

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**STANDALONE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023**

**(CONVENIENCE TRANSLATION OF THE REPORT
FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH)**



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

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

3. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue Recognition The Company realizes sales mostly in the form of turnkey and Land Subject to Revenue Sharing Agreements (“LSRSA”) projects. The company recognized revenue of 16,415,274 thousand TL from land sales with (“LSRSA”) and residential and commercial unit sales within the accounting period of January 1 - December 31, 2023. In turnkey projects, it is the Company's responsibility to maintain and complete the project and the Company recognizes revenue when performance obligation is fulfilled (independent units are transferred to the customer). In LSRSA projects, the contractor completes the construction and regarding the project, the Company receives advance payments from the buyer and makes payments to the contractor. Revenue in LSRSA project is recognized when performance obligation is fulfilled (the earlier of the signing of the temporary acceptance protocol with the contractor and the signing of the delivery protocol with the buyer). As of the balance sheet date, there may be cases where the construction has been completed, but the delivery has not been realized for turnkey projects. In LSRSA projects, there may be cases where the construction has been completed as of the balance sheet date, but the delivery has not been realized and the temporary acceptance protocol has not been signed. Based on the above-mentioned situations, whether the revenue is recognized in the correct period in accordance with the seasonality of sales principle has been determined as a key audit matter. Explanations regarding the Company's revenue accounting policies and amounts are given in Note 2 and Note 17.	We performed the following procedures in relation to the revenue recognition in turnkey and LSRSA projects: The design and implementation of the controls on the revenue process have been evaluated. The sales and delivery procedures of the Company have been analyzed. For the turnkey projects, the provisions regarding the delivery of residentials in the contracts with customers have been examined and the timing of the revenue recognition in the financial statements has been evaluated. Through substantive procedures, it has been focused on the record of receivables and advances received and the evaluation of the situations where the performance obligation is not fulfilled for the independent units sold as of the balance sheet date for the turnkey projects. For the LSRSA projects, provisions regarding the temporary acceptance and the delivery of residentials in the projects made with contractors and timing of the revenue recognition in the financial statements has been evaluated. Through substantive procedures, it has been focused on the record of receivables and advances received and the evaluation of the situations where the performance obligation is not fulfilled for the independent units sold as of the balance sheet date for the LSRSA projects. In addition, the adequacy of the disclosures presented in Note 17 Revenue and Cost of Sales has been evaluated under TFRS.



Key Audit Matters	How the key audit matter was addressed in the audit
Application of TAS 29- Financial Reporting in Hyperinflationary Economies	
As described in Note 2, TAS 29 “Financial reporting in hyperinflationary economies” is effective for the Company. TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The implementation of TAS 29 leads to a change in several of the Company’s control activities pervasively related to financial reporting and the impact of TAS 29 is reliant upon a number of key judgements such as the relevant line items in the cost of sales and cash flow were restated on a average basis depending on the level of fluctuation of the underlying transactions and rate of inflation . The preparation of financial statements using a current purchasing power approach requires a complex series of procedures and reconciliations to ensure accurate results. We considered the application of TAS 29 to be a key audit matter due to judgement applied in the restatement, high degree of complexity in calculation and the risk of the data used in the restatement being incomplete or inaccurate.	- We determined whether the segregation of monetary and non-monetary items made by the management is in accordance with TFRS, - We obtained detailed listings of non-monetary items, and tested the original cost and dates of acquisition with supporting documentation, - The index coefficients used in the calculations were checked by comparing them with the coefficients obtained from the Consumer Price Index in Turkey published by Turkish Statistical Institute (TSI) - We evaluated the reasonableness of judgements used by management by comparing them with recognised practices and applying our industry knowledge and experience. We also checked if the judgements were used consistently in all periods, - We tested the restatement of non-monetary items, the income statement and preparation of the cash flow with recognition of inflationary effects by checking the methodology and general price index rates used.



4. Other Matter

The financial statements of the Company for the period of 1 January - 31 December 2022 were audited by another audit firm whose audit report dated 7 March 2023 expressed an unqualified opinion.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 17 April 2024.

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

A handwritten signature in blue ink, reading 'Burak Özpoyraz', is positioned below the text of the firm.

Burak Özpoyraz, SMMM
Independent Auditor

Istanbul, 17 April 2024

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EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STANDALONE STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 AND 31 DECEMBER 2022

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

		<i>Audited</i> 31 December 2023	<i>Audited</i> 31 December 2022
	Notes		
ASSETS			
Current assets		110,897,798	109,168,346
Cash and cash equivalents	3	15,258,885	9,897,374
Trade receivables	6	7,609,201	5,158,411
<i>Trade receivables due from related parties</i>	24	3,780,698	-
<i>Trade receivables due from third parties</i>		3,828,503	5,158,411
Other receivables	7	908,973	935,564
<i>Other receivables due from third parties</i>		908,973	935,564
Inventories	8	81,559,040	87,825,852
Prepaid expenses		1,185,940	3,209,299
<i>Prepaid expenses to related parties</i>	24	-	2,361,537
<i>Prepaid expenses to third parties</i>	15	1,185,940	847,762
Other current assets	14	4,375,759	2,141,846
Non-current assets		9,934,134	12,114,024
Trade receivables	6	4,485,443	6,046,431
<i>Trade receivables due from third parties</i>		4,485,443	6,046,431
Other receivables	7	1,014	1,671
Financial investments	4	2,854,261	2,409,544
<i>Investments in subsidiaries, joint operations and associates</i>		2,854,261	2,409,544
Investment properties	9	2,173,840	3,246,971
Property, plant and equipment	10	412,925	396,383
Intangible assets	11	6,651	13,024
Total assets		120,831,932	121,282,370

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**STANDALONE STATEMENT OF FINANCIAL POSITION AS OF
31 DECEMBER 2023 AND 31 DECEMBER 2022**

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

	Notes	Audited 31 December 2023	Audited 31 December 2022
LIABILITIES			
Current liabilities		60,344,066	53,346,883
Short-term borrowings	5	955,786	1,961,149
Short-term portions of long-term borrowings	5	2,181,663	2,858,352
Trade payables	6	3,827,395	4,769,326
<i>Trade payables due to related parties</i>	24	-	2,924,644
<i>Trade payables due to third parties</i>		3,827,395	1,844,682
Other payables	7	1,123,607	805,955
<i>Other payables to third parties</i>		1,123,607	805,955
Deferred income	15	51,909,701	42,504,212
<i>Deferred income from related parties</i>	24	3,517,023	1,680,491
<i>Deferred income from third parties</i>		48,392,678	40,823,721
Short-term provisions		345,914	447,889
<i>Short-term provisions for employee benefits</i>	13	95,264	47,911
<i>Other short-term provisions</i>	12	250,650	399,978
Non-current liabilities		1,938,278	5,333,016
Long-term borrowings	5	1,263,329	5,068,450
Trade payables		369,504	33
<i>Trade payables to third parties</i>	6	369,504	33
Other payables		210,277	193,414
<i>Other payables to third parties</i>	7	210,277	193,414
Deferred income		4,738	7,807
<i>Deferred income from third parties</i>	15	4,738	7,807
Long-term provisions		90,430	63,312
<i>Long-term provisions for employee benefits</i>	13	90,430	63,312
Shareholders' equity		58,549,588	62,602,471
Paid-in capital	16	3,800,000	3,800,000
Adjustment to share capital		34,332,715	34,332,715
Treasury shares (-)		(44,777)	(2,261,388)
Share premium (discounts)		20,037,893	20,037,893
Other equity shares		(1,204,612)	-
Restricted reserves appropriated from profit		6,007,946	5,859,882
Retained earnings		(566,047)	(484,035)
Net profit for the period		(3,813,530)	1,317,404
Total liabilities and equity		120,831,932	121,282,370

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022

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

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Profit or loss			
Revenue	17	27,900,923	20,517,939
Cost of sales (-)	17	(19,557,968)	(15,391,456)
Gross profit		8,342,955	5,126,483
General administrative expenses (-)	18	(3,161,182)	(1,556,616)
Marketing expenses (-)	18	(422,471)	(276,733)
Other income from operating activities	20	2,494,106	7,343,908
Other expenses from operating activities (-)	20	(3,448,115)	(5,142,713)
Operating profit		3,805,293	5,494,329
Income from investing activities		6,713	17,469
Operating profit before financial income / (expense)		3,812,006	5,511,798
Financial income	21	4,010,120	1,159,921
Financial expenses (-)	21	(1,379,494)	(1,744,158)
Monetary gain/(loss)		(10,256,162)	(3,610,157)
Profit/(Loss) for the period		(3,813,530)	1,317,404
Other comprehensive income / (loss)		-	-
Items that will be reclassified to profit or loss			
Actuarial gains/losses related to employee benefit liabilities		-	-
Total comprehensive income/(loss)		(3,813,530)	1,317,404
Earning / (loss) per share		(0.0100)	0.0083

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STANDALONE FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022

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

	Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified to									
	Profit or Loss						Retained Earnings			
	Share capital	Share adjustment differences	Treasury shares	Share premium/discounts	Other Equity Shares	Restricted reserves appropriated from profit	Gain/loss on revaluation and remeasurement	Prior years' profit	Net profit for the period	Total equity
1 January 2022	3,800,000	34,332,715	(2,261,388)	20,037,893	-	5,673,379	-	11,718,632	(11,243,475)	62,057,756
Transfers	-	-	-	-	-	186,503	-	(11,429,978)	11,243,475	-
Dividend	-	-	-	-	-	-	-	(772,689)	-	(772,689)
Total comprehensive income	-	-	-	-	-	-	-	-	1,317,404	1,317,404
31 December 2022	3,800,000	34,332,715	(2,261,388)	20,037,893	-	5,859,882	-	(484,035)	1,317,404	62,602,471
1 January 2023	3,800,000	34,332,715	(2,261,388)	20,037,893	-	5,859,882	-	(484,035)	1,317,404	62,602,471
Transfers	-	-	-	-	-	148,064	-	1,169,340	(1,317,404)	-
Dividend (Note 16) (*)	-	-	-	-	-	-	-	(1,251,352)	-	(1,251,352)
(Increases)/decreases related to the acquisition of treasury shares(**)	-	-	(663,500)	-	-	-	-	-	-	(663,500)
Transfers due to sale of shares	-	-	2,880,111	-	(2,880,111)	-	-	-	-	-
Share sale price (**)	-	-	-	-	1,675,499	-	-	-	-	1,675,499
Total comprehensive income	-	-	-	-	-	-	-	-	(3,813,530)	(3,813,530)
31 December 2023	3,800,000	34,332,715	(44,777)	20,037,893	(1,204,612)	6,007,946	-	(566,047)	(3,813,530)	58,549,588

(*) At the Ordinary General Assembly Meeting held on 31 March 2023, the decision to distribute a cash dividend of TRY1,251,352 (2022: TRY772,688) from the profits of 2022 was approved by majority vote. Since the Company owns its own shares with a nominal value of TRY1 at a rate of 4.26% as of 14 April 2023, the date of the profit distribution decision, the dividend related to the shares owned by the Company is netted off from the amount of dividends to be distributed. The dividend payment was made on 14 April 2023.

(**) As of 31 December 2023, it shows the effect of purchase/sale considering the orders matched during the period for the shares repurchased.

