

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

**Condensed Interim Consolidated Financial
Statements for the Period January 1 - June
30, 2023 and Independent Auditor's Review
Report**

**(Convenience Translation of Financial Statements Originally
Issued in Turkish)**

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

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Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

**Condensed consolidated statement of financial position
as of June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

		Reviewed	Audited (*)	Audited (*)
		Current period	Prior period	Prior period
	Note	June 30, 2023	December 31, 2022	January 1, 2022
Current assets		800.602.448	656.566.460	598.467.685
Cash and cash equivalents	4	445.092.680	55.644.873	289.569.694
Financial investments		9.009	3.190	379.582
Trade receivables				
Due from third parties	6	53.089.901	35.725.157	4.667.246
Other receivables				
Due from related parties	7-17	2.432.593	162.713.870	187.800.254
Due from third parties	7	6.435.885	9.161.090	9.826.909
Inventories	8	55.126.298	65.065.271	89.563.871
Prepaid expenses	9-17	223.553.374	323.767.578	14.944.063
Current income tax assets	16	53.799	63.962	317.837
Other current assets	10	14.808.909	4.421.469	1.398.229
Non-current assets		3.158.199.117	2.992.057.720	2.066.865.393
Trade receivables:				
Due from related parties	6-17	-	514.880.218	404.715.555
Other receivables				
Due from third parties	7	741.085	524.892	397.366
Investment properties	11	3.111.653.407	2.445.194.235	1.597.627.079
Property, plant and equipment	12	25.479.826	23.430.323	12.682.885
Prepaid expenses	9	13.461.525	260.694	51.442.508
Deferred tax assets	16	6.863.274	7.767.358	-
Total assets		3.958.801.565	3.648.624.180	2.665.333.078

(*) Restated (Note 2.4)

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

**Condensed consolidated statement of financial position
as of June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

		Reviewed	Audited (*)	Audited (*)
		Current period	Prior period	Prior period
	Note	June 30, 2023	December 31, 2022	January 1, 2022
Current liabilities		419.114.495	552.300.408	403.348.901
Short-term borrowings	5	152.222.781	175.320.898	263.422.784
Short-term portion of long-term borrowings	5	3.636.618	-	-
Other financial liabilities		25.149	22.024	88.269
Trade payables				
<i>Due to third parties</i>	6	90.620.693	77.289.667	50.787.637
Contract liabilities	9	300.000	16.211.348	4.635.113
Employee benefit obligations		1.126.700	819.558	363.030
Other payables				
<i>Due to related parties</i>	7-17	111.592.235	276.138.673	78.110.696
<i>Due to third parties</i>	7	839.397	424.412	1.250.675
Provisions				
<i>Other provisions</i>		210.780	1.245.896	490.446
Current income tax liabilities	16	-	3.226.748	3.605.879
Other current liabilities	10	58.540.142	1.601.184	594.372
Non-current liabilities		1.612.996.106	971.397.387	611.546.086
Long-term borrowings	5	1.418.894.593	820.799.330	517.275.137
Other payables				
<i>Due to related parties</i>	7-17	38.683.116	79.079.943	39.095.244
Provisions				
<i>Provision for employee benefits</i>		848.023	1.232.413	384.667
Deferred tax liabilities	16	154.570.374	70.285.701	54.791.038
Equity		1.926.690.964	2.124.926.385	1.650.438.091
Equity holders of the parent		1.926.690.964	2.124.926.385	1.645.328.540
Paid-in capital	14	669.833.747	669.833.747	669.833.747
Share premium		4.722	4.722	4.722
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			-	-
<i>Gain/ (loss) arising from defined benefit plans</i>		(998.340)	(225.297)	132.870
Other accumulated comprehensive income and expense to be reclassified to profit or loss				
<i>Currency translation differences</i>		310.366.964	151.732.683	66.423.615
Restricted reserves	14	40.693.320	29.292.034	9.963.926
Effect of combinations of businesses under common control		(1.074.113.090)	(35.185.090)	(35.185.090)
Retained earnings		1.298.072.300	909.226.754	934.154.750
Net profit for the period		682.831.341	400.246.832	-
Non-controlling interest		-	-	5.109.551
Total liabilities and equity		3.958.801.565	3.648.624.180	2.665.333.078

(*) Restated (Note 2.4)

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Note	Reviewed		Reviewed (*)	
		Current period	Prior period	Current period	Prior period
		January 1- June 30, 2023	April 1- June 30, 2023	January 1- June 30, 2022	April 1- June 30, 2022
Revenue	18	633.126.050	589.788.069	126.039.242	91.270.148
Cost of sales (-)	18	(587.874.384)	(547.624.081)	(133.408.843)	(101.119.650)
Gross profit/ (loss)		45.251.666	42.163.988	(7.369.601)	(9.849.502)
General administrative expenses (-)	19	(46.264.980)	(19.847.554)	(24.745.184)	(11.107.363)
Other income from operating activities	20	821.293.124	770.559.226	175.637.156	97.169.115
Other expenses from operating activities (-)	20	(12.576.704)	(196.520)	(200.480.500)	(98.549.166)
Operating profit/ (loss)		807.703.106	792.679.140	(56.958.129)	(22.336.916)
Expenses from investment activities (-)		-	-	(351.314)	(351.314)
Operating income before financial income/ (expense)		807.703.106	792.679.140	(57.309.443)	(22.688.230)
Finance income	21	2.960.903	2.621.913	3.402.789	2.464.807
Finance expenses (-)	21	(42.643.911)	(25.477.038)	(17.013.991)	(11.826.797)
Profit/ (loss) before tax from continuing operations		768.020.098	769.824.014	(70.920.645)	(32.050.220)
Tax income/ (expense), continuing operations		(85.188.757)	(86.967.162)	19.230.197	996.205
Taxes on expense	16	-	-	(114.235)	(135.658)
Deferred tax income/ (expense)	16	(85.188.757)	(86.967.162)	19.344.432	1.131.863
Net income		682.831.341	682.856.853	(51.690.448)	(31.054.015)
Equity holders of the parent		682.831.341	682.856.853	(52.216.741)	(30.551.055)
Non-controlling interest		-	-	526.293	(502.960)
Not to be reclassified to profit or loss		(773.043)	(410.930)	(37.259)	(117.183)
Loss arising from defined benefit plans		(773.043)	(410.930)	(37.259)	(117.183)
To be reclassified to profit or loss		158.634.281	143.838.096	38.295.926	22.803.344
Currency translation differences		158.634.281	143.838.096	38.295.926	22.803.344
Other comprehensive income		157.861.238	143.427.166	38.258.667	22.686.161
Total comprehensive income/ (loss)		840.692.579	826.284.019	(13.431.781)	(8.367.854)
Equity holders of the parent		840.692.579	826.284.019	(13.958.074)	(7.864.894)
Non-controlling interest		-	-	526.293	(502.960)

(*) Restated (Note 2.4)

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

**Consolidated statement of changes in equity
for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

	Paid-in capital	Share premium	Gain/ (loss) arising from defined benefit plans	Currency translation differences	Restricted reserves	Effect of combinations of businesses under common control	Retained earnings	Net income for the period	Equity holders of the parent	Non-controlling interest	Total
Balance at January 1, 2022 (Previously reported)	669.833.747	4.722	132.870	31.596.189	9.963.926	(73.865.716)	735.713.696	-	1.373.379.434	(460.311)	1.372.919.123
Adjustments to voluntary changes in accounting policies and effect of business combinations under common control (Note 2.4)	-	-	-	34.827.426	-	38.680.626	198.441.054	-	271.949.106	5.569.862	277.518.968
Balance at January 1, 2022 (Restated Note:2.4)	669.833.747	4.722	132.870	66.423.615	9.963.926	(35.185.090)	934.154.750	-	1.645.328.540	5.109.551	1.650.438.091
Transfers	-	-	-	-	19.328.108	-	(19.328.108)	-	-	-	-
Total comprehensive income	-	-	(37.259)	38.295.926	-	-	-	(52.216.741)	(13.958.074)	526.293	(13.431.781)
Balance at June 30, 2022	669.833.747	4.722	95.611	104.719.541	29.292.034	(35.185.090)	914.826.642	(52.216.741)	1.631.370.466	5.635.844	1.637.006.310
	Paid-in capital	Share premium	Loss arising from defined benefit plans	Currency translation differences	Restricted reserves	Effect of combinations of businesses under common control	Retained earnings	Net income for the period	Equity holders of the parent		
Balance at January 1, 2023 (Previously reported)	669.833.747	4.722	(225.297)	91.491.372	29.292.034	(73.865.716)	702.557.572	360.214.176	1.779.302.610		
Adjustments to voluntary changes in accounting policies and effect of business combinations under common control (Note 2.4)	-	-	-	60.241.311	-	38.680.626	206.669.182	40.032.656	345.623.775		
Balance at January 1, 2023 (Restated Note:2.4)	669.833.747	4.722	(225.297)	151.732.683	29.292.034	(35.185.090)	909.226.754	400.246.832	2.124.926.385		
Transfers	-	-	-	-	11.401.286	-	388.845.546	(400.246.832)	-		
Total comprehensive income	-	-	(773.043)	158.634.281	-	-	-	682.831.341	840.692.579		
Effect of combinations of businesses under common control	-	-	-	-	-	(1.038.928.000)	-	-	(1.038.928.000)		
Balance at June 30, 2023	669.833.747	4.722	(998.340)	310.366.964	40.693.320	(1.074.113.090)	1.298.072.300	682.831.341	1.926.690.964		

