

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR INTERIM PERIOD 1 JANUARY – 30 JUNE 2024
AND INDEPENDENT AUDITOR’S REPORT**

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



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

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

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

Burak Özpoyraz, SMMM
Independent Auditor

Istanbul, 2 September 2024

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

	Notes	Reviewed 30 June 2024	Audited 31 December 2023
ASSETS			
Current assets		148,609,844	142,022,163
Cash and cash equivalents	4	8,226,644	19,791,254
Trade receivables		9,559,634	9,862,264
<i>Trade receivables due from related parties</i>	24	4,876,105	4,697,926
<i>Trade receivables due from third parties</i>	6	4,683,529	5,164,338
Other receivables		366,516	1,228,670
<i>Other receivables due from related parties</i>	24	235	89,326
<i>Other receivables due from third parties</i>	7	366,281	1,139,344
Inventories	8	127,302,613	105,330,522
Prepaid expenses		1,120,688	161,035
<i>Prepaid expenses to third parties</i>	15	1,120,688	161,035
Other current assets	14	2,032,078	5,642,406
Current tax assets	22	1,671	6,012
Non-current assets		7,218,083	9,509,208
Trade receivables		3,084,934	5,636,883
<i>Trade receivables due from third parties</i>	6	3,084,934	5,636,883
Other receivables		23,590	29,849
<i>Other receivables due from third parties</i>	7	23,590	29,849
Investments accounted for using equity method		2,679	1,685
Investment properties	9	2,260,898	2,328,014
Right-of-use assets		4,852	6,052
Property, plant and equipment	10	1,751,825	1,412,872
Intangible assets	11	89,305	75,754
Deferred tax assets	22	-	18,099
Total assets		155,827,927	151,531,371

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

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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

	Notes	Reviewed 30 June 2024	Audited 31 December 2023
LIABILITIES AND EQUITY			
Current liabilities		82,192,742	77,618,576
Short-term borrowings	5	863,325	1,310,070
Short-term portions of long-term borrowings	5	2,231,293	2,722,590
<i>Lease liabilities</i>	5	944	1,177
<i>Bank Loans</i>	5	2,230,349	2,721,413
Trade payables		5,216,120	5,077,812
<i>Trade payables due to related parties</i>	24	218,210	-
<i>Trade payables due to third parties</i>	6	4,997,910	5,077,812
Other payables		2,151,151	1,467,350
<i>Other payables to related parties</i>	24	602	748
<i>Other payables to third parties</i>	7	2,150,549	1,466,602
Deferred income		71,371,042	66,581,653
<i>Deferred income from related parties</i>	24	3,897,142	4,386,944
<i>Deferred income from third parties</i>	15	67,473,900	62,194,709
Short-term provisions		359,811	459,101
<i>Short-term provisions for employee benefits</i>	13	95,325	131,442
<i>Other short-term provisions</i>	12	264,486	327,659
Non-current liabilities		1,219,300	2,526,702
Long-term borrowings	5	252,622	1,582,843
Long-term borrowings from related parties			
<i>Lease liabilities</i>	5	5,640	7,035
<i>Bank Loans</i>	5	246,982	1,575,808
Trade payables	6	369,105	460,899
<i>Trade payables due to third parties</i>		369,105	460,899
Other payables	7	344,432	262,615
<i>Other payables to third parties</i>		344,432	262,615
Deferred income	15	56,378	69,416
<i>Deferred income from third parties</i>		56,378	69,416
Long-term provisions		161,712	150,929
<i>Long-term provisions for employee benefits</i>	13	161,712	150,929
Deferred tax liability	22	35,051	-
Shareholders' equity		72,415,885	71,386,093
Total equity attributable to equity holders of the Company		72,415,885	71,386,093
Paid-in capital	16	3,800,000	3,800,000
Adjustment to share capital		43,764,685	43,764,685
Treasury shares (-)		(55,852)	(55,852)
Share premium (discounts)		24,994,183	24,994,183
Losses on Remeasurements Defined Benefit Plans		(17,190)	-
Other equity reserves		(1,502,568)	(1,502,568)
Restricted reserves appropriated from profit		7,503,591	7,503,591
Retained earnings		(7,117,946)	(2,035,867)
Net profit for the year		1,046,982	(5,082,079)
Non-controlling interests		-	-
Total liabilities and equity		155,827,927	151,531,371

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

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

**INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2024 AND 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

	Notes	Reviewed 1 January - 30 June 2024	Unaudited 1 April - 30 June 2024	Reviewed 1 January - 30 June 2023	Unaudited 1 April - 30 June 2023
Revenue	17	7,435,872	5,060,366	23,126,190	13,157,043
Cost of sales (-)	17	(4,180,967)	(2,824,374)	(17,884,575)	(9,867,507)
Gross profit		3,254,905	2,235,992	5,241,615	3,289,536
General administrative expenses (-)	18	(1,347,745)	(758,766)	(2,633,472)	(626,449)
Marketing expenses (-)	18	(210,519)	(118,021)	(381,706)	(270,312)
Other income from operating activities	20	997,272	240,630	2,332,951	1,987,599
Other expenses from operating activities (-)	20	(207,863)	(66,709)	(4,214,082)	(2,200,527)
Operating profit		2,486,050	1,533,126	345,306	2,179,847
Operating profit before financial income		2,486,050	1,533,126	345,306	2,179,847
Financial income	21	1,985,182	857,701	1,832,043	1,330,688
Financial expenses (-)	21	(600,965)	(166,463)	(1,378,857)	(874,868)
Monetary loss		(2,764,405)	(1,249,410)	(3,836,151)	(2,212,944)
Profit/(loss) from continuing operations, before tax		1,105,862	974,954	(3,037,659)	422,723
Tax (expense)/income from continuing operations		(58,880)	(16,473)	(29,540)	(4,712)
<i>Current period tax expense</i>	22	-	-	-	-
<i>Deferred tax expense</i>	22	(58,880)	(16,473)	(29,540)	(4,712)
Net profit for the period		1,046,982	958,481	(3,067,199)	418,011
Profit for the period is attributable to:					
Non-controlling interests		-	-	-	-
Owners of the Company		1,046,982	958,481	(3,067,199)	418,011
Other comprehensive income					
Items that will be reclassified to profit or loss					
<i>Actuarial losses related to employee benefit liabilities</i>		(22,920)	(22,920)	-	-
Taxes relating to Components of other comprehensive income that will not be reclassified to profit or loss		5,730	5,730	-	-
<i>Actuarial losses related to employee benefit liabilities, tax effect</i>		5,730	5,730	-	-
Other comprehensive expense		(17,190)	(17,190)	-	-
Total comprehensive income for the period		1,029,792	941,291	(3,067,199)	418,011
Total comprehensive income is attributable to:					
Non-controlling interests		-	-	-	-
Owners of the Company		1,029,792	941,291	(3,067,199)	418,011
Earnings per share (in full TRY)		0.27519	0.25193	(0.80619)	0.10987

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

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 1 JANUARY – 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