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STANDALONE FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023 AND 2022

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

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Cash flows from operating activities			
Profit/(loss) for the period		(3,813,530)	1,317,404
Adjustments related to reconcile of profit for the period			
Adjustments related to depreciation and amortization expenses	9, 10, 11	77,652	59,435
Adjustments related to (reversal of) impairments (net)		(5,602,228)	(794,763)
Adjustments related to impairment loss (reversal of) / cost provision of inventories (net)	8	(5,602,228)	(794,763)
Adjustments related to provisions		172,461	300,872
Adjustments related to (reversal of) provisions related with employee benefits		155,605	89,514
Adjustments related to (reversal of) lawsuit and/or penalty provisions	12, 18	10,667	209,067
Adjustments related to (reversal of) provisions for possible risks	18	7,379	(736)
Adjustments for (reversal of) other provisions	6	(1,190)	3,027
Adjustments related to interest (income) and expenses		(3,652,505)	(512,897)
Adjustments related to interest income	18, 19	(5,661,514)	(2,255,654)
Adjustments related to interest expense	18, 19	2,009,009	1,742,757
Adjustments related to (gain) loss on disposal of property		(6,713)	(17,469)
(Gain)/loss on sale of property, plant and equipment	21	(6,713)	(17,469)
Monetary gain/(loss)		3,425,890	465,904
Net cash from operations before changes in assets and liabilities		(9,398,973)	818,486
Changes in net working capital:			
Adjustments related to (increase)/decrease in trade receivables		(7,172,406)	(860,116)
Decrease (increase) in trade receivables from related parties		(4,941,291)	32,142
Decrease (Increase) in trade receivables from third parties		(2,231,115)	(892,258)
Adjustments related to decrease/(increase) in inventories		12,898,388	(15,024,653)
Adjustments related to increase/(decrease) in trade payables		2,267,123	1,806,341
Increase (decrease) in trade payables to related parties		(1,687,030)	2,740,559
Increase (decrease) in trade payables to third parties		3,954,153	(934,218)
Adjustments related to (decrease) in other receivables from operating activities		(3,597,455)	(4,208,488)
Adjustments related to increase (decrease) in other payables from operating activities		10,355,812	14,642,142
Other adjustments related to other increase in working capital		(114,980)	(378,130)
Net cash flows from operating activities			
Interest received		1,282,250	126,547
Payments related with provisions for employee benefits		(1,129)	(2,326)
Cash flows from operating activities		6,518,630	(3,080,197)
Cash flows from investing activities			
Cash outflows arising from capital increase of subsidiaries		(444,717)	(309,414)
Purchases of investment properties, property, plant and equipment and intangible assets		(47,401)	(9,738)
Sales of tangible and intangible assets		10,076	63,467
Returns of financial assets		-	1,353
Cash flows from investing activities		(482,042)	(254,332)
Cash flows from financing activities			
Cash inflow from selling own shares		1,675,498	-
Cash outflow from purchasing own shares		(663,500)	-
Proceeds from borrowings		6,376,127	7,762,734
Proceeds from loans		1,520,441	4,960,245
Proceeds from issue of debt instruments		4,855,686	2,802,489
Repayments of borrowings		(8,657,590)	(3,387,430)
Loan repayments		(4,214,582)	(695,590)
Payments of issued debt instruments		(4,443,008)	(2,691,840)
Interest paid		(1,164,722)	(987,707)
Dividends paid	15	(1,251,352)	(772,689)
Interest received		3,369,314	1,158,116
Cash flow from financing activities		(316,225)	3,773,024
Inflation effect on cash and cash equivalents		3,357,681	5,109,312
Net (decrease) increase in cash and cash equivalents		9,078,044	5,547,807
Cash and cash equivalents at the beginning of the period	4	5,183,773	2,993,647
Cash and cash equivalents at the end of the period	4	14,261,817	8,541,454

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE COMPANY

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. ("Emlak Konut GYO" or the "Company") was established on 26 December 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Company is governed by its articles of association, and is also subject to the terms of the decree law about Public Finances Enterprises No. 233, in accordance with the statute of Türkiye Emlak Bankası A.Ş. The Company has been registered and started its activities on 6 March 1991. The Company's articles of association were revised on 19 May 2001 and it became an entity subject to the Turkish Commercial Code No. 4603.

The Company was transformed into a Real Estate Investment Company with Senior Planning Committee Decree No. 99/T-29, dated 4 August 1999, and according to Statutory Decree No. 588, dated 29 December 1999. According to Permission No. 298, dated 20 June 2002, granted by the Capital Markets Board ("CMB") regarding transformation of the Company into a Real Estate Investment Company and permission No. 5320, dated 25 June 2002, from the Republic of Turkey Ministry of Industry and Trade and amendment draft for the articles of association of the Company was submitted for the approval of the Board and the amendment draft was approved at the Ordinary General Shareholders Committee meeting of the Company convened on 22 July 2002, changing the articles of association accordingly.

The articles of association of the Company were certified by Istanbul Trade Registry Office on 29 July 2002 and entered into force after being published in Trade Registry Gazette dated 1 August 2002. As the result of the General Shareholders committee meeting of the Company convened on 28 February 2006, the title of the Company "Emlak Gayrimenkul Yatırım Ortaklığı A.Ş." was changed to "Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş."

By the decision of the Board of Directors of Istanbul Stock Exchange Market on 26 November 2010, 25% portion of the Company's class B shares with a nominal value of TRY625,000 has been trading on the stock exchange since 2 December 2010.

The registered address of the Company is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 31 December 2023, the number of employees of the Company is 475 (31 December 2022 - 445).

The objective and operating activity of the Company is coordinating and executing real estate property projects mostly housing, besides, commercial units, educational units, social facilities, and all related aspects, controlling and building audit services of the ongoing projects, marketing and selling the finished housing. Due to statutory obligation to be in compliance with the Real Estate Investment Companies decrees and related CMB communiqués, The Company cannot be a part of construction business, but only can organize it by auctioning between the contractors.

The standalone financial statements at 31 December 2023 have been approved by the Board of Directors on 17 April 2024.

The ultimate parent of the company is T.C. Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Turkey, "TOKİ"). TOKİ is a state institution under the control of Republic of Turkey Ministry of Environment, Urbanisation and Climate change.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of Presentation

The accompanying standalone financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) which is published on Official Gazette numbered 28676 dated 13 June 2013 and Turkish Financial Reporting Standards and appendices and interpretations related to them adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) have been taken as basis. TFRS is updated through communiqués in order to comply with the changes in the Turkish Financial Reporting Standards (TFRS).

The standalone financial statements are presented in accordance with the formats specified in the “Communiqué on TFRS Taxonomy” published by the POA on 4 October 2022 and the Illustrations of Financial Statements and Application Guidance published by the CMB.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the principals issued by CMB, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The standalone financial statements have been prepared on the basis of historical cost, with the necessary adjustments and classifications reflected in the statutory records in accordance with TFRS.

Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the company is TRY and the reporting currency is thousand TRY.

Adjustment of Consolidated Financial Statements in Hyperinflation Periods

It has been decided that institutions registered in CMB and import companies obligated to apply financial statement adjustments stated in TAS/TFRS are required to apply hyperinflation accounting by implementing TAS 29 to financial statements for the year ended 31 December 2023, according to the rule number 81/1820 declared by CMB dated in 28 December 2023.

A statement has been made by POA at 23 November 2023 regarding the scope and implementation of TAS 29. POA stated that corporations implementing TAS/TFRS are required to present their financial statements for the year 31 December 2023 and forward adjusted to the inflation impact according to the accounting principles stated in TAS 29.

TAS 29 is implemented to any financial statements of a company whose functional currency is the currency of a hyperinflation economy, including consolidated financial statements. If an economy experiences hyperinflation, then according to TAS 29, a company whose functional currency is the currency of a hyperinflation economy needs to present its financial statements in terms of unit of measurement effective at the end of period.

Under these circumstances, inflation adjustments are made according to TAS 29 upon consolidated financial statements for the years 31 December 2023, 31 December 2022 and 31 December 2021.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (Continued)

Adjustment of Consolidated Financial Statements in Hyperinflation Periods (Continued)

Financial statements and figures of previous years are restated in line with purchasing power of the functional currency and as a result, financial statements and figures of previous years are presented in terms of unit of measurement effective at the end of period according to TAS 29.

Because of cumulative change of purchasing power for the last three years in relation to Consumer Price Index (CPI) is more than 100% as of current period, corporations operating in Turkey are obligated to implement TAS 29 for the year ended 31 December 2023 and forward.

Inflation rates of each year calculated according to CPIs published by Turkish Statistical Institute (TSI) are given in the table below:

Date	Index	Adjustment correlation	3-year cumulative inflation ratios
31.12.2023	1,859.38	1,000	268%
31.12.2022	1,128.45	1,648	156%
31.12.2021	686.95	2,707	74%

Procedure of TAS 29 is presented below:

- All accounts, excluding accounts that are presented with current purchasing power at the current period, are restated with their related price index correlation. Same method is applied for previous years.
- Monetary balance sheet accounts are not restated because these accounts are presented with current purchasing power at the current period. Monetary accounts are accounts that are either received or paid in cash.
- Fixed assets, subsidiaries and similar assets are restated through their historic cost, in a way not exceeding their market value. Same method is applied to depreciation and amortization accounts. Equity balances are restated with price correlations according to the dates these balances.
- All income statement accounts, excluding income statement accounts that are counterparty to non-monetary accounts of balance sheet, are restated based on the price correlations of the date they entered financial statements.
- Net monetary profit or loss resulting from inflation is the difference of adjustments made to non-monetary balance sheet accounts, equity accounts and income statement accounts. Net monetary profit or loss is then included in net profit or loss.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (Continued)

Adjustment of Consolidated Financial Statements in Hyperinflation Periods (Continued)

Impact of TAS 29 is summarized below:

i. *Restatement of Financial Statements*

Accounts that are not presented in terms of unit of measurement effective at the end of period within financial statements are restated. In relation to this, monetary accounts are not restated because they are presented in terms of unit of measurement effective at the end of period. Non-monetary accounts are required to be restated unless they are presented by their current value at the end of reporting period.

Net monetary profit or loss resulting from restatement of non-monetary accounts are included in income statement and they are also presented in other comprehensive income statement.

ii. *Restatement of Income Statement*

All accounts of income statement are presented by the unit of measurement at the end period. Therefore, all accounts are restated by applying monthly price index changes.

Cost of sales is restated with adjusted inventory balances.

Depreciation and amortization expenses, property, plant and equipment, intangible assets, investment property using the restated balances of real estate and right-of-use assets has been corrected.

iii. *Restatement of Cash Flow*

All accounts of income statement are presented by the unit of measurement at the end period.

iv. *Consolidated Financial Statements*

A subsidiary's financial statements whose functional currency is a currency of a hyperinflation economy need to be restated before integrated into parent company's consolidated financial statements based on price correlations. If the subsidiary is based in a foreign economy, restatement is made by closing foreign exchange (FX) rates.

v. *Comparative Balances*

Balances of previous periods are restated with price correlations in order to present them in terms of unit of measurement effective at the end of period.

vi. *Comparative Information and Restatement of Previous Periods' Consolidated Financial Statements*

Company's financial statements are prepared comparatively to previous periods in order to detect financial position and performance trends. If necessary, comparative information is restated and material differences are explained in order to establish compliance with the presentation of current period consolidated financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (Continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2. Changes in Accounting Policies, Accounting Estimates and Errors

Significant changes in accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous periods are restated if the financial position, performance or cash flow effects of transactions and events are presented in a more appropriate and reliable manner.

2.3. Conformity with the Portfolio Limitations

The information presented in Additional Note of this report, regarding control of conformity with the portfolio limitations, is a summary information extracted from financial statements in accordance with Article 16 of Communiqué No: II-14.1, “Principles of Financial Reporting in Capital Markets” and is prepared in accordance with the provisions of the control of portfolio limitations of Communiqué No: III-48.1, “Principles Regarding Real Estate Investment Companies”.

2.4. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these standalone financial statements are summarized below:

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial. The contractors’ portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Company is kept in deposits accounts in the name of the related projects under the control of the Company as stated in the agreement. However, since the Company does not have the right of disposition of the cash and cash equivalents used in the cash flow statements, except for keeping these amounts in time deposit accounts, these amounts are exempted from cash and cash equivalents in the cash flow statement (Note 3).

