

(Convenience translation of a report and
interim condensed consolidated financial
statements originally issued in Turkish)

**REYSAŞ GAYRİMENKUL YATIRIM
ORTAKLIĞI A.Ş.
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE PERIOD
JANUARY 1-JUNE 30, 2022
TOGETHER WITH
INDEPENDENT
AUDITORS' REPORT**

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FINANCIAL STATEMENTS AS OF JUNE 30, 2022

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REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AS OF 30.06.2022 AND 31.12.2021
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Note	Reviewed 30.06.2022	<i>Restated</i> Audited 31.12.2021
<u>ASSETS</u>			
CURRENT ASSETS		578.362.013	555.647.831
Cash and Cash Equivalents	6	431.995.940	426.697.788
Trade Receivables			
- Trade receivables from related parties	5-7	399.590	23.987.039
- Trade receivables from third parties	7	31.578.262	19.580.688
Other Receivables			
- Other receivables from third parties	8	93.747.836	55.594.526
Inventories	13	1.835.945	5.432.595
Prepaid Expenses		380.743	287.767
- Prepaid expenses from related parties	5-17		
- Prepaid expenses from third parties	17	8.070.762	2.328.289
Assets related with current year tax		578.430	1.638.877
Other current assets	18	9.774.504	20.100.262
		578.362.013	555.647.831
NON-CURRENT ASSETS		5.341.476.413	5.114.735.809
Other Receivables			
- Other receivables from third parties	8	3.394	3.394
Inventories	13	57.072.416	56.897.916
Invesment accounted by using equity method	10	72.092.480	76.978.147
Investment Properties	11	5.093.318.462	4.872.329.172
Tangible assets		97.431.829	84.337.102
Prepaid expenses	17	21.557.832	24.067.873
Deferred tax assets	25	--	122.205
		5.341.476.413	5.114.735.809
TOTAL ASSETS		5.920.021.299	5.670.383.640

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

(*): These consolidated financial statements have been approved for issue by the Board of Directors on 28/07/2022

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AS OF 30.06.2022 AND 31.12.2021
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	<u>Note</u>	<u>Reviewed</u> 30.06.2022	<i>Restated</i> Audited 31.12.2021
LIABILITIES			
SHORT TERM LIABILITIES		631.270.675	842.290.696
Short-term borrowings			
- Bank Loans	7	126.159.655	155.870.675
Short term portion of long-term borrowings			
- Bank Loans	7	422.666.567	604.785.007
- Leasing	7	31.725.999	25.321.082
Trade payables			
- Trade payables to related parties	5-8	--	14.490.103
- Trade payables to third parties	8	4.796.249	9.227.681
Payables related to employee benefits	16	526.188	453.533
Other Payables			
- Other payables to related parties	5-9	10.593.895	13.475.432
- Other payables to third parties	9	23.899.156	9.025.356
Deferred Income	17	1.476.908	758.726
Current tax liabilities	25	365.056	59.310
Short-term provisions			
- Short-Term provisions for employee benefits	14	248.249	148.621
- Other short-term provision	14	8.812.754	8.675.170
		631.270.675	842.290.696
LONG-TERM LIABILITIES		1.278.424.715	878.272.152
Long-term borrowings			
- Bank Loans	7	1.207.375.636	843.468.718
- Leasing	7	60.607.299	23.799.080
Other Payables			
- Other payables to third parties	9	2.790.371	2.790.371
Deferred Income	17	1.259.409	2.703.792
Long-term provision		61.568	226.502
- Long-term provisions for employee benefits	16		
Deferred tax liability	25	1.012.630	699.149
		194.889	336.892
EQUITY		4.010.143.036	3.949.820.792
Equity of Parent Company			
Share Capital Paid	19	500.000.000	500.000.000
Reacquired shares (-)	19	331.244	331.244
Effects of business combinations under common control	3	(3.052.439)	(3.052.439)
Other Comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(12.770.341)	(10.633.456)
- Revaluation and Measurement Gain / Loss	19		
- Other Gain / Loss	19	102.303.924	99.075.327
Restricted Reserves	19	44.494.527	42.533.800
Retained Earnings / Loss	19		
Net Profit / Loss for the Period	26	(178.293)	(178.293)
TOTAL EQUITY OF PARENT COMPANY		5.607.893	9.568.612
Non-controlling Interest		3.314.046.274	1.764.526.292
TOTAL EQUITY		59.360.247	1.547.649.705
		4.010.143.036	3.949.820.792
TOTAL LIABILITIES		5.919.838.426	5.670.383.640

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

(*): These consolidated financial statements have been approved for issue by the Board of Directors on 28/07/2022

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE PERIODS ENDED 01.01-30.06.2022 AND 01.01-30.06.2021
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
	Note	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.-30.06.2021
CONTINUING OPERATIONS					
Revenue	20	251.045.015	146.554.526	140.291.154	77.213.678
Cost of Sales (-)	20	(52.436.461)	(25.673.877)	(21.060.156)	(11.326.870)
GROSS PROFIT/LOSS		198.608.554	120.880.649	119.230.998	65.886.808
General Administrative Expenses (-)	21	(2.803.250)	(2.590.930)	(396.437)	(1.680.088)
Marketing, Selling and Distribution Expenses (-)	21	(250.262)	(109.822)	(130.017)	(52.190)
Other Operating Incomes	22	13.964.783	4.339.872	3.107.694	2.565.454
Other Operating Expenses (-)	22	(21.305.682)	(2.736.386)	(9.062.937)	(927.256)
OPERATING PROFIT/LOSS		188.214.143	119.783.383	112.749.301	65.792.728
Income from Investing Activities	23	3.781.804	13.750.795	2.240.348	13.750.795
Expenses from Investing Activities (-)	23	-	--	--	--
Shares of Profits/Losses of Investments accounted by using Equity Method		5.427.302	237.223	--	764.469
OPERATING PROFIT / LOSS BEFORE FINANCING EXPENSES		197.423.250	133.771.401	114.989.649	80.307.992
Financial Income	24	106.954.968	30.140.769	63.304.966	12.068.224
Financial Expenses (-)	24	(243.912.611)	(156.457.211)	(130.933.988)	(73.865.891)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		60.465.607	7.454.959	47.360.627	18.510.325
Tax expense/ income from continued operations		(1.105.360)	(48.911)	(338.723)	(133.993)
- Tax Expense / Income for the Period	25	(997.472)	(189.483)	(156.688)	(118.947)
- Deferred Tax Expense(-)/Income	25	(107.888)	140.572	(182.035)	(15.046)
NET PROFIT/LOSS FOR THE PERIOD		59.360.247	7.406.048	47.021.903	18.376.332
Distribution of Profit / Loss for the Period					
Non-controlling Interest		--	--	--	--
Equity Holders of Parent	26	59.360.247	7.406.048	47.021.903	18.376.332
Earnings Per Share					
Earnings Per Share From Continuing Operations	26	0,1042	0,0301	0,0795	0,0747
Diluted Earnings Per Share					
Diluted Earnings Per Share From Continuing Operations	26	0,1042	0,0301	0,0795	0,0747
OTHER COMPREHENSIVE INCOME:					
Items not to be Reclassified Under Profit or Loss					
Other Comprehensive Income/ (Losses) not to be Reclassified Under Profit or Loss	16	(35.702)	22,191	(20,439)	(417)
- Deferred Tax Expense(-)/Income	25	8,926	--	5,110	--
OTHER COMPREHENSIVE INCOME		(26,776)	22,191	(15,329)	(417)
TOTAL COMPREHENSIVE INCOME		7,379,272	(35,293,097)	18,361,003	(3,751,658)
Attributable to:					
Equity Holders of Parent		7,379,272	(35,293,097)	18,361,003	(3,751,658)

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

(*): These consolidated financial statements have been approved for issue by the Board of Directors on 28/07/2022

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 01.01.-30.06.2022 AND 01.01.-30.06.2021
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

					Other comprehensive loss not to be reclassified to profit or loss				Retained earnings			
	Note	Capital Paid	Reacquired shares	Effects of business combinations under common contro	Revaluation and Measurement Gain Loss	Other Gain / (Loss)	Restricted Reserves	Previous Year's Profit / (Loss)	Net Profit / Loss for the Period	Equity Holders of the Parent	Non-controlling Interests	Total Equity
Balance at 01 January 2021		246.000.001	--	(1.047.230)	(10.633.456)	99.075.327	(47.348)	7.563.403	1.356.369.865	410.426.474	2.107.707.036	--
Transfer to reserves and previous year's profits / loss	19	--	--	--	--	--	--	--	410.426.474	(410.426.474)	--	--
Total comprehensive income / (expenses)	26	--	--	--	--	--	--	--	(216.784)	--	(216.784)	--
Balance at 30 June 2021		--	--	--	--	--	(44.424)	--	--	7.406.048	7.361.624	--
		246.000.001	--	(1.047.230)	(10.633.456)	99.075.327	(91.772)	7.563.403	1.766.579.555	7.406.048	2.114.851.876	--
Balance at 01 January 2022												
Transfer to reserves and previous year's profits / loss	19	500.000.000	331.244	(3.052.439)	(10.633.456)	99.075.327	42.177.214	9.568.612	1.764.526.292	1.547.649.705	3.949.642.499	--
Other		--	--	--	--	--	--	--	--	(1.547.649.705)	(1.547.649.705)	--
Total comprehensive income / (expenses)	26	--	--	--	--	--	--	--	--	--	--	--
Balance at 30 June 2022		--	--	--	(2.136.885)	3.228.597	2.139.020	(3.960.719)	1.549.519.982	59.360.247	1.608.150.242	--

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REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIODS ENDED 01.01.-30.06.2022 AND 01.01.-30.06.2021
(All amounts in Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 30.06.2022	01.01.- 30.06.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		84.548.727	10.500.824
Profit / (loss) for the period	26	59.360.247	7.406.048
Adjustments Regarding Profit/(Loss) for the Period		8.167.343	39.232.499
Depreciation and amortization	12	5.329.111	5.186.410
Changes in other provisions			
- Provision for employment termination benefits	16	100.168	320.238
- Provisions for possible losses	7	0	123.409
- Provisions for court case expenses	14	(830.115)	590.193
Interest income and expenses			
- Interest income	7	0	385.057
- Interest expense	7	0	(235.129)
Adjustments for Unrealized Currency Translation Differences	22 -24	0	46.715.993
Adjustments for Fair Value Loss (Gains)	11	0	(13.448.576)
Adjustments Regarding Retained Earnings of Investments Accounted by Using Equity Method			
- Adjustments Regarding Retained Profits of Subsidiaries	10	0	(237.223)
Tax income / (expenses)	25	3.568.179	48.911
Other Adjustments Regarding Profit/Loss Reconciliation		0	(216.784)
Changes in Working Capital		17.021.138	(35.445.157)
(Increase) / decrease in inventories	13	(267.476)	(22.077)
Increase/(decrease) in trade receivables			
- Trade receivables from related parties	5		4.203.517
- Trade receivables from third parties	8	11.589.875	(17.271.867)
Increase/(decrease) in other receivables regarding operating activities			
- Other receivables from third parties	9	48.635.549	205.970
(Increase) / decrease in prepaid expenses		(34.556.660)	541.674
(Increase) / decrease in trade payables			
- Trade payables to related parties	5	(18.921.535)	(31.727.385)
- Trade payables to third parties	8		5.480.626
Increase/(decrease) in other payables regarding operating activities			
- Other payables to related parties	5		1.961.095
- Other payables to third parties	9		2.943.599
(Increase) / decrease in deferred income	17	37.548.572	(549.734)
Increase/(decrease) in payables regarding employee benefits	16	0	560.810
Other increase/(decrease) in working capital	18	10.541.385	(1.771.385)
Cash flow from provided operating activities			11.193.390
Tax paid/ tax refund	25		(692.566)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		(238.694.946)	(58.783.751)
Cash inflow from sale of tangible and intangible assets	12		52.172
Cash outflow from purchase of tangible and intangible assets	12	(238.694.946)	(11.694.560)
Cash outflow from purchase of investment properties	11		7.646.833
C. CASH FLOWS FROM FINANCING ACTIVITIES		159.444.372	106.244.301
Cash inflows/(outflows) arising from borrowing	7	159.444.372	106.244.301
NET INCREASE DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES		5.298.153	57.961.374
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		--	--
NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS		5.298.153	57.961.374
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	426.697.788	223.048.020
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		281.009.394	126.534.540

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

(*): These consolidated financial statements have been approved for issue by the Board of Directors on 28/07/2022

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 1-ORGANIZATION AND ACTIVITY OF THE GROUP

Business Area of the Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company") is to do business in the areas and purposes written in the regulations of Capital Market Board ("CMB" or "The Board") concerning real estate investment partnerships and mainly invest in real estates, real estate-based capital market instruments, real estate projects and real estate-based rights. Company is registered with registry number 676891 on 3 September 2008 at Istanbul Trade Registry Office.

The Company, whose main shareholder is Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. ("Reysaş Logistics") (61.47%) is registered in Turkey and carries out operations based at the address:

Küçük Çamlıca Mah. Erkan Ocaklı Sok. No:11 34696 Üsküdar/ İstanbul/TURKEY.

Group B shares with a nominal value of TL 65,500,000 that were offered to the public in 2010 by way of increase of the Company' share capital were registered by the CMB on 6 July 2010. Said shares have been offered to the public and started to be traded at Borsa İstanbul (BIST) as of 12 July 2010.

As of 30 June 2022 the percentage of the publicly quoted shares of the Company is 38,53 % (31 December 2020: 38.06%) and shares are traded at the National Market in Borsa İstanbul A.Ş. (BIST).

As of 30 June 2022 the average number of personnel employed at the Company is 9 (31 December 2021: 9).

The details of the shareholders of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş are shown below.

	30 June 2021	Share (%)	31 December 2020	Share (%)
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	307.352.918	61,94%	307.352.918	61,94%
Public*	192.647.058	38,06%	192.647.058	38,06%
Other	24	0,00%	24	0,00%
Paid in capital	500.000.000	100,00%	500.000.000	100,00%

* 8,08% of the publicly traded shares belong to Egemen Döven.

Reysaş Turizm Yatırımları ve Ticaret Ltd. Şti. (Reysaş Turizm)

In line with the Company's Board of Directors Decision dated 29.12.2017 and numbered 415 it has been decided to purchase the remaining 65.79% shareholding of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti., which is a 34.21% owned subsidiary, from Reysaş Taşımacılık ve Lojistik Tic.A.Ş. This transaction, which is in the nature of a business combination under common control, has been accounted for using the "Pooling of Interest" method in accordance with the POA's principle decision numbered 2013-2. Therefore, Reysaş Tourism Investments and Trade. Ltd. Şti's assets and liabilities have been recorded at cost and the difference between the consideration paid and the net asset amount has been accounted for under "effect of merger involving businesses under common control".

	30.06.2022		31.12.2021	
	Share Amount	Share (%)	Share Amount	Share (%)
Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	38,000,000	100.00	38,000,000	100.00
Total	38,000,000	100.00	38,000,000	100.00

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. (Rey Otel)

Reyaş Turizm's field of activity is the operation of hotels and accommodation places, and all of the shares of Rey Otel were acquired based on the valuation study carried out by Bizim Menkul Değerler A.Ş. at TL 560,167. **Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş.** operates the Eskişehir hotel in the portfolio of Reyaş GYO and the Erzincan hotels in the portfolio of Reyaş Turizm.

