

**2022**

**BOARD OF DIRECTORS  
ANNUAL REPORT**





**TABLE OF CONTENTS**

**MESSAGE FROM THE CHAIRMAN**  
**MESSAGE FROM THE GENERAL MANAGER**

**I- COMPANY PROFILE**

- > About the Company
- > Board of Directors & Senior Management
- > Capital and Shareholding Structure of the Company

**II- EVALUATION OF THE PERIOD 01 JANUARY 2022 - 31 DECEMBER 2022**

- > Important Communiqué Publications and Amendments
- > Economic and Sectoral Developments
- > Financial Performance
- > 2022 Realizations & 2023 Targets

**III- 01 JANUARY 2022 - 31 DECEMBER 2022 COMPANY ACTIVITIES**

- > Portfolio Related Studies
- > Studies on Financial Structure
- > General Assembly, Capital Increase and Articles of Association
- > Corporate Governance Studies
- > Sustainability Studies
- > Transactions with Related Parties (Commitment Report)

**IV- INFORMATION ABOUT THE ASSETS AND RIGHTS IN THE PORTFOLIO**

- > Real Estate Table
- > Information on Leased Properties
- > Company Subsidiaries and Affiliates & Joint Operations
- > Money and Capital Market Instruments
- > Completed Projects
- > Ongoing Projects
- > Information on Portfolio Restrictions

**V- SHARE PERFORMANCE**

**VI- RISK MANAGEMENT POLICIES AND INTERNAL CONTROL MECHANISM**

**VII- SERVICE COMPANIES**

**VIII- OTHER TOPICS**

**IX- SIGNIFICANT CHANGES OCCURED AFTER THE ACCOUNTING PERIOD**

**Appendix 1: Summaries of Appraisal Reports on Assets**

**Appendix 2: Corporate Governance Principles Compliance Report**

This report has been prepared in accordance with the **Capital Markets Board Communiqués Serial II No:14-1, Serial III No:48-1 and Serial II No:17-1** and the Regulation dated August 28, 2012.

## **Message From The Chairman**

Dear Business Partners,

2022 was a challenging year for both the world and our country.

While Turkey assumed an exemplary responsibility in the international arena to prevent the war between Russia and Ukraine from leading to greater humanitarian crises, it maintained its economic stability with the "Turkish Economic Model" based on exports, production and employment. In this critical and difficult period, our country minimized the effects of the global crisis thanks to its strong financial infrastructure, and demonstrated an important will in the fight against rising inflation.

In the journey we started in 2010 with TL 477 million in equity, we increased our asset size to TL 14.3 billion and our shareholders' equity to TL 10.4 billion by the end of 2022.

We have provided important services to our country with our portfolio and investment diversity that we have developed by signing prestigious projects. We have proven that we are an important player in the sector with the asset size we have reached. Our construction of Evora İzmir and "Halk Office Towers" in the Istanbul Finance Center, where we are one of the biggest stakeholders, continues rapidly. When these projects are completed, they will become an important part of the urban life of Istanbul and Izmir.

In 2022, we launched Dilovası Modern Industrial Site, which we believe will make a great contribution to the industrial infrastructure opportunities of our country and bring a breath of fresh air to our industrialists. Dilovası Modern Industrial Site will provide significant advantages in the fields of production, employment and exports with the opportunities it offers. Our project, which offers great earning potential not only to our industrialists but also to its investors with its location, infrastructure and architecture, was an important step that reflects Halk REIT's growth vision and portfolio diversification strategy.

In every project we realize, we both contribute to the national economy and take firm steps towards becoming the leading brand of the real estate sector with reassuring our investors, the stakeholders and the environment. In the 100th anniversary of our Republic, we will work harder and achieve greater success for our country, our company and our investors.

I would like to express my gratitude to our founder and main shareholder Halkbank for its unwavering support, to our devoted employees for the successful results we have achieved, and to all our stakeholders who trust us.

Sincerely yours,  
Ergin KAYA  
Chairman

## **Message From The General Manager**

Dear Business Partners,

We successfully completed 2022, a year in which we felt the effects of the changes in the world economy on our country, by continuing our investments in line with our targets and signing important projects that will contribute to our country and our industry.

Although there was some stagnation in housing demand during the year due to global uncertainties and rising commodity prices as financing conditions tightened, we see that the annual sales figures are not far from the previous year's figures. Thanks to the swift and decisive steps taken by our economic administration, the measures taken and the wide range of support programs implemented, we believe that our sector will further increase its dynamism in the coming periods and achieve dynamism in both production and sales.

As Halk REIT, we are working with all our strength to accelerate the change and progress in our country's real estate market, create added value for the national economy, realize world-class projects and become one of the leading and reliable companies in the sector. Our company reached a net profit of TL 6.6 billion, shareholders' equity of TL 10.4 billion and assets of TL 14.3 billion at the end of the year, thanks to regular rental income, real estate sales throughout the year and the contribution provided by the increase in the value of real estate with rental income.

Since the first day of our establishment, we have aimed to be one of the leading, honest, transparent and trustworthy institutions in the sector, protecting the rights of its stakeholders and always preferred by investors.

2022 was marked by our Dilovası Modern Industrial Site, which was introduced to the public with a successful launch by our subsidiary Halk Yapı Projeleri Geliştirme A.Ş., and our Paye Sakarya mixed projects that we are developing in Adapazarı District of Sakarya Province.

With the Dilovası Modern Industrial Estate project, designed with a modern and functional concept, we aimed to provide advantages to our industry and industrialists, to contribute to the production of both the region and our country, and to give hope to our young people with the employment capacity to be created. The project consists of 350 independent sections of different qualities, including workshops, warehouses, offices, with a total construction area of 183,000 sqm on a 133,500 sqm land. Designed with the principle of environmental sensitivity, Dilovası Modern Industrial Site will have an infrastructure that utilizes solar energy and allows rainwater storage.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

Paye Sakarya, the best concept life project of Sakarya, consists of 426 residences and 34 commercial units of different scales on a total of 60.000 sqm land. With its horizontal architecture and large landscape areas, Paye Sakarya will take its place among the most popular projects of the region.

We also shared with the public the 2-year lease agreement we signed with our main partner Halkbank for Block A in the 46- and 34-storey Halk Office Towers, which we built in the Istanbul Finance Center, one of the mega projects of our country. We have reached the points we targeted in the sales of Evora İzmir, rising in Alsancak, where we set out with an innovative project approach befitting the urban life of İzmir.

We will continue to add value to the national economy with the projects we realize, enrich our portfolio with strong collaborations and emphasize our environmental awareness in every project.

We hope that 2023 will be a productive year in which we will accelerate our growth journey and achieve new successes. We prioritize career and individual development in our company, and we care about raising the leaders of the future in the Halk REIT family by motivating our employees with the right roles and responsibilities.

I would like to thank and express my gratitude to all our shareholders, especially our main shareholder Türkiye Halk Bankası A.Ş., our esteemed members of the Board of Directors and our valuable employees for their unwavering support.

Yours sincerely,

Erdal BEKİN  
General Manager and Board Member

## COMPANY PROFILE

### 1- About the Company

Established in 2010 as a subsidiary of Türkiye Halk Bankası A.Ş. with a total capital of TL 477 million, of which TL 466 million is in kind, Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (Halk REIT) is a company that invests in real estate, real estate projects, real estate based rights and capital market instruments.

Our Company observes the regulations of the Capital Markets Board and the relevant legislation in its activities, portfolio investment policies and management limitations.

<b>Head Office Address</b>	Serifali Çiftliği Tatlısu Mahallesi Ertugrulgazi Sokak No:1 34774 Yukari Dudullu Ümraniye/İSTANBUL
<b>Telephone Number</b>	216 600 10 00
<b>Fax Number</b>	216 594 53 72
<b>Internet Address</b>	<a href="http://www.halkgyo.com.tr">www.halkgyo.com.tr</a>
<b>Trade Registry No</b>	İstanbul / 751122
<b>Mersis</b>	0456046607600015
<b>(Central Registration System) No:</b>	

#### VISION

Being one of the leading institutions in the GYO sector, protecting the rights of its stakeholders by creating a transparent management structure, always preferred by investors...

#### MISSION

Creating continuous added value for all stakeholders, contributing to the development of the GYO sector and becoming a globally respected institution...

#### STRATEGY

Developing its real estate portfolio with a focus on commercial properties that can generate high rental income, and offering high returns to its shareholders with an equity-weighted financing model...

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

## Brief History

### 2010-2011

#### October 2010

Foundation

#### April 2011

Adding the Beyoğlu building to the portfolio, developing it and selling it with a profit of 18.5 Million TRY in September 2011

#### September 2011

Adding Bakırköy land to the portfolio

#### December 2011

Purchase of Halkbank Finance Tower building at its project stage

*\* Making a net profit of 30 million TRY in the first fiscal year (2011) with the contribution of real estate sales to profitability...*

### 2012

#### January 2012

Adding Eskişehir land to the portfolio

#### February 2012

Tender of Bakırköy land with minimum 90.5 million TRY net guarantee income

#### April 2012

The signing of the 10-year lease agreement for the Levent hotel building with Dedeman Group

#### September 2012

Adding Kocaeli Şekerpinar land to the portfolio

#### September 2012

Moving the General Directorate of our Company to the Sharifali region

### 2013

#### January 2013

Starting the Levent Hotel project

#### January 2013

Start of excavation and shoring works of IUFM project tendered to Akdeniz Insaat by Emlak Konut GYO in November 2012

#### February 2013

*Completion of public offering transactions and obtaining 250 million TRY revenue from the public offering*

#### April 2013

Starting the Eskişehir Panorama Plus residential project

#### August 2013

Obtaining the building permit license of Şekerpinar Bankacılık Merkezi and starting its construction

#### December 2013

Making a profit of approximately 9 million TRY from the sales process by selling our Karsiyaka building with a value of 18 million TRY

### 2014

#### January 2014

Starting the title deed transfer procedures to the buyers in the reference Bakırköy project

#### March 2014

Obtaining the construction license for Halk Ofis Şekerpinar

#### September 2014

Establishing an ordinary partnership with Vakif GYO to develop a residential project in Sancaktepe, İstanbul

### October 2014

Purchase of land for 110 million TRY in the name of ordinary partnership within the scope of the planned residential project

### December 2014

Taking the EIA decision for IUFM Halk Ofis Kuleleri project

### 2015

#### March 2015

Converting Salıpazarı Building into a hotel project and renting it for 20 years

#### June 2015

Receiving construction permit licenses of IUFM Halk Ofis Kuleleri project

#### July 2015

Completion of Levent Hotel project and delivery to Dedeman Group, the start of service of the hotel

#### September 2015

Starting the title deed transfer procedures to the buyers in the Panorama Plus project

#### November 2015

Starting the construction and sales of Bizimtepe Aydos Konut Project realized with the partnership of Vakif REIC

#### December 2015

Rental of Şekerpinar Bankacılık Merkezi to Halkbank



**2016****April 2016**

Adding Erzurum land to the portfolio and establishing an ordinary partnership with Er Konut A.Ş. to develop a housing project

**May 2016**

Starting the construction and sales of the Şehristan Konutları project jointly realized with Er Konut A.S

**June 2016**

Starting the tender process for the selection of the main contractor in the IUFM Halk Ofis Kuleleri project

**November 2016**

Selection of the main contractor for the Caddebostan Building, which has entered the urban transformation process

**December 2016**

Initiation of the rental/sales process for Halk Ofis Şekerpınar

**December 2016**

*Completion of main contractor selection process of IUFM Halk Ofis Kuleleri project, signing of the contract with YDA Insaat Sanayi ve Ticaret A.Ş. and commencement of project construction*

**2017****January 2017**

Obtaining the renovation license for Salıpazarı Hotel Project

**May 2017**

Selection of consultant company for the marketing process of Halk Ofis Şekerpınar building

**July 2017**

*Our company is in the category of "investable" as it has been graded as the Long Term National Grade; Determination of (TR) AA-, Short-Term National Grade (TR) A1+*

**August 2017**

Establishment of Ordinary Partnership with Teknik Yapı for İzmir Evora Project

**October 2017**

First issue of 100 million TRY financing bond

**November 2017**

*Our company's inclusion in the BIST Dividend Index with 9.24 corporate management notes*

**December 2017**

*Realization of "Turkey's first GYO Sukuk export"*

**2018****March 2018**

Signing a contract with Buga Otis Asansör Sanayi ve Ticaret A.Ş. within the scope of vertical transportation works (elevator and escalator) service procurement of IUFM Halk Ofis Kuleleri project

**June 2018**

Opening of Salıpazarı Hotel Building to service

**July 2018**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) A1+ by being graded in the category of "investable"*

**September 2018**

Obtaining the building license for the first 451 independent units of the Evora İzmir project and starting pre-sale

**September 2018**

Obtaining the building license for 321 more independent units of Evora İzmir project

**November 2018**

*Increasing the Corporate Governance Rating of our company, which is determined as 9.24, to 9.27 with the review*

**2019****February 2019**

Rental of Bahçelievler 2 Building in our portfolio to Ipekyol Giyim A.Ş.

**July 2019**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) A1+ by being graded in the category of "investable"*

**September 2019**

Signing a contract for the transfer of Şehristan Konutları Project and the purchase of land for 29 million TRY in return

**November 2019**

*Increasing the Corporate Governance Rating of our company, which is determined as 9.27, to 9.31 with the review*

**2020****July 2020**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) A1+ by being graded in the category of "investable"*

**October 2020**

Rental of Beyoğlu Building in our portfolio to Taksim Yatirim Gayrimenkul A.Ş.

**November 2020**

*Updating the Corporate Governance Rating of our company, which is determined as 9.31, to 9.29*

**December 2020**

15.000.000 with the title of Halk Yapı Projeleri Geliştirme A.Ş. to operate in the field of real estate development. - Establishment of a company with TRY capital

**December 2020**

Sale of the Nisantasi Building in our company's portfolio to our company's subsidiary Halk Yapı Gelistirme A.Ş.

**2021****February 2021**

*Determining the Corporate Governance Rating of our company as 9.22*

**February 2021**

The signing of revenue sharing agreement for "Dilovası Industrial Project" between Halk Yapı Projeleri Geliştirme A.Ş., which is 100% subsidiary of our company, and Marmara Metal Mamulleri Ticaret A.Ş.

**April 2021**

*By rating our company in the category of "investable"; Determination of the Long-Term National Grade as "AA+ (Trk)/Stable" and the Short-Term National Grade as "A-1+ (Trk)/Stable"*

**October 2021**

Establishment of the Sustainability Committee of our company

**December 2021**

Our company has signed a "Cooperation Protocol" with a minimum revenue of 30 million TRY for the "Adapazarı Project"

**2022****April 2022**

Our Company was rated in the "investment grade" category; Long Term National Rating was determined as "AA+ (Trk)/Stable" and Short Term National Rating was determined as "J1+ (Trk)/Stable" in the "investment grade" category

Inclusion of *Antalya* lands in the portfolio

**May 2022**

Inclusion of *Gayrettepe* Building in the portfolio

**June 2022**

Lease of *İFM Halk Office Towers Block A* Building to our main shareholder T.Halk Bankası A.Ş.

**November 2022**

Launch and pre-sales of the *Dilovası Modern*

## 2- Board of Directors & Executive Management

The powers and responsibilities of the members of the Board of Directors are set forth in the Company's Articles of Association. The Company is managed and represented externally by the Board of Directors. The Board of Directors fulfills the duties assigned to it by the General Assembly in compliance with the Turkish Commercial Code, Capital Markets Law and other relevant legislation. The Board of Directors consists of 6 members, 2 of whom are independent. Of the members, 1 is an executive member and 5 are non-executive members.

The Members of the Board of Directors of our Company are as follows:

Name-Surname	Title	Membership Start Date	Last Mission Election History
Ergin KAYA	Member/ Chairman	24.06.2020	31.03.2022
Mehmet TANRIVERDİ	Member/Vice Chairman	06.09.2018	31.03.2022
Mehmet Hakan TERCAN	Member	16.04.2020	31.03.2022
Raci Kaptan KOLAYLI	Member/ Independent	24.06.2020	31.03.2022
Fuat GEDİK	Member/ Independent	27.05.2021	31.03.2022
Erdal BEKİN	Member/ General Manager	31.03.2022	31.03.2022



**Ergin KAYA**  
Chairman

Born in 1970 in Artvin, he graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration. Mr. KAYA served as Assistant Inspector, Inspector, Department Manager, Head of Department, Assistant General Manager in charge of Operational Transactions and Information Technologies at Türkiye Halk Bankası AŞ and has been serving as Assistant General Manager in charge of Operational Transactions and Support Services since May 31, 2019. On June 24, 2020, he was elected as the Chairman of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş.



**Mehmet TANRIVERDİ**  
Vice Chairman

Born in 1979 in Giresun, he graduated from Istanbul University, Faculty of Political Sciences, Department of Finance. He started his professional career as an Assistant Inspector at Türkiye Halk Bankası A.Ş. in 2004. He worked as an Inspector, Senior Inspector and Department Manager at the same bank. Since September 2017, he has been working as the Head of Construction Appraisal and Real Estate Management Department at T. Halk Bankası A.Ş. On September 6, 2018, he was elected as a Board Member of Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**



**Mehmet Hakan TERCAN**  
**Board Member**

Born in 1969 in Çorum, Mehmet Hakan TERCAN graduated in 1992 from İhsan Doğramacı Bilkent University, Faculty of Engineering, Electrical and Electronics Engineering (English) department of the Department of Network Engineering. He started his professional career as a Network Engineer at Turkish Airlines Electronic Data Processing Department in 1992. Since 1996, he worked at Pamukbank as System Engineer and Information Security Specialist, respectively. He continued his duty after Pamukbank merged with Halkbank. In 2011, he became the Information Security Process Manager and on January 4, 2017, he became the Information Security Department Manager. As of October 2, 2019, TERCAN has been working as the Head of Infrastructure Operation and Management Department within the Information Technologies Group Presidency of Türkiye Halk Bankası A.Ş. He was appointed as a



**Raci Kaptan KOLAYLI**  
**Independent Board Member**

Born in Trabzon in 1965, he graduated from Istanbul Technical University, Faculty of Construction, Department of Civil Engineering in 1990. In the same year, he started working as a Civil Engineer at Entes Construction. In 1991 and 1992, Mr. Kolaylı worked at Çapkınoğlu Construction and Northern Naval Field Forces Command respectively, and between 1993 and 2008 he worked as a Site Supervisor at Türkiye İş Bankası. In 2009, he worked as Project Manager at Falezboru JV Company and in 2010 he worked as Coordinator at Megateknikbud Company in Kiev, the capital of Ukraine, on an office building construction project. Between 2011-2018, Mr. Kolaylı, who worked as Project Manager in companies such as Akgün Engineering, Uzunlar Construction, Sera Yapı, Biscon Yapı, Kavan Yapı, Palace MMC, respectively, was elected as a member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on June 24, 2020.



**Fuat GEDİK**  
**Independent Board Member**

Born in 1956 in Erzurum, he completed his primary and secondary education in Istanbul. In 1978, he graduated from Eskişehir Academy of Economic and Commercial Sciences. Mr. GEDİK served as Inspector and Branch Manager at Türkiye Halk Bankası A.Ş. between 1979 and 1991, Branch Manager at Albarakatürk and Türkiye Finans Participation Banks between 1991 and 1999, and Assistant General Manager and Board Member at İstanbul Deniz Otobüsleri A.Ş. between 1999 and 2014. Appointed as the Chairman of the Board of Directors of İller Bank between 2014-2016, Mr. GEDİK simultaneously served as a Member of the Board of Directors of Bursa Water and Sewerage Administration between 2015-2018, as a Member of the Board of Directors of the subsidiary companies of the Saving Deposit Insurance Fund between 2016-2019, and then as a Member of the Board of Directors of Sakarya Water and Sewerage Administration between 2019 and 2021. On May 27, 2021, GEDİK was appointed as an Independent Board Member at Halk Gayrimenkul Yatırım Ortaklığı A.Ş. He is a Certified Public Accountant and Independent Auditor.



**Erdal BEKİN**  
**General Manager and Board Member**

Born in 1975 in Istanbul. After graduating from Istanbul University, Department of Civil Engineering in 1998, he completed his master's degree in Business Administration at Istanbul Commerce University, Institute of Social Sciences in 2022. He started his professional career as a construction site supervisor in 1998. Between 1999 and 2011, he worked as an engineer at T. Halk Bankası A.Ş. In February 2011, BEKİN joined Halk Gayrimenkul Yatırım Ortaklığı A.Ş. and served as Department Manager, Group Head, Assistant General Manager, Deputy General Manager and Acting General Manager during his tenure and was appointed as a Member of the Board of Directors on March 31, 2022 and has been serving as General Manager since May 26, 2022.

### **Authorization and Limitation of Board Members**

The Chairman and Members of the Board of Directors have the powers set forth in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association. Members of the Board of Directors are not restricted from assuming other duties or tasks outside the Company, and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. During the January - December 2022 accounting period, there has been no violation of the prohibition of competition and making transactions with the Company in relation to the members of the Board of Directors.

### **Board of Directors Meetings**

The Board of Directors convened 73 times during the January-December 2022 accounting period and adopted 119 resolutions in these meetings. The decisions of the Board of Directors were taken by unanimous vote of the participants of the meetings.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Declarations of Independence of the Members of the Board of Directors**

I hereby declare that I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than %5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total.

24.06.2020  
Raci Kaptan KOLAYLI

**TO THE CAPITAL MARKET BOARD**

I hereby declare that, in the last five years I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than % 5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I will not work as a full-time employee at public authorities and institutions after being elected as an independent member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total,

27.05.2021  
Fuat GEDİK

## Committees

Within the framework of the Capital Markets Board's Corporate Governance Principles and the working principles of the Company's Board of Directors, a Corporate Governance Committee, Audit Committee, Early Detection of Risk Committee, Remuneration Committee and Sustainability Committee have been established within the current Board of Directors. The Remuneration Committee convenes at least once a year and the other committees convene at least once every three months. Working principles of the Committees <http://www.halkgyo.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komitelermanagement/committees> link. During the reporting period, the Corporate Governance Committee, Audit Committee, Early Detection of Risk Committee and Remuneration Committee continued their activities effectively and efficiently in accordance with the legislation and working principles.

***The Corporate Governance Committee*** was established to fulfill its duties and responsibilities set forth in the Corporate Governance Principles in accordance with the regulations of the Capital Markets Board on corporate governance. The Committee regularly reviews the Company's corporate governance practices and works to improve them. In addition to corporate governance, the Committee also attaches importance to investor relations, reviews the Company's shareholder relations activities and related strategies on a regular basis and ensures that the Board of Directors is regularly informed about the activities. In addition to the aforementioned duties, the Committee is also responsible for ensuring coordination among other committees and supporting their work when necessary. The Committee convened 4 times during the reporting period and adopted 4 resolutions.

***The Audit Committee***, in parallel with its duties set out in the working principles, has been actively working on the disclosure of the Company's financial information to the public, independent audit, effective operation of the internal control system of the Company, selection of the independent audit firm and monitoring their work at every stage in accordance with the principles set out in the Capital Markets Legislation and other relevant regulations. The Committee convened 9 times during the period and took 9 resolutions.

***The Early Detection of Risk Committee*** was established pursuant to Article 378 of the Turkish Commercial Code (TCC) for the purposes of early detection of risks that may jeopardize the existence, development and continuity of the Company, implementation of necessary measures against detected risks and management of risks in accordance with the regulations of the Capital Markets Board on corporate governance, and to review risk management systems. The Committee convened 6 times during the period and took 6 resolutions.

***The Remuneration Committee*** determines the principles, criteria and practices to be used in the remuneration of the Members of the Board of Directors and executives with administrative responsibilities, taking into account the long-term goals of the Company and supervises them. The Committee submits its recommendations to the Board of Directors regarding the remuneration to be paid to the Members of the Board of Directors and executives with administrative responsibilities, taking into account the degree of achievement of the criteria used in remuneration. The Committee convened once during the reporting period and adopted 1 resolution.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

The committees of the Board of Directors of our Company and their distribution of duties are as follows:

**Members of the Audit Committee**

<b>Name Surname</b>	<b>Mission</b>
Raci Kaptan KOLAYLI	Chairman- Independent Board Member
Fuat GEDİK	Member- Independent Board Member

**Corporate Governance Committee Members**

<b>Name Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	Chairman- Independent Board Member
Fuat GEDİK	Member- Independent Board Member
Serpil YÖRÜK	Member-Investor Relations Manager

**Members of the Early Detection of Risk Committee**

<b>Name Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	Chairman-Independent Board Member
Fuat GEDİK	Member-Independent Board Member

**Members of the Remuneration Committee**

<b>Name Surname</b>	<b>Title</b>
Fuat GEDİK	Chairman - Independent Board Member
Mehmet TANRIVERDİ	Member-Board Member

**Sustainability Committee**

<b>Name and Surname</b>	<b>Title</b>
Fuat GEDİK	Chairman - Independent Board Member
Raci Kaptan KOLAYLI	Member - Independent Board Member
Erdal BEKİN	Member - General Manager / Board Member
Yasar GÖKTAŞ	Member - Deputy General Manager



### Assessment of the Board of Directors on the Effectiveness of the Committees

The Company's committees established within the framework of the Capital Markets Board's Corporate Governance Principles and the working principles of the Board of Directors convened at least once a year, the Remuneration Committee convened at least once a year, and the other committees convened at least once every three months, and regularly informed the Board of Directors within the scope of their current working principles.

In this context;

During the reporting period, the *Corporate Governance Committee* worked to regularly review and improve the Company's corporate governance practices. The Committee convened after each quarterly financial period to review the Company's annual report, the annual report of the Investor Relations Department and the activities carried out by the Company in terms of compliance with the Corporate Governance Principles during the reporting period, and submitted its reports and opinions to the Board of Directors. The Committee convened 4 times during the year and issued 4 reports on the relevant issues to be submitted to the Board of Directors.

*The Audit Committee* held the necessary meetings and submitted its reports and opinions to the Board of Directors on issues that should be included in the agenda of the Board of Directors, including the effective operation of the Company's internal control system, selection of the independent audit firm and monitoring the work of the related firm, performance of the independent audit and public disclosure of the Company's financial information. The Committee convened 9 times during the year within the scope of the aforementioned topics and prepared 5 reports to be submitted to the Board of Directors as a result of the meeting.

During the year, the *Early Detection of Risk Committee* held meetings on credit risk related to the Company's activities, magnitudes of interest rate risks, liquidity ratio notification table, legal and operational risks of the Company, occupational health and safety practices in the Company's ongoing projects, and submitted the reports prepared after the meeting to the Board of Directors. The Committee convened 6 times during the year and prepared 6 reports to be submitted to the Board of Directors on the agenda items.

*The Remuneration Committee* determines the principles, criteria and practices to be used in the remuneration of the Members of the Board of Directors and executives with administrative responsibilities, taking into account the long-term goals of the Company and supervises them. The Committee submits its recommendations to the Board of Directors regarding the remuneration to be paid to the Members of the Board of Directors and executives with administrative responsibilities, taking into account the degree of achievement of the criteria used in remuneration. The Committee convened once during the reporting period and adopted 1 resolution.

Sincerely,  
**Halk Gayrimenkul Yatırım Ortaklığı A.Ş.**  
**Board of Directors**

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Senior Management Team**

**Name - Surname**

Erdal BEKİN  
Yaşar GÖKTAŞ  
Yavuz ÖZTÜRK

**Mission** \_\_\_\_\_

General Manager / Board Member  
Deputy GM of Financial Management and Planning  
Deputy GM of Project Development and Execution

**Payments to the Board of Directors and Senior Management**

The Company's senior management consists of members of the Board of Directors, General Manager and Deputy General Managers. Benefits provided to key management personnel include salaries, bonuses, health insurance and transportation. Total benefits provided to key management personnel during the period amounted to TL 3.716.816. (January 1 - December 31, 2021: TL 2.371.433)

**Changes in the Board of Directors and Senior Management**

At the Ordinary General Assembly Meeting of 2021 held on March 31, 2022, Mr. Ergin Kaya, Mr. Mehmet Tanrıverdi, Mr. Mehmet Hakan Tercan, Mr. Raci Kaptan Kolaylı, Mr. Fuat Gedik and Mr. Erdal Bekin were elected as Board Members. At the meeting of the elected Board Members held on the same day, it was decided to appoint Mr. Ergin Kaya as the Chairman of the Board of Directors and Mr. Mehmet Tanrıverdi as the Vice Chairman. Mr. Erdal Bekin, who was appointed as Acting General Manager on March 31, 2022 as a result of the retirement of Mr. Bülent Karan, General Manager and Member of the Board of Directors of our Company, was appointed as Acting General Manager on May 26, 2022. Mr. Yavuz Öztürk, who was serving as Project Implementation Manager, was appointed as Assistant General Manager of Project Development and Execution.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

## 2- Company Capital and Ownership Structure

The capital information and ownership structure of our company are as follows.