	Other Accumulated Comprehensive Income and Expense not to be Reclassified to											
	Profit or Loss						Retained Earnings					
	Share capital	Adjustment to Share capital	Treasury shares (-)	Share premium/ discounts	Other equity reserves	Other Restricted reserves appropriated from profit	Gain/Loss on remeasurement of defined benefit plans	Retained earnings	Net profit for the period	Equity attributable to the parent	Non-controlling interest	Total equity
1 January 2023	3,800,000	43,764,685	(2,820,733)	24,994,183	-	7,317,634	-	(1,417,962)	1,128,923	76,766,730	-	76,766,730
Transfers	-	-	-	-	-	184,686	-	944,237	(1,128,923)	-	-	-
Dividend (Note 14)	-	-	-	-	-	-	-	(1,588,310)	-	(1,588,310)	-	(1,588,310)
(Increase)/decrease due to share repurchase transactions (*)	-	-	(723,483)	-	81,842	-	-	-	-	(641,641)	-	(641,641)
Total comprehensive loss	-	-	-	-	-	-	-	-	(3,067,199)	(3,067,199)	-	(3,067,199)
30 June 2023	3,800,000	43,764,685	(3,544,216)	24,994,183	81,842	7,502,320	-	(2,062,035)	(3,067,199)	71,469,580	-	71,469,580
1 January 2024	3,800,000	43,764,685	(55,852)	24,994,183	(1,502,568)	7,503,591	-	(2,035,867)	(5,082,079)	71,386,093	-	71,386,093
Transfers	-	-	-	-	-	-	-	(5,082,079)	5,082,079	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	(17,190)	-	1,046,982	1,029,792	-	1,029,792
30 June 2024	3,800,000	43,764,685	(55,852)	24,994,183	(1,502,568)	7,503,591	(17,190)	(7,117,946)	1,046,982	72,415,885	-	72,415,885

(*) As of 30 June 2024, 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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 1 JANUARY – 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

		Reviewed 1 January - 30 June 2024	Reviewed 1 January - 30 June 2023
	Notes		
Cash flows from operating activities			
Profit for the period		1,046,982	(3,067,199)
Adjustments related to reconcile of net profit for the period			
Adjustments related to depreciation and amortization expenses	18, 19	143,849	68,377
Adjustments related to tax expense (income)	22	58,880	29,540
Adjustments related to (reversal of) impairments (net)		(873,236)	(4,557,740)
<i>Adjustments related to (reversal of) impairment of inventories (net)</i>	8	(873,236)	(4,557,740)
Adjustments related to provisions		9,757	91,346
<i>Adjustments related to (reversal of) provisions for employee benefits</i>	13	7,783	63,490
<i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i>	13	1,801	29,198
<i>Adjustments related to (reversal of) provisions for others</i>	5	173	(1,342)
Adjustments for interest (income) and expenses		(1,446,429)	(1,424,722)
<i>Adjustments for interest income</i>	21	(2,158,022)	(3,259,815)
<i>Adjustments for interest expense</i>	21	711,593	1,835,093
Monetary gain / loss		4,642,130	3,704,236
Net cash from operations before changes in assets and liabilities		3,581,933	(5,156,162)
Changes in net working capital:			-
Adjustments related to (increase)/decrease in trade receivable		(240,482)	(3,930,963)
<i>Decrease/(increase) in trade receivables from related parties</i>		356,181	(2,771,536)
<i>Decrease/(Increase) in trade receivables from third parties</i>		(596,663)	(1,159,427)
Adjustments related to decrease/(increase) in inventories		(21,098,855)	14,675,576
Adjustments related to increase/(decrease) in trade payables		1,256,982	(1,248,413)
<i>Increase/(decrease) in trade payables to third parties</i>		1,256,982	(1,248,413)
Adjustments related to decrease/(increase) in other receivables related to operations		2,458,812	(2,268,148)
Adjustments related to increase/(decrease) in other payables related to operations		5,993,624	10,630,895
Adjustments related to other increase/(decrease) in working capital		4,937	(2,269,687)
Net cash flows from operating activities			
Payments related to provisions for employee benefits		(8,883)	(1,937)
Cash flows from operating activities		(8,051,932)	10,431,161
Purchases of investment properties, property, plant and equipment and intangible assets		(429,237)	(149,767)
Interest received		228,123	633,520
Cash flows from investing activities		(201,114)	483,753
Payments to acquire entity's shares or other equity instruments		-	(641,641)
Proceeds from Borrowings		1,859,189	5,670,287
<i>Proceeds from Loans</i>		-	1,999,314
<i>Proceeds from Issue of Debt Instruments</i>		1,859,189	3,670,973
Repayments of borrowings		(3,209,226)	(5,371,198)
<i>Loan Repayments</i>		(1,232,217)	(2,329,969)
<i>Payments of Issued Debt Instruments</i>		(1,977,009)	(3,041,229)
Interest paid		(711,593)	(1,835,093)
Dividends paid		-	(1,588,310)
Interest received		1,929,899	2,626,295
Cash flow from financing activities		(131,731)	(1,139,660)
Inflation impact on cash and cash equivalents		(2,929,809)	(2,508,826)
Net increase (decrease) in cash and cash equivalents		(11,314,586)	7,266,428
Cash and cash equivalents at the beginning of the period	4	18,547,565	10,861,595
Cash and cash equivalents at the end of the period	4	7,232,979	18,128,023

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, 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 30 June 2024, the number of employees of the Group is 1,123 (31 December 2023 - 1,142).

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 30 June 2024 have been approved by the Board of Directors on 2 September 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, 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	30 June 2024		31 December 2023	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. 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	30 June 2024		31 December 2023	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
İstmarina AVM Adi Ortaklığı	30	30	30	30
Büyükyalı Tesis Yönetimi A.Ş.	40	40	40	40
Merkez Cadde Yönetim A.Ş.	37	37	37	37

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, 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 4 July 2024 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.

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**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.

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**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

The Company prepared its consolidated financial statements as of 30 June 2024 and for the interim period ended 30 June 2024 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Application Guidance on Financial Reporting in Hyperinflationary Economies". In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date and comparative figures for prior periods are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has presented its consolidated financial statements as of 30 June 2023 and 31 December 2023 on a purchasing power basis as of 30 June 2024.

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.

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**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)

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TSI"). As at 30 June 2024, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows:

Date	Index	Adjustment correlation	3-year cumulative inflation ratios
30.06.2024	2,319.29	1.00000	324%
31.12.2023	1,859.38	1.24735	268%
30.06.2023	1,351.59	1.71597	190%

Procedure of TAS 29 is presented below:

- All accounts, excluding accounts that are presented with current purchasing power at the current period, are restated with their related price index correlation. Same method is applied for previous years.
- Monetary balance sheet accounts are not restated because these accounts are presented with current purchasing power at the current period. Monetary accounts are accounts that are either received or paid in cash.

