

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION OF
THE 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 consolidated financial statements

1. Our opinion

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group 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 consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue recognition</p> <p>The Group realizes sales mostly in the form of turnkey and Land Subject to Revenue Sharing Agreements (“LSRSA”) projects.</p> <p>The Group recognized revenue of 17,173,219 thousand TL from land sales with (“LSRSA”) and residential and commercial unit sales within the accounting period of January 1 - December 31, 2023.</p> <p>In turnkey projects, it is the Group’s responsibility to maintain and complete the project and the Group recognizes revenue when performance obligation is fulfilled (independent units are transferred to the customer).</p> <p>In LSRSA projects, the contractor completes the construction and regarding the project, the Group receives advance payments from the buyer and makes payments to the contractor.</p> <p>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).</p> <p>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.</p> <p>Based on the above-mentioned situations, whether the revenue is recognized in the correct period in accordance with the principle of seasonality of sales has been determined as a key audit matter.</p> <p>Explanations regarding the Group’s revenue accounting policies and amounts are given in Note 2 and Note 17.</p>	<p>We performed the following procedures in relation to the revenue recognition in turnkey and LSRSA projects:</p> <p>The design and implementation of the controls on the revenue process have been evaluated. The sales and delivery procedures of the Group have been analyzed.</p> <p>For the turnkey projects, the provisions regarding the delivery of residential units 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.</p> <p>For the LSRSA projects, provisions regarding the temporary acceptance and the delivery of residential units in the projects made with contractors and timing of the revenue recognition in the financial statements has been evaluated.</p> <p>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.</p> <p>In addition, the adequacy of the disclosures presented in Note 17 Revenue and Cost of Sales has been evaluated under TFRS.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Application of TAS 29- Financial Reporting in Hyperinflationary Economies</p> <p>As described in Note 2, TAS 29 “Financial reporting in hyperinflationary economies” is effective for the Group.</p> <p>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 Group’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.</p> <p>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.</p>	<ul style="list-style-type: none"> - 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) <p>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,</p> <p>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.</p>



4. Other Matter

The consolidated financial statements of the Group's 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 consolidated financial statements

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

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

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

6. Auditor's responsibilities for the audit of the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group's internal control.



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

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

We 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 consolidated 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, appearing to read "Burak Özpozayrac".

Burak Özpozayrac, SMMM
Independent Auditor

Istanbul, 17 April 2024

INDEX		PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....		3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....		4
CONSOLIDATED STATEMENT OF CASH FLOWS.....		5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....		6-65
NOTE 1 ORGANIZATION AND OPERATION OF THE GROUP.....		6-7
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.....		8-26
NOTE 3 ACCOUNTING POLICIES.....		26-28
NOTE 4 CASH AND CASH EQUIVALENTS.....		29
NOTE 5 FINANCIAL LIABILITIES.....		30
NOTE 6 TRADE RECEIVABLES AND PAYABLES		31-32
NOTE 7 OTHER RECEIVABLES AND PAYABLES.....		32
NOTE 8 INVENTORIES.....		33-37
NOTE 9 INVESTMENT PROPERTIES		37-38
NOTE 10 PROPERTY, PLANT AND EQUIPMENT.....		39
NOTE 11 INTANGIBLE ASSETS.....		40
NOTE 12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....		40-43
NOTE 13 EMPLOYEE BENEFITS.....		44
NOTE 14 OTHER ASSETS		45
NOTE 15 DEFERRED INCOME AND PREPAID EXPENSES.....		45
NOTE 16 SHAREHOLDERS' EQUITY.....		46-47
NOTE 17 REVENUE AND COST OF SALES.....		47
NOTE 18 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES.....		48
NOTE 19 EXPENSES BY NATURE.....		49
NOTE 20 OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES		49-50
NOTE 21 FINANCIAL INCOME / EXPENSES.....		50
NOTE 22 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES).....		51-53
NOTE 23 EARNINGS PER SHARE.....		53
NOTE 24 RELATED PARTY DISCLOSURES		54-56
NOTE 25 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....		57-61
NOTE 26 FINANCIAL INSTRUMENTS PERIOD.....		61-63
NOTE 27 COMMITMENTS.....		63-64
NOTE 28 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM.....		64
NOTE 29 EVENTS AFTER THE REPORTING PERIOD		64
ADDITIONAL NOTE CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS.....		65

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED 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
ASSETS			
Current assets		113,859,487	110,688,971
Cash and cash equivalents	4	15,866,693	10,063,686
Trade receivables	6	7,906,599	5,385,408
<i>Trade receivables due from related parties</i>	24	3,766,338	-
<i>Trade receivables due from third parties</i>		4,140,261	5,385,408
Other receivables		985,028	951,893
<i>Other receivables due from related parties</i>	24	71,613	-
<i>Other receivables due from third parties</i>	7	913,415	951,893
Inventories	8	83,258,886	88,826,624
Prepaid expenses		1,313,932	3,268,256
<i>Prepaid expenses to related parties</i>	24	-	2,361,537
<i>Prepaid expenses to third parties</i>	15	1,313,932	906,719
Other current assets	14	4,523,529	2,183,270
Current tax assets	22	4,820	9,834
Non-current assets		7,623,554	10,250,687
Trade receivables	6	4,519,102	6,146,338
<i>Trade receivables due from third parties</i>		4,519,102	6,146,338
Other receivables	7	23,930	35,673
<i>Other receivables due from third parties</i>		23,930	35,673
Investments accounted for using equity method		1,351	1,386
Investment properties	9	1,866,374	2,932,968
Right-of-use assets		4,852	29,199
Property, plant and equipment	10	1,132,703	1,078,440
Intangible assets	11	60,732	26,683
Deferred tax assets	22	14,510	-
Total assets		121,483,041	120,939,658

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED 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		62,226,987	53,866,415
Short-term borrowings	5	1,050,286	2,142,481
Short-term portions of long-term borrowings	5	2,182,707	2,989,219
<i>Lease liabilities</i>	5	944	6,299
<i>Bank Loans</i>	5	2,181,763	2,982,920
Trade payables	6	4,070,893	4,872,102
<i>Trade payables due to related parties</i>	24	-	2,924,644
<i>Trade payables due to third parties</i>	6	4,070,893	1,947,458
Other payables	7	1,176,378	850,507
<i>Other payables to related parties</i>	24	600	977
<i>Other payables to third parties</i>		1,175,778	849,530
Deferred income	15	53,378,661	42,546,003
<i>Deferred income from related parties</i>	24	3,517,023	1,680,489
<i>Deferred income from third parties</i>		49,861,638	40,865,514
Short-term provisions		368,062	466,103
<i>Short-term provisions for employee benefits</i>	13	105,377	58,554
<i>Other short-term provisions</i>	12	262,685	407,549
Non-current liabilities		2,187,993	5,529,184
Long-term borrowings	5	1,268,969	5,113,975
<i>Long-term borrowings from related parties</i>			
<i>Lease liabilities</i>		5,640	45,525
<i>Bank Loans</i>	5	1,263,329	5,068,450
Trade payables	6	369,504	33
<i>Trade payables due to third parties</i>		369,504	33
Other payables	7	210,539	193,414
<i>Other payables to third parties</i>		210,539	193,414
Deferred income	15	55,651	7,807
<i>Deferred income from third parties</i>		55,651	7,807
Long-term provisions		121,000	80,332
<i>Long-term provisions for employee benefits</i>	13	121,000	80,332
Deferred tax liability	22	162,330.00	133,623
Shareholders' equity		57,053,551	61,544,059
Total equity attributable to equity holders of the Company		57,053,551	61,544,059
Paid-in capital	16	3,800,000	3,800,000
Adjustment to share capital		34,332,714	34,332,714
Treasury shares (-)		(44,777)	(2,261,388)
Share premium (discounts)		20,037,893	20,037,893
Other equity reserves		(1,204,612)	-
Restricted reserves appropriated from profit		6,015,646	5,866,563
Retained earnings		(1,632,159)	(1,136,783)
Net profit for the year		(4,251,154)	905,060
Non-controlling interests		-	-
Total liabilities and equity		121,468,531	120,939,658