### Capital Information

	<b>Issued Capital</b> 1.570.000.000.-TL	<b>Registered Capital</b> 2.500.000.000.-TL
	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Group</b>	<b>Share Rate %</b>	<b>Share Amount TL</b>
	<b>Share Rate %</b>	<b>Share Amount TL</b>
Türkiye Halk Bankası A.Ş.	A	1,58 24.807.133,156
Türkiye Halk Bankası A.Ş.	B	70,38 1.105.000.875,907
Halk Yatırım A.S.	A	0,04 592.452,443
Halk Finansal Kiralama A.Ş.	A	<0,01 2,361
Publicly Traded Portion*	B	28,00 439.599.536,133
<b>Paid-in Capital</b>	<b>100,00</b>	<b>1.570.000.000,000</b>
	<b>100,00</b>	<b>1.020.000.000,000</b>

\*As of December 31, 2022, Türkiye Halk Bankası A.Ş. has 115,620,590.899 nominal shares and Halk GYO A.Ş. has 33,160,262.984 nominal shares in the publicly traded portion.

On September 06, 2022, our Company decided to sell the shares purchased from the market and kept in the Company's portfolio in the market within the scope of price stabilization transactions during the public offering period, and the following market transactions were carried out in the following period within the scope of the relevant decision.

	<b>First Share</b>	<b>44.261.688,984</b>
<b>History</b>	<b>Sales</b>	<b>Remaining Share</b>
6.09.2022	9.150.000,000	35.111.688,984
7.09.2022	1.800.000,000	33.311.688,984
8.09.2022	151.426,000	33.160.262,984
<b>TOTAL</b>	<b>11.101.426,000</b>	

The issuance of Group B shares with a nominal value of TL 185,500,000,000 to be offered to the public in order to increase the Company's issued capital of TL 477,000,000,-TL to TL 662,500,000,-TL was approved by the CMB on February 01, 2013 and the shares constituting 28% of the Company's shares as a result of the public offering process started to be traded on the BIST under the code "HLGYO" as of February 22, 2013 following the public offering process carried out on February 13-14-15, 2013.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

Information on the Company's capital increases and dividend distribution following the public offering and subsequent capital increases are as follows:

CAPITAL INCREASES						CASH PROFIT (DIVIDEND) DISTRIBUTIONS
No	Completion Date	Source	Ratio	Former Capital	New Capital	
1	22.02.2013	Public Offering	%38,888	477.000.000 TL	662,500,000 TL	-
2	25.06.2013	Bonus issue from 2012 profit	%1,6813	662.500.000 TL	673.638.704 TL	-
3	09.06.2014	Bonus issue from 2013 profit	%3,6015	673.638.704 TL	697.900.000 TL	3.0 million TL
4	15.06.2015	Bonus issue from 2014 profit	%6,4622	697.900.000 TL	743.000.000 TL	5.9 million TL
5	27.05.2016	Bonus issue from 2015 profit	%6,3257	743.000.000 TL	790.000.000 TL	5.4 million TL
6	18.08.2017	Bonus issue from 2016 profit	%3,7975	790.000.000 TL	820.000.000 TL	3.0 million TL
7	22.06.2018	Bonus issue from 2017 profit	%4,6341	820.000.000 TL	858.000.000 TL	3.8 million TL
8	24.06.2019	Bonus issue from 2018 profit	%8,1585	858.000.000 TL	928.000.000 TL	5.0 million TL
9	31.08.2020	Bonus issue from 2019 profit	%4,5258	928.000.000 TL	970.000.000 TL	4.4 million TL
10	03.06.2021	Bonus issue from 2020 profit	%5,1546	970.000.000 TL	TL 1.020.000.000	5.0 million TL
11	29.03.2022	Paid-in capital increase	%50	TL 1.020.000.000	TL 1.530.000.000	-
12	01.06.2022	Bonus issue from 2021 profit	%2,61437	TL 1.530.000.000	TL 1.570.000.000	4.0 million TL

Out of a total of 1,570,000,000 shares with a nominal value of TL 1 each, 25,399,587,960 shares are Class A shares and 1,544,600,412,040 shares are Class B shares.

Group A shares of the Company have the privilege to nominate candidates for the election of the members of the Board of Directors.

On August 29, 2014, 263,358.46 Group A shares of our Company's shareholders Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş. with a nominal value of TL 1, non-public and registered shares, together with all rights and interests on the shares, were transferred to Türkiye Halk Bankası A.Ş., the main shareholder of our Company, at the closing price of the stock market on the date of signing the share purchase/sale agreement.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Shareholders more than 5% of the Capital**

As of December 31, 2022, information on shareholders holding more than 5 percent of the share capital is as follows

<u>Shareholder</u>	<u>Share</u>
Türkiye Halk Bankası A.Ş.	79.33
Ratio of Publicly Held Shares to Total Capital: 71.96	
Ratio of Public Shares to Total Capital: 7.36%*	

\* It is the share acquired by Türkiye Halk Bankası A.Ş. after the purchases made from the public shares of our Company, which are traded in Borsa İstanbul.

**EVALUATION OF THE PERIOD JANUARY 1, 2022 - DECEMBER 31, 2022**

**1- Important Communiqué Publications, Regulation Amendments and CMB Announcements**

During the period, there were no legislative changes that would significantly affect the Company's operations.

**2- Economic and Sectoral Developments**

**World Economy**

**The US economy** grew by 2.9 percent in the fourth quarter, falling behind the 3.2 percent growth in the previous quarter. Personal consumption, which constitutes the largest part of the economy, increased by 2.1 percent, below forecasts. The country's economy shrank by 1.6 percent in the first quarter of 2022 and 0.6 percent in the second quarter. It grew by 3.2 percent in the third quarter. The contraction in two consecutive quarters in the first half of 2022 had increased recession concerns. The US economy grew by 2.1 percent in the whole year.

Inflation data, which was 7.5 percent on an annual basis in January 2022, rose to 8.5 percent in March due to the rise in energy and food prices, and to 9.1 percent in June, the fastest increase since November 1981 with the increases in gasoline, housing and food prices, exceeding market expectations. In September, it was realized as 8.2 percent, the lowest level in the last seven months. In December, inflation fell to 6.5 percent on an annual basis, in line with expectations, while the monthly decline of 0.1 percent was the first negative data since May 2020. The most important reasons for this downward trend were the decline in oil prices in the last six months and the FED's determined tightening steps.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

The unemployment rate, which was 4.0 percent in January, fell to 3.6 percent in March. In July, it was 3.5 percent, the lowest level since February 2020. It rose to 3.7 percent in October 2022 and fell to 3.5 percent in December, the lowest rate since February 2020, which was also seen in September and July.

In the second quarter of 2022, the **Eurozone economy**, which grew by 4.3 percent annually, exceeding forecasts, despite rising inflation, tightening monetary policy and concerns about energy cuts from Russia raising recession expectations, grew by 2.3 percent annually in the third quarter as energy prices remained high. While the economy in the region grew by 0.1 percent in the fourth quarter of 2022 compared to the previous quarter, it grew by 1.9 percent on an annual basis. Throughout the year, high inflation and rising borrowing costs, as well as supply chain bottlenecks, continued to restrain growth. For the whole of 2022, growth in the euro area economy was 3.5 percent.

The annual inflation rate in the Eurozone, which rose to 5.1% in January, well above the European Central Bank's 2% target and exceeding expectations, continued to rise in March as the ongoing war in Ukraine and the sanctions imposed on Russia pushed commodity prices higher and energy prices increased, and rose to 8.9% in June, exceeding market expectations of 8.6%, as the increase in food, alcohol and tobacco prices continued to accelerate. The inflation rate rose to 10.6 percent in October as the euro hit a 20-year low and the bloc's energy crisis deepened, before falling to 9.2 percent in December on a sharp fall in energy prices.

The unemployment rate, which was 6.9 percent in January 2022, dropped to 6.7 percent in April 2022 and hit a recent low of 6.5 percent in October, as growth-oriented policies and the impact of the pandemic on the labor market continued to diminish. In December, it was 6.6 percent, the same level as in November, above market forecasts of 6.5 percent.

### **Turkish Economy**

Completing 2021 with 11.4 percent growth compared to the previous year, Turkish economy grew by 3.9 percent in the third quarter of 2022 compared to the same quarter of the previous year. When the activities that make up GDP are analyzed; financial and insurance activities increased by 21.6 percent, information and communication activities by 13.9 percent, professional, administrative and support service activities by 12.6 percent, public administration, education, human health and social work activities by 7.6 percent, service activities by 6.9 percent, other service activities by 4.9 percent, real estate activities by 4.1 percent, agriculture, forestry and fishing by 1.1 percent and industry by 0.3 percent; the construction sector decreased by 14.1 percent.

Unemployment rate was realized as 10.2 percent as of November. Unemployment rate was estimated as 8.8 percent for men and 12.9 percent for women. Seasonally adjusted employment rate was 48.6 percent.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

The change in consumer inflation, which reached 48.69 percent annually in January, was realized as 1.18 percent in December 2022 compared to the previous month, 64.27 percent compared to December of the previous year and 72.31 percent according to the twelve-month averages. Annual producer inflation increased by 97.72 percent in December.

Economic confidence index increased by 0.7 percent to 97.6 in December from 96.9 in November. The increase in economic confidence index stemmed from the increase in services confidence index, retail trade confidence index and construction confidence index.

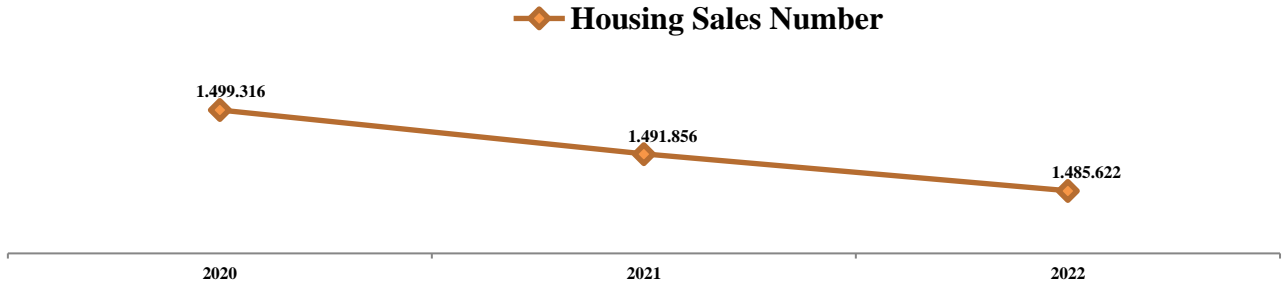
### **Developments in the Sector**

In the third quarter of 2022, the construction sector shrank by 14.1 percent year-on-year, while the growth rate of real estate activities was announced as 4.1 percent on an annual basis. In the third quarter of 2022, the share of construction sector in GDP was 4.5 percent at current prices, while the share of real estate activities was 3.1 percent.

**Construction Turnover Index**, which is an important data for the sector, increased by 96.9 percent in November compared to the same month of the previous year.

**Construction Cost Index** increased by 1.17 percent in November 2022 compared to the previous month and 103.47 percent compared to the same month of the previous year. Compared to the same month of the previous year, the material index increased by 108.55 percent and the labor index increased by 87.92 percent.

**House Sales** in Turkey decreased by 0.4 percent in January-December period compared to the same period of the previous year and became 1 million 485 thousand 622 units.



As of November, **the House Price Index** increased by 174.3% compared to the same month of the previous year to 628.6. Unit prices, calculated as residential value per square meter, rose to 16,984.1 TL for Turkey average.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

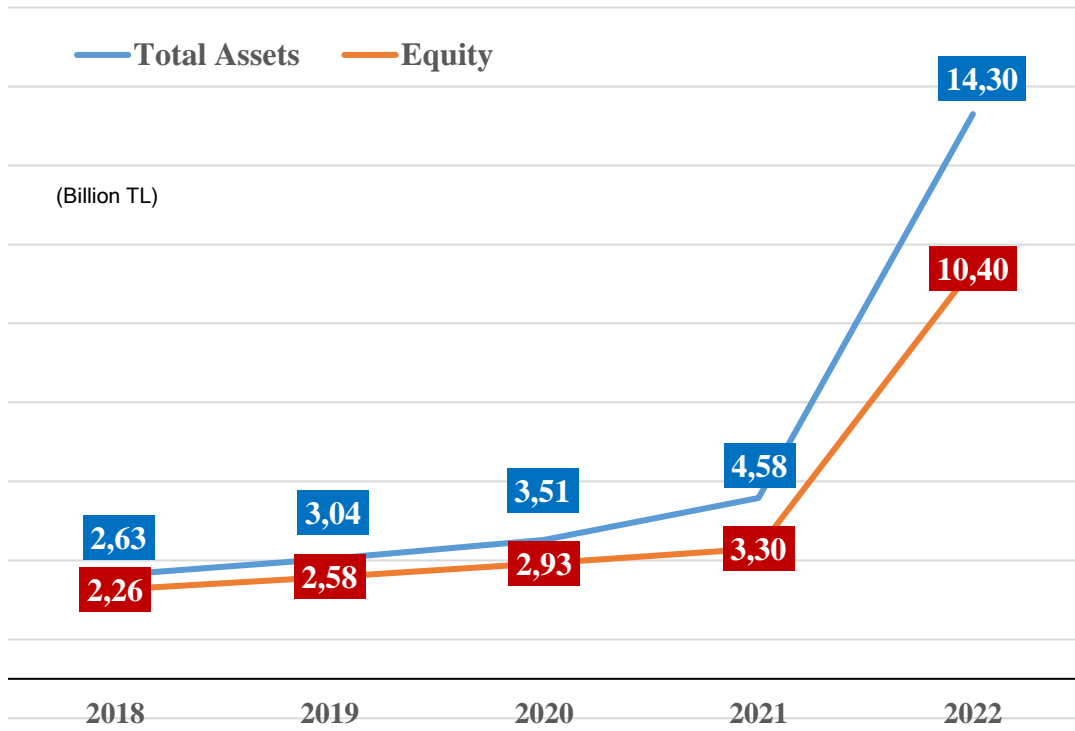
**3- Financial Performance**

	<b>Audited</b>	<b>Audited</b>
	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Revenue		
Cost of Sales (-)	165,280,766	104,596,247
<b>GROSS PROFIT</b>	<b>(22,545,353)</b>	<b>(33,155,069)</b>
	<b>142,735,413</b>	<b>71,441,178</b>
General Administrative Expenses (-)		
Marketing Expenses (-)	(35,286,833)	(23,272,674)
Other Income from Operating Activities	(26,095,433)	(5,491,793)
Other Expenses from Operating Activities (-)	6,571,110,176	380,015,122
<b>OPERATING PROFIT</b>	<b>(8,468,427)</b>	<b>(1,483,861)</b>
<b>OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSE)</b>	<b>6,643,994,896</b>	<b>421,207,972</b>
	<b>6,643,994,896</b>	<b>421,207,972</b>
Finance Expenses (-)	(39,642,541)	(42,651,590)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>6,604,352,355</b>	<b>378,556,382</b>
Tax Expense for the Period	(1,952,888)	-
<b>PROFIT FOR THE PERIOD</b>	<b>6,602,399,467</b>	<b>378,556,382</b>
<b>Distribution of Profit/Loss for the Period</b>		
Earnings per Share	4.2053	0.3711
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Items That Will Not Be Reclassified to Profit or Loss</b>	<b>(1,271,093)</b>	<b>162,940</b>
Gain on Remeasurement of Defined Benefit Plans	(1,271,093)	(7,910)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>6,601,128,374</b>	<b>378,548,472</b>

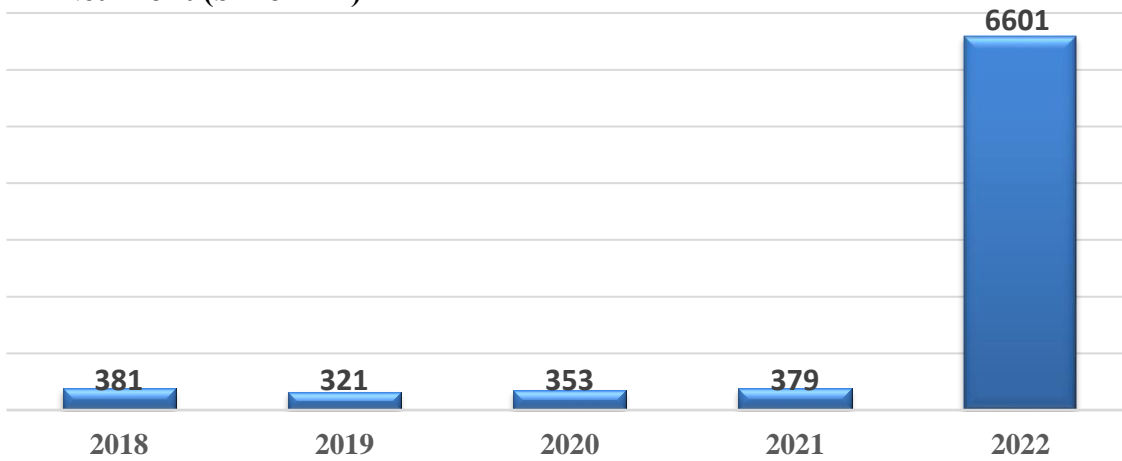
<b>Balance Sheet Data</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Total Assets	14.307.529.731	4.578.221.287
Equity	10.433.172.290	3.300.178.143
Total Financial Debt	1.723.994.243	1.013.613.374
<b>Basic Ratios</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Financial Debt / Equity	% 16,52	% 30,71
Shareholders' Equity / Total Assets	% 70,64	% 72,08
Return on Average Assets (ROA)	% 68,23	% 9,35
Return on Average Equity (ROE)	% 96,13	% 12,16



**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**



**Net Profit (billion TL)**



#### 4- 2022 Realizations & 2023 Targets

Our Company posted a net profit of TL 6.6 billion at year-end and reached TL 14.3 billion in assets with TL 10.4 billion in shareholders' equity with the contribution of regular rental income, housing sales throughout the year and the increase in the value of investment properties. The average return on equity ratio of our company was realized as *96.13 percent*, while the average return on assets ratio, which was projected to be approximately *40 percent* for this year and revised in the second quarter and announced to the public in the annual report, was realized as *68.23 percent*.

Our Company, whose main revenue items are rental income, housing sales income and financial income, generated a total gross revenue of TL 165.2 million at the end of 2022, while the size of the real estate was realized as TL 13.4 billion based on the latest imputed values.

During the period, the foundations of the *Dilovası Modern Industrial Site* project, which was realized within the framework of the 50%-50% revenue sharing agreement signed between our subsidiary Halk Yapı Projeleri Geliştirme A.Ş. and Marmara Metal Mamulleri Ticaret A.Ş., were laid and the project was launched in November and pre-sales were started. As of year-end, 74 independent units have been sold in the project.

In the Adapazarı Sakarya region, the foundation of our *Paye Sakarya* project, which we started to work on to realize a residential and partial commercial area project on an area of approximately 60 decares by signing a cooperation protocol with the contractor and third parties who own the land, has been laid and the launch and pre-sales activities of the project have started.

During the period, construction and sales processes continued in our existing projects. While the construction of *Halk Towers* and *Evora İzmir* project within the scope of Istanbul Finance Center continued at full speed, the 2-year lease agreement we signed with our main partner Halkbank for Block A of Halk Towers was shared with the public.

Our Company, which manages its real estate portfolio with the main strategy of "*offering high returns to its stakeholders with an equity-weighted financing model by developing commercial properties that can generate high rental income*" and continues its investments, aims to achieve an average return on assets of approximately **10%** in 2023 within the framework of all these developments.

Sincerely,

**Halk Gayrimenkul Yatırım Ortaklığı A.Ş.**  
**Board of Directors**

## 01 JANUARY 2022 - 31 DECEMBER 2022 COMPANY ACTIVITIES

### 1- Portfolio Related Studies

In the **January-December 2022** accounting period, the activities related to the Company's portfolio and the Company's activities are as follows:

In accordance with the decision taken by our Company's Board of Directors, in accordance with the Capital Markets Board's "Communiqué on Principles Regarding Real Estate Investment Trusts", it has been decided to receive services from "Marka Kurumsal Gayrimenkul Değerleme Danışmanlık A.Ş." for the valuation of the real estates in our portfolio for the year 2022, and to receive valuation services from "Marka Kurumsal Gayrimenkul Değerleme Danışmanlık A.Ş." and "Adım Gayrimenkul Değerleme ve Danışmanlık A.Ş." for the assets that may be included in the portfolio in 2022 and require valuation.

On April 22, 2022, real estates with an area of 31.228,62 sqm , 31.499,43 sqm and 172,52 sqm, respectively, registered in Antalya Province, Muratpaşa District, Block 27943, Parcels 17-57-58, were purchased from our main shareholder Türkiye Halk Bankası A.Ş. for TL 200.000.000.- and included in our portfolio.

On May 13, 2022, the building consisting of 29 independent units located in Istanbul Province, Şişli District, Block 418, Parcel 145, was purchased from our main shareholder Türkiye Halk Bankası A.Ş. for TL 173,825,000 and included in our portfolio.

On June 01, 2022, a 2-year lease agreement was concluded with T. Halk Bankası A.Ş. for Istanbul Finance Center Project Halk Towers Block A at a monthly rent of TL 35,000,000.- and the 2-year rent of TL 840,000,000.- was collected in advance. Within the scope of the agreement, the lease start date has been determined as the actual move date and will be shared with the public when the actual move is realized.

On July 22, 2022, a revenue sharing agreement was signed between our Company's 100% subsidiary Halk Yapı Projeleri Geliştirme A.Ş. and Marmara Metal Mamulleri Ticaret A.Ş. for the "Dilovası Industrial Center Project" to be developed on the lands registered on Block 642, Parcel 4 and Block 632, Parcel 12 in Kocaeli Province, Dilovası District, Mimar Sinan Quarter.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**2- Studies on Financial Structure**

**1. Capital Market Instruments in Circulation (Current Status)**

Type.	Issue Amount		Issue Date	Amortization Date	Rate of Return (%)	Form of Issuance
	Amount	Currency Unit				
Lease Certificate (Based on Management Contract) (TRDHVKA32327)	250.000.000	TL	29.11.2022	01.03.2023	Annual Simple Yield / %21 Compound Annual Return / 22.71	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA42326)	100.000.000	TL	24.01.2023	25.04.2023	Annual Simple Yield / 20.50% Annual Compound Yield / 22.13	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA52341)	200.000.000	TL	08.02.2023	09.05.2023	Annual Simple Yield / 21.50% Annual Compound Yield / 23.31	Qualified Investor

**2. Capital Market Instruments with Completed Redemption (Current Status)**

Type.	Issue Amount		Issue Date	Amortization Date	Interest/Return Rate (%)	Form of Issuance
	Amount	Currency				
Financing Bill (TRFHLGY31810)	100.000.213	TL	06.10.2017	30.03.2018	Annual Simple / 14.10% Annual Compounded /	Qualified Investor
Financing Bill (TRFHLGY91814)	80.000.000	TL	30.03.2018	19.09.2018	Annual Simple / 14.85% Annual Compounded /	Qualified Investor
Financing Bill (TRFHLGY91813)	50.000.000	TL	19.09.2018	21.12.2018	Annual Simple / 28.50% Annual Compounded /	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA31816)	100.000.000	TL	19.12.2017	16.03.2018	Periodic Return / 3.1582% Annual Simple Return / 13.25%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA61821)	100.000.000	TL	16.03.2018	20.06.2018	Periodic Return / 3.5244% Annual Simple Return / 13.40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA61839)	25.000.000	TL	23.03.2018	20.06.2018	Periodic Return / 3.2674% Annual Simple Return / 13.40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA91810)	125.000.000	TL	20.06.2018	19.09.2018	Periodic Return / 4.2384% Annual Simple Return / 17.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA1831)	125.000.000	TL	19.09.2018	19.12.2018	Periodic Return / 6.7315% Annual Simple Return / 27.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA11925)	75.000.000	TL	12.10.2018	22.01.2019	Periodic Return / 7.6850% Annual Simple Return / 27.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA41922)	170.000.000	TL	19.12.2018	16.04.2019	Periodic Return / 7.6295% Annual Simple Return / 23.60	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA51921)	80.000.000	TL	22.01.2019	21.05.2019	Periodic Return / 7.3356% Annual Simple Return / 22.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA81928)	180.000.000	TL	16.04.2019	20.08.2019	Periodic Return / 7.8534% Annual Simple Return / 22.75	Qualified Investor

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

Lease Certificate (Based on Management Contract) (TRDHVKA91927)	75.000.000	TL	21.05.2019	17.09.2019	Periodic Return / 7.6616% Annual Simple Return / 23.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA1914)	205.000.000	TL	20.08.2019	17.12.2019	Periodic Return / 5.7054% Annual Simple Return / 17.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA12022)	75.000.000	TL	17.09.2019	07.01.2020	Periodic Return / 4.5720% Annual Simple Return / 14.90%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32012)	100.000.000	TL	09.10.2019	10.03.2020	Periodic Return / 5.8684% Annual Simple Return / 14.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA52010)	185.000.000	TL	17.12.2019	12.05.2020	Periodic Return / 4.3898% Annual Simple Return / 10.90%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA62027)	75.000.000	TL	07.01.2020	02.06.2020	Periodic Return / 4.1884% Annual Simple Return / 10.40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82025)	75.000.000	TL	10.03.2020	18.08.2020	Periodic Return / 4.3227% Annual Simple Return / 9.80%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA92057)	100.000.000	TL	02.06.2020	29.09.2020	Periodic Return / 2.8038% Annual Simple Return / 8.60%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA2017)	75.000.000	TL	12.05.2020	06.10.2020	Periodic Return / 3.6247% Annual Simple Return / 9.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA12121)	40.000.000	TL	18.08.2020	13.01.2021	Periodic Return / 4.6630% Annual Simple Return / 11.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA22120)	120.000.000	TL	29.09.2020	24.02.2021	Periodic Return / 5.3321% Annual Simple Return / 13.15%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32129)	120.000.000	TL	06.10.2020	10.03.2021	Periodic Return / 5.5842% Annual Simple Return / 13.15%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA42128)	46.000.000	TL	23.12.2020	06.04.2021	Periodic Return / 4.9578% Annual Simple Return / 17.40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA62118)	150.000.000	TL	24.02.2021	23.06.2021	Periodic Return / 5.7707% Annual Simple Return / 17.70%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA72125)	131.000.000	TL	10.03.2021	01.07.2021	Periodic Return / 5.4952% Annual Simple Return / 17.75	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82124)	120.000.000	TL	06.04.2021	18.08.2021	Periodic Return / 7.1222% Annual Simple Return / 19.40	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA2124)	180.000.000	TL	23.06.2021	12.10.2021	Periodic Return / 5.7629% Annual Simple Return / 18.95	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA2126)	150.000.000	TL	01.07.2021	09.11.2021	Periodic Return / 6.8192% Annual Simple Return / 19.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA2134)	120.000.000	TL	28.07.2021	23.11.2021	Periodic Return / 6.1748% Annual Simple Return / 19.10%	Qualified Investor

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

Lease Certificate (Based on Management Contract) (TRDHVKA2110)	150.000.000	TL	18.08.2021	08.12.2021	Periodic Return / 5.8300% Annual Simple Return / 19.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA22211)	180.000.000	TL	12.10.2021	08.02.2022	Periodic Return / 5.8196% Annual Simple Return / 17.85	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32210)	200.000.000	TL	09.11.2021	01.03.2022	Periodic Return / 5.00% 16% Annual Simple Return / 16.30%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA32236)	120.000.000	TL	23.11.2021	22.03.2022	Periodic Return / 5.0034% Annual Simple Return / 15.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA42219)	232.000.000	TL	08.12.2021	05.04.2022	Periodic Return / 5.1726% Annual Simple Return / 16.00	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA52226)	250.000.000	TL	08.02.2022	17.05.2022	Periodic Return / 5.1685% Annual Simple Return / 17.25%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA52234)	125.000.000	TL	01.03.2022	31.05.2022	Periodic Return / 4.3630% Annual Simple Return / 17.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA62233)	200.000.000	TL	22.03.2022	28.06.2022	Periodic Return / 4.63% 151 Annual Simple Return / 17.25%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA72216)	250.000.000	TL	05.04.2022	05.07.2022	Periodic Return / 4.3630% Annual Simple Return / 17.50%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82249)	200.000.000	TL	17.05.2022	23.08.2022	Periodic Return / 4.8060% Annual Simple Return / 17.90%	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82215)	100.000.000	TL	26.07.2022	25.10.2022	Periodic Return / 6.17055% Annual Simple Return / 24.75	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA82225)	230.000.000	TL	23.08.2022	29.11.2022	Annual Simple Yield / 19.50% Annual Compound Yield / 20.93	Qualified Investor
Lease Certificate (Based on Management Contract) (TRDHVKA123129)	158.000.000	TL	25.10.2022	24.01.2022	Annual Simple Yield / 22.25% Annual Compound Yield / 21.84	Qualified Investor

**3. Capital Market Instruments for which the Issuance Ceiling has been obtained and not yet sold**

Type.	Issuance Ceiling and Board Decision on the Ceiling	Sales within the Ceiling	
		Amount	Currency Unit
Lease Certificate (Based on Management Contract)	2.000.000.000.-TL 28.10.2020 / 67-1338	1.227.000.000	TL
Lease Certificate (Based on Management Contract)	3.000.000.000.-TL 21.10.2021 / 54-1569	1.907.000.000	TL
Lease Certificate (Based on Management Contract)	4.000.000.000.-TL 15.09.2022 / 13-5066	708.000.000	TL
Financing Bonds	2.000.000.000.-TL 15.12.2022 / 74-1805	-	TL

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

On April 29, 2022, the credit rating process of our Company by JCR Avrasya Rating A.Ş. has been completed and our Company's Long Term National Rating has been determined as "**AA+ (Trk)/Stable**" and Short Term National Rating as "**J1+ (Trk)/Stable**". The Long Term International Local and Foreign Currency Ratings have been assigned as "**BB/Stable**", which is the country ceiling of the Republic of Turkey.