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

**Consolidated statement of cash flow
for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

		Reviewed Current period	Reviewed Prior period ^(*)
		January 1- June 30, 2023	January 1- June 30, 2022
A. Cash flows from operating activities		(48.038.960)	159.745.447
Net income/ (expenses)		682.831.341	(51.690.448)
Adjustments regarding net profit reconciliation for the period		(607.938.613)	57.031.270
Adjustments for depreciation and amortisation expense	12	2.530.686	1.086.301
Adjustments for impairment loss		(1.425.644)	88.315
Adjustments for provisions for employee benefits		(227.025)	256.572
Adjustments for other provisions		(1.035.116)	222.141
Adjustments for interest income	21	(669.880)	(283.189)
Adjustments for interest expense	21	9.555.496	7.571.764
Adjustments for unrealised foreign exchange differences		(148.657.196)	(50.031.622)
Adjustments for fair value (gains)/ losses	11	(553.198.691)	116.999.871
Adjustments for tax expense/ (income)		85.188.757	(19.230.197)
Adjustments for losses/ (gains) on disposal of property, plant and equipment		-	351.314
Changes in operating assets and liabilities		(118.784.695)	153.699.533
Trade receivables		(17.364.744)	(88.502.249)
Other receivables		162.790.289	75.643.841
Inventories		3.334.774	1.237.459
Prepaid expenses		(2.042.561)	349.927
Trade payables		13.331.026	9.907.276
Employee benefit obligations		307.142	51.558
Other payables		(309.783.915)	156.813.110
Contract liabilities		(15.911.348)	(231.664)
Other assets		(10.387.440)	(28.319.368)
Other liabilities		56.942.082	26.749.643
Cash flows from operating activities		(4.146.993)	705.092
Payments related to provisions for employee termination benefits		(930.408)	-
Income taxes refund/ (paid)	16	(3.216.585)	705.092
B. Cash flows from investing activities		(286.771.457)	(243.033.145)
Cash outflow from purchase of property, plant, equipment	12	(455.984)	(4.591.669)
Cash inflow from sales of property, plant, equipment		-	3.156.526
Cash inflow from sales of investment properties	11	581.635.840	93.947.276
Cash outflows arising from project expenditures of investment properties	11	(672.103.571)	(315.135.815)
Cash outflow from purchase of investment properties	11	(16.188.550)	(24.297.991)
Cash inflow arising from advances given for investment activities		89.055.934	3.945.977
Cash outflows from subsidiary acquisition		(268.709.307)	-
Cash outflows from other investing activities		(5.819)	(57.449)
C. Cash flows from financing activities		135.728.488	165.513.057
Cash inflow from borrowings	5	180.994.030	31.500.000
Cash outflow from repayments of borrowings	5	(36.530.500)	(30.639.644)
Interest paid		(9.404.922)	(7.571.764)
Interest received		669.880	283.189
Net difference in barred deposits		-	171.941.276
Net increase/ (decrease) in cash and cash equivalents before currency translation differences		(199.081.929)	82.225.359
Effect of currency translation differences		588.529.736	148.333.602
Net increase/ (decrease) in cash and cash equivalents		389.447.807	230.558.961
D. Cash and cash equivalents at January 1	4	55.644.873	117.628.418
E. Cash and cash equivalents at June 30	4	445.092.680	348.187.379

(*) Restated (Note 2.4)

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Notes to condensed consolidated financial statements as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

1. Group's organisation and nature of operations

Peker Investment Gayrimenkul Anonim Şirketi was established as of April 25, 2017 by separating part of Peker Holding Anonim Şirketi through division. The Company was registered in the trade registry as of April 25, 2017, and at the same time, it applied to the Capital Markets Board for be a Real Estate Investment Corporation. It was approved in accordance with the Capital Markets Board's decision dated September 21, 2017 and numbered 34/1144. The title of the Company, Peker Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company"), was registered in the trade registry on September 28, 2017, pursuant to the permissions of the CMB and the Ministry of Customs and Trade.

The Company's shares have been traded on the Borsa İstanbul Anonim Şirketi (formerly known as the Istanbul Stock Exchange) ("BIST") since February 21, 2018. As of 30 June 2023, 61% of its shares are traded on BIST.

The Company is affiliated to the İstanbul Ticaret Odası and it's registered address is as follows: Cumhuriyet Mahallesi Silahşor Cad. Yeniöl Sk. No:8/1-G Şişli/ İstanbul.

The main objective and operations of the Company are real estate buying-selling, renting, developing real estate projects etc.

Number of employees of the Group as of June 30, 2023 is 24 (December 31, 2022: 25, January 1, 2022: 25).

As of June 30, 2023, December 31, 2022 and January 1, 2022, the shareholder structure is as follows:

		June 30, 2023		
		Number of shares	Share (%)	Amount
Hasan Peker		261.264.967	39,00	261.264.967
Quoted in Stock Exchange		408.568.780	61,00	408.568.780
		December 31, 2022		
		Number of shares	Share (%)	Amount
Hasan Peker		173.958.175	25,97	173.958.175
Ayşegül Peker		87.306.792	13,03	87.306.792
Quoted in Stock Exchange		408.568.780	61,00	408.568.780
		January 1, 2022		
		Number of shares	Share (%)	Amount
Hasan Peker		173.958.175	25,97	173.958.175
Ayşegül Peker		87.306.792	13,03	87.306.792
Quoted in Stock Exchange		408.568.780	61,00	408.568.780

Ayşegül Peker who is vice chairman of the Board of Directors transferred her shares to Hasan Peker who is Chairman of the Board of Directors with a total nominal value of 87.306.792 Turkish liras outside the stock market. These shares including group A shares with a nominal value of 14.083.667 Turkish liras and group B shares with a nominal value of 73.223.125 Turkish liras which are 13,03% of the Company's capital. The share transfer did not lead to a change in the Company's management control.

The main operations of the companies included in the consolidation and the share percentage of the Group for these companies are as follows:

			Voting right and ownership ratios (%)			
			June 30, 2023		December 31, 2022	
Name of the Company	Operation	Country of Operation	Voting right	Total	Voting right	Total
Peker GMBH	Real estate projectst	Düsseldorf - Germany	100	100	-	-
Peker GYO Global GMBH	Real estate projectst	Düsseldorf - Germany	100	100	100	100
OXO Investment GMBH	Real estate projectst	Grevenbroich - Germany	-	-	100	100
Blue Stone Investment GMBH	Real estate projectst	Grevenbroich - Germany	100	100	100	100
Nordstern Düsseldorf GMBH	Real estate projectst	Düsseldorf - Germany	100	100	100	100
Peker GYO Spain SL	Real estate projectst	Malaga – Spain	100	100	100	100

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Notes to condensed consolidated financial statements as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

1. Group's organisation and nature of operations (cont'd)

Peker GMBH

The Company has purchased 100% shares of the capital of Peker GMBH, established in Germany and with a capital amounting to 1.000.000, euros from its related parties, Peker Holding GMBH and Goldstein Investment GMBH, for 40.000.000 euros. The value of the related shares has been determined as 41.428.663 euros in the valuation report dated June 23, 2023 prepared by Konfident Steuerberatungsgesellschaft MBH which is established in Germany. Peker GMBH owns the Northgate Düsseldorf project.

OXO Investment GMBH

The Group has established OXO Investment GMBH, headquartered in Grevenbroich/ Germany, as part of its restructuring to plan and realize real estate investments through subsidiaries established abroad and to realize new investments to be made in Germany in order to benefit from lower cost and long-term financing opportunities abroad. With the notary contract signed on March 22, 2023, the merger process of OXO Investment GMBH and Nordstern Düsseldorf GMBH within the scope of the Nordstern project has started and the merger has been registered by the court on April 5, 2023. As a result of the registration, OXO Investment GMBH was dissolved.

Blue Stone Investment GMBH

On October 6, 2021, the Group purchased 100% shares of Blue Stone Investment GMBH, which was established to acquire land in Germany, from Peker Holding GMBH. This transaction is considered as a business combination under common control. Therefore, Blue Stone Investment GMBH has been consolidated since 2021.

Nordstern Düsseldorf GMBH

On December 1, 2021, the Group has purchased 89% of the shares of the capital of Nordstern Düsseldorf GMBH, established in Germany, from Peker GMBH. The remaining 11% of the shares were purchased from Peker GMBH on August 26, 2022 for a payment of 13.367.707 Turkish liras. With this share purchase, the Company has become the owner of all the shares of the related company. This transaction is considered as a business combination under common control and has been consolidated since 2021.

Peker GYO Spain SL

The Group established the Spain-based company Peker GYO Spain SL as part of its restructuring to plan and realize its real estate investments through subsidiaries established abroad and to realize new investments to be made in Spain in order to benefit from lower cost and long-term financing opportunities abroad.

Peker GYO Global GMBH

The Group has established Peker GYO Global GMBH, headquartered in Düsseldorf/ Germany, as part of its restructuring to plan and realize real estate investments through subsidiaries established abroad and to realize new investments to be made in Germany in order to benefit from lower cost and long-term financing opportunities abroad.

**Notes to condensed consolidated financial statements
as of and for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The condensed interim consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on October 4, 2022 by POA and the format and mandatory information recommended by CMB.

The Company maintain its legal books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles issued by the Turkish Commercial Code ("TCC") and tax legislation. These consolidated financial statements are based on the statutory records with adjustments and reclassifications, for the purpose of fair presentation in accordance with Turkish Financial Reporting Standards ("TFRS"). The financial statements are prepared on the basis of historical cost, with the exception of investment properties carried at fair value. In determining the historical cost, generally the fair value of the amount paid for the assets is taken as basis.

The Group prepared its condensed consolidated interim financial statements for the period ended June 30, 2023 in accordance with TAS 34 "Interim Reporting" standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

Financial reporting in hyperinflationary economies

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("TFRS") will apply TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2022. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements for the period ended June 30, 2023 in accordance with TAS 29.

**Notes to condensed consolidated financial statements
as of and for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.1 Basis of presentation (cont'd)

Functional and reporting presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Turkish lira and the foreign subsidiaries is euro.

The accompanying condensed consolidated financial statements are prepared in Turkish lira (TRY) in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013.

