant Accounting Policies (Continued)

Financial Instruments

Financial assets

Financial assets purchased or sold are recognised or derecognised on the settlement date.

“Financial assets” measured at their amortised costs are the non-derivative financial assets that include cash flows from interest payments due from only the principal and principal balance at certain dates as per the contract terms and that are held for collection of the contractual cash flows within the scope of the relevant business model. The relevant assets are measured at their fair values at initial recognition in the financial statements, and afterwards, at their values discounted via effective interest rate method. The profits and losses from valuation of non-derivative financial assets measured at their amortised costs are recognised in the consolidated income statement.

Classification of financial assets

The financial assets that meet the following requirements are measured at their amortised costs:

- The financial asset is held within the scope of a business model that aims to collect the contractual cash flows.
- Contract terms related to the financial asset cause cash flows including interest payments due from the principal amount and the principal balance on certain dates.

The financial assets that meet the following requirements are measured at their fair values through other comprehensive income:

- The financial asset is held within the scope of a business model that aims to collect the contractual cash flows and to sell the financial asset,
- Contract terms related to the financial asset cause cash flows including interest payments due from only the principal amount and the principal balance on certain dates.

If a financial asset is not measured at its amortised cost or fair value through other comprehensive income, the change in its fair value is measured through profit or loss.

At initial recognition in the consolidated financial statements, the Group has right to choose to present the future changes in the fair value of an investment in an equity instrument, which is not held for commercial purposes, in other comprehensive income.

Impairment in financial assets

The group used the “simplified approach” described in the TFRS 9 standard for the impairment calculations of its trade receivables that were recognised at their amortised cost in the consolidated financial statements and that do not contain any material financing component (those with a maturity period of less than 1 year). With this approach, the group measures the loss provisions related to its trade receivables at a value equal to the “expected lifetime credit losses” when trade receivables are not impaired for certain reasons (except for impairment losses realised).

The group uses a provision matrix which considers previous experiences and future expectations in measurement of expected credit losses. Provision rates are calculated using the matrix based on the number of days that a trade receivable is past due. These rates are reviewed each reporting period and revised when necessary. As of the reporting date, the provision impact is insignificant.

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

2.3 Significant Accounting Policies (Continued)

Measurement and accounting of the expected credit losses

Expected credit losses is measured using the probability of default, losses in the event of a default (i.e., size of the loss if there is any default) and the amount of default risk. The probability of default and losses in the event of a default are evaluated based on past data adjusted with prospective information. Default risk exposure amounts of financial assets are recognised at their gross book value at the reporting date.

Expected credit losses of the financial assets mean the current value of the difference between all future contractual cash flows of the group to arise on the maturity date and all cash flows the group expects to collect (all cash deficits). This value is calculated using the initial effective interest rate (or the effective interest rate adjusted according to the credit for the financial assets with credit impairment on the date of acquisition or recognition).

Derecognition of financial assets from consolidated financial statements

The group derecognises a financial asset from the consolidated financial statements only when the term of the contractual rights to the cash flows from that financial asset has expired or all types of risks and rewards from that financial asset or the ownership of that financial asset are mainly transferred to another entity.

When a financial asset measured at its amortised cost is derecognised from consolidated financial statements, the difference between that asset’s book value and the value which has been and will be collected is recognised in the profit or loss. When derecognising a debt instrument whose fair value difference is recognised in the other comprehensive income from the consolidated financial statements, total sum of the gains and losses accumulated in the revaluation fund of the relevant instrument is reclassified in the profit or loss. If an equity instrument the group preferred to measure at fair value through the other comprehensive income at the initial recognition is derecognised from the consolidated financial statements, total gains or losses accumulated in the revaluation fund is not recognised in profit or loss; but is transferred directly to accumulated profits.

Amortised cost and effective interest method

The interest income from the financial assets recognised at their amortised costs is calculated using the effective interest method. Effective interest method is a method for calculating a debt instrument’s amortised cost and distributing its interest income to the relevant period.

During subsequent recognitions, the interest income is recognised by using the effective interest method for the debt instruments at amortised cost and fair value through other comprehensive income.

Interest income is recognised in profit or loss and presented under “financing income-interest income” (Note 21).

Financial assets whose fair value difference is recognised through profit or loss

The financial assets that do not meet the criteria of being measured at fair value through other comprehensive income or at amortised cost are measured at fair value through profit or loss.

The financial assets whose fair value differences are recognised in profit or loss are measured at their fair values at the end of every period and all fair value changes are recognised in profit or loss unless the relevant financial assets are included in financial hedging transactions (see hedging accounting policy).

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

2.3 Significant Accounting Policies (Continued)

Foreign currency transactions

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

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

Events after balance sheet date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) will be explained in the relevant note.

The Group restates its consolidated financial statements if such subsequent events arise.

Provisions

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

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

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

2.3 Significant Accounting Policies (Continued)

Provisions (Continued)

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

Advances that are not defined as monetary assets or liabilities are presented according to the purchasing power parity while advances defined as monetary assets or liabilities are adjusted according to inflation accounting principles. Prepaid expenses consist of the advances given for construction works and classified as non-monetary items.

Segmental reporting

In accordance with IFRS 8 “Operating Segments”, an operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Group’s chief operating decision maker (“CODM”) receives financial information and 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 of its real estate projects on an individual basis for the purpose of determining resources to be allocated to segments and assessing the performance of each segment (Note 4).

Investment properties

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

The fair value of the Group’s investment properties has been arrived at on the basis of a valuation carried out at that date by valuers independent of the Group generally on sixth and twelfth months. The valuation, which conforms to International Valuation Standards and Capital Market Board Legislation, 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 represent 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 an arm’s length transaction.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Reclassification to or from investment property are only made when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of transfer. If an owner-occupied property is reclassified as investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment up to the date of the reclassification.

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

2.3 Significant Accounting Policies (Continued)

Investment properties under development

Property that is being constructed for future use as investment property is accounted for as investment property under development until construction or development is complete, at which time it is reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

Investment property under construction is measured at fair value (where that fair value is reliably determinable), with changes in fair value recognised in profit or loss.

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 valuers independent of the Group semi annually and annually. 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, income capitalization and comparison 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 Group values its investment properties with the discounted cash flow after obtaining the approval of the building permit and construction.

Income Taxes

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 according to the tax legislation of the country the entity operates.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

2.3 Significant Accounting Policies (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

In calculation of the deferred tax assets and liabilities in relation with the investment properties measured by fair value method, it is assumed that the net book values of the buildings have been totally recovered through sale unless there is a contrary assumption. In addition, as lands are not subject to depreciation, a contrary assumption about recovery through sale cannot be certified.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits

Termination and retirement benefits

The Group has operated in different countries and the local regulations and practices of the countries in question are applied in determination of defined benefit plan.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit liability recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses through statement of other comprehensive income.

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

2.3 Significant Accounting Policies (Continued)

Statements of Cash Flows

Current period statements of cash flows are categorized and reported as operating, investing and financing.

Capital and Dividends

Common stocks are classified as equity. Dividends paid are recorded at the Board's payment decision date retained earnings balance less the dividend amount paid.

2.4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

2.4.1 Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 2.3, 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 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 (such as disposal of asset and company) 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 Group because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in the Group. The Group has provided an allowance for deferred tax assets from carry forward tax losses because it is probable that taxable profit will not be available sufficient to recognize deferred tax assets in the Group. Deferred tax asset amounting to TRY 2,536,851 (2022:TRY 2,028,187, 2021: TRY 2,776,669) 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.

2.4.2 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 ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES

The details of Group's associates and joint ventures valued by using equity method as at 31 December 2023, 31 December 2022 and 31 December 2021 are as follows:

Investment accounted for using the equity method	Group's share on net asset of investments accounted for using the equity method		
	31 December 2023	31 December 2022	31 December 2021
Joint ventures	11,150,838	8,931,776	7,104,166
	<u>11,150,838</u>	<u>8,931,776</u>	<u>7,104,166</u>

Investment accounted for using the equity method	Group's share on net asset of investments accounted for using the equity method		
	1 January-31 December 2023	1 January-31 December 2022	1 January-31 December 2021
Joint ventures	2,219,062	1,827,297	233,832
	<u>2,219,062</u>	<u>1,827,297</u>	<u>233,832</u>

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

Joint ventures	Project name	Investment Location	31 December 2023	31 December 2022	31 December 2021
Esentepe	Optimum İzmir SHC ⁽¹⁾⁽²⁾	İzmir, Turkey	8,911,090	7,698,700	7,892,012
Feriköy	Optimum İstanbul SHC ⁽¹⁾⁽²⁾	İstanbul, Turkey	5,642,565	5,274,455	5,411,042
Kandilli	Ünraniye Tepeüstü ⁽¹⁾	İstanbul, Turkey	805,239	776,622	387,906
Kurtköy	Optimum Ankara SHC ⁽¹⁾⁽²⁾	Ankara, Turkey	3,200,672	2,874,037	2,943,678
			<u>18,559,566</u>	<u>16,623,814</u>	<u>16,634,638</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.

Movements of investments accounted for using the equity method are as follows:

	1 January 31 December 2023	1 January 31 December 2022	1 January 31 December 2021
1 January	8,931,776	7,104,166	7,384,393
Share on net profit of joint ventures	2,219,062	1,827,297	233,832
Changes in capital	-	313	1,671
Sale of joint venture	-	-	(515,730)
31 December	<u>11,150,838</u>	<u>8,931,776</u>	<u>7,104,166</u>

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES (Continued)

31 December 2023	Esentepe	Feriköy	Kandıllı	Kurtköy	Total
Cash	370,750	212,604	62	87,838	671,254
Other current assets	76,628	61,849	-	21,849	160,326
Current Assets	447,378	274,453	62	109,687	831,580
Investment property	16,084,940	8,091,045	1,593,335	5,799,895	31,569,215
Deductible VAT	-	-	17,080	-	17,080
Other non-current assets	1,289,862	2,919,632	-	491,764	4,701,259
Non-Current Assets	17,374,802	11,010,677	1,610,415	6,291,659	36,287,554
Total Assets (*)	17,822,180	11,285,130	1,610,477	6,401,346	37,119,134
Financial liabilities	711,903	3,450,320	-	153,051	4,315,274
Other current liabilities	71,681	38,028	14	84,482	194,205
Current Liabilities	783,584	3,488,348	14	237,533	4,509,479
Financial liabilities	3,257,390	-	-	2,112,642	5,370,032
Deferred tax liabilities	2,437,051	1,509,296	24,852	925,672	4,896,871
Other non-current liabilities	16,397	11,626	-	13,052	41,076
Long Term Liabilities	5,710,838	1,520,922	24,852	3,051,366	10,307,979
Total Liabilities (*)	6,494,422	5,009,270	24,866	3,288,899	14,817,458
Net Assets of Subsidiaries	11,327,758	6,275,860	1,585,611	3,112,447	22,301,676
Group's share in subsidiaries	50%	50%	50%	50%	50%
Carrying amount of the Group's interest in subsidiaries	5,663,879	3,137,930	792,806	1,556,224	11,150,838
Group's share in VAT deductible	-	-	8,540	-	8,540
Group's share in investment properties	8,042,470	4,045,523	796,668	2,899,948	15,784,608
Group's share in total assets	8,911,090	5,642,565	805,239	3,200,673	18,559,567
Group's share in deferred tax liabilities	1,218,526	754,648	12,426	462,836	2,448,436
Group's share in total liabilities	3,247,211	2,504,635	12,433	1,644,450	7,408,729

(*) 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 YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES (Continued)

31 December 2022	Esentepe	Feriköy	Kandilli	Kurtköy	Total
Cash	339,523	121,424	56	66,381	527,384
Other current assets	248,923	78,681	2	19,072	346,678
Current Assets	588,446	200,105	58	85,453	874,062
Investment property	13,510,366	7,518,554	1,525,012	5,145,157	27,699,089
Deductible VAT	-	-	28,141	-	28,141
Other non-current assets	1,298,587	2,830,251	31	517,463	4,646,333
Non-Current Assets	14,808,953	10,348,805	1,553,185	5,662,621	32,373,563
Total Assets (*)	15,397,399	10,548,910	1,553,243	5,748,074	33,247,625
Financial liabilities	715,557	91,818	-	128,942	936,317
Other current liabilities	55,331	32,570	23	28,846	116,771
Current Liabilities	770,888	124,388	23	157,789	1,053,088
Financial liabilities	3,941,608	3,450,549	-	2,278,965	9,671,122
Deferred tax liabilities	2,190,500	1,418,421	269,040	766,131	4,644,092
Other non-current liabilities	5,482	4,093	3	6,194	15,772
Long Term Liabilities	6,137,590	4,873,063	269,043	3,051,290	14,330,986
Total Liabilities (*)	6,908,478	4,997,451	269,066	3,209,079	15,384,074
Net Assets of Subsidiaries	8,488,921	5,551,459	1,284,177	2,538,995	17,863,551
Group's share in subsidiaries	50%	50%	50%	50%	50%
Carrying amount of the Group's interest in subsidiaries	4,244,461	2,775,730	642,089	1,269,498	8,931,776
Group's share in VAT deductible	-	-	14,071	-	14,071
Group's share in investment properties	6,755,183	3,759,277	762,506	2,572,579	13,849,545
Group's share in total assets	7,698,700	5,274,455	776,622	2,874,037	16,623,813
Group's share in deferred tax liabilities	1,095,250	709,210	134,520	383,066	2,322,046
Group's share in total liabilities	3,454,239	2,498,726	134,533	1,604,540	7,692,037

(*) 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 YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES (Continued)