At the meeting of our Company's Board of Directors held on August 23, 2022, it was decided to apply to the Capital Markets Board for a sukuk issuance ceiling limit of up to TL 4,000,000,000,-TL (four billion Turkish Liras) nominal value, and the relevant application was approved by the Board's decision dated September 19, 2022-26124.

At the meeting of our Company's Board of Directors held on November 16, 2022; it was decided to apply to the Capital Markets Board for a debt instrument issuance ceiling limit of up to TL 2,000,000,000,-TL (two billion Turkish Liras) nominal value, and the relevant application was approved by the Board's decision dated December 15, 2022 - 74/1805.

### **3- General Assembly, Capital Increase and Articles of Association**

At the meeting of our Board of Directors dated January 21, 2022, it was resolved to increase the issued capital of our Company from TL 1,020,000,000,000 to TL 1,530,000,000,000 by an increase of 50% and an application was made to the Capital Markets Board on January 28, 2022 with the draft prospectus prepared in this regard. Within the framework of the prospectus approved by the Board's decision dated February 24, 2022 and numbered 10282, the 15-day pre-emptive rights exercise dates for the rights issue were set between March 02-16, 2022 and the sales transactions of the unused pre-emptive rights in the BIST Primary Market continued between March 18 21. The total amount of funds obtained from the rights issue was reported to the Capital Markets Board as TL 510,426,500.23 and an application was made to the Board on March 24, 2022 for the amendment of Article 8 of the Articles of Association titled "Capital and Shares" after the capital increase. With the Board's decision dated March 25, 2022 and numbered 19131, the amendment of the Articles of Association was approved and the amendment text and the new capital were registered on March 29, 2022. The registration was published in the Trade Registry Gazette dated March 29, 2022 and numbered 10547.

Pursuant to the resolution of our Board of Directors dated March 4, 2022, the Ordinary General Assembly Meeting of our Company for the fiscal year 2021 was held on Thursday, March 31, 2022 at 14:30 at the Company's headquarters address, under the supervision of the Ministry Representative assigned by the letter dated March 30, 2022 and numbered 00073303285 of the Istanbul Governorship Provincial Directorate of Commerce, with a participation rate of 79.90%.

The resolutions of the General Assembly were registered on April 12, 2022 and published in the Trade Registry Gazette dated April 12, 2022 - 10577.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

At the meeting;

- 2021 dividend distribution proposal of the Board of Directors was approved and the dividend TL 4,000,000, the cash amount of the distribution, was distributed to our shareholders on April 05, 2022.
- 40.000.000.- in line with the Board of Directors decision dated March 31, 2022  
It was decided to apply to the Capital Markets Board for bonus share dividend distribution transactions amounting to TL and a capital increase application was made to the Capital Markets Board on April 27, 2022. Our application was approved by the decision of the Capital Markets Board dated 18.05.2022-25/763 and the distribution of bonus shares started on May 30, 2022 and the distribution process was completed on June 01, 2022.
- The new capital and the related amendment article (Article 8) of our Articles of Association were registered by the Istanbul Trade Registry Office on 21.06.2022 and published in the Trade Registry Gazette No. 10603.

#### **4- Corporate Governance Studies**

During the period;

The Corporate Governance Principles Compliance Rating process of our Company has been completed by JCR Avrasya Rating Services Inc. and our Company's CMB Corporate Governance Principles Compliance Rating has been determined as 9.22 out of 10 and its outlook as Stable. Our Company's grades in 4 main sections are: Shareholders 91.18, Public Disclosure and Transparency 95.50, Stakeholders 94.38, Board of Directors 89.73.

#### **5- Sustainability Studies**

The Sustainability Committee was established in 2021 to determine the Company's sustainability strategy, policy and goals in the areas of environmental, social and corporate governance, and to carry out, monitor and supervise the implementation. Work on the preparation of the Company's Sustainability Policy is ongoing.

In all its activities, our company prioritizes gender equality, decent work, economic growth and reducing inequalities and efficient use of all resources, and implements sustainable projects that prioritize energy efficiency and sustainability, increase the use of green areas with the materials used, and aim for low CO2 emissions.



**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

Our Company has not been subjected to any legal sanctions on environmental, social and corporate governance issues during its operations and has not caused any conflict of interest arising from its practices. There were no lawsuits filed against the Company for damages caused to the environment during the period.

Our company's real estate projects are produced with environmentally friendly, non-carbon-emitting materials and are LEED certified, an internationally developed green building rating system for all building types from hospitals, data centers, historical buildings to schools.

Halk REIT is a corporate member of USGBC (U.S. Green Building Council), which has been conducting LEED certification since 2013. Three of its six completed projects have received LEED certification, and the certification process is ongoing for one of the ongoing projects.

Halk REIT Completed Projects with LEED Certification;

- ✓ Eskisehir Panorama Plus (Leed Silver)
- ✓ Levent Hotel (Leed Gold)
- ✓ Şekerpınar Banking Center (Leed Gold)

Halk REIT Leed Certification Process Ongoing Projects;

- ✓ Istanbul Finance Center 'Halk Office Towers' (Planned Leed Platinum)

**Eskişehir Panorama Plus Residential Project is within the scope of LEED certification;**

Savings of 37% in water use and 34% in electricity use were achieved. The amount of wastewater was reduced by 54% by using low-water consuming wet area equipment. During the construction phase, 77% of construction waste was recycled. 33% of the materials used contain recycled materials.

**Levent Hotel Project is within the scope of LEED certification;**

Water savings of 31% and electricity savings of 24% were achieved. All of the landscape irrigation in the project was provided by the use of gray water. A 44% reduction was achieved through the selection of high-efficiency wet volume fixtures and the use of purified water in reservoirs and urinals. In areas with high intensity use, indoor air quality is measured with CO2 sensors and the necessary fresh air is provided through the automation system.

**Şekerpınar Banking Center Project is within the scope of LEED certification;**

Savings of 49% in water use and 46% in electricity use were achieved.

**Istanbul Finance Center 'Halk Office Towers' within the scope of LEED certification;**

For the Istanbul Finance Center Project, LEED certification at Gold level is mandatory for all stakeholders within the framework of the requirements of the design handbook and master booklet published by the Ministry of Environment, Urbanization and Climate Change. However, due to the competitive environment arising from the multi-stakeholder structure of the project, LEED Platinum, the highest level of LEED certification, is targeted in this project and the works are carried out in this direction. In Halk Office Towers, the application was made according to the principle that LEED certification is LEED BD+C (Building Design + Construction), in other words Shell&core. In addition, Emlak Konut and the Ministry of Environment, Urbanization and Climate Change aim to apply for LEED ND (Neighborhood Development) certification throughout the IFM, and work has been initiated with the necessary consultants in this direction.

Water savings of 40% and electricity savings of 30% are envisaged. In addition, within the scope of efficient energy use, an ice storage system, an innovative development, is planned. During the current construction phase, 50% of construction waste is recycled, and it is aimed to increase this rate to 75% by regular monitoring and to receive additional points. Indoor air quality will be monitored with CO sensors.

**Within the scope of Dilovası Modern Industrial Site Project;**

Most of the common area energy consumption is planned to be provided by photovoltaic solar panels installed on the roof area.

It is aimed to use rainwater and the water to be obtained from the wells to be drilled for landscape irrigation and to reduce water consumption with an automatic irrigation system.

For landscaping areas, emphasis has been placed on the use of plants that consume little water and bicycle parking areas have been created.

In order for the workshops to benefit from daylight and to save energy, wide-span joinery has been designed in the buildings. LED bulbs with low energy consumption are used for lighting.

It is planned to establish vehicle charging stations.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**6- Transactions with Related Parties**

This report has been prepared in accordance with the first three paragraphs of Article 199 of the Turkish Commercial Code and Article 10 Capital Markets Board's (CMB) Corporate Governance Communiqué (II-17.1) titled "Common and continuous transactions".

**LEGAL PROCEEDINGS**

**A- Transactions by Controlling and Affiliated Companies**

	<b>December 31, 2022</b>
<b>Banks</b>	
Halk Bank A.Ş. (Demand Deposit)	17.306.758
Halk Bank A.Ş. (Time Deposit)	446.611.735
Halk Bank A.Ş. (Pos)	300.000
<b>Total</b>	<b>464.218.493</b>
<b>Deferred Income</b>	
Halk Bank A.Ş.	840.000.000
<b>Total</b>	<b>840.000.000</b>
<b>Prepaid expenses</b>	
Halk Finansal Kiralama A.Ş.	1.899.844
<b>Total</b>	<b>1.899.844</b>
<b>Purchase of Investment Property</b>	
Halk Bank A.Ş.	373.825.000
<b>Total</b>	<b>373.825.000</b>
<b>Amounts Capitalized in Construction in Progress Investment Properties</b>	
Halk Bank A.Ş. (Interest and Commission Expenses)	35.297.690
Halk Finansal Kiralama A.Ş. (Financial Expenses)	45.073.211
Halk Varlık Kiralama A.Ş.	95.755.605
<b>Total</b>	<b>176.126.506</b>
<b>Financial borrowings</b>	
Halk Bank A.Ş. -Short Term	239.581.869
Halk Bank A.Ş. -Long Term	832.388.026
Halk Finansal Kiralama A.Ş. - Short Term	77.962.926
Halk Finansal Kiralama A.Ş. - Long Term	53.287.984
Halk Varlık Yönetim A.Ş.	418.475.795
<b>Total</b>	<b>1.621.696.599</b>
<b>Trade payables to related parties</b>	
Halk Bank A.Ş. Short Term	27.430
Halk Bank A.Ş. Long Term	85.000.000
<b>Total</b>	<b>85.027.430</b>

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Income from Related Parties**

*December 31, 2022*

<i>Rental income</i>	
Halk Bank A.S.	60.097.037
<b>Total</b>	<b>60.097.037</b>
<i>Interest income</i>	
Halk Bank A.Ş. Interest Income from Time Deposits	21.829.926
<b>Total</b>	<b>81.926.963</b>

Approximately 50% of the Company's revenue for the period ended December 31, 2022 consists of income from related parties.

**Related Party Expenses**

<b>Expenses</b>	<b>December 31, 2022</b>
<i>Interest, finance and income expenses paid to related parties</i>	
Halk Bank A.S.	(55.628.754)
Halk Varlık Kiralama A.Ş.	(104.656.153)
Halk Finansal Kiralama A.Ş.	(45.073.211)
<i>Operating expenses paid to related parties</i>	
Halkbank A.S.	(955.599)
Halk Yatırım Menkul Değerler A.Ş.	(375)
<b>Total</b>	<b>(206.688.717)</b>

## A.1. Transactions to which the Controlling Company is a Party

### 1.1.1. Revenues

#### a) Rental Income

The Company has leased 18 REAL ESTATE properties in its portfolio to Türkiye Halk Bankası A.Ş. and has regularly collected rental income from these buildings during the year. These leases were made in accordance with the Capital Markets Board's Communiqué Serial III No.48.1 on Principles Regarding Real Estate Investment Trusts. Total rental income for the year amounted to TL 60,097,037. Our Company also leased Block A of the Istanbul Finance Center project to Türkiye Halk Bankası A.Ş. and has deferred rental income of TL 840,000,000. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

#### b) Interest Income

The Company earned interest income from time deposits amounting to TL 21.829.926 from transactions with Türkiye Halk Bankası A.Ş. TL 4.496.960 of this amount is classified under investment properties. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### 1.1.2. Expenses

#### a) Bank Interest Expenses

Interest and commission expense amounting to TL 55.628.754 was incurred in 2022 for the loan used by our Company from Türkiye Halk Bankası A.Ş.. TL 39.305.203 of this amount is classified under investment properties. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

#### b) Bank Transactions Expenses

The Company incurred operating expenses amounting to TL 955,599 due to transactions with Türkiye Halk Bankası A.Ş. All of this amount consists of letter of guarantee and other banking commission expenses. TL 489.447 of this amount is classified under investment properties. In these transactions, no financial benefit was provided to the parent company or its subsidiary and the Company did not incur any loss.

### c) Asset purchase

Our Company purchased the real estates with an area of 31.228,62 sqm , 31.499,43 sqm and 172,52 sqm registered in Antalya Province, Muratpaşa District, Ermenek Quarter, Kütüklü Göl District, Block 27943, parcels 17-57-58, respectively, for TL 200.000.000. and the building consisting of 29 independent units located in Istanbul Province, Şişli District, Şişli District, Dikilitaş Quarter, Block 418, Parcel 145, was purchased from our main shareholder Türkiye Halk Bankası A.Ş. for TL 173.825.000 and included in its portfolio. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### 1.1.3. Financing Amounts

As of 31.12.2022, the Company has loans amounting to TL 1.071.969.895 from Türkiye Halk Bankası A.Ş. TL 851.232.716 of the loans used consist of monthly equal installment loans and TL 3.000.000 revolving loans and TL 217.737.179 spot and revolving loans used for İzmir Evora Project. As of 31.12.2022, TL 239.581.869 of the remaining amount of the monthly equal installment, spot and revolving loans are classified as short term and TL 832.388.026 as long term. In 2022, financial expenses amounting to TL 55,628,754 were incurred and no financial benefit was provided to the parent company or its subsidiary in these transactions and no loss was incurred by our Company.

## A.2. Transactions by Affiliated Companies

### 1.2.1 Revenues

None.

### 1.2.2 Expenses

#### a) Amounts Capitalized in Construction in Progress Investment Properties

### Halk Varlık Kiralama A.Ş.

Capitalized expenses amounting to TL 104,656,153 were incurred due to the transactions of our Company with Halk Varlık Kiralama A.Ş.. In these transactions, 99,426,785 of these expenses consisted of financial expenses and TL 5,229,368 of these expenses consisted of brokerage commissions. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### **Halk Finansal Kiralama A.Ş.**

Our Company incurred financial expenses amounting to TL 45.073.211 due to the transactions with Halk Finansal Kiralama A.Ş.. TL 6.501.057 of this transaction consists of interest related expenses and TL 38.572.154 consists of foreign exchange difference cost. All of the financial expenses have been capitalized in investment properties during the period. In these transactions, no financial benefit was provided to the parent company or its subsidiary and the Company did not incur any loss.

### **b) Other Expenses**

### **Halk Yatırım Menkul Değerler A.Ş.**

Our Company incurred a period expense of TL 375,000 due to financial consultancy and brokerage transactions with Halk Yatırım Menkul Değerler A.Ş. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### **c) Financing Amounts**

### **Halk Varlık Kiralama A.Ş.**

In order to meet the financing needs of our company, Halk Varlık Kiralama A.Ş. has issued lease certificates with Halk Varlık Kiralama A.Ş. and a financial debt of TL 418,475,795 has been incurred. In 2022, the Company incurred TL 104,656,153 of period financial expenses related to the transactions made, of which TL 95,755,605 was capitalized in investment properties. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### **Halk Finansal Kiralama A.Ş.**

In order to meet the financing needs of our company, a financial lease agreement has been signed with Halk Finansal Kiralama A.Ş. and there is a financial lease of 131.250.909-TL at the end of 2022. Regarding the transactions, a period finance expense of 45.073.211-TL has occurred in 2022 and all of it has been capitalized in investment properties. In these transactions, no financial benefit was provided to the parent company or its subsidiary and our Company did not incur any loss.

### **B- Transactions Under the Direction of the Controlling Company**

None.

### **C- Transactions for the Benefit of the Controlling Company or Subsidiary**

None.

### **MEASURES TAKEN**

All of the commercial and legal transactions detailed above were carried out in line with the Company's interests based on market prices. Leasing transactions were carried out in line with the reports made by independent real estate appraisal companies, and purchases of goods and services constituting commercial activities were carried out by taking bids. Since our Company is a publicly traded company, it acts in accordance with the principles of the relevant Communiqué of the Capital Markets Board. Our Company is audited quarterly by an independent audit firm. Transactions with related parties included in the independent audit reports are disclosed to the public on a quarterly basis along with their details.

During the activity period, there is no equivalent counter claim to a subsidiary company regarding the material damage/loss incurred by the subsidiary company due to intra-group transactions, the transaction subject to offsetting by the parent company or the benefits provided by the Company.

### **CONCLUSION**

In all transactions made by our Company with the controlling company and its affiliated companies during the operating period of January 1 - December 31, 2022, all legal transactions made for the benefit of the controlling company or an affiliated company under the direction of the controlling company according to the circumstances and conditions known to us and all measures taken or avoided to be taken for the benefit of the controlling company or an affiliated company in the 2022 operating year have been evaluated. Regarding the 2022 operating year, we declare that our Company has not incurred any such loss due to a transaction that occurred according to the known circumstances and conditions.

Pursuant to Article 10 of the Capital Markets Board's Corporate Governance Communiqué (II-17.1) titled "Common and Continuous Transactions", within the scope of the Company's activities in 2023, it is foreseen that the rental income expected to be obtained in the accounting period of 2023 as a result of common and continuous leasing transactions with the main shareholder Türkiye Halk Bankası A.Ş. will exceed 10% of the annual revenue amount included in the Company's publicly disclosed financial statements for 2022. All lease transactions, including the ongoing lease agreements, are made by taking into account the applicable legislation, appraisal rental values and market conditions.



**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**DISCLOSURES ON ASSETS AND RIGHTS IN THE PORTFOLIO**

**1- Real Estate Table**

REAL ESTATE	Date of Addition to Portfolio	*Fair Value (TL)
<b>LANDS</b>		
Antalya Lands	22.04.2022	295.530.000
Kocaeli Dilovasi Lands (Dilovasi Modern Industrial Site Project)	19.07.2022	276.640.000
Sakarya Adapazari Land (Paye Sakarya Project)	30.12.2021	207.680.000
Istanbul Salıpaazari Land	26.01.2018	17.050.000
<b>Lands Total</b>		<b>796.900.000</b>
<b>PROJECTS</b>		
IFM "Halk Office Towers"	28.10.2010	7.617.132.000
Istanbul Beyoglu Land	28.10.2010	110.560.000
Izmir Evora	25.08.2017	1.327.822.443
Istanbul Bizimtepe Aydos (%50 Halk GYO share for 1 independent unit)	16.10.2014	22.100.000
<b>Projects Total</b>		<b>7.729.792.000</b>
<b>BUILDINGS</b>		
Istanbul Atasehir Finance Tower	29.12.2011	1.250.000.000
Istanbul Levent Hotel	28.10.2010	1.221.000.000
Istanbul Salıpaazari Hotel	28.10.2010	403.000.000
Istanbul Gayrettepe Building	13.05.2022	330.000.000
Sekerpınar Banking Center	11.09.2012	295.300.000
Istanbul Karakoy Building	28.10.2010	200.000.000
Halk Ofis Sekerpınar (85%)	11.09.2012	175.170.000
Izmir Konak Building 1	28.10.2010	121.000.000
Istanbul Caddebostan Building	28.10.2010	112.000.000
Istanbul Etiler Building	28.10.2010	93.000.000
Istanbul Besiktas Building	28.10.2010	82.000.000
Istanbul Bakirkoy Building	28.10.2010	76.500.000
Istanbul Sisli Building	28.10.2010	75.000.000
Ankara Red Crescent Building	28.10.2010	62.000.000
Izmir Konak Building 2	28.10.2010	61.500.000
Istanbul Atakoy Building	28.10.2010	60.400.000
Istanbul Nisantasi Building <sup>3</sup>	28.10.2010	54.000.000
Istanbul Fatih Building	28.10.2010	42.300.000
Kocaeli Building	28.10.2010	41.810.000
Bursa Building	28.10.2010	40.000.000
Ankara Capital Building	28.10.2010	38.000.000
Sakarya Adapazari Building	15.01.2021	27.105.000
Ankara Bahçelievler Building 1	28.10.2010	26.500.000
Ankara Bahçelievler Building 2	28.10.2010	20.000.000
<b>Buildings Total</b>		<b>4.907.585.000</b>
<b>TOTAL PORTFOLIO</b>		<b>13.434.277.000</b>

\* Values in 2022 year-end independent audit report.

1-The value of our Company's share of the appraisal value of the project determined as of the end of 2022. Included in the portfolio total

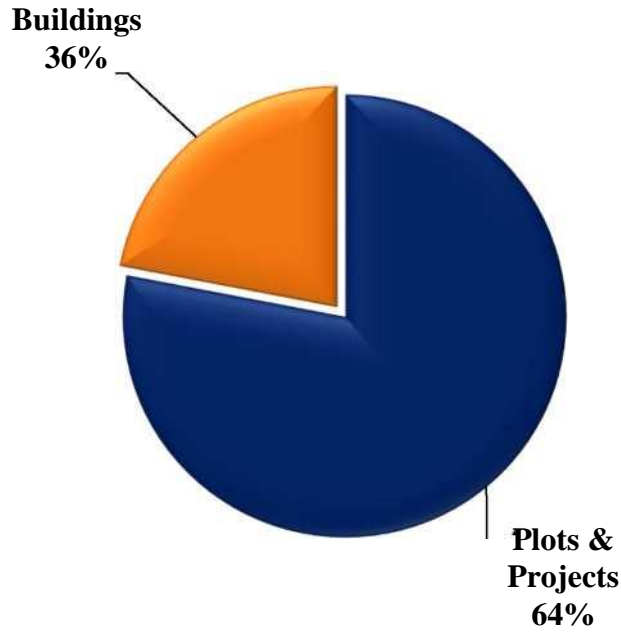
(50% of the 65% Ordinary Partnership share is calculated as Halk GYO share).

2-50% Halk GYO share of the total appraisal values of the remaining independent sections in the projects as of December 31, 2022.

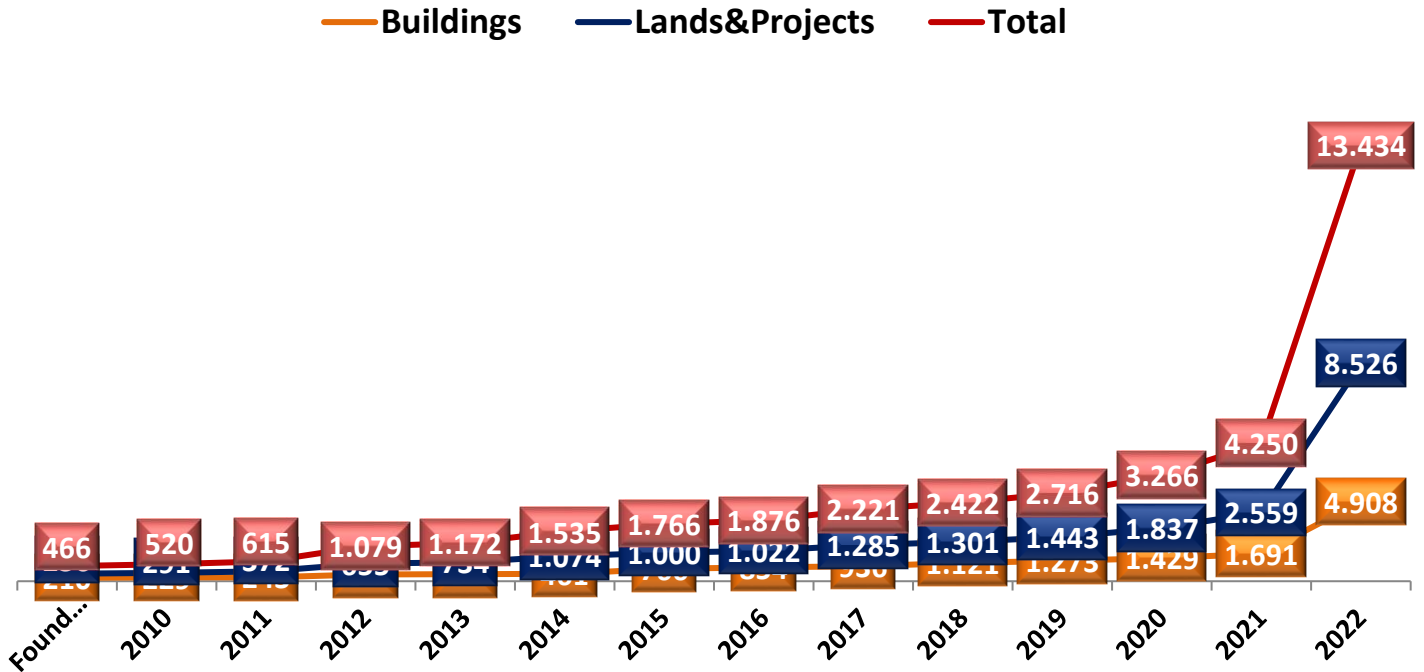
3-Nişantaşı Building was sold to our 100% subsidiary Halk Yapı Projeleri Geliştirme A.Ş. on December 28, 2020.

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Real Estate Distribution (According to Latest Appraisal Values)**



**Real Estate Values (TL)**



**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**2- Information on Leased Properties**

The summary table of real estate investments from which the Company earns rental income is given below.