In accordance with the Public Oversight, Accounting and Auditing Standards Authority's ("POA") announcement "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards" dated March 15, 2021, the Group carried out a valuation for the assets and liabilities in the condensed consolidated financial statements based on the current buying and selling rates effective as of the end of the reporting period, and translated them into the presentation currency at the same exchange rates.

Presentation currency of the condensed consolidated financial statements is Turkish lira. According to TMS 21 ("The Effects of Changes in Foreign Exchange Rates") financial statements, that are prepared in euro, have been translated in Turkish lira as the following method:

- The assets on condensed consolidated statement of financial position as of June 30, 2023 are translated from EUR into TRY using the Central Bank of Turkey's buying exchange rates which is TRY 28,1540= EUR 1 and the liabilities has been translated from into TRY using the Central Bank of Turkey's exchange selling rate which is TRY 28,2048= EUR 1 on the balance sheet date.
- For the six months period ended June 30, 2023, condensed consolidated statements of profit or loss are translated from the average TRY 21,4659 = EUR 1.
- Share capital and other reserves are presented in the accompanying financial statements at their values in the statutory records and other equity items at their historical cost values.

The differences between the values arising from translation of the historical values of these items into the presentation currency and their carrying values from statutory records are recognized as foreign currency translation differences in the statement of other comprehensive income.

Going concern

The Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

Approval of the consolidated financial statements

The condensed interim consolidated financial statements have been approved and authorized to be published on August 18, 2023 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

**Notes to condensed consolidated financial statements
as of and for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.2 New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of June 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/ TFRS and TFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) Standards, amendments, and interpretations applicable as of June 30, 2023

Narrow scope amendments to TAS 1	Practice statement 2 and TAS 8
Amendment to TAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendment to TAS 12	International tax reform - pillar two model rules

ii) Standards, amendments, and interpretations that are issued but not effective as of June 30, 2023

Amendment to TAS 1	Non-current liabilities with covenants
Amendment to TFRS 16	Leases on sale and leaseback
Amendments to TAS 7 and TFRS 7	Supplier finance arrangements
TSRS 1	"General requirements for disclosure of sustainability-related financial information"
TSRS 2	"Climate-related disclosures"

The Group assessed that the adoption of these amendments that are effective from 2023 do not have any effect on the Group's consolidated financial statements.

2.3 Comparative information and restatement of consolidated financial statements with prior periods

The Group's condensed consolidated financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statements. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period consolidated financial statements.

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Notes to condensed consolidated financial statements

as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.4 Restatement and errors in the accounting policies and estimates

On June 23, 2023, the Company has purchased 100% shares of the Peker GMBH from its related parties Peker Holding GMBH and Goldstein Investment GMBH for 40.000.000 euros. In business combinations under common control; the part of the capital value exceeding the purchase price is shown under the item "Effect of business combinations under common control" in the equity in accordance with the Turkish Financial Reporting Standards Resolution dated October 17, 2018. In line with the TFRS 3 "Business Combinations", the consolidated financial statements have been restated retrospectively, since the related transaction is a business combination under common control. Therefore, the consolidated financial statements of December 31, 2022, June 30, 2022 and January 1, 2022 have been restated and presented comparatively. The effect of this restatement on the consolidated financial statements is as follows:

	Previously reported	Effect of restatement	Restated
	January 1, 2022		January 1, 2022
Current assets	347.828.592		598.467.685
Cash and cash equivalents	254.026.452	35.543.242	289.569.694
Financial investments	-	379.582	379.582
Trade receivables			
Due from related parties	-	-	-
Due from third parties	2.912.186	1.755.060	4.667.246
Other receivables			
Due from related parties	-	187.800.254	187.800.254
Due from third parties	314.616	9.512.293	9.826.909
Inventories	89.563.871	-	89.563.871
Prepaid expenses	501.791	14.442.272	14.944.063
Current income tax assets	317.837	-	317.837
Other current assets	191.839	1.206.390	1.398.229
Non-current assets	1.207.798.935		2.066.865.393
Trade receivables			
Due from related parties	404.715.555	-	404.715.555
Other receivables			
Due from third parties	529	396.837	397.366
Investment properties	641.884.635	955.742.444	1.597.627.079
Property, plant and equipment	12.338.652	344.233	12.682.885
Prepaid expenses	148.859.564	(97.417.056)	51.442.508
Total assets	1.555.627.527		2.665.333.078

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Notes to condensed consolidated financial statements

as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.4 Restatement and errors in the accounting policies and estimates (cont'd)

	Previously reported	Effect of restatement	Restated
	January 1, 2022		January 1, 2022
Current liabilities	158.751.188		403.348.901
Short term borrowings	125.958.124	137.464.660	263.422.784
Other financial liabilities	-	88.269	88.269
Trade payables			
<i>Due to related parties</i>	149.280	(149.280)	-
<i>Due to third parties</i>	13.989.043	36.798.594	50.787.637
Contract liabilities	4.603.449	31.664	4.635.113
Employee benefit obligations	363.030	-	363.030
Other payables			
<i>Due to related parties</i>	9.231.669	68.879.027	78.110.696
<i>Due to third parties</i>	312.293	938.382	1.250.675
Provisions			
<i>Other provisions</i>	188.168	302.278	490.446
Current income tax liabilities	3.547.198	58.681	3.605.879
Other current liabilities	408.934	185.438	594.372
Non-current liabilities	23.957.216		611.546.086
Long-term borrowings	-	517.275.137	517.275.137
Other payables			
<i>Due to related parties</i>	-	39.095.244	39.095.244
Provisions			
<i>Provision for employee benefits</i>	384.667	-	384.667
Deferred tax liabilities	23.572.549	31.218.489	54.791.038
Equity	1.372.919.123		1.650.438.091
Equity holders of the parent	1.373.379.434	271.949.106	1.645.328.540
Paid-in capital	669.833.747	-	669.833.747
Share premium	4.722	-	4.722
<i>Gain/ (loss) arising from defined benefit plans</i>	132.870	-	132.870
<i>Currency translation differences</i>	31.596.189	34.827.426	66.423.615
Restricted reserves	9.963.926	-	9.963.926
Effect of combinations of businesses under common control	(73.865.716)	38.680.626	(35.185.090)
Retained earnings	735.713.696	198.441.054	934.154.750
Non-controlling interest	(460.311)	5.569.862	5.109.551
Total liabilities and equity	1.555.627.527		2.665.333.078

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Notes to condensed consolidated financial statements

as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.4 Restatement and errors in the accounting policies and estimates (cont'd)

	Previously reported	Effect of restatement	Restated
	December 31, 2022		December 31, 2022
Current assets	470.680.751		656.566.460
Cash and cash equivalents	52.579.530	3.065.343	55.644.873
Financial investments	-	3.190	3.190
Trade receivables			
Due from third parties	26.414.385	9.310.772	35.725.157
Other receivables			
Due from related parties	-	162.713.870	162.713.870
Due from third parties	701.918	8.459.172	9.161.090
Inventories	65.065.271	-	65.065.271
Prepaid expenses	323.288.492	479.086	323.767.578
Current income tax assets	63.962	-	63.962
Other current assets	2.567.193	1.854.276	4.421.469
Non-current assets	1.520.576.572		2.992.057.720
Trade receivables			
Due from related parties	514.880.218	-	514.880.218
Other receivables			
Due from third parties	529	524.363	524.892
Investment properties	979.680.061	1.465.514.174	2.445.194.235
Property, plant and equipment	17.751.110	5.679.213	23.430.323
Prepaid expenses	260.694		260.694
Deferred tax assets	8.003.960	(236.602)	7.767.358
Total assets	1.991.257.323		3.648.624.180
Current liabilities	187.292.623		552.300.408
Short term borrowings	151.605.370	23.715.528	175.320.898
Short term portion of long term borrowings	-	-	-
Other financial liabilities	-	22.024	22.024
Trade payables			
Due to third parties	17.347.452	59.942.215	77.289.667
Contract liabilities	16.182.269	29.079	16.211.348
Employee benefit obligations	797.691	21.867	819.558
Other payables			
Due to related parties	201.721	275.936.952	276.138.673
Due to third parties	424.412	-	424.412
Provisions			
Other provisions	427.003	818.893	1.245.896
Current income tax liabilities	-	3.226.748	3.226.748
Other current liabilities	306.705	1.294.479	1.601.184
Non-current liabilities	24.662.090		971.397.387
Long-term borrowings	-	820.799.330	820.799.330
Other payables			
Due to related parties	-	79.079.943	79.079.943
Provisions			
Provision for employee benefits	1.232.413	-	1.232.413
Deferred tax liabilities	23.429.677	46.856.024	70.285.701
Equity	1.779.302.610		2.124.926.385
Equity holders of the parent	1.779.302.610	345.623.775	2.124.926.385
Paid-in capital	669.833.747	-	669.833.747
Share premium	4.722	-	4.722
Gain/ (loss) arising from defined benefit plans	(225.297)	-	(225.297)
Currency translation differences	91.491.372	60.241.311	151.732.683
Restricted reserves	29.292.034	-	29.292.034
Effect of combinations of businesses under common control	(73.865.716)	38.680.626	(35.185.090)
Retained earnings	702.557.572	206.669.182	909.226.754
Net profit for the period	360.214.176	40.032.656	400.246.832
Total liabilities and equity	1.991.257.323		3.648.624.180

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries

Notes to condensed consolidated financial statements as of and for the period ended June 30, 2023

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

2. Basis of presentation of the consolidated financial statements (cont'd)

2.4 Restatement and errors in the accounting policies and estimates (cont'd)

	Previously reported	Effect of restatement	Restated
	January 1 - June 30, 2022		January 1 - June 30, 2022
Revenue	118.880.660	7.158.582	126.039.242
Cost of sales (-)	(70.924.748)	(62.484.095)	(133.408.843)
Gross profit/ (loss)	47.955.912		(7.369.601)
General administrative expenses (-)	(22.957.527)	(1.787.657)	(24.745.184)
Other income from operating activities	146.533.428	29.103.728	175.637.156
Other expenses from operating activities (-)	(54.852.762)	(145.627.738)	(200.480.500)
Operating profit/ (loss)	116.679.051		(56.958.129)
Expenses from investment activities (-)	-	(351.314)	(351.314)
Operating income before financial income/ (expense)	116.679.051		(57.309.443)
Finance income	295.503	3.107.286	3.402.789
Finance expense (-)	(9.687.099)	(7.326.892)	(17.013.991)
Profit before tax from continuing operations	107.287.455		(70.920.645)
Tax income/ (expense), continuing operations	(114.235)		19.230.197
Taxes on expense	(114.235)	-	(114.235)
Deferred tax income	-	19.344.432	19.344.432
Net income	107.173.220		(51.690.448)
Not to be reclassified to profit or loss	(37.259)		(37.259)
Loss arising from defined benefit plans	(37.259)	-	(37.259)
To be reclassified to profit or loss	22.393.047		38.295.926
Currency translation differences	22.393.047	15.902.879	38.295.926
Other comprehensive income	22.355.788		38.258.667
Total comprehensive income/ (loss)	129.529.008		(13.431.781)

2.5 Summary of significant accounting policies

The condensed interim consolidated financial statements for the six months period ended June 30, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements for the six months period ended June 30, 2023, are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2022. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

3. Segment reporting

Within the framework of TFRS 8 - Operating Segments, there are no operating segments that meet limits and require segment reporting. (31 December 2022: None).