31 December 2021	Esentepe	Feriköy	Kandilli	Kurtköy	Total
Cash	299,006	151,315	194	121,520	572,035
Other current assets	53,516	91,451	13	32,778	177,758
Current Assets	352,522	242,766	207	154,298	749,793
Investment property	12,138,011	7,273,192	729,341	5,118,163	25,258,707
Deductible VAT	-	-	46,216	-	46,216
Other non-current assets	3,293,490	3,306,127	46	614,895	7,214,558
Non-Current Assets	15,431,501	10,579,318	775,604	5,733,058	32,519,481
Total Assets (*)	15,784,023	10,822,084	775,811	5,887,356	33,269,274
Financial liabilities	7,545,927	104,640	-	96,764	7,747,332
Other current liabilities	59,933	32,361	41	36,554	128,890
Current Liabilities	7,605,861	137,001	41	133,319	7,876,222
Financial liabilities	-	4,379,536	-	2,987,173	7,366,709
Deferred tax liabilities	1,692,369	1,291,228	87,120	708,275	3,778,993
Other non-current liabilities	23,699	5,917	-	9,403	39,019
Long Term Liabilities	1,716,068	5,676,681	87,120	3,704,852	11,184,721
Total Liabilities (*)	9,321,929	5,813,682	87,161	3,838,171	19,060,943
Net Assets of Subsidiaries	6,462,094	5,008,402	688,650	2,049,185	14,208,331
Group's share in subsidiaries	50%	50%	50%	50%	50%
Carrying amount of the Group's interest in subsidiaries	3,231,047	2,504,201	344,325	1,024,593	7,104,166
Group's share in VAT deductible	-	-	23,108	-	23,108
Group's share in investment properties	6,069,006	3,636,596	364,671	2,559,082	12,629,354
Group's share in total assets	7,892,012	5,411,042	387,906	2,943,678	16,634,637
Group's share in deferred tax liabilities	846,185	645,614	43,560	354,138	1,889,497
Group's share in total liabilities	4,660,965	2,906,841	43,581	1,919,086	9,530,472

(*) 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 YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES (Continued)

31 December 2023	Esentepe	Feriköy	Kandilli	Kurtköy	Total
Revenue	1,034,768	512,976	-	402,688	1,950,431
Cost of sales	(256,598)	(157,778)	-	(154,333)	(568,708)
Operating expenses	(39,911)	(15,932)	(83)	(18,704)	(74,631)
Interest income from deposits	6,125	1,935	3	2,549	10,612
Interest expense on bank borrowings	(227,991)	(213,562)	-	(150,008)	(591,560)
Tax expense	(1,107,622)	(648,447)	138,412	(460,701)	(2,078,359)
Other income	3,430,195	1,245,214	162,963	951,968	5,790,339
Net Profit for the period	2,838,966	724,406	301,294	573,459	4,438,124
Group's share in subsidiaries	50%	50%	50%	50%	50%
Group's share in revenue	517,384	256,488	-	201,344	975,216
Group's share in cost of sales	(128,299)	(78,889)	-	(77,167)	(284,355)
Group's share in operating expenses	(19,956)	(7,966)	(42)	(9,352)	(37,316)
Group's share in interest income from deposits	3,063	967	1	1,275	5,306
Group's share in interest expense on bank borrowings	(113,995)	(106,781)	-	(75,004)	(295,780)
Group's share in tax expense	(553,811)	(324,224)	69,206	(230,350)	(1,039,179)
Group's share in other income	1,715,098	622,607	81,481	475,984	2,895,170
Group's share in profit for the period	1,419,484	362,202	150,646	286,730	2,219,062

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. INTERESTS IN OTHER ENTITIES (Continued)

31 December 2022	Esentepe	Feriköy	Kandilli	Kurtköy	Total
Revenue	848,895	437,270	-	313,579	1,599,744
Cost of sales	(257,651)	(143,324)	-	(125,285)	(526,259)
Operating expenses	(21,407)	(14,760)	-	(11,333)	(47,500)
Interest income from deposits	12,112	1,228	-	1,117	14,457
Interest expense on bank borrowings	(179,980)	(111,666)	-	(93,675)	(385,321)
Tax expense	(498,133)	(127,196)	(181,939)	(57,857)	(865,125)
Realized gain on derivatives at fair value through profit or loss, net	(11,687)	-	-	-	(11,687)
Unrealized gain on derivatives at fair value through profit or loss, net	11,384	-	-	-	11,384
Other income	2,123,516	501,502	776,594	463,287	3,864,899
Net profit for the period	2,027,050	543,054	594,655	489,833	3,654,592
Group's share in subsidiaries	50%	50%	50%	50%	50%
Group's share in revenue	424,448	218,635	-	156,789	799,872
Group's share in cost of sales	(128,825)	(71,662)	-	(62,642)	(263,129)
Group's share in operating expenses	(10,703)	(7,380)	-	(5,666)	(23,749)
Group's share in interest income from deposits	6,056	614	-	559	7,229
Group's share in interest expense on bank borrowings	(89,990)	(55,833)	-	(46,838)	(192,661)
Group's share in tax expense	(249,066)	(63,598)	(90,970)	(28,929)	(432,563)
Realized gain on derivatives at fair value through profit or loss, net	(5,844)	-	-	-	(5,844)
Unrealized gain on derivatives at fair value through profit or loss, net	5,692	-	-	-	5,692
Group's share in other income	1,061,758	250,751	388,297	231,644	1,932,450
Group's share in profit for the period	1,013,526	271,527	297,327	244,917	1,827,297

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 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 assets and liabilities, net operating income, operating expense, value added tax, interest income from time deposit, interest expense, income tax expense, realised derivative and capital expenditures of the Group's real estate projects are as follows:

a) Total Assets (*)

<u>Company Name</u>	<u>Project</u>	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Tarabya	Hilltown SHC ve Office	8,924,274	8,519,833	9,060,459
Mel3	Kahramanmaraş Piazza SHC	4,437,445	3,699,787	2,946,178
Altunizade	Hilltown Karşiyaka SHC	14,783,482	10,870,572	8,434,434
Salacak	Maltepe Piazza	12,121,535	10,973,717	9,251,996
Bakırköy	Maltepe Park	11,366,279	10,673,448	5,996,713
Göksu	Optimum Adana SHC	7,500,324	6,239,182	5,602,945
Kurtköy	Optimum Ankara SHC	3,200,673	2,874,037	2,943,704
Feriköy	Optimum İstanbul SHC	5,642,565	5,274,456	5,411,088
Esentepe	Optimum İzmir SHC	8,911,090	7,698,699	7,892,079
Mel2	Samsun Piazza SHC and Hotel	7,996,292	6,482,887	6,018,226
Mel4	Şanlıurfa Piazza SHC	3,396,665	2,943,023	2,213,634
Kandilli	Ümraniye Tepeüstü	805,239	776,622	387,908
Other(*)	Other	815,809	5,841,517	9,997,436
	Combined	89,901,673	82,867,780	76,156,801
	Less : Joint venture (Note 3)	(18,559,567)	(16,623,813)	(16,634,637)
	Less : Consolidation eliminations and adjustments	12,413,382	10,181,542	8,949,981
	Consolidated	83,755,488	76,425,509	68,472,145

(*) Total Asset includes related party receivables.

(*) Other projects include combined elimination and adjustments.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

4. SEGMENTAL REPORTING (Continued)

b) Total Liabilities (*)

<u>Company Name</u>	<u>Project</u>	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Tarabya	Hilltown SHC and Office	2,775,715	4,081,030	5,020,027
Mel3	Kahramanmaraş Piazza SHC	781,570	803,484	806,683
Altunizade	Hilltown Karşıyaka SHC	5,526,848	6,498,959	7,079,452
Kozyatağı	Kozzy SHC	463,457	628,942	831,468
Bostancı	Küçükyaalı SHC and School	664,628	1,014,199	1,212,520
Salacak	Maltepe Piazza	5,021,288	6,747,289	7,665,956
Bakırköy	Maltepe Park	5,477,212	4,923,446	1,957,077
Göksu	Optimum Adana SHC	1,750,532	1,950,906	2,278,611
Kurtköy	Optimum Ankara SHC	1,644,450	1,604,540	1,919,102
Feriköy	Optimum İstanbul SHC	2,504,635	2,498,726	2,906,866
Esentepe	Optimum İzmir SHC	3,247,211	3,454,237	4,661,005
Mel2	Samsun Piazza SHC and Hotel	1,541,598	1,988,326	2,313,238
Mel4	Şanlıurfa Piazza SHC	486,118	811,196	894,483
Kandilli	Ümraniye Tepeliüstü	12,433	134,533	43,581
Diğer ^(*)	Other	2,313,930	8,316,027	13,716,002
	Combined	34,211,625	45,455,840	53,306,071
	Less : Joint venture (Note 3)	(7,408,729)	(7,692,037)	(9,530,472)
	Less : Consolidation eliminations and adjustments	1,254,526	1,249,765	1,846,018
	Consolidated	28,057,422	39,013,568	45,621,617

(*) Total Liability includes related party payables.

(*) Other projects include combined elimination and adjustments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

4. SEGMENTAL REPORTING (Continued)

c) Deferred Tax Assets

Company Name	Project	31 December 2023	31 December 2022	31 December 2021
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	241,578	203,217	729,350
Rönesans Yönetim	Rönesans Yönetim	151	483	858
Salacak	Maltepe Piazza	372,315	-	-
Bakırköy	Maltepe Park	204,058	-	-
Diğer	Other	24,894	7,445	7,101
Combined		842,995	211,145	737,309
Less : Joint venture		-	-	-
Consolidated		842,995	211,145	737,309

d) Deferred Tax Liabilities

Company Name	Project	31 December 2023	31 December 2022	31 December 2021
Tarabya	Hilltown SHC and Office	86,755	891,112	700,960
Mel3	Kahramanmaraş Piazza SHC	520,208	674,667	449,734
Altunizade	Hilltown Karşıyaka SHC	1,333,517	1,323,197	675,484
Kozyatağı	Kozzy SHC	15,414	98,261	97,436
Bostancı	Küçükyalı Office and School	347,741	524,468	444,316
Salacak	Maltepe Piazza	-	1,042,342	335,149
Bakırköy	Maltepe Park	-	1,209,577	699,774
Göksu	Optimum Adana SHC	1,125,404	1,057,407	793,315
Kurtköy	Optimum Ankara SHC	462,836	383,067	354,142
Feriköy	Optimum İstanbul SHC	754,648	709,210	645,621
Esentepe	Optimum İzmir SHC	1,218,526	1,095,249	846,190
Mel2	Samsun Piazza SHC and Hotel	976,316	1,087,868	875,377
Mel4	Şanlıurfa Piazza SHC	314,095	475,938	241,733
Kandilli	Ümraniye Tepeüstü	12,426	134,520	43,559
Sancaktepe	Seyrantepe	-	-	18,664
Combined		7,167,885	10,706,881	7,221,454
Less : Joint venture (Note 3)		(2,448,436)	(2,322,046)	(1,889,497)
Consolidated		4,719,450	8,384,835	5,331,957

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

4. SEGMENTAL REPORTING (Continued)

e) Gross Profit

Company Name	Project	31 December 2023			31 December 2022		
		Sales	Cost	Gross profit	Sales	Cost	Gross profit
Tarabya	Hilltown SHC and Office	813,081	(287,218)	525,863	665,214	(288,265)	376,949
Mel3	Kahramanmaraş Piazza SHC	193,565	(208,981)	(15,416)	300,679	(126,099)	174,580
Altunizade	Hilltown Karşıyaka SHC	954,556	(216,121)	738,435	744,250	(228,631)	515,619
Kozyatağı	Kozzy SHC	94,422	(55,537)	38,885	91,672	(51,860)	39,812
Bostancı	Küçükyalı Office and School	214,166	(91,021)	123,145	182,906	(90,997)	91,909
Salacak	Maltepe Piazza	761,443	(290,240)	471,203	633,352	(242,315)	391,037
Bakırköy	Maltepe Park	353,959	(135,099)	218,860	270,247	(108,330)	161,917
Göksu	Optimum Adana SHC	545,498	(184,946)	360,552	453,152	(184,625)	268,527
Kurtköy	Optimum Ankara SHC	201,344	(77,167)	124,177	156,790	(62,643)	94,147
Feriköy	Optimum İstanbul SHC	256,487	(78,890)	177,597	218,633	(71,662)	146,971
Esentepe	Optimum İzmir SHC	517,384	(128,299)	389,085	424,450	(128,824)	295,626
Mel2	Samsun Piazza SHC and Hotel	612,017	(160,721)	451,296	488,757	(157,943)	330,814
Mel4	Şanlıurfa Piazza SHC	218,890	(171,032)	47,858	239,470	(109,015)	130,455
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	205,484	(26,478)	179,006	132,896	(9,028)	123,868
Combined		5,942,296	(2,111,750)	3,830,546	5,002,468	(1,860,237)	3,142,231
Less : Joint venture (Note 3)		(975,215)	284,356	(690,859)	(799,873)	263,129	(536,744)
Less : Consolidation eliminations and adjustments		43,782	(14,673)	29,109	(1,177)	16,027	14,850
Consolidated		5,010,863	(1,842,067)	3,168,796	4,201,418	(1,581,081)	2,620,337

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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4. SEGMENTAL REPORTING (Continued)

f) Operating Expenses

<u>Company Name</u>	<u>Project</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Tarabya	Hilltown SHC and Office	3,567	4,916
Mel3	Kahramanmaraş Piazza SHC	4,611	1,734
Altunizade	Hilltown Karşıyaka SHC	41,442	36,969
Kozyatağı	Kozzy SHC	2,368	1,926
Bostancı	Küçükyalı Office and School	1,039	897
Salacak	Maltepe Piazza	7,107	3,865
Bakırköy	Maltepe Park	13,627	4,702
Göksu	Optimum Adana SHC	13,588	4,912
Kurtköy	Optimum Ankara SHC	9,352	5,667
Feriköy	Optimum İstanbul SHC	7,966	7,378
Esentepe	Optimum İzmir SHC	19,955	10,704
Mel2	Samsun Piazza SHC and Hotel	15,352	3,250
Mel4	Şanlıurfa Piazza SHC	5,811	2,423
Rönesans Gayrimenkul Yatırım	Rönesans Gayrimenkul Yatırım	59,722	48,339
Diğer	Diğer	5,016	2,337
	Combined	210,523	140,019
	Less : Joint venture (Note 3)	(37,316)	(23,749)
	Less : Consolidation eliminations and adjustments	28,310	14,850
	Consolidated	201,517	131,120