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
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	<i>Audited</i> 1 January- 31 December 2023	<i>Audited</i> 1 January- 31 December 2022
Revenue	17	28,495,819	21,220,172
Cost of sales (-)	17	(20,002,283)	(16,121,781)
Gross profit		8,493,536	5,098,391
General administrative expenses (-)	18	(3,475,706)	(1,800,811)
Marketing expenses (-)	18	(527,068)	(323,983)
Other income from operating activities	20	2,737,633	7,410,723
Other expenses from operating activities (-)	20	(3,492,269)	(5,183,799)
Operating profit		3,736,126	5,200,521
Income from investing activities		6,713	48,412
Operating profit before financial income / (expense)		3,742,839	5,248,933
Financial income	21	4,101,047	1,207,482
Financial expenses (-)	21	(1,704,517)	(1,851,997)
Monetary gain/(loss)		(10,361,816)	(3,711,365)
Profit/(loss) from continuing operations, before tax		(4,222,447)	893,053
Tax (expense)/income from continuing operations		148,133	12,007
<i>Current period tax expense</i>	22	-	(9,814)
<i>Deferred tax income</i>	22	148,133	21,821
Net profit/(loss) for the period		(4,074,314)	905,060
Profit/(loss) for the period is attributable to:			
Non-controlling interests		-	-
Owners of the Company		(4,074,314)	905,060
Total comprehensive income/(loss) for the period		(4,074,314)	905,060
Total comprehensive income is attributable to:			
Non-controlling interests		-	-
Owners of the Company		(4,074,314)	905,060
Earning/(loss) per share		(0.0107)	0.0023

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. VE BAĞLI ORTAKLIKLARI

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 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 and Expense not to be Reclassified to Profit or Loss										Retained Earnings		
						Restricted							
	Share capital	Share capital	Treasury shares (-)	Share premium/ discounts	Other Equity Reserves	Reserves	appropriated from profit	Gain/Loss on remeasurement of defined benefit plans	Net profit/(loss)		Equity attributable to the parent	Non-controlling interests	Total equity
1 January 2022	3,800,000	34,332,714	(2,261,388)	20,037,893	-	-	5,673,379	-	11,656,288	(11,827,199)	61,411,687	-	61,411,687
Transfers	-	-	-	-	-	-	193,184	-	(12,020,383)	11,827,199	-	-	-
Dividend	-	-	-	-	-	-	-	-	(772,688)	-	(772,688)	-	(772,688)
Total comprehensive income	-	-	-	-	-	-	-	-	-	905,060	905,060	-	905,060
31 December 2022	3,800,000	34,332,714	(2,261,388)	20,037,893	-	-	5,866,563	-	(1,136,783)	905,060	61,544,059	-	61,544,059
1 January 2023	3,800,000	34,332,714	(2,261,388)	20,037,893	-	-	5,866,563	-	(1,136,783)	905,060	61,544,059	-	61,544,059
Transfers	-	-	-	-	-	-	149,083	-	755,977	(905,060)	-	-	-
Dividend (Note 16) (*)	-	-	-	-	-	-	-	-	(1,251,353)	-	(1,251,353)	-	(1,251,353)
Increase/(decrease) due to share buy back transactions (**)	-	-	(663,500)	-	-	-	-	-	-	-	(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	-	-	-	-	-	1,675,499	-	1,675,499
Total comprehensive income/(expense)	-	-	-	-	-	-	-	-	(4,251,154)	(4,251,154)	-	(4,251,154)	-
31 December 2023	3,800,000	34,332,714	(44,777)	20,037,893	(1,204,612)	6,015,646	-	(1,632,159)	(4,251,154)	57,053,551	-	57,053,551	-

(*) At the Ordinary General Assembly Meeting held on 31 March 2023, the decision to distribute a cash dividend of TRY1,251,353 (2022: TRY772,688) from the profits of 2022 was approved by majority vote. Since the Group owns its own shares with a nominal value of TRY1 at a rate of 4.26% as of 31 March 2023, the date of the profit distribution decision, the dividend related to the shares owned by the Group 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 consolidated financial statements.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR 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	<i>Audited 1 January- 31 December 2023</i>	<i>Audited 1 January- 31 December 2022</i>
Cash flows from operating activities			
Profit/(loss) for the period		(4,074,314)	905,060
Adjustments related to reconcile of net profit for the period			
Adjustments related to depreciation and amortization expenses	9,10,11	121,129	80,102
Adjustments related to tax expense (income)	22	(148,133)	(12,007)
Adjustments related to (reversal of) impairments (net)		(5,602,228)	(794,763)
<i>Adjustments related to (reversal of) impairment of inventories (net)</i>	8	(5,602,228)	(794,763)
Adjustments related to provisions		301,523	223,822
<i>Adjustments related to (reversal of) provisions for employee benefits</i>		269,025	79,422
<i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i>	12	18,106	140,237
<i>Adjustments related to (reversal of) provisions for possible risks</i>	12	14,392	4,163
Adjustments for interest (income) and expenses		(4,820,582)	79,954
<i>Adjustments for interest income</i>	21	(6,862,841)	(1,662,803)
<i>Adjustments for interest expense</i>	21	2,042,259	1,742,757
Adjustments related to (gain) loss on disposal of property		(6,713)	(48,412)
(Gain)/loss on sale of property, plant and equipment		(6,713)	(48,412)
Monetary gain/(loss)		4,328	(247,140)
Net cash from operations before changes in assets and liabilities		(14,224,990)	186,616
Changes in net working capital:			
Adjustments related to (increase)/decrease in trade receivable		(6,195,616)	(947,477)
<i>Decrease/(increase) in trade receivables from related parties</i>		(4,922,523)	32,765
<i>Decrease/(Increase) in trade receivables from third parties</i>		(1,273,093)	(980,242)
Adjustments related to decrease/(increase) in inventories		12,199,314	(14,679,302)
Adjustments related to increase/(decrease) in trade payables		2,515,599	1,875,232
<i>Increase/(decrease) in trade payables to related parties</i>		(1,675,279)	2,740,559
<i>Increase/(decrease) in trade payables to third parties</i>		4,190,878	(865,327)
Adjustments related to decrease/(increase) in other receivables related to operations		(3,941,831)	(4,393,786)
Adjustments related to increase/(decrease) in other payables related to operations		11,883,868	14,706,850
Adjustments related to other increase/(decrease) in working capital		(114,980)	(378,131)
Net cash flows from operating activities		1,282,250	126,547
Interest received		(20,623)	(9,203)
Payments related to provisions for employee benefits			
Cash flows from operating activities		3,382,991	(3,512,654)
Purchases of investment properties, property, plant and equipment and intangible assets	9,10,11	(176,318)	(308,436)
Sale of investment properties, property, plant and equipment and intangible assets	9,10,11	10,836	94,410
Returns of financial assets		-	1,073
Cash flows from investing activities		(165,482)	(212,953)
Payments to disposal entity's shares or other equity instruments		1,675,499	-
Payments to acquire entity's shares or other equity instruments	16	(663,500)	-
Proceeds from Borrowings		6,376,127	11,932,756
<i>Proceeds from Loans</i>		1,520,441	7,624,813
<i>Proceeds from Issue of Debt Instruments</i>		4,855,686	4,307,943
Repayments of borrowings		(8,686,329)	(6,771,205)
<i>Loan Repayments</i>		(4,243,321)	(2,633,350)
<i>Payments of Issued Debt Instruments</i>		(4,443,008)	(4,137,855)
Interest paid		(1,336,678)	(1,518,289)
Dividends paid	16	(1,251,353)	(772,689)
Interest received		3,407,526	1,205,677
Cash flow from financing activities		(478,708)	4,076,250
Inflation effect on cash and cash equivalents		3,423,059	3,285,219
Net increase (decrease) in cash and cash equivalents		6,161,860	3,635,862
Cash and cash equivalents at the beginning of the period	4	8,707,765	5,071,903
Cash and cash equivalents at the end of the period	4	14,869,625	8,707,765