This transaction, which is in the nature of a business combination under common control, has been accounted for using the "Pooling of Interest" method in accordance with the POA's principle decision numbered 2013-2. Therefore, the assets and liabilities of Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. were recorded at cost values and the difference between the consideration paid and the net asset amount was accounted for in the "merger effect involving businesses under common control" account.

	30.06.2022		31.12.2021	
	Share Amount	Share (%)	Share Amount	Share (%)
Reyaş Turizm Yatırımları ve Ticaret Limited Şirketi	610,000	100.00	610,000	100.00
Total	610,000	100.00	610,000	100.00

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

2.1) Accounting Standards Applied

The accompanying consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") on June 13, 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TFRS") and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards ("IFRS").

The consolidated financial statements are presented in accordance with the formats specified in "Financial Statement Examples and User Manual" published by CMB as well as "Announcement on TAS Taxonomy" published by KGK on 15 April 2019.

The financial statements were authorized for issue by the management on 18.08.2021. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements prepared under legal regulation after issuance.

The consolidated financial statements have been prepared at historical cost basis excluding the revaluation of land and buildings presented in investment properties, on the balance sheet date.

2.2) Functional Currency

The financial statements of the entities of the Company are presented in local currencies ("functional currency") of the economic zones they operate in. All of the financial position and operational results of the entities are presented in Turkish Lira ("TL") which is functional currency of the Company and presentation currency of the condensed financial statements.

2.3) Changes and Errors in Accounting Estimates

The preparation of the consolidated financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported. Although these estimates are based on the

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

best judgment and knowledge of the management, accounting estimates may not result in exactly the same amounts as the actual results due to their nature. The main notes using estimates are as follows:

Fair value measurement of investment properties

The fair value of the Company's investment properties as of the balance sheet date has been obtained according to the valuation performed by a real estate appraisal company that is not affiliated with the Company. The fair value calculations in the valuation reports prepared in accordance with International Valuation Standards were determined by discounted cash flow methods by making use of various estimates and assumptions (such as discount rates, occupancy rates, etc.). Future changes to these estimates and assumptions may have a material impact on the Company's financial statements.

2.4) Going Concern

As of 30 June 2021, the Group's current assets are TL 331,480,814 (31 December 2020: TL 259,611,947), short-term liabilities are TL 720,266,382 (31 December 2020: TL 616,459,288) and short-term liabilities exceeded short-term assets by TL 388,785,568 (31 December 2020: TL 256,847,341). Although this situation shows the existence of uncertainty regarding the continuity of the business, the Group's management decided to increase its current capital from TL 246,000,001 to TL 500,000,000, all in cash, with the decision of the Board of Directors dated 04.05.2021. An application has been made to the Capital Markets Board regarding the capital increase.

The financial statements have been prepared on a going concern basis.

2.5) Comparative Information and Restatement of the Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of trends in the financial position and performance.

Comparative figures are reclassified where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

As of 31.12.2020, non-trade payables amounting to TL 6,342,777 accounted under the "Trade Payables to Related Parties" account have been reclassified to "Other Payables to Related Parties".

As of 01.01.-30.06.2020, fixed asset sales profit amounting to TL 4,229, which was accounted for under "Other Income from Main Operations" account, was reclassified to "Income from Investment Activities" account.

As of 01.01.-30.06.2020, fixed asset sales loss amounting to TL 571,955, which was accounted for under "Other Expenses from Core Operations", was reclassified to "Expenses from Investment Activities".

2.6) Principles of Consolidation

As of 30 June 2022 and 31 December 2021, the subsidiaries consolidated according to the full consolidation method and the effective ownership rates are as follows:

	30 June 2022		31 December 2021	
	Rate of direct ownership %	Rate of effective shareholders %	Rate of direct ownership %	Rate of effective shareholders %
Consolidated Companies				
Reysaş Turizm Yatırımları ve Ticaret Ltd. Şti	100	100	100	100
Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. (*)	--	100	--	100

(*) The sole owner of Rey Otel Turizm İşletmeciliği ve Ticaret A.Ş. is Reysaş Turizm Yatırımları ve Ticaret Ltd. Şti.

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Consolidated financial statements include the financial statements of the Company, its Subsidiaries, and companies under joint control. The principles of preparation of consolidated financial statements are provided as follows;

- Subsidiaries represent the businesses which are controlled by the parent company, directly or via other subsidiaries or affiliates, by holding more than 50% of the shares, voting rights under the capital and managerial relations, right to elect majority of the managers, or the managerial majority. Controlling power means the power of parent partnership to manage the financial and activity policies of the subsidiaries as well as to derive benefits from the activities.
- Subsidiaries are included in the scope of consolidation as of the date on which the control on their activities are transferred to Group and will be excluded from the consolidation as of the date on which such control ceases. Accounting policies implemented by subsidiaries are harmonized with the accounting policies implemented by the Group in order to ensure consistency
- Financial statements of the subsidiaries are consolidated using full consolidation method. In this context, registered value of the subsidiaries are netted off against their equities, and registered values of shares owned by Company and the dividends arising therefrom are netted off against the related equities and income statement accounts.
- Receivables and payables of subsidiaries under consolidation to each other, as well as goods and service sales among them, and incomes and expenses incurred due to transactions among them are set off against each other.
- The amounts that correspond to the shares other than parent partnership and subsidiaries shall be deducted from all equity account items including paid-in/issued capital of subsidiaries under consolidation, which will then be indicated in the "Minority Interests" account group in the equity account group of the consolidated balance sheet.

Business Combinations Subject to Common Control

A business combination involving undertakings or businesses under common control is a business combination in which all the combining enterprises or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Business combinations under common control are accounted for using the pooling of interest method, therefore goodwill is not included in the consolidated financial statements.

Shares purchased from entities under joint management are accounted for at their carrying amount. The difference between the amount paid and the book value of the net asset acquired is accounted for in the "effect of merger with businesses under common control" in equity.

2.7) Summary of Significant Accounting Policies

The important accounting policies followed in the preparation of the financial statements are summarized below:

Revenues

The Group recognizes revenue in its financial statements within the scope of the following five-stage model in line with TFRS 15, "Revenue from Contracts with Customers", which entered into force as of January 1, 2018.

- Identification of contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Revenue recognition

The Group evaluates the goods or services it has committed in each contract with customers and determines each commitment to transfer the said goods or services as a separate performance obligation.

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The Company began to apply as of 1 January 2018 "TFRS 15 Revenue from Contracts with Customers" Standard which replaced the "TAS 18 Revenue" Standard. In this context, the first adoption of the standard does not have any retrospective material effects, therefore no cumulative effect method readjustment is recognized in the financial statements (Note 20).

Sale of real estate

In the event that the risk and benefit of the real estate property sold are transferred to the buyer and the income amount can be calculated reliably, income is deemed to have arisen when the title deed is transferred. Income is realized if it is considered probable for the economic benefits of this transaction to flow to the Company and the amount of this income can be measured reliably.

Rental income from real estates

Rental income from leased real estate is recorded on an accrual basis on a straight-line basis throughout the lease term. Benefits provided to lessees are recorded so as to reduce rental income during the lease term.

Service revenues

Revenue from the sale of services is considered to have been incurred when it reaches a measurable degree of completion. In cases where the income from the agreement cannot be measured reliably, the income is accepted as the recoverable amount of the expenses incurred.

Interest income

In cases where the collection is not doubtful, income is considered to be earned on an accrual basis.

Cost of sales

In accordance with the principle of directly associating the expenses with the relevant income accounts, it is the item that shows the costs of the revenue elements, which are reflected in the Statement of Profit or Loss and Other Comprehensive Income simultaneously with the recognition of the revenue. Cost of sales is presented separately as commercial activities and financial sector activities (Note 20).

Related parties

As part of this report, shareholders of Group, the subsidiaries and affiliates and other businesses which Group's shareholders are in a direct or indirect capital and management relationship, managerial staff such as board member, general manager of Group who are directly and indirectly authorized and responsible for planning, implementing and auditing the Group operations, as well as close family members of these persons and the companies under direct or indirect control of these persons are deemed as the related parties. Transactions with related parties are disclosed in the footnotes to consolidated financial statements (Note 5).

Cash and cash equivalents

Cash and cash equivalents consist of cash, cash deposited in banks, and deposits with a maturity of less than three months. Cash and cash equivalents are short-term, high-liquidity assets which are readily convertible to the cash, with a maturity less than three months, and not exposed to the risk of value loss. Cash and cash equivalents are accounted for at the sum of their acquisition values and occurred interests. Bank balances in a foreign currency are assessed in foreign exchange rate at the end of the period (Note 6).

Trade receivables and allowance for doubtful receivables

Trade receivables resulting from the provision of a product or service to a buyer by the Group are shown net of unaccrued financial income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the

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effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant.

The Group allocates provision for doubtful receivables for related trade receivables if there is objective evidence that collection is not possible. The amount of this provision is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable.

Following the provision for doubtful receivables, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and recorded in other income.

The "simplified approach" is applied within the scope of the impairment calculations for trade receivables (with a maturity of less than 1 year) that are accounted at amortized cost in the financial statements and that do not contain a significant financing component. With this approach, allowances for losses on trade receivables are measured at an amount equal to "lifetime expected credit losses" (Note 8), in cases where trade receivables are not impaired for certain reasons (other than realized impairment losses).

Account payables

Account and other account payables are recognized at their discounted costs which represent the current value of the amount, invoiced or not, to be realized in the future with respect to good and service procurement (Note 8).

Inventories

Inventories include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production.

Inventories are stated at the lower of cost and net realisable value. Cost items included in the inventories consist of costs of lands held by Group for the construction of houses for sale. In a transfer from investment property measured according to the fair value method to inventories, estimated costs will be recognized according to TAS 16 or TAS 2 at the fair value on the date the change in use of the said property occurred after the transfer. Inventories are classified as short-term and long-term considering the expected completion date of the residence construction (Note 13).

Order advances given are not in the nature of stock and are shown in "Prepaid Expenses" until the relevant stock invoice is received.

Investments Accounted by Using Equity Method

In accordance with IAS 28 Investments in Associates and Joint Ventures, affiliates and joint ventures accounted for using the equity method are shown in this item (Note 10).

As of 30 June 2021, and 31 December 2020, the share ratios of the Group's subsidiaries and associates are shown in the table below:

	The Company's direct or indirect shares (%)	
	30.06.2022	31.12.2021
Arı Lojistik	50,00	50,00

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation and are initially measured at cost including transaction costs. Subsequent to the initial recognition, investment properties are measured at fair values. Fair value should reflect the actual market state and circumstances as of the balance sheet date.

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Investment properties are derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as income or expense in the income statement.

Fair Value Method

In 2016, the Company chose the fair value method and measured its investment properties using the fair value method. (Note 11).

Profits or losses due to the changes in fair value of investment properties are included in profit or loss statement in the period during which such profits or losses are incurred.

Transfers to, or from, investment property are made when there is a change in use, evidenced by the end of owner-occupation, as a transfer from owner-occupied property to investment property carried at fair value. For a transfer from owner-occupied property to investment property carried at fair value, IAS 16 is applied up to the date of reclassification, up to the date there is a change in use. Any difference arising between the carrying amount under IAS 16 at that date and the fair value is dealt with as a revaluation under IAS 16. A transfer from investment property carried at fair value to owner-occupied property is shown under Tangible Fixed Assets and the fair value at the change of use is the 'cost' of the property under its new classification

Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods and services, leasing to others, or used for administrative purposes, that have future economic benefits allowing their use for multiple periods. Pursuant to TAS, tangible fixed assets are classified in the Statement of Financial Position or in the related footnotes as lands, buildings, plant, machinery and devices, vehicles, fixtures, investments in progress, assets relating to the mining exploration and assessment, other tangible assets, etc.

Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

In the Group's application of depreciation, tangible assets are allocated using the straight-line method based on their expected economic useful lives.

Tangible Fixed Assets

	<u>Useful lives</u>
Machinery and equipment	5-20 years
Motor vehicle	3 years
Furniture and fixtures and office equipment	2-10 years
Leasehold improvements	3-15 years

The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognized in the profit and loss (Note 12).

Those that are separately required to be presented according to natures and functions of assets in the business and other criteria of TAS 1 are shown as a separate item in Financial Position Statement.

Advances given for the purchases of tangible fixed assets are not shown in this item until the related asset is capitalized, but under the "Prepaid Expenses" item.

Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an

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asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

Classification and measurement

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at fair value

When the 2 criteria above are not met, borrowing instrument is classified as "recognized at fair value through profit or loss". The Group measures its financial investments as "recognized at fair value through profit or loss".

Regularly traded financial assets are recognized on the date of trading. Trading date is the date on which management promises to carry out the trading. Financial assets are derecognized when purchasing rights of cash flow arising out of financial assets are terminated, or the Group has transferred all risks and proceeds.

During initial recognition, the Group measures the financial asset at its fair value. Gains and losses arising out of a financial asset measured at its fair value and not being a part of financial hedging relationship are accounted for on the profit or loss in the period when they occurred. The Group is only required to reclassify all financial assets which are affected by the change in management model.

Leasing operations

A lease in which a significant portion of the risks and gains belonging to the property belong to the lessee is classified as a financial lease. All other leases are classified as operating leases.

Company as lessor

Lease income from operating leases is recognized as income by applying a linear method during the lease period, unless there is another systematic method that better reflects the timing of the reduction in benefit from the leased asset. Lease income arising from the company's operating lease is accrued at the rates determined on the gross income or gross operating profit obtained by the operators at the end of each month in accordance with contracts with the operating companies.

Company as tenant

Because rights to land leased for investment development are classified as investment property, rights to these lands are accounted for as in finance leases. For this reason, the reduced values of the lease costs to be paid for these lands

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are accounted for in the "financial borrowings" account as operating lease borrowings in the individual financial statements.

Financial Liabilities

Financial debts are recorded on the dates of receipt at their value after subtracting transaction expenses from the amount of financial debt received. Financial liabilities are tracked in the individual financial statements at their discounted values calculated at the effective interest rate on subsequent dates (Note 6).

Borrowing cost

Assets that need considerable time to be ready for use or sale, acquisition, construction or production of borrowing costs that are directly attributable to the cost of the asset until the asset is brought into use or ready for sale, is included. Financial investment income obtained by evaluating the part of the investment-related loan that has not yet been spent in financial investments for a temporary period is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recorded in the individual income statement during the period in which they are incurred.

Corporate income tax

The part of taxes levied upon incomes under TAS 12 that are expected to be paid to tax office in the subsequent period are recognized in this item. Prepaid taxes of period profit are deducted from this amount and recognized in the item "Assets Related to Current Period Tax." (Note 23).

The tax liability on the profit or loss of the period includes current period tax and deferred tax.

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Law (KVK) No 5520. According to Article 15/(3) of KVK, 15% of tax is levied over the revenue exempted from Corporate Tax. Council of Ministers is authorized to decrease the tax rates defined in Article 15 up to zero by each payment and income, increase it up to corporate tax rate, and differentiate it for the revenues defined in third paragraph within the same limitations by the funds or partnership types, or by the nature and distribution of the assets in the portfolio. Pursuant to Decree of Council of Ministers No 2009/14594, a tax at the rate of 0% is imposed upon the corporate tax-exempted portfolio management revenues of Real Estate Investment Trusts, exempted. Revenues that are taxed in this context are not subject to further dividend withholding pursuant to Article 15/(2) of KVK.