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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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:

	31 December 2023										
	Receivables				Payables				Loans		Advances
	Short-term		Long-term		Short-term		Long-term		Short-term	Long-term	Short-term
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade (*)	Trade	Non-Trade (*)			
Balances with related parties											
<u>Subsidiaries and Joint Ventures</u>											
Esentepe Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	16,915	-	-	-	228	85,486	-	587,329	-	-	-
Kurtköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	52,378	1	-	-	-	-	-	256,940	-	-	-
Feriköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	12,518	-	-	-	-	994,319	-	502,579	-	-	-
<u>Shareholders</u>											
Euro Cube Private Limited ⁽²⁾	-	113	-	-	-	-	-	97,174	-	-	-
Rönesans Emlak Geliştirme Holding A.Ş. ⁽²⁾	-	-	-	-	2	-	-	340,174	-	-	-
<u>Other companies controlled by the parent company</u>											
IVF Investment and Credit Pte.Ltd. ⁽⁹⁾	-	-	-	-	-	-	-	-	20,845	2,798,182	-
Gamstar Pte. Ltd. ⁽⁹⁾	-	-	-	-	-	-	-	-	9,276	1,245,139	-
Rönesans Altyapı Sistemleri A.Ş. ⁽³⁾	2,165	205	-	-	40,461	4,761	40,461	-	-	-	-
RMİ Rönesans Medikal Taahhüt İnşaat A.Ş. ⁽⁷⁾	2,305	-	-	-	-	1,701	-	-	-	-	324,247
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁶⁾	2,077	-	-	-	-	-	-	-	-	-	-
Rönesans Holding A.Ş. ⁽⁴⁾	795	-	-	-	1,710	18	1	-	-	-	-
REC Uluslararası İnşaat Yatırım San.ve Tic. A.Ş. ⁽⁸⁾	26	-	-	-	36,286	-	-	-	-	-	-
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	-	-	-	-	54,268	-	-	-	-	-	-
Other	2,665	3	-	-	90	-	-	-	-	-	-
	91,845	322	-	-	133,045	1,086,285	40,462	1,784,196	30,121	4,043,320	324,247

(1) Current trade receivables consist of asset, property management 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 Cube Private Limited and Rönesans Emlak Geliştirme Holding A.Ş. represent the shareholder loans provided to Rönesans Gayrimenkul Yatırım A.Ş.

(3) Trade payables to Rönesans Altyapı Sistemleri A.Ş. are related with deposits and guarantees remaining balances in relation to construction works.

(4) Rönesans Holding A.Ş. provides services to its group companies. The payables are related with such services rendered to Rönesans Gayrimenkul Yatırım A.Ş.

(5) Rönesans Elektrik Enerji Toptan Satış A.Ş. provides electric energy to the Group's shopping centers and offices. The related charges are related to electricity supply amounts.

(6) The receivables from Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related to lease of the Küçükyalı School belonging to Bostancı Gayrimenkul.

(7) The advances given to RMİ Rönesans Medikal Taahhüt İnşaat A.Ş. is related to the construction services provided for the Maltepe Park residential project.

(8) The balance of REC Uluslararası İnşaat Yatırım San. Ve Tic. A.Ş. is related to the construction services provided for Maltepe Piazza, Maltepepark, Maraş Piazza and Urfa Piazza shopping malls.

(9) IVF Investment and Credit Pte. Ltd. and Gamstar Pte Ltd. were used to redeem the bond issued.

(*) Non-trade payables to associates and shareholders consist of shareholder loans and reverse shareholder loans given to Rönesans Gayrimenkul Yatırım with interest rates between 2,65%-30% and maturities of 1-2 years.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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5. RELATED PARTY DISCLOSURES (Continued)

	31 December 2022								
	Receivables				Payables				Advances
	Short-term		Long-term		Short-term		Long-term		Short-term
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade (*)	Trade	Non-Trade (*)	
Balances with related parties									
<i>Subsidiaries and Joint Ventures</i>									
Esentepe Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	11,494	-	-	-	-	93,711	-	665,130	-
Kurtköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	2,630	2,084	-	-	-	-	-	265,596	-
Feriköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	6,756	-	-	-	-	16,047	-	1,436,165	-
<i>Shareholders</i>									
Euro Efes S.a.r.l. ⁽²⁾	-	-	-	-	-	-	-	117,410	-
Rönesans Emlak Geliştirme Holding A.Ş. ⁽²⁾	219	-	-	-	-	-	-	430,213	-
<i>Other companies controlled by the parent company</i>									
Rönesans Altyapı Sistemleri A.Ş. ⁽³⁾	2,959	97	-	-	26,322	313	59,127	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁶⁾	1,953	-	-	-	-	-	-	-	-
Rönesans Holding A.Ş. ⁽⁴⁾	4,002	-	-	-	12,351	326	-	-	-
REC Uluslararası İnşaat Yatırım San.ve Tic. A.Ş.	1,310	-	-	-	87,173	1,686	-	-	51,440
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	-	-	-	-	100,012	-	-	-	5,960
Rönesans Sağlık Yatırım A.Ş. ⁽⁷⁾	8,935	-	-	-	999	-	-	-	-
Other	3,523	5	-	-	414	28	-	-	-
	43,781	2,186	-	-	227,271	112,111	59,127	2,914,514	57,400

- (1) Current trade receivables consist of asset, property management 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 Cube Private Limited and Rönesans Emlak Geliştirme Holding A.Ş. represent the shareholder loans provided to Rönesans Gayrimenkul Yatırım A.Ş.
- (3) Trade payables to Rönesans Altyapı Sistemleri A.Ş. are related to deposits and guarantees remaining balances in relation to construction works.
- (4) Rönesans Holding A.Ş. provides services to group companies, related payables are related to the services provided to Rönesans Gayrimenkul Yatırım. Receivables are related to office leases made by Rönesans Gayrimenkul Yatırım to Rönesans Holding A.Ş.
- (5) Rönesans Elektrik Enerji Toptan Satış A.Ş. provides energy for the Group's shopping centers and offices. The related amounts are related to electricity supply.
- (6) Receivables from Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related to the rent of Küçükyalı school owned by Bostancı Gayrimenkul.
- (7) Amounts are related to the services provided by Rönesans Gayrimenkul Yatırım to Rönesans Sağlık Yatırım in 2022.
- (*) Non-trade payables from associates and shareholders consist of shareholder loans and reverse shareholder loans given to Rönesans Gayrimenkul Yatırım with interest rates between 2,30%-26,75% and maturities of 2-4 years.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

5. RELATED PARTY DISCLOSURES (Continued)

	31 December 2021								
	Receivables				Payables				Advances
	Short-term	Long-term		Short-term	Long-term		Shor-term		
Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade (*)	Trade	Non-Trade (*)		
Balances with related parties									
<i>Subsidiaries and Joint Ventures</i>									
Kandilli Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	26	-	-	-	-	-	-	-	-
Esentepe Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	9,960	341	-	-	12	5,324	-	1,663,327	-
Kurtköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	4,442	236	-	-	-	-	-	308,921	-
Feriköy Gayrimenkul Yatırım İnşaat Turizm San.ve Tic.A.Ş. ⁽¹⁾	6,017	168	-	-	391	30,155	-	1,664,207	-
<i>Shareholders</i>									
Euro Efes S.a.r.l. ⁽²⁾	-	-	-	-	-	-	-	148,036	-
Rönesans Emlak Geliştirme Holding A.Ş. ⁽²⁾	-	-	-	-	-	-	-	542,430	-
<i>Other companies controlled by the parent company</i>									
Rönesans Altyapı Sistemleri A.Ş. ⁽³⁾	4,123	56	-	-	32,572	511	109,918	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁶⁾	1,608	-	-	-	-	-	-	-	-
Rönesans Holding A.Ş. ⁽⁴⁾	165	-	-	-	5,981	509	-	-	-
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	-	-	-	-	59,942	-	-	-	6,215
Other	1,329	8	-	-	4,564	2	-	-	-
	27,670	809	-	-	103,462	36,501	109,918	4,326,921	6,215

- (1) Current trade receivables consist of asset, property management 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 Cube Private Limited and Rönesans Emlak Geliştirme Holding A.Ş. represent the shareholder loans provided to Rönesans Gayrimenkul Yatırım A.Ş.
- (3) Trade payables to Rönesans Altyapı Sistemleri A.Ş. are related with deposits and guarantees remaining balances in relation to construction works.
- (4) Rönesans Holding A.Ş. provides services to group companies, related payables are related to the services provided to Rönesans Gayrimenkul Yatırım. Receivables are related to office leases made by Rönesans Gayrimenkul Yatırım to Rönesans Holding A.Ş.
- (5) Rönesans Elektrik Enerji Toptan Satış A.Ş. provides energy for the Group's shopping centers and offices. The related amounts are related to electricity supply.
- (6) Receivables from Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related to the rent of Küçükyalı school owned by Bostancı Gayrimenkul.
- (*) Non-trade payables from associates and shareholders consist of shareholder loans and reverse shareholder loans given to Rönesans Gayrimenkul Yatırım with interest rates between 2,30%-26,75% and maturities of 2-4

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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5. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties	1 January-31 December 2023			
	Purchases	Sales	Interest received	Interest paid
<i>Joint Ventures & Subsidiaries</i> ⁽³⁾⁽⁶⁾	-	170,230	-	252,746
<i>Shareholders</i>				
Euro Cube Private Limited ⁽⁶⁾	-	-	-	34,658
Rönesans Emlak Geliştirme Holding A.Ş. ⁽⁶⁾	-	-	-	101,107
<i>Other companies controlled by the parent company</i>				
Rönesans Holding A.Ş. ⁽¹⁾	5,886	10,829	-	-
IVF Investment and Credit Pte.Ltd. ⁽⁷⁾	-	-	-	319,427
Gamstar Pte. Ltd. ⁽⁷⁾	-	-	-	144,771
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁴⁾	647,331	-	-	-
Rönesans Endüstri Tesisleri İnşaat Sanayi ve Ticaret A.Ş.	5,017	6,895	-	-
REC Uluslararası İnşaat Yatırım San. Ve Tic. A.Ş. ⁽²⁾	229,563	1,481	-	-
RMİ Rönesans Medikal Taahhüt İnşaat A.Ş. ⁽⁸⁾	42,915	-	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁵⁾	-	13,280	-	-
Other	2,330	2,308	-	-
	<u>933,042</u>	<u>205,024</u>	<u>-</u>	<u>852,709</u>

- (1) Rönesans Holding A.Ş. provide services to its group companies. The purchases are related with such services rendered to Rönesans Gayrimenkul Yatırım A.Ş. Sales are related to offices leased by Rönesans Gayrimenkul Yatırım to Rönesans Holding A.Ş.
- (2) Purchases are related to fit out expense invoices in relation to Maltepe Piazza office. Sales are related to offices leased by Rönesans Gayrimenkul Yatırım to REC Uluslararası İnşaat Yatırım San. ve Tic. A.Ş.
- (3) Sales to joint ventures consists of the services provided to investments accounted for using the equity method from 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 to with rent of Küçükyalı School which is the project of Bostancı Gayrimenkul.
- (6) Interest paid represents accrued interest of reverse shareholder loans received from joint ventures and shareholder loans received from Euro Cube Private Limited and Rönesans Emlak Geliştirme Holding A.Ş.
- (7) Interest paid represents accrued interest loans received from IVF Investment and Credit Pte.Ltd. and Gamstar Pte.Ltd.
- (8) Purchases from RMI Rönesans Medikal Taahhüt İnşaat A.Ş. are related to the construction services provided for Maltepe Park residential project.

RÖNESANS GAYRİMENKUL YATIRIM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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5. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties	1 January-31 December 2022			
	Purchases	Sales	Interest received	Interest paid
<u>Joint Ventures & Subsidiaries</u> ⁽³⁾⁽⁶⁾	-	91,271	-	151,062
<u>Shareholders</u>				
Euro Efes S.a.r.l. ⁽⁶⁾	-	-	-	35,904
Rönesans Emlak Geliştirme Holding A.Ş. ⁽⁶⁾	-	-	-	118,407
<u>Other companies controlled by the parent company</u>				
Rönesans Holding A.Ş. ⁽¹⁾	31,461	5,993	-	-
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁴⁾	755,149	-	-	-
REC Uluslararası İnşaat Yatırım San. Ve Tic. A.Ş. ⁽²⁾	126,262	-	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁵⁾	-	9,931	-	-
Other	2,401	17,255	-	-
	<u>915,273</u>	<u>124,449</u>	-	<u>305,373</u>

(1) Rönesans Holding A.Ş. provide services to its group companies. The purchases are related with such services rendered to Rönesans Gayrimenkul Yatırım A.Ş.

(2) Purchases are related to fit out expense invoices in relation to Maltepe Piazza office.

(3) Sales to joint ventures consists of the services provided to investments accounted for using the equity method from 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 to with rent of Küçükyalı School which is the project of Bostancı Gayrimenkul.

(6) Interest incurred represents accrued interest of reverse shareholder loans received from joint ventures and shareholder loans received from Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş

Transactions with related parties	1 January-31 December 2021			
	Purchases	Sales	Interest received	Interest paid
<u>Joint Ventures & Subsidiaries</u> ⁽³⁾⁽⁶⁾	-	93,233	2,055	200,606
<u>Shareholders</u>				
Euro Efes S.a.r.l. ⁽⁶⁾	-	-	-	34,774
Rönesans Emlak Geliştirme Holding A.Ş. ⁽⁶⁾	-	-	-	114,684
<u>Other companies controlled by the parent company</u>				
Rönesans Altyapı Sistemleri A.Ş. ⁽²⁾	29,361	2,055	-	-
Rönesans Elektrik Enerji Toptan Satış A.Ş. ⁽⁵⁾	393,735	-	-	-
Rönesans Holding A.Ş. ⁽¹⁾	13,510	-	-	-
Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. ⁽⁴⁾	-	10,072	-	-
Other	5,052	4,187	-	-
	<u>441,658</u>	<u>109,548</u>	<u>2,055</u>	<u>350,064</u>

(1) Rönesans Holding A.Ş. provide services to its group companies. The purchases are related with such services rendered to Rönesans Gayrimenkul Yatırım A.Ş.