<b>REAL ESTATE WITH RENTAL INCOME</b>	<b>PURPOSE OF USE</b>	<b>2022 RENT INCOME (TL)</b>
Istanbul Levent Hotel	Hotel	38.223.078
Atasehir Finance Tower	Bank General Directorate	23.595.000
Sekerpinar Banking Center	Office	12.486.693
Salipazari Hotel	Hotel	12.231.658
Bakirkoy Building	Bank Branch	2.648.440
Red Crescent Building	Bank Branch	2.414.754
Besiktas Building	Bank Branch	2.258.964
Sisli Building	Bank Branch	1.916.224
Başkent (Yenişehir) Building	Bank Branch Hotel	1.895.888
Etiler Building	Bank Branch	1.885.066
Bursa Building	Bank Branch	1.869.487
Kocaeli Building	Bank Branch	1.557.906
Atakoy Building	Bank Branch	1.480.010
Fatih Building	Bank Branch	1.261.904
Bahcelievler Building 1	Bank Branch	1.246.325
Karakoy Building	Bank Branch	1.872.000
Nisantasi Building	Bank Branch	1.043.797
Konak Building 2	Bank Branch	709.344
Adapazari Building	Bank Branch	531.024
Bahcelievler Building 2	Store	810.179
Konak Building 1	Under Renovation	64.966
Halk Ofis Sekerpinar	Marketing Process	-
Gayrettepe Building	Marketing Process	-
Caddebostan Building	Marketing Process	-
Bizimtepe Aydos Project Commercial Property Rental Income	Commercial	70.821
<b>TOTAL</b>		<b>112.073.529</b>

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**3- Company Subsidiaries & Affiliates & Joint Operations**

**Subsidiaries**

Halk Yapı	<u>31 December 2022</u>	<u>31 December 2021</u>
Current assets	458,772,576	10,468,647
Non-current assets	159,838,137	15,282,269
Current liabilities	(479,398,916)	(8,296,116)
Non-current liabilities	23,022,835	-
	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Profit/(loss) for the period	<u>(21,759,776)</u>	<u>(2,705,522)</u>
Halk GYO - Vakıf GYO Ordinary Partnership	<u>31 December 2022</u>	<u>31 December 2021</u>
Current assets	8,137,820	19,177,898
Non-current assets	-	4,969,734
Current liabilities	837,326	(1,027,990)
	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Profit for the period	<u>(6,557,788)</u>	<u>(5,027,387)</u>
Halk GYO - Erkonut Ordinary Partnership	<u>31 December 2022</u>	<u>31 December 2021</u>
Current assets	702,182	1,194,951
Non-current assets	-	-
Current liabilities	127,605	(488,101)
	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Profit for the period	<u>(206,499)</u>	<u>(487,666)</u>
Halk GYO - Teknik Yapı Ordinary Partnership	<u>31 December 2022</u>	<u>31 December 2021</u>
Current assets	393,239,619	108,420,343
Non-current assets	11,077,153	5,101,291
Current liabilities	485,017,963	(166,931,035)
Non-current liabilities	1,387,438	(4,897,737)
	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Profit/(loss) for the period	<u>23,551,786</u>	<u>2,879,582</u>

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**4- Money and Capital Market Instruments**

	31 December 2022	31 December 2021
Cash at banks	474,691,321	53,110,456
<i>Demand deposits(*)</i>	28,045,961	2,131,214
<i>Term deposits with a maturity of less than three months</i>	446,645,360	50,979,242
Provision for expected loss (-)	(5,696)	(909)
Other current assets (**)	300,000	-
<i>Cash and cash equivalents in the statement of financial position</i>	<u>474,985,625</u>	<u>53,109,547</u>
Less: Interest income accruals on cash equivalents	(3,760,508)	(21,983)
<i>Cash and cash equivalents in the statement of cash flows</i>	<u>471,225,117</u>	<u>53,087,564</u>

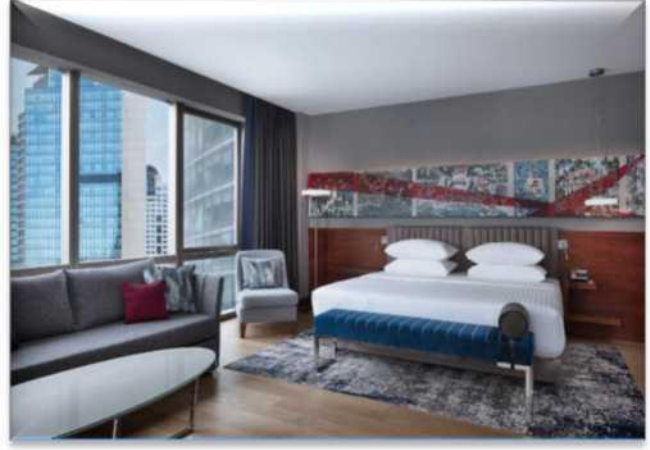
(\*)As of December 31, 2021 and December 31, 2022, demand deposits include the amount blocked for personnel salary payments.

As of December 31, 2022, the details of time deposits at banks are as follows

<b>31 December 2022</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Maturity</b>
<b><u>Time deposits</u></b>			
TL	191,465,344	13%	2 January 2023
TL	52,162	11%	2 January 2023
TL	33,633	7%	2 January 2023
TL	29,380	12%	2 January 2023
TL	1,441,554	11%	2 January 2023
TL	253,623,288	23%	12 January 2023
	<u><b>446,645,360</b></u>		

## 5- Completed Projects

### Istanbul Levent Hotel



**Province**  
**District**  
**Appraisal Value**

Istanbul  
Şişli / Levent  
1.2 billion TL

Our hotel project, which was started to be built in 2013 on the Levent land in our company's portfolio and completed in 2015, is the first investment of our company in the tourism sector.

Our building, which is one of the most beautiful examples of city hotel management in terms of its architecture and location, meets the need of the business hotel on the Mecidiyeköy-Maslak line.

Levent Hotel, which is aimed to be an environmentally friendly structure, has been awarded with **LEED Gold** (Leadership in Energy and Environmentally Friendly Design) certificate.

**Istanbul "Referans Bakirkoy"**



**Province**  
**District**

Istanbul  
Bakirkoy

"Reference Bakırk y", which was tendered in 2012 with the method of revenue sharing with a 50.5 percent share over the total sales revenue and implemented on our land in Bakırk y, is our first residential project. The project, which we carried out and completed together with Biskon Yapı A.Ş., one of the subsidiaries of Kiler Holding, has risen in one of the last remaining project areas in Bakırk y, one of the privileged districts of İstanbul. Title deed transfers and the session completed as of 2014.

The project, which was built in three blocks, consists of a total of 327 independent units, 254 of which are residential and 73 of which are commercial units.

### Eskisehir "Panorama Plus"



**Province**  
**District**

Eskisehir  
Odunpazari

The project, which is located in the Odunpazari district of Eskişehir province and implemented on our 9.811 sqm land, consists of totally 102 independent units 97 of which are residences and 5 are commercial units.

The project, which started its construction and sales process in November 2013, was completed in 2015. All independent units have been sold in the project.

Panorama Plus was the first project to receive a "**LEED Silver**" certificate with the highest score of Eskişehir" in line with the sustainability studies carried out by USGBC (United States Green Building Council).



### Kocaeli Sekerpinar Buildings



**Province**  
**District**  
**Appraisal Value**

Kocaeli  
Sekerpinar  
470.5 Million TL

"Şekerpinar Project" built on our land of 15.652 sqm in Kocaeli Şekerpinar, which was included in our company's portfolio in September 2012, has a total usage area of approximately 62.000 sqm as A and B Blocks.

"Şekerpinar Banking Center", which is the 9 thousand sqm A Block part of the project, was rented for 10 years in April 2015. Our building, which is aimed to be an environmentally friendly structure, is **LEED Gold** certificate holder.

The marketing process for the sale or lease of "**Halk Ofis Şekerpinar**", Block B of the project, which is approximately 53 thousand sqm, is ongoing.

### Istanbul "Bizimtepe Aydos"



**Province**  
**District**

Istanbul  
Sancaktepe

The housing project, which was realized through the partnership established in cooperation with Vakıf GYO, is located in Sancaktepe district of Istanbul. The project aims to meet the housing demand in the region as it is located close to the Istanbul Financial Center.

With the slogan "*Happiness starts from your home*", the project rising on a land area of approximately 95 thousand sqm has 90% landscape area. The project, which includes 2+1, / 3+1, / 4+1 apartment options and consists of 17 blocks with 13 floors each and a total of 1037 residences and 47 commercial units, also includes hobby gardens, bicycle and jogging tracks, children's playgrounds, gazebos and ornamental pools, lawn amphitheatres, a private kindergarten and a bazaar with commercial units.

In November 2015, construction started and the project was completed in 2018.

**Erzurum "Sehristan Houses"**



**Province**  
**District**

Erzurum  
Yakutiye

The land located in Yakutiye district of Erzurum province and owned by Er Konut İnşaat, a subsidiary of Erzurum Metropolitan Municipality, was included in the portfolio in April 2016 to develop a residential project. The project, which was realized through Halk REIT - Er Konut Ordinary Partnership with 50 percent - 50 percent common share with Er Konut İnşaat, includes 13 blocks of 13 floors each in 3 different types and a total of 632 apartments and 13 commercial units on a 23.734 sqm land.

Construction started in May 2016 and the project was completed in 2018. All independent sections in the project have been sold.

**Salıpazarı Hotel**



**Formerly**



**New Version**

**Province**  
**District**  
**Appraisal Value**

Istanbul  
Beyoğlu - Salıpazarı  
403 million TL

The Salıpazarı Building in Halk REIT's portfolio, which is used as a bank branch and office, started to serve as a hotel building in 2018 after the completion of its renovation to be used as a hotel building.

## Ongoing Projects

### Istanbul Finance Center "Halk REIT Office Towers"



<b>Province</b>	Istanbul
<b>District</b>	Umraniye
<b>Construction Start Date</b>	December 2016
<b>Planned Completion Date</b>	April 2023
<b>Construction Completion Rate</b>	91%
<b>Appraisal Value</b>	7.6 billion TL

As one of the major stakeholders of the Istanbul Finance Center (IFM) project coordinated by the Ministry of Environment, Urbanization and Climate Change, our company is building two towers of 46 (Block A) and 34 floors (Block B) on its land within the project.

For Block A, a 2-year lease agreement has been concluded with our main shareholder Türkiye Halk Bankası A.Ş. for a monthly rent of TL 35,000,000. Within the scope of the agreement, the lease start date has been determined as the actual move-in date and will be shared with the public when the actual move-in takes place.

### Evora Izmir Project



<b>Province</b>	Izmir
<b>District</b>	Alsancak
<b>Construction Start Date</b>	2017
<b>Planned Completion Date</b>	December 2023
<b>Construction Completion Rate</b>	33.44%
<b>Appraisal Value</b>	4.2 billion TL

"Teknik Yapı - Halk GYO Ordinary Partnership" has been established with Teknik Yapı A.Ş., which won the revenue sharing in return for land tender held by Emlak Konut GYO A.Ş. in 2017 for approximately 47 acres of land consisting of two separate parcels in Alsancak, Izmir, with a revenue of TL 1 billion 672 million and 35% administration share commitment.

The Teknik Yapı - Halk GYO Ordinary Partnership and Emlak Konut GYO A.Ş. signed a "Revenue Sharing Agreement in Return for Land Sale" for the project, which will include the construction of residential, commercial and social areas on parcels totaling 47 thousand square meters. According to the details of the contract, the income share rate of the Ordinary Partnership is 65%.

EVORA İZMİR project, designed in a mixed structure that combines residential, commercial and social functions, won the "Best Architectural Design" award in the 2018 edition of the annual SOTCA (Sign of the City Awards) organization.

Construction works and sales process are ongoing in the project.

### Dilovasi Modern Industrial Site



<b>Province</b>	Kocaeli
<b>District</b>	Dilovasi
<b>Construction Start Date</b>	September 2022
<b>Planned Completion Date</b>	September 2025
<b>Construction Completion Rate</b>	1.21%
<b>Appraisal Value (Land)</b>	276.6 million TL

The construction permits of the project, which was realized as a result of the 47% (Marmara Metal) - 53% (Halk Yapı) revenue sharing agreement signed by our Company's 100% subsidiary Halk Yapı Projeleri Geliştirme A.Ş. with Marmara Metal Mamulleri Ticaret A.Ş. in return for land sales, were obtained as of 01.09.2022.

Consisting of 307 Workshops, 24 Shops, 18 Offices and 1 Health Center with a total of 350 independent sections, Dilovası Modern Industrial Site Project will be located in the triangle of Istanbul, Bursa and Kocaeli, at the very center of the industrial development axis and will host hundreds of industrial establishments.

The project, which makes a difference with a total of 307 workshops, 19 offices, 24 shops and social facilities from 300 sqm to 1500 sqm , will also support sustainable energy production with its environmentally friendly design.

Sales of the project started after the launch on November 3, 2022.

**"Paye Sakarya" Residential Project**



**Province**

**District**

**Construction Start Date**

**Planned Completion Date**

**Construction Completion Rate**

**Appraisal Value (Land**

Sakarya

Adapazari

September 2022

June 2025

5%

207.6 million TL

The Paye Sakarya project, which was realized within the framework of the "Cooperation Protocol" signed between our Company and Haldız İnşaat A.Ş. and other 3rd parties in December 2021, consists of 426 residential units and 34 commercial units of different scales on a total of 60,000 sqm land.

With its horizontal architecture and large landscape areas, our project is aimed to be the best concept life project in Sakarya.



**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**Information on Portfolio Restrictions**

	Financial statement primary account items	Regulation	31 December 2022 (TL)	31 December 2021 (TL)
A	Money and capital market instruments	Serial: III-48.1, Article 24/(b)	102,848,060	52,495,893
B	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article24/(a)	13,307,526,047	4,304,090,596
C	Subsidiaries	Serial: III-48.1, Article24/(b)	115,000,000	15,000,000
	Due from related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
	Other assets		278,544,910	195,583,878
D	<b>Total Assets</b>	Serial: III-48.1, Article3/(k)	<b>13,803,919,016</b>	<b>4,567,170,367</b>
E	Loans and borrowings	Serial: III-48.1, Article31	1,492,743,332	880,711,941
F	Other financial liabilities	Serial: III-48.1, Article31	-	-
G	Financial leasing obligations	Serial: III-48.1, Article31	131,250,909	127,871,430
H	Due to related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
I	Equity	Serial: III-48.1, Article31	10,408,960,485	3,297,726,118
	Other liabilities		1,770,964,289	261,160,880
D	<b>Total liabilities and equity</b>	Serial: III-48.1, Article3/(k)	<b>13,803,919,016</b>	<b>4,567,470,369</b>
	<b>Other financial information</b>	<b>Regulation</b>	<b>31 December 2022 (TL)</b>	<b>31 December 2021 (TL)</b>
A1	Portion of money and capital markets instruments for real estate payments of 3 years	Serial: III-48.1, Article24/(b)	-	-
A2	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article24/(b)	102,848,060	52,795,893
A3	Foreign capital market instruments	Serial: III-48.1, Article24/(d)	-	-
B1	Foreign real estates, based on real estates projects, rights for real estates	Serial: III-48.1, Article24/(d)	-	-
B2	Idle land	Serial: III-48.1, Article24/(c)	-	-
C1	Foreign Subsidiaries	Serial: III-48.1, Article24/(d)	-	-
C2	Investment in the operating company	Serial: III-48.1, Article28	-	-
J	Non-cash loans	Serial: III-48.1, Article31	913,734,215	431,637,997
K	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article22/(e)	-	-
L	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	-	-

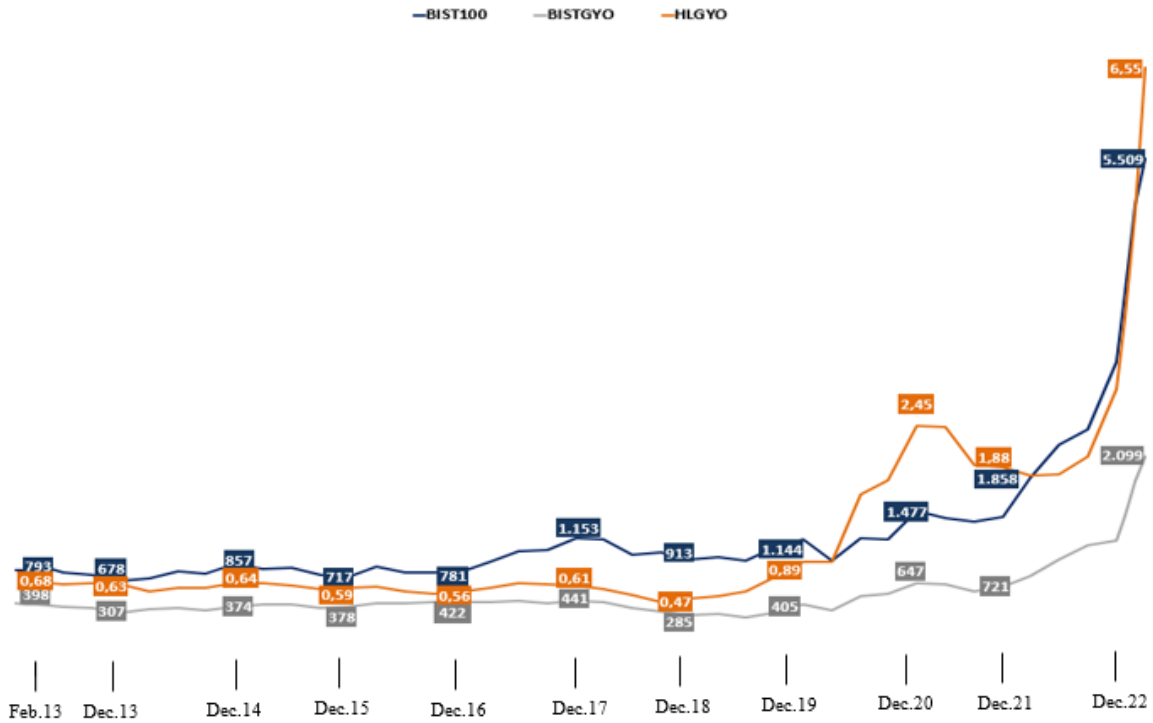
Portfolio Restriction	Regulations	Calculation	Min/Mx Rate	31 December 2022 (TL)	31 December 2021 (TL)
1 Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article 22/(e)	K/D	Maximum 10%	-	-
2 Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a),(b)	(B+A1)/D	Minimum 51%	96.4%	94.23%
3 Money and capital market instruments and associates	Serial: III-48.1, Article 24/(b)	(A+C-A1)/D	Maximum 49%	1.58%	1.48%
4 Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, Article 24/(d)	(A3+B1+C1)/D	Maximum 49%	-	-
5 Idle land	Serial: III-48.1, Article 24/(c)	B2/D	Maximum 20%	0.00%	-
6 Investment in the operating company	Serial: III-48.1, Article 28	C2/D	Maximum 10%	-	-
7 Borrowing Limit	Serial: III-48.1, Article 31	(E+F+G+H+J)/I	Maximum 500%	24.38%	43.67%
8 Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article24/(b)	(A2-A1)/D	Maximum 10%	0.75%	1.16%
9 Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	L/D	Maximum 10%	-	-

## SHARE PERFORMANCE

Our company was offered to the public on February 22, 2013 and 28 percent of its shares are traded on BIST A.Ş. under the code "HLGYO". Our shares are included in *BIST CORPORATE*, *BIST DIVIDEND*, *BIST REIT*, *BIST MALL*, *BIST TUM*, BIST 100, BIST 100-30, BIST STAR indices.

As of December 2022	Quantity	Ratio (%)	Market Value (TL)
<b>Closing Price</b>			<b>6,55</b>
<b>Total Shares</b>	<b>1.570.000.000</b>		<b>10.283.500.000</b>
Total Publicly Traded Shares	439.599.536	28,00	2.879.376.962
Other Shares in Active Circulation	290.818.682	18,52	1.904.862.369
Shares purchased by HALKBANK from	115.620.591	7,36	757.314.870
Shares purchased by HALKGYO from BIST	33.160.263	2,11	217.199.723

In December 2022, compared to the previous year; the BIST 100 index increased by 196.6%, while the REIT index increased by 191.1% in its one-year performance. Our Company's stock, on the other hand, increased by 248.1% on an annual basis, closing December at TL 6.55. As of the end of the period, our Company ranked 6th in the sector with a market capitalization of TL 10,284 million.



## RISK MANAGEMENT POLICIES AND INTERNAL CONTROL MECHANISM

The Company's risk management, internal audit and control systems are structured in accordance with international practices, principles and organizational framework. Internal control activities are organized to ensure that the Company's business and operations are carried out regularly, efficiently and effectively within the framework of existing legislation and rules in accordance with the management strategy and practices, the goals and objectives of corporate governance and legislation, the integrity and reliability of the accounting and recording system, the timely and accurate availability of information in the data system, the protection of assets, the adequacy of the internal controls within the Company, the reliability and control of the information produced, the prevention and detection of errors, fraud and irregularities.

The internal audit system is operated in a way to help the organization achieve its goals by developing systematic approaches to evaluate and improve the effectiveness and efficiency of risk management, internal control and management processes in an independent and impartial manner in order to develop and improve all kinds of efficiency of the organization and create added value for the organization. Risk management and internal control activities in our Company are carried out by the "*Internal Audit, Risk Management and Compliance Department*". The Directorate reports to the Audit Committee and simultaneously to the Company's senior management on the management of the risks related to the Company's activities within the framework of the Company's risk policy and related internal regulations. The Internal Audit, Risk Management and Compliance Department prepares a periodic assessment report, compliance with portfolio limitations and follow-up table, and monthly liquidity ratio notification table and submits them to the Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee and senior management simultaneously. Thus, it is aimed to take necessary measures and develop control systems by the Company's senior management regarding the management of these risks.

The Company's internal control system has been established to examine, control, monitor, evaluate the appropriateness, adequacy and effectiveness of the Company's activities and the controls related to these activities and to report the results to the relevant units. A risk-oriented control approach has been adopted in the established system, and in this context, the controls developed to minimize and eliminate the risks integrated with the Company's activities and the adequacy of these controls constitute the basis of the internal audit activity. The Directorate responsible for internal audit activities carries out its operations within the framework of the "Directive of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. Internal Audit, Risk Management and Compliance Directorate", which regulates the functioning, internal control activities, duties, authorities and responsibilities of the personnel assigned, and working procedures and principles.

Risks related to the Company's operations are classified into five categories: Operational Risk, Market Risk, Credit Risk, Liquidity Risk and Compliance Risk in terms of compliance with legal limits:

**Operational Risk:** This is the risk of direct and indirect loss arising from the Company's processes, employees, technology and infrastructure, and a wide variety of causes. Operational risks may arise from all activities of the Company. The Company's objective is to avoid financial losses and damage to the Company's reputation on the one hand, and to manage operational risk by supporting entrepreneurship and creativity on the other.

**Market Risk:** Market risk related to money and capital market instruments is regularly measured, monitored within the limits set by the legislation and reported to senior management.

**Credit Risk:** Due to the Company's core business, the largest source of potential receivables is rent receivables and receivables arising from the sales of units in the projects developed. Credit risk is minimized through a qualified tenant portfolio and the practice of collateralizing receivables within the framework of standards set by the management.

**Liquidity Risk:** The Company utilizes its cash resources, which are not directed to projects, in money and capital market instruments in a way to meet cash outflows in full and on time, and observes the harmony of amount and maturity.

**Compliance Risk:** The Company complies with the portfolio limitations set forth in the Communiqué Serial III, No: 48.1 on Principles Regarding Real Estate Investment Trusts published by the CMB and the legal limits to be complied with in asset allocation.

## SERVICE COMPANIES

### > Independent Audit Company

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
(Deloitte)

### > Rating Company

JCR Avrasya Rating A.S.

### > Valuation Companies

Marka Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.  
Adım Gayrimenkul Değerleme A.Ş.

### > Advertising Agency

M&G Advertising Services

### > P&R Agency

Engram Agency

There are no conflicts of interest or disputes with these companies from which our Company received services between January 01, 2022 - December 31, 2022. We strictly comply with the absence of conflicts of interest both with the contracts concluded and our internal working arrangements.

## OTHER ISSUES

### 1- Human Resources

In achieving its mission, vision and targets, our Company takes as a basis the recruitment of human resources with the necessary qualifications and the ability to develop, and the continuous development and motivation of its qualified personnel.

Issues such as recruitment conditions, career guidance and promotion conditions, monetary arrangements and social benefits are presented to employees in detail and clearly in the Company's Human Resources Regulation. All decisions taken regarding employees are carried out within the Human Resources Department within the framework of the said regulation.

Job descriptions of employees were created as a result of job analysis. The number of employees was determined by the distribution of tasks in line with the workload and demands of the units.

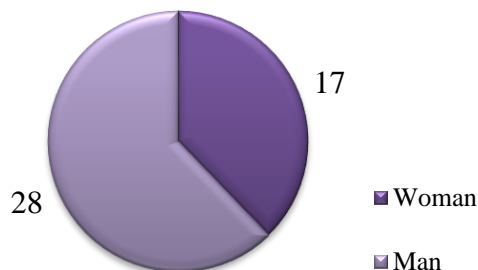
The personal dignity of each individual employee and all rights recognized by law are protected within the framework of the Code of Ethics, and all kinds of grounds have been prepared for them to work in a safe and healthy environment. Our personnel are provided with their social rights regularly and periodically within the scope of legal legislation. We do not have a collective labor agreement

During the year, Human Resources did not receive any complaints regarding discrimination.

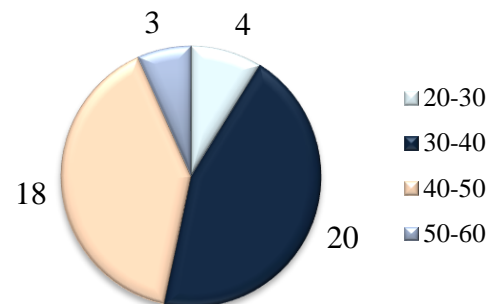
### Organizational Structure and Employee Profile

Halk REIT carries out its activities under a structure consisting of the Internal Audit, Risk Management and Compliance Department reporting to the Board of Directors, the Investor Relations and Corporate Communications Department reporting to the General Manager's Office, and six Directorates under two Assistant General Managers and their Department Directorates. As of December 31, 2022, the number of personnel of our Company is 45. (December 31, 2021: 42)

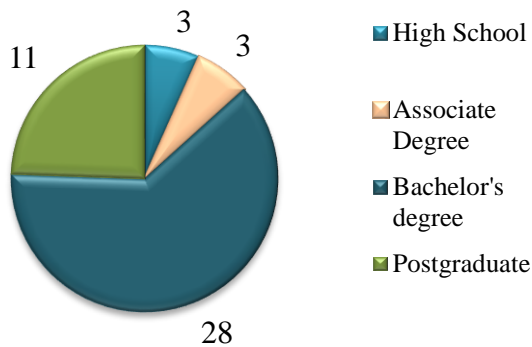
**Number of Employees (person)**



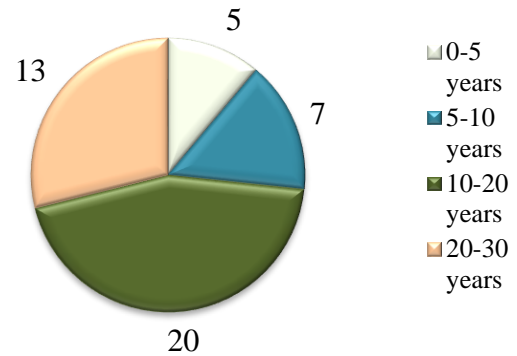
**Age distribution (person)**



### Education Distribution (person)



### Work Experience (person)



### Social Rights Recognized for Employees

Employer contributions are provided to the Company's employees in case they participate in the Private Pension System, and all employees are covered by corporate health insurance. In addition, all employees are provided with a daily meal contribution and shuttle service for transportation.

### Education

The trainings planned according to the needs of the employees aim to bring about changes in their knowledge, skills and attitudes, career advancement, increased motivation and job satisfaction, and alignment between the Company's goals and individual goals. Halk REIT's priority is to ensure that all Company employees participate in training within the framework of equal opportunity. In 2022, employees participated in various trainings on Foreign Language, Financial Management, Tax, Accounting and Real Estate Technical issues in order to update their professional knowledge and improve their competencies.