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. ("Emlak Konut GYO" or the "Group") was established on 26 December 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Group 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 Group has been registered and started its activities on 6 March 1991. The Group'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 Group 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 Group is 1,142 (31 December 2022 - 987).

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

The ultimate parent and ultimate controlling party of the Group 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 GYO will be referred to as the "Group" with its subsidiaries and interests in joint ventures.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP (Continued)

Subsidiaries

Subsidiaries of Emlak Konut GYO operate in Turkey and their main operations are as follows:

Subsidiaries	Main Operations
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. ("EPP")	Real Estate Investments
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.	Production, Sales and Marketing

	31 December 2023		31 December 2022	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş.	100	100	100	100
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.	100	100	100	100

Shares in Joint Operations

Shares in Joint Operations of Emlak Konut GYO operate in Turkey and their main operations are as follows:

Shares in Joint Operations	Main Operations
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 Adı OrtaklıĞı") Büyükyalı Tesis Yönetimi A.Ş	Shopping Mall and Office Management Shopping Mall and Office Management

	31 December 2023		31 December 2022	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Merkez Cadde Yönetim A.Ş.	30	30	-	-
İstmarina AVM Adı OrtaklıĞı	40	40	40	40
Büyükyalı Tesis Yönetimi A.Ş.	37	37	37	37

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 interim condensed consolidated financial statements are presented in accordance with the formats specified in the "Communiqué on TFRS Taxonomy" published by the POA on 15 April 2019 and the Illustrations of Financial Statements and Application Guidance published by the CMB.

The Group 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 consolidated 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.

Basis of Consolidation

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

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements

Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.1. Basis of Presentation (Continued)

Basis of Consolidation (Continued)

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

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

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

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

Changes in the Group's Ownership Interests in Existing Subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.1. Basis of Presentation (Continued)

Basis of Consolidation (Continued)

Investments in Associates and Joint Ventures (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Gains and losses arising from transactions between the Group and an associate of the Group are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.1. Basis of Presentation (Continued)

Adjustment of Consolidated Financial Statements in Hyperinflation Periods (Continued)

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

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	1,647	156%
31.12.2021	686.95	2,706	74%

Procedure of TAS 29 is presented below:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
AND ITS SUBSIDIARIES**

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

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED 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 are restated with adjusted balances of fixed assets and right of use assets.

iii. *Restatement of Cash Flow*

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED 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(Continued)

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.

When consolidating financial statements with different reporting period ends, all items, whether monetary or non-monetary, are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

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*

Group'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.

Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Group is TRY and the reporting currency is thousand TRY.

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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

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 consolidated 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 Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. However, since the Group 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 4).

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 consolidated financial statements. In accordance with TAS 24 – Related party standards, the description of related parties has been restricted. The Group has also transactions with State owned banks and the Republic of Turkey Ministry Under Secretariat 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 Group is ("TOKİ"). TOKİ is a State institution under control of Republic of Turkey Prime Ministry. The transactions made between the Group and TOKİ and its affiliates are presented in Note 24.

Foreign Currency Transactions

The foreign exchange transactions during the year are translated using the prevailing exchange rates on the related transaction dates. 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Financial Investments

Classification

The Group 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 Group 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 Group 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 Group'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.

"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 Group 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 consolidated statement of income.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Financial Investments (Continued)

Derecognition of Financial Assets

The Group 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 Group 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 Group 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 Group 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.

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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Trade Receivables and Payables (Continued)

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 Group derecognizes the financial liability from its records (Note 5).

Employment Termination Benefits

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 Group 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 full TRY23,489.83 as of 31 December 2023 (31 December 2022: full 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 underdefined benefit plans. In the individual financial statements, the Group 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Employment Termination Benefits (Continued)

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 full TRY35,058.58 which is effective from 1 January 2024 has been taken into consideration when calculating the liability (1 January 2023: full TRY19,982.83) (Note 13).

Provisions, Contingent Assets and Liabilities

Provisions are recognised when the Group 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 Group are not included in consolidated financial statements and are treated as contingent assets or liabilities.

Land and Residential Unit Inventories

The Group has four types of inventories in its consolidated financial statements. 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 Group with no ongoing or planned construction project on them. Such land and plots are classified as inventories because the Group 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 Group 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4 Summary of Significant Accounting Policies (Continued)

Land and Residential Unit Inventories (Continued)

4. Completed Residential and Commercial Unit Inventories

Completed residential and commercial units comprise units built in Turnkey projects and units transferred to the Group by the contractor in order to meet minimum revenue stated in the agreements when the projects can not 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 Group 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.

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 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
Machinery and equipment	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 performance of the existing asset will flow to the Group 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

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 Group uses cost model for all investment properties. Investment properties are presented in the consolidated 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.

Impairment of Assets

The Group 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 projected. 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 Group 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

Current Tax

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

The Group 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.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets consist of deductible temporary differences are recognized on the condition that it is highly probable that the differences can be utilised by earning future taxable profit. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Deferred Tax (Continued)

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

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 Group 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 Group does not prepare a segment report.