Related Parties

Shareholders, key management personnel, Board of Directors, close family members, and companies which are controlled by those are regarded as related party for the purpose of preparation of these standalone financial statements. In accordance with TAS 24 – Related party standards, the description of related parties has been restricted. The Company has also transactions with State owned banks and the Republic of Turkey Prime Ministry Undersecretariat of Treasury (the “Treasury”) however quantitative information regarding Turkish State Banks and Treasury is not disclosed in accordance with this exemption. The ultimate parent and ultimate controlling party of the Company is (“TOKİ”). TOKİ is a State institution under control of Republic of Turkey Prime Ministry. The transactions made between the Company and TOKİ and its affiliates are presented in Note 24.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions

The foreign exchange transactions during the year are translated using the prevailing exchange rates on the related transaction dates. Monetary assets and liabilities based on foreign currency are converted into functional currency at the exchange rates valid on the date of the balance sheet. The foreign currency exchange gain and losses that arise by the exchange rate change based on monetary assets and liabilities are presented in the comprehensive income statement.

Financial Investments

Classification

The Company classifies its financial assets as “Financial assets at amortised cost”, “fair value through other comprehensive income”, “fair value through profit or loss”. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Company makes the classification of its financial assets on the date of purchase. Financial assets are not reclassified after initial recognition, except where the business model of the Company used is changed for the management of financial assets, in case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost” are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows, including cash flows that include only the interest payments on principal dates and principal balances at certain dates. The Company’s financial assets that are recognized at amortized cost include “cash and cash equivalents”, “trade receivables” and “other receivables”. In the initial recognition, the related assets are measured at fair value, and, in subsequent accounting, they are measured at discounted cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in profit or loss.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Financial Investments (Continued)

Recognition And Measurement (Continued)

“Financial assets measured at FVTOCI” are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows, including cash flows that include only the interest payments on principal dates and principal balances at certain dates. Gains or losses resulting from the related financial assets are recognized in other comprehensive income, except for impairment losses or gains and foreign exchange income or expenses. In case of sale of such assets, the valuation differences classified in other comprehensive income are classified to prior years’ profits. For investments in equity-based financial assets, the Company may irrevocably choose the method of reflecting subsequent changes in the fair value of other comprehensive income to the financial statements for the first time.

In the event that such preference is made, dividends received from related investments are recognized in the income statement. “Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the standalone statement of income.

Derecognition of Financial Assets

The Company derecognizes financial assets when the rights related to the cash flows that occur in accordance with the contract related to the financial asset expire or when the Company transfers the ownership of all the risks and returns related to the financial asset through a trading transaction. Any rights created or retained to the financial assets transferred by the Company are recognized as a separate asset or liability.

Impairment

Impairment on financial assets and contractual assets is calculated using the "expected credit loss financial model"(ECL). Impairment model is applied to amortized cost financial assets and contractual assets. Loss provisions were measured on the following basis;

- 12-month ECLs: ECLs resulting from possible default events within 12 months of the reporting date.
- Lifetime ECLs: the ECLs resulting from all possible default events during the expected life of a financial instrument. Lifetime ECL measurement is applied at the reporting date when the credit risk associated with a financial asset increases significantly after the initial recognition. In all other cases where the related increase was not observed, the 12 month estimation of ECL was applied.

The Company may determine that the credit risk of the financial asset does not increase significantly if the credit risk of the financial asset has a low credit risk at the reporting date. Nevertheless, lifelong ECL measurement (simplified approach) is always applicable to trade receivables and contract assets without a significant financing element.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Trade Receivables and Payables

Trade receivables are recognized at amortized value of the amount will be received in the following periods from receivables recorded at original invoice value. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A “simplified approach” is applied for the impairment of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than one year). In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses are measured by an amount equal to the “life time expected loan losses”.

In the event that all or some of the amount of the receivable that is impaired is collected following the provision for impairment, the amount collected is recognized in other income from operating activities by deducting the provision for impairment.

Income/expenses from maturity differences and foreign exchange gains/loss related to transactions are recognized under “Other Income/Expenses from Operating Activities” in the statement of profit or loss. Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other liabilities are offset from unaccrued financial expenses. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts to be paid of payables recognized at original invoice cost in the subsequent periods, using effective interest method. Short term payables without a determined interest rate stated at amortized cost if the effect of the original effective interest rate is not too significant. HAS payables are classified as short-term payables and stated at carrying value since they will be paid upon beneficiaries’ request.

Financial Liabilities

Financial liabilities are classified as at FVTPL on initial recognition. Financial liabilities are recognized with their acquisition costs including transaction costs and then measured at amortized cost value using the effective interest rate method. In cases where the contractual obligations are fulfilled or canceled; The Company derecognizes the financial liability from its records (Note 5).

Preparation of Standalone Financial Statements

The Company recognizes its investments in subsidiaries, joint ventures and associates at cost value under TAS 27 when it prepares its standalone financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Employment Termination Benefit

Provision for employee termination benefit defines the current value of total expected provision for the liabilities due to retirement of the employees. Under Turkish labor law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TRY23,489.83 as of 31 December 2023 (31 December 2022: TRY15,371.40).

The provision for the present value of the defined benefit obligation is calculated by using the projected liability method. All actuarial profits and losses are recognized in the statement of comprehensive income. TFRS requires actuarial valuation estimates to be developed to estimate the obligation under defined benefit plans. In the individual financial statements, the Company calculates a liability on the basis of its experience in the previous years, based on its experience in the past, and on the beneficiaries of the severance payment as of the date of termination. This provision is calculated by estimating the present value of the future probable obligation of the employees.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TRY35,058.58 which is effective from 1 January 2024 has been taken into consideration when calculating the liability (1 January 2023: TRY19,982.83) (Note 13).

Provisions, Contingent Assets and Liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in standalone financial statements and are treated as contingent assets or liabilities.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Land and Residentias Unit Inventories

The Company has four types of inventories in its standalone financial statements (Note 8). These are;

1. *Vacant Land and Plots*

Vacant land and plots are carried at lower of cost or net realizable value and represent vacant land and plot of the Company with no ongoing or planned construction project on them. Such land and plots are classified as inventories because the Company uses such land and plots the development of residual and commercial units, as explained below, which are also classified as inventories.

2. *Turnkey Projects*

Turnkey projects are valued at lower of cost or net realizable value. Turnkey projects costs consist of construction costs of the semi-finished residential units together with the cost of land (progress payments to contractor) on which these projects are developed. Upon completion of residential units costs including the cost of land are classified under completed residential unit inventories.

3. *Land Subject to Revenue Sharing Agreements ("LSRSA")*

The Company enters into revenue sharing agreements with construction entities to maximize sales proceeds from the sale of its vacant land and plots. Such land and plot sold subject to revenue share agreements to construction entities are accounted at cost until sale is recognized.

4. *Completed Residential and Commercial Unit Inventories*

Completed residential and commercial units comprise units build in Turnkey projects and units transferred to the Company by the contractor in order to meet minimum revenue stated in the agreements when the projects cannot reach the expected revenue as stated in the agreements signed within the framework of LSRSA.

Completed residential and commercial unit inventories are valued at lower of cost or net realizable value.

The Company takes into consideration independent expert valuation reports for inventory (land, finished and semi-finished residential and commercial units) separately at least once a year and uses these reports to assess impairment if any. Fair values are determined on the basis of the price that would be realized on the valuation date between a willing buyer and a willing seller in an arm's length transaction, using the arm's length comparison method. Impairments are recognized under other expenses from operations in the statement of profit or loss and comprehensive income in the period during which they are incurred. Impairments released are recognized under other income from operations when the relevant land or residential are sold.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. The cost value also includes costs that can be directly attributed to the asset to perform its operation as planned.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives (Note 10).

The expected useful lives for property, plant and equipment are stated below:

	Years
Buildings	50
Motor vehicles	5
Furniture and fixtures	4-5

The cost of major subsequent expenditures is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed of performance of the existing asset will flow to the Company and major subsequent expenditures are depreciated over the remaining useful life of the related assets. All other expenses other than these items are recognized as expense.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by comparing the carrying of the property and equipment with the collected amount and then included in the related income and expense accounts, as appropriate.

Intangible Assets

Intangible assets comprise of licenses and computer software. They are initially recognized at acquisition cost and amortized on a straight-line basis over 5 years their estimated useful lives (Note 11).

Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount.

Investment Properties

Investment properties are defined as land and buildings held to earn rental income or capital appreciation or both, rather than for use in the production of goods or services or for administrative purposes; or sale in the ordinary course of business. The Company uses cost model for all investment properties. Investment properties are presented in the standalone financial statements at cost less accumulated depreciation and less impairment, if any (Note 9). Investment properties consist of residences and buildings and their economic life is 40 years.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Impairment of Assets

The Company reviews all assets subject to amortization at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is estimated. Impairment exists if the carrying value of an asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life.

Impairment losses are recorded in the comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment. The Company takes the valuation reports for each property separately into consideration over investment property at least once a year to compare carrying value of assets with its net recoverable value and calculate the impairment if any.

Segment Reporting

Operating segments shall be reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. However, since the Company operates in only one geographical segment (Turkey) and all of its operations are concentrated in one industrial department (development of residential projects on its vacant land and plot inventories), the Company does not prepare a segment report.

Chief operating decision maker of the Company is its Board of Directors. Board of Directors uses quarterly standalone financial statements of the Company prepared in accordance with the TFRS when making decisions.

Revenue Recognition

The Company recognizes revenue in the financial statements within the 5-step model below in accordance with TFRS 15 “Revenue from Contracts with Customers” standard that is effective as of 1 January 2018.

- (a) Identify the contract(s) with a customer
- (b) Identify the performance obligations in the contract
- (c) Determine the transaction price
- (d) Allocate the transaction price to the performance obligations in the contract
- (e) Recognize revenue when the entity satisfies a performance obligation

Revenue is comprises of sale of vacant land and plots, sale of residential units produced by turnkey projects and sale of land and plots by way of LSRSA.

1. Sale of Vacant Land and Plots

Revenue is recognized when the unprojectized lands are transferred to the customer according to the contract and performance obligations are fulfilled. Unprojectized land are carried over when the customer takes control of the land.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

2. Sale of Residential units Produced by Turnkey Projects

Revenue is recognized when the independent units are transferred to according to the contract and performance obligations are fulfilled. Residential units are carried over when the customer takes control of the units.

3. Sale of Land and Plots by way of LSRSA

The Company recognizes the revenue for the sale of land by way of LSRSA when performance obligations (the one before the signing of the temporary acceptance protocol with the contractor or the signing of the delivery protocol with the buyer) are fulfilled. In cases where the temporary acceptance protocol or delivery protocol with the buyer is not signed, the Company follows-up its revenue share in the deferred revenue and the share of the construction entity as a liability to contractors. The Company's share in the Total Sales Revenue ("TSR") is recorded as revenue from sale of land and the related cost of land is recognised as cost of land sold in the comprehensive income statement.

4. Consultancy Revenues

The Company provides project consultancy services as its core business. Within the scope of consultancy services, the Company undertakes works such as controlling the production processes of the projects of the customers, sales and follow-up of the project to third parties. The Company recognizes consultancy revenues on a periodic accrual basis, taking into account the substance of the contract.

Interest Income and Expense

Interest income and expense are recognised on an accrual basis using the internal rate of return method. Interest income comprises mostly interest income from time deposits and interest income from credit sales of residences.

Paid-in Capital

Ordinary shares are classified in equity. Costs related to the issue of new shares are recognized in equity less the amounts discounted by tax effect.

Treasury Shares

Repurchased shares are recognized in the financial statements in accordance with the CMB's Communiqué No. II-22.1 "Treasury Shares". In the statements of shareholders' equity, it is recorded under "Repurchased Shares" account. In addition, in accordance with the related communiqué the amount equal to the repurchase price of the repurchased shares as "Reserves related to the repurchased shares restricted reserves".

Share Premium

Share premiums represent the difference between the fair value of the shares held by the Company at a price higher than the nominal value of the Company or the difference between the fair value and the fair value of the shares of the Company that the Company has acquired. Expenses that are directly attributable to the secondary public offering, in which the shares are re-issued and provide cash inflows to the Company, are deducted from the premiums on issue of share sales.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Earnings Per Share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of their shares “bonus shares” to existing shareholders funded from retained earnings. For the purpose of earnings per share computations, such “bonus share” issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations are determined by taking into consideration the retroactive effect of aforementioned share distributions. In case of increase in issued shares after balance sheet date but before the date that standalone financial statement is prepared due to the bonus share distribution, earning per share calculation is performed taking account of total new share amount.