### Selection and Placement Process

In our recruitment process, we aim to select the most suitable candidate for all positions by reaching the right target group. We aim to recruit candidates who are suitable for the corporate culture, believe in open communication and continuous development, have a sense of belonging to the organization, and are customer and result-oriented.

In addition, in our experienced recruitments; candidates are expected to have the education, knowledge, experience and competencies required by the position.

### General Recruitment Requirements

The personnel who will start to work in our company must have the following qualifications;

- To be over 18 years of age,
- For male candidates, to have done military service or to be postponed for at least one year or to be exempted from military service,
- Not having a health problem that prevents him/her from performing his/her duties,
- Not to be deprived of public rights,
- Not being under compulsory service commitment to any institution or organization,

- Not to be convicted of a disgraceful offense or not to be under prosecution,

### **Candidate Recruitment**

Existing applications are first evaluated for the positions needed in the Candidate Recruitment process.

### **Career Planning**

In transfers to higher positions, criteria such as knowledge, experience and performance required by the job description and possession of relevant competencies are taken into consideration within the framework of the waiting periods specified in the Human Resources Regulation.

## **2- Aid and Donations**

Within the scope of the social responsibility project invitation letter sent by the Real Estate Investors Association (GYODER) during the period, a donation of TL 300,000 was made to GYODER's "Marmara University Girls' Dormitory Reuse Project" initiative.

## **3- Research and Development Activities**

The Company does not carry out any other research and development activities other than land and project feasibility studies.

## **4- Lawsuits Filed / Ongoing Against the Company**

On behalf of the Company's own legal entity, there are 2 ongoing lawsuits filed by the Company in the commercial court of first instance, 2 enforcement law court cases and 1 administrative court file. In addition, there are 10 ongoing lawsuits/execution proceedings filed against Halk Gayrimenkul Yatırım Ortaklığı A.Ş. and/or in which Halk Gayrimenkul Yatırım Ortaklığı A.Ş. is an internal defendant-notified; 2 of these are consumer lawsuits, 1 negative assessment lawsuit in the commercial court of first instance, 3 lawsuits for peace, 1 annulment lawsuit in the administrative court, 2 labor lawsuits, and 1 execution proceeding. As a result of the evaluations of the lawyers regarding the related lawsuits, no provision for litigation has been allocated.

There are 3 ongoing execution files opened by Halk GYO - Vakıf GYO Ordinary Partnership. In addition, there are 28 consumer lawsuits and 10 enforcement proceedings filed against Halk GYO - Vakıf GYO Ordinary Partnership. As a result of the evaluations of the lawyers regarding the related lawsuits, no provision for litigation has been allocated.

There is no consumer lawsuit filed by Halk GYO-Er Konut Ordinary Partnership. In addition, there is 1 ongoing consumer lawsuit initiated against the Ordinary Partnership and pending before the Civil Court of First Instance. As a result of the evaluations of the lawyers regarding the related lawsuits, no provision for litigation has been allocated.

There is 1 consumer lawsuit, 2 execution proceedings and an important administrative lawsuit filed against Teknik Yapı - Halk GYO Joint Venture. Although our company has no financial liability in the lawsuits against Teknik Yapı - Halk GYO Ordinary Partnership, there is no need to set aside provisions for lawsuits and execution proceedings.

There are no legal proceedings filed on behalf of Halk Yapı Projeleri Geliştirme AŞ.

## EVENTS OCCURRING AFTER THE ACCOUNTING PERIOD

At the meeting of the Board of Directors of the Company held on February 7, 2023;

- Within the framework of the Capital Markets Board's Communiqué on Repurchased Shares numbered II-22.1 and the related announcements dated 21.07.2016, 25.07.2016 and 23.03.2020, the Company's shares can be repurchased from the Stock Exchange,
- To determine the amount of funds that can be allocated for the buyback as maximum TL 250,000,000 (Two Hundred and Fifty Million Turkish Liras) to be covered from the Company's internal resources,
- To determine the maximum number of shares that can be subject to repurchase as 40,000,000 shares (TL 40,000,000 nominal),
- To submit the share buyback program and the purchases to be made within the scope of the program to the shareholders at the first General Assembly Meeting,
- To authorize the General Directorate for the transactions to be made through Halk Yatırım Menkul Kıymetler A.Ş,

has ruled.

Within the scope of the share repurchase program, a total of 2,985,000 shares were repurchased on February 7, 2023, February 15, 2023 and February 16, 2023, 2,500,000 shares, 100,000 shares and 385,000 shares, respectively, and the number of HLGYO shares owned by the Company reached 36,145,262.984 shares and the ratio of shares owned to the Company's capital reached 2.30%.



**Annex 1:**

**Summaries of Current Valuation Reports on Real Estate**

**LANDS**

**ISTANBUL SALIPAZARI LAND**

<b>DATE OF REPORT</b>	29.11.2022
<b>REPORT NUMBER</b>	2022-OZL-164
<b>VALUATION DATE</b>	17.10.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	The real estate qualified as land in Istanbul Province, Beyoğlu District, Kılıçalı Quarter, Block 57, Parcel 15
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 17.050.000.-TL</b>

**SAKARYA ADAPAZARI LAND (Paye Sakarya Project)**

<b>DATE OF REPORT</b>	13.12.2022
<b>REPORT NUMBER</b>	2022-OZL-187
<b>VALUATION DATE</b>	09.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	30.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	The real estate qualified as land located in Sakarya Province, Adapazarı District, Tepekum Quarter, Block 4932, Parcel 1
<b>DETERMINED (LAND) VALUE (PRECEDENT)</b>	<b>(excluding VAT) 207.680.000.-TL</b>

**ANTALYA LAND**

<b>DATE OF REPORT</b>	21.12.2022
<b>REPORT NUMBER</b>	2022-OZL-189
<b>VALUATION DATE</b>	19.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Real estate qualified as land land located in Antalya Province, Muratpaşa District, Ermenek Quarter, Block 27943, Parcel 57, Parcel 58 and Parcel 17
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 295.530.000.-TL</b>

**KOCAELI DILOVASI LANDS (Dilovasi Modern Industrial Site Project)**

<b>DATE OF REPORT</b>	30.12.2022
<b>REPORT NUMBER</b>	2022-OZL-179
<b>VALUATION DATE</b>	27.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Kocaeli province, Dilovası district, Çerkeşli Quarter, 632 block 12 parcel and 642 block 4 parcel
<b>DETERMINED (LAND) VALUE (PRECEDENT)</b>	<b>(excluding VAT) 276.640.000.-TL</b>

**PROJECTS**

**IFM "HALK OFFICE TOWERS"**

<b>DATE OF REPORT</b>	27.12.2022
<b>REPORT NUMBER</b>	2022-AOZL-2
<b>VALUATION DATE</b>	22.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Istanbul Province, Ümraniye District, Finanskent Quarter, Istanbul Province, Ümraniye District, Finanskent Quarter, parcels 3328 block 4 and 11, with an area of
<b>DETERMINED (PROJECT) VALUE (COST - 88%)</b>	<b>(excluding VAT) 7.617.132.000.-TL</b>

**ISTANBUL BEYOGLU PROJECT**

<b>DATE OF REPORT</b>	28.12.2022
<b>REPORT NUMBER</b>	2022-OZL-167
<b>VALUATION DATE</b>	26.10.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	The real estate with the title of land located in Istanbul Province, Beyoğlu District, Hüseyinağa Quarter, block 338, parcel 8
<b>DETERMINED (PROJECT - 58%) VALUE</b>	<b>(excluding VAT) 110.560.000.-TL</b>

**RENTAL INCOME BUILDINGS**

**ISTANBUL ATAŞEHİR FINANCE TOWER**

<b>DATE OF REPORT</b>	01.11.2022
<b>REPORT NUMBER</b>	2022-OZL-175
<b>VALUATION DATE</b>	12.10.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Istanbul Province, Ataşehir District, Küçükbakkalköy Quarter, Block B of the main real estate registered with the title of "Reinforced Concrete Building and Land", block 3332, parcel 24, 13 shops and 92 offices
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 1.250.000.000.-TL</b>

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**ISTANBUL "LEVENT HOTEL"**

<b>DATE OF REPORT</b>	21.12.2022
<b>REPORT NUMBER</b>	2022-OZL-173
<b>VALUATION DATE</b>	19.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	The real estate with the title of "18 Storey Reinforced Concrete Hotel and Land" registered in Istanbul Province, Şişli District, Mecidiyeköy Quarter, 1957 block, parcel number 6
<b>ASSESSED VALUE (INCOME APPROACH)</b>	<b>(excluding VAT) 1.221.000.000.-TL</b>

**ŞEKERPINAR BUILDINGS**

<b>DATE OF REPORT</b>	22.12.2022
<b>REPORT NUMBER</b>	2022-OZL-183
<b>VALUATION DATE</b>	19.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Real estates located on the land in Şekerpınar, Çayırova District, Kocaeli Province
<b>ASSESSED VALUE (COST APPROACH)</b>	<b>(excluding VAT) 470.470.000.- TL</b>

**ISTANBUL SALIPAZARI HOTEL**

<b>DATE OF REPORT</b>	20.12.2022
<b>REPORT NUMBER</b>	2022-OZL-166
<b>VALUATION DATE</b>	16.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	The real estate registered as a 10-storey reinforced concrete frame building located in Istanbul Province, Beyoğlu District, Kılıçlı Quarter, 138 plan, 57 block 14 parcel
<b>ASSESSED VALUE (INCOME APPROACH)</b>	<b>(excluding VAT) 403.000.000.-TL</b>

**ISTANBUL GAYRETTEPE BUILDING**

<b>DATE OF REPORT</b>	21.12.2022
<b>REPORT NUMBER</b>	2022-AOZL-188
<b>VALUATION DATE</b>	19.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Istanbul province, Şişli district, Fulya Quarter (Land Registry: Dikilitaş), 418 block 145 numbered "nine-storey masonry building with two stores on mezzanine floors and twenty-five offices" main real estate and 29 independent sections within it
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 330.000.000.-TL</b>

## ISTANBUL ATAKÖY BUILDING

<b>DATE OF REPORT</b>	26.12.2022
<b>REPORT NUMBER</b>	2022-OZL-171
<b>VALUATION DATE</b>	23.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	It is a building with basement + ground floor + ground floor + normal floor + mezzanine located in Istanbul Province, Bakırköy District, Kartaltepe Quarter, plot 51, block 115, parcel 174.
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 60.400.000.-TL</b>

## ISTANBUL BEŞİKTAŞ BUILDING

<b>DATE OF REPORT</b>	07.12.2022
<b>REPORT NUMBER</b>	2022-OZL-169
<b>VALUATION DATE</b>	07.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Istanbul Province, Beşiktaş District, Sinanpaşa Quarter, 291 block, 93 parcel, registered masonry business building bank service building
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 82.000.000.-TL</b>

## ISTANBUL BAKIRKÖY BUILDING

<b>DATE OF REPORT</b>	07.12.2022
<b>REPORT NUMBER</b>	2022-OZL-170
<b>VALUATION DATE</b>	07.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	It is a 2 basement + ground + 5 normal storey building located in Istanbul Province, Bakırköy District, Zeytinlik Quarter, 16 plan, 101 block, 29 numbered parcel.
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 76.500.000.-TL</b>

## ISTANBUL CADDEBOSTAN BUILDING

<b>DATE OF REPORT</b>	01.12.2022
<b>REPORT NUMBER</b>	2022-OZL-178
<b>VALUATION DATE</b>	20.10.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Land share values of independent sections numbered 1,2,9,10 in the main real estate registered on the land located in Istanbul Province, Kadıköy District, Erenköy Quarter, Erenköy District, 106/4 plan, 368 block, 25 parcel
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 112.000.000.-TL</b>

### ISTANBUL ETİLER BUILDING

DATE OF REPORT	05.12.2022
REPORT NUMBER	2022-OZL-168
VALUATION DATE	14.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	The building registered in Istanbul Province, Beşiktaş District, Etiler Quarter, Block 578, Parcel 3
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 93.000.000.-TL

### ISTANBUL FATİH BUILDING

DATE OF REPORT	06.12.2022
REPORT NUMBER	2022-OZL-172
VALUATION DATE	31.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Basement + ground + 4 normal storey building located in Istanbul Province Fatih District, Hobyar Quarter, 25 plot, 418 block, 2 parcel
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 42.300.000. -TL

### ISTANBUL KARAKÖY BUILDING

DATE OF REPORT	22.12.2022
REPORT NUMBER	2022-OZL-165
VALUATION DATE	19.12.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Istanbul Province, Beyoğlu District, Müeyyetzade Quarter, Block 102, Parcel 3, is the real estate qualified as "Bank with Attachments" with the independent section number 1 located on the basement + ground + 1st (mezzanine) + 2nd normal floor of the
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 200.000.000.-TL

### ISTANBUL NİŞANTAŞI BUILDING

DATE OF REPORT	13.12.2022
REPORT NUMBER	2022-OZL-193
VALUATION DATE	09.12.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	The main real estate registered in Istanbul Province, Şişli District, Halaskargazi Quarter, block 680, parcel
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 54.000.000.-TL

## ISTANBUL ŞİŞLİ BUILDING

DATE OF REPORT	07.12.2022
REPORT NUMBER	2022-OZL-174
VALUATION DATE	07.12.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Istanbul Province, Şişli District, Meşrutiyet Quarter, 954 block, parcel 62, 200,00 sqm land area, masonry apartment building with a shop underneath
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 75.000.000.-TL

## ANKARA BAĞÇELİEVLER BUILDING 1

DATE OF REPORT	09.11.2022
REPORT NUMBER	2022-OZL-160
VALUATION DATE	17.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Ankara Province, Merkez Çankaya District, Yukarı Bahçelievler Quarter, 2758 block 29 parcel, "1, 2 independent section numbered "Office" and 7 independent section numbered "shop" REAL ESTATE
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 26.500.000.-TL

## ANKARA BAĞÇELİEVLER BUILDING 2

DATE OF REPORT	22.11.2022
REPORT NUMBER	2022-OZL-161
VALUATION DATE	17.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Ankara Province, Çankaya District, 2763 block 10 parcel, ground floor 9 independent section numbered "Warehouse Workplace"
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 20.000.000.-TL

## ANKARA KIZILAY BUILDING

DATE OF REPORT	12.12.2022
REPORT NUMBER	2022-OZL-162
VALUATION DATE	07.12.2022
DATE OF THE UNDERLYING CONTRACT	21.01.2021
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Real estate (51 independent sections) registered as "Kargir Apartman" in Ankara Province, Çankaya District, 1064 block 14 parcel
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 62.000.000.-TL

## ANKARA BAŞKENT BUILDING

DATE OF REPORT	29.11.2022
REPORT NUMBER	2022-OZL-163
VALUATION DATE	17.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	The real estate located in Ankara Province, Çankaya District, 1064 block 27 parcel and registered as "11 Storey Reinforced Concrete Hotel, Office and Workplace and Land" in the title deed
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 38.000.000.-TL

## IZMIR KONAK BUILDING 1

DATE OF REPORT	06.12.2022
REPORT NUMBER	2022-OZL-180
VALUATION DATE	14.10.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	"Bank Building with Five Stores and Two Offices" registered on parcel 77, plot 971, block 17, Akdeniz Quarter, Konak District, İzmir Province
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 121.000.000.-TL

## IZMIR KONAK BUILDING 2

DATE OF REPORT	09.12.2022
REPORT NUMBER	2022-OZL-181
VALUATION DATE	09.12.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Real estates numbered 1-3-5-15 16-17 b.b. in İzmir Province, Konak District, Akdeniz Quarter, plot 77, block 2802, parcel 15
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 61.500.000.- TL

## BURSA BUILDING

DATE OF REPORT	07.12.2022
REPORT NUMBER	2022-OZL-184
VALUATION DATE	07.12.2022
DATE OF THE UNDERLYING CONTRACT	31.01.2022
BRIEF DESCRIPTION OF THE VALUED REAL ESTATE	Bursa Province, Osmangazi District, Kayıhan Quarter, plot H22D07A3B, block 4306, parcel 1, "7 Storey Reinforced Concrete Bank Building"
DETERMINED VALUE (PRECEDENT)	(excluding VAT) 40.000.000.-TL

**HALK REAL ESTATE INVESTMENT TRUST**  
**01.01.2022 - 31.12.2022 ANNUAL REPORT**

**KOCAELI BUILDING**

<b>DATE OF REPORT</b>	12.12.2022
<b>REPORT NUMBER</b>	2022-OZL-182
<b>VALUATION DATE</b>	12.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	"Reinforced Concrete Bank Service Building" registered in Kocaeli Province, İzmit District, Ömerağa Quarter, 870 block 48 parcel
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 41.810.000.-TL</b>

**SAKARYA ADAPAZARI BUILDING**

<b>DATE OF REPORT</b>	28.12.2022
<b>REPORT NUMBER</b>	2022-OZL-179
<b>VALUATION DATE</b>	26.12.2022
<b>DATE OF THE UNDERLYING CONTRACT</b>	31.01.2022
<b>BRIEF DESCRIPTION OF THE VALUED REAL ESTATE</b>	Sakarya Province, Adapazarı District, Cumhuriyet Quarter, 78 block 233 parcel Real Estate registered as 'Four Storey Reinforced Concrete Youth and Culture Center and Land' with 3 independent section no.
<b>DETERMINED VALUE (PRECEDENT)</b>	<b>(excluding VAT) 27.105.000.-TL</b>



**Annex 2:**

**2022 Corporate Governance Principles Compliance Report**

**SECTION I - Declaration of Compliance with Corporate Governance Principles**

All activities of our Company are carried out by adopting the concepts of "*Equality, Transparency, Accountability and Responsibility*", which are the four main elements of the "Corporate Governance Principles" issued by legal regulations and the Capital Markets Board, and by observing compliance with the said principles. Our Company pays utmost attention to the implementation of the "Corporate Governance Principles" published by the Capital Markets Board (CMB) and the regulations on corporate governance in the Turkish Commercial Code.

Our Company implements all of the compulsory corporate governance principles and meticulously carries out the necessary work for the implementation of the non-compulsory principles. Some of the exempted principles that cannot be implemented do not cause any conflict of interest. During the year, there were no conflicts of interest arising from the non-application of non-mandatory principles.

The Corporate Governance Committee has been established in our Company, which pays due attention to compliance with corporate governance principles, and its main task is to monitor compliance with corporate governance principles, to carry out improvement activities in this regard and to submit proposals to the Board of Directors.

As a result of the study conducted by JCR Avrasya Derecelendirme A.Ş. (JCR) in 2022 within the scope of evaluating our Company's level of compliance with corporate governance principles, our corporate governance rating was determined as 9.22. Our Company's grades in 4 main sections are: Shareholders 9.12, Public Disclosure and Transparency 9.55, Stakeholders 9.44, Board of Directors 8.97. The rating report prepared by JCR is available on our Company's website under the "Investor Relations - Financial Information" section, under the heading "Rating Reports".

Pursuant to the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49; Corporate Governance Compliance Reporting numbered II-17.1 will be made using the Corporate Governance Principles Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates through the PDP platform. Related reporting <https://www.kap.org.tr/tr/sirket-bil-gileri/ozet/1701-halk-gayrimenkul-yatirim-ortakligi-a-sreal-estate-investment-partnership-a-s> can be accessed at

Explanatory information regarding the reporting made to the Public Disclosure Platform (PDP)

## SECTION II - SHAREHOLDERS

### 2- Investor Relations Unit

Since February 22, 2013, 28% of Halk REIT's shares have been traded on the Borsa Istanbul, and the Company has been operating in accordance with the principles set forth in the corporate governance principles published by the CMB.

Our Company has established the Investor Relations Department, which reports to the General Manager, in order to ensure the regular and effective management of the exercise of shareholders' rights, public disclosure and information activities, particularly general assembly and capital increase transactions. The department manager is Serpil Yörük. Serpil Yörük, who is also a member of the Corporate Governance Committee, holds the licenses required by CMB legislation.

The contact information of the persons working in the Investor Relations Department is as

Name-Surname	Mission	Telephone	Email	License Info
Serpil YÖRÜK	Director	216 600 10 33	serpil.yoruk@halkgyo.com.tr	Advanced Level / Corporate Governance Rating / Real Estate Appraisal / Derivative Instruments Licenses
M. Erhan ÇELEBİ	Assit Specialist	216 600 10 06	mustafaerhan.celebi@halkgyo.com.tr	Advanced Level / Corporate Governance Rating Licenses

The Investor Relations Department is mainly composed of;

- S Ensuring that shareholder records are kept in a healthy, secure and up-to-date manner, S Responding to shareholders' written requests for information about the Company, except for confidential and/or trade secret information that has not been disclosed to the public,
- S Ensuring that the general shareholders' meeting is held in accordance with the applicable legislation, articles of association and other internal regulations, preparing the documents to be used by the shareholders, ensuring that the voting results are recorded and that the reports on the results are shared with the shareholders through the relevant channels,
- S Overseeing and monitoring all matters related to public disclosure, including legislation and the company's disclosure policy
- S Contributing to the promotion and positive evaluation of the Company by organizing meetings with domestic and foreign investors and analysts,
- S Monitoring developments in the REIT sector and competitor company performances, informing senior management,
- S Following the sector news in the press on a daily basis, economic developments, competitor companies and news about Halk REIT,
- S Participating in domestic and international promotional organizations (roadshow)

to fulfill its duties and responsibilities.

The Investor Relations Department, which plays an active role in ensuring communication between shareholders and the Company, attended all meetings of the Corporate Governance Committee during the year, informed the Committee about the activities of the department, important developments that occurred during the period and legislative amendments concerning investor relations activities, and actively participated in the improvement of corporate governance practices and the rating process.

### 3- Exercise of Shareholders' Right to Obtain Information

Halk REIT's Disclosure Policy is based on transparency and equality, and shareholders' requests for information on transactions that are not currently within the public domain are evaluated in accordance with this policy and principles, and each shareholder is treated equally in all transactions related to public disclosure.

Shareholders may contact the Investor Relations Department directly or via the Department's e-mail address ([ir@halkgyo.com.tr](mailto:ir@halkgyo.com.tr)) can request information through the "Information Request Center".

During the reporting period, information requests and questions received from investors and analysts were responded to in accordance with the legislation, the Company's Disclosure Policy and all matters related to public disclosure.

The Investor Relations Department regularly keeps the necessary records regarding written and verbal requests for information and the responses given. In addition to the information requests received by the Company, reports prepared by intermediary institutions on the Company and the sector are also regularly monitored.

The Company's website is used effectively to facilitate public disclosure and the exercise of shareholders' rights. Quarterly investor presentations and financial reports, rating reports, valuation reports and material event disclosures made through the Public Disclosure Platform (KAP) are published on the website in Turkish and English. In addition, the sections of the Company's website that are open to updating, particularly information that may affect the exercise of shareholders' rights, are regularly updated in line with current developments. Thus, it is ensured that all persons or organizations, particularly investors and analysts, who need information about the Company and its activities are provided with accurate and up-to-date information.

Investors can connect to MKK's portal through the "Information Society Services" section organized by the Ministry of Customs and Trade within the scope of the "Regulation" published by the Ministry of Customs and Trade regarding the websites of capital companies and can access basic information about the Company through this link.

Care is taken to ensure that announcements regarding the Company's activities are published in the national press. In addition, all documents required by the legislation to be included in the ordinary and extraordinary general assembly meetings are published on the Company's website.

Although the Company management avoids taking any action that would make it difficult to conduct a special audit within the scope of shareholders' rights to obtain information and review, the request for the appointment of a special auditor is not regulated as an individual right in the Company's articles of association. On the other hand, the Company has not received any request

#### 4- General Assembly Meetings

General Assembly meetings are convened in a manner that maximizes the participation of shareholders, and the minutes of the meeting are always accessible in written or electronic media. At least twenty-one days prior to the General Assembly (excluding the day of announcement and the day of the meeting), general assembly information documents and financial reports are made available at the company headquarters, on the company website and in places easily accessible by our shareholders. The right of shareholders to ask questions at the General Assembly, to submit proposals on agenda items, and to make speeches on the proposals they have submitted are duly ensured by the chairmanship of the meeting. There is no provision in the Articles of Association regarding the General Assembly's adoption of important decisions such as spin-offs, sale, purchase or lease of significant amounts of assets. These matters are resolved by the Board of Directors elected and authorized by the General Assembly in accordance with the provisions of the Articles of Association. The minutes of the General Assembly are published in the Trade Registry Gazette and are kept open to shareholders at the Company headquarters and are also available on the corporate website.

The 2021 Ordinary General Assembly meeting held on March 31, 2022 was held at the Company's headquarters with 79.90 percent attendance. In addition to the shareholders, the meeting was attended by the Chairman and Members of the Board of Directors, representatives of the independent audit firm to provide information about the Company's financial statements and the period under audit, and the Company's General Manager and other senior officials.

Although there is no provision in the Company's articles of association preventing the media from attending the general shareholders' meeting, there was no media presence at the general shareholders' meeting in 2021.

Within the scope of the Turkish Commercial Code and the relevant regulations of the Ministry of Commerce, the General Assembly Meeting of our Company for the year 2021 was held simultaneously through the Electronic General Assembly System provided by the Central Registry Agency, and shareholders who have the right to attend the General Assembly meeting were provided with the opportunity to participate in the meeting electronically, appoint a representative, make suggestions, express opinions and vote through the said system.

The invitation to the general shareholders' meeting was published on the Public Disclosure Platform (KAP), the Company's website, the Electronic General Assembly System (EGKS) of the CRA, and the Trade Registry Gazette, and the invitation letter was sent by registered mail with return receipt requested to the registered shareholders whose shares are not traded on the stock exchange. In addition, a "General Assembly Information Document" was prepared and posted on the Company's website together with a sample power of attorney and the invitation text of the Board of Directors' dividend distribution proposal in order for investors to be informed in advance about the issues to be discussed at the General Assembly. The 2021 Annual Report of the Board of Directors was submitted twenty-one days prior to the date of the meeting at the Company's headquarters, on the Company's website and [www.kap.gov.tr](http://www.kap.gov.tr) The website has been made available to investors for review.

All documents prepared for the General Assembly were also uploaded to MKK's Electronic General Assembly System.

Prior to the start of the meeting, shareholders were informed about the total number of votes that can be cast at the general shareholders' meeting, any privileges they may have and the voting procedure in accordance with the Corporate Governance Principles.

Shareholders were given the opportunity to ask questions and make suggestions at every stage of the meeting and all questions were answered and suggestions were taken into consideration. Questions and suggestions received from the shareholders who attended the meeting were recorded in the meeting minutes. On the other hand, before and after the general shareholders' meeting, all written and verbal information requests of the shareholders regarding the Company were responded within the framework of the Company's Disclosure Policy.

Following the General Assembly meeting, the minutes of the meeting were uploaded to EGAS, the minutes and the list of attendees were disclosed to the public via PDP and presented to the shareholders under the heading "Corporate Governance-General Assembly Information" in the "Investor Relations" section of the Company's website.

Changes in the duties of the Board of Directors, capital increase and cash dividend distribution amounts and dates were also decided at the same meeting.

The General Assembly did not convene extraordinarily during the reporting period.

## **5- Voting Rights and Minority Rights**

Within the Company's registered capital ceiling of TL 2,500,000,000,000, 1,570,000,000 total shares with a nominal value of TL 1.- representing the issued capital consist of 25,399,587,960 Group A shares and 1,544,600,412,040 Group B shares.

Group A shares have the privilege to nominate candidates for the election of the members of the Board of Directors. The General Assembly elects the members of the Board of Directors who will constitute more than half of the Board of Directors from among those nominated by Group A shareholders, and the remaining members are elected by the General Assembly from among those nominated by Group A and Group B shareholders.

The Company's Articles of Association stipulates that "No securities granting privileges other than shares granting privileges in nominating candidates for the election of members of the Board of Directors may be issued. No privileges, including the privilege to nominate candidates for the Board of Directors, may be created after the public offering."

The principles regarding voting at the General Assembly meetings are set out in the Company's "Internal Directive on the Working Principles and Procedures of the General Assembly", which is submitted to the approval of the General Assembly and disclosed to the public.