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

Revenue Recognition

The Group 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.

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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

3. Sale of land and plots by way of LSRSA

The Group 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 Group follows-up its revenue share in the deferred revenue (Note 15) and the share of the construction entity as a liability to contractors (Note 5). The Group'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 (Note 17).

4. Consultancy revenues

The Group provides project consultancy services as its core business. Within the scope of consultancy services, the Group undertakes works such as controlling the production processes of customers' projects, sales and follow-up of the project to third parties. The Company recognizes consultancy income 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 (Note 21).

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 Group at a price higher than the nominal value of the Group or the difference between the fair value and the fair value of the shares of the Group that the Group 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 Group, are deducted from the premiums on issue of share sales.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED 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 consolidated 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 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 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.4. Summary of Significant Accounting Policies (Continued)

Dividend Distribution

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

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 Group 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 Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group 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 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 consolidated 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 Group management both the actual results may differ and not material for these 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. and Yetkin Gayrimenkul Değerleme A.Ş. have been taken into consideration when determining the net realizable value of lands and residential inventories.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

2.5 Critical Accounting Judgements, Assumptions and Estimates (Continued)

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.

NOTE 3 – ACCOUNTING POLICIES

Interim condensed consolidated financial statements as of 31 December 2023 have been prepared by applying accounting policies that are consistent with the accounting policies applied in the preparation of the financial statements for the year ended 31 December 2022. Therefore, interim condensed financial statements should be read together with the end-of-year financial statements in order to create coherence.

3.1 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

- **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.

- **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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

- **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.
AND ITS SUBSIDIARIES**

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	77	13
Banks	15,379,101	9,691,633
- <i>Demand deposit</i>	78,184	31,567
- <i>Time deposits with maturities less than 3 months</i>	15,300,917	9,660,066
Other cash and cash equivalents	487,515	372,040
	15,866,693	10,063,686

Maturities of cash and cash flows are as follows:

	31 December 2023	31 December 2022
Demand	78,184	31,567
Up to 3 month	15,300,917	9,660,066
	15,379,101	9,691,633

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

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

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

	31 December 2023	31 December 2022
Cash and cash equivalents	15,866,693	10,063,686
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
	14,869,625	8,707,765

(*) 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 Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. There is no blocked deposit (31 December 2022: None) project accounts amounting TRY893,719 (31 December 2022: TRY1,327,650).

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 5 – FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
Short-term financial liabilities		
Short-term bank loans	150,286	1,163,420
Issued debt instruments (*)	900,000	979,061
Short-term portion of long-term borrowings	2,181,763	2,982,920
Lease obligation	944	6,299
	3,232,993	5,131,700

(*) On 5 October 2023, the Group 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
Lease obligation	5,640	45,525
	1,268,969	5,113,975

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 31 December 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 borrowings are as follows:

	31 December 2023	31 December 2022
Less than 3 months	994,600	1,144,871
Between 3 - 12 months	1,337,449	3,001,469
Between 1 - 5 years	1,263,329	5,068,450
	3,595,378	9,214,790

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2023	31 December 2022
Receivables from related parties (Note 24)	3,766,338	-
Receivables from sale of residential and commercial units	1,941,486	3,091,827
Receivables from contractors of the lands		
invoiced under LSRSA	1,402,472	1,557,208
Receivables from land sales	816,699	881,334
Notes of receivables	211,397	1,585
Receivables from lessees	68,911	84,008
Other	8,854	16,342
Unearned finance income	(309,558)	(246,896)
	7,906,599	5,385,408
Doubtful receivables	5,243	6,319
Less: Provision for doubtful receivables	(5,243)	(6,319)
	7,906,599	5,385,408
Long-term trade receivables	31 December 2023	31 December 2022
Receivables from sale of residential and commercial units	4,055,654	6,430,845
Receivables from land sales	1,456,079	966,317
Unearned finance income	(992,631)	(1,250,824)
	4,519,102	6,146,338
Short-term trade payables	31 December 2023	31 December 2022
Trade payables	2,515,456	1,115,681
Payables to LSRSA contractors invoiced	923,884	716,927
Interest accruals on time deposits of contractors (*)	631,553	114,850
Payables to related parties (Note 24)	-	2,924,644
	4,070,893	4,872,102

(*) 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 Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. The Group tracks the contractor's share of the interest obtained from the advances accumulated in these accounts in short-term payables.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Continued)

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

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
Other receivables from related parties (Note 24)	71,613	-
Receivables from the authorities	27,997	48,667
Other	345,941	69,538
	985,028	951,893
Long-term other receivables		
Other receivables from third parties	22,916	34,003
Deposits and guarantees given	1,014	1,670
	23,930	35,673

	31 December 2023	31 December 2022
Short-term other payables		
Taxes and funds payable	1,083,106	539,256
Other payables to related parties	600	977
Payables to contractors	-	146,239
Other	92,672	164,035
	1,176,378	850,507

As of 31 December 2023, other long-term payables are amount to TRY210,539 and consist of deposits and guarantees received (31 December 2022: TRY193,414).

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 8 – INVENTORIES

	31 December 2023	31 December 2022
Lands	18,698,902	29,175,033
<i>Cost</i>	24,409,264	32,892,842
<i>Impairment</i>	(5,710,362)	(3,717,809)
Planned land by LSRSA	33,687,663	32,284,204
Planned land by turnkey project	21,582,922	20,081,824
<i>Planned land by turnkey project</i>	26,437,660	27,894,604
<i>Impairment (*)</i>	(4,854,738)	(7,812,780)
Residential and commercial units ready for sale	8,547,907	7,193,571
<i>Cost</i>	9,695,527	12,977,930
<i>Impairment</i>	(1,147,620)	(5,784,359)
Inventories of Emlak Konut Asansör	741,492	91,992
	83,258,886	88,826,624

(*) 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 Group 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.
AND ITS SUBSIDIARIES**

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

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

NOTE 8 – INVENTORIES (Continued)

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

Lands	31 December 2023	31 December 2022
İstanbul Küçükçekmece Lands	4,990,219	5,332,772
Muğla Bodrum Arsaları	3,643,812	5,123,311
İstanbul Esenler Arsaları	3,470,424	4,927,916
İstanbul Avcılar Lands	2,880,991	3,213,128
İstanbul Başakşehir Lands	1,018,026	2,793,838
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
İzmir Aliağa Lands	209,380	-
İstanbul Resneli Lands	158,808	-
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	68,049	63,808
Sakarya Sapanca Lands	46,369	-
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
İstanbul Esenyurt Lands	-	64,607
Denizli Merkez Efendi Lands	-	290,211
İzmir Çeşme Lands	-	815,568
İstanbul Şişli Lands	-	576,705
Antalya Aksu Lands	-	41,870
Other	34,675	106,546
	18,698,902	29,175,033

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 8 - INVENTORIES (Continued)