Payments for Housing Acquisition Support (“HAS”)

HAS was a compulsory of saving fund, established by the state to be used by fund participants in the future for acquisition of affordable housing between 1987 and 1995. This system aimed to collect the deducted amounts in a single account, apply interest to the savings and provide the employees with these contributions at the time they wish to acquire a house/residential unit in the future. However, this project was suspended in 1996 and as per decree law No. 588, issued in 1999, the decision was taken to terminate the HAS accounts. With this decree law, real estate corresponding to the monetary value of the HAS deductions which were held by Emlak Bankası was transferred to the Company.

Within the scope of Law No. 5664, dated 30 May 2007, and the regulation issued on 14 August 2007, the decision was taken to pay back these savings, which were still held as capital in kind in the accounts of the Company, to the HAS beneficiaries. Accordingly, the shares of HAS beneficiaries were removed from the Company’s equity capital and comprehensive income for the current period based on the ratios specified in the law and recognized as debts to HAS beneficiaries under other payables. The amount payable was determined as the share in the net asset value of the Company at 28 February 2008. The payable amount does not bear any interest or does not change with subsequent changes in the net asset value in subsequent periods and is payable on demand any date after 28 February 2008. The Company has borrowed funds from the Treasury to make such payments.

In addition, the Treasury has an interest liability against HAS beneficiaries calculated before 1999. In accordance with an agreement signed in 2008, the Company undertook this liability on behalf of the Treasury and recorded as payable be paid together with the Company's own payables. However, Company resources are not used for this extra liability. Since all payments are made on behalf of the Treasury, they are instantly collected by cashing the government bonds given for these payments from the Treasury to the Company beforehand.

In accordance with the relevant articles of the Law No. 5564 on HAS to the Owners of KEY and Payment to the Rightholders, the receivables that are not requested within five years from the announcement date are recorded as revenue to the Treasury. Due to the expiry of the payment request period of the beneficiaries in the current period, the Company's receivables and debts obligations within the scope of HAS have expired.

Dividend Distribution

Dividends payable are recognized as an appropriation of the profit in the period in which they are declared and reflected to Company’s financial statements as liability.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Company generated from its main activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

Events After the Reporting Period

Events after the reporting period cover any events that arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its standalone financial statements if such events arise which require an adjustment to the standalone financial statements (Note 29).

2.5. Critical Accounting Judgements, Assumptions and Estimates

The preparation of standalone financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though these assumptions and estimates rely on the best estimates of the Company management both the actual results may differ and not material for these standalone financial statements.

Net Realizable Value of Lands and Residential Inventories

When the estimated net realizable value of land and commercial units is less than the cost value, the allowance is recognized to reduce the value of inventories to their estimated net realizable value. As of 31 December 2023, valuation reports prepared by Acar Taşınmaz Değerleme ve Danışmanlık A.Ş. ve Yetkin Gayrimenkul Değerleme A.Ş. have been taken into consideration when determining the net realizable value of lands and residential inventories.

Provisions for Lawsuits

As of 31 December 2023, lawsuits filed against the Company, possible and potential lawsuits against the Company Provision has been recognized for the parts for which an outflow of resources is probable, based on the opinion of the lawyers. According to the legal judgment of the lawyers, there is no risk of outflow of resources for the cases for which no provision has been recognized. is not seen.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE PERIOD 31 DECEMBER 2023**

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**NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS
(Continued)**

2.6. New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations effective as of 1 January 2023.

i) The new standards, amendments and interpretations which are effective as of 31 December 2023 are as follows

- **Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2025. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to TAS 12 - International tax reform;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards, amendments and improvements issued but not yet effective and not early adopted as of 31 December 2023

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

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2023, unless otherwise stated.)

**NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS
(Continued)**

2.6. New and Revised Turkish Financial Reporting Standards (Continued)

iii) Standards, amendments and improvements issued but not yet effective and not early adopted as of 31 December 2023 (Continued)

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

However, the POA's Board Decision published in the Official Gazette dated 29 December 2023 announced that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024. 5 January 2024 dated "Board Decision on the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" for the purpose of Determining the Entities that will be subject to Sustainability Reporting.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 3 – CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	4	7
Banks	14,772,655	9,526,290
- Demand deposit	16,553	19,916
- Time deposits with maturities less than 3 months	14,756,102	9,506,374
Other cash and cash equivalents	486,226	371,077
	15,258,885	9,897,374

Maturities of cash and cash flows are as follows:

	31 December 2023	31 December 2022
Demand	16,553	19,916
Up to 3 month	14,756,102	9,506,374
	14,772,655	9,526,290

Average effective annual interest rates on time deposits in TRY on the balance sheet date:

	31 December 2023	31 December 2022
	(%)	(%)
Effective interest rate	40.58	23.46

The calculation of cash and cash equivalents of the Company for the use in statements of cash flows is as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	15,258,885	9,897,374
Less: Interest accruals on deposits	(119,968)	(37,511)
Less: LSRSA project deposits (*)	(893,719)	(1,327,650)
Add: the effect of provisions released under TFRS 9	16,619	9,240
	14,261,817	8,541,454

(*) The contractors' portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Company is kept in deposits accounts in the name of the related projects under the control of the Company as stated in the agreement. There is no blocked deposit (31 December 2022: None) of the project accounts amounting TRY893,719 (31 December 2022: TRY1,327,650).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 4 – FINANCIAL INVESTMENTS

Subsidiaries

As of 31 December 2023 and 2022, the carrying values of the subsidiaries of the Company on the balance sheet are as follows:

	31 December 2023		31 December 2022	
	Share (%)	TRY	Share (%)	TRY
Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş. (*)	100	2,155,360	100	1,715,540
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.	100	693,836	100	693,838
Total		2,849,196		2,409,378

(*) With the decision of the Board of Directors dated 7 September 2023, Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş. has made a capital increase commitment amounting to TRY439,820. Related The balance was paid in cash on 20 September 2023.

Interests in Joint Ventures

As of 31 December 2023 and 2022, the carrying value of the Company's interest in joint ventures in the balance sheet is as follows:

	31 December 2023		31 December 2022	
	Share (%)	TRY	Share (%)	TRY
Merkez Cadde Yönetim A.Ş.	30	899	-	-
Büyükyalı Tesis Yönetim A.Ş.	37	166	37	166
İstmarina AVM Adi Ortaklığı	40	4,000	40	-
Total		5,065		166

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 5 – FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
Short-term financial liabilities		
Short-term bank borrowings	55,786	982,088
Issued debt instruments (*)	900,000	979,061
Short-term portion of long-term borrowings	2,181,663	2,858,352
	3,137,449	4,819,501

(*) On 5 October 2023, the Company issued lease certificates with a maturity date of 3 January 2024 and a nominal amount of TRY400,000 (2022: TRY633,140) with a 38% (2022: 19%) profit share and on 15 November 2023, the Company issued lease certificates with a maturity date of 15 February 2024 and a nominal amount of TRY500,000 (2022: TRY329,546) with a 40% (2022: 22%) profit share.

	31 December 2023	31 December 2022
Long-term financial liabilities		
Long-term borrowings	1,263,329	5,068,450
	1,263,329	5,068,450

Borrowings used as of 31 December 2023 are denominated in TRY and the weighted average interest rate is 20.66% (31 December 2022: 15.25%).

The redemption schedules of the borrowings as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
2024	-	3,082,702
2025	1,263,329	1,985,748
	1,263,329	5,068,450

The maturity distributions of the remaining time of borrowings to repricing are as follows:

	31 December 2023	31 December 2022
Less than 3 months	900,000	913,943
Between 3 - 12 months	1,337,449	2,926,497
Between 1 - 5 years	1,263,329	5,068,450
	3,500,778	8,908,890

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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NOTE 6 – TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Short-term trade receivables		
Receivables from lessees (Note 24)	3,780,698	-
Receivables from sale of residential and commercial	1,876,495	2,863,358
Receivables from contractors of the lands invoiced	1,402,472	1,557,208
Receivables from land sales	816,699	881,334
Receivables from related parties	26,587	71,217
Other	8,572	10,893
Unearned finance income	(302,322)	(225,599)
	7,609,201	5,158,411
Doubtful receivables	1,837	3,027
Less: Provision for doubtful receivables	(1,837)	(3,027)
	7,609,201	5,158,411

	31 December 2023	31 December 2022
Long-term trade receivables		
Receivables from sale of residential and commercial units	4,021,995	6,330,938
Receivables from land sales	1,456,079	966,317
Unearned finance income	(992,631)	(1,250,824)
	4,485,443	6,046,431

	31 December 2023	31 December 2022
Short-term trade payables		
Trade payables	2,271,958	1,012,905
Payables to contractors according to revenue sharing basis	923,884	716,927
Interest accruals on time deposits of contractors (*)	631,553	114,850
Payables to related parties (Note 24)	-	2,924,644
	3,827,395	4,769,326

(*) The contractors' portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Company is kept in deposits accounts in the name of the related projects under the control of the Company as stated in the agreement. The Company tracks the contractor's share of the interest obtained from the advances accumulated in these accounts in short-term payables.

	31 December 2023	31 December 2022
Long-term trade payables		
Trade payables	369,504	33
	369,504	33

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 7 – OTHER RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Short-term other receivables		
Advances given to contractor firms	539,477	833,688
Receivables from the authorities	27,997	48,667
Other	341,499	53,209
	908,973	935,564
	31 December 2023	31 December 2022
Long-term other receivables		
Deposits and guarantees given	1,014	1,671
	1,014	1,671
	31 December 2023	31 December 2022
Short-term other payables		
Taxes and funds payable	1,047,257	539,256
Payables to contractors	-	146,239
Payables to shareholders	66	-
Other	76,284	120,460
	1,123,607	805,955

As of 31 December 2023, other long-term payables are amount to TRY210,277 and consist of deposits and guarantees received (31 December 2022: TRY193,414).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 8 – INVENTORIES

	31 December 2023	31 December 2022
Lands	17,855,149	28,381,406
<i>Cost</i>	23,565,511	32,099,215
<i>Impairment</i>	(5,710,362)	(3,717,809)
Planned land by LSRSA	33,687,663	32,284,204
Planned land by turnkey project	21,517,149	19,994,850
<i>Planned land by turnkey project</i>	26,371,887	27,807,630
<i>Impairment (*)</i>	(4,854,738)	(7,812,780)
Residential and commercial units ready for sale	8,499,079	7,165,392
<i>Cost</i>	9,646,699	12,949,751
<i>Impairment</i>	(1,147,620)	(5,784,359)
	81,559,040	87,825,852

(*) It is the provision for impairment due to the increase in construction costs in the Global and Turkish markets.

The determination of the net realizable value of the Company's assets classified as "Inventories" and the calculation of the provision for impairment, if any, is based on the valuation reports prepared by Acar Taşınmaz Değerleme ve Danışmanlık A.Ş. and Yetkin Gayrimenkul Değerleme A.Ş. as of 31 December 2023.