Each share is entitled to one vote in Ordinary or Extraordinary General Assemblies. Shareholders may participate in General Assemblies by proxy given to other shareholders or non-shareholders. Proxy holders who are shareholders have the right to vote for each share belonging to the shares they represent, in addition to their own votes.

The Company's controlling shareholder votes at the General Assembly Meeting. Although there is no provision in the Articles of Association granting minority rights to shareholders holding less than one twentieth of the capital, care is taken to ensure that minority rights are exercised in accordance with the Turkish Commercial Code and CMB regulations.

## 6- Dividend Right

The Company's dividend distribution policy is determined by the Board of Directors, taking into account the equity structure and cyclical changes, and submitted to the General Assembly for approval. The dividend policy approved by the General Assembly is disclosed to the public. The relevant policy is available on the Company's website and in the annual report. There is no privilege regarding participation in the Company's profit and dividend distribution.

The Company has adopted the principle of distributing at least 50% of its net distributable profit for each accounting year to its shareholders as dividends in the form of cash dividends or bonus shares, except for extraordinary circumstances arising in the economic framework and high investment amounts for long-term growth.

The Company's procedures and principles regarding dividend distribution are set out in Article 30 of the Articles of Association. The dividends decided to be distributed are distributed to the shareholders within the legal periods stipulated in the legislation.

At the 2021 Ordinary General Assembly meeting, the proposal of the Board of Directors regarding the dividend distribution for 2021 was approved and the cash amount of the dividend distribution amounting to TL 4,000,000 was distributed to our shareholders on April 05, 2022.

On March 31, 2022, in line with the Board of Directors decision dated March 31, 2022, it was decided to apply to the Capital Markets Board for bonus dividend distribution transactions amounting to TL 40,000,000 and a capital increase application was made to the Capital Markets Board on April 27, 2022. The capital increase and the application for amendment of Article 8 of the Articles of Association to be revised as a result of the increase were approved by the Board decision dated May 18, 2022, and the bonus issue was completed as of June 01, 2022.

## 7- Transfer of Shares

There is no provision in the Articles of Association restricting the transfer of shares.

## SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8- Company Disclosure Policy

In line with the principles of transparency and equality of corporate governance, our Company's "Disclosure Policy" adopts to disclose to shareholders and stakeholders, in a timely, complete, understandable and easily accessible manner, information that is not a trade secret or of a nature that would hinder the Company's competitive power, in a manner that also considers the rights and interests of the Company.

The Disclosure Policy, which was determined by the Company in 2010 and revised in 2013 within the framework of the "Communiqué on Material Events" published by the Capital Markets Board, was submitted for the information and approval of the shareholders at the 2013 Ordinary General Assembly Meeting. The approved policy was disclosed to the public and included in the Company's annual report. The Disclosure Policy can be accessed from the "Corporate Policies" section of the "Corporate Governance" section under the "Investor Relations" heading on the corporate website.

The Board of Directors is responsible for monitoring, overseeing and developing the Disclosure Policy. Investor Relations is responsible for overseeing and monitoring the Disclosure Policy.

## 9- Company Website and its Content

Company website; [www.halkgyo.com.tr](http://www.halkgyo.com.tr) address. All information and documents required by the principles numbered 2.1.1 and 2.1.2 in the Public Disclosure and Transparency section of the CMB Corporate Governance Principles and other relevant laws and regulations are available on the website.

Care is taken to ensure that the website is actively used and continuously updated. Necessary measures have been taken to protect the accuracy of the information published on our website and to prevent any changes. The information on our website is also available in English.

Within the framework of the Central Registry Agency data published through the Public Disclosure Platform, the Company's shareholding structure is updated on a quarterly basis through the Continuous Disclosure Form to include the real and legal persons who directly hold 5% or more shares or voting rights in the capital, and the financial statements and footnotes disclosed to the public in accordance with the capital markets legislation are published on the website in both Turkish and English upon public disclosure.

The Company's website contains the information specified in the Corporate Governance Principles. The information contained on the Company's website is regularly reviewed and the compliance of the website with the relevant regulations in terms of form and content is also monitored.

The Company's website includes an "Information Society Services" section within the scope of the Regulation published by the Ministry of Trade on the websites of capital companies. Investors can connect to MKK's portal through the Information Society Services section and access basic information about the Company through this link.

In 2014, the Company launched a mobile website in both Turkish and English, which can be easily accessed by tablets and smartphones. The mobile site contains all the same information as the website and all updates made are simultaneously made on the mobile site.

## 10- Annual Report

The Company's annual report is prepared within the framework of the Corporate Governance Principles, other relevant Capital Markets regulations and the relevant Regulation of the Ministry of Trade, in a manner to ensure that the public has access to complete and accurate information about the Company's activities.

In addition to basic information on the Company's activities, attention is paid to include detailed information on board members and committees in the annual report. In this context; resumes of the members of the board of directors, their authorities and responsibilities within the Company and the duties they carry out outside the Company, whether they have carried out any transactions with the Company's legal entity or on the Company's capital market instruments in the field of the Company's main activity, whether they have entered into any debt relationship with the Company, the financial rights provided to the members and the declarations of independence of the independent members; Information on the working principles of the board of directors, the number of meetings held during the year, the attendance to the meetings, the number of resolutions taken and the manner in which the resolutions were taken; information on the structure of the board committees, their working principles, the activities carried out during the year, the number of meetings and resolutions, and the assessment of the board of directors on the effectiveness of the committees are included in the annual report.

In addition, the annual report includes information on legislative amendments that may have a significant impact on the Company's activities, whether there are any conflicts of interest between the Company and the institutions that provide services such as investment consultancy and rating, and the measures taken to prevent conflicts of interest, information on significant lawsuits filed against the Company during the year, if any, and their possible outcomes, information on cross-shareholdings where direct participation in the capital exceeds 5%, information on social rights and vocational training of employees, and the Company's sustainability efforts.

The activities carried out by the Company during the reporting period and the assessment of the Board of Directors on the Company's future targets are also disclosed to investors in the annual reports.

Our annual reports are disclosed to the public on a quarterly basis after approval by the Board of Directors. They are published on our website and sent to shareholders upon request.

## **SECTION IV - STAKEHOLDERS**

### **11- Informing Stakeholders**

In its transactions and activities, our Company pays utmost attention to protect the rights of all stakeholders regulated by legislation and mutual agreements, and the rights of all stakeholders are observed within the framework of our Company's "Code of Ethics".

Stakeholders are fully and timely informed through material event disclosures, press releases, financial reports, the Company's website and internal announcements.

Except for trade secrets and/or information that has not been disclosed to the public, the requests and questions of stakeholders regarding the Company's activities are forwarded to the Investor Relations Department within the contact information on the website. At the same time, it is possible for stakeholders to submit their questions about transactions they deem contrary to the legislation and ethical rules to the Corporate Governance Committee or the Audit Committee of our Company.

### **12- Stakeholder Participation in Management**

The protection of shareholders' rights to participate in management is ensured within the framework of relevant laws, regulations and the Articles of Association. The expectations and requests of all stakeholders with whom the Company has relations are evaluated within the framework of the Code of Ethics.

### **13- Human Resources Policy**

Issues such as recruitment conditions, career guidance and promotion conditions, monetary arrangements and social benefits are presented to employees in detail and clearly in the Company's Human Resources Regulation. All decisions taken and communication with employees are carried out within the framework of the said regulation.

All legally recognized rights of each employee are protected within the framework of the Labor Law and Code of Ethics, and all kinds of grounds have been prepared for them to work in a safe and healthy environment.



Our Company's Human Resources Policy has been determined in accordance with the following principles and shared with our employees.

- To fulfill the activities to be carried out by the Company to realize its objectives with the ideal number of personnel,
- To realize the selection and assignment of personnel with the competence appropriate to the nature of the work,
- To provide all staff with the environment and conditions in which they can use and develop their talents, professional development and skills,
- To provide staff with adequate wages and other additional benefits in line with market and current conditions,
- To give importance and respect to the personality of the personnel and to protect their material and moral rights,
- To have personnel who adopt the company culture and corporate values and comply with the Code of Ethics,
- To ensure that the personnel work in a cost-conscious manner, based on the principles of efficiency and profitability

#### **14- Ethical Principles and Social Responsibility**

Established in 2010 and approved by the Board of Directors, the Code of Ethics was published on the Company's website and disclosed to the public. In 2016, the Company adopted the Ethical Principles of its main shareholder Türkiye Halk Bankası A.Ş. and published them under the heading "Ethical Principles" in the "Corporate" section of the Company website. "Ethical Principles" includes detailed explanations under the main headings of conflicts of interest, rules regulating the flow of information, relations with customers, suppliers and human resources, and the principles and working order regulations that Halk REIT employees must comply with while performing their duties. The purpose of these principles is to prevent any disputes and conflicts of interest that may arise between employees, shareholders, customers and the organization. Attitudes and behaviors contrary to these rules are evaluated in accordance with the Disciplinary Directive, and employees are expected to act in accordance with common sense and good faith in situations and conditions not covered by these rules.

Our Company conducts its relations with all stakeholders within the framework of ethical rules.

During the period, there were no lawsuits filed against the Company for damages caused to the environment.

In our company's vision, it is important not only to make the best use of its investments, but also to provide benefits in the field of modern urbanism, to build environmentally sensitive buildings, and to take part in activities that will support the sector and to be a pioneer.

Our company's real estate projects are produced with environmentally friendly, non-carbon-emitting materials and are LEED certified. In addition, our Company has continued to support the development of the sector by sponsoring many sectoral organizations and conferences.

## SECTION V - BOARD OF DIRECTORS

### 15- Structure, Composition and Independent Members of the Board of Directors

The powers and responsibilities of the members of the Board of Directors are set forth in the Company's Articles of Association. The Company is managed and represented externally by the Board of Directors. The Board of Directors performs the duties assigned to it by the General Assembly in compliance with the Turkish Commercial Code, Capital Markets Law and other relevant legislation. All members of the Board of Directors possess the minimum qualifications required for the election of Board Members as stipulated in the CMB Corporate Governance Principles. The Board of Directors consists of a total of 6 members, 1 executive and 2 independent, 5 non-executive. In 2022, no situation arose that eliminated the independence of the Independent Board Members. As of the date of the report, there are no female members on the Board of Directors. Our Company does not have a policy that sets a target rate and time for the ratio of female members in the Board of Directors to be not less than twenty-five percent, and there are no regulations preventing the election of female members to the Board of Directors.

BOARD OF DIRECTORS								
FULL NAME	DUTY	OCCUPATION	DUTIES IN THE PARTNERSHIP IN THE LAST 5 YEARS	POSITIONS HELD OUTSIDE THE PARTNERSHIP AS OF THE LATEST STATUS	CAPITAL SHARE IN THE PARTNERSHIP (%)	SHARE GROUP REPRESENTED	DATE OF FIRST ELECTION TO OFFICE/	STATUS
ERGIN KAYA	CHAIRMAN OF THE BOARD OF DIRECTORS	BANKER	Chairman of the Board of Directors	T. HALK BANKASI A.Ş. VICE GENERAL MANAGER OF OPERATIONAL TRANSACTIONS AND SUPPORT SERVICES, CHAIRMAN OF THE BOARD OF DIRECTORS OF BİLEŞİM A.Ş., CHAIRMAN OF THE BOARD OF DIRECTORS OF SAFİR BAZAAR MANAGEMENT SERVICES A.Ş.	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
MEHMET TANRIVERDI	DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS	BANKER	Chairman of the Board of Directors Deputy / Member	T. HALK BANK A.Ş. HEAD OF THE DEPARTMENT OF CONSTRUCTION EXPERTISE AND REAL ESTATE MANAGEMENT, MEMBER OF THE BOARD OF DIRECTORS OF SAFİR BAZAAR MANAGEMENT SERVICES	-	-	SEPTEMBER 2018	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
MEHMET HAKAN TERCAN	BOARD MEMBER	BANKER	Board Membership	T. HALK BANKASI A.Ş. HEAD OF INFRASTRUCTURE OPERATION AND MANAGEMENT DEPARTMENT	-	-	APRIL 2020	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
RAJI CAPTAIN KOLAYLI	BOARD MEMBER	ENGINEER	Board Membership	-	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ INDEPENDENT MEMBER
FUAT GEDİK	BOARD MEMBER	BANKER	Board Membership	-	-	-	MAY 2021	NON-EXECUTIVE MEMBER/ INDEPENDENT MEMBER
ERDAL BEKİN	GENERAL MANAGER / BOARD MEMBER	ENGINEER	Asst. General Manager of Project Development and Implementation	-	-	-	MARCH 2022	EXECUTIVE MEMBER / NOT INDEPENDENT MEMBER

Within the framework of Corporate Governance Principles, a Nomination Committee has not been established in the Company and the Corporate Governance Committee fulfills the duties of the said committee.

The Corporate Governance Committee submits its reports to the Board of Directors on whether the candidates meet the independence criteria.

The declarations of independence of the independent members are included under the relevant section heading in the annual report for 2022.

The members of the Board of Directors are not restricted from assuming other duties or tasks outside the Company, and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. In 2021, there has been no violation of the prohibition of competition and transactions with the Company in relation to the members of the Board of Directors.

The résumés of the members of the Company's Board of Directors are included in the annual report and on the Company's corporate website.

## **16- Operating Principles of the Board of Directors**

The Board of Directors convenes upon the call of the Chairman or the Vice Chairman at times deemed necessary for the affairs of the Company. Each member of the Board of Directors may also apply in writing to the Chairman or the Vice Chairman and request that the Board of Directors be called for a meeting. If the Chairman or the Vice Chairman still fails to call the Board to a meeting, the members shall be authorized to call the meeting ex officio.

In the event that none of the members request a meeting, the decisions of the board of directors may also be taken by obtaining the written approval of at least the majority of the total number of members of the board of directors to the proposal made by one of the members of the board of directors on a specific subject and written in the form of a resolution. The fact that the same proposal is made to all members of the board of directors is a condition for the validity of the decision to be taken in this way. The approvals do not have to be on the same paper; however, it is necessary for the validity of the resolution that all of the papers containing the approval signatures are affixed to the decision book of the board of directors or converted into a resolution containing the signatures of the acceptors and entered into the decision book.

Each member has one vote in the meetings. The right to vote is exercised in person. Unless one of the members requests a meeting to be held, a decision may be taken on a proposal made by a member by the other members notifying their approval in writing.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board of Directors. The agenda may be amended by a resolution of the Board of Directors. The meeting place is the Company headquarters. However, the Board of Directors may convene elsewhere provided that a resolution is adopted.

The Board of Directors convenes by absolute majority and takes its decisions by absolute majority of those attending the meeting. In the board of directors, votes are cast as acceptance or rejection. The person who votes against shall sign the decision by writing the reason for rejection. The decisions of the Board of Directors taken on matters falling within the scope of the relevant communiqués and legislation are shared with the public and published on the Company's website.

Members who do not attend the meeting cannot vote in writing or in any other way unless they have a

legitimate excuse. Members of the Board of Directors who, for whatever reason or necessity, fail to attend three consecutive meetings without the permission of the Board of Directors or fail to attend half of the meetings held within an accounting period, even if intermittently, shall be deemed to have resigned. Board meetings may be held physically and/or electronically.

Those who have the right to attend the meetings of the Board of Directors of the Company may also attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the "Communiqué on the Meetings to be held electronically in Commercial Companies other than the General Assemblies of Joint Stock Companies", the Company may establish the Electronic Meeting System that will enable the right holders to participate and vote in these meetings electronically or may purchase services from the systems established for this purpose. In the meetings to be held, it is ensured that the right holders can exercise their rights specified in the relevant legislation within the framework specified in the provisions of the Communiqué through the system established pursuant to this provision of the Articles of Association or through the system from which support services will be purchased.

The Investor Relations Department is in charge of organizing board meetings, preparing and recording the necessary reports and documentation and board resolutions, ensuring information flow and coordination among the members and similar matters.

The Company's Board of Directors convened 73 times during the reporting period and adopted 119 resolutions in these meetings. Care was taken to determine the meeting date in a way to ensure the attendance of all members. All of the decisions of the Board of Directors were taken unanimously. There were no dissenting opinions on any of the resolutions adopted at the meetings. In addition, since there were no dissenting votes, there were no issues recorded in the decision minutes.

Board members are not granted weighted voting rights and/or negative veto rights.

During the year, the Board of Directors resolutions regarding significant related party transactions submitted to the approval of the independent board members were unanimously adopted with the affirmative votes of the independent board members.

During the reporting period, the Company has taken out the necessary insurance to compensate for any damages that may be caused by the members of the Board of Directors due to their negligence during the execution of their duties; however, the Company has not made any PDP disclosure regarding this insurance transaction.

### **17- Number, Structure and Independence of the Committees Established in the Board of Directors**

Within the framework of the Capital Markets Board's Corporate Governance Principles and the Company's Board of Directors Working Principles, an Audit Committee, a Corporate Governance Committee, an Early Detection of Risk Committee and a Remuneration Committee have been established within the current Board of Directors. The Remuneration Committee convenes at least once a year and the other committees convene at least once every three months and submit reports to the Board of Directors on their issues.

Working principles for each of the Committees have been established and disclosed to the public. Committees operate within the framework of these principles. During the year, in accordance with the Capital Markets Board's Corporate Governance Communiqué, following the general shareholders' meeting, the distribution of duties within the board of directors and committee elections were realized and disclosed to the public.

The chairmen and members of the committees are listed below.

<b>Committee</b>	<b>President</b>	<b>Independence Status</b>	<b>Member</b>	<b>Independence Status</b>
Audit Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Corporate Governance Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik Serpil Yörük	Independent Investor Relations Manager
Remuneration Committee	Fuat Gedik	Independent	Mehmet Tanrıverdi	Not Independent
Early Detection of Risk Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Sustainability Committee	Fuat Gedik	Independent	Raci Kaptan Kolaylı Erdal Bekin Yaşar Göktaş	Independent Executive Executive

The Company's Board of Directors is composed of 6 members, 1 executive and 5 non-executive, 2 of whom are independent board members. Since the relevant legislation requires at least one independent member to serve on the committees, one board member is assigned to more than one committee in the current structure.

A separate Nomination Committee has not been established within the Board of Directors. The duties of this committee are fulfilled by the Corporate Governance Committee.

The Corporate Governance Committee was established to fulfill its duties and responsibilities set forth in the Corporate Governance Principles in accordance with the regulations of the Capital Markets Board on corporate governance. The Committee regularly reviews the Company's corporate governance practices and works to improve them. In addition to corporate governance, the Committee also attaches importance to investor relations, reviews the Company's shareholder relations activities and related strategies on a regular basis and ensures that the Board of Directors is regularly informed about the activities. In addition to the aforementioned duties, the Committee is also responsible for ensuring coordination among other committees and providing support to their work when necessary. The Committee convened 4 times during the reporting period and adopted 4 resolutions.

In parallel with its duties set out in the working principles, the Audit Committee has been actively involved in the public disclosure of the Company's financial information, independent audit, effective operation of the internal control system of the Company, selection of the independent audit firm and monitoring their work at every stage in accordance with the principles set out in the Capital Markets Legislation and other relevant regulations. The Committee convened 9 times during the year and took 9 decisions.

The Early Detection of Risk Committee was established pursuant to Article 378 of the Turkish Commercial Code (TCC) for the purposes of early detection of risks that may jeopardize the existence, development and continuity of the Company, implementation of necessary measures against detected risks and management of risks, and review of risk management systems in accordance with the regulations of the Capital Markets Board on corporate governance. The Committee convened 6 times during the year and took 6 decisions.

The Remuneration Committee determines the principles, criteria and practices to be used in the remuneration of the members of the Board of Directors and executives with administrative responsibilities, taking into account the long-term goals of the Company and supervises them.

Taking into account the degree of achievement of the criteria used in remuneration, the Remuneration Committee determines and supervises.

The Committee submits its recommendations to the board of directors regarding the remuneration of executives with executive responsibility. The Committee convened once during the year and adopted 1 resolution.

The Board of Directors' Evaluation Report on the work of the Committees during the period is included under the relevant heading of the 2022 annual report.

## **18- Risk Management and Internal Control Mechanism**

The Company's risk management, internal audit and internal control systems are structured in accordance with international practices, principles and organizations. Risk management and internal control activities are carried out by the "*Internal Audit, Risk and Compliance Department*". Internal control systems, including risk management, information systems and processes that can minimize the effects of risks that may affect the stakeholders of the company, especially shareholders, have been established by the Board of Directors in line with the opinions of the relevant committees. The effectiveness of risk management and internal control systems are reviewed at least once a year. Internal audit activities are carried out within the framework of the "Annual Audit Plan" approved by the Audit Committee during the year. The Internal Audit Committee is established to examine, control, monitor, evaluate the appropriateness, adequacy and effectiveness of the Company's activities and the controls related to these activities and to report the results to the relevant units.

Information on the existence, functioning and effectiveness of internal controls and internal audit is also provided in the annual report. The Internal Audit, Risk and Compliance Department prepares a periodic assessment report, compliance with portfolio limitations and follow-up table, and a monthly liquidity ratio notification table and submits them simultaneously to the Audit Committee, the Corporate Governance Committee, the Early Detection of Risk Committee, the Company's senior management and the Board of Directors. Thus, it is aimed that the Company's senior management and Board of Directors take the necessary measures and develop control systems to manage these risks.

As an investment strategy, Halk REIT tries to minimize the risk for its investors by creating a wide portfolio diversity in the real estate sector and by choosing real estate properties that will generate regular rental income. The real estates in the Company's portfolio are insured against all kinds of damages.

## **19- Strategic Objectives of the Company**

The Company's strategic goal is to develop its real estate portfolio with a focus on commercial properties that can generate high rental income and to offer high returns to its shareholders through an equity-weighted financing model.

The Board of Directors approves the annual budget, which sets targets and strategies, including its own changes and suggestions. Except for extraordinary circumstances, all strategic changes and deviations in forecasts resulting from the Company's performance evaluation and decisions taken during the year are made by the Board of Directors on a quarterly basis during the evaluation of the financial statements. Short and long term investment and funding plans are changed and repositioned in line with new developments when necessary.

## 20- Financial Rights

All kinds of rights, benefits and remuneration provided to the Company's Board of Directors and senior executives, as well as the criteria used in their determination and the principles of remuneration are set out in the Company's Remuneration Policy and the relevant policy is disclosed to the public on the corporate web site.

The remuneration to be paid to the members of the Board of Directors is determined by the General Assembly in line with the proposal of the Remuneration Committee. Apart from the remuneration determined by the General Assembly, the members of the Board of Directors are not entitled to any other financial benefits such as attendance fees, premiums or bonuses. In determining the remuneration levels of the independent members of the Board of Directors, care is taken to ensure that the remuneration is at a level that protects the independence of the member and within the framework of Corporate Governance Principles, stock options or payment plans based on the company's performance are not used.

Social benefits are provided to senior executives regularly and periodically within the scope of legal regulations, and no other compensation policy is applied other than the legal indemnities stipulated by laws and regulations. The remuneration of senior executives is determined by the Board of Directors upon the recommendation of the Remuneration Committee.

During the reporting period, the Company did not lend any funds or extend any credits to a member of the Board of Directors or senior executives, or grant any personal loans through a third party, or extend any guarantees such as sureties in their favor, and there was no conflict of interest arising from this matter.

Pursuant to Article 4.6.6 of the Corporate Governance Principles, remuneration and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through quarterly activity reports and financial reports. However, the disclosure is not made on individual basis. As of the reporting period, the total amount of financial benefits provided to the Company's Board of Directors and senior executives is TL 3,716,816.

**HALK GAYRİMENKUL YATIRIM  
ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022 AND  
INDEPENDENT AUDITOR'S REPORT

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



**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY  
ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

**A) Report on the Audit of Financial Statements**

**1) Opinion**

We have audited the accompanying consolidated financial statements of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”) and its subsidiary (“the Group”) which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

**2) Basis for Opinion**

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Emphasis of Matter**

As detailed in Note 28, we draw attention to the following matters from which the Parent Bank (“the Bank”) can be affected:

On 15 October 2019, the New York Southern District Attorney General of the United States (“US”) Department of Justice prepared an indictment and filed a lawsuit against the Parent Bank in the New York Southern District Court (“District Court”) for alleged violations of Iranian sanctions. The criminal case pending in the District Court is pending due to an appeal by the Bank of the appeal under the “Foreign State Immunity Act (FSIA)”. The appeal process of the Bank before the US Supreme Court is ongoing.

In addition, a civil lawsuit was filed against the Parent Bank on 27 March 2020 with a claim for compensation by plaintiffs in the U.S. New York Southern District Court “on the grounds that they (plaintiffs) could not satisfy their judgments from Iran due to violations of sanctions”. The District Court dismissed the case. The complainants appealed the court decision before the Second Appeal. The appeal process is ongoing.

At this stage, the Bank Management states that there is no penalty, compensation, sanction or other measure arising from the ongoing criminal and civil lawsuits against the Bank. There is an uncertainty with respect to any decisions by the US authorities that may adversely affect the financial position of the Bank. No provision has been made in the Bank’s financial statements related to these matters. Our opinion is not modified in respect of these matters.

#### 4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p><b>1) Presentation of investment properties in the financial statements and significant disclosures</b>            The Group accounts for its investment properties at fair value.</p> <p>The fair values of the investment properties presented in the consolidated financial statements amounting to TL 12,947,857,000 as of 31 December 2022 have been determined by an independent appraiser firm.</p> <p>Due to the fact that approximately 93% of the Group’s total assets consists of investment properties and valuation methods applied at fair value include significant estimates and assumptions, we have determined the accuracy of work performed for determination of fair value of the investment properties and principles related to presentation of investment properties in the consolidated financial statements as a key audit mater.</p> <p>(For the respective accounting policy please refer to “Note 2 Summary of Significant Accounting Policies” and for the details of investment properties please refer to Note 9.)</p>	<p>The following procedures were performed within the scope of our audit work:</p> <ul style="list-style-type: none"> <li>- We evaluated the design and implementation of the key controls prepared by the appraisers appointed by the Group.</li> <li>- The qualifications, competencies and impartiality of real estate appraisers appointed by the management have been evaluated.</li> <li>- The appropriateness of methods used by the Group’s appraisers in their valuation reports for investment properties.</li> <li>- The reconciliation of the amounts disclosed in Note 9 for investment properties and the values determined by the appraisers in their reports.</li> <li>- The assumptions used by appraisers (including rate of increase, real discount rate, market rents and estimated occupancy rates) include the analysis of the market data in their determination of fair value of investment properties. We have engaged another independent external expert (real estate appraiser) in our work in order to assess such analysis.</li> <li>- In line with the above procedures, we have evaluated as to whether the values appreciated by valuation specialists are within an acceptable range, considering the existence of high level judgments used in valuation reports, as well as alternative estimates and valuation techniques.</li> <li>- Additionally, the appropriateness of the information disclosed in the consolidated financial statements and in the explanatory notes was controlled taking into consideration the significance of the disclosures to draw attention of the users.</li> </ul>

## **5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

## **6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

In an independent audit, our responsibilities as independent auditors are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Independent Auditing Standards published by the Capital Markets Board will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

#### **6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (cont’d)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **B) Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 17 February 2023.

In accordance with paragraph four of the Article 402 of the TCC, nothing has come to our attention that may cause us to believe that the Company’s set of accounts and financial statements prepared for the period 1 January – 31 December 2022 does not comply with the TCC and the provisions of the Group’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The independent audit herein, is conducted and concluded by the engagement partner Zere Gaye Şentürk.