Current tax

The tax currently payable is based on taxable profit for the year. 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

The adjustments related to prior period tax liabilities are recognized in other operating expenses. Deferred income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or in other comprehensive income. In case, when the tax is related to items recognized directly in equity or in other comprehensive income, the tax is also recognized in equity.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date.

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. To the extent that deferred income tax assets will not be utilized, the related amounts have been deducted accordingly.

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Since the income from real estate investment company activities is exempt from corporate tax in accordance with Corporate Tax Law (KVK) Article 5/(1)(d) (4), deferred tax asset or deferred tax liability is not calculated.

Period current and deferred tax

Current tax and deferred tax for relevant period are accounted for as an expense or income in other comprehensive income statement, except for those associated with the items that are directly accounted for as a receivable or liability in the equities (in which case deferred tax relating to relevant items are also directly accounted for in equities), or, for business combinations, those originating from the initial recognition.

Employee benefits / retirement pay provision

Retirement pay provision

Under the Turkish Labor Law and union agreements, severance payments are made to employees retiring or involuntarily leaving their companies. 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 obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses (Note 16).

Unused leave rights

The unused vacation rights accrued in the financial statements represent the estimated total provision for the possible future liabilities related to the unused vacation days of the employees as of the balance sheet date (Note 14).

Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

The year-end rates are shown below:

	30.06.2022
<i>Currency purchase</i>	
USD	16.6690
EURO	17.5221
<i>Currency sale</i>	
USD	16.6991
EURO	17.5536

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Provisions, contingent liabilities and contingent assets

In order for any provision amount to be included in the financial statements, the company must have an existing legal or implied obligation arising from past events, resources containing economic benefits to fulfill this obligation are likely to come out of the business, and the amount of this obligation must be reliably estimated. If these criteria have not been established, the company explains these issues in the relevant footnotes.

If it becomes possible that the economic benefit will enter the business, the contingent asset is disclosed in the footnotes of the financial statements. If it is determined that the economic benefit will enter the business, the asset in question and the income associated with it are recognized in the financial statements on the date of the change (Note 14).

Commitments and obligations

Commitments and transactions that give rise to possible obligations refer to situations that depend on the outcome of one or more events in the future. Therefore, some transactions have been recognized as off-balance sheet items in terms of carrying losses, risks or uncertainty that may arise in the future. If an estimate is made for future liabilities or losses that may occur, these liabilities are considered expenses and debts for the company (Note 15).

Statement of cash flow

In the cash flow statement, the cash flow statements for the period are classified and reported based on operating, investment and financing activities. Cash flows from operating activities indicate cash flows from the company's operations. Cash flows related to investment activities indicate the cash flows that the company uses and receives in its investment activities (fixed investments and financial investments). Cash flows related to financing activities indicate the resources used by the company in financing activities and the repayments of these resources.

Determination of fair values

The company's various accounting policies and footnotes require the determination of fair value in both financial and non-financial assets and liabilities. Fair values are determined by the following methods for valuation and/or disclosure purposes. If applicable, the assumptions used in determining fair values are presented as additional information in footnotes to the relevant asset or liability. Valuation methods by levels are defined as:

Fair Value Estimation

Classifications of the Company for the fair values are as follows:

Level 1: Prices quoted in the active markets for certain assets and liabilities.

Level 2: Direct or indirect observable inputs for assets and liabilities other than prices quoted included in Level 1.

Level 3: Inputs for assets and liabilities which cannot be identified using an observable market data

The fair value of investment properties is within the scope of level 2 according to the income discount approach method, which is one of the valuation method techniques.

Control of compliance with portfolio restrictions

Information provided in the statement "Additional Note 45 - Control of compliance with portfolio restrictions" are summary information derived from the financial statements as of 30 June 2021 pursuant to "Communique on Principles on Financial Reporting in the Capital Market" Series: II, No: 14.1 of CMB published in Official Gazette No 28676 of 13 June 2013, and prepared under the provisions related with the control of the compliance with portfolio restrictions of "Communique on Principles on Real Estate Investment Partnerships" Series: III, No: 48.1 of CMB published in Official Gazette No 28660 of 28 May 2013, and "Communique on Amendment to Communique on the Principles on Real Estate Investment Partnerships" Series: III, No: 48.1.e of CMB published in Official Gazette No 28660 of 9 October 2020.

Subsequent Events

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Subsequent events cover any events which arise between the reporting date and balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. Amounts recognized in the financial statements are adjusted to reflect adjusting subsequent events.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and not require a correction to be made are disclosed in accompanying notes, when they may affect decision of making of users of financial statements (Note 28).

Repurchased shares

In case the entity acquires its own shares within the scope of paragraph 33 of TAS 32, the purchase price of these shares is deducted from equity and shown in the "Repurchased Shares (-)" item. In case the shares are purchased by other parties included in the consolidation, the shares purchased are included in this scope, but these amounts are shown in the "Mutual Participation Capital Adjustment" item within the scope of TAS 32, the differences arising as a result of the purchase and sale of repurchased shares are not shown in profit or loss (Note 19).

2.8) New and Revised Standards and Comments

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending on 30 June 2021 have been applied consistently with those used in the previous year, except for the new and amended TAS / TFRS and TAS / TFRS interpretations valid as of 1 January 2021, which are summarized below.

i) New standards, amendments and interpretations effective from 1 January 2021

Benchmark Interest Rate Reform - Phase 2 - Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 In December 2020, POA introduced the Benchmark Rate Reform – Phase 2- TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, which introduced temporary exemptions in order to eliminate the effects on financial reporting of replacing the benchmark interest rate (IBOR) with an alternative reference interest rate. It has published its changes. Businesses will apply these changes for annual accounting periods beginning on or after January 1, 2021. Early application is permitted. The changes cover the following topics:

Facilitating practice for changes in the basis for determining contractual cash flows as a result of the IBOR reform The changes include a facilitating practice to treat contractual changes or changes in cash flows directly required by the reform as changes in a floating interest rate equivalent to a move in the market rate. Under this facilitating practice, if the interest rates applicable to financial instruments change as a result of the interest rate reform, the situation is not considered as a derecognition or contract change; instead, cash flows are expected to continue to be determined using the original interest rates of the financial instrument.

The facilitating application is mandatory for companies applying the TFRS 4 Insurance Contracts Standard by providing exemption from TFRS 9 Financial Instruments (and therefore TAS 39 Financial Instruments: Classification and Measurement) and for the implementation of TFRS 16 Leases for lease changes stemming from the IBOR Reform.

Privileges on termination of the hedge accounting relationship

- The amendments allow revisions to the hedge accounting setup and documentation required due to the IBOR reform, without terminating the hedging relationship.
- It is assumed that the accumulated amount in the cash flow hedge fund is based on the alternative reference interest rate.
- In the alternative interest rate transition period, companies may choose to reset the accumulated fair value changes in each hedging relationship when evaluating retrospective effectiveness tests in accordance with TAS 39.
- The amendments provide an exemption from changing the items identified as the subject of the grouping approach (for example, those that are part of the macro hedging strategy) due to revisions required by the IBOR reform. The relevant exemption allows the hedging strategy to be maintained and continued uninterrupted.
- In the alternative reference interest rate pass, the hedging relationship may be revised more than once. Phase 2 exemptions apply to all revisions to the hedging relationship resulting from the IBOR reform.

Separate identification of risk components

The amendments provide companies with a temporary exemption to meet the criterion that risk components must be defined separately where the alternative reference interest rate is determined as a risk component in the hedging relationship.

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Additional Remarks

Changes Within the scope of TFRS 7 Disclosures on Financial Instruments standard; The entity's transition process to alternative reference interest rates and how it manages the risks arising from the transition requires additional footnote obligations, such as quantitative information about the financial instruments that will be affected by the IBOR transition, even if the transition has not yet occurred, and disclosure of this change if the IBOR reform has led to any change in the risk management strategy.

These changes are mandatory and early implementation is permitted. While the practice is retrospective, companies are not required to restate past periods.

The change in question did not have a material impact on the consolidated financial position or performance of the Group.

TFRS 16 Amendments - Change in Concessions Granted in Rent Payments Related to Covid-19

In June 2020, POA has amended the TFRS 16 Leases standard in order to exempt the lease concessions granted to the lessees due to the COVID-19 outbreak to evaluate whether there has been a change in the lease. On April 7, 2021, POA made an amendment to extend the exemption to include concessions that cause a decrease in rental payments due on or before 30 June 2022.

Tenants will apply this change in annual accounting periods beginning on or after April 1, 2021. Early application allowed.

The said change did not have a significant impact on the consolidated financial position or performance of the Group.

ii) Standards published but not yet effective and not early adopted

The new standards, interpretations and amendments that have been published as of the approval date of the financial statements but have not yet entered into force for the current reporting period and have not been implemented early by the Company are as follows. Unless stated otherwise, the company will make the necessary changes that will affect its financial statements and footnotes after the new standards and interpretations come into force.

TFRS 10 and TAS 28: Asset Sales or Contributions by Investor Entities to Associates or Joint Ventures – Amendment

KGK has indefinitely postponed the validity date of the amendments made in TFRS 10 and TAS 28 in December 2017, to be changed depending on the ongoing research project outputs related to the equity method. However, it still allows for early application. The Group will evaluate the effects of these changes after the aforementioned standards are finalized.

TFRS 17 – New Insurance Contracts Standard

In February 2019, KGK published TFRS 17, a comprehensive new accounting standard covering recognition and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that provides both the measurement of liabilities arising from insurance contracts with current balance sheet values and the recognition of profits throughout the period in which the services are provided. TFRS 17 will be applied for annual accounting periods beginning on or after 1 January 2023. Early application is permitted. It will not have an impact on the consolidated financial position or performance of the Group.

Classification of liabilities as short-term and long-term (TMS 1 Amendments)

On March 12, 2020, KGK made amendments to the “TMS 1 Presentation of Financial Statements” standard. These amendments, which are effective for the annual reporting periods beginning on or after January 1, 2023, clarify the criteria for long- and short-term classification of liabilities. Changes made should be applied retrospectively according to TMS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Early application is permitted. The effects of the said change on the consolidated financial position and performance of the Group are being evaluated.

Changes to TFRS 3 – Change to References to the Conceptual Framework

KGK made changes to the TFRS Business Combinations standard in July 2020. The change was made with the intention of replacing the reference to the old version of the Conceptual Framework (the 1989 Framework) with a reference to the current version (Conceptual Framework) released in March 2018, without materially changing the requirements of TFRS 3. However, a new paragraph has been added to TFRS 3 to define contingent assets that do not meet the recognition criteria at the acquisition date. The amendment will be applied prospectively for annual accounting periods beginning on or after January 1, 2022. Early

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application is permitted if the entity implements all changes in IFRS standards that refer to the Conceptual Framework (March 2018) at the same time or earlier. The effects of the said change on the consolidated financial position and performance of the Group is being evaluated.

Changes in TMS 16 - Adaptation for intended use

In July 2020, KGK made changes to TMS 16 Tangible Fixed Assets standard. With the amendment, companies do not allow revenues from the sale of manufactured products to be deducted from the cost of the tangible fixed asset item, while making a property, plant and equipment suitable for its intended use. Companies will now recognize such sales revenue and related costs in profit or loss. The amendment will be applied for annual accounting periods beginning on or after 1 January 2022. Changes may be applied retrospectively only for items of property, plant and equipment that are made available at or after the earliest presented period, in comparison with the accounting period in which the entity first applied the change. There is no exemption for those who will apply TFRS for the first time. The effects of these changes on the consolidated financial position and performance of the Group is being evaluated.

Amendments to TAS 37 - Economically disadvantageous contracts - Costs of fulfilling the contract

In July 2020, KGK made amendments to TMS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendment made in TMS 37, which will be applied for annual accounting periods beginning on or after January 1, 2022, has been made to determine the costs to be taken into account when assessing whether a contract is "disadvantaged" or "disadvantaged" from an economic point of view, and includes "directly related costs". includes the implementation of the approach. Changes should be applied retrospectively for contracts for which the entity has not fulfilled all of its obligations at the beginning of the annual reporting period (first application date) in which the changes will be applied for the first time.

Early application is permitted. The effects of the said change on the consolidated financial position and performance of the Group is being evaluated.

Annual Improvements - 2018-2020 Period

"Annual Improvements to TFRS standards / 2018-2020 Period" was published by the KGK in July 2020, with the following changes:

- TFRS 1- First Adoption of International Financial Reporting Standards – Associate as First Adoptive: The amendment allows a subsidiary to measure accumulated currency translation differences using amounts reported by the parent. The amendment also applies to the subsidiary or joint venture.
- TFRS 9 Financial Instruments - Fees taken into account in the 10% test for derecognition of financial liabilities: The amendment clarifies the fees that an entity considers when assessing whether the terms of a new or modified financial liability differ materially from the terms of the original financial liability. These fees include only fees paid or received between the borrower and the lender, including fees paid by the parties on behalf of each other.
- TMS 41 Agricultural Activities – Taxes in determining fair value: With the amendment made, the provision in UMS 41 paragraph 22 that the cash flows for taxation are not taken into account in determining the fair value of companies' assets within the scope of TMS 41 has been removed.

All of the improvements made will be applied for annual accounting periods beginning on or after January 1, 2022. Early application is permitted. The effects of these changes on the consolidated financial position and performance of the Group are being evaluated.

iii) New and revised standards and interpretations published by the International Accounting Standards Institution (UMSK) but not by KGK

The new standards, interpretations, and amendments to existing IFRS standards listed below have been published by the UMSK but have not yet entered into force for the current reporting period. However, these new standards, interpretations and amendments have not yet been adapted/published to TFRS by KGK and therefore do not form a part of TFRS. The Group will

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make the necessary changes in its consolidated financial statements and footnotes after these standards and interpretations become effective in TFRS.

IAS 8 Amendments – Definition of Accounting Estimates

In February 2021, UMSK published amendments to UMS 8 that introduce a new definition for "accounting estimates". The amendments published for UMS 8 are valid for annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It also clarifies how businesses can use measurement techniques and inputs to improve accounting estimates. The amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate stated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the UMSK. Generally speaking, the Group does not expect a material impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Application Notice 2 – Presentation of Accounting Policies

In February 2021, UMSK published changes to UMS 1 and IFRS Application Notice 2 for Making Materiality Estimates, where it provides guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in UMS 1 are valid for annual accounting periods beginning on or after 1 January 2023. Due to the lack of a definition of the term "significant" in IFRS, UMSK has decided to replace this term with the term "significant" in the context of disclosure of accounting policy information. 'Significant' is a term defined in IFRS and is widely understood by financial statement users, according to the UMSK. When assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included. Generally speaking, the Group does not expect a material impact on the consolidated financial statements.