(2) Purchases are related to fit out expense invoices in relation to Maltepe Piazza office.

(3) Sales to joint ventures consists of the services provided to investments accounted for using the equity method from Rönesans Gayrimenkul Yatırım A.Ş.

(4) Sales to Rönesans Özel Okulları Eğitim Öğretim Hizmetleri A.Ş. are related to with rent of Küçükyalı School which is the project of Bostancı Gayrimenkul.

(5) Purchases from Rönesans Elektrik Enerji Toptan Satış A.Ş. are composed of energy services provided to the Group.

(6) Interest incurred represents accrued interest of reverse shareholder loans received from joint ventures and shareholder loans received from Euro Efes S.a.r.l. and Rönesans Emlak Geliştirme Holding A.Ş

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5. RELATED PARTY DISCLOSURES (Continued)

Key management personnel consists of members of Board of Directors and other members. The compensation of key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is explained below. The remuneration of key management personnel during the year were as follows:

	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2021
Salaries and other short-term benefits	23,566	19,655	15,330

6. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

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

	31 December 2023	31 December 2022	31 December 2021
<u>Current trade receivables</u>			
Trade receivables	360,107	367,292	392,589
Notes receivable	5,896	32,284	29,905
Trade receivables from related parties (Note 5)	91,845	43,781	27,670
Provision for expected credit losses (-)	(52,742)	(78,866)	(108,381)
	<u>405,106</u>	<u>364,491</u>	<u>341,783</u>

Average maturity for receivables is approximately 30 days (2022: 30 days, 2021: 30 days).

The movement of the Group’s provision for expected credit loss as at 31 December 2023, 2022 and 2021 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2021
<u>Movements of allowance for credit loss</u>			
Opening balance	(78,866)	(108,381)	(148,267)
Charge for the period (Note 20)	(52,835)	(41,571)	(15,635)
Provision released (Note 20)	46,597	26,312	16,342
Monetary gain	32,362	44,774	39,179
Closing balance	<u>(52,742)</u>	<u>(78,866)</u>	<u>(108,381)</u>

The provision for trade receivables is provided based on expected credit loss amounts from the sale of services, determined by reference to past default experience and current financial condition of customers.

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6. TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables

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

	31 December 2023	31 December 2022	31 December 2021
<u>Current trade payables</u>			
Trade payables	320,575	169,029	144,344
Trade payables to related parties (Note 5)	133,045	227,271	103,462
	<u>453,620</u>	<u>396,300</u>	<u>247,806</u>
	31 December 2023	31 December 2022	31 December 2021
<u>Long-term trade payables</u>			
Trade payables to related parties (Note 5)	40,462	59,127	109,918
	<u>40,462</u>	<u>59,127</u>	<u>109,918</u>

Average maturity for payables is approximately 30 days. (2022: 30 days, 2021: 30 days).

Risk characteristics and levels in trade receivables and trade payables have been disclosed in Note 30.

7. OTHER RECEIVABLES AND PAYABLES

a) Other receivables:

	31 December 2023	31 December 2022	31 December 2021
<u>Other short-term receivables</u>			
Non-trade receivables from related parties (Note 5)	322	2,186	809
Other receivables	1,838	3,195	780
	<u>2,160</u>	<u>5,381</u>	<u>1,589</u>
	31 December 2023	31 December 2022	31 December 2021
<u>Other long-term receivables</u>			
Deposits and guarantees given	1,758	2,877	50,932
Other	478	2,745	16,083
	<u>2,236</u>	<u>5,622</u>	<u>67,015</u>

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7. OTHER RECEIVABLES AND PAYABLES (Continued)

b) Other payables:

	31 December 2023	31 December 2022	31 December 2021
<u>Other short-term payables</u>			
Other payables to related parties (Note 5)	1,104,489	112,111	36,501
Taxes and funds payable	179,827	28,808	21,272
Deposits and guarantees received	5,038	6,627	6,831
Other	536	1,441	712
	<u>1,289,890</u>	<u>148,987</u>	<u>65,316</u>
<u>Other long-term payables</u>			
Other payables to related parties (Note 5)	1,784,196	2,914,514	4,326,921
Deposits and guarantees received	22,144	24,698	28,515
	<u>1,806,340</u>	<u>2,939,213</u>	<u>4,355,436</u>

8. INVENTORIES

Short term inventory

	31 December 2023	31 December 2022	31 December 2021
Inventories	1,278	-	3,613
	<u>1,278</u>	<u>-</u>	<u>3,613</u>

Long term inventory

	31 December 2023	31 December 2022	31 December 2021
Inventories (*)	1,255,432	-	-
	<u>1,255,432</u>	<u>-</u>	<u>-</u>

(*) The amount mainly represents the cost of the land on which the residential project of Bakırköy Gayrimenkul, whose preliminary preparation and license process has been completed and whose construction will start in 2024, is located and the construction expenditures made until December 31, 2023 in addition to this cost.

9. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022	31 December 2021
<u>Short-term prepaid expenses</u>			
Advances given to related parties (*) (Note 5)	324,247	57,400	6,215
Prepaid expenses	28,435	16,288	17,932
Order advances given	17,236	44,738	6,436
Other	166	100	5
	<u>370,084</u>	<u>118,526</u>	<u>30,588</u>

(*) Advances given to related parties consist of construction advances given to RMI Rönesans Medikal Tah. İnş. A.Ş. for the construction of the residential project.

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9. PREPAID EXPENSES AND DEFERRED INCOME (Continued)

	31 December 2023	31 December 2022	31 December 2021
<u>Long-term prepaid expenses</u>			
Prepaid expenses	8,018	14,300	39,818
	<u>8,018</u>	<u>14,300</u>	<u>39,818</u>
<u>Short-term deferred income</u>			
Order advances received (**)	218,719	41,168	58,770
	<u>218,719</u>	<u>41,168</u>	<u>58,770</u>
<u>Long-term deferred income</u>			
Order advances received (**)	5,109	2,366	9,809
	<u>5,109</u>	<u>2,366</u>	<u>9,809</u>

(**) Order advances received related to prepaid annual rents paid by office tenants and order advances received for shopping centres.

10. INVESTMENT PROPERTIES

	31 December 2023	31 December 2022	31 December 2021
Investment properties	67,631,210	59,750,465	51,494,362
Investment properties under development	15,570	13,964	817,700
	<u>67,646,780</u>	<u>59,764,429</u>	<u>52,312,062</u>

a) Investment properties:

	1 January- 31 December 2023	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance at 1 January	59,750,465	51,494,362	48,594,495
Additions through subsequent expenditure	220,902	293,174	149,198
Land rental	187,606	177,065	157,644
Disposal (*)	(52,093)	-	-
Net gain from fair value adjustments (Note 20)	7,524,329	7,785,864	2,593,025
Closing balance at 31 December	<u>67,631,210</u>	<u>59,750,465</u>	<u>51,494,362</u>

(*) The amount represents sales of Maltepe Piazza office units were realized in 2023.

The fair value of the Group's investment properties is TRY 67,631,210 as of 31 December 2023 (31 December 2022: TRY 59,750,464, 31 December 2021: TRY 51,494,362).

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 International Valuation Standards, was arrived at by reference to discounted cash flows approach, capitalization approach and market approach.

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10. INVESTMENT PROPERTIES (Continued)

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

	31 December 2023	31 December 2022	31 December 2021
Currency	TRY	TRY	TRY
Discount rate (%)	22 - 22,50	21 - 21,50	18 - 18,50
Occupancy rate (%)	95-100	90-100	93-100
Rent increase rate (%)	7,50-34,50	8,50-50	8,72-28,79
Capitalization rate (%)	7-8,5	7-8	7-8

The Group mortgages some real estates as collateral of the bank loans. The details of mortgages are disclosed in Note 13.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to TRY 4,745,409 (31 December 2022: TRY 4,014,933, 31 December 2021: TRY 3,124,934). Direct operating expenses arising on the investment property in the year include maintenance and repair costs which amounted to TRY 1,757,946 TRY (31 December 2022: 1,519,091 TRY, 31 December 2021: TRY 963,005) (Note 17).

As at 31 December 2023 and 2022 investment properties and their values are as follows:

Project Name	Company Name	Investment Location	31 December 2023	31 December 2022	31 December 2021
Hilltown SHC Karşıyaka ⁽¹⁾	Altunizade	İzmir, Turkey	14,554,465	10,279,399	7,833,393
Maltepe Piazza ⁽¹⁾	Salacak	İstanbul, Turkey	11,380,480	10,795,994	8,874,517
Hilltown SHC ve Office ⁽¹⁾⁽³⁾	Tarabya	İstanbul, Turkey	8,699,485	8,331,357	8,808,370
Samsun Piazza SHC ve Hotel ⁽¹⁾	Mel 2	Samsun, Turkey	7,622,565	6,272,901	5,904,602
Adana Optimum SHC ⁽¹⁾	Göksu	Adana, Turkey	7,207,825	6,149,821	5,543,369
Maltepe Park ⁽¹⁾⁽⁵⁾	Bakırköy	İstanbul, Turkey	6,794,725	7,659,243	5,876,181
Kahramanmaraş Piazza SHC ⁽¹⁾	Mel 3	Kahramanmaraş, Turkey	4,340,595	3,669,955	2,906,632
Şanlıurfa Piazza SHC ⁽¹⁾	Mel 4	Şanlıurfa, Turkey	3,307,485	2,888,410	2,178,714
Küçükyalı Ofis & Ted Rönesans College ⁽¹⁾⁽²⁾	Bostancı	İstanbul, Turkey	2,995,790	2,975,932	2,769,785
Kozzy SHC ⁽¹⁾⁽⁴⁾	Kozyatağı	İstanbul, Turkey	727,795	727,453	798,799
			<u>67,631,210</u>	<u>59,750,465</u>	<u>51,494,362</u>

- (1) The consolidated financial statements as of 31 December 2023, 31 December 2022 and 31 December 2021 are based on the valuation report of TSKB Gayrimenkul Değerleme A.Ş., an independent valuation company licensed by the Capital Markets Board of Turkey.
- (2) Land lease payables, which were deducted while calculating the fair values of Küçükyalı Office and School project, have been added to the fair value of the project as TRY 183,655 thousand (2022: TRY 79,615 thousand, 2021: TRY 64,021 thousand) due to the obligation to present such lease payables as financial liabilities in the balance sheet in accordance with TFRS. The details of the lease agreements are disclosed in Note 13.
- (3) Land lease payables, which were deducted while calculating the fair values of Hilltown Shopping Mall and Office project, have been added to the fair value of the project as TRY 649,205 thousand (2022: TRY 348,816 thousand, 2021: TRY 282,439 thousand) due to the obligation to present such lease payables as financial liabilities in the balance sheet in accordance with TFRS. The details of the lease agreements are disclosed in Note 13.
- (4) Land lease payables deducted while calculating the fair value of Kozzy Shopping Center project, due to the obligation to present such lease payables as financial liabilities in the balance sheet within the framework of TFRS TRY 48,350 thousand (2022: TRY 24,286 thousand, 2021: TRY 21,240 thousand) has been added to the fair value of the project. The details of the lease agreements are disclosed in Note 13.
- (5) Maltepe Park Konut, a project of 478 residential units, is planned to be developed on the parcel where Maltepe Park Shopping Mall and Office functions are located. The construction license required for the realization of Maltepe Park Konut has been obtained from Maltepe Municipality and preliminary preparations have been completed and the project is planned to start in 2024 and construction is planned to be completed in the second half of 2026.

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10. INVESTMENT PROPERTIES (Continued)

b) Investment properties under development

	1 January- 31 December 2023	1 January- 31 December 2022	1 January- 31 December 2021
Investment properties under development	2023	2022	2021
Opening balance at 1 January	13,964	817,700	3,073,356
Additions through subsequent expenditure	9,358	2,712	24,820
Disposal (*)	(6,147)	(591,903)	(1,135,512)
Transfer to assets held for sale (Note 29)	-	-	(494,877)
Net gain from fair value adjustments (Note 20)	(1,605)	(214,545)	(650,087)
Closing balance	15,570	13,964	817,700

(*) Seyrantepe and Optimum Antalya were sold in 2022, Nakkasstepe, Nisbetiye and Akatlar in 2021.

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 31 December 2023, and 2022 the fair value of the Group’s investment properties under development has been arrived at based on a valuation carried out at that date by independent valuers not connected with the Group. The valuation, which conforms to Capital Market Board legislation, 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 an 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:

	31 December 2023	31 December 2022	31 December 2021
Currency	TRY	TRY	TRY
Discount rate (%)	22	21.50	18.50
Occupancy rate (%)	98	92	92
Rent increase rate (%)	7,50-34,50	8,50-50	8,72-28,79
Capitalization rate (%)	-	-	-

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

	31 December 2023	31 December 2022	31 December 2021
Market comparable sqm value in TRY	34,000	18,500	7.350-14.250

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10. INVESTMENT PROPERTIES (Continued)

Investment properties under development comprise of the following projects:

Project Name	Company Name	Investment Location	31 December	31 December	31 December
			2023	2022	2021
Ataşehir	RGY	İstanbul, Turkey	15,570	13,964	12,086
Optimum Antalya ⁽¹⁾⁽²⁾	RGY	Antalya, Turkey	-	-	623,252
Seyrantepe ⁽²⁾	Sancaktepe	İstanbul, Turkey	-	-	182,362
			<u>15,570</u>	<u>13,964</u>	<u>817,700</u>

(1) In the consolidated financial statements as of 31 December 2023 and 31 December 2022, 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) Optimum Antalya and Seyrantepe were sold in 2022.