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 Eyüp Sultan Kemerburgaz Project	645,015	-
Avcılar Firuzköy 1. Etap 2. Kısım Project	623,672	623,639
Avcılar Firuzköy 2. Etap Project	615,726	614,155
Avcılar Firuzköy 1. Etap 1. Kısım Project	572,274	575,585
Bodrum Türkbüyü 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.
AND ITS SUBSIDIARIES**

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

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

NOTE 8 - INVENTORIES (Continued)

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 İşi 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
Yalova Armutlu Project	48,827	-
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	2,986	2,986
Temaşehir Project	2,361	38,005
Avangart İstanbul Project	-	25,344
Avrupark Hayat Project	-	70,103
Semt Bahçekent 1. Etap 1. Kısım Project	-	32,211
Validebağ Konakları Project	-	4,590
Other	-	98,956
	8,547,907	7,193,571

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 8 - INVENTORIES (Continued)

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 İşi Project	-	871,580
Ümraniye Kentsel Dönüşüm Project	-	681,285
Emlak Konut Florya Evleri Project	-	3,482,754
Other	65,773	86,974
	21,582,922	20,081,824

NOTE 9 – INVESTMENT PROPERTIES

Rent income is obtained in investment properties and the appraisal used in calculation of low value is made through a precedent comparison and income reduction. As of 31 December 2023 the Group evaluated that there is no situation that would lead to low value in investment properties.

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

Cost Value	Lands, residential and commercial	Atasehir general management building A block	Total
Opening balance as of 1 January 2023	2,785,594	261,201	3,046,795
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	1,756,246	261,201	2,017,447

Accumulated Depreciation

Opening balance as of 1 January 2023	81,356	32,471	113,827
Charge for the year	32,022	5,224	37,246
Closing balance as of 31 December 2023	113,378	37,695	151,073
Carrying value as of 31 December 2023	1,642,868	223,506	1,866,374

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 9 – INVESTMENT PROPERTIES (Continued)

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2022	3,086,297	261,201	3,347,498
Transfers from commercial units and land inventories	(300,703)	-	(300,703)
Transfers to residential and commercial unit inventories	-	-	-
Closing balance as of 31 December 2022	2,785,594	261,201	3,046,795
Accumulated Depreciation			
Opening balance as of 1 January 2022	57,262	27,247	84,509
Charge for the year	24,094	5,224	29,318
Closing balance as of 31 December 2022	81,356	32,471	113,827
Carrying value as of 31 December 2022	2,704,238	228,730	2,932,968

As of 31 December 2023, the valuation reports prepared by Acar Taşınmaz Değerleme ve Danışmanlık A.Ş. and Yetkin Gayrimenkul Değerleme 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 Office 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 and completed units	621,424	1,430,628
	4,847,378	3,929,741

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

31 December 2023	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Special Cost	Construction in progress	Total
Net carrying value as of 1 January 2023	692,053	5,782	92,466	79,232	47,035	161,872	1,078,440
Additions	-	20,475	41,630	55,246	416	1,368	119,135
Transfers from constructions in progress,	-	-	-	27,433	-	(27,433)	-
Disposal, (net) (-)	(1,431)	(843)	-	(1,129)	(720)	-	(4,123)
Transfers from investment property	-	-	-	-	-	-	-
Depreciation expense(-)	(15,109)	(4,367)	(12,732)	(23,292)	(5,249)	-	(60,749)
Net carrying value 31 December 2023	675,513	21,047	121,364	137,490	41,482	135,807	1,132,703
Cost	750,367	45,429	142,414	349,536	51,535	135,807	1,475,088
Accumulated depreciation (-)	(74,854)	(24,382)	(21,050)	(212,046)	(10,053)	-	(342,385)
Net carrying value 31 December 2023	675,513	21,047	121,364	137,490	41,482	135,807	1,132,703

31 December 2022	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Special Cost	Construction in progress	Total
Net carrying value as of 1 January 2022	694,323	7,680	331	59,750	8,086	104,362	874,532
Additions	51,607	-	98,734	41,189	41,691	57,510	290,731
Disposal, (net) (-)	(45,998)	-	-	-	-	-	(45,998)
Depreciation expense(-)	(7,879)	(1,898)	(6,599)	(21,707)	(2,742)	-	(40,825)
Net carrying value 31 December 2022	692,053	5,782	92,466	79,232	47,035	161,872	1,078,440
Cost	751,798	25,797	100,784	267,986	51,839	161,872	1,360,076
Accumulated depreciation (-)	(59,745)	(20,015)	(8,318)	(188,754)	(4,804)	-	(281,636)
Net carrying value 31 December 2022	692,053	5,782	92,466	79,232	47,035	161,872	1,078,440

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

The expected useful lives for property, plant and equipment are as follows:

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 11 – INTANGIBLE ASSETS

31 December 2023	Licenses	Computer software	Rights	Total
Net carrying value as of 1 January 2023	11,646	6,634	8,403	26,683
Additions	1,301	21,540	34,341	57,182
Amortization expense (-)	(7,104)	(2,953)	(13,076)	(23,133)
Net carrying value 31 December 2023	5,843	25,221	29,668	60,732
Cost	80,513	54,451	45,026	179,990
Accumulated amortization (-)	(74,670)	(29,230)	(15,358)	(119,258)
Net carrying value 31 December 2023	5,843	25,221	29,668	60,732

31 December 2022	Licenses	Computer software	Rights	Total
Net book value, 1 January 2022	9,649	4,190	5,097	18,936
Additions	9,135	3,208	5,363	17,706
Amortization expense (-)	(7,138)	(764)	(2,057)	(9,959)
Net carrying value 31 December 2022	11,646	6,634	8,403	26,683
Cost	79,212	32,911	10,685	122,808
Accumulated amortization (-)	(67,566)	(26,277)	(2,282)	(96,125)
Net carrying value 31 December 2022	11,646	6,634	8,403	26,683

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Provisions		
Provision for lawsuits	262,685	407,549
	262,685	407,549

According to the opinions of the Group's lawyers, provisions amounting to TRY262,685 have been made as of 31 December 2023 (31 December 2022: TRY407,549). As of 31 December 2023, there are 1 cases of defect, 10 cases of loss of rent, 7 cases of cancellation of title deeds and registration, 2 cases of business and 35 other cases. The amount of risk arising from the total possible cash outflow is TRY604,155 (31 December 2022: TRY737,609) and the lawsuits are still pending.

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

	2023	2022
Balance at 1 January	407,549	422,654
Provision added within the current period (Note 20)	18,106	140,237
Monetary gain/(loss)	(162,970)	(155,342)
Closing balance at 31 September	262,685	407,549

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

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 Group and the remaining part of the project was completed by another construction Group which was assigned in accordance with Public Tender Law. The related units have been completed and are sold by the Group 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.

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 İstanbul 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

12.1 Continuing Lawsuits and Provisions (Continued)

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 İstanbul 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.