TMS 12 Amendments – Deferred Tax on assets and liabilities arising from a single transaction

In May 2021, IASB published amendments to UMS 12 that narrow the scope of the initial recognition exemption and thus ensure that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to UMS 12 are valid for annual accounting periods beginning on or after 1 January 2023. Changes require a judgment (given applicable tax law) whether such deductions are attributable to the recognized liability (and interest expense) or related asset component (and interest expense) for tax purposes when payments made on a liability are tax deductible clarifies the issue. This judgment is important in determining whether there is any temporary difference in initial recognition of the asset and liability. Generally speaking, the Group does not expect a material impact on the consolidated financial statements.

NOTE 3 – BUSINESS COMBINATIONS

a) At the Board Meeting held on 18 December 2015, Company passed the resolution for acquisition of the 34,21 % shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti., 100% wholly owned by its main partner Taşımacılık ve Lojistik Ticaret A.Ş. Ltd. According to the valuation report No YMM.ÖA.466.1618.437/027 of 15.12.2015 issued by Türkmen Bağımsız Denetim ve YMM A.Ş. the value of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti is determined as TL 40,295,922. On the basis of said valuation report, Company acquired 34,21% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti on 21.12.2015 for a price of TL 13,785,447.

The Company passed the resolution for acquisition of the entire remaining shares (65.79%). According to the valuation report of 15.12.2015 issued by CPATURK Bağımsız Denetim ve YMM A.Ş., the value of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti is determined as TL 32,553,134. On the basis of said valuation report, Company acquired 65,79% shares of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti on 31.12.2017 for a price of TL 21,416,710.

This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Rey Hotel is recognized at their costs, and the difference between the consideration paid and the net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

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Total Current Assets	7.733.083
Total Fixed Assets	25.660.660
Total Short-Term Liabilities	(12.308.805)
Total Long-Term Liabilities	(2.763.989)
Net Assets Acquired	18.320.949
Purchased Share (65.79%)	12.053.256
Purchasing Price	21.416.707
Effect of Combinations of Jointly Controlled Businesses	(9.363.451)

b) Reysaş Tourism purchased 100% of the shares of Rey Hotel, which is engaged in the operation of hotels and accommodation facilities, at TL 560,167 on the basis of the valuation report prepared by Bizim Menkul Değerler A.Ş. Rey Hotel is carrying out the operations of Erzincan hotel included in the portfolio of Reysaş Gayrimenkul, and Erzincan hotels included in Reysaş Tourism.

This transaction in the nature of a combination of jointly controlled business is recognized in accounting through "Pooling of Interests" pursuant to 2013-2 numbered Decision of Public Oversight Agency. Therefore, assets and liabilities of Rey Hotel is recognized at their costs, and the difference between amount paid and net assets amount is recognized in the account "Effect of Combination of Jointly Controlled Businesses".

Total Current Assets	4.452.278
Total Fixed Assets	462.552
Total Short-Term Liabilities	(5.469.832)
Total Long-Term Liabilities	(154.836)
Net Assets Acquired	(709.838)
Purchasing Price	560.167
Effect of Combinations of Jointly Controlled Businesses	(1.270.005)

NOTE 4 – SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment, or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The authorized body of the Group to pass resolutions with respect to the activities is Chairman and Board Members in line with the Board Resolutions and have functions such as adopting decisions relating to the fund injection to the Group and activities as well as evaluation of the Group's performance. Since Group's business scope is investment in the real estate, property-based capital market instruments, real estate projects, and property-based rights, it does not produce other goods and services, have no business in different areas. Therefore, no reporting by business units is made in the financial statements of Group (31 December 2020: None).

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NOTE 5 – RELATED PARTY TRANSACTIONS

Trade Receivables from Related Parties	30.06.2022	31.12.2021
Arı Lojistik İnşaat San. ve Ticaret A.Ş.	399.590	--
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	--	23.383.182
Other	--	603.857
	399.590	23.987.039

For the Group's current and notes receivables from related companies, an annual interest rate of 14.29% (31 December 2021: 13.53%) is applied in TL basis.

Other Current Assets Related Parties	30.06.2022	31.12.2021
Advances given to personnel	93.747.836	55.594.526
	93.747.836	55.594.526

Trade Payables to Related Parties	30.06.2022	31.12.2021
Reysaş Taşımacılık ve Loj. A.Ş.	--	12.966.482
Other	--	1.523.621
	--	14.490.103

Other Payables to Related Parties	30.06.2022	31.12.2021
Arı Lojistik İnşaat San. ve Ticaret A.Ş. (*)	9.198.710	12.080.247
Diğer	1.395.185	1.395.185
	10.593.895	13.475.432

(*) Other payables dated 30.06.2022 due to Arı Lojistik İnşaat San. and Ticaret A.Ş. arising from financing transactions.

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01.01.-30.06.2022 hesap dönemi içerisinde ilişkili şirketlerden yapılan alımlar:

	Building	Furniture	Other	Service	Late interest	Investment
Egemence İnşaat Anonim Şirketi	--	1.066.684	40.317	702.013	127.886.404	129.695.419
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	24.478	925.895	670.190	--	2.042.072	3.662.635
Diğer	--	--	--	--	--	--
Total	24.478	1.992.579	710.507	702.013	129.928.476	133.358.054

01.01.-30.06.2022 hesap dönemi içerisinde ilişkili şirketlere yapılan satışlar:

	Rent	Late interest	Total
Reysaş Antrepo İşletmesi A.Ş.	--	--	--
Reysaş Taşımacılık Ve Lojistik Tic. A.Ş.	35.066.918	11.236.203	46.303.120
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	2.684.063	29.395	2.713.458
Diğer	8.728.726	54.725	8.783.451
Total	46.479.707	11.320.323	57.800.028

Purchases from Related Parties in the Period of 01.01.-30.06.2021:

	Building	Furniture	Other	Service	Late interest	Investment	Total
Reysaş Taşımacılık Ve Lojistik Tic. A.Ş.	30,554	687,766	378,410	609,607	4,638,912	5,486,558	11,831,807
Egemence İnşaat Anonim Şirketi	--	--	--	--	--	3,993,582	3,993,582
Other	--	18,033	146,454	82,043	45,236	302,886	594,652
Total	30,554	705,799	524,864	691,650	4,684,148	9,783,026	16,420,041

Sales to Related Parties in the Period of 01.01.-30.06.2021:

	Rent	Late interest	Total
Reysaş Antrepo İşletmesi A.Ş.	2,875,998	74,761	2,950,759
Reysaş Taşımacılık Ve Lojistik Tic. A.Ş.	18,183,221	--	18,183,221
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	1,780,532	--	1,780,532
Other	731,419	10,275	741,694
Total	23,571,170	85,036	23,656,206

Remuneration of board of directions and executive management:

The total benefits provided by the Group to its board of directors and executive management during the periods ended 30 June 2021 are TL 165.520 (30 June 2020: TL 20.180).

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NOTE 6 – CASH AND CASH EQUIVALENTS

	30.06.2022	31.12.2021
Cash		
- Turkish Lira	34.489	41.116
- Foreign currency	2.323	1.101
Banks - Demand deposits		
- Turkish Lira	9.527.434	1.636.035
- Foreign currency	58.405.330	68.608.043
Banks – Time deposits (*)		
- Turkish Lira	343.564.889	133.363.788
- Foreign currency	15.252.202	222.838.102
Other liquid assets		
- Turkish Lira	803.204	209.603
	4.406.069	0
	431.995.940	426.697.788

(*) The details of time deposits are as follows:

30 June 2022	Average Maturity	Interest Rate	TL Equivalent
TL	1-6 days	%18,00-%19,30	343.564.889
Total			343.564.889

31 December 2020	Average Maturity	Interest Rate	Amount in Foreign currency	TL Equivalent
TL	24 days	%17,00-%25,00	--	133.363.788
USD	35 days	%0,05-%1,28	9.168.064	122.201.123
EURO	14 days	%0,01 -%0,10	6.670.576	100.636.979
Total				356.201.890

NOTE 7 – FINANCIAL LIABILITIES

As of 30 June 2022 and 31 December 2021, the Group's short and long term financial liabilities are as follows:

Short Term Financial Liabilities	30.06.2022	31.12.2021
Bank loans	126.159.655	155.870.675
Short-term portion of long-term bank loans	422.666.567	604.785.007
Financial lease liabilities, net	31.725.999	25.321.082
	580.552.221	785.976.764

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Long Term Financial Liabilities	30.06.2022	31.12.2021
Bank loans	1.207.375.636	843.468.718
Financial lease liabilities, net	60.607.299	23.799.080
	1.267.982.935	867.267.798

The breakdown of financial liabilities by currency is as follows:

Short Term Financial Liabilities	30.06.2022	31.12.2021
TL Bank loans	422.213.142	545.350.225
USD Bank loans	--	8.329.576
EURO Bank loans	7.225.907	126.613.080
	548.826.222	760.655.682

Long Term Financial Liabilities	30.06.2022	31.12.2021
TL Bank loans	1.074.695.521	607.196.784
USD Bank loans	--	4.783.156
EURO Bank loans	7.572.158	132.680.115
	1.207.375.636	843.468.718

The repayment of Group's bank loans is as follows:

	30.06.2022	31.12.2021
Payable in 0-3 months	119.026.031	312.167.800
Payable in 4-12 months	429.800.190	448.487.882
Payable in 1-5 years	1.122.257.367	819.128.922
Payable in a period longer than 5 years	45.119.118	24.339.796
	1.716.202.706	1.604.124.400

The repayment of Group's financial lease is as follows:

	30.06.2022	31.12.2021
Payable in 0-3 months	7.133.624	6.763.574
Payable in 4-12 months	24.592.375	18.557.508
Payable in 1-5 years	60.607.299	23.799.080
	92.333.299	49.120.162

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The effective interest (internal rate of return)* rates of financial debts are as follows:

	30.06.2022	31.12.2021
TL Bank loans	7.84% - 24.73%	7.84% - 23.75%
USD Bank loans	6.18% - 10.94%	1.61% - 7.81%
EURO Bank loans	4.38% - 5.48%	6.63% - 8.40%

* Internal rate of return; It is the rate that equates the present value of cash inflows in a project to the present value of cash outflows. Therefore, the internal rate of return announced for bank loans and financial leasing obligations does not represent the interest rate used in loans and leasing.

The amount of the guarantees given by the Group for its financial debts is given in Note 17.

The financial ratios of the Group as of 30 June 2022 and 31 December 2021 are as follows:

	30.06.2022	31.12.2021
Current rate	45%	42%
Current ratio	41%	40%
Financial Leverage Ratio	42%	39%
Financing Rate	71%	65%

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

	30.06.2022	31.12.2021
Trade receivables		
-Non-Group trade receivables	43.024.669	16.178.619
-Trade receivables from related parties (Note 5)	94.147.427	23.987.039
Notes receivables	99.999	3.689.195
Discount on trade receivables (-)	(11.546.406)	(287.126)
Doubtful trade receivables	7.945.818	7.825.218
Provision for doubtful trade receivables (-)	(7.945.818)	(7.825.218)
	125.725.688	43.567.727

The Group makes loss reserves for bad debts on the basis of customers. Amount of loss reserves comprise of receivables which may not be collected from the relevant customers. The movement of provisions for doubtful receivables in the periods ended 30.06.2022 and 30.06.2021 is as follows:

	01.01.- 30.06.2022	01.01.- 30.06.2021
1 January	7.825.218	7.420.177
Provisions for the period (Notes 22)	120.600	397.743
Receivables collected during the period (-) (Note 22)	0	(427.730)
Waived receivables which are uncollectible	0	(443)
End of the period	7.945.818	7.389.747

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Short Term Trade Payables	30.06.2022	31.12.2021
Trade payables		
-Non-Group trade receivables	6.024.567	6.889.660
-Trade receivables to related parties (Note 5)		14.490.103
Note payables	60.000	2.432.786
Discount on trade payables (-)	(1.288.318)	(94.765)
	4.796.249	23.717.784

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables	30.06.2022	31.12.2021
Deposits and guarantees given	--	1.881.696
Doubtful Other receivables	93.747.836	55.594.526
Provision for doubtful Other receivables (-)	--	1.953.740
Other	--	(1.953.740)
	95.583.781	61.027.121

Long Term Other Receivables	30.06.2022	31.12.2021
Deposits and guarantees given	3.394	3.394
	3.394	3.394

Short Term Other Payables	30.06.2022	31.12.2021
Deposits and guarantees received	3.363.164	3.273.164
Taxes and funds payable	11.613.164	4.257.668
Other receivables to related parties (note 5)	7.694.308	--
Deferred payable to public sector in installments (*)	10.593.895	13.475.432
Other	642.015	1.493.204
	34.493.051	22.500.788

Long Term Other Payables	30.06.2022	31.12.2021
Deferred payable to public sector in installments (*)	4.049.780	5.494.163
	4.049.780	5.494.163

(*) As of 30.06.2022, installment debts consist of property tax debts belonging to past periods that must be paid to municipalities in accordance with the "law on restructuring some receivables and amending some laws" No. 7256.

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NOTE 10 – INVESTMENTS ACCOUNTED BY USING EQUITY METHOD

Subsidiaries and Affiliates

As of 30 June 2022 and 31 December 2021, the book values of the Group's subsidiaries/affiliates in the balance sheet are as follows:

	30.06.2022		31.12.2021	
	Amount	%	Amount	%
Arı Lojistik (*)	72.092.480	50.00	76.978.147	50.00
	72.092.480		76.978.147	

(*) Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş., acquired the 16% shares of Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., a subsidiary of parent partnership Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., which has a nominal value of TL 1,525,305, for a price of TL 4,127,642, with the board resolution of 22 February 2011, and 33% shares of said subsidiary, which has a nominal value of TL 3,050,000, for a price of TL 16,836,000, with the board resolution of 28 March 2013.

Following this acquisition, Reysaş Taşımacılık ve Lojistik Tic. A.Ş did not have any shareholding in Arı Lojistik İnş.San.ve Tic. A.Ş, and the share of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. increased to 50%.

Financial statement summary information of investments accounted by equity method is as follows:

	30 June 2022				
	Total Assets	Total Payables	Equity	Net Sales	Profit / (Loss)
Arı Lojistik	182.695.549	(38.723.175)	143.972.374	7.589.762	7.563.609

	30 June 2021				
	Total Assets	Total Payables	Equity	Net Sales	Profit / (Loss)
Arı Lojistik	74.371.710	(14.540.097)	59.831.612	2.054.262	474.447

Arı Lojistik	30.06.2022	31.12.2021
	Tutarı	Tutarı
Total Assets	182.695.549	193.960.809
Total Liabilities	(38.723.175)	(40.004.514)
Net Assets	143.972.374	153.956.295

Carrying Amount of Subsidiary in GYO by Equity Method
(50%)

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As of 30 June 2021 and 30 June 2020, the movements of Arı Logistics are as follows:

	01.01.- 30.06.2022	01.01.- 30.06.2021
Balances as of 1 January	72.092.480	29.678.583
Share of Subsidiary in Period Profit / (Loss)	(106.293)	237.223
Total	71.986.187	29.915.806

NOTE 11 – INVESTMENT PROPERTIES

As of 30 June 2022 and 31 December 2021, the details of investment properties are as follows:

	30.06.2022	31.12.2021
Investment properties	4.732.910.000	4.791.605.001
Investment properties under project	360.408.462	80.724.171
Total	5.093.318.462	4.872.329.172

The fair value of the warehouses and warehouses under construction of the Company as of 31 December 2020 is calculated based on the valuation carried out by the Property Valuation Company, Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which have no relationship with the Company. The property valuations were conducted in accordance with International Valuation Standards, based on the Market Method, Cost (Expense) Method and Income (Productivity) Method. Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is an independent property valuer company authorized by Turkish Capital Market Board.