The main components of the Company's restatement for the purpose of financial reporting in hyperinflationary economies are as follows:

- The consolidated financial statements for the current period presented in Turkish Lira are expressed in terms of the purchasing power at the balance sheet date and the amounts for previous reporting periods have been restated in accordance with the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 have been applied, respectively.
- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by using the relevant adjustment factors.
- "All items in the statement of comprehensive income, except for the effect of non-monetary items in the balance sheet on the statement of comprehensive income, have been restated by applying the coefficients calculated over the periods in which the income and expense accounts were initially recognized in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period has been recognized in the consolidated income statement in the net monetary position gains account.

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

2.1. Basis of Presentation (Continued)

Functional and Reporting Currency

Each item in the condensed separate financial statements of the Company is accounted for using the currency of the primary economic environment in which the Company operates ('functional currency'). The functional currency of the Company is TRY and the presentation currency is thousand TRY.

Netting Offsetting

Financial assets and liabilities are offset and the net amount is 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 and estimates and errors

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements are restated if they are of a nature to provide a more appropriate and reliable presentation of the effects of transactions and events on the entity's individual financial position, performance or cash flows in the financial statements.

2.3. Compliance with Portfolio Restrictions

Additional Note The information in the Control of Compliance with Portfolio Restrictions Table is summarized information derived from the financial statements in accordance with Article 16 of the Communiqué Serial: II, No: 14.1 "Communiqué on Principles Regarding Financial Reporting in Capital Markets" and is in the nature of summary information derived from the financial statements in accordance with Article 16 of the Communiqué Serial: III, No: 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" and has been prepared within the framework of the provisions regarding the control of compliance with portfolio limitations.

NOTE 3 - ACCOUNTING POLICIES

The condensed interim financial statements as at 30 June 2024 have been prepared by applying accounting policies consistent with the accounting policies applied in the preparation of the financial statements for the period ended 30 June 2024. Accordingly, the condensed interim financial statements should be read in conjunction with the year-end financial statements for completeness.

a) New standards, amendments and interpretations to existing standards effective as of 30 June 2024

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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NOTE 3 - ACCOUNTING POLICIES (Continued)

a) New standards, amendments and interpretations to existing standards effective as of 30 June 2024 (Continued)

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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. On 5 January 2024, "Board Decision on the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)", the entities that fall within the scope of sustainability application are listed for the purpose of Determining the Entities that will be subject to Sustainability Reporting.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2024:

IFRS codification has been preserved in the standards recently issued by the International Accounting Standards Board but not yet codified by the Public Oversight Authority.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2025. This standard is an amendment to IFRS 17, 'Insurance Contracts', which currently permits a wide range of applications. It replaces TFRS 4. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

However, in the letter dated 6 April 2023 sent by the Public Oversight Authority (POA) to the Association of Insurance, Reinsurance and Pension Companies of Turkey, it has been reported that it has reached the opinion that it would be appropriate to apply TFRS 17 in the consolidated and separate financial statements of insurance, reinsurance and pension companies, banks that have partnerships/investments in these companies and other companies that also have partnerships/investments in these companies as of 1 January 2024. On the other hand, the implementation date of TFRS 17 has been postponed to 1 January 2025 by POA.

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NOTE 3 - ACCOUNTING POLICIES (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2024 (Continued):

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash on hand	85	96
Banks	7,494,679	19,183,058
- <i>Demand deposit</i>	96,909	97,522
- <i>Time deposits with maturities less than 3 months</i>	7,397,770	19,085,536
Other cash and cash equivalents	731,880	608,100
	8,226,644	19,791,254

Maturities of cash and cash flows are as follows:

	30 June 2024	31 December 2023
Demand	96,909	97,522
Up to 3 month	7,397,770	19,085,536
	7,494,679	19,183,058

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

	30 June 2024	31 December 2023
	(%)	(%)
Effective annual interest rate	48.08	40.58

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

	30 June 2024	31 December 2023
Cash and cash equivalents	8,226,644	19,791,254
Less: Interest accruals on deposits	(14,644)	(149,642)
Less: LSRSA project deposits (*)	(1,003,950)	(1,114,777)
Add: the effect of provisions released under TFRS 9	24,929	20,730
	7,232,979	18,547,565

(*) 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 2023: None) project accounts amounting TRY1,003,950 (31 December 2023: TRY1,114,777).

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NOTE 5 – FINANCIAL LIABILITIES

	30 June 2024	31 December 2023
Short-term financial liabilities		
Short-term bank loans	63,325	187,459
Issued debt instruments (*)	800,000	1,122,611
Short-term portion of long-term borrowings	2,230,349	2,721,413
Lease obligation	944	1,177
	3,094,618	4,032,660

(*) On 3 April 2024, the Company issued lease certificates with a maturity date of 11 July 2024 and a nominal amount of TRY400,000 (2023: TRY400,000) with a 53% (2023: 38%) profit share and on 14 May 2024, the Company issued lease certificates with a maturity date of 13 August 2024 and a nominal amount of TRY498,938 (2023: TRY 623,673) with a 53.50% (2023: 40% profit share).

	30 June 2024	31 December 2023
Long-term financial liabilities		
Long-term borrowings	246,982	1,575,808
Lease obligation	5,640	7,035
	252,622	1,582,843

Borrowings used as of 30 June 2024 are denominated in TRY and the weighted average interest rate is 20.67% (31 December 2023: 20.66%).

The redemption schedules of the borrowings as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
2025	246,982	1,575,808
	246,982	1,575,808

The maturity distributions of the borrowings are as follows:

	30 June 2024	31 December 2023
Less than 3 months	809,134	1,240,610
Between 3 - 12 months	1,484,540	1,668,262
Between 1 - 5 years	246,982	1,575,808
	2,540,656	4,484,680

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NOTE 6 – TRADE RECEIVABLES AND PAYABLES

As at 30 June 2024 and 31 December 2023, details of trade receivables and payables are as follows:

Short-term trade receivables	30 June 2024	31 December 2023
Due from related parties (Note 24)	4,876,105	4,697,926
Receivables from land sales	2,623,107	1,018,706
Receivables from sale of residential and commercial units	1,996,531	2,421,705
Notes of receivables	192,731	263,685
Receivables from contractors of the lands invoiced under LSRSA	174,126	1,749,368
Receivables from lessees	95,459	85,956
Other	8,579	11,044
Unearned finance income	(407,004)	(386,126)
	9,559,634	9,862,264
Doubtful receivables	5,401	6,540
Less: Provision for doubtful receivables	(5,401)	(6,540)
	9,559,634	9,862,264

	30 June 2024	31 December 2023
Long-term trade receivables		
Receivables from sale of residential and commercial units	3,655,081	5,058,803
Receivables from land sales	585,315	1,816,234
Unearned finance income	(1,155,462)	(1,238,154)
	3,084,934	5,636,883

	30 June 2024	31 December 2023
Short-term trade payables		
Payables to LSRSA contractors invoiced	961,905	1,152,403
Trade payables	3,902,849	3,137,644
Interest accruals on time deposits of contractors (*)	351,366	787,765
	5,216,120	5,077,812

(*) 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.