Details of the Group’s investment properties and information about the fair value hierarchy as at 31 December 2023, 2022 and 2021 are as follows:

	31 December	Fair value as at 31 December 2023		
		Level 1	Level 2	Level 3
		TRY	TRY	TRY
Investment properties	67,631,210	-	-	67,631,210
Investment properties under development	15,570	-	15,570	-
	31 December	Fair value as at 31 December 2022		
		Level 1	Level 2	Level 3
		TRY	TRY	TRY
Investment properties	59,750,465	-	-	59,750,465
Investment properties under development	13,964	-	13,964	-
	31 December	Fair value as at 31 December 2021		
		Level 1	Level 2	Level 3
		TRY	TRY	TRY
Investment properties	51,494,362	-	-	51,494,362
Investment properties under development	817,700	-	817,700	-

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10. INVESTMENT PROPERTIES (Continued)

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

	Change in fair value as at 31 December 2023	Change in fair value as at 31 December 2022	Change in fair value as at 31 December 2021
	Investment properties	Investment properties	Investment properties
Rent Increase Rate			
increases 1%	4,660,240	2,420,900	1,394,790
decreases 1%	(4,309,270)	(2,227,110)	(1,286,250)
Discount Rate			
increases 1%	(4,088,270)	(2,124,400)	(1,249,010)
decreases 1%	4,473,995	2,336,280	1,394,520
Occupancy Rate			
increases 1%	696,990	364,925	185,925
decreases 1%	(730,505)	(378,140)	(200,395)
1 sq ² Land Value			
increases 10%	-	-	-
decreases 10%	-	-	-
Capitalization rate			
increases 1%	(3,158,160)	(1,561,320)	(821,030)
decreases 1%	4,115,790	2,048,420	1,074,105

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11. PROPERTY, PLANT AND EQUIPMENT

<u>Cost value</u>	Buildings	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Opening balance as of 1 January 2023	13.383	1.719	9.491	37.065	69.584	131.242
Addition	-	-	717	-	7.916	8.633
Disposal	-	(550)	(1)	(2.940)	-	(3.491)
Transfer	-	-	-	13.158	(13.158)	-
Closing balance as of 31 December 2023	13.383	1.169	10.207	47.283	64.343	136.384
<u>Accumulated depreciation</u>						
Opening balance as of 1 January 2023	(6.756)	(1.605)	(8.212)	(9.654)	(995)	(27.222)
Charge for the year	(3.578)	-	(1.039)	(24.568)	-	(29.186)
Disposal	-	449	1	991	995	2.436
Closing balance as of 31 December 2023	(10.335)	(1.156)	(9.250)	(33.231)	-	(53.972)
Net book value as of 31 December 2023	3.048	13	957	14.052	64.343	82.412

(*) As of December 31, 2023, construction in progress amounting to TRY 60,822 thousand is the construction costs spent for the Bechtown project in Antalya. The Group has a construction license for the related project. The Group has the right to use the land where the investment will be made from Antalya Metropolitan Municipality under an operational lease agreement for 30 years with the right of renewable utilization at the end of the contract date. As of December 31, 2023, the lease agreement will expire in 2047 and is recognized as the right of use asset in the financial statements. There are no restrictions on these lease agreements of the Group.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost value	Buildings	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Opening balance as of 1 January 2022	12.946	1.719	8.318	1.010	59.115	83.108
Addition	437	-	1.173	36.055	10.469	48.134
Closing balance as of 31 December 2022	<u>13.383</u>	<u>1.719</u>	<u>9.491</u>	<u>37.065</u>	<u>69.584</u>	<u>131.242</u>
Accumulated depreciation						
Opening balance as of 1 January 2022	(103)	(1.532)	(7.080)	(201)	-	(8.917)
Charge for the year	<u>(6.653)</u>	<u>(72)</u>	<u>(1.132)</u>	<u>(9.453)</u>	<u>(995)</u>	<u>(18.306)</u>
Closing balance as of 31 December 2022	<u>(6.756)</u>	<u>(1.605)</u>	<u>(8.212)</u>	<u>(9.654)</u>	<u>(995)</u>	<u>(27.222)</u>
Net book value as of 31 December 2022	<u>6.626</u>	<u>114</u>	<u>1.279</u>	<u>27.411</u>	<u>68.589</u>	<u>104.020</u>

(*) As of December 31, 2022, construction in progress amounting to TRY 54,523 thousand is the construction costs spent for the Beachtown project in Antalya. The Group has a construction license for the related project. The Group has the right to use the land where the investment will be made from Antalya Metropolitan Municipality under an operational lease agreement for 30 years with the right of renewable utilization at the end of the contract date. As of December 31, 2022, the lease agreement will expire in 2047 and is recognized as the right of use asset in the financial statements. There are no restrictions on these lease agreements of the Group.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost value	Buildings	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Opening balance as of 1 January 2021	9,693	644	7,171	-	56,571	74,079
Additions	12,467	1,075	1,198	1,010	2,544	18,294
Disposals	(9,214)	-	(51)	-	-	(9,265)
Closing balance as of 31 December 2021	12,946	1,719	8,318	1,010	59,115	83,108
Accumulated depreciation						
Opening balance as of 1 January 2022	(7,210)	(458)	(6,541)	-	-	(14,209)
Charge for the year	(2,102)	(1,074)	(585)	(201)	-	(3,962)
Disposals	9,209	-	46	-	-	9,255
Closing balance as of 31 December 2022	(103)	(1,532)	(7,080)	(201)	-	(8,917)
Net book value as of 31 December 2021	12,843	187	1,238	809	59,115	74,191

(*) As of December 31, 2021, construction in progress amounting to TRY 54,523 thousand is the construction costs spent for the Beachtown project in Antalya. The Group has a construction license for the related project. The land where the investment will be made has been leased from Antalya Metropolitan Municipality under an operational lease agreement for 30 years with the right of renewable utilization at the end of the contract date. As of December 31, 2021, the ongoing lease agreement will expire in 2047 and is recognized as the right of use asset in the financial statements. There are no restrictions on these lease agreements made by the Group.

There are no guarantees or pledges on property, plant and equipment.

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12. INTANGIBLE ASSETS

<u>Cost value</u>	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Opening balance as of 1 January	10,377	9,379	8,461
Addition	1,523	999	974
Disposal	-	-	(56)
Closing balance as of 31 December	<u>11,900</u>	<u>10,377</u>	<u>9,379</u>
<u>Accumulated Amortization</u>			
Opening balance as of 1 January	(9,099)	(7,375)	(6,009)
Charge for the year	(1,333)	(1,723)	(1,422)
Disposal	-	-	56
Closing balance as of 31 December	<u>(10,432)</u>	<u>(9,099)</u>	<u>(7,375)</u>
Net book value as of 31 December	<u>1,469</u>	<u>1,279</u>	<u>2,004</u>

Intangible assets consist of computer software.

The following useful lives are used in the calculation of amortization:

	<u>Useful life</u>
Computer Software	3-15 years

13. COMMITMENTS AND CONTINGENCIES

The Group’s guarantee given, pledges and mortgages (“GPM”) position as at 31 December 2023, 31 December 2022 and 31 December 2021 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Mortgage	11,213,443	13,079,131	17,617,267
Letters of guarantees given	151,873	206,814	244,987
Surety and guarantees given	4,799,129	5,263,014	7,532,527
	<u>16,164,445</u>	<u>18,548,960</u>	<u>25,394,781</u>

TRY 16,008,839 of total amount in 2023 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 155,606 is for the guarantees provided by the Group for the third or related parties (December 31, 2022: TRY 18,341,219 remaining amount: TRY 207,740, December 31, 2021: TRY 25,148,535 remaining amount TRY 246,245).

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13. COMMITMENTS AND CONTINGENCIES (Continued)

Lease commitments – Company as lessee

The Group has leasing 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 a leasing 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 a leasing 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.

The minimum usufruct right rental payables under non-cancellable operating leases at 31 December 2023, 2022 and 2021 are as follows:

	31 December 2023	31 December 2022	31 December 2021
Within one year	9,973	13,259	17,912
After one year but no more than five years	39,892	54,849	74,354
More than five years	831,345	384,610	275,433
	<u>881,210</u>	<u>452,718</u>	<u>367,699</u>

The Group consider these leasing contracts as non-cancellable contract and accounted in accordance with IFRS 16. Leasing assets arising from these contracts are accounted under investment properties.

14. EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2023	31 December 2022	31 December 2021
Payables to personnel	86	11,489	9,652
Social security premiums payables	16,489	5,563	5,451
	<u>16,575</u>	<u>17,052</u>	<u>15,103</u>

Short-term provisions for employee benefits:

	31 December 2023	31 December 2022	31 December 2021
Unused vacation liability	15,152	7,687	7,210
	<u>15,152</u>	<u>7,687</u>	<u>7,210</u>

The movement of the Group’s liability for unused vacation as at 31 December 2023, 2022 and 2021 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022	1 January- 31 December 2021
Provision at 1 January	7,687	7,210	6,159
Charge for the year	12,812	4,813	3,304
Monetary gain	(5,347)	(4,336)	(2,252)
Provision at 31 December	<u>15,152</u>	<u>7,687</u>	<u>7,210</u>

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14. EMPLOYEE BENEFITS (Continued)

Long-term provisions for employee benefits:

	31 December 2023	31 December 2022	31 December 2021
Retirement pay provision	84,889	17,270	12,870
	<u>84,889</u>	<u>17,270</u>	<u>12,870</u>

Provision for employment termination benefits for Turkish employees working in Turkey:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY 23,489.83 for each period of service at 31 December 2023 (31 December 2022: TRY 15,371.40, 31 December 2021: TRY 8,284.51).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 0.04% real discount rate (31 December 2022: 0.04%, 31 December 2021: 3.70%) calculated by using 15.70% annual inflation rate and 15.75% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 7.88% (31 December 2022: 6.89%, 31 December 2021: 6.79%). The maximum amount of TL 35.058,58 effective from January 1, 2024 has been taken into consideration in the calculation of the Group's provision for employment termination benefits (January 1, 2023: TL 19.982,83, January 1, 2022: TL 10.848,59).

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would increase/(decrease) by TRY 4,471 /TRY (5,533)
- If the anticipated turnover rate had been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would decrease/(increase) by TRY 1,384/TRY (1,512).

	1 January- 31 December 2023	1 January- 31 December 2022	1 January- 31 December 2021
Provision at 1 January	17,270	12,870	12,111
Service cost	103,376	6,904	7,640
Interest cost	5	288	353
Termination benefits paid	(8,244)	(3,982)	(2,348)
Actuarial gain/ (loss)	(2,092)	10,905	(1,425)
Monetary gain	(25,426)	(9,715)	(3,461)
Provision at 31 December	<u>84,889</u>	<u>17,270</u>	<u>12,870</u>

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15. OTHER CURRENT AND NON-CURRENT ASSETS

	31 December 2023	31 December 2022	31 December 2021
Other current assets			
VAT deductible	49,313	294,902	457,553
	<u>49,313</u>	<u>294,902</u>	<u>457,553</u>
Other non-current assets			
VAT deductible	9,698	5,500	445,019
	<u>9,698</u>	<u>5,500</u>	<u>445,019</u>

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2023, 2022 and 2021 the share capital held is as follows:

Shareholders	%	31 December 2023		31 December 2022		31 December 2021	
			%		%		%
Rönesans Emlak Geliştirme Holding A.Ş	74,24	225,477	74,24	225,477	74,24	225,477	
Euro Cube Private Limited (*)	21,44	65,117	-	-	-	-	
Euro Efes S.a.r.l. (*)	-	-	21,44	65,117	21,4	65,117	
Kamil Yanıkömeroğlu	2,36	7,158	2,36	7,158	2,4	7,158	
Murat Özgütmüş	1,96	5,965	1,96	5,965	2,0	5,965	
Nominal share capital in TRY	100	<u>303,717</u>	100	<u>303,717</u>	100	<u>303,717</u>	
Adjustment to share capital		2,936,952		2,936,952		2,936,952	
Capital		<u>3,240,669</u>		<u>3,240,669</u>		<u>3,240,669</u>	

(*) As of 13 July 2023, Euro Efes S.a.r.l. has transferred all its rights and shares to Euro Cube Private Limited and the ultimate shareholder has not changed.

The total number of ordinary shares is 303,717 thousand (31 December 2022: 303,717, 31 December 2021: 303,717 thousand shares) with a par value of TRY 1 (31 December 2022: per share TRY 1, 31 December 2021: per share TRY 1).

b) Restricted Reserves

	31 December 2023	31 December 2022	31 December 2021
Legal reserves	455,922	455,922	458,173
	<u>455,922</u>	<u>455,922</u>	<u>458,173</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.

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

As stated in the Capital Markets Board's bulletin numbered 024/14 published on March 7, 2024, the index difference between the amounts of share premiums and restricted reserves adjusted to the purchasing power of December 31, 2023 using the Domestic Producer Price Index (D-PPI) in the statutory records and the amounts adjusted to the purchasing power of December 31, 2023 using the Consumer Price Index is reflected in retained earnings. The differences reflected in retained earnings are summarized in the table below. The related differences arise from the difference between the domestic producer price index and the consumer price index.

31 December 2023

Shareholders' equity items	PPI indexed legal amounts	CPI indexed amounts	Amounts recognized in retained earnings
Share premium	7,726,651	5,605,159	2,121,492
Restricted profit reserve	739,341	455,922	283,419

31 December 2022

Shareholders' equity items	PPI indexed legal amounts	CPI indexed amounts	Amounts recognized in retained earnings
Share premium	4,726,591	3,401,808	1,324,783
Restricted profit reserve	449,035	275,028	174,007

31 December 2021

Shareholders' equity items	PPI indexed legal amounts	CPI indexed amounts	Amounts recognized in retained earnings
Share premium	2,078,767	630,844	1,447,923
Restricted profit reserve	449,035	66,231	382,804

As of January 1, 2021, retained earnings not subject to inflation accounting amounting to TRY 6,116,862 As of December 31, 2021, retained earnings for which inflation accounting has been applied amounts to TRY 16,982,465.

As of December 31, 2021, retained earnings not subject to inflation accounting is TRY 5,719,751 while the amount of retained earnings for which inflation accounting has been applied is TRY 15,519,753.