The movements of impairment on inventories are as follows:

	2023	2022
Opening balance at 1 January	17,314,948	18,109,711
Impairment on inventories within the current period	6,931,136	8,110,383
Reversal of impairment on inventories within the current period	(12,533,364)	(8,905,146)
Closing balance at 31 December	11,712,720	17,314,948

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 8 – INVENTORIES (Continued)

As of 31 December 2023 and 2022 the details of land and residential inventories of the Company are as follows:

Lands	31 December 2023	31 December 2022
İstanbul Küçükçekmece Lands	4,990,219	5,332,772
Muğla Bodrum Lands	3,643,812	5,123,311
İstanbul Esenler Lands	3,470,424	4,927,916
İstanbul Avcılar Lands	2,880,991	3,213,128
İstanbul Başakşehir Lands	627,537	2,106,478
İstanbul Çekmeköy Lands	481,474	1,605,472
İstanbul Arnavutköy Lands	443,450	1,380,000
İstanbul Eyüp Lands	395,854	683,999
İzmir Urla Lands	317,990	374,082
Muğla Milas Lands	147,744	147,261
İzmir Seferihisar Lands	118,275	137,468
İstanbul Kartal Lands	89,630	116,104
Tekirdağ Çorlu Lands	73,827	22,206
İstanbul Tuzla Lands	63,808	63,808
İzmir Konak Umurbey Lands	48,707	48,672
Ankara Çankaya Lands	20,939	207,401
Kocaeli Lands	15,127	59,302
Balıkesir Lands	13,073	21,541
İstanbul Sarıyer Lands	9,887	1,003,024
İzmir Dikili Lands	2,172	18,221
Denizli Merkez Efendi Lands	-	290,211
İstanbul Esenyurt Lands	-	64,607
İzmir Çeşme Lands	-	815,568
İstanbul Şişli Lands	-	576,705
Antalya Aksu Lands	-	41,870
Other	209	279
	17,855,149	28,381,406

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 8 - INVENTORIES (Continued)

As of 31 December 2023 and 2022, the Company's projected land details are as follows:

Planned lands by LSRSA	31 December 2023	31 December 2022
Nidapark İstinye Project	4,550,906	5,016,443
Nişantaşı Koru Project	3,174,104	3,172,480
Bizim Mahalle 2. Etap 2. Kısım Project	2,532,827	2,544,761
Merkez Ankara Project	2,271,797	2,816,431
Nidapark Küçükyalı Project	2,237,829	2,132,642
Yeni Levent Project	1,605,640	1,604,784
Bizim Mahalle 2. Etap 1. Kısım Project	1,475,930	1,482,884
Çekmeköy Çınarköy Project	1,397,147	-
Meydan Başakşehir Project	1,322,992	1,322,649
Batıyakası 2. Etap Project	1,195,530	1,194,577
Next Level İstanbul Project	1,107,098	1,107,035
Beşiktaş Akat Project	1,065,659	-
Ümraniye İnkılap Project	1,009,605	1,009,605
İstanbul Kayabaşı 9. Etap Project	988,610	-
Başakşehir Ayazma 4. Etap Project	893,264	-
İstanbul Tuzla Merkez Project	883,215	881,929
Batıyakası 1. Etap Project	777,753	771,574
İstanbul Kayabaşı 8. Etap Project	669,643	670,384
İstanbul Eyüpsultan Kemerburgaz Project	645,015	-
Avcılar Firüzköy 1. Etap 2. Kısım Project	623,672	623,639
Avcılar Firüzköy 2. Etap Project	615,726	614,155
Avcılar Firüzköy 1. Etap 1. Kısım Project	572,274	575,585
Bodrum Türkbükü Project	464,367	-
Nezihpark Project	284,718	277,418
Antalya Aksu Project	249,473	246,176
Barbaros 48 Project	245,290	245,297
İstanbul Ataşehir Küçükbakkalköy Project	230,764	230,695
İstanbul Kayabaşı 10. Etap Project	215,601	-
Cer İstanbul Project	142,152	140,452
Ankara Çayyolu 2. Etap Project	121,122	-
Düşler Vadisi Project	73,596	900,692
Allsancak Project	27,841	27,026
Evora İzmir Project	14,908	13,480
İdealist Cadde Project	1,595	47,061
Ormanköy Project	-	1,157,826
Köy 4. Etap Project	-	384,404
Avrasya Konutları Project	-	660,201
Nidapark Kayaşehir Project	-	88,165
Ebruli Ispartakule Project	-	323,754
	33,687,663	32,284,204

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 8 - INVENTORIES (Continued)

As of 31 December 2023 and 2022, the details of the Company's land plots designed as turnkey projects are as follows:

Planned lands by turnkey project	31 December 2023	31 December 2022
Çekmeköy Çınarköy Project	12,810,950	7,475,553
Ankara Saraçoğlu Project	2,249,378	1,379,510
Emlak Konut Vadi Evleri Project	2,111,260	386,142
Bizim Mahalle Project	1,713,002	2,113,781
İstanbul Avcılar Firuzköy Project	1,583,378	1,029,336
Balıkesir Altıeylül Project	878,388	290,768
Arnavutköy Yenişehir Project	170,793	-
Merkez Ankara Project O Blok Project	-	115,311
Köy Project	-	1,777,990
Kayabaşı Emlak Konutları Project	-	390,840
Denizli Merkez Efendi İkmal Project	-	871,580
Emlak Konut Florya Evleri Project	-	3,482,754
Ümraniye Kentsel Dönüşüm Project	-	681,285
	21,517,149	19,994,850

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NOTE 8 - INVENTORIES (Continued)

As of 31 December 2023 and 2022, the details of the Company's completed residential and commercial units are as follows:

Residential and commercial units completed	31 December 2023	31 December 2022
Merkez Ankara Project	3,805,583	1,499,318
Kuzey Yakası Project	1,371,511	1,491,137
Maslak 1453 Project	968,532	1,517,287
Komşu Finans Houses	728,762	-
Bizim Mahalle 1. Etap 1. Kısım Project	390,146	880,691
Denizli Merkez Efendi İkmal İşİ Project	357,136	137,551
Sarphan Finanspark Project	301,415	544,687
Bizim Mahalle 1. Etap 2. Kısım Project	223,033	-
Emlak Konut Florya Houses	77,431	-
Semt Bahçekent 1. Etap 2. Kısım Project	64,468	102,680
Köy 2. Etap Project	55,969	172,479
Karat 34 Project	38,327	129,126
Nidapark İstinye Project	33,067	260,877
Büyükyalı Project	30,072	48,783
Metropol İstanbul Project	19,386	56,596
Evora Denizli Project	14,347	35,708
Kocaeli Körfezkent Emlak Konutları	8,000	37,305
Ormanköy Project	3,487	-
Göl Panorama Project	3,061	7,151
Başakşehir Ayazma Emlak Konutları	2,985	2,986
Temaşehir Project	2,361	38,005
Avangart İstanbul Project	-	25,344
Semt Bahçekent 1. Etap 1. Kısım Project	-	32,211
Validebağ Konakları Project	-	4,590
Avrupark Hayat Project	-	70,103
Koordinat Çayyolu Project	-	61,693
Yeniköy Konakları İstanbul Project	-	9,086
	8,499,079	7,165,392

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 9 – INVESTMENT PROPERTIES

Lease income is generated from investment properties, and the expertise used in the calculation of impairment is made through peer comparison and income reduction.

The movements of investment properties as of 31 December 2023 and 2022 are as follows:

	Lands, residential and commercial	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2023	3,105,835	261,201	3,367,036
Transfers to commercial units and land inventories	(1,068,980)	-	(1,068,980)
Transfers from residential and commercial unit inventories	39,632	-	39,632
Closing balance as of 31 December 2023	2,076,487	261,201	2,337,688
Accumulated Depreciation (-)			
Opening balance as of 1 January 2023	87,594	32,471	120,065
Charge for the period	38,559	5,224	43,783
Closing balance as of 31 December 2023	126,153	37,695	163,848
Carrying value as of 31 December 2023	1,950,334	223,506	2,173,840

	Lands, residential and commercial	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2022	3,354,931	261,201	3,616,132
Transfers to commercial units and land inventories	(300,703)	-	(300,703)
Transfers from residential and commercial units inventories	51,607	-	51,607
Closing balance as of 31 December 2022	3,105,835	261,201	3,367,036
Accumulated Depreciation (-)			
Opening balance as of 1 January 2022	57,262	27,247	84,509
Charge for the period	30,332	5,224	35,556
Closing balance as of 31 December 2022	87,594	32,471	120,065
Carrying value as of 31 December 2022	3,018,241	228,730	3,246,971

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NOTE 9 – INVESTMENT PROPERTIES (Continued)

As of 31 December 2023, the valuation reports prepared by Acar Taşınmaz Değerleme ve Danışmanlık A.Ş. and Yetkin Gayrimenkul Değerleme Danışmanlık A.Ş. have taken into consideration when determining the fair values of investment properties. The fair values of the investment property determined by independent valuation experts are as follows:

	31 December 2023	31 December 2022
Atasehir general management building A block	1,240,824	1,101,695
Independent commercial units of Büyükyalı AVM	1,827,982	717,418
Independent commercial units of Istmarina AVM	1,157,148	680,000
Lands, residential and commercial units	621,424	1,430,628
	4,847,378	3,929,741

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2023 and 2022, the details of property, plant and equipment are as follows

31 December 2023	Buildings	Motor vehicles	Furniture, equipment and fixtures	Other property, plant and equipment	Total
Net carrying value as of 1 January 2023	364,043	5,782	26,538	20	396,383
Additions	-	20,476	25,624	-	46,100
Disposal, (net) (-)	(1,431)	(843)	(1,089)	-	(3,363)
Depreciation expense (-)	(8,242)	(4,367)	(13,578)	(8)	(26,195)
Net carrying value 31 December 2023	354,370	21,048	37,495	12	412,925
Cost	414,745	45,430	219,640	24	679,839
Accumulated depreciation (-)	(60,375)	(24,382)	(182,145)	(12)	(266,914)
Net carrying value 31 December 2023	354,370	21,048	37,495	12	412,925

31 December 2022	Buildings	Motor vehicles	Furniture, equipment and fixtures	Other property, plant and equipment	Total
Net carrying value as of 1 January 2022	411,352	7,680	38,911	-	457,943
Additions	-	-	580	23	603
Transfers from residential and commercial units	(45,998)	-	-	-	(45,998)
Depreciation expense (-)	(1,312)	(1,898)	(12,953)	(3)	(16,166)
Net carrying value 31 December 2022	364,043	5,782	26,538	20	396,383
Cost	416,177	25,797	195,105	23	637,102
Accumulated depreciation (-)	(52,134)	(20,015)	(168,567)	(3)	(240,719)
Net carrying value 31 December 2022	364,043	5,782	26,538	20	396,383

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (Continued)

All of the depreciation expenses are included in the general administrative expenses.

The expencted useful lives of property, plant and equipment are as follows:

	Years
Buildings	50
Motor vehicles	5
Furniture, equipment and fixtures	4-5

NOTE 11 – INTANGIBLE ASSETS

As of 31 December 2023 and 2022, intangible assets are as follows:

31 December 2023	Licenses	Computer software	Total
Net carrying value as of 1 January 2023	11,646	1,378	13,024
Additions	1,301	-	1,301
Amortization expense (-)	(7,104)	(570)	(7,674)
Net carrying value 31 December 2023	5,843	808	6,651
Cost	80,513	24,527	105,040
Accumulated amortization (-)	(74,670)	(23,719)	(98,389)
Net carrying value 31 December 2023	5,843	808	6,651

31 December 2022	Licenses	Computer software	Total
Net carrying value as of 1 January 2022	9,649	1,953	11,602
Additions	9,135	-	9,135
Amortization expense (-)	(7,138)	(575)	(7,713)
Net carrying value 31 December 2022	11,646	1,378	13,024
Cost	79,212	24,527	103,739
Accumulated amortization (-)	(67,566)	(23,149)	(90,715)
Net carrying value 31 December 2022	11,646	1,378	13,024

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2023 and 2022, the details of provisions are as follows:

	31 December 2023	31 December 2022
Provisions		
Provision for lawsuits	250,650	399,978
	250,650	399,978

According to the opinions of the Company's lawyers, the total litigation risk amount against the Company is TRY604,155 (31 December 2022: TRY737,609) and a provision for litigation amounting to TRY250,650 has been set aside as of 31 December 2023 (31 December 2022: TRY399,978). As of 31 December 2023, there are 1 deficiency lawsuit, 10 lawsuits for loss of rent, 7 lawsuits for cancellation and registration of deed, 2 labor lawsuits and 35 other miscellaneous lawsuits filed against the Company.