	30 June 2024	31 December 2023
Long-term trade payables		
Trade payables	369,105	460,899
	369,105	460,899

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NOTE 7 – OTHER RECEIVABLES AND PAYABLES

As at 30 June 2024 and 31 December 2023, details of other receivables and payables are as follows:

	30 June 2024	31 December 2023
Short-term other receivables		
Advances given to contractor firms	277,525	672,914
Receivables from the authorities	41,751	34,922
Other receivables from related parties (Note 24)	235	89,326
Other	47,005	431,508
	366,516	1,228,670
	30 June 2024	31 December 2023
Long-term other receivables		
Other receivables from third parties	22,576	28,584
Deposits and guarantees given	1,014	1,265
	23,590	29,849
	30 June 2024	31 December 2023
Short-term other payables		
Taxes and funds payable	1,971,128	1,351,008
Other payables to related parties	602	748
Other	179,421	115,594
	2,151,151	1,467,350

As of 30 June 2024, other long-term payables are amount to TRY344,432 and consist of deposits and guarantees received (31 December 2023: TRY262,615).

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NOTE 8 – INVENTORIES

As at 30 June 2024 and 31 December 2023, details of inventories are as follows:

	30 June 2024	31 December 2023
Lands	25,265,438	23,323,998
<i>Cost</i>	31,566,874	30,446,795
<i>Impairment</i>	(6,301,436)	(7,122,797)
Planned land by LSRSA	41,942,585	42,020,168
Planned land by turnkey project	30,878,404	26,921,370
<i>Planned land by turnkey project</i>	36,933,941	32,976,907
<i>Impairment (*)</i>	(6,055,537)	(6,055,537)
Residential and commercial units ready for sale	12,172,206	10,662,196
<i>Cost</i>	13,551,811	12,093,676
<i>Impairment</i>	(1,379,605)	(1,431,480)
Inventories of Emlak Konut Asansör	1,481,654	924,897
Advances given for inventories (**)	15,562,326	1,477,893
	127,302,613	105,330,522

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

(**) As of June 30, 2024, an amount of TRY 13,137,112 from the advances given for inventories consists of the payment made for 1,615 independent units purchased under the Yeni Fikirtepe project undertaken on behalf of the Republic of Turkey Ministry of Environment, Urbanization, and Climate Change.

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:

	2024	2023
Opening balance at 1 January	14,609,814	21,597,729
Impairment on inventories within the current period	442,653	3,445,674
Reversal of impairment on inventories within the current period	(1,315,889)	(8,003,414)
Closing balance at 30 June	13,736,578	17,039,989

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NOTE 8 – INVENTORIES (Continued)

As of 30 June 2024 and 31 December 2023 the details of land and residential inventories of the Group are as follows:

Lands	30 June 2024	31 December 2023
İstanbul Küçükçekmece Lands	6,224,529	6,224,529
İstanbul Avcılar Lands	4,561,238	3,593,592
Muğla Bodrum Lands	3,683,227	4,545,094
İstanbul Esenler Lands	3,674,261	4,328,819
İzmir Çeşme Lands	1,461,771	-
İstanbul Başakşehir Lands	1,028,389	1,269,831
Antalya Alanya Lands	868,586	-
İstanbul Çekmeköy Lands	600,586	600,565
İstanbul Eyüp Lands	495,877	493,767
İstanbul Kartal Lands	460,091	111,800
İzmir Urla Lands	396,643	396,643
İzmir Aliağa Lands	316,536	261,169
İstanbul Arnavutköy Lands	266,301	553,136
Muğla Milas Lands	184,297	184,288
İstanbul Resneli Lands	180,525	198,089
Antalya Konyaaltı Lands	144,015	-
İzmir Seferihisar Lands	126,587	147,530
İzmir Karşıyaka Lands	122,131	-
Zonguldak Merkez Lands	96,370	-
Tekirdağ Çorlu Lands	92,087	92,087
İstanbul Tuzla Lands	79,603	84,881
İzmir Konak Umurbey Lands	60,756	60,756
Sakarya Sapanca Lands	52,708	57,838
Yalova Lands	35,570	-
Ankara Çankaya Lands	26,119	26,119
Kocaeli Lands	-	18,869
Balıkesir Lands	-	16,307
İstanbul Sarıyer Lands	-	12,333
Other	26,635	45,956
	25,265,438	23,323,998

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NOTE 8 - INVENTORIES (Continued)

As of 30 June 2024 and 31 December 2023, the Group's projected land details are as follows:

Planned lands by LSRSA	30 June 2024	31 December 2023
Nidapark İstinye Project	5,673,406	5,676,554
Nişantaşı Koru Project	3,958,833	3,959,206
Bizim Mahalle 2. Etap 2. Kısım Project	3,157,424	3,159,311
Merkez Ankara Project	2,832,150	2,833,717
Nidapark Küçükyalı Project	2,789,803	2,791,347
Yeni Levent Project	2,011,941	2,002,788
Bizim Mahalle 2. Etap 1. Kısım Project	1,839,977	1,840,995
Çekmeköy Çınarköy Project	1,741,762	1,742,726
Meydan Başakşehir Project	1,649,316	1,650,229
Batıyakası 2. Etap Project	1,490,415	1,491,239
Next Level İstanbul Project	1,380,170	1,380,934
Beşiktaş Akat Project	1,358,832	1,329,245
Ümraniye İnkılap Project	1,258,630	1,259,327
İstanbul Kayabaşı 9. Etap Project	1,232,457	1,233,139
Başakşehir Ayazma 4. Etap Project	1,113,593	1,114,209
İstanbul Tuzla Merkez Project	1,101,066	1,101,675
Batıyakası 1. Etap Project	969,288	970,127
İstanbul Kayabaşı 8. Etap Project	834,814	835,276
İstanbul Eyüpsultan Kemerburgaz Project	804,142	804,557
Avcılar Firüzköy 1. Etap 2. Kısım Project	777,161	777,935
Avcılar Firüzköy 2. Etap Project	767,599	768,023
Avcılar Firüzköy 1. Etap 1. Kısım Project	713,429	713,824
Bodrum Türkbükü Project	578,906	579,226
Nezihpark Project	354,946	355,142
Antalya Aksu Project	311,007	311,179
Barbaros 48 Project	305,793	305,961
İstanbul Ataşehir Küçükbakkalköy Project	287,685	287,843
İstanbul Kayabaşı 10. Etap Project	268,781	268,929
Cer İstanbul Project	177,214	177,313
Ankara Çayyolu 2. Etap Project	151,366	151,081
Other	50,679	147,111
	41,942,585	42,020,168

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NOTE 8 - INVENTORIES (Continued)

As of 30 June 2024 and 31 December 2023, the details of the Group's completed residential and commercial units are as follows:

Residential and commercial units completed	30 June 2024	31 December 2023
Merkez Ankara Project	4,707,053	4,746,878
Saraçoğlu Mahallesi Project	2,141,969	-
Kuzey Yakası Project	1,559,549	1,710,749
Maslak 1453 Project	1,205,869	1,208,094
Komşu Finans Evleri Project	908,067	909,018
Bizim Mahalle 1. Etap 1. Kısım Project	399,774	486,647
Denizli Merkez Efendi İkmal İşİ Project	255,584	445,472
Sarphan Finanspark Project	340,619	375,969
Bizim Mahalle 1. Etap 2. Kısım Project	279,851	278,199
Semt Bahçekent 1. Etap 2. Kısım Project	80,414	80,414
Yalova Armutlu Project	60,904	60,904
Köy 2. Etap Project	49,201	69,813
Nidapark İstinye Project	41,246	41,246
İdealist Cadde / Koru Project	35,564	-
Büyükyalı Project	37,510	37,510
Metropol İstanbul Project	24,181	24,181
Karat 34 Project	13,281	47,807
Kocaeli Körfezkent Emlak Konutları Project	9,979	9,979
Göl Panorama Project	3,818	3,818
Evora Denizli Project	3,761	17,896
Başakşehir Ayazma Emlak Konutları Project	3,724	3,724
Temaşehir Project	1,625	2,945
Emlak Konut Florya Evleri Project	-	96,583
Other	8,663	4,350
	12,172,206	10,662,196

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NOTE 8 - INVENTORIES (Continued)

As of 30 June 2024 and 31 December 2023, the details of the Group's land plots designed as turnkey projects are as follows:

Planned lands by turnkey project	30 June 2024	31 December 2023
Çekmeköy Çınarköy Project	18,902,609	15,979,686
Emlak Konut Vadi Evleri Project	3,672,022	2,633,471
Arnavutköy Yenişehir Project	2,746,075	213,038
Bizim Mahalle Project	2,513,928	2,136,706
Balıkesir Altıeylül Project	1,549,331	1,095,654
İstanbul Avcılar Firuzköy Project	976,776	1,975,020
Ankara Saraçoğlu Project	-	2,805,752
Other	517,663	82,043
	30,878,404	26,921,370

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 30 June 2024 the Group evaluated that there is no situation that would lead to low value in investment properties.

The movements of investment properties as of 30 June 2024 and 2023 are as follows:

Cost Value	Lands, residential and commercial units	Atasehir general management building A block	Total
Opening balance as of 1 January 2024	2,190,647	325,808	2,516,455
Transfers to commercial units and land inventories	-	-	-
Transfers to residential and commercial unit inventories	-	-	-
Closing balance as of 30 June 2024	2,190,647	325,808	2,516,455
Accumulated Depreciation			
Opening balance as of 1 January 2024	141,422	47,019	188,441
Charge for the year	63,858	3,258	67,116
Closing balance as of 30 June 2024	205,280	50,277	255,557
Net book value as of 30 June 2024	1,985,367	275,531	2,260,898

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NOTE 9 – INVESTMENT PROPERTIES (Continued)

Cost Value	Lands, residential and commercial units	Atasehir general management building A block	Total
Opening balance as of 1 January 2023	3,474,599	325,808	3,800,407
Transfers to commercial units and land inventories	(1,332,992)	-	(1,332,992)
Transfers to residential and commercial unit inventories	49,435	-	49,435
Closing balance as of 30 June 2023	2,191,042	325,808	2,516,850
Accumulated Depreciation			
Opening balance as of 1 January 2023	101,478	40,503	141,981
Charge for the year	20,658	3,258	23,916
Closing balance as of 30 June 2023	122,136	43,761	165,897
Net book value as of 30 June 2023	2,068,906	282,047	2,350,953

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:

	30 June 2024	31 December 2023
Independent commercial units of Büyükyalı AVM	2,280,125	2,280,125
Atasehir General Management Office A Block	1,677,822	1,677,822
Independent commercial units of Istmarina AVM	1,443,363	1,443,363
Lands and completed units	775,131	775,131
	6,176,441	6,176,441

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2024 and 2023, the details of property, plant and equipment are as follows:

30 June 2024	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Special Cost	Construction in progress	Total
Net book value as of 1 January 2024	842,599	26,253	151,383	171,497	51,742	169,398	1,412,872
Additions	278,752	10,613	94,826	7,113	15,328	-	406,632
Disposal, (net) (-)	(7,079)	-	-	(75)	-	-	(7,154)
Depreciation expense(-)	(5,698)	(165)	(13,913)	(36,728)	(4,021)	-	(60,525)
Net book value 30 June 2024	1,108,574	36,701	232,296	141,807	63,049	169,398	1,751,825
Cost	1,207,641	67,279	272,466	443,030	79,610	169,398	2,239,424
Accumulated depreciation (-)	(99,067)	(30,578)	(40,170)	(301,223)	(16,561)	-	(487,599)
Net book value 30 June 2024	1,108,574	36,701	232,296	141,807	63,049	169,398	1,751,825

30 June 2023	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Special Cost	Construction in progress	Total
Net book value as of 1 January 2023	863,230	7,212	115,338	98,829	58,669	201,910	1,345,188
Additions	61,942	19,875	29,417	22,678	299	-	134,211
Disposal, (net) (-)	-	-	-	(147)	-	-	(147)
Depreciation expense(-)	(5,398)	(2,485)	(7,309)	(16,537)	(3,749)	-	(35,478)
Net book value 30 June 2023	919,774	24,602	137,446	104,823	55,219	201,910	1,443,774
Cost	999,695	52,053	155,130	356,802	64,960	201,910	1,830,550
Accumulated depreciation (-)	(79,921)	(27,451)	(17,684)	(251,979)	(9,741)	-	(386,776)
Net book value 30 June 2023	919,774	24,602	137,446	104,823	55,219	201,910	1,443,774

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

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NOTE 11 – INTANGIBLE ASSETS

As of 30 June 2024 and 2023, intangible assets are as follows:

30 June 2024	Licenses	Computer software	Rights	Total
Net book value, 1 January 2024	7,289	31,459	37,006	75,754
Additions	14,006	6,410	9,343	29,759
Amortization expense (-)	(8,503)	(7,350)	(355)	(16,208)
Net book value 30 June 2024	12,792	30,519	45,994	89,305
Cost	114,434	74,329	65,506	254,269
Accumulated amortization (-)	(101,642)	(43,810)	(19,512)	(164,964)
Net book value 30 June 2024	12,792	30,519	45,994	89,305

30 June 2023	Licenses	Computer software	Rights	Total
Net book value, 1 January 2023	14,527	8,274	10,482	33,283
Additions	-	14,160	1,543	15,703
Amortization expense (-)	(4,008)	(4,426)	(549)	(8,983)
Net book value 30 June 2023	10,519	18,008	11,476	40,003
Cost	98,805	55,211	14,871	168,887
Accumulated amortization (-)	(88,286)	(37,203)	(3,395)	(128,884)
Net book value 30 June 2023	10,519	18,008	11,476	40,003

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 June 2024 and 31 December 2023, the details of provisions are as follows:

	30 June 2024	31 December 2023
Provisions		
Provision for lawsuits	264,486	327,659
	264,486	327,659

According to the opinions of the Group's lawyers, provision for litigation amounting to TRY264,486 has been set aside as of 30 June 2024 (31 December 2023: TRY327,659). As of 30 June 2024, there are 1 deficiency lawsuit, 10 lawsuits for loss of rent, 7 lawsuits for cancellation and registration of deed, 2 labor lawsuits and 35 other miscellaneous lawsuits filed against the Group.