As of January 1, 2022, retained earnings not subject to inflation accounting is TRY 5,719,751 As of December 31, 2022, the amount of retained earnings for which inflation accounting has been applied is TRY 15,519,753.

As of December 31, 2022, retained earnings without inflation accounting is TRY 7,501,530, while retained earnings with inflation accounting applied is TRY 13,551,296.

c) Share premium

	31 December 2023	31 December 2022	31 December 2021
Share premium	5,605,159	5,605,159	5,605,159
	5,605,159	5,605,159	5,605,159

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17. REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2023	1 January - 31 December 2022
Rental revenue from investment properties (*)	4,745,409	4,014,933
Management and consulting revenue	210,213	121,676
Residential sales revenue	-	6,611
Other rental revenue	55,241	58,198
	<u>5,010,863</u>	<u>4,201,418</u>

(*) This 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. As at 31 December 2023 above mentioned charged revenues amount to TRY 1,096,803 (31 December 2022: TRY 1,183,840)

b) Cost of revenue

	1 January - 31 December 2023	1 January - 31 December 2022
Utilities expenses	(638,634)	(955,617)
Personnel expenses	(390,399)	(169,955)
Office management expense	(296,487)	(217,285)
Maintenance expense	(283,049)	(83,673)
Rent expenses	(60,098)	(57,354)
Consultancy expenses	(85,412)	(31,499)
Depreciation expenses	(30,519)	(20,029)
Taxes and fees	(23,490)	(5,587)
Insurance expenses	(1,897)	(907)
Cost of residence sales (**)	-	(3,192)
Other	(32,082)	(35,982)
	<u>(1,842,067)</u>	<u>(1,581,082)</u>

(**) Residence sales are related to Maltepe Piazza.

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17. REVENUE AND COST OF SALES (Continued)

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of revenue related to investment properties	(1,757,946)	(1,519,091)
Cost of residence sales	-	(3,192)
Cost of revenue related to management and consulting and other	(84,121)	(58,799)
	<u>(1,842,067)</u>	<u>(1,581,082)</u>

18. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Marketing expenses	(38,927)	(27,003)
General administrative expenses	(162,590)	(104,117)
	<u>(201,517)</u>	<u>(131,120)</u>

a) Detail of marketing expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Advertising expenses	(38,927)	(27,003)
	<u>(38,927)</u>	<u>(27,003)</u>

b) Detail of general administrative expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Employee benefit expenses	(125,841)	(77,463)
Consultancy expenses	(24,865)	(11,370)
Taxes and fees	(1,986)	(15,024)
Rent expenses	(118)	(115)
Insurance expenses	(36)	(114)
Other	(9,744)	(32)
	<u>(162,590)</u>	<u>(104,117)</u>

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19. EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Utilities expense	(638,634)	(955,618)
Employee benefit expenses	(516,240)	(247,419)
Office management expenses	(296,487)	(217,285)
Maintenance expense	(283,049)	(83,674)
Consultancy expenses	(110,277)	(42,868)
Rent expense	(60,216)	(57,468)
Advertising expenses	(38,927)	(27,003)
Depreciation expenses	(30,800)	(20,029)
Taxes and fees	(25,477)	(20,611)
Insurance expenses	(1,935)	(1,022)
Cost of residence sales (*)	-	(3,192)
Other	(41,542)	(36,013)
	<u>(2,043,584)</u>	<u>(1,712,202)</u>

(*) Residence sales are related to Maltepe Piazza.

20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
<u>Other operating income</u>		
Change in fair value of investment properties (Note 10.a)	8,287,169	7,785,864
Foreign exchange gain from operations	890,593	2,833,705
Income from sale of investment property	832,339	253,406
Interest income (*)	122,007	49,156
Reversal of provision (Note 6)	46,597	26,312
Other	115,623	21,946
	<u>10,294,328</u>	<u>10,970,389</u>

(*) Interest income consists of interest income from time deposits and at December 31, 2023 80,030 thousand TRY, 41,517 thousand TRY in 2022 and 91,843 thousand TRY in 2021.

	1 January - 31 December 2023	1 January - 31 December 2022
<u>Other operating expenses</u>		
Change in fair value of investment properties (Note 10.a)	(761,235)	-
Foreign exchange loss from operations	(259,145)	(1,015,720)
Change in fair value of investment properties under development (Note 10.b)	(1,605)	(214,545)
Provision for expected credit losses (Note 6)	(52,835)	(41,571)
Other	(47,932)	(39,319)
	<u>(1,122,752)</u>	<u>(1,311,155)</u>

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21. FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Finance income		
Foreign exchange gain	9,818,757	1,261,540
Realized gain on derivative instruments carried at fair value through profit and loss	873,095	1,325,561
	<u>10,691,852</u>	<u>2,587,101</u>
	1 January - 31 December 2023	1 January - 31 December 2022
Finance expense		
Foreign exchange loss of bank loan	(19,558,151)	(9,174,923)
Interest expense of bank loan	(1,819,305)	(2,003,954)
Interest expense to related parties	(852,710)	(305,373)
Realized loss on derivative instruments carried at fair value through profit or loss	(686,671)	(316,551)
Bank commission expenses	(90,003)	(38,255)
Other	(990)	(760)
	<u>(23,007,830)</u>	<u>(11,839,815)</u>

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22. INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December	1 January - 31 December
	2023	2022
<u>Income from investing activities</u>		
Effect of additional consideration received from sale of subsidiary and joint venture	-	138,875
Other	375	39,586
	<u>375</u>	<u>178,461</u>

Pendik has been sold on 15 January 2022.

	15 January 2022
<u>Book value of net assets sold</u>	
Current assets	
Cash and cash equivalents	7,035
Non-current assets	
Investment property	46,792
Other receivables and non-current assets	-
Current liabilities	
Other short-term liabilities	(92)
Non-current liabilities	
Deferred tax liabilities	(7,605)
Net assets disposed	<u>46,130</u>
Effective ownership disposed	% 100
Net assets disposed	46,130
Net consideration received in cash and cash equivalents	
Net gain on sale of subsidiary	15,140
Sales price:	
Price as cash and cash equivalents	61,269
Net cash inflow from sales	53,651
Cash consideration received	60,686
(Less) cash and cash equivalents disposed	(7,035)

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22. INCOME FROM INVESTING ACTIVITIES (Continued)

Kavacık has been sold on 18 February 2022.

	18 February 2022
<u>Book value of net assets sold</u>	
Current assets	
Cash and cash equivalents	12
Non-current assets	
Investment property	249,182
Other receivables and non-current assets	193
Current liabilities	
Other short-term liabilities	-
Non-current liabilities	
Deferred tax liabilities	(45,212)
Net assets disposed	204,175
Effective ownership disposed	% 100
Net assets disposed	204,175
Net consideration received in cash and cash equivalents	
Net gain on sale of subsidiary	(12,852)
Sales price:	
Price as cash and cash equivalents	191,322
Net cash inflow from sales	170,315
Cash consideration received	170,327
(Less) cash and cash equivalents disposed	(12)

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22. INCOME FROM INVESTING ACTIVITIES (Continued)

Sancaktepe has been sold on 3 November 2022.

	3 November 2022
<u>Book value of net assets sold</u>	
Current assets	
Cash and cash equivalents	8
Other receivables and current assets	431
Prepaid expenses	293
Non-current assets	
Investment property	251,595
Other receivables and non-current assets	2
Current liabilities	
Trade payables	(1,908)
Non-current liabilities	
Deferred tax liabilities	(37,275)
Net assets disposed	213,146
Effective ownership disposed	100%
Net assets disposed	213,146
Net consideration received in cash and cash equivalents	
Net gain on sale of subsidiary	136,587
Sales price:	
Price as cash and cash equivalents	349,732
Net cash inflow from sales	349,724
Cash consideration received	351,283
(Less) cash and cash equivalents disposed	(8)
(Less) payables to shareholder	(1,551)

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

	31 December 2023	31 December 2022	31 December 2021
<u>Current tax assets</u>			
Prepaid taxes and funds	15,178	1,714	4,788
	<u>15,178</u>	<u>1,714</u>	<u>4,788</u>
<u>Current tax liability</u>			
Current corporate tax provision	91,214	23	211
Less: Prepaid taxes and payable	(231)	(23)	(41)
	<u>90,983</u>	<u>-</u>	<u>170</u>
<u>Income tax recognized in profit or loss</u>			
Current tax expense	(121,062)	(30)	(353)
Deferred tax expense	4,297,758	(3,545,005)	(1,353,433)
	<u>4,176,696</u>	<u>(3,545,035)</u>	<u>(1,353,786)</u>
<u>Income tax recognized in equity</u>			
<u>Deferred tax</u>			
Recognized in equity:			
-Loss / (gain) on remeasurement of defined benefit obligations	523	(2,726)	393
Deferred tax recognized in equity	<u>523</u>	<u>(2,726)</u>	<u>393</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 2023 is 25% (2022: 23%, 2021: 25%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 25%. (2022: 23%, 2021: 25%). 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.

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

Corporate Tax (Continued)

"Law No. 7456 on Amending the Application of Additional Motor Vehicle Tax, on Certain Laws and on Provision No. 375 to Compensate for the Economic Losses Arising From Earthquakes on 6 February 2023" was published in Official Gazette No. 32249 dated 15 July 2023. The corporate income tax rate is defined in article 21 of this law, as well as in this provision of the first paragraph of the 32nd article of Corporate Income Tax Law No. 5520: "Corporate tax is 20% of the corporate earnings. The corporate tax rate was increased to 25% for banks, companies in the scope of Law No. 6361, electronic payment and currency institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies."

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.

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.

	31 December 2023	31 December 2022	31 December 2021
<u>Temporary differences subject to deferred tax:</u>			
Change in fair values of investment properties under development	2,342	16,534	488,122
Change in fair values of investment properties	24,037,320	50,605,100	36,837,760
Depreciation / amortization differences of property, plant and equipment and other intangibles	79,960	120,670	182,630
Adjustments related to inventories	1,544,000	-	-
Tax losses carried forward	(10,147,404)	(10,140,937)	(13,883,344)
Provision for retirement pay and unused vacation	(100,041)	(24,957)	(20,080)
Adjustments related to FX gain/loss	-	-	(680,705)
Other temporary differences	(110,441)	242,123	7,563
	<u>15,305,736</u>	<u>40,818,533</u>	<u>22,931,946</u>
<u>Deferred tax (assets)/liabilities:</u>			
Change in fair values of investment properties under development	586	3,307	97,624
Change in fair values of investment properties	6,009,330	10,121,020	7,367,552
Depreciation / amortization differences of property, plant and equipment and other intangibles	19,990	24,134	36,526
Adjustments related to inventories	386,000	-	-
Tax losses carried forward	(2,536,851)	(2,028,187)	(2,776,669)
Provision for retirement pay and unused vacation	25,010	4,991	4,016
Adjustments related to FX gain/loss	-	-	(136,141)
Other temporary differences	(27,610)	48,425	1,739
	<u>3,876,455</u>	<u>8,173,690</u>	<u>4,594,648</u>

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

<u>Reflected as:</u>	31 December 2023	31 December 2022	31 December 2021
Deferred tax assets	(842,995)	(211,145)	(737,309)
Deferred tax liabilities	4,719,450	8,384,835	5,331,957
Net deferred tax liabilities	<u>3,876,455</u>	<u>8,173,690</u>	<u>4,594,648</u>

At the balance sheet date, the Group has unused tax losses of TRY 10,147,404 (2022: TRY 10,140,937, 2021: TRY 13,883,344) available for offset against future profits and deferred tax asset have been recognized in respect of TRY 2,536,851 (2022: TRY 2,028,187, 2021: TRY 2,776,669) of such losses.

Expiration schedule of carry forward tax losses for which deferred tax asset is recognized is as follows:

	31 December 2023	31 December 2022	31 December 2021
Expiring in 2023	-	862,849	294,284
Expiring in 2024	111,335	492,982	920,616
Expiring in 2025	574,437	1,878,187	492,984
Expiring in 2026	2,172,913	3,753,363	1,878,187
Expiring in 2027	1,806,123	3,153,556	3,753,363
Expiring in 2028 and later	5,482,596	-	6,543,910
	<u>10,147,404</u>	<u>10,140,937</u>	<u>13,883,344</u>

The movement of deferred tax assets for years ended 31 December 2023, 2022 and 2021 as follows:

<u>Movement of deferred tax liability:</u>	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	8,173,690	4,594,648	3,408,729
Charged to statement of profit or loss	(4,297,758)	3,619,043	1,333,416
Deferred tax liability related to assets held for sale (Note 29)	-	-	(44,219)
Disposal effect (Note 22)	-	(37,275)	(103,672)
Charged to equity	523	(2,726)	394
Closing balance	<u>3,876,455</u>	<u>8,173,690</u>	<u>4,594,648</u>

<u>Reconciliation of tax provision:</u>	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	14,107,860	18,114,627	(616,922)
Corporate tax rate	%25	%23	%25
Calculated tax	3,526,965	4,166,364	(154,231)
Tax effect of:			
- effect of sale of subsidiary	-	(618,832)	(355,557)
- unused tax losses not recognized as deferred tax assets	-	-	1,048,082
- expenses that are not deductible in determining taxable profit	348,441	254,611	468,500
- effect of indexation on statutory financial statements in accordance to IAS29 (*)	(7,945,427)	-	-
- share in profit of associates	554,766	365,459	58,459
- effect of increase in corporate tax rate in Turkey (from 23% to 25%)	(646,939)	222,226	313,490
- monetary loss/gain	(14,502)	(844,794)	(24,957)
Income tax (income)/ expense recognised in profit or loss	<u>(4,176,696)</u>	<u>3,545,035</u>	<u>1,353,786</u>

(*) Taxable statutory financial statements are restated by using PPI rates.