Insurance coverage on investment properties amounted to TL 3.209.703.122 (31 December 2020: TL 1.294.888.553).

Explanation on mortgages put on investment properties is available in Note 14.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**Notes to the interim condensed consolidated financial statements as of June 30, 2022**

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

As of 30 June 2021, the movement table of the lands is as follows:

Province	District	Location	31.12.2020	Addition	30.06.2021
İstanbul	Pendik	Kurna Köyü	50.000.000	--	50.000.000
Kocaeli	Çayirova	Akse-12	19.000.000	--	19.000.000
Kocaeli	Kartepe	Maşukiye	4.250.000	--	4.250.000
Kocaeli	Kartepe	Uzuntarla-2	4.750.000	--	4.750.000
Sakarya	Arifiye	Yukarıkirezce-1	20.000.000	--	20.000.000
Samsun	Çarşamba	Irmaksırtı	9.000.000	--	9.000.000
Düzce	Merkez	Darıcı	9.250.000	--	9.250.000
Ankara	Gölbaşı	Oğulbey	7.800.000	--	7.800.000
Kastamonu	Merkez	Kuzeykent	5.750.000	--	5.750.000
Kocaeli	Gebze	Muallimköy	15.000.000	--	15.000.000
Ankara	Kahramankazan	Saray	27.000.000	--	27.000.000
Kocaeli	Gebze	Balçık	99.000.000	--	99.000.000
Ankara	Çankaya	Lodumu	1.840.000	--	1.840.000
Erzurum	Palandöken	Palandöken	5.300.000	--	5.300.000
İstanbul	Tuzla	Orhanlı	4.400.000	--	4.400.000
İzmir	Kemalpaşa	Ansızca	16.000.000	--	16.000.000
Ankara	Sincan	Yeni cımşit	314.840.000	--	314.840.000

As of 30 June 2021, the movement table of the lands is as follows:

Province	District	Location	31.12.2020	Addition	30.06.2021
İstanbul	Pendik	Kurna Köyü	40,000,000	--	40,000,000
Kocaeli	Çayirova	Akse-12	16,000,000	--	16,000,000
Kocaeli	Kartepe	Maşukiye	3,200,000	--	3,200,000
Kocaeli	Kartepe	Uzuntarla-2	3,640,000	--	3,640,000
Sakarya	Arifiye	Yukarıkirezce-1	15,000,000	--	15,000,000
Samsun	Çarşamba	Irmaksırtı	6,100,000	--	6,100,000
Düzce	Merkez	Darıcı	7,250,000	--	7,250,000
Ankara	Gölbaşı	Oğulbey	5,350,000	--	5,350,000
Kastamonu	Merkez	Kuzeykent	4,500,000	--	4,500,000
Kocaeli	Gebze	Muallimköy	12,000,000	--	12,000,000
Ankara	Kahramankazan	Saray	19,000,000	--	19,000,000
Kocaeli	Gebze	Balçık	11,000,000	4,859,683	15,859,683
Ankara	Çankaya	Lodumu	1,400,000	--	1,400,000
Erzurum	Palandöken	Palandöken	4,250,000	--	4,250,000
İstanbul	Tuzla	Orhanlı	3,250,000	--	3,250,000
Total			151,940,000	4,859,683	156,799,683

(*) Pursuant to Board Resolution No 608 of 30.12.2020, joint-ownership land of 9,364.62 m² located on Parcel 7 Map Section 379 Balçık Neighborhood Gebze Town Kocaeli Province are purchased with 100% prepayment for a price of TL 9,488,566.

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**Notes to the interim condensed consolidated financial statements as of June 30, 2022**

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

As of 30 June 2022, the movement table of the buildings is as follows:

Province	District	Location	31.12.2020	Additions	Transfer	Fair Value	30.06.2022
Adana	Seyhan	Sarıhamzalı					
Adana	Yüreğir	Dağcı	36.700.000	--	--	--	36.700.000
Ankara	Kazan	Orhaniye	46.040.000	--	--	--	46.040.000
Eskişehir	Odunpazarı	OSB	33.030.000	--	--	--	33.030.000
Giresun	Tirebolu	İstiklal	14.215.000	--	--	--	14.215.000
Giresun	Bulancak	Pazarsuyu	8.600.000	--	--	--	8.600.000
İstanbul	Tuzla	Orhanlı-2	17.750.000	--	--	--	17.750.000
İstanbul	Tuzla	Orhanlı-4	125.000.000	--	--	--	125.000.000
İstanbul	Arnavutköy	Ömerli	232.000.000	--	--	--	232.000.000
İzmir	Torbalı	Torbalı	40.300.000	--	--	--	40.300.000
Kocaeli	Çayirova	Akse-2	66.000.000	--	--	--	66.000.000
Kocaeli	Çayirova	Akse-1+7+10	124.865.000	--	--	--	124.865.000
Kocaeli	Çayirova	Akse-5	340.000.000	--	--	--	340.000.000
Kocaeli	Çayirova	Akse-3	51.000.000	--	--	--	51.000.000
Ordu	Ünye	Yüceler	128.000.000	--	--	--	128.000.000
Sakarya	Arifiye	Yukarıkirezce-2	24.250.000	--	--	--	24.250.000
Samsun	Terme	Söğütlü	8.315.000	--	--	--	8.315.000
Samsun	Çarşamba	Epçeli	10.075.000	--	--	--	10.075.000
Samsun	Çarşamba	Dikbıyık	11.000.000	--	--	--	11.000.000
Düzce	Merkez	Arapçiftliği	38.000.000	--	--	--	38.000.000
Düzce	Akçakoca	Çiçekpınar	18.000.000	--	--	--	18.000.000
Kocaeli	Kartepe	Uzuntarla-3	9.250.000	--	--	--	9.250.000
Kocaeli	Çayirova	Akse-9	22.410.000	--	--	--	22.410.000
Kocaeli	Çayirova	Akse-6	300.000.000	--	--	--	300.000.000
Antalya	Kepez	Sütçüler	43.500.000	--	--	--	43.500.000
İstanbul	Üsküdar	Bulgurlu-2	22.050.000	--	--	--	22.050.000
Kocaeli	Çayirova	Akse-8	39.000.000	--	--	--	39.000.000
Bolu	Merkez	Saraycık	23.690.000	--	--	--	23.690.000
Sakarya	Arifiye	Yukarıkirezce-3	37.500.000	--	--	--	37.500.000
Antalya	Serik	Çandır-1,Çandır-2	27.500.000	--	--	--	27.500.000
Sakarya	Arifiye	Hanlıköy	160.000.000	--	--	--	160.000.000
İzmir	Menderes	Görece-3	29.500.000	--	--	--	29.500.000
Antalya	Kumluca	Sarıkaya	45.000.000	--	--	--	45.000.000
Ankara	Kahramankazan	Saray	23.000.000	--	--	--	23.000.000
Adana	Sarıçam	Suluca	44.500.000	--	--	--	44.500.000
İstanbul	Tuzla	Orhanlı-5	41.000.000	--	--	--	41.000.000
Eskişehir	Tepebaşı	Eskibağlar	250.000.000	--	--	--	250.000.000
İstanbul	Üsküdar	Bulgurlu-1	166.000.000	--	--	--	166.000.000
Kocaeli	Çayirova	Akse-11	44.000.000	--	--	--	44.000.000
İzmir	Menderes	Görece-4	240.000.000	--	--	--	240.000.000
İstanbul	Esenyurt	Esenyurt	100.500.000	--	--	--	100.500.000
İstanbul	Tuzla	Tepeören	294.000.000	--	--	--	294.000.000
Kocaeli	Çayirova	Akse-12	600.000.000	--	--	--	600.000.000
Adana	Sarıçam	Suluca-2	147.500.000	--	--	--	147.500.000
İzmir	Menderes	Görece	85.000.000	--	--	--	85.000.000
Kastamonu	Merkez	Kuzeykent	39.000.000	--	--	--	39.000.000
Karabük	Merkez	Çerçiler	9.300.000	--	--	--	9.300.000
Bartın	Merkez	Balamba	4.800.000	--	--	--	4.800.000
Kastamonu	Tosya	Dilküşah	3.800.000	--	--	--	3.800.000
Eskişehir	Sivrihisar	Kurşunlu	1.230.000	--	--	--	1.230.000
Erzincan	Hilton Bina	--	1.300.000	--	--	--	1.300.000
Kocaeli	Çayirova	Akse-15	54.295.000	--	--	--	54.295.000
Adana	Sarıçam	151 ada 1-9-11 parsel	118.000.000	--	--	--	118.000.000
Ankara	Sincan	Yeni cimşit	77.000.001	--	--	--	77.000.001
Total			4.476.765.001				4.476.765.001
General Total Lands and Buildings			4.791.605.001				4.791.605.001

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**Notes to the interim condensed consolidated financial statements as of June 30, 2022**

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

As of 30 December 2020, the movement table of the buildings is as follows:

Province	District	Location	31.12.2020	Additions	Transfer	Fair Value	31.12.2021
Adana	Seyhan	Sarıhamzalı	27.000.000	--	--	9.700.000	36.700.000
Adana	Yüreğir	Dağcı	25.100.000	--	--	20.940.000	46.040.000
Ankara	Kazan	Orhaniye	21.000.000	18.747	--	12.011.253	33.030.000
Eskişehir	Odunpazarı	OSB	8.950.000	--	--	5.265.000	14.215.000
Giresun	Tirebolu	İstiklal	5.900.000	--	--	2.700.000	8.600.000
Giresun	Bulancak	Pazarsuyu	11.250.000	--	--	6.500.000	17.750.000
İstanbul	Tuzla	Orhanlı-2	86.600.000	--	--	38.400.000	125.000.000
İstanbul	Tuzla	Orhanlı-4	160.000.000	--	--	72.000.000	232.000.000
İstanbul	Arnavutköy	Ömerli	28.050.000	--	--	12.250.000	40.300.000
İzmir	Torbalı	Torbalı	40.000.000	--	--	26.000.000	66.000.000
Kocaeli	Çayırova	Akse-2	77.075.000	--	--	47.790.000	124.865.000
Kocaeli	Çayırova	Akse-1+7+10	213.000.000	1.931.167	--	125.068.833	340.000.000
Kocaeli	Çayırova	Akse-5	36.850.000	--	--	14.150.000	51.000.000
Kocaeli	Çayırova	Akse-3	90.320.000	1.572.029	--	36.107.971	128.000.000
Ordu	Ünye	Yüceler	16.000.000	--	--	8.250.000	24.250.000
Sakarya	Arifiye	Yukarıkirezce-2	6.250.000	326.593	--	1.738.407	8.315.000
Samsun	Terme	Söğütlü	7.250.000	--	--	2.825.000	10.075.000
Samsun	Çarşamba	Epçeli	7.100.000	--	--	3.900.000	11.000.000
Samsun	Çarşamba	Dikbiyık	24.000.000	--	--	14.000.000	38.000.000
Düzce	Merkez	Arapçiftliği	11.630.000	--	--	6.370.000	18.000.000
Düzce	Akçakoca	Çiçekpınar	6.500.000	44.000	--	2.706.000	9.250.000
Kocaeli	Kartepe	Uzuntarla-3	16.000.000	--	--	6.410.000	22.410.000
Kocaeli	Çayırova	Akse-9	201.300.000	118.857	--	98.581.143	300.000.000
Kocaeli	Çayırova	Akse-6	32.880.000	--	--	10.620.000	43.500.000
Antalya	Kepez	Sütçüler	16.000.000	--	--	6.050.000	22.050.000
İstanbul	Üsküdar	Bulgurlu-2	23.000.000	207.838	--	15.792.162	39.000.000
Kocaeli	Çayırova	Akse-8	16.400.000	--	--	7.290.000	23.690.000
Bolu	Merkez	Saraycık	27.750.000	15.671	--	9.734.329	37.500.000
Sakarya	Arfiye	Yukarıkirezce-3	19.000.000	52.400	--	8.447.600	27.500.000
Antalya	Serik	Çandır-1,Çandır-2	103.000.000	196.348	--	56.803.652	160.000.000
Sakarya	Arifiye	Hanlıköy	22.500.000	--	--	7.000.000	29.500.000
İzmir	Menderes	Görece-3	31.760.000	--	--	13.240.000	45.000.000
Antalya	Kumluca	Sarıkaya	17.500.000	--	--	5.500.000	23.000.000
Ankara	Kahramankazan	Saray	25.000.000	21.886	--	19.478.114	44.500.000
Adana	Sarıçam	Suluca	21.000.000	158.990	--	19.841.010	41.000.000
İstanbul	Tuzla	Orhanlı-5	170.000.000	--	--	80.000.000	250.000.000
Eskişehir	Tepebaşı	Eskibağlar	101.000.000	--	--	65.000.000	166.000.000
İstanbul	Üsküdar	Bulgurlu-1	19.000.000	--	--	25.000.000	44.000.000
Kocaeli	Çayırova	Akse-11	164.500.000	--	--	75.500.000	240.000.000
İzmir	Menderes	Görece-4	70.950.000	--	--	29.550.000	100.500.000
İstanbul	Esenyurt	Esenyurt	181.000.000	4.450	--	112.995.550	294.000.000
İstanbul	Tuzla	Tepeören	400.000.000	600.340	--	199.399.660	600.000.000
Kocaeli	Çayırova	Akse-12	95.000.000	95.455	--	52.404.545	147.500.000
Adana	Sarıçam	Suluca-2	47.000.000	64.000	--	37.936.000	85.000.000
İzmir	Menderes	Görece	27.000.000	413.173	--	11.586.827	39.000.000
Kastamonu	Merkez	Kuzeykent	8.100.000	--	--	1.200.000	9.300.000
Karabük	Merkez	Çerçiler	3.785.000	--	--	1.015.000	4.800.000
Bartın	Merkez	Balamba	3.370.000	--	--	430.000	3.800.000
Kastamonu	Tosya	Dilküşah	1.060.000	--	--	170.000	1.230.000
Eskişehir	Sivrihisar	Kurşunlu	1.055.000	--	--	245.000	1.300.000
Erzincan	Hilton Bina	--	41.315.000	--	--	12.980.000	54.295.000
Kocaeli	Çayırova	Akse-15	--	--	79.940.000	38.060.000	118.000.000
Adana	Sarıçam	151 ada 1-9-11 parsel	--	20.307.738	47.264.972	9.427.291	77.000.001
Total			2.817.050.000	26.149.682	127.204.972	1.506.360.347	4.476.765.001
Total			2.968.990.000	130.107.683	127.204.972	1.565.302.346	4.791.605.001

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**Notes to the interim condensed consolidated financial statements as of June 30, 2022**

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

As of 30 June 2022, the movement table of Investment properties under project is as follows:

Province	District	Location	31.12.2020	Additions	Transfer (*)	30.06.2022
Kocaeli	Çayirova	Akse-15	--	--	--	--
Kocaeli	Çayirova	Akse 13	58.776.853	--	(38.705.067)	20.071.786
Diğer			21.947.318	--	(12.085.036)	9.862.282
Total			80.724.171	--	(50.790.103)	29.934.068

(*) The Building Occupancy Permit (Settlement) of the 19,349 m2 logistics warehouse, which was built on a 14,703,44 m2 land in Kocaeli Province Çayirova District Şekerpınar District 420 Island 33 Plot, was obtained on January 5, 2021, and the investment was completed.