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

The movements of provision for lawsuits as of 30 June 2024 and 31 December 2023 are as follows:

	2024	2023
Balance at 1 January	327,659	552,091
Provision added within the current period	1,801	29,198
Monetary loss/gain	(64,974)	(136,988)
Closing balance at 30 June	264,486	444,301

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 30 June 2024, 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 Istanbul 16th Commercial Court of First Instance. As of 30 June 2024 a provision amounting to TRY8,181 has been made including interest and litigation costs.

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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 30 June 2024.

12.1.4 This is a lawsuit filed by Şekerbank T.A.Ş. who has been assigned a receivable of TRY46,000, which has arisen and will arise from the Istanbul Ümraniye 1st Stage Revenue Sharing Work contractor Yeni Sarp-Özarak Ordinary Partnership's Emlak Konut GYO A.Ş. alleging that TRY34,135 of the assignment receivable remaining from the assignment has not been unfairly paid to him. At the same time with this lawsuit, the plaintiff requested to place a mortgage equal to the amount of the lawsuit to some of the immovables within the scope of the project in order to constitute the guarantee of the receivable subject to the lawsuit. On 15 October 2020, the court decided to reject the case. The plaintiff requested an appeal and the appeal court overturned the decision. As of 30 June 2024, 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 30 June 2024 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.

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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 TRY117,220 is not possible from the date of transfer for now, the lawsuit (total amount including interest TRY135,615) 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 June 2023.

12.3 Contingent Assets of the Group

12.3.1 As of 30 June 2024 and 31 December 2023, 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:

30 June 2024	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	4,562,780	9,181,583	13,744,363
2 year	1,773,129	6,216,196	7,989,325
3 year	795,083	3,477,821	4,272,904
4 year	518,576	1,216,288	1,734,864
5 year and above	1,161,651	500,091	1,661,742
	8,811,219	20,591,979	29,403,198

31 December 2023	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	4,619,638	11,613,406	16,233,044
2 year	1,773,129	8,191,309	9,964,438
3 year	795,083	5,395,361	6,190,444
4 year	518,576	1,582,835	2,101,411
5 year and above	1,153,608	951,298	2,104,906
	8,860,034	27,734,209	36,594,243

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NOTE 13 -EMPLOYEE BENEFITS

As of 30 June 2024 and 31 December 2023, short-term and long-term employee benefits are as follows is as follows:

	30 June 2024	31 December 2023
Short-term provisions		
Unused vacation provision	95,325	131,442
	95,325	131,442
Long-term provisions		
Provision for employment termination benefit	161,712	150,929
	161,712	150,929

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:

	30 June 2024	31 December 2023
Discount Rate (%)	3.50	3.50
Turnover rate to estimate probability of retirement (%)	1.10	1.10

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.

NOTE 14 – OTHER ASSETS

As of 30 June 2024 and 31 December 2023, details of other current assets are as follows:

Other current assets	30 June 2024	31 December 2023
Deferred VAT	1,744,232	1,935,076
Income accruals	117,527	455,874
Receivables from tax office	75,109	164,950
Other payments to contractors	64,833	3,069,426
Prepaid income tax	8,208	8,849
Other	22,169	8,231
	2,032,078	5,642,406

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NOTE 15 – DEFERRED INCOME AND PREPAID EXPENSES

As of 30 June 2024 and 31 December 2023, the details of short-term deferred income are as follows:

Short-term deferred income	30 June 2024	31 December 2023
Advances taken from turnkey project sales	28,042,502	25,448,775
Deferred income from LSRSA projects (*)	23,724,829	21,035,372
Advances taken from LSRSA contractors (**)	15,066,667	15,249,384
Advances received from related parties (Note 24)	3,897,142	4,386,944
Deferred income related to sales of independent units	639,902	461,178
	71,371,042	66,581,653

(*) 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	30 June 2024	31 December 2023
Other advances given	56,378	69,416
	56,378	69,416

Prepaid expenses	30 June 2024	31 December 2023
Advances given for inventory	916,798	-
Prepaid expenses	203,890	161,035
	1,120,688	161,035

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NOTE 16 – SHAREHOLDERS' EQUITY

The Group's authorized capital amount is TRY3,800,000 (31 December 2023: TRY3,800,000) and consists of 380,000,000,000 (31 December 2023: 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 30 June 2024 and 31 December 2023 is as follows:

Shareholders	30 June 2024		31 December 2023	
	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
Share capital adjustments		43,764,685		43,764,685
		47,564,685		47,564,685

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 revaluated in accordance with the CMB standards.

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

	PPI Indexed Legal Records	CPI Indexed Records	Amounts followed in Accumulated Profit/Low
Adjustment to share capital	72,032,396	43,764,685	(28,267,711)
Share premium	41,262,148	24,994,183	(16,267,965)
Restricted reserves appropriated from profit	11,087,183	7,503,591	(3,583,592)

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NOTE 17 – REVENUE AND COST OF SALES

As of 30 June 2024 and 2023, the details of revenue and cost of sales are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Sales income				
Land sales	3,449,118	2,992,646	13,692,224	8,227,901
<i>Sales of planned lands by way of LSRSA</i>	592,579	506,623	2,549,018	1,432,696
<i>Land sales income</i>	2,856,539	2,486,023	11,143,206	6,795,205
Residential and commercial units sales	1,370,561	242,612	7,989,799	4,102,560
Consultancy income	2,479,456	1,721,071	1,281,878	711,727
Elevator sales income	60,886	51,045	74,018	74,018
Rent income	82,496	55,105	101,433	48,633
	7,442,517	5,062,479	23,139,352	13,164,839
Sales returns	(6,645)	(2,113)	(13,162)	(7,796)
Net sales income	7,435,872	5,060,366	23,126,190	13,157,043
Cost of sales				
Cost of lands	(2,686,579)	(2,269,547)	(8,332,832)	(5,571,223)
<i>Cost of lands planned by way of LSRSA</i>	(394,963)	(313,304)	(3,237,091)	(2,205,390)
<i>Cost of lands sold</i>	(2,291,616)	(1,956,243)	(5,095,741)	(3,365,833)
Cost of consultancy	(455,432)	(455,432)	(187,080)	(187,080)
Cost of residential and commercial units sold	(1,038,956)	(99,395)	(9,364,663)	(4,109,204)
	(4,180,967)	(2,824,374)	(17,884,575)	(9,867,507)
Gross Profit	3,254,905	2,235,992	5,241,615	3,289,536