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24. PROVISIONS

	31 December 2023	31 December 2022	31 December 2021
Short-term provision			
Lawsuit provision	10,953	7,817	11,068
	<u>10,953</u>	<u>7,817</u>	<u>11,068</u>
	31 December 2023	31 December 2022	31 December 2021
Opening	7,817	11,068	12,869
Disposal	(335)	(51)	-
Reversal	(2,230)	(2,790)	(1,526)
Unrealized foreign exchange losses	267	743	1,826
Charge for the year	10,832	2,467	1,682
Monetary gain	(5,399)	(3,620)	(3,783)
	<u>10,953</u>	<u>7,817</u>	<u>11,068</u>

This amount represents the provisions set aside for certain lawsuits filed by the employees against the Group. Provision is recognized in the consolidated statement of profit or loss as general administrative expense. According to the Group management, with the adoption of appropriate legal opinions, such lawsuits will not lead to any significant loss beyond 31 December 2023.

25. EARNING PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the year	18,284,556	14,569,592
Average number of ordinary share outstanding during the year	303,717	303,717
Earning per share from operations (TRY)	60.20	47.97

26. DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	47,289	-	-	-	52,862
Cross currency swap	-	-	179,540	-	-	119,407
Forward	88,419	87,849	80,576	-	296,965	156,516
	<u>88,419</u>	<u>135,138</u>	<u>260,116</u>	<u>-</u>	<u>296,965</u>	<u>328,785</u>
Short term	88,419	135,138	260,116	-	296,965	328,785
Long Term	-	-	-	-	-	-
	<u>88,419</u>	<u>135,138</u>	<u>260,116</u>	<u>-</u>	<u>296,965</u>	<u>328,785</u>

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26. DERIVATIVE INSTRUMENTS (Continued)

Cross currency swaps

The Group has entered into cross currency swap agreements to hedge the foreign currency risk arising from the fixed rate debt instruments with a nominal amount of USD 175.000.000. The contracts expire in April 2023.

	31 December 2023	31 December 2022	31 December 2021
Interest rate swap	(47,289)	-	(52,862)
Cross currency swap	-	179,540	(119,407)
Forward	570	80,576	140,449
	<u>(46,719)</u>	<u>260,116</u>	<u>(31,820)</u>

27. FINANCIAL INSTRUMENTS

Financial Debts

	31 December 2023	31 December 2022	31 December 2021
Short- term bank loans	530.186	-	-
Short term portion of long term borrowings from related parties	30.121	-	-
Short term portion of long term borrowings from third parties	2.536.212	6.909.197	1.015.759
Total short term borrowing	<u>3.096.519</u>	<u>6.909.197</u>	<u>1.015.759</u>
Short term financial lease	505	-	1.995
Short term portion of issued corporate bonds	-	9.394.633	180.991
Current portion of long-term financial lease	13.989	13.412	17.076
Total short term financial debt	<u>14.494</u>	<u>9.408.045</u>	<u>200.062</u>
Long-term bank loan from third parties	11.722.378	10.243.388	22.300.063
Long-term bank loan from third parties from related parties	4.043.320	-	-
Total non-current financial debt	<u>15.765.698</u>	<u>10.243.388</u>	<u>22.300.063</u>
Bonds issued	-	-	10.790.344
Long-term leases	311.636	431.116	686.608
Total long-term financial liabilities	<u>311.636</u>	<u>431.116</u>	<u>11.476.952</u>
Total current and non current financial debt	<u>19.188.347</u>	<u>26.991.746</u>	<u>34.992.836</u>

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27. FINANCIAL INSTRUMENTS (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 %	31 December 2023	
		Short-term	Long-term
USD	%7,25	-	-
		-	-
		31 December 2022	
Currency Type	Effective interest rate %	Short-term	Long-term
USD	%7,25	9,394,633	-
		9,394,633	-
		31 December 2021	
Currency Type	Effective interest rate %	Short-term	Long-term
USD	%7,25	180,991	10,790,344
		180,991	10,790,344

The bank loans are repayable as follows:

	31 December 2023	31 December 2022	31 December 2021
Payable within 1 year	3,096,516	6,909,197	1,018,850
Payable between 1-2 years	3,014,442	1,845,421	8,504,292
Payable between 2-3 years	5,609,109	2,849,056	2,675,024
Payable between 3-4 years	1,547,820	906,345	3,837,581
Payable between 4-5 years	1,739,657	846,208	1,239,787
Payable after 5+ years	3,854,670	3,796,358	6,040,287
	18,862,214	17,152,585	23,315,822

The Group’s major bank loans are as follows:

- Tarabya’s loan balance as of 31 December 2023 is TRY 315,767 and EUR 63,680. The maturity of these loans March 2025.
- Salacak’s loan balance as of 31 December 2023 is EUR 144,770. The maturity of this loan is June 2029.
- Altunizade’s loan balance as of 31 December 2023 is EUR 126,844. The maturity of this loan is April 2030.
- Mel2’s loan balance as of 31 December 2023 is TRY 476,135. The maturity of these loan is December 2028.
- Bakırköy’s loan balance as of 31 December 2023 is EUR 40,284 and USD 138,373. The maturity of these loans are April 2026 and June 2029.
- Kozyatağı’s loan balance as of 31 December 2023 is EUR 12,581. The maturity of this loan is September 2024.
- Göksu’s loan balance as of 31 December 2023 is TRY 507,419. The maturity of this loan is February 2024.
- Bostancı’s loan balance as of 31 December 2023 is TRY 191,089. The maturity of this loan is February 2027.
- Rönesans Gayrimenkul Yatırım’s total corporate loan balance as of 31 December 2023 is equivalent of TRY 409,741 and EUR 7,238. The maturity of these loans are January 2024, May 2024, November 2024 and October 2024 respectively.

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27. FINANCIAL INSTRUMENTS (Continued)

The Group's principal bank borrowings are as follows:

<u>Currency Type</u>	<u>Interest rate range (%)</u>	<u>Original amount</u>	<u>TRY</u>
TRY	12,50 - 47	1,909,180	1,909,180
EUR	4,25-6,90	395,396	12,879,596
USD	12,50	138,373	4,073,441

The risk characteristics and levels in financial debts are disclosed in Note 29.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<u>1 January 2023</u>	<u>Financing cash inflows</u>	<u>Financing cash outflows</u>	<u>Foreign exchange loss</u>	<u>Other changes</u>	<u>Monetary Gain</u>	<u>31 December 2023</u>
Bank loans	17,152,585	7,305,301	(5,124,835)	8,234,772	391,746	(9,097,354)	18,862,214
	<u>1 January 2022</u>	<u>Financing cash inflows</u>	<u>Financing cash outflows</u>	<u>Foreign exchange loss</u>	<u>Other changes</u>	<u>Monetary Gain</u>	<u>31 December 2022</u>
Bank loans	23,315,822	39,018	(531,635)	3,956,110	(11,199)	(9,615,529)	17,152,585
	<u>1 January 2021</u>	<u>Financing cash inflows</u>	<u>Financing cash outflows</u>	<u>Foreign exchange Gain/(loss)</u>	<u>Other changes</u>	<u>Monetary Gain/(loss)</u>	<u>31 December 2021</u>
Bank loans	23,294,196	3,406,157	(4,344,690)	8,767,993	(114,619)	(7,693,215)	23,315,822

28. FINANCIAL INVESTMENTS

	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<u>Short term financial investments</u>			
Financial assets at fair value through profit or loss (*)	46,935	3,618,827	23,238
Foreign currency linked deposit	-	733,348	-
Time deposit with maturities more than three months	-	34,794	-
	<u>46,935</u>	<u>4,386,970</u>	<u>23,238</u>
	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<u>Long term financial investments</u>			
Financial assets at fair value through profit or loss (*)	-	-	1,713,649
	<u>-</u>	<u>-</u>	<u>1,713,649</u>

(*) Amounts consist of Eurobond investments.

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29. ASSETS CLASSIFIED AS HELD FOR SALE

On 5 January 2022, Rönesans Gayrimenkul Yatırım A.Ş. has signed a Share Transfer Agreement for the sale of its %100 shares in Kavacık Gayrimenkul Yatırım İnş. Turz. San. Ve Tic. A.Ş. Sales amount is 98 million TRY, the amount has been collected in parts up until February 2022. After collecting the whole amount, the share transfer has been completed.

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

	<u>31 December 2021</u>
Cash and cash equivalents	30
Prepaid expenses	-
Investment properties	345,721
Other receivables and non-current assets	260
<u>Assets associated with assets classified as non-current assets held for sale</u>	<u>346,011</u>
Trade payables	14
Deferred tax liabilities	62,735
<u>Liabilities associated with assets classified as held for sale</u>	<u>62,749</u>
<u>Assets held for sale</u>	<u>283,262</u>

On 30 December 2021, Rönesans Gayrimenkul Yatırım A.Ş. has signed a Share Transfer Agreement for the sale of its %100 shares in Pendik Gayrimenkul Yatırım İnş. Turz. San. Ve Tic. A.Ş. Sales amount is 27.8 million TRY from which 8 million TRY has been collected by the end of December 2021, the remaining amount has been collected on January 2022. After collecting the whole amount, the share transfer has been completed.

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

	<u>31 December 2021</u>
Cash and cash equivalents	10,518
Prepaid expenses	3
Investment properties	64,920
Other receivables and non-current assets	-
<u>Assets associated with assets classified as non-current assets held for sale</u>	<u>75,441</u>
Trade payables	35
Other payables	1,229
Deferred tax liabilities	10,551
<u>Liabilities associated with assets classified as held for sale</u>	<u>11,815</u>
<u>Assets held for sale</u>	<u>63,626</u>

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30. 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 disclosed in Note 27 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.

The Group has to comply the ratios about bank loans covenant. As of 31 December 2023, the Group has comply the ratios.

Details of net debt for years ended 31 December 2023, 2022 and 2021 as follows:

	31 December 2023	31 December 2022	31 December 2021
Financial debt (Borrowings + IFRS 16 Liabilities)	19,188,347	26,991,746	34,992,836
Less: Cash and cash equivalents	(1,597,606)	(1,788,710)	(4,228,374)
Net debt	17,590,741	25,203,036	30,764,462
Total equity	55,698,066	37,411,941	22,850,528
Equity + net debt	73,288,807	62,614,977	53,614,990
Gearing ratio	24%	40%	57%

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.

Risk management is carried out by a central treasury department under policies approved by the management of the Company. Financial risks are identified, evaluated and hedged in close co-operation with the group’s operating units. The management of the Company provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

b) Financial risk factors

b.1) Credit risk management

Credit risk exposures by types of financial instruments

31 December 2023	Trade receivables		Other receivables		Bank deposits	Derivative instruments
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at balance sheet date (A+B+C) ⁽¹⁾	91,845	313,261	322	4,074	1,597,069	88,419
-Secured portion of maximum credit risk by guarantee or etc. ⁽²⁾	-	174,517	-	-	-	-
A. Net book value of nor due or nor impaired financial assets	91,845	303,450	322	4,074	1,597,069	88,419
B. Net book value of assets that are due but not impaired	-	9,811	-	-	-	-
- Secured portion by guarantees, collaterals, etc.	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Over due (gross book value)	-	52,742	-	-	-	-
-Impairment (-)	-	(52,742)	-	-	-	-
-Secured net value via guarentee or etc	-	-	-	-	-	-

(1) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.

(2) Guarantees consist of collateral bills and letters of guarantees.

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

b) Financial risk factors

b.1) Credit risk management

Credit risk exposures by types of financial instruments

31 December 2022	Trade receivables		Other receivables		Bank deposits	Derivative instruments
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at balance sheet date (A+B+C) ⁽¹⁾	43,781	320,710	2,186	3,195	1,788,710	260,116
-Secured portion of maximum credit risk by guarantee or etc. ⁽²⁾	-	189,342	-	-	-	-
A. Net book value of nor due or nor impaired financial assets	43,781	298,970	2,186	3,195	1,788,710	260,116
B. Net book value of assets that are due but not impaired	-	21,740	-	-	-	-
- Secured portion by guarantees, collaterals, etc.	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Over due (gross book value)	-	78,866	-	-	-	-
-Impairment (-)	-	(78,866)	-	-	-	-
-Secured net value via guarentee or etc	-	-	-	-	-	-

(1) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.

(2) Guarantees consist of collateral bills and letters of guarantees.

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

b) Financial risk factors

b.1) Credit risk management

Credit risk exposures by types of financial instruments

31 December 2021	Trade receivables		Other receivables		Bank deposits	Derivative instruments
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at balance sheet date (A+B+C) ⁽¹⁾	27,670	314,113	809	780	4,228,374	296,965
-Secured portion of maximum credit risk by guarantee or etc. ⁽²⁾	-	217,165	-	-	-	-
A. Net book value of nor due or nor impaired financial assets	27,670	219,849	809	780	4,228,374	296,965
B. Net book value of assets that are due but not impaired	-	94,263	-	-	-	-
- Secured portion by guarantees, collaterals, etc.	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Over due (gross book value)	-	108,381	-	-	-	-
-Impairment (-)	-	(108,381)	-	-	-	-
-Secured net value via guarentee or etc	-	-	-	-	-	-

(1) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.

(2) Guarantees consist of collateral bills and letters of guarantees.