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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

4. Cash and cash equivalents

The details of cash and cash equivalents as of June 30, 2023, December 31, 2022 and January 1, 2022 are as follows:

	June 30, 2023	December 31, 2022	January 1, 2022
Cash on hand	2.081	2.913	1.463
Cash in banks:			
- Demand deposits	212.670.171	52.041.960	106.094.206
- Time deposits	232.420.428	3.600.000	183.474.025
Total	445.092.680	55.644.873	289.569.694
Barred deposits (-)	-	-	(171.941.276)
Cash and cash equivalents in cash flow statement	445.092.680	55.644.873	117.628.418

As of 30 June 2023, demand deposits consist of 6.755.647 euros, 846.352 US dollars, 11.636 British pounds and 234.516 Turkish liras (31 December 2022: 1.526.534 euros, 227.742 US dollars, 48.560 British pounds and 16.260.183 Turkish liras). As of 30 June 2023, time deposits consist of 8.889.000 US dollars, 99.975 euros and 64.189 Turkish liras (31 December 2022: 3.600.000 Turkish liras).

5. Financial liabilities

The details of financial liabilities as of June 30, 2023, December 31, 2022 and January 1, 2022 are as follows:

	June 30, 2023	December 31, 2022	January 1, 2022
Short-term bank loans	152.222.781	175.320.898	263.422.784
Short-term portion of long-term borrowings	3.636.618	-	-
Short-term financial liabilities	155.859.399	175.320.898	263.422.784
Long-term bank loans	1.418.894.593	820.799.330	517.275.137
Long-term financial liabilities	1.418.894.593	820.799.330	517.275.137
Total	1.574.753.992	996.120.228	780.697.921

Movement of financial liabilities for the periods ended June 30, 2023 and 2022 are as follows:

	2023	2022
January 1	996.120.228	780.697.921
Addition	180.994.030	31.500.000
Principal payments (-)	(36.530.500)	(30.639.644)
Translation differences	434.019.660	110.910.727
Accrued/ (paid) interest, net	150.574	-
June 30	1.574.753.992	892.469.004

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5. Financial liabilities (cont'd)

The details of bank loans as of June 30, 2023 are as follows:

Currency	Original balance	TL equivalent	Interest	Effective interest rate (%)
Turkish lira	34.500.000	34.500.000	Floating	17,8
Turkish lira	18.103.427	18.103.427	Fixed	16,8
Turkish lira	4.944.402	4.944.402	Fixed	20,68
Euro	3.532.000	99.619.354	Fixed	5
Euro	2.015.000	56.832.672	Floating	2,9
Euro	17.078.541	481.696.839	Fixed	2,09
Euro	15.595.798	439.876.367	Fixed	2,09
Euro	15.000.000	423.072.000	Fixed	12
Euro	571.141	16.108.931	Fixed	4,5

The details of bank loans as of December 31, 2022 are as follows:

Currency	Original balance	TL equivalent	Interest	Effective interest rate (%)
Turkish lira	34.500.000	34.500.000	Floating	17,8
Turkish lira	6.327.342	6.327.342	Fixed	20,68
Euro	3.532.000	70.536.866	Fixed	4,75
Euro	2.015.000	40.241.162	Floating	2,9
Euro	1.187.510	23.715.528	Fixed	4,5
Euro	17.266.695	344.829.703	Fixed	2,09
Euro	15.758.744	314.714.721	Fixed	2,09
Euro	7.500.000	149.781.000	Fixed	12
Euro	574.534	11.473.906	Fixed	4,5

Interest risks related to interest rate changes on floating rate bank loans are explained in Note 22.

Peker Gayrimenkul Yatırım Ortaklığı Anonim Şirketi and Its Subsidiaries**Notes to condensed consolidated financial statements****as of and for the period ended June 30, 2023**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

6. Trade receivables and payables**a) Short-term trade receivables**

	June 30, 2023	December 31, 2022	January 1, 2022
Trade receivables from third parties	51.594.408	34.524.592	4.361.753
Notes receivables	1.190.000	1.190.000	-
Income accruals	305.493	10.565	305.493
Total	53.089.901	35.725.157	4.667.246

b) Long-term trade receivables

	June 30, 2023	December 31, 2022	January 1, 2022
Trade receivables from related parties (Note 17)	-	516.305.862	405.961.880
ECL – From related parties (Note 17)	-	(1.425.644)	(1.246.325)
Total	-	514.880.218	404.715.555

c) Short-term trade payables

	June 30, 2023	December 31, 2022	January 1, 2022
Trade payables to third parties	90.620.693	77.289.667	50.787.637
Total	90.620.693	77.289.667	50.787.637

7. Other receivables and payables**a) Short-term other receivables**

	June 30, 2023	December 31, 2022	January 1, 2022
Receivables from the tax office	6.132.681	8.637.618	9.676.042
Deposits and guarantees given	281.540	199.349	150.867
Other receivables from third parties	21.664	324.123	-
Other receivables from related parties (Note 17)	2.432.593	162.713.870	187.800.254
Total	8.868.478	171.874.960	197.627.163

b) Long-term other receivables

	June 30, 2023	December 31, 2022	January 1, 2022
Deposits and guarantees given	741.085	524.892	397.366
Total	741.085	524.892	397.366

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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

7. Other receivables and payables (cont'd)**c) Short-term other payables**

	June 30, 2023	December 31, 2022	January 1, 2022
Deposits and guarantees taken	838.836	424.015	312.293
Other payables to third parties	561	397	938.382
Other payables to related parties (Note 17)	111.592.235	276.138.673	78.110.696
Total	112.431.632	276.563.085	79.361.371

d) Long-term other payables

	June 30, 2023	December 31, 2022	January 1, 2022
Other payables to related parties (Note 17)	38.683.116	79.079.943	39.095.244
Total	38.683.116	79.079.943	39.095.244

8. Inventories

	June 30, 2023	December 31, 2022	January 1, 2022
Ataköy Nef 22 independent sections (*)	36.315.628	42.919.827	49.569.070
Land shares of Ataköy Project (**)	11.266.309	11.266.309	32.063.665
Sultan makamı (***)	7.544.361	10.879.135	17.157.607
Impairment of Ataköy Project	-	-	(9.226.471)
Total	55.126.298	65.065.271	89.563.871

(*) With the protocol signed between the Company and Timur Gayrimenkul on December 28, 2017, 23 commercial areas amounting to 74.898.337 Turkish liras in the Ataköy project were purchased by the Company. 15 of the purchased commercial areas were returned, and 45 independent sections (16 commercial areas and 29 residences) were purchased within the framework of property sharing between the Company and Nef. As of June 30, 2023, there is a inventory of 1 residence and 11 commercial areas (December 31, 2022: 1 residence and 12 commercial areas).

(**) The "Revenue Sharing Project for Land Sale" is carried out with the contract concluded between Nef and the Company on the Company's land located in Istanbul, Bakırköy, Ataköy. The sales revenue will be shared between the landowner Peker GYO and the contractor Nef, 50% of the landowner and 50% of the contractor. There are 1,438 residences and 125 workplaces in the project. The delivery of the independent sections sold by Nef has started, and the land share invoices of the delivered independent sections have been invoiced to Nef. In addition, the land shares (76 in total) of the independent sections subject to the independent section sharing between the Company and Nef in the current period were invoiced to Nef. As of June 30, 2023, the land shares of 5 commercial areas that were not delivered are included in the inventories (December 31, 2022: 5 commercial areas).

(***) It consists of 3 independent sections in the "Sultan Makamı Konutları" located on the 879 parcel of the Çengelköy, in the Istanbul, Üsküdar. The Company is a sole proprietor in 1 of these 3 independent sections and has various shares in the remaining 2 independent sections (December 31, 2022: 3 independent sections).