As of 31 December 2021, the movement table of Investment properties under project is as follows:

Province	District	Location	01.01.2020	Additions	Disposal (-)	Transfer	Fair Value	31.12.2020
İzmir	Menderes	Görece	79.940.000	--	(79.940.000)	--	--	79.940.000
Kocaeli	Çayirova	Akse-15(*)	17.000.000	28.516.853	--	13.260.000	58.776.853	17.000.000
Kocaeli	Çayirova	Akse 13	--	47.264.972	(47.264.972)	--	--	--
Diğer	-	-	1.131.457	20.815.861	--	--	21.947.318	1.131.457
			98.071.457	96.597.686	(127.204.972)	13.260.000	80.724.171	98.071.457

As of 30 June 2022, the Company has leased these warehouses and obtained a rental income of TL 303.239.798 (30 June 2021: TL 139.757.869) (Note 20).

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

The movements in tangible fixed assets and accumulated depreciations for the period ended 30 June 2022 and the year ended 31 December 2021 are as follows:

	31.12.2021	Additions	Disposals (-)	30.06.2022
Property, plant and equipment	110.350.726	0	(1.159.039)	109.191.687
Property, plant and equipment - leasing	168.996	0	(49.194)	119.802
Motor vehicle	11.478.697	3.554.217	0	15.032.914
Furniture and fittings	243.800	0	0	243.800
Leasehold improvements				
Cost	122.242.219	3.554.217	(1.208.233)	124.588.203
Property, plant and equipment	33.277.254	0	(15.028.447)	18.248.807
Property, plant and equipment - leasing	83.138	0	(37.214)	45.924
Motor vehicle	4.345.155	4.076.780	0	8.421.935
Furniture and fittings	199.570	5.338	0	204.908
Leasehold improvements				
Accumulated Depreciations (-)	37.905.117	4.082.118	(15.065.661)	26.921.574
Net Book Value	84.337.102			97.431.829

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**Notes to the interim condensed consolidated financial statements as of June 30, 2022**

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

	31.12.2019	Additions	Disposals (-)	31.12.2020
Property, plant and equipment	35.276.093	23.312.559	(10.023.312)	48.565.340
Property, plant and equipment - leasing	61.785.386	--	--	61.785.386
Motor vehicle	168.996	--	--	168.996
Furniture and fittings	5.257.664	6.221.033	--	11.478.697
Leasehold improvements	243.800	--	--	243.800
Cost	102.731.939	29.533.592	(10.023.312)	122.242.219
Property, plant and equipment	8.424.979	3.577.578	(107.539)	11.895.018
Property, plant and equipment - leasing	15.370.129	6.012.107	--	21.382.236
Motor vehicle	59.177	23.961	--	83.138
Furniture and fittings	3.390.949	954.206	--	4.345.155
Leasehold improvements	181.373	18.197	--	199.570
	8.424.979	3.577.578	(107.539)	11.895.018
Accumulated Depreciations (-)	27.426.607	10.586.049	(107.539)	37.905.117
Net Book Value	75.305.332			84.337.102

The detail of depreciation and amortization expenses related to tangible and intangible assets are recognized as an expense on the basis of income statements accounts is as follows:

	01.01.- 30.06.2022	01.01.- 30.06.2021
Cost of sales (Note 20)	14.479.498	5.186.411
	14.479.498	5.186.411

NOTE 13 – INVENTORIES

As of 30 June 2022 and 31 December 2021, the details of short-term and long-term inventories are as follows:

Short Term Inventories	30.06.2022	31.12.2021
Hotel business supplies	293.159	287.767
	293.159	287.767
Long Term Inventories	30.06.2022	31.12.2021
Land inventories	57.072.416	56.897.916
	57.072.416	56.897.916

REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

With the Board Decision dated 04/05/2016 and numbered 298, the Company signed "preliminary contract for real estate sale" with Sur Yapı Endüstri San. Ve Tic. A.Ş. for the housing project to be built on 10,783,80 m2 residential land located in Sancaktepe, Istanbul and 18.316,57 m2 residential land located in Sancaktepe, Istanbul. The construction to start in 2016 is to be completed within 30 months, on the basis of "Revenue Sharing Arrangement". As of 30 June 2017, the construction and manufacturing of the sales office was completed and the construction of the sample flat is underway. The project has been launched under the name "Muhit" and the sales process is continuing. As of June 30, 2022, the construction percentage of the Muhit project is 49% and works related to construction and sales are in continuing.

Istanbul Province Sancaktepe District 9-10 Section 1674 Parcel, 10,783,80 m2 and registered as "field" in the land registry, as a result of the separation (allocation) made on 04.08.2016, 1974 parcel (3,301.30 m2), 1975 parcel (It was divided into two parcels, 6.965.62 m2), and meanwhile, the zoning road (516.88 m2) was abandoned within the framework of Articles 15 and 16 of the Zoning Law. 1974 parcel (3,301.30 m2), which was formed by the separation process, was donated to Sancaktepe Municipality on 25.10.2016. The nature of the 1975 parcel (6,965.62 m2), which remained under the ownership of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş., in the land registry was changed to "land".

The parts of the park (2.123.19 m2) and the road (76 m2) (total 2.199.19 m2) of the 6650 Island 17 Plot in the Sancaktepe District of Istanbul were abandoned on 04.08.2016, and the surface area after the abandonment was 16.117.38 m2. The total land area where the project will take place (6,965.62+16.117.38=) is 23,083 m2.

These immovables were taken into stocks in 2016. The stocks are classified as long-term considering the first stage probable completion date of the housing constructions is 31.12.2021.

The total cost values of the residential zoned lands as of 30 June 2021 are TL 29,773,907. (31 December 2020: TL 29,773,907.)

The valuation reports of the residential zoned lands were prepared by Net Corporate Gayrimenkul Değerleme ve Danışmanlık A.Ş. and its total fair value as of 30 June 2021 is TL 135,000,000 (31 December 2020: TL 135,000,000).

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

As of 30 June 2022, and 31 December 2021, the explanations regarding provisions are as follows:

	30.06.2022	31.12.2021
Provisions for litigation expenses (*)	8.812.754	8.675.171
Provisions for accumulated personnel leave expenses	248.249	148.620
Total	9.061.002	8.823.791

(*) As of 30 June 2021, the total number of cases to which the Company is a party is 69. A provision has been made for 35 of 39 lawsuits filed against the Company, and the total provision for lawsuits is TL 4,945.418 (31 December 2020: TL 4,355,225). There are 30 lawsuits filed in favor of the company, and provision has been made for all of these lawsuits.

As of 30 June 2021, there are reciprocal lawsuits between the parties for 4 lawsuits against the Company, and the trial process continues. No provision has been made for the lawsuits in question, as a clear risk determination could not be made.

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The construction of the warehouse located in Adana province under contract is carried out by Remkar Taşımacılık ve Dan.Ltd.Şti. (Remkar). Termekom Soğutma Hava Elek.Müh.Tic.Ltd.Şti.(Termekom) is the sub-contractor which undertook the construction of cold air systems of the warehouse, for which contract signed between Remkar and Termekom. As Termekom company failed to deliver the work on time, the litigation process between Remkar and Termekom is currently going on. As a result, Reysaş Group Companies has no legal relation with the lawsuit between Termekom and Remkar. Since Reysaş Group companies are not a party to these lawsuits, there is no possibility for positive or negative decision held for or against them.

NOTE 15 – COMMITMENTS

a) Guarantee, pledge and mortgage given by the Group are as follows:

Guarantee, pledge and mortgage given by the Group	30.06.2022	31.12.2021
A. Total amount of Guarantees provided by the Company on behalf of itself	2.364.217.184	2.778.423.553
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method	--	--
C. Provided on behalf of third parties in order to maintain operating activities	--	--
D. Other Guarantees given		
i. Total amount of Guarantees given on behalf of the parent Company	--	--
ii. Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	--	--
iii. Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	--	--
Total	2.364.217.184	2.778.423.553
Şirket'in vermiş olduğu diğer TRİ'lerin Şirket'in özkaynaklarına oranı	--	--

Type	Type of FX	FX amount	30.06.2022 TL equivalent
Mortgage	TL		2.342.277.833
Guarantee letter	TL		21.939.351
Total			2.364.217.184

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Type	Type of FX	FX amount	31.12.2021
			TL equivalent
Mortgage	TL		2.152.645.000
Mortgage	USD	24.000.000	320.472.000
Mortgage	EURO	20.000.000	302.278.000
Guarantee letter	TL		3.028.553
Total			2.778.423.553

b) Guarantee, Pledge and Mortgage received by the Group is as follows:

Type	Type of FX	FX amount	30.06.2022
			TL equivalent
Guarantee letter	TL	--	7.191.000
Guarantee letter	USD	147.040	2.451.010
Surety bond	TL	--	7.612.923
Surety bond	EURO	22.000	385.486
Total			17.640.419

Type	Type of FX	FX amount	31.12.2021
			TL equivalent
Guarantee letter	TL		2.493.000
Guarantee letter	USD		
Surety bond	TL		9.914.573
Surety bond	USD	147.040	1.963.425
Surety bond	EURO	22.000	332.506
Total			14.703.504

NOTE 16 – EMPLOYEE BENEFITS

a) Payables within the scope of employee benefits:

	30.06.2022	31.12.2021
Due to personnel	348.961	304.662
Social security premiums payables	177.227	123.387
Personnel tax deductions	--	25.484
526.188		453.533

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b) Provision for Employee Termination Benefits

In accordance with existing social legislation in Turkey the Group is required to make lump-sum payment to employees whose employments are terminated due to retirement or for reasons other than resignation or misconduct except the ones who are subject to press regulations. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 06.03.1981, No.2422 and 25.08.1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities. As of 30.06.2022 the amount payable of one month's salary for each year of service is limited to a maximum of TL 8,284 (31.12.2021: TL 7,117).

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

According to this calculation following actuarial assumptions are used.

	30.06.2022	31.12.2021
Discount rate	%24,00	%24,00
Expected rate of salary / limit increases	%19,00	%19,00
Net discount rate	%4,20	%4,20

Movement table of Employee Termination Benefits is as follows:

	01.01.- 30.06.2022	01.01.- 31.12.2021
Beginning balance	699.149	311.104
Current service cost	315.473	222.875
Interest cost	(1.992)	10.404
Actuarial gain / (loss)	--	154.766
Acquisition of subsidiary	--	--
Balance, end of the period	1.012.630	699.149

Expense of provision for employment termination benefits on income statement are summarized as below:

	01.01.- 30.06.2022	01.01.- 30.06.2021
Cost of sales	313.481	320.238
	313.481	320.238

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NOTE 17 – PREPAID EXPENSES AND DEFERRED INCOME

As of 30 June 2022 and 31 December 2021, the details of prepaid expenses are as follows:

Short Term	30.06.2022	31.12.2021
Advances given for purchasing inventory	627.837	--
Advances given to related parties	7.263.703	--
Expenses for the next months (*)	166.433	2.318.163
Advances given to personnel	12.789	10.126
	8.070.762	2.328.289

Long Term	30.06.2022	31.12.2021
Advances given for purchasing fixed assets	21.373.330	23.883.370
Expenses for the next years (*)	184.502	184.503
	21.557.832	24.067.873

(*) With Board Resolution No 384 of 11 July 2017, the Company decided to sell the warehouse with an area of 8,312 m2 located on Parcel 2, Map Section 2088 of Akse Neighborhood, Çayırova Town, Kocaeli Province for a price of TL 14,400,000 through the "Sell and Lease Back" method. The loss between the fair value and sales value of the real estate property amounting to TL 2,091,000 is deferred under TAS 17 Leasing Transactions Standard and will be amortized to income statement over the lease term (60 months).

As of 30 June 2021, TL 857,933 of the expenses pertaining to the next months and TL 269,805 of the expenses pertaining to next years represent losses incurred from the sale and lease back transaction.

As of 30 June 2022, and 31 December 2021, the details of deferred income are as follows:

Short term deferred income	30.06.2022	31.12.2021
Order advances received	1.476.908	758.726
Sales to be delivered in the next period	--	--
	1.476.908	758.726

Long term deferred income	30.06.2022	31.12.2021
Sales to be delivered in the next period	61.568	226.502
	61.658	226.502

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NOTE 18 – OTHER ASSETS AND LIABILITIES

Other current assets	30.06.2022	31.12.2021
VAT carried forward	9.719.473	20.045.231
Advances given to personnel	55.031	55.031
	9.774.504	20.100.262

NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

Paid-in capital

As of 30 June 2022, the capital of the Group are TL 500.000.000 (31 December 2021: TL 500.000.000). Nominal capital is divided into 500.000.000 (31 December 2021: 500.000.000) shares, each worth TL 1.

The shareholding ratios of the parent company with its shareholders are as follows:

	30.06.2022		31.12.2021	
	Share		Share	
	amount	Share %	amount	Share %
Reysaş Taşımacılık ve Lojistik Tic. A.Ş.	307.352.918	61,47	307.352.918	61,47
Other	24	0,00	24	0,00
Public	192.647.058	38,53	192.647.058	38,53
Paid-in capital	500.000.000	100,00	500.000.000	100,00

According to the Ordinary Annual General Meeting held on 29 May 2015 for the annual year 2014 , it was resolved to increase the issued capital from TL 240.000.000 to TL 246.000.001, to be provided from profits of the year 2014, as a result of which the paid in capital increased from TL 240.000.000 to TL 246.000.001.

According to Articles of Association of the Company, the Company's shares are divided into 2 groups as 578,824 Group A registered shares, and 245,421,177 Group B bearer Shares. Group A shareholders have the right to nominate Board Members. 4 of the 6 board members are elected by general assembly, provided they are among the candidates nominated by Group A Shareholders by a majority.

Two of the Board Members are elected by General Assembly provided that independence principles as required by Capital Market Legislation.

Reacquired shares

The Group resolved on reacquired the company shares on 27.11.2012 under the Principles and Procedures for Repurchasing by Companies of Own Shares No 26/767 published by Capital Market Board on 10.08.2011, and publicly disclosed by a special announcement on Public Disclosure Platform.

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Reacquired	Reacquired Date	Reacquired Unit	Reacquired Unit Price (TL)	Reacquired Amount (TL)
1.Alım	12.11.2012	58,979	0.73	43,055
2.Alım	04.02.2013	393,500	0.70	275,450
3.Alım	11.02.2013	453,912	0.69	313,200
	11.02.2013	252,347	0.70	176,642
4.Alım	15.02.2013	341,262	0.70	238,883
5.Alım	17.09.2021	2.005.209	1,00	2.005.209
Total				3.052.439

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

	30.06.2022	31.12.2021
Revaluation reserve of tangible fixed assets	102.303.924	99.075.327
	102.303.924	99.075.327

Via partial demerger, on May 2010, Group recognized the 18 Warehouses, and 3 warehouses under construction, injected as in-kind capital by its parent partner Taşımacılık ve Lojistik Ticaret A.Ş. at fair value in the total amount of TL 206,939,059. Out of these 21 warehouses, the warehouses located in Trabzon- Arsin, Bursa-Nilüfer and Sakarya-Karasu were sold as of 31 December 2014. After these sales, the difference between fair value, and book value forming the basis of in-kind capital injected as part of partial demerger was realized as TL 91,095,151 on 31 December 2014. Since there had been no sales during 2015, the difference between fair value, and book value forming the basis of in-kind capital injected as part of partial demerger was realized again as TL 91,095,151 on 31 December 2015.