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

As of 30 June 2024 and 2023, the details of general administrative expenses are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
General administrative expenses				
Personnel expenses	(817,169)	(489,439)	(564,562)	(323,065)
Depreciation and amortization	(143,849)	(59,640)	(68,377)	(12,651)
Security and cleaning expenses	(108,802)	(29,023)	(89,830)	(52,596)
Taxes, duties and fees	(87,143)	(79,503)	(296,643)	(113,904)
Consultancy expenses	(85,145)	(43,789)	(98,957)	(6,790)
Due and contribution expenses	(31,812)	(13,887)	(21,927)	(10,462)
Travel expenses	(31,434)	(15,896)	(16,597)	(8,177)
Information technologies expenses	(12,705)	(12,705)	(21,036)	(6,134)
Insurance expenses	(10,483)	(9,020)	(279)	(279)
Maintenance and repair expenses	(7,311)	(2,602)	(14,530)	(6,582)
Communication expenses	(3,599)	(1,759)	(2,771)	(1,296)
Lawsuit and notary expenses	(3,040)	(1,299)	(4,380)	(1,522)
Donations	-	-	(1,378,170)	(26,408)
Other	(5,253)	(204)	(55,413)	(56,583)
	(1,347,745)	(758,766)	(2,633,472)	(626,449)

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**NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES
(Continued)**

As of 30 June 2024 and 2023, the details of marketing and sales expenses are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Marketing and sales expenses				
Advertising expenses	(115,903)	(67,798)	(268,301)	(199,464)
Personnel expenses	(57,668)	(38,680)	(57,043)	(35,617)
Consultancy expenses	(23,065)	(11,375)	(14,589)	(7,539)
Other	(13,883)	(168)	(41,773)	(27,692)
	(210,519)	(118,021)	(381,706)	(270,312)

NOTE 19 – EXPENSE BY NATURE

As of 30 June 2024 and 2023, the details of expenses by nature are as follows:

Expense by nature	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Land costs	2,686,579	2,269,547	8,332,832	5,571,223
Expenses from residential and commercial units sales	1,038,956	99,396	9,364,663	4,109,204
Personnel expenses	874,837	528,119	621,605	358,682
Cost of consultancy	455,432	455,432	187,080	187,080
Depreciation and amortisation (Note 9, 10,11)	143,849	59,640	68,377	12,651
Advertising expenses	115,903	67,798	268,301	199,464
Security and cleaning expenses	108,802	29,023	89,830	52,596
Consultancy expenses	108,210	55,164	113,546	14,330
Taxes,duties and fees	87,143	79,503	296,643	113,904
Due and contribution expenses	31,812	13,887	21,927	10,462
Information technologies expenses	12,705	12,705	21,036	6,134
Insurance expenses	10,483	9,020	279	279
Maintenance and repair expenses	7,311	7,311	14,530	14,530
Communication expenses	3,599	1,759	2,771	1,296
Lawsuit and notary expenses	3,040	1,299	4,380	1,522
Donations	-	-	1,378,170	26,408
Other	50,570	11,558	113,783	84,503
	5,739,231	3,701,161	20,899,753	10,764,268

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NOTE 20 – OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

As of 30 June 2024 and 2023, the details other operating income are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Other income from operating activities				
Impairment provisions released	456,068	-	549,916	549,916
Financial income from forward sales	226,653	91,982	802,636	667,314
Foreign exchange gains	148,167	75,909	38,704	38,704
Income from transfer commissions	114,766	61,136	168,919	48,658
Default interest income from projects	1,470	250	633,520	582,546
Other	50,148	11,353	139,256	100,461
	997,272	240,630	2,332,951	1,987,599

As of 30 June 2024 and 2023, the details other operating income are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Other expenses from operating activities				
Reversal of unaccrued financial expense	(173,507)	(54,147)	(651,132)	(651,132)
Provision for lawsuits (Note 12)	(1,801)	-	(29,198)	145,725
Provision for impairment of land and residential inventories (Note 8)	-	-	(3,445,674)	(1,632,691)
Other	(32,555)	(12,562)	(88,078)	(62,429)
	(207,863)	(66,709)	(4,214,082)	(2,200,527)

NOTE 21 – FINANCIAL INCOME / EXPENSES

As of 30 June 2024 and 2023, the details financial income and expenses are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Financial income				
Interest income from time deposits	1,306,361	480,889	1,704,254	1,207,587
Interest and updating income	623,538	327,647	119,405	119,405
Foreign exchange gains	55,283	49,165	8,384	3,696
	1,985,182	857,701	1,832,043	1,330,688
Financial expenses				
Borrowings interest and lease certificate expenses	(538,086)	(166,463)	(1,134,082)	(676,553)
Foreign exchange losses	(62,879)	-	(174,988)	(132,648)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expense (*)	-	-	(49,879)	(45,759)
Interest discount on pay off debt	-	-	(19,908)	(19,908)
	(600,965)	(166,463)	(1,378,857)	(874,868)

(*) As of 30 June 2024, this amount consists of interest expense accrued for the land acquired from the Ministry of Environment, Urbanization and Climate Change of the Republic of Turkey.

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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.

Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 and the Law on the Amendment of Certain Laws and the Decree Law No. 375 with Supplementary Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurred on February 6, 2023" published in the Official Gazette dated July 15, 2023 and numbered 32249. Pursuant to Article 21 of the Law numbered 5520 on the Amendment of Article 32 of the Corporate Tax Law numbered 5520 regulating the corporate tax rate, the general corporate tax rate has been increased from 20% to 25% and the rate of 25% for banks and financial institutions has been increased to 30%. With the same article (Article 21) of the aforementioned law, in order to encourage exports, the corporate tax rate, which was applied with a 1 point discount to the earnings of exporting companies exclusively from exports, was applied with a 5 point discount.

The current tax liability of the Group as of 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
<u>Current tax assets</u>		
Prepaid taxes and funds	1,671	6,012
	1,671	6,012

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**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 2024, and 25% over the temporary timing differences that are expected to reverse after 2023. (2023: 25%).

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.

	30 June	31 December
<u>Deferred tax (assets)/liabilities:</u>	2024	2023
Adjustment to inventories	(59,991)	9,832
Effect of amortized cost method on receivables	785	536
Depreciation / amortization differences of property, plant and equipment and other intangible assets	(10,851)	(13,510)
Adjustment to deferred income	18,064	8,554
Provision for employment termination benefits	16,942	12,687
	(35,051)	18,099

The movements of deferred tax (asses)/ liabilities for the periods ended 31 June 2024 and 2023 are as follows:

<u>Movement of deferred tax (assets)/liabilities:</u>	2024	2023
Opening balance as of 1 January	18,099	(166,674)
Charged to profit or loss	(58,880)	184,773
Other comprehensive income	5,730	-
Closing balance at 30 June	(35,051)	18,099

	1 January- 30 June	1 January- 30 June
<u>Tax (expense) / income comprises:</u>	2024	2023
Current tax expense	-	-
Deferred tax expense	(58,880)	(29,540)
Total tax expense	(58,880)	(29,540)

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

<u>Reconciliation of tax provision:</u>	<u>2024</u>	<u>2023</u>
Profit/(loss) from operations before tax	1,105,862	(3,037,659)
Gelir vergisi oranı 2024: %25 (2023: %23)	(276,466)	698,662
Tax effects of:		
- revenue that is exempt from taxation	151,238	(445,807)
- monetary gain loss	46,546	(306,517)
- other	19,802	24,122
Total tax expense	(58,880)	(29,540)

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.