12.2 Contingent Liabilities of the Group

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 Group 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 Group 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 Group lawyer, no liability is expected to arise as a result of the related lawsuit.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

Contingent Liabilities of the Group (Continued)

12.2.2 In case it is not possible to register on behalf of the plaintiff with the reversal of the responsibility of TOKİ ¼ share (65,122.35 m²) of the parcel with an area of 260,489.41 m² in Istanbul province, Tuzla district, Orhanlı Mah. 120 Island 1, which is still registered to TOKİ, and in case the immovable share value of TRY 117,220 is not possible from the date of transfer for now, the lawsuit (total amount including interest TRY 135,615) filed against our Company by the plaintiff of 2021/740 E. Anadolu Yakası Ticaret Lojistik ve Yapı A.Ş. of Istanbul Anadolu 1st Commercial Court of First Instance, is seen in the file numbered 2021/740 of the Istanbul Anadolu 1st Commercial Court of First Instance and has a hearing on 14.06.2023.

12.3 Contingent Assets of the Group

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
<u>5 year and above</u>	<u>1,370,093</u>	<u>762,658</u>	<u>2,132,751</u>
	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
<u>5 year and above</u>	<u>2,415,318</u>	<u>393,292</u>	<u>2,808,610</u>
	11,041,946	20,131,443	31,173,389

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 13 -EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Short-term provisions		
Unused vacation provision	105,377	58,554
	105,377	58,554
Long-term provisions	31 December 2023	31 December 2022
Provision for employment termination benefit	121,000	80,332
	121,000	80,332

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 TRY12,100 more.

Leaving the other assumptions the same, if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TRY6,050 more.

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

	2023	2022
Balance at 1 January	80,332	42,777
Service cost	84,266	37,675
Interest cost	42,903	1,951
Payment within the period	(20,623)	(9,203)
Monetary gain/(loss)	(65,878)	7,132
Closing balance at 31 December	121,000	80,332

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 14 – OTHER ASSETS

Other current assets	31 December 2023	31 December 2022
Other payments to contractors	2,248,838	784,869
Deferred VAT	1,551,355	1,211,920
Income accruals	365,475	13,436
Progress payments to contractors	211,928	106,726
Receivables from tax office	132,241	54,858
Prepaid income tax	7,094	6,884
Other	6,598	4,577
	4,523,529	2,183,270

NOTE 15 – DEFERRED INCOME AND PREPAID EXPENSES

Short-term deferred income	31 December 2023	31 December 2022
Advances taken from turnkey project sales	20,402,340	18,915,525
Deferred income from LSRSA projects (*)	16,864,105	10,155,955
Advances taken from LSRSA contractors (**)	12,225,465	10,784,612
Advances received from related parties (Note 24)	3,517,023	1,680,489
Deferred income related to sales of independent units	369,728	1,009,422
	53,378,661	42,546,003

(*) 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.

Long-term deferred income	31 December 2023	31 December 2022
Other advances given	55,651	12,864

Prepaid expenses	31 December 2023	31 December 2022
Advances given for inventory (*)	1,184,830	846,089
Prepaid expenses	129,102	46,224
Prepaid expenses to related parties (Note 24)	-	2,361,537
Advances given	-	14,406
	1,313,932	3,268,256

(*) The Company has given stock advances to the contractor companies for the housing and commercial units to be purchased based on the sales promise agreements from its ongoing projects.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 16 – SHAREHOLDERS' EQUITY

The Group's authorized capital amount is TRY3,800,000 (31 December 2022: TRY3,800,000) and consists of 380,000,000,000 (31 December 2021: 380,000,000,000) authorized number of shares with a nominal value of TRY0.01 each.

The Group'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 Group'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 "Retained Earnings". Other equity items should be reevaluated 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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	34,332,714	(22,149,053)
Share premium	34,530,966	20,037,893	(14,493,073)
Restricted reserves appropriated from profit	9,278,507	6,015,646	(3,262,861)

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	1 January 2022	31 December 2022	31 December 2022
	Amount	Amount	Amount Before Inflation	Amount
	Before Inflation	After Inflation	Accounting (Excluding 2022 Net Period Profit/Loss)	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

	1 January- 31 December 2023	1 January- 31 December 2022
Sales income		
Land sales	15,070,539	13,676,071
<i>Sales of planned lands by way of LSRSA</i>	5,259,452	10,436,453
<i>Land sales income</i>	9,811,087	3,239,618
Residential and commercial units sales	11,913,767	6,630,831
Consultancy income	1,433,311	814,839
Elevator sales income	69,909	-
Rent income	138,841	116,681
	28,626,367	21,238,422
Sales returns and discounts	(130,548)	(18,250)
Net sales income	28,495,819	21,220,172
Cost of sales		
Cost of lands	(8,663,603)	(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>	(5,160,540)	(683,209)
Cost of residential and commercial units sold	(11,338,680)	(8,904,110)
	(20,002,283)	(16,121,781)
Gross Profit	8,493,536	5,098,390

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
General administrative expenses		
Donations (*)	(1,084,425)	(87,872)
Personnel expenses	(1,100,304)	(666,940)
Taxes, duties and fees	(378,119)	(289,274)
Consultancy expenses	(333,405)	(300,232)
Security and cleaning expenses	(137,569)	(132,746)
Depreciation and amortization	(121,128)	(80,102)
Due and contribution expenses	(36,775)	(35,532)
Travel expenses	(30,277)	(29,720)
Maintenance and repair expenses	(32,557)	(43,113)
Insurance expenses	(19,817)	(3,210)
Lawsuit and notary expenses	(16,569)	(15,278)
Communication expenses	(4,669)	(4,093)
Other	(180,092)	(112,699)
	(3,475,706)	(1,800,811)

(*) 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.

	1 January- 31 December 2023	1 January- 31 December 2022
Marketing and sales expenses		
Advertising expenses	(326,591)	(189,441)
Personnel expenses	(100,767)	(94,818)
Consultancy expenses	(28,535)	(20,391)
Other	(71,175)	(19,333)
	(527,068)	(323,983)

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 19 – EXPENSE BY NATURE

	1 January - 31 December 2023	1 January- 31 December 2022
Expenses from residential and commercial units sales	11,338,680	8,904,110
Land costs	8,663,603	7,217,671
Personnel expenses	1,201,071	761,758
Donations	1,084,425	87,872
Taxes, duties and fees	378,119	289,274
Consultancy expenses	361,940	320,623
Advertising expenses	326,591	189,441
Security and cleaning expenses	137,569	132,746
Depreciation and amortisation (Note 11,12,13)	121,128	80,102
Due and contribution expenses	36,775	35,532
Lawsuit and notary expenses	19,817	3,210
Communication expenses	16,569	15,278
Insurance expenses	4,669	4,093
Other	296,068	199,001
	23,987,024	18,240,711

NOTE 20 – OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

	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
Financial income from forward sales	511,240	5,714,562
Income from transfer commissions	377,153	343,860
Reversal of unaccrued financial income, net	246,267	203,959
Impairment provisions released	51,608	627,058
Income from tender contract sales	1,541	5,563
Other	267,574	389,174
	2,737,633	7,410,723

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

	1 January- 31 December 2023	1 January- 31 December 2022
Other expenses from operating activities		
Provision for impairment of land and residential inventories (Note 8)	(2,790,516)	(4,880,821)
Reversal of unaccrued financial expense, net	(630,988)	-
Provision for lawsuits (Note 12)	(18,106)	(140,237)
Other	(52,659)	(162,741)
	(3,492,269)	(5,183,799)

NOTE 21 – FINANCIAL INCOME / EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
Financial income		
Interest income from time deposits	3,407,526	1,205,677
Interest income from land acquisition	644,548	73
Foreign exchange gains	48,973	1,732
	4,101,047	1,207,482
 Financial expenses		
Borrowings interest and lease certificate expenses	(1,338,796)	(1,561,901)
Foreign exchange losses	(293,246)	(109,240)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*)	(67,876)	(180,856)
Interest expense on lease liabilities	(4,599)	-
	(1,704,517)	(1,851,997)

(*) 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 22 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

Pursuant to the temporary article added to the Corporate Tax Law with Article 11 of the Law No. 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462; The corporate tax rate for the corporate earnings of the 2022 taxation period is 25% (2022: 23% for the year 2022).