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

b) Financial risk factors

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Aging of overdue receivables is as follows:

31 December 2023	Trade receivables	Total
Overdue by 1-30 days	2,165	2,165
Overdue by 1-3 months	2,923	2,923
Overdue by 3-12 months	4,247	4,247
Overdue by 1-5 years	477	477
Total overdue receivables	9,811	9,811
Secured portion via guarantee or etc.	9,811	9,811
31 December 2022	Trade receivables	Total
Overdue by 1-30 days	6,518	6,518
Overdue by 1-3 months	4,111	4,111
Overdue by 3-12 months	8,708	8,708
Overdue by 1-5 years	2,402	2,402
Total overdue receivables	21,740	21,740
Secured portion via guarantee or etc.	21,740	21,740
31 December 2021	Trade receivables	Total
Overdue by 1-30 days	28,583	28,583
Overdue by 1-3 months	34,343	34,343
Overdue by 3-12 months	20,860	20,860
Overdue by 1-5 years	10,478	10,478
Total overdue receivables	94,263	94,263
Secured portion via guarantee or etc.	94,263	94,263
	31 December 2023	31 December 2022
Guarantee received	174,517	189,342
	174,517	217,165

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

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/ (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Liquidity risk table:

31 December 2023

Due date on agreement	Carrying value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 year (IV)
Financial liabilities						
Bank loans	18,862,214	26,189,962	1,357,452	2,395,076	16,651,720	5,785,714
Trade payables (due to related parties included)	494,082	494,082	9	494,073	-	-
Payables related to employee benefits	16,575	16,575	16,575	-	-	-
Other payables	3,078,025	3,078,025	-	1,271,686	1,806,339	-
Total liabilities	22,450,896	29,778,644	1,374,036	4,160,835	18,458,059	5,785,714

31 December 2022

Due date on agreement	Carrying value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 year (IV)
Financial liabilities						
Bank loans	17,152,585	21,105,055	855,209	7,283,032	8,745,314	4,221,500
Corporate bond	9,394,633	9,587,693	-	9,587,693	-	-
Trade payables (due to related parties included)	455,426	455,426	-	396,300	59,127	-
Payables related to employee benefits	17,052	28,097	28,097	-	-	-
Other payables	3,088,201	3,088,201	-	148,946	2,939,255	-
Total liabilities	30,107,898	34,264,472	883,306	17,415,971	11,743,696	4,221,500

31 December 2021

Due date on agreement	Carrying value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 year (IV)
Financial liabilities						
Bank loans	23,386,790	30,255,392	703,535	2,512,484	19,955,308	7,084,065
Corporate bond	11,001,035	11,997,502	-	781,972	11,215,530	-
Trade payables (due to related parties included)	357,726	357,726	-	247,807	109,918	-
Payables related to employee benefits	15,103	24,885	24,885	-	-	-
Other payables	4,420,749	4,420,749	-	65,313	4,355,436	-
Total liabilities	39,181,403	47,056,254	728,420	3,607,577	35,636,192	7,084,065

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

b.3) Market risk management

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

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:

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

b.3.1) Foreign currency risk management (Continued)

31 December 2023	Equivalent of Thousands TRY	Thousands USD	Thousands EUR
1. Trade receivables	26,239	20	788
2. Monetary financial assets	1,224,094	3,229	34,661
3. Non monetary financial assets	322,148	18	9,873
4. CURRENT ASSETS	1,572,481	3,267	45,322
5. Monetary financial assets	-	-	-
6. Non monetary financial assets	-	-	-
7. NON CURRENT ASSETS	-	-	-
8. TOTAL ASSETS	1,572,481	3,267	45,322
9. Trade payables	(161,499)	(951)	(4,098)
10. Financial liabilities	(2,123,117)	(1,023)	(64,254)
11. Non monetary financial liabilities	(981,681)	(30,468)	(2,602)
12. Non monetary other liabilities	(2,897)	(4)	(86)
13. CURRENT LIABILITIES	(3,269,194)	(32,446)	(71,039)
14. Trade payables	(4,012)	(5)	(118)
15. Financial liabilities	(14,830,785)	(137,349)	(331,169)
16. Non monetary financial liabilities	(1,071,322)	-	(32,889)
17. Non monetary other liabilities	(8,882)	(127)	(158)
18. NON CURRENT LIABILITIES	(15,915,001)	(137,476)	(364,334)
19. TOTAL LIABILITIES	(19,184,195)	(169,923)	(435,373)
20. Net foreign currency assets/ (liabilities) position	(17,611,714)	(166,655)	(390,051)
21. Monetary items net foreign currency assets/(liabilities) position (1+2+5+9+10+11+14+15+16)	(17,922,083)	(166,543)	(399,681)

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

b.3.1) Foreign currency risk management (Continued)

31 December 2022	Equivalent of Thousands TRY	Thousands USD	Thousands EUR
1. Trade receivables	1,961	5	55
2. Monetary financial assets	5,150,077	118,001	46,110
3. Non monetary financial assets	36,404	1,162	18
4. CURRENT ASSETS	5,188,443	119,168	46,183
5. Monetary financial assets	-	-	-
6. Non monetary financial assets	-	-	-
7. NON CURRENT ASSETS	-	-	-
8. TOTAL ASSETS	5,188,443	119,168	46,183
9. Trade payables	(73,894)	(2,004)	(370)
10. Financial liabilities	(15,413,186)	(304,930)	(183,231)
11. Non monetary financial liabilities	(25,193)	-	(767)
12. Non monetary other liabilities	(84,028)	(13)	(2,546)
13. CURRENT LIABILITIES	(15,596,301)	(306,947)	(186,914)
14. Trade payables	-	-	-
15. Financial liabilities	(7,506,399)	-	(228,528)
16. Non monetary other liabilities	(2,184,934)	(3,852)	(62,906)
17. Non monetary other liabilities	(11,270)	(127)	(224)
18. NON CURRENT LIABILITIES	(9,702,603)	(3,979)	(291,658)
19. TOTAL LIABILITIES	(25,298,904)	(310,926)	(478,572)
20. Net foreign currency assets/ (liabilities) position	(20,110,462)	(191,758)	(432,389)
21. Monetary items net foreign currency assets/(liabilities) position (1+2+5+9+10+11+14+15+16)	(20,051,568)	(192,780)	(429,637)

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

b.3.1) Foreign currency risk management (Continued)

31 December 2021	Equivalent of Thousands TRY	Thousands USD	Thousands EUR
1. Trade receivables	3,543	2	85
2. Monetary financial assets	4,060,968	7,452	92,864
3. Non monetary financial assets	41	-	1
4. CURRENT ASSETS	4,064,551	7,454	92,950
5. Monetary financial assets	1,713,650	47,499	-
6. Non monetary financial assets	57,095	1,320	232
7. NON CURRENT ASSETS	1,770,745	48,819	232
8. TOTAL ASSETS	5,835,296	56,273	93,182
9. Trade payables	(27,200)	(291)	(409)
10. Financial liabilities	(560,487)	(4,930)	(9,370)
11. Non monetary financial liabilities	(35,812)	-	(877)
12. Non monetary other liabilities	(140,258)	(11)	(3,425)
13. CURRENT LIABILITIES	(763,758)	(5,232)	(14,081)
14. Trade payables	(122)	-	(3)
15. Financial liabilities	(27,620,869)	(300,000)	(411,351)
16. Non monetary other liabilities	(2,911,676)	(3,664)	(68,066)
17. Non monetary other liabilities	(15,983)	(151)	(258)
18. NON CURRENT LIABILITIES	(30,548,650)	(303,815)	(479,678)
19. TOTAL LIABILITIES	(31,312,408)	(309,047)	(493,759)
20. Net foreign currency assets/ (liabilities) position	(25,477,112)	(252,774)	(400,577)
21. Monetary items net foreign currency assets/(liabilities) position (1+2+5+9+10+11+14+15+16)	(25,378,006)	(253,932)	(397,127)

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

b) Financial risk factors (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% (2022:20%) increase and decrease in the US Dollars and Euro. 20% (2022: %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% (2022: 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.

	31 December 2023	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 20% appreciated vs TRY	
US Dollars net assets/ (liabilities)	(980,545)	980,545
	If EUR 20% appreciated vs TRY	
Euro net assets/ (liabilities)	(2,603,831)	2,603,831
TOTAL	(3,584,376)	3,584,376
	31 December 2022	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 20% appreciated vs TRY	
US Dollars net assets/ (liabilities)	(720,932)	720,932
	If EUR 20% appreciated vs TRY	
Euro net assets/ (liabilities)	(1,712,954)	1,712,954
TOTAL	(2,433,886)	2,433,886

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

b) Financial risk factors (continued)

Foreign currency sensitivity

	31 December 2021	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 20% appreciated vs TRY	
US Dollars net assets/ (liabilities)	(676,932)	676,932
	If EUR 20% appreciated vs TRY	
Euro net assets/ (liabilities)	(1,198,267)	1,198,267
TOTAL	(1,875,199)	1,875,199

b) Financial risk factors (continued)

b.3.2) Interest rate risk management

Interest rate sensitivity

Detail of the Group's financial instruments exposed to interest rate sensitivity is as follows:

Interest rate position table			
	31 December 2023	31 December 2022	31 December 2021
Floating rate financial instruments			
Financial liabilities	13,467,028	14,384,180	20,307,146

Interest rate position table			
	31 December 2023	31 December 2022	31 December 2021
Fixed rate financial instruments			
Financial liabilities	5,066,795	12,607,564	14,685,690

At 31 December 2023 if the TRY denominated interest rate had been 50 basis points higher/lower and all other variables held constant, profit before tax and minority interest would decrease/increase by TRY 109,393 / TRY 106,126 (31 December 2022: TRY 114,629 / TRY 93,455, 31 December 2021: TRY 50,248/ TRY 13,008).

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate, interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

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

b) Financial risk factors (continued)

b.3.2) Interest rate risk management

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contracted fixed			Nominal amount			Fair value		
	interest rate								
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Outstanding floating for fixed contracts	TRY	TRY	TRY	TRY	TRY	TRY	TRY	TRY	TRY
Less than 1 year	30.9%	-	0,24%	1,605,698	-	8,395,670	(47,289)	-	(52,862)
				1,605,698	-	8,395,670	(47,289)	-	(52,862)

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Categories of financial instruments and fair values

31 December 2023	Loans and receivables	Fair value through profit and loss	Financial liabilities at amortized cost	Carrying value(*)	Notes
Financial assets					
Cash and cash equivalents	1,597,606	-	-	1,597,606	34
Trade receivables (due to related parties included)	405,106	-	-	405,106	5-6
Other current and non current receivables (due from related parties included)	4,396	-	-	4,396	5-7
Financial instruments	-	46,935	-	46,935	28
Derivative instruments	-	88,419	-	88,419	26
Financial liabilities					
Financial debts	-	-	19,188,347	19,188,347	27
Trade payables (due to related parties included)	-	-	494,082	494,082	5-6
Payables related to employee benefits	-	-	16,575	16,575	14
Other short and long term payables	-	-	3,078,025	3,078,025	5-7
Derivative instruments	-	135,138	-	135,138	26

(*) The Group believes that the carrying values of its financial asset and liabilities reflect their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Categories of financial instruments and fair values

31 December 2022	Loans and receivables	Fair value through profit and loss	Financial liabilities at amortized cost	Carrying value(*)	Notes
Financial assets					
Cash and cash equivalents	1,788,710	-	-	1,788,710	34
Trade receivables (due to related parties included)	364,491	-	-	364,491	5-6
Other current and non current receivables (due from related parties included)	11,003	-	-	11,003	5-7
Financial instruments	-	4,386,970	-	4,386,970	28
Derivative instruments	-	260,116	-	260,116	26
Financial liabilities					
Financial debts	-	-	26,991,746	26,991,746	27
Trade payables (due to related parties included)	-	-	455,427	455,427	5-6
Payables related to employee benefits	-	-	17,052	17,052	14
Other short and long term payables	-	-	3,088,200	3,088,200	5-7
Derivative instruments	-	-	-	-	26

(*) The Group believes that the carrying values of its financial asset and liabilities reflect their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Categories of financial instruments and fair values

31 December 2021	Loans and receivables	Fair value through profit and loss	Financial liabilities at amortized cost	Carrying value(*)	Notes
Financial assets					
Cash and cash equivalents	4,228,374	-	-	4,228,374	34
Trade receivables (due to related parties included)	341,783	-	-	341,783	5-6
Other current and non current receivables (due from related parties included)	68,604	-	-	68,604	5-7
Financial instruments	-	1,736,887	-	1,736,887	28
Derivative instruments	-	296,965	-	296,965	26
Financial liabilities					
Financial debts	-	-	34,992,836	34,992,836	27
Trade payables (due to related parties included)	-	-	357,724	357,724	5-6
Payables related to employee benefits	-	-	15,103	15,103	14
Other short and long term payables	-	-	4,420,752	4,420,752	5-7
Derivative instruments	-	328,785	-	328,785	26

(*) The Group believes that the carrying values of its financial asset and liabilities reflect their fair values

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

The fair values of financial assets and financial liabilities are as follows:

Financial Assets / Financial Liabilities	Fair value			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022	31 December 2021				
Financial instruments	-	641,704	1,736,887	Level 1	Observable market price of Eurobonds	-	-
Interest rate swap, forward, cross currency	(46,719)	260,116	(31,820)	Level 2	Future cash flows estimated by using term interest rate (yield curves observable at the end of the reporting period resulting from interest rate) and contractual interest rates, are discounted by using a rate that reflects the credit risk of various parties.	-	-
Investment properties	67,631,210	59,750,465	51,494,362	Level 3	Income approach method	-	-

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

32. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

	31 December 2023	31 December 2022
Audit fee for the reporting period	14,609	7,370
Tax consulting services fee	120	491
Other assurance services fee	642	849
Total	15,370	8,710

33. EVENTS AFTER THE REPORTING PERIOD

None.

34. DISCLOSURES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2023	31 December 2022	31 December 2021
Cash on hand	55	89	53
Demand deposits	588,772	1,084,195	3,838,027
Time deposits	1,008,297	704,229	390,294
Other cash equivalents	482	197	-
	<u>1,597,606</u>	<u>1,788,710</u>	<u>4,228,374</u>

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 30.

The details of time deposits as at 31 December 2023, 2022 and 2021 are as follows:

Currency Type	Range of interest rate %	Maturity date	Currency amount	31 December 2023
TRY	20-46	January 2024	323,491	323,492
USD	4.10	January 2024	139	4,093
EUR	0.01-2.70	January 2024	20,897	680,712
				<u>1,008,297</u>
Currency Type	Range of interest rate %	Maturity date	Currency amount	31 December 2022
TRY	6.5-24	January 2023	99,053	163,210
EUR	0.01-1.50	January 2023	16,471	541,019
				<u>704,229</u>
Currency Type	Range of interest rate %	Maturity date	Currency amount	31 December 2021
TRY	11-19	January 2022	60,159	162,831
USD	0.1-0.2	January 2022	2,752	99,284
EUR	0.01-1.50	January 2022	3,139	128,180
				<u>390,294</u>