In 2016, Warehouse located in Ordu-Central Town was sold. TL 1,342,264 being the fair value difference of said warehouse is deducted from the fund amounting to TL 91,095,151, and the difference between fair value and book value forming the basis of in-kind capital injected as part of partial demerger was realized as TL 89,752,887 on 31 December 2016.

	30.06.2022	31.12.2021
Actuarial gain / (loss)	(178.293)	(178.293)
	(178.293)	(178.293)

Amendments to TAS 19 changes the accounting of defined benefit plans and severance pays. Pursuant to amendments, changes in the defined benefit liabilities and assets must be accounted for at fair value. Thus, 'corridor' method permitted in the previous version of TAS 19 are eliminated, facilitating the recognition of the past employment costs. Amendments require all actuarial losses and gains to be accounted for immediately as other comprehensive income in order to ensure net pension assets or liabilities to be indicated in the financial position statements reflect the full value of the plan short or excess. In addition, a 'net interest' amount is used, calculated by applying a discount rate to the projected revenues to be generated from plan assets, described in the previous edition of TAS 19, and net benefit liabilities or assets defined in place of interest expense relating to plan assets.

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Previous year's profit / (losses)

	30.06.2022	31.12.2021
Extraordinary reserves	3.406.890	3.406.890
Previous year's profit / (losses)	3.222.300.291	1.761.119.402
	3.314.046.274	1.764.526.292

Restricted reserves

Reserves restricted from profits consist in the legal reserves and real estate sales gains exempted from corporate tax. Pursuant to Turkish Commercial Act, legal reserves are divided into first degree and second-degree legal reserves. Pursuant to Turkish Commercial Act, first degree legal reserves are set aside by 5% of annual profit until it reaches 20% of the paid capital of the company. Second degree legal reserves are 10% of the distributed profit which exceed the 5% of the paid-in capital. Pursuant to Turkish Commercial Act, legal reserves can only be used to net off the losses insofar as it does not exceed 50% of the paid-in capital and are not permitted for other uses.

	30.06.2022	31.12.2021
Legal Reserves	2.555.454	6.516.173
Reserves for reacquired shares (*)	3.052.439	3.052.439
	5.607.893	9.568.612

(*) Legal reserves were set aside for the reacquired shares by the Group under Turkish Commercial Code No. 6102, pursuant to article No. 520 and the Communiqué of the Capital Market Board numbered 2-22,1 in regards Reacquired Shares Article No. 20.

NOTE 20 – REVENUE AND COST OF SALES

	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Sales				
Rental income	242.160.010	139.757.869	132.374.489	73.272.244
Other income	13.108.153	7.461.362	10.127.429	4.191.345
Sales returns (-)	(4.223.147)	(664.705)	(2.210.763)	(249.911)
Net Sales	251.045.015	146.554.526	140.291.154	77.213.678
Cost of Sales				
Insurance expenses	(2.204.459)	(1.632.455)	(2.204.459)	(792.738)
Depreciation and amortization expenses	(14.942.454)	(5.186.411)	(4.899.199)	(2.690.370)
Maintenance and repair expenses	(3.836.662)	(3.187.777)	(1.960.721)	(1.904.336)
Electricity expenses	(18.003.168)	(5.135.865)	(8.451.022)	(2.409.233)
Taxes and fees expenses	(6.081.724)	(3.978.833)	86.072	(176.820)
Expertise expenses	0	(18.932)	0	182.257
Personnel expenses (*)	(4.241.639)	(1.756.456)	(2.762.181)	(920.889)
Hilton commission expense (*)	(2.818.896)	(2.014.550)	(2.818.896)	(37.679)
Other	(307.460)	(2.762.598)	1.950.250	(2.577.062)
Gross Profit	198.608.554	120.880.649	119.230.998	65.886.808

(*) Expenses of the subsidiary Rey Turizm.

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NOTE 21 – GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING, SALES AND DISTRIBUTION EXPENSES

General and administrative expenses	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Personnel expenses	1.133.154	916.921	575.037	382.285
Consulting and audit expenses	371.556	559.829	164.152	537.632
Electricity and water expenses	10.529	253.410	10.529	151.644
Taxes and fees expenses	231.034	748.039	131.157	698.394
CMB registration expenses	93.757	22.987	259.187	10.625
Maintenance and repair expenses	26.264	2.792	26.264	--
Transportation expenses	936.956	86.952	(769.889)	(100.492)
	2.803.250	2.590.930	396.437	1.680.088

Marketing, sales and distribution expenses	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Commission expenses	249.010	109.040	130.951	51.564
Other	1.252	782	(934)	626
	250.262	109.822	130.017	52.190

NOTE 22 – OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES

Other income from operating activities	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Provisions for doubtful trade receivable collected	--	427.730	--	32.510
Income to be invoiced	--	--	--	--
Discount on notes payable	11.546.406	235.129	9.887.653	65.571
Foreign exchange income (*)	--	2.201.648	(8.269.280)	1.690.793
Insurance damage income	--	1.135.086	--	1.135.086
Other	2.418.377	340.279	1.489.321	(358.506)
	--	427.730	--	32.510
	13.964.783	4.339.872	3.107.694	2.565.454

(*) The amount of unrealized foreign exchange profits in the period of 01.01.-30.06.2022 is TL 1,377,507.

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Other expenses from operating activities	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Current term provisions for doubtful trade receivables	(7.945.818)	(397.743)	(4.661.089)	(144.859)
Provisions for court case expenses	(590.193)	(590.193)	(590.193)	(590.193)
Disallowable expenses	--	--	--	--
Discount on notes receivable	(1.288.318)	(385.057)	329.602	17.411
Foreign exchange losses (*)	(6.348.502)	(710.049)	(625.727)	(168.064)
Donations and grants	--	(175.000)	--	--
sell-lease-back expenses	--	(285.977)	--	--
Other	(5.132.851)	(192.367)	(3.515.530)	(41.551)
	(21.305.682)	(2.736.386)	(9.062.937)	(927.256)

(*) The amount of unrealized foreign exchange losses in the period of 01.01.-30.06.2022 is TL 6.348.502.

NOTE 23 – GAIN / (LOSSES) FROM INVESTING ACTIVITIES

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Profit on sales of fixed assets	327.964	302.219	327.964	302.219
Investment property fair value appreciation gain	3.453.840	13.448.576	1.912.384	13.448.576
	3.781.804	13.750.795	2.240.348	13.750.795

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Loss on sale of fixed assets	--	--	--	--
	--	--	--	--

NOTE 24 – FINANCIAL INCOME / (EXPENSES)

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Interest income	28.230.767	8.909.568	19.894.028	5.574.154
Foreign exchange income (*)	78.724.201	21.231.201	43.410.938	6.494.070
	106.954.968	30.140.769	63.304.966	12.068.224

(*) The amount of unrealized foreign exchange profits in the period of 01.01.-30.06.2022 is TL 78.724.201.

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	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Bank commission expenses	(126.838)	(15.493)	(126.838)	(15.106)
Interest expenses	(131.684.145)	(88.467.601)	(76.623.205)	(48.875.618)
Foreign exchange expenses (*)	(112.101.628)	(67.953.219)	(54.183.945)	(24.968.184)
Other	--	(20.898)	--	(6.983)
	(243.912.611)	(156.457.211)	(130.933.988)	(73.865.891)

(*) As of 01.01.-30.06.2022, the total of unrealized foreign exchange losses is TL 112.101.628.

NOTE 25 – INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

Revenues from activities of real estate investment trust are exempted of corporate tax according to Article 5/(1) (d) (4) of Corporate Tax Law (KVK) No 5520. According to Article 15/(3) of KVK, 15% of tax is levied over the revenue exempted from Corporate Tax. Council of Ministers is authorized to decrease the tax rates defined in Article 15 up to zero by each payment and income, increase it up to corporate tax rate, and differentiate it for the revenues defined in third paragraph within the same limitations by the funds or partnership types, or by the nature and distribution of the assets in the portfolio. Pursuant to Decree of Council of Ministers No 2003/6577, a tax at the rate of 0% is imposed upon the corporate tax-exempted portfolio management revenues of Real Estate Investment Trusts, exempted according to Article 94 (6)(a)(i) of Income Tax Act. Revenues that are taxed in this context are not subject to further dividend withholding pursuant to Article 15/(2) of KVK.

Since the earnings of Reysaş Gayrimenkul from real estate investment trust activities are exempt from corporate tax, no deferred tax assets and liabilities are calculated.

The deferred tax arising from the timing differences between the legal financial statements of the Group's subsidiaries and the financial statements prepared in accordance with TFRS is reflected in the consolidated financial statements.

The Group's Corporate Tax Liability as of 30 June 2022 and 31 December 2021 is as follows:

	30.06.2022	31.12.2021
Provision for Corporate Tax – Current term	107.888	257.168
Prepaid taxes and funds (-)	(28.988)	(197.858)
	78.900	59.310

As of 01.01.-30.06.2022 and 01.01.-30.06.2021, period tax income charges are as follows:

	01.01.- 30.06.2022	01.01.- 30.06.2021
Provision for corporate tax	(107.888)	(189.483)
Deferred tax income / (expenses)	(997.472)	140.572
Tax expenses reflected to income statement	(1.105.360)	(48.911)

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The tax rate used in the deferred tax calculation for the Subsidiary has been taken into account as 25% (31 December 2021: %22).

	31.12.2022		31.12.2021	
	Cumulative Temporary Difference	Asset / (Liability)	Cumulative Temporary Difference	Asset / (Liability)
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(21.796.369)	(5.013.165)	(38.614.911)	(4.247.648)
Provisions for employee termination benefits	599.875	137.971	386.592	88.916
Effective interest accrual for loans	--	--	--	--
Deferred finance income	(1.272.264)	(292.621)	--	--
Deferred finance expenses	--	--	--	--
Provision for doubtful debt	68.751	15.813	52.558	12.088
Provisions for accumulated personnel leave expenses	126.474	29.089	92.177	21.201
Other				--
Deferred tax assets / (liabilities), net	(22.273.534)	(5.122.913)	(38.083.584)	(4.125.443)

	30.06.2022	31.12.2021
Deferred tax assets	182.873	122.205
Deferred tax liabilities (-)	(5.305.786)	(4.247.648)
Deferred tax assets / (liabilities), net	(5.122.913)	(4.125.443)

The movement of deferred tax assets/ (liabilities) for the periods ended 01.01.-30.06.2022 and 01.01.-30.06.2021 is as follows:

	01.01.- 30.06.2022	01.01.- 30.06.2021
Beginning of the period	(4.125.442)	(2.689.867)
Actuarial gain / (losses)	0	8.926
Current tax income / (expenses) for the period	(997.471)	140.572
End of the period	(5.122.913)	(2.540.369)

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

NOTE 26 – EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit distributed to shareholders by the weighted average number of shares issued.

	01.01.- 30.06.2022	01.01.- 30.06.2021	01.04.- 30.06.2022	01.04.- 30.06.2021
Net profit / (loss) attributable to shareholders (TL)	59.360.247	7.406.048	47.021.903	18.376.332
Weighted average number of issued shares	500.000.000	246.000.001	500.000.000	246.000.001
Earnings / (loss) per share (TL)	0,1042	0,0301	0,0751	0,0747

NOTE 27 – NATURE OF LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital Risk Management

The Group aims at ensuring continuity of the activities in the capital management on one hand, while increasing the profitability by using balance between the liabilities and equity in the most efficient way on the other hand. Group's capital structure consists in the debts which also include the loans disclosed in Note 7; cash and cash equivalents which are disclosed in Note 6, and equities which also include issued capital, capital reserves, profit reserves, and accumulated profits disclosed in Note 19.

The capital costs as well as risks of the Group which are associated with each capital class are evaluated by senior management. Based on the evaluations of senior management, it is aimed at acquiring new borrowing, or repaying the existing debts in order to protect and re-arrange the capital structure, as well as to keep dividend payments in balance by issuing new shares. Group follows up the capital by using liability/total capital ratio. This ratio is found by dividing the financial liability to the total equity capital. Net liability is calculated by deducting cash and cash equivalents from the total liabilities (as indicated in the balance sheet, includes loans, financial leasing payables, account payables and other payables). Total capital is calculated by summing up the owners' equity and net liabilities as indicated in the balance sheet.

Group's strategy remained same in 2021 since 2020, and ratio of equities to liabilities as of 30 June 2022 and 31 December 2021 are provided below:

	30.06.2022	31.12.2021
Total Liabilities	1.848.535.156	1.653.244.562
Cash and Cash Equivalents (-)	(431.995.940)	(426.697.788)
Net Liability	1.416.539.216	1.226.546.774
Total Equity	4.004.114.833	3.949.820.792
Rate of Net Liabilities to Equity	%35	%31

Significant Accounting Policies

The Group's significant accounting policies about financial instruments are disclosed in Note 2 'Basis of Presentation of Financial Statements'.

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Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required (Note 7).

The following tables analyse the Group's credit and receivable risk as of 30.06.2022 and 31.12.2021.

	Receivables				Deposits in banks	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
30.06.2022						
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	94.147.427	52.528.114	--	1.835.945	426.749.855	--
- The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	94.147.427	52.528.114	--	1.835.945	426.749.855	--
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	--	--	--	--	--	--
C. Net book value of assets past due but not impaired	--	--	--	--	--	--
- The part covered by guarantees etc.	--	17.640.419	--	--	--	--
D. Net book value of assets impaired	--	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--	--
- Impairment amount (-)	--	7.945.818	--	--	--	--
- The part of net value covered with guarantees etc.	---	(7.945.818)	--	--	--	--
- Not due (gross book value)	--	--	--	--	--	--
- Impairment amount (-)	--	--	--	--	--	--
- The part of net value covered with guarantees etc.	--	--	--	--	--	--
E. Off balance items exposed to credit risk	--	--	--	--	--	--

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	Receivables				Deposits in banks	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
31.12.2021						
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	23.987.039	19.580.688	55.594.526	5.432.595	426.445.968	--
- The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	23.987.039	19.580.688	55.594.526	5.432.595	426.445.968	--
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	--	--	--	--	--	--
C. Net book value of assets past due but not impaired	--	--	--	--	--	--
- The part covered by guarantees etc.	--	14.703.504	--	--	--	--
D. Net book value of assets impaired	--	--	--	--	--	--
- Past due (gross book value)	--	7.825.218	--	1.953.740	--	--
- Impairment amount (-)	--	(7.825.218)	--	(1.953.740)	--	--
- The part of net value covered with guarantees etc.	--	--	--	--	--	--
- Not due (gross book value)	--	--	--	--	--	--
- Impairment amount (-)	--	--	--	--	--	--
- The part of net value covered with guarantees etc.	--	--	--	--	--	--
E. Off balance items exposed to credit risk	--	--	--	--	--	--

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Liquidity Risk Management

The Group manages liquidity risk by keeping under control estimated and actual cash flows and by maintaining adequate funds and borrowing reserves through matching the maturities of financial assets and liabilities.