The Law numbered 7061 on "Amendment of Certain Taxes and Laws and Other Acts" was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

The current tax liability of the Group as of 31 December 2023 is as follows:

	31 December	31 December
	2023	2022
Current tax assets		
Prepaid taxes and funds	4,820	9,834
	4,820	9,834

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

**NOTE 22 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Deferred Tax:

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

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences expected to reverse in 2023, and 23% over the temporary timing differences that are expected to reverse after 2022. (2022: 23% for 2023).

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

	31 December	31 December
	2023	2022
Deferred tax (assets)/liabilities:		
Fair value adjustment to inventories in acquired associates	(7,882)	147,397
Effect of amortized cost method on receivables	(430)	(15,896)
Depreciation / amortization differences of		
property, plant and equipment and other intangible assets	10,831	4,818
Adjustments related to deferred income	(6,858)	-
Provision for employment termination benefits	(10,171)	(2,696)
	(14,510)	133,623

The movements of deferred tax (asses)/ liabilities for the periods ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December	1 January- 31 December
	2023	2022
Movement of deferred tax (assets)/liabilities:		
Opening balance as of 1 January	(133,623)	(155,444)
Charged to profit or loss	148,133	21,821
Closing balance at 31 December	14,510	(133,623)

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

**NOTE 22 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

	1 January- 31 December	1 January- 31 December
	2023	2022
<u>Reconciliation of tax provision:</u>		
Profit from operations before tax	(4,222,447)	893,953
Tax at the domestic income tax rate 2023: 25% (2022: 23%)	1,055,612	(223,263)
Tax effects of:		
- revenue that is exempt from taxation	(953,382)	199,882
- the effect of tax rate change from 23% to 25%	(33,406)	-
- effect of statutory inflation accounting	(176,840)	-
- other	(40,117)	11,374
Income tax expense recognised in profit	(148,133)	(12,007)
<u>Tax (expense) / income comprises:</u>		
Current tax expense	-	(9,814)
Deferred tax income	148,133	21,821
Total tax income	148,133	12,007

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 Group's shares for the period.

The Group 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	(4,074,314)	905,060
Weighted average number of ordinary shares	3,804,550,291	3,938,879,862
Earnings per share	(0.0107)	0.0023

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 24 – RELATED PARTY DISCLOSURES

The main shareholder of the Group 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 Group are as listed below.

1. T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")
2. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
3. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
4. Vakıf Gayrimenkul Yatırım OrtaklıĞı A.Ş. (an affiliate of TOKİ)
5. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
6. Emlak-Toplu Konut İdaresi Spor Kulübü
7. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
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 Konut Spor Kulübü Derneği
11. Türkiye Emlak Katılım Bankası A.Ş.
12. T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü
13. İller Bankası A.Ş.
14. Emlak Basın Yayın A.Ş.

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 Group 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 Group keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 December 2023 the Group 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 Group as of 31 December 2023 are explained in Note 4.

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

	31 December 2023	31 December 2022
Trade receivables from related parties		
T.C. Çevre ve Şehircilik Bakanlığı (*)	3,766,338	-
	3,766,338	-

(*) The Company's trade receivables from the Ministry of Environment and Urbanization consist of payments made by the Company for urban transformation projects

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

	31 December 2023	31 December 2022
Short-term other receivables from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Ferzan Adı OrtaklıĞı	62,258	-
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Şua İnşaat Adı OrtaklıĞı	9,306	-
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi	23	-
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Güneri Adı OrtaklıĞı	26	-
	71,613	-

	31 December 2023	31 December 2022
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ") (*)	-	2,924,644
	-	2,924,644

(*) 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.

	31 December 2023	31 December 2022
Deferred revenue from related parties		
Türkiye Emlak Katılım Bankası A.Ş. (*)	3,517,023	1,680,489
	3,517,023	1,680,489

(*) Includes amounts received by the Group for 29 commercial units sold to Türkiye Emlak Katılım Bankası A.Ş.

	31 December 2023	31 December 2022
Short-term other payables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	600	977
	600	977

	31 December 2023	31 December 2022
Financial investments from related parties		
Türkiye Emlak Katılım Bankası A.Ş.	-	94,771
	-	94,771

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

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.

	1 January- 31 December 2023	1 January- 31 December 2022
Purchases from related parties		
Emlak Basın Yayın A.Ş.	2,556	2,496
T.C. Çevre ve Şehircilik Bakanlığı	-	6,615,470
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")	-	8,581,906
	2,556	15,199,872

	1 January- 31 December 2023	1 January- 31 December 2022
Sales to related parties		
T.C. Çevre ve Şehircilik Bakanlığı	1,164,453	222,443
Gedaş Gayrimenkul Değerleme A.Ş.	32,076	-
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")	46,470	5,479
İller Bankası A.Ş.	-	1,316,424
	1,242,999	1,544,346

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 Group 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:

	1 January- 31 December 2023	1 January- 31 December 2022
Compensation to key management		
Salaries and other short-term benefits	40,040	40,442
	40,040	40,442

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

The Group'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 Group.

Liquidity Risk

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

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

The maturity distribution of financial liabilities of the Group as of 31 December 2023 and 2022 is as follows:

31 December 2023	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year-to 5 years
Short-term financial liabilities					
(Non-derivative):					
Financial liabilities	3,232,993	4,190,332	2,099,398	2,090,934	-
Trade payables	4,070,893	4,070,893	4,070,893	-	-
Other payables	1,176,378	1,176,378	1,175,778	600	-
	8,480,264	9,437,603	7,346,069	2,091,534	-
Long-term financial liabilities					
(Non-derivative):					
Financial liabilities	1,268,969	2,001,781	-	-	2,001,781
Trade payables	369,504	369,504	-	-	369,504
Other payables	210,539	210,539	-	-	210,539
	1,849,012	2,581,824	-	-	2,581,824
31 December 2022	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year-to 5 years
Short-term financial liabilities					
(Non-derivative):					
Financial liabilities	5,131,700	3,070,113	1,535,513	1,534,600	-
Trade payables	4,872,102	4,872,101	4,872,101	-	-
Other payables	850,507	850,507	850,507	-	-
	10,854,309	8,792,721	7,258,121	1,534,600	-
Long-term financial liabilities					
(Non-derivative):					
Financial liabilities	5,113,975	5,113,975	-	-	5,113,975
Trade payables	33	33	-	-	33
Other payables	193,414	193,414	-	-	193,414
	5,307,422	5,307,422	-	-	5,307,422

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

Interest Rate Risk

The Group is vulnerable to interest rate arising from the change of interest rates due to its interest-earning 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.