The movements of provision for lawsuits as of 31 December 2023 and 2022 are as follows:

	2023	2022
Opening balance at 1 January	399,978	686,407
Provision added within the current period (Note 20)	10,667	209,067
Monetary (loss)/gain	(159,995)	(495,496)
Closing balance at 31 December	250,650	399,978

12.1 Continuing Lawsuits and Provisions

12.1.1 The LSRSA Project Agreement dated 21 December 2005 regarding 750 units in İzmir Mavisehir Upper North Area 2. Phase was abolished on 21 December 2009 since the contractor did not meet the requirements of the provisions in the agreement. Following the cancellation of the agreement, the project was transferred to the Company and the remaining part of the project was completed by another construction company which was assigned in accordance with Public Tender Law. The related units have been completed and are sold by the Company as in Turnkey projects.

The contractor filed a lawsuit against the Company claiming that the completion percentage of the project was significantly high and that the agreement between the parties was based on construction right in return for flat. İzmir Karsiyaka Commercial Court of First Instance issued an expert report and determine that the level of work was at around 83%, and that the legal relationship of the parties were not related to construction right in return of the flat. The Company and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. As a result of the examination of the additional report at the hearing on 11 June 2014, the second expert committee was examined however, since the expert report was not received, the date of the case was not finalized. In addition, the file was transferred to the delegation, as the Commercial Courts turned into Delegation Judges. According to the various expert reports submitted to the file during the proceedings, the plaintiff has not recognized the value of the lawsuit and increased it to TRY76,161. As of 31 December 2023, a provision amounting to TRY139,770 has been provided including interest and legal expenses. The lawsuit has been partially accepted and partially rejected and the trial is ongoing.

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.1 Continuing Lawsuits and Provisions (Continued)

12.1.2 The filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TRY2,071 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 31 December 2023 a provision amounting to TRY8,181 has been made including interest and litigation costs.

12.1.3 Within the scope of Revenue Sharing in Return for Riva Land Sale Tender for immovables parcel numbered 3201, 3202, 3203 located in Istanbul Province, Beykoz/Riva District as per the Article 14 of Bidding Specification of the aforementioned tender, bid bonds have been submitted to the client company by the Joint Venture, in the second session of the tender held on 15 June 2017, it was decided to leave the tender under the responsibility of the Joint Venture, which gave the most economically advantageous bid however, companies that have applied to the client company and invited for signature were requested to revise the terms and criteria of the tender, with the justification that the Planned Areas Type Zoning Regulation by the Ministry of Environment and Urbanization published on Official Gazette No. 30113 dated 3 July 2017 contains regulations that cause a significant reduction in the construction area subject to the tender, with the entry into force of the provisions of the said Regulation, the revision requests of the plaintiff companies were rejected on the grounds that there would be no change in the construction field based on the precedent and the Company gave a deadline until 15 August 2017 for the signing of the contract, as the client company did not come to sign the contract at the end of the period, the bid bonds submitted by the plaintiff companies within the scope of the Revenue Sharing in Return for Riva Land Sale Tender were registered as revenue and the tender was awarded to the non-litigated contractor who submitted the second most appropriate bid for the subject matter and there are pecuniary and non-pecuniary damages lawsuits filed on the grounds that the claimant's revision requests regarding the conditions and criteria of the aforementioned tender were rejected and that the recognition of the letters of guarantee as revenue was unfair. Provision amounting to TRY11,792 has been made including interest and litigation costs as of 31 December 2023.

12.1.4 This is a lawsuit filed by Şekerbank T.A.Ş. who has been assigned a receivable of TRY46,000, which has arisen and will arise from the Istanbul Ümraniye 1st Stage Revenue Sharing Work contractor Yeni Sarp-Özarak Ordinary Partnership's Emlak Konut GYO A.Ş. alleging that TRY34,135 of the assignment receivable remaining from the assignment has not been unfairly paid to him. At the same time with this lawsuit, the plaintiff requested to place a mortgage equal to the amount of the lawsuit to some of the immovables within the scope of the project in order to constitute the guarantee of the receivable subject to the lawsuit. On 15 October 2020, the court decided to reject the case. The plaintiff requested an appeal and the appeal court overturned the decision. As of 31 December 2023, a provision has been made in the amount of TRY72,915 including interest and litigation costs.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.2 Contingent Liabilities of Emlak Konut

In the financial statements prepared as of 31 December 2023, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Company Management and its lawyers, no provision has been made in the financial statements prepared as of 31 December 2023 on the grounds that it is not probable that the outflow of resources with economic benefits will be realized in cases filed against the Company in order to fulfill its obligation.

12.2.1 Concerning the İzmir Mavisehir Upper North Area Phase 2 LSRSA project, a lawsuit was filed based on the assignments given by the contractor in favor of the complainant. The case is proceeding. According to the opinion of the company lawyer, no liability is expected to arise as a result of the related lawsuit.

12.3 Contingent Assets of Emlak Konut

12.3.1 As of 31 December 2023 and 2022, breakdown of nominal commercial receivables from residential and commercial unit sales by maturities and based on the residential and commercial units that are under construction or completed but not yet delivered within the scope of the sales promise contract that is not yet included in the balance sheet as it does not meet the TFRS 15 criteria, expected collection times of nominal installments that are not due or collected by maturities are as follows:

31 December 2023	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	2,693,194	9,310,494	12,003,688
2 year	2,051,386	6,566,991	8,618,377
3 year	1,549,143	4,325,473	5,874,616
4 year	507,452	1,268,962	1,776,414
5 year and above	1,370,093	762,658	2,132,751
	8,171,268	22,234,578	30,405,846

31 December 2022	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	3,744,692	9,863,422	13,608,114
2 year	2,174,353	6,041,780	8,216,133
3 year	1,630,875	2,703,045	4,333,920
4 year	1,076,709	1,129,904	2,206,613
5 year and above	2,415,318	393,292	2,808,610
	11,041,946	20,131,443	31,173,389

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NOTE 13 – EMPLOYEE BENEFITS

As of 31 December 2023 and 2022, short-term employee benefits are as follows is as follows:

	31 December 2023	31 December 2022
Short-term provisions		
Unused vacation provision	95,264	47,911
	95,264	47,911

As of 31 December 2023 and 2022, details of long-term employee benefits is as follows:

	31 December 2023	31 December 2022
Long-term provisions		
Provision for employment termination benefit	90,430	63,312
	90,430	63,312

TAS 19 requires actuarial valuation methods to be developed to estimate the Company's provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2023	31 December 2022
Discount Rate (%)	3.50	4.45
Turnover rate to estimate probability of retirement (%)	1.10	0.99

The basic assumption is that the ceiling provision for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation.

If the discount rate is 1% lower, the severance pay liability will be TRY9,043 more.

Leaving the other assumptions the same, if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TRY4,521 more.

Movement in the provision for severance pay during the period is as follows:

	2023	2022
Balance at 1 January	63,312	81,523
Service cost	52,232	61,749
Interest cost	26,002	10,832
Payment within the period	(10,264)	(5,893)
Monetary (loss)/gain	(40,853)	(84,899)
Closing balance at 31 December	90,430	63,312

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NOTE 14 – OTHER ASSETS

As of 31 December 2023 and 2022, details of other current assets are as follows:

	31 December 2023	31 December 2022
Other current assets		
Other advances given to contractors	2,248,838	784,869
Deferred VAT	1,426,478	1,180,778
Income accruals	356,274	8,780
Progress payments to contractors	211,928	112,561
Receivables from tax office	132,241	54,858
	4,375,759	2,141,846

NOTE 15 – DEFERRED INCOME AND PREPAID EXPENSES

As of 31 December 2023 and 2022, the details of short-term deferred income are as follows:

	31 December 2023	31 December 2022
Short-term deferred income		
Advances taken from turnkey project sales	18,931,949	18,873,734
Deferred income from LSRSA projects(*)	16,865,536	10,155,955
Advances taken from LSRSA contractors(**)	12,225,465	10,784,612
Advances received from related parties(Note 24)	3,517,023	1,680,491
Deferred income related to sales of independent units	369,728	1,009,420
	51,909,701	42,504,212

(*) The balance is comprised of deferred income of future land sales regarding the related residential unit's sales under LSRSA projects.

(**) Before the contract is signed with the contractor companies in the ASKGP projects, the company collects the first payment of the total income corresponding to the share of the company from the total sales income in advance at the determined rates.

	31 December 2023	31 December 2022
Prepaid expenses		
Given inventory advances(*)	1,184,830	845,604
Prepaid expenses	1,110	2,158
Advances given to related parties	-	2,361,537
	1,185,940	3,209,299

(*) The Company has signed agreements for the sale of its ongoing two projects in accordance with the sales promise agreements. inventory amounting to TRY578,806 (31 December 2022: TRY572,040) to contractors for the residential and commercial units to be purchased advance.

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NOTE 15 – DEFERRED INCOME AND PREPAID EXPENSES (Continued)

	31 December 2023	31 December 2022
Long-term deferred income		
Other advances received	4,738	7,807
	4,738	7,807

NOTE 16 – SHAREHOLDERS' EQUITY

The Company's authorized capital amount is TRY3,800,000 (31 December 2022: TRY3,800,000) and consists of 380,000,000,000 (31 December 2022: 380,000,000,000) authorized number of shares with a nominal value of TRY0.01 each.

The Company's shareholders and their shareholding percentages as of 31 December 2023 and 2022 is as follows:

Shareholders	31 December 2023		31 December 2022	
	Share (%)	TL	Share (%)	TL
Public offering portion	50.66	1,925,119	50.66	1,925,119
T.C. Toplu Konut İdaresi Başkanlığı "TOKİ"	49.34	1,874,831	49.34	1,874,831
HAS beneficiaries	0.00	48	0.00	48
Other	0.00	2	0.00	2
Total paid-in capital	100	3,800,000	100	3,800,000
Adjustment to share capital		34,332,714		34,332,714
		38,132,714		38,132,714

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with the Communiqué Serial: II, No: 14,1 which became effective as of 13 June 2013 and according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Appropriated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows,

- If the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";
- If the difference is arising from valuation of "Restricted Reserves Appropriated from Profit" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Prior Years' Profit/Loss". Other equity items should be revaluated in accordance with the CMB standards .

There is no any use of the adjustment to share capital except adding it to the share capital.

On 31 March 2023, the General Assembly decided to distribute dividends amounting to TRY1,251,352.

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NOTE 16 – SHAREHOLDERS' EQUITY (Continued)

In accordance with the Capital Markets Board Bulletin published on 7 March 2024 The explanation related to adjusted equity accounts in accordance with TAS 29 is as follows:

	PPI Indexed Legal Records	CPI Indexed Records	Amounts followed in Accumulated Profit/Low
Adjustment to share capital	56,481,767	34,332,715	(22,149,052)
Share premium	34,530,966	20,037,893	(14,493,073)
Restricted reserves appropriated from profit	9,278,507	6,007,946	(3,270,561)

The details of the "Retained earnings or losses" item in the Company's balance sheet prepared in accordance with TFRS within the scope of the first transition to TAS 29 inflation accounting are as follows:

	1 January 2022 Amount Before Inflation Accounting	1 January 2022 Amount After Inflation Accounting	31 December 2022 Amount Before Inflation Accounting (Excluding 2022 Net Period Profit/Loss)	31 December 2022 Amount After Inflation Accounting
Retained earnings or losses	7,777,801	11,718,632	8,745,237	(484,035)

NOTE 17 – REVENUE AND COST OF SALES

As of 31 December 2023 and 2022, the details of revenue and cost of sales are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Sales income		
Land sales	14,708,504	13,505,426
<i>Sales of planned lands by way of LSRSA</i>	4,659,833	10,265,808
<i>Land sales income</i>	10,048,671	3,239,618
Residential and commercial units sales	11,755,441	6,135,516
Consultancy income	1,429,330	778,570
Rent income	131,587	98,427
	28,024,862	20,517,939
Sales returns (-)	(123,939)	-
Net sales income	27,900,923	20,517,939
Cost of sales		
Cost of lands	(8,901,187)	(7,217,671)
<i>Cost of lands planned by way of LSRSA</i>	(3,503,063)	(6,534,462)
<i>Cost of lands sold</i>	(5,398,124)	(683,209)
Cost of residential and commercial units sold	(10,656,781)	(8,173,785)
	(19,557,968)	(15,391,456)
Gross Profit	8,342,955	5,126,483

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

As of 31 December 2023 and 2022, the details of general administrative expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
General administrative expenses		
Donations (*)	(1,084,425)	(87,872)
Personnel expenses	(908,422)	(525,855)
Taxes, duties and fees	(376,767)	(288,241)
Consultancy expenses	(346,373)	(289,453)
Security and cleaning expenses	(137,569)	(115,832)
Depreciation and amortization	(77,652)	(59,435)
Due and contribution expenses	(36,775)	(30,318)
Maintenance and repair expenses	(32,557)	(41,803)
Travel expenses	(30,277)	(29,720)
Insurance expenses	(19,817)	(3,210)
Lawsuit and notary expenses	(16,569)	(15,278)
Communication expenses	(4,669)	(4,093)
Other	(89,310)	(65,506)
	(3,161,182)	(1,556,616)

(*) With the decision of the Board of Directors dated 15 February 2023, the epicenter of the crisis was Kahramanmaraş, affecting eleven provinces. It was decided to donate TRY1,498,000 in cash and in kind to the aid campaign launched due to the earthquakes. The payment of TRY1,049,000 of the determined aid amount was realized during the year.