	<u>1 January- 30 June 2024</u>	<u>1 April- 30 June 2024</u>	<u>1 January- 30 June 2023</u>	<u>1 April- 30 June 2023</u>
Net income/loss attributable to equity holders of the parent in full TL	1,046,982	958,481	(3,067,199)	418,011
Weighted average number of ordinary shares	3,804,550,291	3,804,550,291	3,804,550,291	3,804,550,291
Earnings/(loss) per share in full TL	0.2752	0.2519	(0.8062)	0.1099

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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 30 June 2024 the Group has deposits amounting to TRY6,788,910 in state banks (31 December 2023: TRY10,410,575). Average effective interest rates of time deposits of the Group as of 30 June 2024 are explained in Note 4.

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

	30 June 2024	31 December 2023
Trade receivables from related parties		
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı (*)	4,876,105	4,697,926
	4,876,105	4,697,926

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

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NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

	30 June 2024	31 December 2023
Short-term other receivables from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Şua İnşaat Adi Ortaklığı	211	11,608
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Güneri Adi Ortaklığı	24	32
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Ferzan Adi Ortaklığı	-	77,657
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi	-	29
	235	89,326

	30 June 2024	31 December 2023
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ") (*)	218,210	-
	218,210	-

(*) 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.

	30 June 2024	31 December 2023
Deferred revenue from related parties		
Türkiye Emlak Katılım Bankası A.Ş.	3,897,142	4,386,944
	3,897,142	4,386,944

	30 June 2024	31 December 2023
Short-term other payables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	602	748
	602	748

	30 June 2024	31 December 2023
Deposits with related parties		
Türkiye Emlak Katılım Bankası A.Ş.	102,009	56,038
	102,009	56,038

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NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Purchases from related parties				
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	15,707,854	1,564,182	8,251,779	-
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")	508,148	-	10,704,605	-
Emlak Basın Yayın A.Ş.	-	-	3,113	-
	16,216,002	1,564,182	18,959,497	-
	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Sales to related parties				
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ")	50,376	-	13,381	6,547
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	-	-	632,208	354,745
Gedaş Gayrimenkul Değerleme A.Ş.	-	-	58,300	58,300
İller Bankası A.Ş.	-	-	1,642,036	-
	50,376	-	2,345,925	419,592

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- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Compensation to key management				
Salaries and other short-term benefits	26,033	14,100	35,153	19,726
	26,033	14,100	35,153	19,726

NOTE 25 – COMMITMENTS

The Group's mortgage and guarantees received as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Guarantees received (*)	34,060,791	30,074,249
Mortgages received (**)	752,162	938,206
	34,812,953	31,012,455

(*) 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

NOTE 25 – COMMITMENTS (Continued)

The collaterals, pledges and mortgages ("CPM") of the Group as of 30 June 2024 and 31 December 2023 are as follows :

	30 June 2024	31 December 2023
A. CPM given on behalf of the Company's legal personality	279,336	366,099
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	-	-
	279,336	366,099

NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

Due to the retirement of Cengiz ERDEM, General Manager and Member of the Board of Directors of the Company, he resigned as General Manager and Member of the Board of Directors on 9 July 2024 and Yasir Yılmaz was appointed as General Manager.

With the Law No. 7524 on the Amendment of Tax Laws and Certain Laws and Decree Law No. 375 published in the Official Gazette dated 2 August 2024; the application of the corporate tax exemption provided to the earnings of Real Estate Investment Trusts ("REITs") and Real Estate Investment Funds ("REIFs") is conditional upon the distribution of at least 50% of the earnings from the immovable properties owned by these funds and partnerships as dividends until the end of the second month following the month in which the corporate tax return is required to be submitted, and the subparagraph c added to Article 32 of the Corporate Tax Law has introduced a 10% domestic minimum corporate tax application and the earnings of REITs and REIFs from immovable properties cannot be taken into account as exemption and discount from the corporate income to be calculated as minimum corporate tax. The subparagraph c added to Article 32 of the Corporate Tax Law introduces a 10% domestic minimum corporate tax and stipulates that REITs' and REIFs' earnings from immovable properties cannot be taken into account as exemption and discount from the corporate income to be calculated as minimum corporate tax.

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2024**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 30 June 2024, unless otherwise stated.)

**ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO
LIMITATIONS**

	Unconsolidated (Separate) Financial Statement Main Account Items	Related Regulation	30 June 2024	31 December 2023
A	Money and Capital Market Instruments	Series: III-No.48, Art.24/(b)	6,646,453	17,789,418
B	Properties, Projects based on Properties and Rights based on			
IŞ	Properties	Series: III-No.48, Art.24/(a)	114,619,749	108,045,624
	Subsidiaries	Series: III-No.48, Art.24/(b)	3,560,251	3,560,251
DV	Due from Related Parties (Non-trade)	Series: III-No.48, Art.23/(f)	-	-
	Other Assets		29,823,449	21,323,919
D	Total Assets (Total Assets)		154,649,902	150,719,212
E	Financial Liabilities	Series: III-No.48, Art.24/(b)	3,340,556	5,489,292
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)	-	-
I	Shareholders' equity		73,601,801	73,031,588
EB	Other Resources		77,707,545	72,198,332
D	Total Resources	Series: III-No.48, Art.3/(k)	154,649,902	150,719,212
	Non-Consolidated (Standalone) Other Financial Information	Related Regulation	30 June 2024	31 December 2023
	The portion of Money and Capital Market Instruments held for Payables of			
A1	Properties for the following 3 years	Series: III-No.48, Art.24/(b)	6,646,453	17,789,418
A2	Term / Demand / Currency	Series: III-No.48, Art.24/(b)	7,640,118	19,033,107
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)	12,890,288	12,541,917
C1	Foreign Subsidiaries	Series: III-No.48, Art.24/(d)	-	-
C2	Subsidiaries of the Operating Company	Series: III-No.48, Art.28	3,555,261	1,307,218
J	Non-Cash Loans	Series: III-No.48, Art.31	154,527	185,066
K	Mortgage amount of servient lands which will be developed and not owned	Series: III-No.48, Art.22/(e)		
	Portfolio Restrictions	Related Regulation	30 June 2024	31 December 2023
	Mortgage amount of Servient Lands Which Will be Developed			
1	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)	78%	83%
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,			
5	Subsidiaries, Capital Market Instruments	Series: III-No.48, Art.24/(d)	0%	0%
6	Idle Land	Series: III-No.48, Art.24/(c)	8%	8%
7	Subsidiaries of the Operating Company	Series: III-No.48, Art.28	2%	1%
8	Borrowing Limit	Series: III-No.48, Art.31	5%	8%
	TRY and Foreign Currency Time and Demand Deposits	Series: III-No.48, Art.22/(e)	1%	1%

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.

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