Liquidity risk is the inability of the Group to match to net funding requirements with sufficient liquidity. Uncertainty in the markets or occurrence of events as a result of decrease in funding resources such as decrease in credit ratings can give rise to Liquidity Risk. The management of the Group manages Liquidity Risk by keeping enough cash and similar resources ready in order to fulfill its current and potential responsibilities by distributing the funding resources. The tables below demonstrate the maturity distribution of nonderivative financial liabilities and are prepared based on the earliest date on which the Group can be required to pay:

As of 30.06.2022, maturity of non-derivative financial liabilities is as follows:

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (=I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Demand (V)
Non-derivative financial liabilities							
Financial liabilities	1.716.202.706	1.716.202.706	119.026.031	429.800.190	1.122.257.367	45.119.118	--
Financial lease liabilities	92.333.299	92.333.299	7.133.624	24.592.375	60.607.299	--	--

Expected maturities	Carrying value	Total cash outflow according to contract (=I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Demand (V)
Non-derivative financial liabilities							
Trade payables	4.796.249	4.796.249	--	4.796.249	--	--	--
Other payables	19.899.076	19.899.076	--	15.849.296	4.049.780	--	--

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As of 31.12.2021, maturity of non-derivative financial liabilities is as follows:

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (=I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Demand (V)
Non-derivative financial liabilities							
Financial liabilities	1.512.870.139	1.512.870.139	163.193.767	369.691.785	971.056.591	8.927.996	--
Financial lease liabilities	83.191.591	83.191.591	11.916.142	36.365.750	34.909.584	115	--

Expected maturities	Carrying value	Total cash outflow according to contract (=I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Demand (V)
Non-derivative financial liabilities							
Trade payables	48.031.779	48.031.779	48.031.779	--	--	--	--
Other payables	10.772.520	10.772.520	4.536.375	6.236.145	--	--	--

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Market Risk

Market risk refers to the change in market prices such as interest rate, exchange rate and share prices. The Company is exposed to market risk as changes in market prices affect the Company's revenues. The purpose of market risk management is; is to optimize the returns of the risks taken while keeping the risk factors under control within acceptable parameters.

Foreign currency risk

Transactions in foreign currencies lead to the foreign exchange risk. Group is exposed to foreign exchange risk due to change in foreign exchange rates used in the conversion of assets and liabilities in a foreign currency to Turkish Liras. Foreign exchange risks emerge due to the commercial transactions in the future, and the difference between assets and liabilities accounted for. Group's financial liabilities are exposed to the foreign exchange risk depending on the direction of the fluctuation of the foreign exchange due to its account receivables and payables in foreign currency. Group is mainly exposed to the foreign exchange risk due to its assets and liabilities in USD. Another important currency unit is Euro in terms of foreign exchange risk.

a) Foreign Currency Position Table and Sensitivity Analysis

The table below summarizes the foreign currency position risk of the Group as at 30.06.2022 and 31.12.2021. Foreign currency denominated assets and liabilities of the Group and related foreign currency position are as follows:

	30.06.2022	31.12.2021
Foreign currency asset	375.680.988	291.566.968
Foreign currency liabilities (-)	(314.193.782)	(502.506.478)
Net short position	61.487.205	(210.939.510)

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FOREIGN CURRENCY POSITION			
	30.06.2022		
CONSOLIDATED	TL Equivalent	USD	EUR
1. Trade Receivables	65.375	0	3.731
2a. Monetary Financial Assets (Cash, Bank accounts included)	375.615.612	9.536.133	12.364.831
2b. Non-Monetary Financial Assets	-	-	-
3. Other	-	-	-
4. Current Assets (1+2+3)	375.680.988	9.536.133	12.368.562
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-
9. Total Assets (4+8)	375.680.988	9.536.133	12.368.562
10. Trade Payables	29.385.144	1.583.253	170.864
11. Financial Liabilities	61.782.828	-	3.525.995
12a. Monetary Other Liabilities	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-
13. Short Term Liabilities (10+11+12)	91.167.972	1.583.253	3.696.859
14. Trade Payables	-	-	-
15. Financial Liabilities	223.025.810	-	12.728.258
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. Long Term Liabilities (14+15+16)	223.025.810	-	12.728.258
18. Total Liabilities (13+17)	314.193.782	1.583.253	16.425.117
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	-	-	-
19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments	-	-	-
19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments	-	-	-
20. Net Foreign Asset / (Liability) Position (9-18+19)	61.487.205	7.952.881	- 4.056.555
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	61.487.205	7.952.881	- 4.056.555
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-
23. Hedged foreign currency asset	-	-	-
24. Hedged foreign currency liabilities	-	-	-
25. Export	-	-	-
26. Import	-	-	-

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FOREIGN CURRENCY POSITION			
	31.12.2021		
CONSOLIDATED	TL Equivalent	USD	EUR
1. Trade Receivables	119.722	2.527	5.703
2a. Monetary Financial Assets (Cash, Bank accounts included)	291.447.246	11.766.920	8.922.161
2b. Non-Monetary Financial Assets	--	--	--
3. Other	--	--	--
4. Current Assets (1+2+3)	291.566.968	11.769.447	8.927.864
5. Trade Receivables	--	--	--
6a. Monetary Financial Assets	--	--	--
6b. Non-Monetary Financial Assets	--	--	--
7. Other	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--
9. Total Assets (4+8)	291.566.968	11.769.447	8.927.864
10. Trade Payables	2.508.130	148.027	35.168
11. Financial Liabilities	239.927.334	8.329.576	8.515.506
12a. Monetary Other Liabilities	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--
13. Short Term Liabilities (10+11+12)	242.435.464	8.477.603	8.550.674
14. Trade Payables	--	--	--
15. Financial Liabilities	260.071.014	4.783.156	12.981.529
16a. Monetary Other Liabilities	--	--	--
16b. Non-Monetary Other Liabilities	--	--	--
17. Long Term Liabilities (14+15+16)	260.071.014	4.783.156	12.981.529
18. Total Liabilities (13+17)	502.506.478	13.260.759	21.532.203
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	--	--	--
19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments	--	--	--
19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments	--	--	--
20. Net Foreign Asset / (Liability) Position (9-18+19)	--	--	--
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	--	--	--
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	--	--	--
23. Hedged foreign currency asset	--	--	--
24. Hedged foreign currency liabilities	--	--	--
25. Export	(210.939.510)	(1.491.312)	(12.604.339)
26. Import	(210.939.510)	(1.491.312)	(12.604.339)

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As of report and balance sheet date, Effect of exchange rate changes on foreign currency position of the Group:

Table of Sensitivity Analysis for Foreign Currency Risk				
30.06.2022				
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset / Liability denominated in USD	13.256.657	(13.256.657)	13.256.657	(13.256.657)
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	13.256.657	(13.256.657)	13.256.657	(13.256.657)
Change of EUR by 10% against TL:				
4- Asset / Liability denominated in EUR	(7.107.936)	7.107.936	(7.107.936)	7.107.936
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect (4+5)	(7.107.936)	7.107.936	(7.107.936)	7.107.936
TOTAL (3+6)	(6.148.721)	6.148.721	(6.148.721)	6.148.721

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Table of Sensitivity Analysis for Foreign Currency Risk				
31.12.2021				
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset / Liability denominated in USD	(1.991.349)	1.991.349	(1.991.349)	1.991.349
2- The part of USD risk hedged (-)	--	--	--	--
3- USD Effect - net (1+2)	(1.991.349)	1.991.349	(1.991.349)	1.991.349
Change of EUR by 10% against TL:				
4- Asset / Liability denominated in EUR	(19.050.072)	19.050.072	(19.050.072)	19.050.072
5- The part of EUR risk hedged (-)	--	--	--	--
6- EUR Effect (4+5)	(19.050.072)	19.050.072	(19.050.072)	19.050.072
TOTAL (3+6)	(21.041.421)	21.041.421	(21.041.421)	21.041.421

b) Interest Rate Position Schedule and Sensitivity Analysis**Interest rate risk**

As part of its fund management policy, the interest risk of interest-bearing assets is calculated by performing sensitivity analysis. The sensitivity of interest sensitive assets in response to changes in market interest rates is computed based on the average maturities and average interest sensitive assets; the interest rate risk arising from the securities portfolio held as part of fund management function is monitored within expectations of market rates by closely following the financial markets.

The interest position table is as follows:

Interest Position Table

		30.06.2022	31.12.2021
Financial instruments with fixed interest rate			
Financial assets	Time deposits	358.817.091	356.201.890
	Available-for-sale financial assets		
Financial liabilities		1.224.721.506	1.267.982.935
Financial instruments with floating interest rate			
Financial assets Assets held to maturity			
Financial liabilities		241.514.524	580.552.221

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NOTE 28 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Fair value is the price to be obtained from sales of an asset, or to be paid in case of transfer of a debt, in an ordinary transaction between market participants on the measurement date.

Group determined the estimated fair values of the financial instruments by using available market data and suitable valuation methods. However, interpretation and sound judgment is required to estimate fair values by using market data. As a result, estimates provided here may not be indicators of the amounts that Group can obtain in current market transaction.

The following methods and assumptions are used to estimate the fair values of the financial instruments of which actual fair values are impossible to be estimated.

Monetary Assets

Balances in a foreign currency are converted into Turkish Liras on the basis of foreign exchange buy rate effective at the end of the period. These balances are held to be close to the book value.

Certain financial assets including the cash and cash equivalents are carried forward at their cost values, and as they are short-term, their book values are held to be approx. equal to reasonable values.

Book values of the account receivables are held to reflect the reasonable value, together with the provisions for Doubtful Receivables.

Monetary Liabilities

Book values of bank loans and other monetary liabilities, as they are short-term, are assumed to approach to reasonable values.

The Reasonable values of the balances in foreign currency converted on the basis of year-end exchange rates are considered to approach to their book values.

Fair Value Estimation:

Classifications of the Company for the fair values are as follows:

Level 1: Prices quoted in the active markets for certain assets and liabilities.

Level 2: Direct or indirect observable inputs for assets and liabilities other than prices quoted included in Level 1.

Level 3: Inputs for assets and liabilities which cannot be identified using an observable market data

Fair Value Level as of 30 June 2022

<u>Financial Asset</u>	<u>30.06.2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment Properties	3.022.496.457	-	3.022.496.457	-

Fair Value Level as of 31 December 2021

<u>Financial Asset</u>	<u>31.12.2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment Properties	3.022.496.457		3.022.496.457	

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NOTE 29 – SUBSEQUENT EVENTS

None.

NONE 30 – OTHER MATTERS WHICH ARE SIGNIFICANT TO THE FINANCIAL STATEMENTS OR WHICH SHOULD BE DISCLOSED FOR THE PURPOSE OF TRUE AND FAIR INTERPRATION OF THE FINANCIAL STATEMENTS

None.

ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Information provided in the statement "Additional Note 45 - Control of compliance with portfolio restrictions" are summary information derived from the financial statements as of 30 June 2021 pursuant to "Communique on Principles on Financial Reporting in the Capital Market" Series: II, No: 14.1 of CMB published in Official Gazette No 28676 of 13 June 2013, and prepared under the provisions related with the control of the compliance with portfolio restrictions of "Communique on Principles on Real Estate Investment Partnerships" Series: III, No: 48.1 of CMB published in Official Gazette No 28660 of 28 May 2013, and "Communique on Amendment to Communique on the Principles on Real Estate Investment Partnerships" Series: III, No: 48.1.e of CMB published in Official Gazette No 28660 of 9 October 2020.

In this context, information about total assets, total portfolio, and portfolio restrictions as of 30 June 2022 and 31 December 2021 are as follows:

	Non-Consolidated (Individual) Financial Statement Main Account Items	Relevant Regulation in the Communique	Current period (TL)	Prior Period (TL)
A	Money And Capital Market Instruments	Md.24/(b)	431.995.940	426.087.297
B	Properties, Property-Based Projects, Property-Based Rights	Md.24/(a)	5.093.318.462	4.813.634.171
C	Subsidiaries	Md.24/(b)	73.327.981	124.524.585
	Receivables from related parties (non-trade)	Md.23/(f)	--	55.594.526
	Other Asset		315.350.713	225.874.903
D	Total Assets (Total Assets)	Md.3/(p)	5.913.993.096	5.645.715.482
E	Financial Payables	Md.31		1.604.124.400
F	Other Financial Liabilities	Md.31	--	--
G	Financial Leasing Payables	Md.31	92.333.299	49.120.162
H	Payables to related parties (non-trade)	Md.23/(f)	13.773.227	16.179.224
İ	Equities	Md.31	4.004.114.833	3.944.540.294
	Other Liabilities		87.569.031	31.751.402
D	Total Liabilities	Md.3/(p)	5.913.993.096	5.645.715.482

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	Other Non-Consolidated (Individual) Financial Information	Relevant Regulation in the Communique	Current Period (TL) 30.06.2022	Prior Period (TL) 31.12.2021
A1	The part of money and capital market instruments held for the 3 years of property payments	Md.24/(b)	--	--
A2	Foreign Currency Draw-Time Deposits / Special Current-Contribution Account and TL time deposit/contribution account	Md.24/(b)	431.995.940	426.087.297
A3	Foreign Capital Market Instruments	Md.24/(d)	--	--
B1	Foreign Properties, Property-Based Projects, Property-Based Rights	Md.24/(d)	--	--
B2	Inactive Lands	Md.24/(c)	310.440.000	310.440.000
C1	Foreign Subsidiaries	Md.24/(d)	--	--
C2	Participation In Operating Company*	Md.28/1(a)	--	--
J	Non-Cash Loans	Md.31	3.028.553	3.028.553
K	Mortgage Amounts Of The Mortgaged Lands On Which A Project Will Be Developed, But Not Owned By The Partnership	Md.22/(e)	--	--
L	Sum of the money and capital market instrument investments in a single company	Md.22/(l)	--	--

	Portfolio Restrictions	Relevant Regulation in the Communique	Current Period 30.06.2022	Prior Period 31.12.2021	Minimum/Maximum Rate
1	Mortgage Amounts Of The Mortgaged Lands On Which A Project Will Be Developed, But Not Owned By The Partnership	Md.22/(e)	0%	0%	≤ %10
2	Properties, Property-Based Projects, Property-Based Rights	Md.24/(a),(b)	85%	85%	≥ %51
3	Money and Capital Market Instruments and Subsidiaries	Md.24/(b)	10%	10%	≤ %49
4	Foreign Properties, Property-Based Projects, Property-Based Rights, Subsidiaries, Capital Market Instruments	Md.24/(d)	0%	0%	≤ %49
5	Inactive Lands	Md.24/(c)	6%	6%	≤ %20
6	Participation in operating company	Md.28/1(a)	0%	0%	≤ %10
7	Borrowing Limit	Md.31	42%	42%	≤ %500
8	Foreign Currency Draw-Time Deposits / Special Current-Contribution Account and TL time deposit/contribution account	Md.24/(b)	8%	8%	≤ %10
9	Sum of the money and capital market instrument investments in a single company	Md.22/(l)	0%	0%	≤ %10