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9. Prepaid expenses and contract liabilities**a) Short-term prepaid expenses**

	June 30, 2023	December 31, 2022	January 1, 2022
Prepaid expenses for next months	2.393.590	351.029	116.214
Advances given to third parties ^(*)	502.054	159.105.292	492.220
Advances given to related parties (Note 17)	220.657.730	164.311.257	14.335.629
Total	223.553.374	323.767.578	14.944.063

^(*) As of December 31, 2022, advances given to third parties consist of advance given for land purchase contract amounting to 7.971.810 euros within the scope of Nordstern project investment. The relevant land is 9,163 m² and is purchased from the Municipality of Düsseldorf.

b) Long-term prepaid expenses

	June 30, 2023	December 31, 2022	January 1, 2022
Advances given to third parties	13.461.525	-	51.398.417
Prepaid expenses for next years	-	260.694	44.091
Total	13.461.525	260.694	51.442.508

c) Contract liabilities

	June 30, 2023	December 31, 2022	January 1, 2022
Liabilities from customer contracts	300.000	16.211.348	4.635.113
Total	300.000	16.211.348	4.635.113

10. Other assets and liabilities**a) Other current assets**

	June 30, 2023	December 31, 2022	January 1, 2022
Deferred VAT	12.183.612	1.972.837	51.839
Job advances	130.000	217.047	140.000
Personnel advances	59.250	61.250	-
Other	2.436.047	2.170.335	1.206.390
Total	14.808.909	4.421.469	1.398.229

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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

10. Other assets and liabilities (cont'd)

b) Other current liabilities

	June 30, 2023	December 31, 2022	January 1, 2022
Taxes and funds payable	58.540.142	1.601.184	594.372
Total	58.540.142	1.601.184	594.372

As of June 30, 2023, taxes and funds payables mainly consist of VAT amounts related to the sales of the undesigned investment property with an area of 11,020 m² in Üsküdar, and the residences and houses with warehouses in the Sultan Makamı Residences.

11. Investment properties

As of June 30, 2023, December 31, 2022 and January 1, 2022, details of investment properties are as follows:

	June 30, 2023	December 31, 2022	January 1, 2022
Hotel - Peker GMBH ⁽¹⁾	2.421.244.000	1.435.312.800	935.375.400
Dusseldorf - Nordstern ⁽²⁾	301.247.800	213.303.430	158.410.350
Solingen - Peker GYO Global ⁽³⁾	183.704.850	88.211.933	43.374.263
Grevenbroich - Bluestone ⁽⁴⁾	79.675.820	56.415.767	38.018.484
House - Peker GMBH ⁽¹⁾	43.357.160	30.201.374	20.367.045
Nef 22 ⁽⁵⁾	27.700.000	13.500.000	-
Grevenbroich - Peker GYO Global ⁽³⁾	21.650.426	15.329.938	11.239.592
Kaiserwall ⁽⁶⁾	15.935.164	11.283.153	7.860.171
Parcela Benalmadena - Spain ⁽⁷⁾	9.652.942	-	-
Parcela Mijas - Spain ⁽⁷⁾	7.485.245	-	-
Land in Çamlıca ⁽⁸⁾	-	541.870.000	292.980.000
Marbella - Spain ⁽⁹⁾	-	39.765.840	-
Gravesend	-	-	58.391.774
Sultan Makamı Konutları	-	-	31.610.000
Total	3.111.653.407	2.445.194.235	1.597.627.079

- (1) Peker GMBH owns the Northgate Düsseldorf project. Related project; It is a project with a gross indoor construction area of 26.200 m² located in Düsseldorf, Germany. The project, which was developed on a land of 11,600 m², has a total net usage area of 24.000 m² (8.400 m² hotel, 5.800 m² boarding, 1.800 m² office, 8.000 m² common use area). The 431-room hotel project, the construction of which started in 2019, was completed at the beginning of 2023. The related hotel is one of the largest hotels in the city of Düsseldorf and has been leased to the Novum Hotels Group for 25+5 years. The hotel continues to operate.
- (2) Nordstern Düsseldorf GMBH owns a land of 8,891 m² in Düsseldorf, Germany, and continues its project development activities on the relevant land.
- (3) Peker GYO Global GMBH owns 3 adjoining buildings in Grevenbroich, Nordrhein-Westfalen, Germany, and plans to design these three real estates together. In addition, it has a land area of 2,690 m² in the city of Solingen, and it is planned to build a project with a total of 45 flats, 33 indoor parking lots, 14 outdoor parking lots and motor parking lots.
- (4) It is planned to develop a residential project on a land of 2,370 m² in Grevenbroich, Germany.
- (5) Due to the rental of 2 residences, which were previously in Nef 22 independent section stocks, the related residences were classified as investment properties as of December 31, 2022 and March 31, 2023, respectively.
- (6) A real estate consisting of 3 flats and 1 commercial area with a leasable area of 417 m² in the city of Recklinghausen, Westphalia, Germany, was purchased for 500.000 euros. Rental income is obtained from the said real estate.
- (7) As part of the restructuring the Group has created for new investments to be made in Spain; Avellano purchased a 609.11 m² plot at the address 9.3, Benalmadena 1 29639 Malaga and a 670 m² plot at the address of Ficus Buena Vista Sol, 2, Buenavista, 29650, Mijas, Malaga.
- (8) Çamlıca Land is located in Üsküdar, Istanbul, has a size of 11,020 m² and has not been designed yet. For the period ended June 30, 2023, the relevant land was sold.
- (9) The Group has purchased residences amounting to 1.400.000 euros 18 and 19 in the Urbanisation Oasis Club project in Marbella, Malaga. For the period ended March 31, 2023, both residences have been sold.

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11. Investment properties (cont'd)

Movement of investment properties for the periods ended June 30, 2023 and 2022 are as follows:

	2023	2022
January 1	2.445.194.235	1.597.627.079
Addition	672.103.571	315.135.815
Purchase of investment properties	16.188.550	24.297.991
Transfer from inventories (*)	6.604.200	-
Sales of investment properties	(581.635.840)	(93.947.276)
Translation differences	198.516.091	(127.351.495)
Increase due to fair value change	354.682.600	10.351.624
June 30	3.111.653.407	1.726.113.738

(*) Independent sections of Nef 22 which was previously reported in inventories has been classified into investment properties due to rental. The fair value difference is accounted in the income statement.

As of June 30, 2023, the fair values of the investment properties and the methods that are used to identify the fair values are as follows:

June 30, 2023				
Name of investment property	Date of appraisal report	Fair value	Currency	Fair value (TL)
Nef 22	31.12.2022	27.700.000	TL	27.700.000
Kaiserwall	31.12.2022	566.000	EUR	15.935.164
Solingen - Peker GYO Global	30.06.2023	6.525.000	EUR	183.704.850
Grevenbroich - Peker GYO Global	30.12.2022	769.000	EUR	21.650.426
Dusseldorf - Nordstern	20.12.2022	10.700.000	EUR	301.247.800
Grevenbroich - Bluestone	19.12.2022	2.830.000	EUR	79.675.820
House - Peker GMBH	30.06.2023	1.540.000	EUR	43.357.160
Hotel - Peker GMBH	30.06.2023	86.000.000	EUR	2.421.244.000
Parcela Benalmadena - Spain	2.04.2023	342.862	EUR	9.652.942
Parcela Mijas - Spain	4.04.2023	265.868	EUR	7.485.245

Name of investment property	Valuation method use	Based on valuation method
Nef 22	Precent comparison	Precent comparison
Kaiserwall	Cost analysis, Income discount	Income discount
Solingen - Peker GYO Global	Cost analysis, Precent comparison, Income discount	Precent comparison
Grevenbroich - Peker GYO Global	Precent comparison, Income discount	Precent comparison
Dusseldorf - Nordstern	Precent comparison	Precent comparison
Grevenbroich - Bluestone	Precent comparison	Precent comparison
House - Peker GMBH	Precent comparison	Precent comparison
Hotel - Peker GMBH	Precent comparison, Income discount	Income discount
Parcela Benalmadena - Spain	Precent comparison	Precent comparison
Parcela Mijas - Spain	Precent comparison	Precent comparison

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11. Investment properties (cont'd)

As of December 31, 2022, the fair values of the investment properties and the methods that are used to identify the fair values are as follows:

December 31, 2022				
Name of investment property	Date of appraisal report	Fair value	Currency	Fair value (TL)
Land in Çamlıca	30.12.2022	541.870.000	TL	541.870.000
Nef 22	31.12.2022	13.500.000	TL	13.500.000
Kaiserwall	31.12.2022	566.000	EUR	11.283.153
Solingen - Peker GYO Global	13.12.2022	4.425.000	EUR	88.211.933
Grevenbroich - Peker GYO Global	30.12.2022	769.000	EUR	15.329.938
Dusseldorf - Nordstern	20.12.2022	10.700.000	EUR	213.303.430
Grevenbroich - Bluestone	19.12.2022	2.830.000	EUR	56.415.767
Marbella - Peker GYO Spain	9.12.2022	1.994.785	EUR	39.765.840
House - Peker GMBH	31.12.2022	1.515.000	EUR	30.201.374
Hotel - Peker GMBH	31.12.2022	72.000.000	EUR	1.435.312.800

Name of investment property	Valuation method use	Based on valuation method
Land in Çamlıca	Income discount, Income discount	Precent comparison
Nef 22	Precent comparison	Precent comparison
Kaiserwall	Cost analysis, Income discount	Income discount
Solingen - Peker GYO Global	Cost analysis, Precent comparison, Income discount	Precent comparison
Grevenbroich - Peker GYO Global	Income discount, Income discount	Precent comparison
Dusseldorf - Nordstern	Precent comparison	Precent comparison
Grevenbroich - Bluestone	Precent comparison	Precent comparison
Marbella - Peker GYO Spain	Precent comparison	Precent comparison
House - Peker GMBH	Precent comparison	Precent comparison
Hotel - Peker GMBH	Precent comparison, Income discount	Income discount

As of January 1, 2022, the fair values of the investment properties and the methods that are used to identify the fair values are as follows:

January 1, 2022				
Name of investment property	Date of appraisal report	Fair value	Currency	Fair value (TL)
Land in Çamlıca	31.12.2021	292.980.000	TL	292.980.000
Sultan Makamı Konutları	31.12.2021	31.610.000	TL	31.610.000
Gravesend	17.12.2021	3.250.000	GBP	58.391.774
Kaiserwall	30.12.2021	521.000	EUR	7.860.171
Solingen - Peker GYO Global	31.12.2021	2.875.000	EUR	43.374.263
Grevenbroich - Peker GYO Global	31.12.2021	745.000	EUR	11.239.592
Dusseldorf - Nordstern	31.12.2021	10.500.000	EUR	158.410.350
Grevenbroich - Bluestone	31.12.2021	2.520.000	EUR	38.018.484
House - Peker GMBH	31.12.2021	1.350.000	EUR	20.367.045
Hotel - Peker GMBH	31.12.2021	62.000.000	EUR	935.375.400