Average effective annual interest rates of balance sheet items as of 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

The table showing the Group's interest rate sensitive financial instruments is as follows:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Time deposits	15,300,917	9,660,066
Financial liabilities	4,501,962	10,245,675

Credit Risk Disclosures

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

The Group manages credit risk of bank deposits by working mainly with state banks established in Turkey and having long standing relations with the Group. 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.

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

Credit Risk Disclosures (Continued)

As of 31 December 2023, details of credit and receivables risk are as follows:

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	3,766,338	8,659,363	71,613	937,345	15,379,101	-
Secured portion of the maximum credit risk by guarantees,etc.,	3,766,338	8,199,429	71,613	937,345	15,379,101	-
A. Net carrying value of financial assets that are neither past due nor impaired	3,766,338	8,199,429	71,613	937,345	15,379,101	-
Secured portion by guarantees etc.	3,766,338	8,199,429	71,613	937,345	15,379,101	-
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	-	459,934	-	-	-	-
Secured portion by guarantees etc.	-	459,934	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
Past due (Gross carrying value)	-	5,243	-	-	-	-
Impairment (-)	-	(5,243)	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-

As of 31 December 2022, details of credit and receivables risk are as follows:

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	-	11,327,492	-	987,566	9,691,633	-
Secured portion of the maximum credit risk by guarantees,etc.,	-	11,071,812	-	987,566	9,691,633	-
A. Net carrying value of financial assets that are neither past due nor impaired	-	11,071,812	-	987,566	9,691,633	-
Secured portion by guarantees etc.	-	11,071,812	-	987,566	9,691,633	-
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)	-	6,319	-	-	-	-
Impairment (-)	-	(6,319)	-	-	-	-
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 impairment on the Group's asset that subject to credit risk of financial activities. In addition, the Group does not have any items that include off-balance credit risk and assets that are overdue but not impaired.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

Foreign Exchange Risk

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

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 Group's foreign currency assets and liabilities did not need to be balanced with any off-balance sheet items.

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

	TL Amount (Functional Currency)	US Dollar	EURO
1a. Monetary Financial Assets	33,573	4,525	-
2. CURRENT ASSETS	33,573	4,525	-
3. TOTAL ASSETS	33,573	4,525	-
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6. TOTAL LIABILITIES	-	-	-
7. Net Foreign Currency Assets/Liabilities Position	33,573	4,525	-
8. Monetary Items Net Foreign Currency Assets / Liabilities (1a-4a)	33,573	4,525	-

31 December 2022

	TL Amount (Functional Currency)	US Dollar	EURO
1a. Monetary Financial Assets	2,144	1,039	1,105
2. CURRENT ASSETS	2,144	1,039	1,105
3. TOTAL ASSETS	2,144	1,039	1,105
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6. TOTAL LIABILITIES	-	-	-
7. Net Foreign Currency Assets/Liabilities Position	2,144	1,039	1,105
8. Monetary Items Net Foreign Currency Assets / Liabilities (1a-4a)	2,144	1,039	1,105

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

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

Capital Risk Management

The Group attempts to manage its capital by minimizing the investment risk with portfolio diversification. The Group's objectives when managing capital are to safeguard the Group'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 Group's objectives are to maintain the Group'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	4,501,962	10,245,675
Less: Cash and cash equivalents	(15,866,693)	(10,063,686)
Net Liability/(Asset)	(11,364,731)	181,989
Total Shareholder's Equity	57,230,391	61,544,059
Total Capital	45,865,660	61,726,048
Net liability (asset)/Total Capital Ratio	-25%	0%

NOTE 26 – FINANCIAL INSTRUMENTS

31 December 2023	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	15,866,693	-	15,866,693	4
Trade receivables	8,659,363	-	8,659,363	7
Trade receivables due from related parties	3,766,338	-	3,766,338	27
Other financial assets	937,345	-	937,345	8
Borrowings	-	4,501,962	4,501,962	6
Trade payables	-	4,070,893	4,070,893	7
Other financial liabilities	-	1,386,317	1,386,317	8
31 December 2022	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	10,063,686	-	10,063,686	4
Trade receivables	11,531,746	-	11,531,746	7
Other financial assets	987,566	-	987,566	8
Borrowings	-	10,245,676	10,245,676	6
Trade payables	-	4,872,101	4,872,101	7
Due to related parties	-	2,924,644	2,924,644	27
Other financial liabilities	-	1,042,943	1,042,943	8

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of 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 Group 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 Group 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.

Special issue Government Debt Securities issued by the Treasury and given to the Group for the payments to be made to the HAS beneficiaries are not subject to trading in the secondary market and do not contain interest. They are recognized with their carrying value which is their fair value by the Group and they can be amortised at carrying value by the Group against the Treasury.

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 Group'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 Group 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 26 – FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued):

Fair Value of Financial Instruments

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

- Level 1: Financial assets and financial liabilities with standard terms and conditions are valued with quoted market prices which are determined on active liquid markets.
- Level 2: Financial assets and financial liabilities are valued by directly or indirectly observable market prices rather than the quoted market prices mentioned in first level of the regarding assets or liabilities.
- Level 3: Financial assets and financial liabilities are valued by inputs where there is no observable market data of the fair value of the regarding assets and liabilities.

NOTE 27 – COMMITMENTS

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

	31 December 2023	31 December 2022
Guarantees received (*)	24,110,593	16,357,525
Mortgages received (**) <hr/>	752,162	545,360
	24,862,755	16,902,885

(*) 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.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

NOTE 27 – COMMITMENTS (Continued)

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

	31 December 2023	31 December 2022
A. CPM given on behalf of the Company's legal personality	293,502	681,639
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM	-	-
i) Total amount of CPM given on behalf of majority shareholder	-	-
ii) Total amount of CPM given on behalf of other companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
	293,502	681,639

NOTE 28 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

	2023			2022		
	BDK	Other BDK	Total	BDK	Other BDK	Total
Independent audit fee for the reporting period	2,320	-	2,320	1,909	-	1,909
Fees for tax advisory services	-	1,328	1,328	-	1,986	1,986
	2,320	1,328	3,648	1,909	1,986	3,895

NOTE 29 - EVENTS AFTER THE REPORTING PERIOD

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

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

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

**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%

The information in the table of Control of Compliance with the Portfolio Limitations is condensed information derived from financial statements as per Article 16 of Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" and is prepared within the frame of provisions related to compliance to portfolio limitations stated in the Communiqué Serial III No 48.1 "Principles Regarding Real Estate Investment Trusts" published in the Official Gazette No. 28660 on 28 May 2013.