As of 31 December 2023 and 2022, the details of marketing and sales expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Marketing and sales expenses		
Advertising expenses	(326,591)	(189,441)
Personnel expenses	(64,572)	(63,065)
Consultancy expenses	(28,535)	(20,391)
Other	(2,773)	(3,836)
	(422,471)	(276,733)

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 19 –EXPENSES BY NATURE

As of 31 December 2023 and 2022, the details of expenses by nature are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Expenses from residential and commercial units sales	10,656,781	8,173,785
Land costs	8,901,187	7,217,671
Donations	1,084,425	87,872
Personnel expenses	972,994	588,920
Taxes,duties and fees	376,767	288,241
Consultancy expenses	374,908	309,844
Advertising expenses	326,591	189,441
Security and cleaning expenses	137,569	115,832
Depreciation and amortisation (Note 9, 10,11)	84,383	75,828
Due and contribution expenses	36,775	30,318
Maintenance and repair expenses	32,557	41,803
Insurance expenses	19,817	3,210
Lawsuit and notary expenses	16,569	15,278
Communication expenses	4,669	4,093
Other	115,629	82,669
	23,141,621	17,224,805

NOTE 20 – OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

As of 31 December 2023 and 2022, the details other operating income are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Other income from operating activities		
Default interest income from projects	1,282,250	126,547
Reversal of impairment of land and housing inventories	511,240	5,714,562
Financial income from forward sales	377,153	343,860
Income from transfer commissions	246,267	203,959
Income from tender contract sales	1,541	5,563
Unaccrued financial income	-	627,058
Other	75,655	322,359
	2,494,106	7,343,908

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NOTE 20 – OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES (Continued)

As of 31 December 2023 and 2022, the details other operating income are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Other expenses from operating activities		
residential inventories (Note 8)	(2,790,516)	(4,880,821)
Reversal of unaccrued financial expense, net	(630,988)	-
Provision for lawsuits (Note 12)	(10,667)	(209,067)
Other	(15,944)	(52,825)
	(3,448,115)	(5,142,713)

NOTE 21 – FINANCIAL INCOME/EXPENSES

As of 31 December 2023 and 2022, the details financial income and expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Financial income		
Interest income from time deposits	3,369,314	1,158,116
Interest income from land acquisition	632,797	73
Foreign exchange gains	8,009	1,732
	4,010,120	1,159,921

	1 January- 31 December 2023	1 January- 31 December 2022
Financial expenses		
Borrowings interest and lease certificate expenses	(1,310,145)	(1,561,901)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*)	(67,876)	(180,856)
Foreign exchange losses	(1,473)	(1,401)
	(1,379,494)	(1,744,158)

(*) This amount consists of interest expense accrued as of 31 December 2023 for the Company's debt in return for the land purchased from The Ministry of Environment, Urbanisation and Climate Change.

NOTE 22 – TAX ASSETS AND LIABILITIES

The company is exempt from Corporate Tax in accordance with the paragraph 4-d of Article 8 of the Corporate Tax Law. According to the paragraph 6-a of Article 94 of the Income Tax Law the earnings of real estate investment companies are subject to withholding and withholding tax rate is determined as "0" according to the Council of Ministers Decision, No: 93/5148.

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NOTE 23 – EARNINGS PER SHARE

In Turkey, companies can increase their share capital by making a pro rata distribution of shares “bonus shares” to existing shareholders from retained earnings. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in these calculations is determined by taking into consideration the retroactive effects of these share distributions. Earnings per share is calculated by considering the total number of new shares when there is an increase in issued shares because of distribution of bonus shares after the balance sheet date but before the preparation of financial statements.

The earnings per share stated in income statement are calculated by dividing net income for the period by the weighted average number of the Company’s shares for the period.

The Company can withdraw the issued shares. The weighted average number of shares taken back changes the calculation of earnings per share in line with the number of shares.

	1 January- 31 December 2023	1 January- 31 December 2022
Net income attributable to equity holders of the parent	(3,813,530)	1,317,404
Weighted average number of ordinary shares	3,804,550,291	3,938,879,862
Earnings per share	(0.0100)	0.0033

NOTE 24 – RELATED PARTY DISCLOSURES

The main shareholder of the Company is T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”). TOKİ is a state institution under the control of Republic of Turkey Ministry of Environment and Urbanisation. Related parties of the Company are as listed below.

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”)
3. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
4. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
5. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
6. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
7. Emlak-Toplu Konut İdaresi Spor Kulübü
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi
10. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
11. Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş. Ortak Girişimi – Emlak Konut GYO A.Ş. (“İstmarina AVM Adi Ortaklığı”)
12. Türkiye Emlak Katılım Bankası A.Ş.
13. T.C. Çevre ve Şehircilik ve İklim Değişikliği Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü
14. İller Bankası A.Ş.
15. Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.
16. Emlak Basın Yayın A.Ş.
17. Büyükyalı Tesis Yönetimi A.Ş.

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NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

According to the revised TAS 24 – “Related Parties Transactions Standard”, exemptions have been made to the related party disclosures of state institutions and organizations. The Company has transactions with state banks (T.C. Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş., Türkiye Emlak Katılım Bankası A.Ş.) and Republic of Turkey Undersecretariat of Treasury.

- The Company keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 December 2023, the Company has deposits amounting to TRY8,346,154 in state banks (31 December 2022: TRY8,090,001). Average effective interest rates of time deposits of the Company as of 31 December 2023 are explained in Note 3.

The transactions between the Company and the related parties are as follows:

Trade receivables from related parties	31 December 2023	31 December 2022
Çevre ve Şehircilik Bakanlığı (*)	3,766,338	-
İstmarina AVM Adi Ortaklığı	11,887	-
Büyükyalı Tesis Yönetim A.Ş.	2,210	-
Emlak Konut Asansör Sistemleri San. ve Tic. A.Ş.	263	-
	3,780,698	-
Trade payables to related parties	31 December 2023	31 December 2022
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (**)	-	2,924,644
	-	2,924,644

(*) The Company's trade receivables from the Çevre ve Şehircilik Bakanlığı consist of payments made by the Company for urban transformation projects.

(**) Remaining debt amount related to the acquisition of 22 parcels purchased by the company in the protocol signed with TOKİ on 9 March 2022.

According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. Interest amounts on time deposits of TOKİ arising from these transactions are netted off from time deposit interest income in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

Deferred income from related parties	31 December 2023	31 December 2022
Türkiye Emlak Katılım Bankası A.Ş. (*)	3,517,023	1,680,491
	3,517,023	1,680,491

(*) The Company has received for 29 commercial units sold to Türkiye Emlak Katılım Bankası A.Ş. includes amounts.

Deposits at related parties	31 December 2023	31 December 2022
Türkiye Emlak Katılım Bankası A.Ş.	44,926	94,771
	44,926	94,771

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NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

Prepaid expenses to related parties	31 December 2023	31 December 2022
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	-	2,361,537
	-	2,361,537

Purchases from related parties	1 January- 31 December 2023	1 January- 31 December 2022
Emlak Planlama, İnşaat, Proje Yönetimi ve Ticaret A.Ş.	12,968	-
Emlak Basın Yayın A.Ş.	2,556	2,496
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü	-	6,615,470
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")	-	8,581,906
	15,524	15,199,872

Sales to related parties	1 January- 31 December 2023	1 January- 31 December 2022
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	1,164,453	222,443
GEDAŞ Gayrimenkul Değerleme A.Ş.	32,076	-
İller Bankası A.Ş.	-	1,316,424
	1,196,529	1,538,867

Key management personnel are those who have the authority and responsibility to plan, manage and control the activities (administrative or other) directly or indirectly of the Company including any manager. Salaries and other short-term benefits provided to the key management personnel, General Manager of the Board of Directors, Assistant General Managers and General Manager Consultant, are as follows:

Compensation to key management	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	40,040	36,238
	40,040	36,238

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NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

Liquidity Risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity.

The Company management monitors the undiscounted estimated cash flows arising from the financial liabilities and trade payables of the Company with speacil reporting methods and analysis.

31 December 2023	Carrying value	Constructual cash flows	Up to 3 months	3 months to 1 year	1 year- to 5 years
Short-term financial liabilities					
(Non-derivative):					
Financial liabilities	3,137,449	3,232,423	1,489,143	1,743,280	-
Trade payables	3,827,395	3,827,395	3,827,395	-	-
Other payables	1,123,607	1,123,607	1,123,607	-	-
	8,088,451	8,183,425	6,440,145	1,743,280	-
Long-term financial liabilities					
(Non-derivative):					
Financial liabilities	1,263,329	1,358,303	-	-	1,358,303
Trade payables	369,504	369,504	-	-	369,504
Other payables	210,277	210,277	-	-	210,277
	1,843,110	1,938,084	-	-	1,938,084
31 December 2022	Carrying value	Constructual cash flows	Up to 3 months	3 months to 1 year	1 year- to 5 years
Short-term financial liabilities					
(Non-derivative):					
Financial liabilities	4,819,501	5,770,053	2,281,701	3,488,351	-
Trade payables	4,769,326	4,769,326	4,769,326	-	-
Other payables	805,955	805,955	659,716	146,239	-
	10,394,782	11,345,334	7,710,743	3,634,590	-
Long-term financial liabilities					
(Non-derivative):					
Financial liabilities	5,068,450	5,888,412	-	-	5,888,412
Other payables	193,414	193,414	-	-	193,414
	5,261,864	6,081,826	-	-	6,081,826

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

Interest Rate Risk

The Company is vulnerable to interest rate arising from the change of interest rates due to its interestearning asset and interest-paid liabilities. This risk is managed through on-balance sheet method by balancing the amount and maturity of interest rate sensitive assets and liabilities. In this context, great importance is attached to the fact that not only the due dates of receivables and payables, but also the periods of interest renewal are similar.

The average effective annual interest rates for balance sheet items at 31 December 2023 and 2022 are as follows:

	31 December 2023 (%)	31 December 2022 (%)
Current assets		
Cash and cash equivalents	40.58	23.46
Trade receivables	20.62	15.25
Current liabilities		
Financial liabilities	-	18.83
Non-current liabilities		
Financial liabilities	-	14.74
	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Time deposits	14,756,102	9,506,374
Financial liabilities	4,400,778	9,887,951

Credit Risk Disclosures

The Company is subject to credit risk arising from trade receivables related to forward sales, other receivables and deposits at banks.

The Company manages credit risk of bank deposits by working mainly with state banks established in Turkey and having long standing relations with the Company. Majority of bank deposits in this regard are with the state owned retail banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (letter of guarantee, etc.),
- Mortgage on real estate,
- Retain the legal title to the goods solely to protect the collectability of the amount due.