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11. Investment properties (cont'd)

Name of investment property	Valuation method use	Based on valuation method
Land in Çamlıca	Income discount, Income discount	Precent comparison
Sultan Makamı Konutları	Precent comparison	Precent comparison
Gravesend	Precent comparison	Precent comparison
Kaiserwall	Cost analysis, Income discount	Income discount
Solingen - Peker GYO Global	Cost analysis, Precent comparison, Income discount	Precent comparison
Grevenbroich - Peker GYO Global	Income discount, Income discount	Precent comparison
Dusseldorf - Nordstern	Precent comparison	Precent comparison
Grevenbroich - Bluestone	Precent comparison	Precent comparison
House - Peker GMBH	Precent comparison	Precent comparison
Hotel - Peker GMBH	Precent comparison, Income discount	Income discount

As of June 30, 2023, the fair values classification of the investment properties are as follows:

	June 30, 2023	1. level	2. level	3. level
Nef 22	27.700.000	-	27.700.000	-
Kaiserwall	15.935.164	-	-	15.935.164
Solingen - Peker GYO Global	183.704.850	-	183.704.850	-
Grevenbroich - Peker GYO Global	21.650.426	-	21.650.426	-
Dusseldorf - Nordstern	301.247.800	-	301.247.800	-
Grevenbroich - Bluestone	79.675.820	-	79.675.820	-
House - Peker GMBH	43.357.160	-	43.357.160	-
Hotel - Peker GMBH	2.421.244.000	-	2.421.244.000	-
Parcela Benalmadena - Spain	9.652.942	-	9.652.942	-
Parcela Mijas - Spain	7.485.245	-	7.485.245	-
Total	3.111.653.407	-	3.095.718.243	15.935.164

As of December 31, 2022, the fair values classification of the investment properties are as follows:

	December 31, 2022	1. level	2. level	3. level
Land in Çamlıca	541.870.000	-	541.870.000	-
Nef 22	13.500.000	-	13.500.000	-
Kaiserwall	11.283.153	-	-	11.283.153
Solingen - Peker GYO Global	88.211.933	-	88.211.933	-
Grevenbroich - Peker GYO Global	15.329.938	-	15.329.938	-
Dusseldorf - Nordstern	213.303.430	-	213.303.430	-
Grevenbroich - Bluestone	56.415.767	-	56.415.767	-
Marbella - Peker GYO Spain	39.765.840	-	39.765.840	-
House - Peker GMBH	30.201.374	-	30.201.374	-
Hotel - Peker GMBH	1.435.312.800	-	1.435.312.800	-
Total	2.445.194.235	-	2.433.911.082	11.283.153

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11. Investment properties (cont'd)

As of January 1, 2022, the fair values classification of the investment properties are as follows:

	January 1, 2022	1. level	2. level	3. level
Land in Çamlıca	292.980.000	-	292.980.000	-
Sultan Makamı Konutları	31.610.000	-	31.610.000	-
Gravesend	58.391.774	-	58.391.774	-
Kaiserwall	7.860.171	-	-	7.860.171
Solingen - Peker GYO Global	43.374.263	-	43.374.263	-
Grevenbroich - Peker GYO Global	11.239.592	-	11.239.592	-
Dusseldorf - Nordstern	158.410.350	-	158.410.350	-
Grevenbroich - Bluestone	38.018.484	-	38.018.484	-
House - Peker GMBH	20.367.045	-	20.367.045	-
Hotel - Peker GMBH	935.375.400	-	935.375.400	-
Total	1.597.627.079	-	1.589.766.908	7.860.171

12. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation for the periods ended June 30, 2023 and 2022 are as follows:

	January 1, 2023	Addition	Translation difference	June 30, 2023
Cost:				
Vehicles	22.659.401	43.144	2.228.609	24.931.154
Furniture and fixtures	6.776.382	412.840	2.724.723	9.913.945
Total	29.435.783	455.984	4.953.332	34.845.099
Accumulated depreciation:				
Vehicles	5.231.133	2.118.295	429.789	7.779.217
Furniture and fixtures	774.327	412.391	399.338	1.586.056
Total	6.005.460	2.530.686	829.127	9.365.273
Book value	23.430.323			25.479.826

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12. Property, plant and equipment (cont'd)

	January 1, 2022	Addition	Disposal	Translation difference	June 30, 2022
Cost:					
Vehicles	13.982.889	4.415.081	(4.280.760)	611.077	14.728.287
Furniture and fixtures	774.313	176.588	-	102.737	1.053.638
Total	14.757.202	4.591.669	(4.280.760)	713.814	15.781.925
Accumulated depreciation:					
Vehicles	1.705.805	1.003.343	(772.920)	(168.627)	1.767.601
Furniture and fixtures	368.512	82.958	-	9.390	460.860
Total	2.074.317	1.086.301	(772.920)	(159.237)	2.228.461
Book value	12.682.885				13.553.464

As of June 30, 2023 and December 31, 2022, there are pledges on vehicles amounting to 4.849.398 Turkish liras (Note 13).

As of June 30, 2023 and December 31, 2022, there are no property, plant and equipment acquired through financial leasing.

As of June 30, 2023 and December 31, 2022, there is no capitalized borrowing cost.

13. Provisions, commitments and contingencies**a) Provisions**

As of June 30, 2023 and December 31, 2022, there are 8 lawsuits to which the Group is a party. The Group does not foresee a significant cash outflow risk for the related lawsuits.

b) Contingent assets

The details of collaterals, pledges and mortgages ("CPM") received as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Letters of guarantees taken (*)		
- Turkish lira	7.694.345	7.694.345
- US dollar	49.937.511	36.224.522
Total	57.631.856	43.918.867

(*) As of June 30, 2023 and December 31, 2022, letter of guarantees taken consist of the letter of guarantees received from the customers regarding the undelivered residences and workplaces within the scope of the sales contracts made within the scope of Nef 22 Project.

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13. Provisions, commitments and contingencies(cont'd)**c) Contingent liabilities**

The details of collaterals, pledges and mortgages ("CPM") given as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
A. Total amount of guarantees provided by the Company on behalf of itself (*)	97.160.000	82.009.398
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method (**)	441.736.260	312.778.581
C. Provided on behalf of third parties in order to maintain operating activities	-	-
D. Other guarantees given	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-
Total	538.896.260	394.787.979

(*) As of June 30, 2023, guarantees, pledges and mortgages consist of amounting to 77.160.000 Turkish liras consist of mortgages on independent sections, amounting to 4.849.398 Turkish liras consist of pledges on vehicles and amounting to 20.000.000 Turkish liras guarantee given to Kuveyt Türk Katılım Bankası A.Ş. As of December 31, 2022, guarantees, pledges and mortgages consist of amounting to 77.160.000 Turkish liras consist of mortgages on independent sections, amounting to 4.849.398 Turkish liras consist of pledges on vehicles

(**) As of June 30, 2023 and December 31, 2022, guarantees provided on behalf of subsidiaries accounted under full consolidation method consist of mortgage amounting to 5.690.000 euros related to land in Nordstern and amounting to 10.000.000 euros related to land in Solingen.

14. Shareholders's equity**a) Paid in capital**

The details of paid-in capital as of June 30, 2023 and December 31, 2022 are as follows:

Name of shareholder	Share (%)	June 30, 2023	Share (%)	December 31, 2022
		Amount		Amount
Hasan Peker	39,00	261.264.967	25,97	173.958.175
Ayşegül Peker	-	-	13,03	87.306.792
Halka açık	61,00	408.568.780	61,00	408.568.780
Total	100	669.833.747	100	669.833.747

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14. Shareholders's equity (cont'd)

As of June 30, 2023 and December 31, 2022, the Company's share capital consists of 669.833.747 units of shares with the nominal value of Turkish lira 1.

Name of shareholder	June 30, 2023		December 31, 2022		Group	Type
	Units of share	Amount	Units of share	Amount		
Hasan Peker	42.166.667	42.166.667	28.083.000	28.083.000	A	Registered
Ayşegül Peker	-	-	14.083.667	14.083.667	A	Registered
Hasan Peker	219.098.300	219.098.300	145.875.175	145.875.175	B	Bearer
Ayşegül Peker	-	-	73.223.125	73.223.125	B	Bearer
Halka açık kısım	408.568.780	408.568.780	408.568.780	408.568.780	B	Bearer
Total	669.833.747	669.833.747	669.833.747	669.833.747		

Shares are divided into groups A and B, and group A shares are privileged. The nominal amount of the privileged shares is amounting to 42.166.667 Turkish liras. Group A shares have the privilege to nominate candidates in the election of the members of the Board of Directors. If the Board of Directors consists of 5 members, 3 of them, in case of 6 or 7 members, 4 of them are selected by the General Assembly from among the candidates nominated by the group A shareholders.

The management control of the Company belongs to group A shareholders, and this control is achieved by owning the majority of the privileges granted to the shares.

Ayşegül Peker who is vice chairman of the Board of Directors transferred her shares to Hasan Peker who is Chairman of the Board of Directors with a total nominal value of 87.306.792 Turkish liras outside the stock market. These shares including group A shares with a nominal value of 14.083.667 Turkish liras and group B shares with a nominal value of 73.223.125 Turkish liras which are 13,03% of the Company's capital. The share transfer did not lead to a change in the Company's management control.

b) Restricted reserves

In accordance with the Turkish Commercial Code ("TCC"), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the Company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The Turkish Commercial Code ("TCC") stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

As of June 30, 2023, the total amount of legal reserves is 40.693.320 Turkish liras (December 31, 2022: 29.292.034 Turkish liras).