#### **Additional paragraph for convenience translation to English**

*In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards)*

*differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.*

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Zere Gaye Şentürk  
Partner

İstanbul, 17 February 2023

<b>INDEX</b>	<b>PAGE</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>1-2</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>5</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>6-75</b>
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP .....	6-7
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	7-28
NOTE 3 INTERESTS IN OTHER ENTITIES .....	29-30
NOTE 4 RELATED PARTY DISCLOSURES .....	31-33
NOTE 5 TRADE RECEIVABLES AND PAYABLES.....	34-35
NOTE 6 INVENTORIES.....	35-36
NOTE 7 PREPAID EXPENSES AND DEFERRED INCOME .....	37
NOTE 8 LIABILITIES ARISING FROM CUSTOMER CONTRACTS.....	37
NOTE 9 INVESTMENT PROPERTIES .....	38-42
NOTE 10 PROPERTY, PLANT AND EQUIPMENT .....	43
NOTE 11 INTANGIBLE ASSETS.....	44
NOTE 12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	44-48
NOTE 13 EMPLOYEE BENEFITS .....	49-50
NOTE 14 OTHER ASSETS AND LIABILITIES .....	50-51
NOTE 15 SHARE CAPITAL, RESERVES VE OTHER EQUITY ITEMS .....	51-53
NOTE 16 REVENUE AND COST OF SALES .....	53
NOTE 17 EXPENSES BY NATURE.....	54
NOTE 18 GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES	54-55
NOTE 19 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	56
NOTE 20 FINANCE EXPENSES .....	56
NOTE 21 INCOME TAXES .....	56
NOTE 22 EARNINGS PER SHARE.....	56
NOTE 23 FINANCIAL INSTRUMENTS.....	57-58
NOTE 24 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS....	59-66
NOTE 25 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) .....	66-67

NOTE 26	EVENTS AFTER THE REPORTING PERIOD.....	67
NOTE 27	NOTES ON THE STATEMENT OF CASH FLOWS .....	67
NOTE 28	DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE.....	68-69
APPENDIX 1	CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE PORTFOLIO.....	70-75

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>		<b>1,210,061,740</b>	<b>283,193,921</b>
Cash and Cash Equivalents	27	474,985,625	53,109,547
Trade Receivables	5	6,501,311	2,284,370
<i>Trade Receivables from Related Parties</i>	4	-	60
<i>Trade Receivables from Third Parties</i>		6,501,311	2,284,310
Inventories	6	494,353,308	184,061,628
Prepaid Expenses	7	3,264,038	260,880
<i>Prepaid Expenses to Third Parties</i>		3,264,038	260,880
Current Tax Assets		1,197,589	734,045
Other Current Assets	14	229,759,869	42,743,451
<i>Other Current Assets from Third Parties</i>		229,759,869	42,743,451
<b>Non-Current Assets</b>		<b>13,097,467,991</b>	<b>4,295,027,366</b>
Trade Receivables	5	-	244,980
<i>Trade Receivables From Third Parties</i>		-	244,980
Investment Properties	9	12,947,857,000	4,142,257,500
Property, Plant and Equipment	10	6,985,844	4,181,825
Intangible Assets	11	1,973,131	787,395
<i>Other Intangible Assets</i>		1,973,131	787,395
Prepaid Expenses	7	140,652,016	83,469,918
<i>Prepaid Expenses to Related Parties</i>	4	1,899,844	561,536
<i>Prepaid Expenses to Third Parties</i>	7	138,752,172	82,908,382
Other Non-Current Assets	14	-	64,085,748
<i>Other Non-Current Assets to Third Parties</i>		-	64,085,748
<b>TOTAL ASSETS</b>		<b>14,307,529,731</b>	<b>4,578,221,287</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>2,269,330,059</b>	<b>1,097,541,992</b>
Short-term Borrowings	23	816,798,457	869,036,092
<i>Short-term Borrowings from Related Parties</i>		715,882,574	867,834,645
<i>Short-term Borrowings from Third Parties</i>		100,915,883	1,201,447
Short-Term Portion of Long-Term Borrowings	23	20,138,014	50,368,187
<i>Short-Term Portion of Long-Term Borrowings from Related Parties</i>		20,138,014	50,368,187
Trade Payables	5	384,919,565	55,532,099
<i>Trade Payables to Related Parties</i>	4	27,430	10,021
<i>Trade Payables to Third Parties</i>		384,892,135	55,522,078
Liabilities Arising from Customer Contracts	8	920,321,461	94,920,309
<i>Deferred Income from Related Parties</i>		453,550,110	-
<i>Contract Liabilities Arising from Goods and Services Sales</i>		466,771,351	94,920,309
Short-Term Provisions		6,396,262	2,799,386
<i>Short-Term Portion of Provisions Related to Employee Benefits</i>	13	5,708,779	2,799,386
<i>Other Short-Term Provisions</i>	12	687,483	-
Other Current Liabilities	14	120,756,300	24,885,919
<i>Other Current Liabilities to Related Parties / Other Current Liabilities to Third Parties</i>		120,756,300	24,885,919
<b>Non-Current Liabilities</b>		<b>1,605,027,382</b>	<b>180,501,152</b>
Long-Term Borrowings	23	887,057,769	94,209,091
<i>Long-Term Financial Borrowings From Related Parties</i>	4	885,676,009	94,209,091
<i>Long-Term Financial Borrowings From Third Parties</i>		1,381,760	-
Trade Payables		85,000,000	85,000,000
<i>Trade Payables to Related Parties</i>	4	85,000,000	85,000,000
Long-Term Provisions	13	2,969,613	1,292,061
<i>Long-Term Portion of Provisions Related to Employee Benefits</i>	13	2,969,613	1,292,061
Liabilities Arising from Customer Contracts	8	630,000,000	-
<i>Deferred Income from Related Parties</i>	4	630,000,000	-
<b>EQUITY</b>		<b>10,433,172,290</b>	<b>3,300,178,143</b>
Share Capital	15	1,570,000,000	1,020,000,000
Treasury Shares (-)	15	(33,160,263)	(28,756,004)
Share Premium / Discounts		81,040,446	49,945,096
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		(1,210,090)	61,003
<i>- Gains on Remeasurement of Defined Benefit Plans</i>		(1,210,090)	61,003
Restricted Reserves Appropriated from Profit	15	69,748,009	58,787,783
Prior Years' Profit or Loss		2,144,354,721	1,821,583,883
Net Profit for the Period		6,602,399,467	378,556,382
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>14,307,529,731</b>	<b>4,578,221,287</b>

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



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
Revenue	16	165,280,766	104,596,247
Cost of Sales (-)	16	(22,545,353)	(33,155,069)
<b>GROSS PROFIT</b>		<b>142,735,413</b>	<b>71,441,178</b>
General Administrative Expenses (-)	18	(35,286,833)	(23,272,674)
Marketing Expenses (-)	18	(26,095,433)	(5,491,793)
Other Income from Operating Activities	19	6,571,110,176	380,015,122
Other Expenses from Operating Activities (-)	19	(8,468,427)	(1,483,861)
<b>OPERATING PROFIT</b>		<b>6,643,994,896</b>	<b>421,207,972</b>
<b>OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSE)</b>		<b>6,643,994,896</b>	<b>421,207,972</b>
Finance Expenses (-)	20	(39,642,541)	(42,651,590)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>6,604,352,355</b>	<b>378,556,382</b>
Tax Expense for the Period	22	(1,952,888)	-
<b>PROFIT FOR THE PERIOD</b>		<b>6,602,399,467</b>	<b>378,556,382</b>
<b>Distribution of Profit/Loss for the Period</b>			
Earnings per Share		4.2053	0.3711
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items That Will Not Be Reclassified to Profit or Loss</b>			
Gain on Remeasurement of Defined Benefit Plans		(1,271,093)	162,940
		(1,271,093)	(7,910)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>6,601,128,374</b>	<b>378,548,472</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Share Capital	Treasury Shares	Share Premium / Discounts	Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss	Retained Earnings		Equity	
					Accumulated Gains / Losses on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profits / Losses		Net Profit / Loss for the Period
<b>Balances as of 1 January 2021</b>		<b>970,000,000</b>	<b>(27,346,399)</b>	<b>49,945,096</b>	<b>68,913</b>	<b>52,735,975</b>	<b>1,528,632,662</b>	<b>352,452,465</b>	<b>2,926,488,712</b>
Transfers		-	-	-	-	6,051,808	346,400,657	(352,452,465)	-
Total Comprehensive Income		-	-	-	(7,910)	-	-	378,556,382	<b>378,548,472</b>
Capital Increase	15	50,000,000	(1,409,605)	-	-	-	(48,590,395)	-	-
Dividends		-	-	-	-	-	(4,859,041)	-	<b>(4,859,041)</b>
<b>Balances as of 31 December 2021</b>	<b>15</b>	<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>61,003</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>378,556,382</b>	<b>3,300,178,143</b>
<b>Balances as of 1 January 2022</b>	<b>15</b>	<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>61,003</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>378,556,382</b>	<b>3,300,178,143</b>
<b>Restated Balance at 31 December 2021</b>		<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>61,003</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>378,556,382</b>	<b>3,300,178,143</b>
Transfers		-	-	-	-	3,634,797	374,921,585	(378,556,382)	-
Total Comprehensive Income		-	-	-	(1,271,093)	-	-	6,602,399,467	<b>6,601,128,374</b>
Capital Increase	15	550,000,000	(4,404,259)	31,095,350	-	7,325,429	(52,150,747)	-	<b>531,865,773</b>
<b>Balances as of 31 December 2022</b>	<b>15</b>	<b>1,570,000,000</b>	<b>(33,160,263)</b>	<b>81,040,446</b>	<b>(1,210,090)</b>	<b>69,748,009</b>	<b>2,144,354,721</b>	<b>6,602,399,467</b>	<b>10,433,172,290</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) for the Period</b>		<b>6,602,399,467</b>	<b>378,556,382</b>
<b>Adjustments to Reconcile Net Profit (Loss) for the Period</b>			
- Adjustments Related to Depreciation and Amortization Expenses	10-11	2,413,103	3,148,575
- Adjustments Related to Provisions	12-13	5,170,551	1,463,254
- Adjustments Related to Interest Income and Expenses	16-20	181,010,219	26,036,332
- Adjustments Related to Fair Value Losses/Gains	19	(6,560,419,751)	(373,748,346)
- Adjustments Related to Gains/Losses		(8,441,271)	(2,359,873)
<b>Changes in working capital</b>			
- Adjustments Related to (Increase) / Decrease in Inventories	6	(310,291,680)	(80,951,720)
- Adjustments Related to (Increase) / Decrease in Trade Receivables		(3,971,961)	4,414,491
- Decrease (Increase) in Prepaid Expenses		(60,185,256)	26,548,970
- Decrease (Increase) in Other Operating Assets		(123,146,423)	(42,246,825)
- Adjustments Related to Increase / (Decrease) in Trade Payables		329,387,466	24,636,041
- Adjustments Related to Increase / (Decrease) in Deferred Income (Excluding Liabilities Arising from Customer Contracts)		825,401,152	33,812,022
- Adjustments Related to Increase (Decrease) in Other Operating Liabilities		742,830,413	12,479,708
<b>Cash Generated from Operations</b>		<b>1,622,156,029</b>	<b>11,789,011</b>
Interest Received		28,296,258	9,595,220
		<b>1,650,452,287</b>	<b>21,384,231</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	10-11	(6,402,858)	(3,680,902)
Cash Outflows from Purchase of Investment Properties	9-20	(2,261,897,249)	(428,353,124)
Cash Inflows from Disposals of Investment Properties	9	24,910,980	29,804,873
		<b>(2,243,389,127)</b>	<b>(402,229,153)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Inflows from Borrowings		2,605,646,881	2,094,585,158
Cash Used for Repayment of Borrowings		(1,722,311,071)	(1,562,189,029)
Cash Inflows from Capital Increase		510,000,000	-
Dividends Paid		-	(4,859,041)
Interest Paid		(382,261,417)	(143,136,124)
		<b>1,011,074,393</b>	<b>384,400,964</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>418,137,553</b>	<b>3,556,042</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
		<b>53,087,564</b>	<b>49,531,522</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	27	<b>471,225,117</b>	<b>53,087,564</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 1. ORGANIZATION AND OPERATIONS OF THE GROUP

The main activity of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”) is to invest in properties, property projects, rights on properties, property related capital market instruments and portfolio including other rights and assets as deem appropriate by the Capital Markets Board of Turkey (“CMB”) The Company, its joint operations and its subsidiary will be described as (“the Group”) in this report (see also Note 2.1 and Note 3). In accordance with the relevant articles of the CMB’s Communiqué on the Principles of Real Estate Investment Trusts, the main objective of the Company is to invest in properties, property projects, property rights and capital market instruments.

The operations of the Group, its portfolio management policies and limitations are consistent with the regulatory requirements of the CMB. Investment property portfolio of the Group consists of lands and rental properties which are used as bank branches and bank headquarter. The Group obtained its license to operate by the CMB’s approval dated 24 September 2010 and numbered 9546, and registered in the CMB. The registered capital ceiling of the Group is TL 2,500,000,000 (The registered capital ceiling before 2 September 2020 is TL 1,500,000,000). On 25 March 2022, the capital of the Group was increased to TL 1,530,000,000 with a capital increase of TL 510,000,000. On 18 May 2022, the capital of the Group was increased to TL 1,570,000,000 with a capital increase of TL 40,000,000.

The headquarter of the Group is registered in Şerifali Çiftliği Tatlısu Mah. Ertuğrulgazi Sok. No:1 34774 Yukarı Dudullu Ümraniye/İstanbul.

As of 31 December 2022, the number of personnel employed in the Group is 45 (31 December 2021: 42).

The Group is a subsidiary of Türkiye Halk Bankası A.Ş. (“Halkbank”) and was registered on 18 October 2010. With the amendment dated 31 December 2009 made by the CMB the Communiqué on the Principles of Real Estate Investment Trusts, it is obligatory that the shares of trusts representing a minimum 25% of their capital be issued within three months of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, are offered to public and that they apply to the CMB with the request that all shares to be registered.

The Group has applied to the CMB on 29 August 2012 to increase the issued capital from TL 477,000,000 to TL 662,500,000 within TL 1,500,000,000 registered capital ceiling (The registered capital ceiling as of 2 September 2020 is TL 2,500,000,000), by initial public offering of the increase of TL 185,500,000 B group bearer shares. The application was approved in accordance with the CMB’s decision numbered 4/97 on 8 February 2013. During 13-15 February 2013, TL 185,500,000 B group shares offered to public by restricting the preemptive rights of the existing shareholders. After the collection of the investors demand, the Company’s shares started to be traded on İstanbul Stock Exchange with HLGYO title as of 22 February 2013.

The Group's application to the Capital Markets Board regarding the increase of its issued capital from TL 1,020,000,000 by 50% to TL 1,530,000,000, all in cash, within the registered capital ceiling of TL 2,500,000,000, was approved at the meeting of the Market Board dated 24 February 2022 No. 10-282 and announced in the Capital Markets Bulletin dated 24 February 2022 No. 2022/10. Bearer shares with a nominal value of TL 510,000,000 were made available for 15 days between 2 March 2022 and 16 March 2022, in accordance with the principles stated in the prospectus. The new version of Article 8 of the Articles of Association titled "Capital and Shares" regarding the increase of the Company's issued capital from TL 1,020,000,000 by 50% to TL 1,530,000,000, all in cash, within the registered capital ceiling of TL 2,500,000,000 was approved by Capital Markets Board on 25 March 2022. The Capital Markets Board approved the new version of Article 8 of the Articles of Association, titled "Capital and Shares", regarding the increase of the Company's capital to TL 1,570,000,000, all in cash on 18 May 2022.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 1. ORGANIZATION AND OPERATIONS OF THE COMPANY (cont'd)

The capital increase is detailed as follows:

<u>Date</u>	<u>Share Capital</u>	<u>Capitalisation</u>	<u>Increase value</u>	<u>Funds</u>
18 October 2010	477,000,000	Rights Issue	-	Funding Capital
15 August 2012	662,500,000	Rights Issue	185,500,000	Public Offering
20 June 2013	673,638,704	Bonus Issue	11,138,704	Prior Years' Profit
5 June 2014	697,900,000	Bonus Issue	24,261,296	Prior Years' Profit
11 June 2015	743,000,000	Bonus Issue	45,100,000	Prior Years' Profit
25 May 2016	790,000,000	Bonus Issue	47,000,000	Prior Years' Profit
15 August 2017	820,000,000	Bonus Issue	30,000,000	Prior Years' Profit
8 June 2018	858,000,000	Bonus Issue	38,000,000	Prior Years' Profit
17 June 2019	928,000,000	Bonus Issue	70,000,000	Prior Years' Profit
20 August 2020	970,000,000	Bonus Issue	42,000,000	Prior Years' Profit
20 May 2021	1,020,000,000	Bonus Issue	50,000,000	Prior Years' Profit
25 March 2022	1,530,000,000	Rights Issue	510,000,000	Cash on Payment
18 May 2022	1,570,000,000	Bonus Issue	40,000,000	Prior Years' Profit

On 4 September 2014, the Company has signed a Joint Operation Agreement with Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. for developing a real estate project.

On 14 April 2016, the Company has signed Joint Operation Agreement with Er Konut İnş. Taah. İnş. Malz. Nak. ve Mad. Tic. ve San. A.Ş. for developing a real estate project.

On 24 August 2017, the Company has signed a Joint Operation Agreement with Teknik Yapı Teknik Yapılar San.ve Tic. A.Ş. for developing a real estate project.

On 15 December 2020, the Company established Halk Yapı Projeleri Geliştirme A.Ş. to develop all kinds of real estate projects. The entire capital of the company established belongs to Halk GYO.

The details of the Company's subsidiary and shares in joint operations are as follows:

<u>Subsidiary</u>	<u>Type of activity</u>	<u>Main activity fields</u>
Halk Yapı Projeleri Geliştirme A.Ş.	Construction	Real Estate Construction
<u>Shares in joint operations</u>		
Halk GYO-Vakıf GYO Joint Venture	Construction	Real Estate Construction
Halk GYO-Erkonut Joint Venture	Construction	Real Estate Construction
Teknik Yapı-Halk GYO Joint Venture	Construction	Real Estate Construction

### Approval of consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 17 February 2022. The General Assembly has the authority to modify the consolidated financial statements.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

#### Statement of Compliance in TFRS

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” (“the Communiqué”), which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards (“TFRS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

### 2.1 Basis of Presentation (cont’d)

In addition, the consolidated financial statements have been prepared in accordance with the “Announcement on TFRS Taxonomy” published by POA and the resolution of CMB about the Illustrations of Financial Statements and Application Guidance published on 15 April 2019.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Currency Used

The individual financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

#### Preparation of financial statements in hyperinflationary economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 “Financial reporting in Hyperinflationary Economies” (“TAS 29”) was not applied.

#### Comperative Information and Adjustment of Previous Period Financial Statements

The consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

#### Basis of Consolidation

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

As of 31 December 2022 and 31 December 2021, the details of the Company's subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Place of incorporation and operation</u>	<u>Functional currency</u>	<u>The Group's shareholding rate and voting power (%)</u>	
			<u>31 December 2022</u>	<u>31 December 2021</u>
Halk Yapı Projeleri Geliştirme A.Ş.	Turkey	Turkish Lira	100%	100%

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

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

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.

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1 Basis of Presentation (cont'd)

#### Basis of Consolidation (cont'd)

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; and
- 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, 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 Company 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.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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.

### 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 economic activity.

This control is deemed to exist when decisions regarding relevant activities require the unanimous consent of the parties sharing control.

When a company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation.

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the TFRS applicable to the particular assets, liabilities, revenues and expenses.

## **2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

### **2.2 Changes in Accounting Estimates and Errors**

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current period, there are no material changes in accounting estimates of the Group.

### **2.3 New and Amended Turkish Financial Reporting Standards**

#### a) Amendments that are mandatorily effective from 2021

#### **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform - Phase 2***

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management has evaluated that these changes do not have any impact on the consolidated financial statements of the Group.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax on Assets and Liabilities Arising from a Single Transaction</i>

## **TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

## **2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

### **2.3 New and Amended Turkish Financial Reporting Standards (cont'd)**

b) New and revised TFRSs in issue but not yet effective (cont'd)

#### **Amendments to TAS 1 Classification of Liabilities as Current or Non-Current**

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

## **Amendments to TFRS 3 *Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

## **Amendments to TFRS 16 *Property, Plant and Equipment – Proceeds Before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

## **Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

## **Annual Improvements to TFRS Standards 2018-2020 Cycle**

### **Amendments to TFRS 1 *First Time Adoption of Turkish Financial Reporting Standards***

The amendment to TFRS 1 reduces the cost of adoption for first-time adopters of TFRSs by including cumulative translation differences in the scope of the exemption in paragraph D16(a) of the standard for measuring assets and liabilities of a subsidiary that adopts TFRSs at a later date than its parent.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

#### b) New and revised TFRSs in issue but not yet effective (cont'd)

#### **Annual Improvements to TFRS Standards 2018-2020 Cycle (cont'd)**

##### Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

##### Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

##### **Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9***

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

##### **Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 September 2021***

The Public Oversight Accounting and Auditing Standards Authority ("POA"), published in June 2020, published *Continuing Concessions for COVID-19 Related Lease Payments After 30 September 2021 – Amendments to TFRS 16*, which extends the exemption for lessees to determine whether certain concessions granted due to COVID-19 on lease payments due to COVID-19 have changed by one more year.

When the change was first published, the facilitating practice only applied if any reduction in lease payments would affect payments that would normally be due on or before 30 September 2021. As lessors continue to offer rental concessions related to COVID-19 to tenants and the impact of the COVID-19 pandemic continues and is significant, POA has extended the period during which the facilitator can be used by one year.

This new change will be applied by tenants for annual accounting periods beginning on or after 1 April 2021, but early application is permitted.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

#### b) New and revised TFRSs in issue but not yet effective (cont'd)

##### **Amendments to TAS 1 *Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

##### **Amendments to TAS 8 *Definition of Accounting Estimates***

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and corrections of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

##### **Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The possible effects of the said standards, amendments and improvements on the consolidated financial position and performance of the Group are being evaluated.

### 2.4 Summary of Significant Accounting Policies

#### **Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Related Parties (cont'd)

b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (ii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### Revenue

Revenue is recognized when it is probable that an economic gain will be realized to the Group as a result of its operations and it is probable that the income will be measured reliably. Revenue is presented net of value added tax and sales taxes. Revenue is recognized when all the following conditions are satisfied:

##### *Sale of real estate*

In accordance with the contract, revenue is included in the financial statements when the performance obligation determined in the contract is fulfilled after the real estate committed is transferred to the customer. When the customers receives the control of the property, the real estate is considered as transferred.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Revenue (cont'd)

##### *Rental income from real estate leases:*

Rental income from real estates is recognized on an accrual and a straight line basis through the related lease contract. If there are other benefits to the tenants of the Group, they are recorded so as to reduce rental income during the lease term.

##### *Dividend and interest income:*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### *Sale of lands*

Revenue is recognised when all significant risks and rewards regarding the lands that are not designed are transferred to the buyer according to TFRS 15 and the amount of revenue can be measured reliably.

##### *Sales of land by way of "Land Sale of Revenue Sharing Agreement" ("LSRSA")*

The Group recognizes revenue from the sale of the lands designed in the scope of "Land Sale of Revenue Sharing Agreement" (LSRSA) when transfer of legal ownership of land is transferred to the buyer. When the legal ownership is not transferred, the Group books its share of revenue as deferred income. The Group's share (land sales income) in Total Sales Revenue ("TSR") is recorded as revenue from sale of land and related cost is recognised as cost of land sold in the statement of profit or loss.

#### Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### Leases

##### The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Leases (cont'd)

##### The Group as Lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Leases (cont'd)

##### The Group as Lessee (cont'd)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

#### Intangible Assets

##### *Intangible assets acquired seperately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Intangible Assets (cont'd)

##### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5-10 years). Costs associated with developing or maintaining computer software programmes are recognized in the statement of profit or loss as incurred.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

#### Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

#### **Financial Instruments**

##### Financial assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Group measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with TFRS 15 (or when the entity applies the practical expedient) at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. A regular way purchase or sale of financial assets shall be recognized using trade date accounting or settlement date accounting.

The Group shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: (a) the Group's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset. When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date the Group shall not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Financial assets at amortized cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue regarding the financial assets at amortised cost, shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss.

The Group shall directly reduce the gross carrying amount of a financial asset and derecognizes the financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

##### Financial assets at FVTOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Financial assets at FVTOCI (cont'd)

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, an entity can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

##### Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Derivatives are also categorized as FVTPL unless they are designated as hedges. These financial assets are stated at fair value and any gain or losses are recognised in profit or loss.

##### Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Impairment (cont'd)

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

##### Financial liabilities

When a financial liability is recognised initially, the entity measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies: When the Group continues to recognise an asset to the extent of its continuing involvement, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset.

(c) Contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

The entity does not reclassify any financial liability.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. The Group shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

##### Derivative financial instruments and financial risk hedge accounting

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives are included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for financial risk hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Effect of Exchange Differences

##### Foreign Currency Balances and Transactions

The individual financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the financial statements. In preparing the financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to TL at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to TL at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings.

#### Earnings Per Share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings on equity items. Such “bonus shares” are taken into consideration in the computation of earnings per share as issued share certificates. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of the aforementioned share distributions.

#### Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### **Provisions, Contingent Assets and Liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Income Taxes

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5520, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to the Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. Within the framework of Corporate Tax Law Article 15/(4), the Council of Ministers is authorized to reduce the tax deduction rates specified in Article 15 to zero for each payment and income separately, to increase it up to the corporate tax rate, and to raise funds for the earnings specified in the third paragraph within the same limits or partnership types, or according to the nature and distribution of the assets in their portfolios. In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

Also, according to the temporary Article (1) of the Corporate Tax Law, within the framework of the authority conferred by this law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 and other issues are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the Corporate Tax Law, real estate investment trusts earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

#### Deferred tax

Since the Group is exempt from Corporate Income Tax in Turkey in accordance with the Article 5 of the Corporate Tax Law, deferred tax is not recognised.

#### Employee Benefits

##### *Termination and retirement benefits:*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) *Employee Benefits* ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## *Profit-sharing and bonus plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of Significant Accounting Policies (cont'd)

#### Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

#### Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity deducting from retained earnings in the period in which they are approved and declared.

### 2.5 Segment Reporting

As the Group only operates in Turkey and in the field of real estate investment, there are no business segments apart from those disclosed in the notes regarding the revenue and the cost of sales and reporting details in accordance with geographic segments to be reported.

### 2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

#### Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2.4, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

#### *Useful lives of property, plant and equipment*

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

#### *Determination of fair values of investment properties and investment properties under development*

The fair values of investment properties are based on valuations, performed by independent valuers using certain estimates and assumptions, who hold recognized and relevant professional qualifications licenced by the CMB and who have recent experience in the location and category of the investment properties being valued. Any future changes in these estimates and assumptions may cause significant impact on the Group's financial statements.

The Group generally uses the final appreciation value in Independent valuation expert reports to determine fair value.

#### *Borrowing costs*

In accordance with TAS 23, the Group evaluates whether borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

to get ready for their intended use or sale, will be added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 3. INTERESTS IN OTHER ENTITIES

### a) Subsidiaries

#### Halk Yapı Projeleri Geliştirme A.Ş.

Shareholding of the Group in its subsidiaries are as follows:

	31 December 2022	31 December 2021
Halk Yapı Projeleri Geliştirme A.Ş.	100%	100%

Financial information on Halk Yapı Projeleri Geliştirme A.Ş. is summarized below.