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

Interest Rate Risk (Continued)

For customers that are not secured by guarantees, individual limits are determined as a result of the evaluation of the credit quality of the customer by taking into account the financial position of the customer, past experiences and other factors and the use of these credit limits is continuously monitored. is being monitored.

31 December 2023	Trade Receivables		Other Receivables		Deposits at Banks	Blocked deposits with maturities more than 3 months
	Related Party	Other	Related Party	Other		
Maximum credit risks exposed as of reporting date	3,780,698	8,313,946	-	909,987	14,772,655	-
Secured portion of the maximum credit risk by guarantees, etc.,	3,780,698	7,859,578	-	909,987	14,772,655	-
A. Net carrying value of financial assets that are neither past due nor impaired	3,780,698	7,859,578	-	909,987	14,772,655	-
Secured portion by guarantees etc.	3,780,698	7,859,578	-	909,987	-	-
B. Net carrying value of assets with negotiated terms						
Secured portion by guarantees etc.	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-	454,368	-	-	-	-
Secured portion by guarantees etc.	-	454,368	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
Past due (Gross carrying value)	-	1,837	-	-	-	-
Impairment (-)	-	(1,837)	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-
31 December 2022	Trade Receivables		Other Receivables		Deposits at Banks	Blocked deposits with maturities more than 3 months
	Related Party	Other	Related Party	Other		
Maximum credit risks exposed as of reporting date	-	11,204,842	-	937,235	9,526,290	-
Secured portion of the maximum credit risk by guarantees, etc.,	-	10,949,162	-	937,235	9,526,290	-
A. Net carrying value of financial assets that are neither past due nor impaired	-	10,949,162	-	937,235	9,526,290	-
Secured portion by guarantees etc.	-	10,949,162	-	937,235	-	-
B. Net carrying value of assets with negotiated terms						
Secured portion by guarantees etc.	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired		255,680	-	-	-	-
Secured portion by guarantees etc.	-	255,680	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
Past due (Gross carrying value)	-	3,027	-	-	-	-
Impairment (-)	-	(3,027)	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-

Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality. There is no any impairment on the Company's asset that subject to credit risk of financial activities. In addition, the Company does not have any items that include off-balance credit risk and assets that are overdue but not impaired.

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

Foreign Exchange Risk

The Company is subject to the foreign currency risk due to the foreign currency deposits in the bank deposit account. Since the Company does not use foreign currency in its main operations, the foreign currency risk is only originated from deposits of the Company.

Foreign Currency Position

Foreign currency denominated assets, liabilities and effects arising from foreign exchanges arising from having off-balance sheet items constitute exchange rate risk.

As of 31 December 2023 the Company's foreign currency assets and liabilities did not need to be balanced with any off-balance sheet items.

The table below summarizes the Company's foreign currency position of the Company as of 31 December 2023 and 2022. TRY equivalents of carrying values of assets and liabilities denominated in foreign currencies are as follows:

31 December 2023			
	TL Equivalent (Functional currency)	US Dollar	EURO
1a. Monetary Financial Assets	8,960	297	7
2.CURRENT ASSETS	8,960	297	7
3. TOTAL ASSETS	8,960	297	7
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6.TOTAL LIABILITIES	-	-	-
7.Net foreign currency asset / liability position	8,960	297	7
8. Monetary items net foreign currency asset / liability position (1a-4a)	8,960	297	7

31 December 2022			
	TL Equivalent (Functional currency)	US Dollar	EURO
1a. Monetary Financial Assets	5,064	261	4
2.CURRENT ASSETS	5,064	261	4
3. TOTAL ASSETS	5,064	261	4
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6.TOTAL LIABILITIES	-	-	-
7.Net foreign currency asset / liability position	5,064	261	4
8. Monetary items net foreign currency asset / liability position (1a-4a)	5,064	261	4

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

Capital Risk Management

The Company attempts to manage its capital by minimizing the investment risk with portfolio diversification. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

While managing the capital, the Company's objectives are to maintain the Company's operability in order to maintain the most appropriate capital structure in order to provide benefits to its shareholders, benefit from other stakeholders and reduce the cost of capital.

Gearing ratio as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Financial Liabilities	4,400,778	9,887,951
Less: Cash and cash equivalents	(15,258,885)	(9,897,374)
Net Liability/(Asset)	(10,858,107)	(9,423)
Total Shareholder's Equity	58,549,588	62,602,471
Total Capital	47,691,481	62,593,048
Net liability (asset)/Total Capital Ratio	-23%	0%

NOTE 26 – FINANCIAL INSTRUMENTS

	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
31 December 2023				
<u>Financial assets</u>				
Cash and cash equivalents	15,258,885	-	15,258,885	3
Investments in subsidiaries, joint ventures and associates	2,854,261	-	2,854,261	4
Trade receivables	8,313,946	-	8,313,946	6
Other receivables	909,987	-	909,987	7
<u>Financial liabilities</u>				
Borrowings	-	4,400,778	4,400,778	5
Trade payables	-	4,196,899	4,196,899	6
Other financial liabilities	-	1,333,884	1,333,884	7
31 December 2022				
<u>Financial assets</u>				
Cash and cash equivalents	9,897,374	-	9,897,374	3
Investments in subsidiaries, joint ventures and associates	2,409,544	-	2,409,544	4
Trade receivables	11,204,842	-	11,204,842	6
Other receivables	937,235	-	937,235	7
<u>Financial liabilities</u>				
Borrowings	-	9,887,951	9,887,951	5
Trade payables	-	1,844,715	1,844,715	6
Due to related parties	-	2,924,644	2,924,644	25
Other financial liabilities	-	999,369	999,369	7

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 26 – FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments

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

The Company has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgment. As a result, the estimations presented here cannot be an indication of the amounts that the Company can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial Assets:

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

The carrying values of trade and other receivables are expected to reflect the fair value along with the relevant impairment provisions.

It is estimated that the fair values of the foreign currency balances converted with the exchange rates at the end of the period are close to their carrying values.

Bonds are kept at their fair values in the financial statements of the Company. Fair values of the bonds are calculated quarterly using effective interest rates.

Financial Liabilities:

The Company's borrowing from the Treasury in order to finance HAS payments are calculated at each interest payment period based on the weighted average compound interest rate of the Government Debt Securities. Therefore, the carrying value of this financial borrowing of the Company approximate their fair value.

Short-term trade payables and other liabilities with no stated interest rate are measured at original invoice amount. Since, these trade payables and other liabilities will be paid when requested they are considered as short-term.

It is anticipated that there is no significant difference between the cost values and fair values of the borrowings with floating interest rates including its accruals for the regarding period.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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

NOTE 27 - COMMITMENTS

Company's mortgage and guarantees received as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Guarantees received (*)	24,085,319	16,241,703
Mortgages received (**)	752,162	545,360
	24,837,481	16,787,063

(*) Guarantees received consist of letters of guarantee given by contractors for construction projects and temporary guarantee letters received during the tender process.

(**) Mortgages received consist of mortgaged independent sections and lands sold but not yet collected.

The collaterals, pledges and mortgages ("CPM") of the Company as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
A. Total amount of CPM given on behalf of the Company's own legal entity	148,368	633,555
B. Total amount of CPM given against the subsidiaries included in full consolidation	-	-
C. Total amount of CPM given to maintain operations and collect payables from third parties	-	-
D. Total amount of other CPM given		
i) In the name of the parent Company	-	-
ii) In the name of other group companies that are not included in the scope of item B and C	-	-
iii) In the name of third parties that are not included in the scope of item C	-	-
	148,368	633,555

NOTE 28 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees for the services received by the Company from the Independent Audit Firm (IPA) in the periods of 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows:

	2023			2022		
	BDK	Other BDK	Total	BDK	Other BDK	Total
Independent audit fee for the reporting period	1,049	-	1,049	1,909	-	1,909
Fees for tax advisory services	-	1,328	1,328	-	1,986	1,986
	1,049	1,328	2,377	1,909	1,986	3,895

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2023

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NOTE 29 – EVENTS AFTER THE REPORTING PERIOD

The Company purchased 1 immovable property located in Mahmutlar neighborhood, Alanya district, Antalya province for TRY776,679 Ministry of Environment, Urbanization and Climate Change regarding the purchase at a price (excluding VAT) (General Directorate of Infrastructure and Urban Transformation Services) signed an additional protocol.

ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

	Unconsolidated (Separate) Financial Statement Main Account Items	Related Regulation	31 December 2023	31 December 2022
A	Money and Capital Market Instruments	Series: III-No.48, Art.24/(b)	14,261,817	14,127,776
B	Properties, Projects based on Properties and Rights based on Properties	Series: III-No.48, Art.24/(a)	86,620,419	32,699,885
İŞ	Affiliates	Series: III-No.48, Art.24/(b)	2,854,261	1,048,637
	Due from Related Parties (Non-trade)	Series: III-No.48, Art.23/(f)	-	-
DV	Other Assets		17,095,435	12,000,554
D	Total Assets (Total Assets)		120,831,932	59,876,852
E	Financial Liabilities	Series: III-No.48, Art.24/(b)	4,400,778	4,735,973
F	Other Financial Liabilities	Series: III-No.48, Art.24/(a)	-	-
G	Due from Financial Leases	Series: III-No.48, Art.24/(b)	-	-
H	Due to Related Parties (Non commercial)	Series: III-No.48, Art.23/(f)	-	-
İ	Shareholders' equity		58,549,588	22,512,591
EB	Other Resources		57,881,566	32,628,288
D	Total Resources	Series: III-No.48, Art.3/(k)	120,831,932	59,876,852
	Non-Consolidated (Standole) Other Financial Information	Related Regulation	31 December 2023	31 December 2022
A1	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 years	Series: III-No.48, Art.24/(b)	14,261,817	14,127,776
A2	Term / Demand / Currency	Series: III-No.48, Art.24/(b)	15,258,885	15,105,307
A3	Foreign Capital Market Instruments	Series: III-No.48, Art.24/(d)	-	-
B1	Foreign Properties, Projects based on properties and rights based on Properties	Series: III-No.48, Art.24/(d)	-	-
B2	Idle Land	Series: III-No.48, Art.24/(c)	10,054,883	2,150,142
C1	Foreign Affiliates	Series: III-No.48, Art.24/(d)	-	-
C2	Affiliates for Operating Company	Series: III-No.48, Art.28	1,048,000	1,048,000
J	Non-Cash Loans	Series: III-No.48, Art.31	148,368	147,648
K	Mortgage amount of servient lands which will be developed and not owned	Series: III-No.48, Art.22/(e)	-	-
	Portfolio Restrictions	Related Regulation	31 December 2023	31 December 2022
1	Mortgage amount of Servient Lands Which Will be Developed And Not Owned	Series: III-No.48, Art.22/(e)	0%	0%
2	Properties, Projects based on Properties and Rights based on Properties	Series: III-No.48, Art.24/(a),(b)	83%	78%
3	Money and Capital Market Instruments and Affiliates	Series: III-No.48, Art.24/(b)	2%	2%
4	Foreign Properties, Projects based on properties and rights based on Properties, Affiliates, Capital Market Instruments	Series: III-No.48, Art.24/(d)	0%	0%
5	Idle Land	Series: III-No.48, Art.24/(c)	8%	4%
6	Affiliates for Operating Company	Series: III-No.48, Art.28	1%	2%
7	Borrowing Limit	Series: III-No.48, Art.31	8%	22%
8	TRY and Foreign Currency Time and Demand Deposits	Series: III-No.48, Art.22/(e)	1%	2%

Informations in the Control of Compliance with Portfolio Limitations are in the nature of summary information derived from financial statements in accordance with article 16 of Serial: II, No: 14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" and have been prepared within the framework of the provisions of the "Communiqué on Principles Regarding Real Estate Investment Trusts", Serial: III, No: 48.1, published in the Official Gazette No. 28660 on 28 May 2013, on the control of compliance with portfolio limitations.

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