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15. Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

	June 30, 2023	December 31, 2022
Profit for the year	682.831.341	(51.690.448)
Weighted average number of ordinary shares with nominal value	669.833.747	669.833.747
Earnings per share	1,02	(0,08)

16. Taxation

Movement of tax assets and liabilities for the periods ended June 30, 2023 and 2022 are as follows:

	2023	2022
January 1	-	(3.547.198)
Translation difference	-	(423.667)
Corporation and income taxes	-	(114.235)
Prepaid taxes and funds	53.799	45.293
Corporate tax payable	-	(4.085.100)
Current income tax assets	53.799	45.293

Corporate tax

All earnings of The Group, except its subsidiaries in Germany and Spain, are exempt from corporate tax due to the approval of the Group as a Real Estate Investment Trust ("REIT") by the CMB

The effective corporate tax rate in Turkey is 20%, 15,825% in Germany and 15% in Spain as of June 30, 2023 (December 31, 2022: in Turkey 23%, in Germany 15,825%, in Spain 15%).

As of January 1, 2022, the corporate tax payable amounting to 3.547.198 Turkish liras consists of tax expense, which is required to be paid according to German laws, for the sale of the Hagen building in Germany. The relevant tax payment was made in 2022.

Deferred tax

Subsidiaries in Germany and Spain deferred tax assets and liabilities based upon the temporary differences arising between its taxable statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences consist of fair value differences related to investment properties. As of June 30, 2023, deferred tax asset is 6.863.274 Turkish liras (December 31, 2022: 7.767.358 Turkish liras, January 1, 2022: None) and deferred tax liability is 154.570.374 Turkish liras (December 31, 2022: 70.285.701 Turkish liras, January 1, 2022: 54.791.038 Turkish liras).

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17. Related parties**a) Long-term trade receivables from related parties**

	June 30, 2023	December 31, 2022	January 1, 2022
UK Imperial Investment Ltd.	-	514.880.218	404.715.555
Total	-	514.880.218	404.715.555

On June 23, 2023, long-term trade receivables from related parties was transferred to Peker Holding GMBH during the acquisition of Peker GMBH.

b) Short-term other receivables from related parties

	June 30, 2023	December 31, 2022	January 1, 2022
Hasan Peker	2.420.891	1.736.550	-
Peker Investment GMBH	11.702	-	38.047.974
Peker Holding A.Ş.	-	148.117.636	-
Pollux Construction GMBH	-	12.620.034	-
Pekfor 95 GMBH	-	239.650	-
H.P. Krefeld GMBH	-	-	123.989.934
Peker Port GMBH	-	-	14.459.564
Peker Management GMBH	-	-	7.302.795
Naval Ram GMBH	-	-	3.999.987
Goldstein Investment GMBH	-	-	-
Total	2.432.593	162.713.870	187.800.254

c) Short-term other payables to related parties

	June 30, 2023	December 31, 2022	January 1, 2022
Pollux Construction GMBH (*)	111.592.235	-	14.236.144
Peker Holding A.Ş.	-	268.746.573	58.136.315
Peker Investment GMBH	-	7.261.170	5.687.161
Peker Management GMBH	-	130.930	-
Goldstein Investment GMBH	-	-	51.076
Total	111.592.235	276.138.673	78.110.696

(*) Other payables within the scope of the project located in the city of Grevenbroich in the state of Nordrhein-Westfalen.

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17. Related parties (cont'd)**d) Long-term other payables to related parties**

	June 30, 2023	December 31, 2022	January 1, 2022
Peker Holding GMBH	34.369.171	76.069.546	16.372.405
Peker Holding Ltd.	4.313.945	3.010.397	22.722.839
Total	38.683.116	79.079.943	39.095.244

e) Short-term prepaid expenses to related parties

	June 30, 2023	December 31, 2022	January 1, 2022
Marbella Lifestyle Investment SL (*)	169.629.750	128.189.550	-
Pollux Construction GMBH	51.014.579	36.121.707	14.335.629
Peker Management GMBH	13.401	-	-
Total	220.657.730	164.311.257	14.335.629

(*) The Company signed a real estate purchase agreement amounting to 8.900.000 euros with its related party, Marbella Life Style Investments SL, regarding the purchase of a villa with 16 rooms and a total construction area of 1,992 m² on a 7,100 m² land in Malaga, Spain. Pursuant to the aforesaid agreement, the title deed will be transferred after the permissions for the construction of 4 additional villas on the land area excluding the existing villa are obtained. Within the scope of the relevant agreement, an advance of 8.500.000 euros was paid to the seller (December 31, 2022: 6.500.000 euros).

f) Benefits of the key management

The key management of the Group consists of the Board of Directors, General Manager and Directors. For the six months period ended 30 June 2023, the total compensation consisting of short term benefits such as salaries and rental of car. For the periods ended June 30, 2023 and 2022, benefits of the key management are as follows:

	January 1 - June 30, 2023	January 1 - June 30, 2022
Benefits of the key management	9.037.003	1.728.139
Total	9.037.003	1.728.139

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18. Sales and cost of sales

For the periods ended June 30, 2023 and 2022, the details of sales and cost of sales are as follows:

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Domestic sales ^(*)	584.306.296	584.306.296	36.942.830	2.869.949
Export sales ^(**)	45.078.328	2.541.909	81.376.800	81.376.800
Other	3.741.426	2.939.864	7.719.612	7.023.399
Net sales	633.126.050	589.788.069	126.039.242	91.270.148
Domestic cost of sales (-)	545.613.752	545.613.752	35.096.390	2.807.197
Export cost of sales (-)	42.260.632	2.010.329	98.312.453	98.312.453
Cost of sales (-)	587.874.384	547.624.081	133.408.843	101.119.650
Gross profit	45.251.666	42.163.988	(7.369.601)	(9.849.502)

(*) For the period ended June 30, 2023, domestic sales consist of sales of the investment property with an area of 11,020 m² in Üsküdar, and residences and warehouses in Sultan Makamı Residences. For the period ended June 30, 2022, domestic sales consist of two investment units in Sultan Makamı Residences and share of land sales related to Ataköy project.

(**) For the period ended June 30, 2023, export sales consist of the sales of investment properties numbered 18 and 19 in the Urbanization Oasis Club project in Malaga Marbella, Spain. For the period ended June 30, 2022, export sales consist of the sales of investment properties located in Gravesend, England.

19. General administrative expenses

For the periods ended June 30, 2023 and 2022, the details of general administrative expenses are as follows:

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Personnel expenses	15.910.305	8.001.727	11.780.975	6.350.497
Consultancy expenses	9.792.905	4.698.042	4.446.871	1.642.270
Donations and grants ^(*)	3.101.794	77.039	44.600	22.550
Taxes, duties and charges	3.098.165	1.717.969	1.132.889	856.197
Amortization and depreciation expenses	2.530.686	1.341.279	1.086.301	184.205
Travel and accommodation expenses	1.844.684	394.810	989.750	822.833
Outsourced benefits and services	1.659.607	943.678	1.009.732	694.673
Insurance expenses	1.223.884	378.243	326.717	104.180
Maintenance and repair expenses	881.773	584.498	209.260	177.217
Travel expenses	751.365	261.142	437.131	243.380
Other	5.469.812	1.449.127	3.280.958	9.361
Total	46.264.980	19.847.554	24.745.184	11.107.363

(*) For the period ended June 30, 2023, donations and grants mainly consist of donations related to Kahramanmaraş-centered earthquake on February 6, 2023.

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20. Other income and expenses from operating activities

a) Other income from operating activities

For the periods ended June 30, 2023 and 2022, the details of other income from operating activities are as follows:

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Fair value differences of investment properties	565.437.518	551.028.852	28.542.110	17.420.656
Foreign exchange gains (*)	236.680.876	206.582.545	147.059.933	79.713.346
Late interest income (**)	16.000.077	10.953.168	-	-
Provision no longer required	1.499.876	1.499.876	-	-
Taxes, duties and other charges refunds	479.750	479.750	-	-
Other	1.195.027	15.035	35.113	35.113
Total	821.293.124	770.559.226	175.637.156	97.169.115

(*) As of 30 June 2023, foreign exchange differences are shown as net-off.

(**) As of June 30, 2023, late interest income consists of interest income related to trade receivables from UK Imperial Investment Ltd.

b) Other expenses from operating activities

For the periods ended June 30, 2023 and 2022, the details of other expenses from operating activities are as follows:

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Fair value differences of investment properties	12.238.827	-	145.541.981	54.199.910
Comission expenses	161.746	135.746	1.134.107	-
Provision expenses	74.232	-	88.315	-
Taxes, duties and other charges	59.191	19.884	31.274	1.071
Foreign exchange losses	-	-	53.268.309	44.295.633
Other	42.708	40.890	416.514	52.552
Total	12.576.704	196.520	200.480.500	98.549.166

21. Income and expenses from financing activities

a) Income from financing activities

For the periods ended June 30, 2023 and 2022, the details of income from financing activities are as follows:

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Interest income from time deposits	669.880	652.594	283.189	16.832
Late interest income	650.548	352.055	-	-
Interest income from group companies	-	-	1.132.059	1.132.059
Other	1.640.475	1.617.264	1.987.541	1.315.916
Total	2.960.903	2.621.913	3.402.789	2.464.807

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21. Income and expenses from financing activities (cont'd)

a) Expense from financing activities

	January 1 - June 30, 2023	April 1 - June 30, 2023	January 1 - June 30, 2022	April 1 - June 30, 2022
Late interest expenses	23.438.035	16.268.998	1.750.511	832.390
Interest expenses related to loans	9.555.496	5.172.077	7.571.764	4.225.650
Commission and other bank expenses	7.357.529	2.521.913	2.310.088	1.668.472
Interest expenses from group companies	1.151.616	1.151.616	3.861.069	3.861.068
Interest expenses related to other liabilities	1.083.629	362.434	511.901	254.568
Other	57.606	-	1.008.658	984.649
Total	42.643.911	25.477.038	17.013.991	11.826.797

22. Nature and level of risks arising from financial instruments

The primary financial instruments of the Group consist of bank loans, cash and short-term deposits. The main objective of the related financial instruments is to finance the Group's business activities. The Group also has other financial instruments such as trade receivables and trade payables arising directly from its operating activities.

a) Capital risk management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 5, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings as disclosed in Note 14.

As of reporting date the net (credit) debt/ equity ratio is as follows:

	June 30, 2023	December 31, 2022
Financial liabilities	1.574.753.992	996.120.228
Less: Cash and cash equivalents	(445.092.680)	(55.644.873)
Net (credit) debt	1.129.661.312	940.475.355
Total equity	1.926.690.964	2.124.926.385
Net (credit) debt/ Total equity ratio	0,59	0,44

b) Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. Group Management and Board of Directors examines and approves the policies on the management of risks stated below. In addition, the Group also considers the market risk of all of its financial instruments.

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22. Nature and level of risks arising from financial instruments (cont'd)**b) Financial risk factors (cont'd)****b.1) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk of receivables is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are bank guarantees, mortgages and cheques-notes negotiated.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors. Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

Current period	Receivables		Bank deposits
June 30, 2023	Trade receivables	Other receivables	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	53.089.901	9.609.563	445.090.599
- The part of maximum risk under guarantee with collateral	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	53.089.901	9.609.563	445.090.599
B. Net book value of financial assets that are renegotiated	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-
D. Net book value of impaired asset	-	-	-
- Overdue (gross net book value)	-	-	-
- Impairment (-)	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-
- Undue (gross net book value)	-	-	-
- Impairment (-)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-
E. Credit Risk off the Statement of Financial Position	-	-	-

^(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

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22. Nature and level of risks arising from financial instruments (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Prior period	Receivables		
December 31, 2022	Trade receivables	Other receivables	Bank deposits
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	550.605.375	172.399.852	55.641.960
- The part of maximum risk under guarantee with collateral	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	35.725.157	172.399.852	55.641.960
B. Net book value of financial assets that are renegotiated	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-
D. Net book value of impaired asset	514.880.218	-	-
- Overdue (gross net book value)	-	-	-
- Impairment (-)	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-
- Undue (gross net book value)	516.305.862	-	-
- Impairment (-)	(1.425.644)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-
E. Credit Risk off the Statement of Financial Position	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

There is no additional impairment in the financial assets except for the provisions in the consolidated financial statements.

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22. Nature and level of risks arising from financial instruments (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management

Liquidity risk is the risk of the Group not meeting its net funding requirements. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group management eliminates of the liquidity risk with the principle of managing the balance sheet in accordance with the expected cash flow by keeping sufficient cash and cash equivalents for daily transactions and ensuring the availability of high quality credit providers. The Group management also tries to adjust the maturity structures of the financial debts used for construction costs and investment property development according to the cash flow of the incomes to be obtained from these real estates as much as possible.

As of June 30, 2023 and December 31, 2022, the maturity analysis of the financial liabilities is as follows:

Contractual maturity analysis June 30, 2023	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non derivative financial liabilities					
Bank loans (*)	1.574.753.992	1.576.366.227	10.484.433	146.617.168	1.419.264.626
Trade payables	90.620.693	90.620.693	76.759.528	13.861.165	-
Other payables	151.114.748	151.114.748	112.431.632	-	38.683.116
Total liabilities	1.816.489.433	1.818.101.668	199.675.593	160.478.333	1.457.947.742

Contractual maturity analysis December 31, 2022	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non derivative financial liabilities					
Bank loans (*)	996.120.228	997.510.845	1.006.690	131.772.465	864.731.690
Trade payables	77.289.667	77.289.667	63.033.469	14.256.198	-
Other payables	355.643.028	355.643.028	276.563.085	-	79.079.943
Total liabilities	1.429.052.923	1.430.443.540	340.603.244	146.028.663	943.811.633

(*) As of June 30, 2023, bank loans are presented with their discounted amount in the consolidated financial statements. As of December 31, 2022, the difference between their principal amounts and their discounted amounts is considered as immaterial.

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22. Nature and level of risks arising from financial instruments (cont'd)**b) Financial risk factors (cont'd)****b.3) Interest rate risk**

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed by establishing a fixed-floating balance in the consolidated financial statements and balancing interest rate sensitive assets and maturity with inter balance sheet items.

As of June 30, 2023 and December 31, 2022, interest rate table of financial instruments is as follow:

	June 30, 2023	December 31, 2022
Fixed interest rate financial assets		
Time deposits (Note 4)	232.420.428	3.600.000
Fixed interest rate financial liabilities		
Bank loans (Note 5)	1.483.421.320	921.379.066
Floating interest rate financial liabilities		
Bank loans (Note 5)	91.332.672	74.741.162

The Group's floating rate bank loans are exposed to interest rate risk depending on interest rate changes. As of June 30, 2023 and December 31, 2022, the interest rate of floating rate bank loans is 17.80% and 2,9%+3 months libor (Note 5).

b.4) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions.

As of June 30, 2023 and December 31, 2022, details of foreign currency positions of assets and liabilities of the Group are as follows:

Foreign exchange position	Current period			
	June 30, 2023			
	TL equivalent	USD	EUR	GBP
1. Monetary financial assets	396.883.359	9.735.352	5.153.964	11.636
2. Trade receivables	33.955.783	-	-	1.034.997
3. Other receivables	-	-	-	-
4. Current assets (1+2+3)	430.839.142	9.735.352	5.153.964	1.046.633
5. Trade receivables	-	-	-	-
6. Other receivables	132.339.198	-	4.698.079	2.118
7. Non-current assets (5+6)	132.339.198	-	4.698.079	2.118
8. Total assets (4+7)	563.178.340	9.735.352	9.852.043	1.048.751
9. Trade payables	(395.000)	-	(12.346)	(2.214)
10. Other payables	(116.559.853)	-	(4.140.082)	-
11. Current liabilities (9+10)	(116.954.853)	-	(4.152.428)	(2.214)
12. Total liabilities (11)	(116.954.853)	-	(4.152.428)	(2.214)
13. Net foreign currency (liability)/ asset (8+12)	446.223.487	9.735.352	5.699.615	1.046.537

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22. Nature and level of risks arising from financial instruments (cont'd)

b) Financial risk factors (cont'd)

b.4) Foreign currency risk (cont'd)

	Prior period			
	December 31, 2022			
Foreign exchange position	TL equivalent	USD	EUR	GBP
1. Monetary financial assets	18.402.704	227.741	654.743	48.561
2. Trade receivables	25.065.746	-	100.123	1.025.817
3. Other receivables	-	-	-	-
4. Current assets (1+2+3)	43.468.450	227.741	754.866	1.074.378
5. Trade receivables	514.880.218	-	-	22.894.555
6. Other receivables	72.530.287	-	3.638.357	-
7. Non-current assets (5+6)	587.410.505	-	3.638.357	22.894.555
8. Total assets (4+7)	630.878.955	227.741	4.393.223	23.968.933
9. Trade payables	(1.081.750)	-	(53.381)	(694)
10. Other payables	-	-	-	-
11. Current liabilities (9+10)	(1.081.750)	-	(53.381)	(694)
12. Total liabilities (11)	(1.081.750)	-	(53.381)	(694)
13. Net foreign currency (liability)/ asset (8+12)	629.797.205	227.741	4.339.842	23.968.239

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, EUR and GBP.

In foreign currency sensitivity analysis gain/ loss section as of June 30, 2023 and December 31, 2022 the exposure of the 10% loss/ gain of Turkish lira against foreign currencies on the comprehensive financial income statement is disclosed. During the foreign currency sensitivity analysis, all variables, especially interest rates are assumed to be fixed.

Foreign currency sensitivity table		
Current period	June 30, 2023	
	Profit/ (loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
US dollar against Turkish lira by 10%		
1- US dollar denominated net assets/ (liabilities)	25.139.697	(25.139.697)
2- Hedged amount against US dollar risk (-)	-	-
3- Net effect of USD (1+2)	25.139.697	(25.139.697)
EUR against Turkish lira by 10%		
4- EUR denominated net assets/ (liabilities)	16.046.696	(16.046.696)
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	16.046.696	(16.046.696)
GBP against Turkish lira by 10%		
7- GBP denominated net assets/ (liabilities)	3.433.437	(3.433.437)
8- Hedged amount against GBP risk (-)	-	-
9- Net effect of GBP (7+8)	3.433.437	(3.433.437)
Total (3+6+9)	44.619.830	(44.619.830)

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22. Nature and level of risks arising from financial instruments (cont'd)**b) Financial risk factors (cont'd)****b.4) Foreign currency risk (cont'd)***Foreign currency sensitivity (cont'd)*

Foreign currency sensitivity table		
Prior period	December 31, 2022	
	Profit/ (loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
US dollar against Turkish lira by 10%		
1- US dollar denominated net assets/ liabilities	425.837	(425.837)
2- Hedged amount against US dollar risk (-)	-	-
3- Net effect of USD (1+2)	425.837	(425.837)
EUR against Turkish lira by 10%		
4- EUR denominated net assets/ liabilities	8.651.432	(8.651.432)
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	8.651.432	(8.651.432)
GBP against Turkish lira by 10%		
7- GBP denominated net assets/ liabilities	53.902.652	(53.902.652)
8- Hedged amount against GBP risk (-)	-	-
9- Net effect of GBP (7+8)	53.902.652	(53.902.652)
Total (3+6+9)	62.979.921	(62.979.921)

23. Subsequent events

On July 26, 2023, the Company purchased the independent section numbered 95 amounting to 48.303.840 TL + VAT, which is located on the 14th floor of the A Block of the project. Related project; It is located in İstanbul, Şişli, Teşvikiye. The project is located on a parcel with a surface area of 5.032,56 m², registered with the parcel number 840 and 114. There are 3 blocks in the project, consisting of blocks A, B and C.