	31 December 2022	31 December 2021
Current assets	458,772,576	10,468,647
Non-current assets	159,838,137	15,282,269
Current liabilities	(479,398,916)	(8,296,116)
Non-current liabilities	23,022,835	-
	1 January- 31 December 2022	1 January- 31 December 2021
Profit/(loss) for the period	<u>(21,759,776)</u>	<u>(2,705,522)</u>

### b) Joint Operations

Shareholding of the Group in the joint operation is as follows:

	31 December 2022	31 December 2021
Halk GYO-Vakıf GYO Joint Venture	50%	50%
Halk GYO-Erkonut Joint Venture	50%	50%
Halk GYO-Teknik Yapı Joint Venture	50%	50%

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 3. INTERESTS IN OTHER ENTITIES (cont'd)

### b) Joint Operations (cont'd)

#### Halk GYO-Vakıf GYO Joint Venture

Halk GYO-Vakıf GYO Joint Venture has been founded in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The Group owns 50% of the Bizimtepe Aydos Project in İstanbul. The residences in the project will be offered for sale. The financial information of Halk GYO-Vakıf GYO is summarized in the following tables. The financial information of Halk GYO-Vakıf GYO as per the shareholding and voting rights is as follows:

	31 December 2022	31 December 2021
Current assets	8,137,820	19,177,898
Non-current assets	-	4,969,734
Current liabilities	837,326	(1,027,990)
	1 January- 31 December 2022	1 January- 31 December 2021
Profit for the period	<u>(6,557,788)</u>	<u>(5,027,387)</u>

#### Halk GYO-Erkonut Joint Venture

Halk GYO-Erkonut Joint Venture has been founded in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The Group owns 50% of the Şehrıstan Project in Erzurum. The residences in the project will be offered for sale. The financial information of Halk GYO-Erkonut is summarized in the following tables. The financial information of Halk GYO-Erkonut as per the shareholding and voting rights is as follows:

	31 December 2022	31 December 2021
Current assets	702,182	1,194,951
Non-current assets	-	-
Current liabilities	127,605	(488,101)
	1 January- 31 December 2022	1 January- 31 December 2021
Profit for the period	<u>(206,499)</u>	<u>(487,666)</u>

#### Halk GYO-Teknik Yapı Joint Venture

Halk GYO-Teknik Yapı Joint Venture has been founded on 24 August 2017 in Turkey for

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

operating as a joint operation with 50% shares and 50% voting rights. The Group owns 50% of the İzmir Project in İzmir. The residences in the project will be offered for sale. The financial information of Halk GYO-Teknik Yapı is summarized in the following tables. The financial information of Halk GYO-Teknik Yapı as per the shareholding and voting rights is as follows:

## 3. INTERESTS IN OTHER ENTITIES (cont'd)

### b) Joint Operations (cont'd)

#### Halk GYO-Teknik Yapı Joint Venture (cont'd)

	31 December 2022	31 December 2021
Current assets	393,239,619	108,420,343
Non-current assets	11,077,153	5,101,291
Current liabilities	485,017,963	(166,931,035)
Non-current liabilities	1,387,438	(4,897,737)
	1 January- 31 December 2022	1 January- 31 December 2021
Profit/(loss) for the period	<u>23,551,786</u>	<u>2,879,582</u>

## 4. RELATED PARTY DISCLOSURES

Transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below:

	31 December 2022	31 December 2021
<u>Deposits at Halk Bank</u>		
Demand deposit	446,611,727	2,129,931
Term deposit	17,306,758	50,976,883
Pos accounts	300,000	-
	<u>463,918,485</u>	<u>53,106,814</u>
<u>Balances with related parties</u>		
Halk Varlık Yönetimi A.Ş. lease certificate issuance (Note 23)	(418,475,794)	747,962,082
Short-term loans received from Halk Bank	239,581,868	113,177,368
Long-term loans received from Halk Bank	832,388,026	22,928,788
Halk Leasing financial lease agreement (Note 23)	131,250,910	127,871,426
	<u>784,745,010</u>	<u>1,011,939,664</u>



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

cost amounting to TL 45,073,211 has been capitalized based on the principal payment amounting to TL 98,419,001 in 2022 (31 December 2021: borrowing cost amounting to TL 13,360,339).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 4. RELATED PARTY DISCLOSURES (cont'd)

1 January - 31 December 2022						
Transactions with related parties	Interest income	Interest expenses	Foreign currency difference expenses	Rent income	Other expense	Financial Expense / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(21,829,926)	55,628,754	-	(60,097,037)	955,599	(35,297,690)
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	104,656,153	-	-	-	(95,755,605)
Halk Leasing Finansal Kiralama A.Ş.	-	6,501,057	38,572,154	-	-	(45,073,211)
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	375,000	-
	<b>(21,829,926)</b>	<b>166,785,964</b>	<b>38,572,154</b>	<b>(60,097,037)</b>	<b>1,330,599</b>	<b>(176,126,506)</b>

1 January - 31 December 2021						
Transactions with related parties	Interest income	Interest expenses	Foreign currency difference expenses	Rent income	Other expense	Financial Expense / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(6,552,678)	13,953,501	-	(48,536,015)	1,156,995	(4,203,458)
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	89,729,513	-	-	-	(89,729,513)
Halk Leasing Finansal Kiralama A.Ş.	-	2,195,574	47,291,928	-	-	(13,360,339)
	<b>(6,552,678)</b>	<b>105,878,588</b>	<b>47,291,928</b>	<b>(48,536,015)</b>	<b>1,156,995</b>	<b>(107,293,310)</b>

### Compensation of key management personnel:

Key management personnel comprises members of Board of Directors and members of Execution Committee, General Manager and Deputy General Manager. Compensation of key management personnel comprises salaries, premium, healthcare insurance and transportation. The remuneration of key management during the period is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Salaries and other short-term benefits	3,716,816	2,371,433
	<b>3,716,816</b>	<b>2,371,433</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 5. TRADE RECEIVABLES AND PAYABLES

#### a) Trade Receivables:

The details of the Group's trade receivables as of balance sheet date are as follows:

	31 December 2022	31 December 2021
<u>Short-term trade receivables</u>		
Trade receivables	7,393,313	1,884,457
Notes receivable	205,234	-
Trade receivables from related parties (Note 4)	-	60
Income accruals	-	473,232
Provision for doubtful trade receivables (-)	(1,097,236)	(73,379)
	<u><b>6,501,311</b></u>	<u><b>2,284,370</b></u>

The short-term trade receivables of the Group arising from the residences sold and leased under the projects developed are as follows:

	31 December 2022	31 December 2021
<u>Short-term trade receivables from sale of residences and rental properties</u>		
Residences sold	208,488	1,316,913
<i>Bizimtepe Aydos project</i>	205,235	1,310,368
<i>Erzurum Şehristan project</i>	3,253	6,545
Lands sold	5,262,000	
Rented and sold investment properties (*)	2,128,059	567,604
	<u><b>7,598,547</b></u>	<u><b>1,884,517</b></u>

(\*) Lease receivables consist of trade receivables secured by guarantee letters.

As of 31 December 2022, the total of overdue trade receivables (notes) is TL 333,367 (31 December 2021: TL 41,982).

	31 December 2022	31 December 2021
<u>Long-term trade receivables</u>		
Trade receivables	-	252,234
Provision for doubtful trade receivables (-) (**)	-	(7,254)
	<u><b>-</b></u>	<u><b>244,980</b></u>

(\*\*) Consists of provisions for losses expected within the scope of TFRS 9.



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

Long-term trade receivables from sale of residences	31 December 2022	31 December 2021
Residences sold	-	252,234
<i>Bizimtepe Aydos project</i>	-	252,234
	-	<b>252,234</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 5. TRADE RECEIVABLES AND PAYABLES (cont'd)

### a) Trade Receivables (cont'd):

	1 January- 31 December 2022	1 January- 31 December 2021
<u>Movement of provision for doubtful trade receivables</u>		
Opening balance	(80,633)	(91,040)
Provisions released	-	10,407
Charge for the period	(1,016,603)	-
Closing balance	<b>(1,097,236)</b>	<b>(80,633)</b>

Explanations about the nature and level of risks related to trade receivables are provided in Note 24.

### b) Trade Payables:

The details of the Group's trade payables as of balance sheet date are as follows:

	31 December 2022	31 December 2021
<u>Short-term trade payables</u>		
Trade payables	384,892,135	55,522,078
Trade payables to related parties (Note 4)	27,430	10,021
	<b>384,919,565</b>	<b>55,532,099</b>
<u>Long-term trade payables</u>		
Trade payables to related parties (Note 4)	85,000,000	85,000,000
	<b>85,000,000</b>	<b>85,000,000</b>

Explanations about the nature and level of risks related to trade payables are provided in Note 24.

## 6. INVENTORIES

Land inventories	31 December 2021			Transfer to Fixed Asset	31 December 2022
	Cost value	Addition	Disposal		Cost value
Sancaktepe - Residence Project <sup>(1)</sup>	1,731,294		(1,533,815)	-	197,478
Kocaeli Dilovası Industrial Site <sup>(4)</sup>	-		-	-	-
İzmir Project <sup>(2)</sup>	90,101,802	238,369,766		-	328,471,568
Sakarya Adapazarı Project <sup>(3)</sup>	85,000,000	-		-	85,000,000
Kocaeli Dilovası Industrial Site Project <sup>(4)</sup>	7,228,532	73,455,729		-	80,684,261
<b>Total</b>	<b>184,061,629</b>	<b>311,825,495</b>	<b>(1,533,815)</b>	<b>-</b>	<b>494,353,308</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

Land inventories	31 December 2020			Transfer to Fixed Asset	31 December 2021
	Cost value	Addition	Disposal		Cost value
Referans Bakırköy Residence Project	96,507	-	(96,507)	-	-
Sancaktepe - Residence Project <sup>(1)</sup>	2,245,932	-	(445,694)	(68,943)	1,731,295
Erzurum - Şehristan Project	312,601	-	(312,601)	-	-
İzmir Project <sup>(2)</sup>	15,523,811	74,577,990	-	-	90,101,801
Kocaeli Dilovasi Industrial Site <sup>(4)</sup>	-	7,228,532	-	-	7,228,532
Sakarya Adapazarı Project <sup>(3)</sup>	-	85,000,000	-	-	85,000,000
<b>Total</b>	<b>18,178,851</b>	<b>166,806,522</b>	<b>(854,802)</b>	<b>(68,943)</b>	<b>184,061,628</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 6. INVENTORIES (cont'd)

(1) As at 16 October 2014, a land was purchased in Istanbul, Sancaktepe, Samandıra Mahallesi for TL 110,000,000 by Halk GYO-Vakıf GYO Joint Operation for real estate development project. The main contractor services agreement was signed at 22 October 2015 and the construction permit was granted on 6 November 2015. The Group issued the condominium deeds on 8 February 2019. As of 31 December 2022, sales revenue amounting to TL 12.810.980 and cost of sales amounting to TL 6.422.709. Taxes, duties and charges have been added to cost of sales. During the period, 15 independent units were disposed of from inventories and 17 independent units were disposed of from investment properties. (As of 31 December 2021, the delivery of 15 independent units in the project has been completed. Total sales amount is TL 8.628.831 and TL 2.926.002 is recognised as cost of sales. Cost of sales includes taxes, duties and charges).

(2) As of 24 August 2017, Halk GYO and Teknik Yapı Joint Operation signed a LSRSA contract for a mixed project on the parcels located in İzmir, Konak Province, Umurbey and Kuruçay districts and this amount comprise of the official expenses made for the project. There is no restriction on the land. In the scope of the 1st Phase LSRSA contract (Evora İzmir), building licenses for 486 residences, 58 commercial unit (Formerly 451 residences, 1 hotel, 1 cultural center) located on 8115 Island 3 parcel, 534 residences, 38 commercial units, 79 apart hotels (Former 497 residences, 35 commercial, 45 apart-hotels, 1 hotel, 3 art galleries) located on Island 8110, Parcel 1 (Former Island 7698, parcel 1) were updated on 11 April 2022. As of 11 April 2022, the total number of licensed independent sections is 1,195. (The number of independent sections with previous licenses is 1,034). As of 31 December 2022, sales promise agreements have been signed for 585 independent units (31 December 2021 : 487 independent units sales promise agreements have been signed).

(3) Between the Company and Haldız İnşaat Otomotiv ve Ticaret AŞ, the group company Faver Proje Geliştirme İnşaat Sanayi ve Ticaret AŞ and Haldız İnşaat Otomotiv ve Ticaret AŞ, the parent of the Company, to whom the Bank is indebted, a "Cooperation Protocol" has been signed to develop a project on a 59,314.46 sqm land located in Adapazarı District, Tepekum District, block 4932, parcel 1, area number G24B24B4D. According to the agreement between the parties, 65% of the revenue to be obtained from this project is owed by Haldız İnşaat Otomotiv ve Ticaret AŞ (contractor), 30% by Haldız İnşaat Otomotiv ve Ticaret AŞ, our main shareholder, the Bank, and 5% (The expected minimum revenue share of the Company is TL 30 million) will be the Company's share. The Company included the land in its portfolio on 30 December 2021. In addition, a revenue sharing business agreement was signed on 14.01.2021 within the scope of this protocol. The planning work of the project is still continuing. The construction permit works of the project were completed on 02.11.2022 and construction permits were obtained for 460 independent sections, including 34 commercial and 426 residences. As of the reporting period, official business and transactions and sales planning studies continue.

(4) Halk Yapı Projeleri Geliştirme A.Ş. established Halk Yapı Projeleri Gelişim A.Ş. on 15 December 2020 to develop all kinds of real estate projects. The entire capital of the company established belongs to Halk GYO. The newly established Halk Yapı Projeleri Development A.Ş. signed a "revenue sharing agreement in return for the sale of land" on 12 February 2021 to develop an Industrial Site Project in Kocaeli Dilovası, with 50% – 50% revenue sharing. The revenue sharing agreement in return for land sales, which was signed on 07.07.2022 with 50% – 50% revenue sharing, has been revised so that the revenue sharing distribution belongs to Marmara Metal Mamulleri Ticaret A.Ş. at a rate of 47% and to Halk Yapı Projeleri Geliştirme A.Ş. at a rate of 53%. The construction permits of the project have been obtained as of 01.09.2022 and the project consists of a total of 350 independent sections including 307 Workshops, 24 Shops, 18 Offices and 1 Office (Health Centre), the project name has been determined as Dilovası Modern Industrial Site. The main contractor agreement was signed on 19.09.2022 for the construction activities of the project. During the reporting period, 74 independent section sales promise agreements were signed.

### 7. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
Short-Term Prepaid Expenses		
Order advances given	3,163,738	-
Prepaid insurance expense	100,300	208,499
Other	-	52,381
	<b>3,264,038</b>	<b>260,880</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

	31 December 2022	31 December 2021
<u>Long-Term Prepaid Expenses</u>		
Investment advances given	138,494,678	82,751,648
Investment advances given to related parties	1,899,844	561,536
Other	257,494	156,734
	<b>140,652,016</b>	<b>83,469,918</b>

	31 December 2022	31 December 2021
<u>Investment Advances Given</u>		
Kocaeli Dilovasi Industrial Site	105,600,000	-
İstanbul Finance Center project	26,855,918	80,656,680
İzmir Evora project	7,938,604	2,656,504
	<b>140,394,522</b>	<b>83,313,184</b>

## 8. LIABILITIES ARISING FROM CUSTOMER CONTRACTS

	31 December 2022	31 December 2021
<u>Liabilities Arising from Short-Term Customer Contracts</u>		
Prepaid rents	210,000,000	-
Income from sale of property received in advance	100,000,000	-
İzmir Evora Project	243,550,110	94,452,132
Dilovası Modern Industrial Site Project	365,554,058	-
Paye Sakarya Project	1,177,500	-
Bizimtepe Aydos Project	35,222	108,256
Erzurum Şehristan Project	3,803	359,153
Bakırköy Project	768	768
	<b>920,321,461</b>	<b>94,920,309</b>

	31 December 2022	31 December 2021
<u>Liabilities Arising from Long-Term Customer Contracts</u>		
Prepaid rents	630,000,000	-
	<b>630,000,000</b>	-

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 9. INVESTMENT PROPERTIES

#### Fair value measurement of the Group's investment properties

As of 31 December 2021, the fair value of the Group's investment properties has been determined by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company from the Group. Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by the CMB and provides real estate valuation services in accordance with the Capital Markets Legislation and has sufficient experience and qualifications in the fair value measurement of real estates in the relevant regions. The fair value of the properties owned is determined according to the arm's length approach and cost value reflecting the current transaction prices for similar properties.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	Fair value as of the reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	312,580,000	-	312,580,000	-
Buildings	4,907,585,000	-	2,813,115,000	2,094,470,000
Investment properties under construction	7,727,692,000	-	110,560,000	7,617,132,000
	<b>12,947,857,000</b>	<b>-</b>	<b>3,236,255,000</b>	<b>9,711,602,000</b>

	31 December 2021	Fair value as of the reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	52,000,000	-	52,000,000	-
Buildings	1,659,667,500	-	997,667,500	662,000,000
Investment properties under construction	2,430,590,000	-	36,500,000	2,394,090,000
	<b>4,142,257,500</b>	<b>-</b>	<b>1,086,167,500</b>	<b>3,056,090,000</b>

There has been no transition between Level 1 and Level 2 in the current period.

As of 31 December 2022, the total amount of insurance on investment properties is TL 5,595,214,545 (31 December 2021: TL 1,979,880,598). As of 31 December 2021, the total amount of capitalized finance expenses on investment properties is TL 431,011,760 (31 December 2021: TL 253,607,419).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 9. INVESTMENT PROPERTIES (cont'd)

	31 December 2021				Fair Value Difference	31 December 2022 Fair value
	Fair value	Addition	Disposal	Transfer		
<b>Investment properties</b>						
İstanbul Sahpazarı Land	10,000,000	-	-	-	7,050,000	17,050,000
İstanbul Beyoğlu Land	30,000,000	2,064,741	-	(32,064,741)	-	-
Erzurum Yakutiye Land	12,000,000	-	(12,000,000)	-	-	-
Antalya Muratpaşa Land	-	204,000,000	-	-	91,530,000	295,530,000
<b>Total lands</b>	<b>52,000,000</b>	<b>206,064,741</b>	<b>(12,000,000)</b>	<b>(32,064,741)</b>	<b>98,580,000</b>	<b>312,580,000</b>
İstanbul Karaköy Building	51,000,000	-	-	-	149,000,000	200,000,000
İstanbul Sahpazarı Building	117,000,000	-	-	-	286,000,000	403,000,000
İzmir Konak Building-1	48,000,000	-	-	-	73,000,000	121,000,000
Ankara Kızılay Building	30,000,000	-	-	-	32,000,000	62,000,000
İstanbul Beşiktaş Building	31,000,000	-	-	-	51,000,000	82,000,000
İstanbul Etiler Building	32,000,000	-	-	-	61,000,000	93,000,000
İstanbul Şişli Building	28,000,000	-	-	-	47,000,000	75,000,000
İzmir Konak Building-2	27,500,000	-	-	-	34,000,000	61,500,000
Ankara Başkent Building	18,600,000	-	-	-	19,400,000	38,000,000
İstanbul Bakırköy Building	37,000,000	-	-	-	39,500,000	76,500,000
Bursa Building	23,400,000	-	-	-	16,600,000	40,000,000
Ankara Bahçelievler Building 1	15,900,000	-	-	-	10,600,000	26,500,000
Kocaeli Building	19,500,000	-	-	-	22,310,000	41,810,000
İstanbul Fatih Building	20,500,000	-	-	-	21,800,000	42,300,000
İstanbul Caddebostan Building	36,500,000	-	-	-	75,500,000	112,000,000
Ankara Bahçelievler Building-2	11,250,000	-	-	-	8,750,000	20,000,000
İstanbul Ataköy Building	20,250,000	-	-	-	40,150,000	60,400,000
İstanbul Nişantaşı Building	15,000,000	-	-	-	39,000,000	54,000,000
Halkbank Finance Tower	436,500,000	-	-	-	813,500,000	1,250,000,000
Levent Hotel	350,000,000	-	-	-	871,000,000	1,221,000,000
Kocaeli Şekerpinar A Block	195,000,000	699,298	-	-	99,600,702	295,300,000
Kocaeli Şekerpinar Office Project	115,000,000	-	-	-	60,170,000	175,170,000
Sakarya Adapazarı Building (New Building)	12,550,000	-	-	-	14,555,000	27,105,000
Gayrettepe Building	-	177,301,500	-	-	152,698,500	330,000,000
Bizimtepe Aydos T 13 No BB (Empty)	282,500	-	(282,500)	-	-	-
Bizimtepe Aydos T 15 No BB	262,500	-	(262,500)	-	-	-
Bizimtepe Aydos T 16 No BB Hairdresser	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 26 No BB Nuts Shop	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 25 No BB Pharmacy	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	1,315,000	-	(1,315,000)	-	-	-
Bizimtepe Aydos T 40	160,000	-	(160,000)	-	-	-
Bizimtepe Aydos T 41	150,000	-	(150,000)	-	-	-
Bizimtepe Aydos T 42-43-44 No BB Gift Shop	455,000	-	(455,000)	-	-	-
Bizimtepe Aydos T 27-28 No BB Real Estate Agency	-	-	-	-	-	-
Bizimtepe Aydos T 14 No BB Real Estate Agency	282,500	-	(282,500)	-	-	-
Bizimtepe Aydos T 29	145,000	-	(145,000)	-	-	-
Bizimtepe Aydos T 30-31-32 No BB Real Estate Agency	435,000	-	(435,000)	-	-	-
<b>Total buildings</b>	<b>1,696,167,500</b>	<b>178,000,798</b>	<b>(4,717,500)</b>	<b>-</b>	<b>3,038,134,202</b>	<b>4,907,585,000</b>
İstanbul International Finance Center Project	2,394,090,000	1,877,831,710	-	-	3,345,210,290	7,617,132,000
İstanbul Caddebostan Building Urban Transformation Project	-	-	-	-	-	-
İstanbul Beyoğlu Project	-	-	-	32,064,741	78,495,259	110,560,000
<b>Total investment properties under development</b>	<b>2,394,090,000</b>	<b>1,877,831,710</b>	<b>-</b>	<b>32,064,741</b>	<b>3,423,705,549</b>	<b>7,727,692,000</b>
<b>Total</b>	<b>4,142,257,500</b>	<b>2,261,897,249</b>	<b>(16,717,500)</b>	<b>-</b>	<b>6,560,419,751</b>	<b>12,947,857,000</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 9. INVESTMENT PROPERTIES (cont'd)

Investment properties	31 December 2020				31 December 2021	
	Fair value	Addition	Disposal	Transfer	Fair Value	Difference
Istanbul Salpazarı Land	9,120,000	--	--	--	880,000	10,000,000
Erzurum Yakutiye Land	10,350,000	--	--	--	1,650,000	12,000,000
Istanbul Beyoğlu Land	--	--	--	35,000,000	(5,000,000)	30,000,000
Erzurum Palandöken Lands	12,600,000	--	(12,600,000)	--	--	--
Sakarya Adapazarı Land	10,000,000	--	(10,000,000)	--	--	--
<b>Total lands</b>	<b>42,070,000</b>	<b>--</b>	<b>(22,600,000)</b>	<b>--</b>	<b>(2,470,000)</b>	<b>52,000,000</b>
Istanbul Karaköy Building	45,000,000	--	--	--	6,000,000	51,000,000
Istanbul Salpazarı Building	100,000,000	--	--	--	17,000,000	117,000,000
Izmir Konak Building-1	38,500,000	--	--	--	9,500,000	48,000,000
Ankara Kızılay Building	25,000,000	--	--	--	5,000,000	30,000,000
Istanbul Beyoğlu Building	35,000,000	--	--	(35,000,000)	--	--
Istanbul Beşiktaş Building	25,750,000	--	--	--	5,250,000	31,000,000
Istanbul Etiler Building	26,500,000	--	--	--	5,500,000	32,000,000
Istanbul Şişli Building	22,500,000	604,630	--	--	4,895,370	28,000,000
Izmir Konak Building-2	21,000,000	--	--	--	6,500,000	27,500,000
Ankara Başkent Building	15,170,000	--	--	--	3,430,000	18,600,000
Istanbul Bakırköy Building	31,000,000	--	--	--	6,000,000	37,000,000
Bursa Building	19,250,000	--	--	--	4,150,000	23,400,000
Ankara Bahçeçievler Building 1	13,000,000	--	--	--	2,900,000	15,900,000
Kocaeli Building	16,000,000	--	--	--	3,500,000	19,500,000
Istanbul Fatih Building	16,750,000	--	--	--	3,750,000	20,500,000
Ankara Bahçeçievler Building 2	9,400,000	--	--	--	1,850,000	11,250,000
Istanbul Ataköy Building	16,750,000	--	--	--	3,500,000	20,250,000
Istanbul Caddebostan Building	--	--	--	30,678,939	5,821,061	36,500,000
Istanbul Nişantaşı Building	12,500,000	--	--	--	2,500,000	15,000,000
Halkbank Finance Tower	349,655,000	--	--	--	86,845,000	436,500,000
Levent Hotel	286,200,000	14,066,360	--	--	49,733,640	350,000,000
Kocaeli Şekerpınar A Block	171,000,000	--	--	--	24,000,000	195,000,000
Kocaeli Şekerpınar Office Project	103,000,000	--	--	--	12,000,000	115,000,000
Sakarya Adapazarı Building (New Building)	--	10,200,000	--	--	2,350,000	12,550,000
Istanbul Caddebostan Building	30,440,000	--	--	--	--	--
Bizimtepe Aydos T 1-2-3 No BB Nursery	2,615,000	--	(2,615,000)	--	--	--
Bizimtepe Aydos T 17-18-19-20-21-22 No BB Market	1,840,000	--	(1,840,000)	--	--	--
Bizimtepe Aydos T 13 No BB Nuts Shop	245,000	--	--	--	37,500	282,500
Bizimtepe Aydos T 16 No BB Hairdresser	380,000	--	--	--	30,000	410,000
Bizimtepe Aydos T 26 No BB Real Estate Agency	327,500	--	--	--	82,500	410,000
Bizimtepe Aydos T 25 No BB Pharmacy	327,500	--	--	--	82,500	410,000
Bizimtepe Aydos T 15 No BB	--	68,943	--	--	193,557	262,500
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	1,060,000	--	--	--	255,000	1,315,000
Bizimtepe Aydos T 39-40-41-42-43-44 No BB Gift Shop	797,500	--	(135,000)	--	102,500	765,000
Bizimtepe Aydos T 27-28 No BB Real Estate Agency	255,000	--	(255,000)	--	--	--
Bizimtepe Aydos T 14 No BB Real Estate Agency	245,000	--	--	--	37,500	282,500
Bizimtepe Aydos T 29-30-31-32 No BB Real Estate Agency	500,000	--	--	--	80,000	580,000
<b>Total buildings</b>	<b>1,407,517,500</b>	<b>24,939,933</b>	<b>(4,845,000)</b>	<b>(4,321,061)</b>	<b>272,876,128</b>	<b>1,696,167,500</b>
Istanbul International Finance Center Project	1,780,000,000	510,747,782	--	--	103,342,218	2,394,090,000
Istanbul Caddebostan Building Urban Transformation Project	30,440,000	238,939	--	(30,678,939)	--	--
<b>Total investment properties under development</b>	<b>1,810,440,000</b>	<b>510,986,721</b>	<b>--</b>	<b>(30,678,939)</b>	<b>103,342,218</b>	<b>2,394,090,000</b>
<b>Total</b>	<b>3,260,027,500</b>	<b>535,926,654</b>	<b>(27,445,000)</b>	<b>(35,000,000)</b>	<b>373,748,346</b>	<b>4,142,257,500</b>



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 9. INVESTMENT PROPERTIES (cont'd)

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

Investment Properties	Acquisition Date	Acquisition Amount	Appraisal Method	Appraisal Date	Appraisal Value	Leases	Rent Income (2022) (TL)	Direct operating/ maintenance expenses (2022) (TL)	Rent Income (2021) (TL)	Direct operating/ maintenance expenses (2021) (TL)
İstanbul Salpazarı Land	26 January 2018	5,178,343	Comparable Sales Approach	29 November 2022	17,050,000		-	-	114,676	64,072
Erzurum Yakutiye Land 1	30 September 2019	10,047,000	Comparable Sales Approach	-	-		-	-	15,935	17,398
Erzurum Palandöken Land 2	5 September 2019	4,455,000	Comparable Sales Approach	-	-		-	-	-	7,417
Antalya Muratpaşa Land22	22 April 2022	204,000,000	Comparable Sales Approach	21 December 2022	295,530,000		-	-	9,579	-
<b>Total lands</b>		<b>223,680,343</b>			<b>312,580,000</b>		-	-	<b>140,190</b>	<b>88,887</b>
Ankara Bahçelievler Building 1	28 October 2010	6,681,356	Comparable Sales Approach	9 November 2022	26,500,000	Halk Bankası A.Ş.	1,246,325	25,440	987,344	20,441
Ankara Bahçelievler Building 2	28 October 2010	5,684,746	Comparable Sales Approach	22 November 2022	20,000,000	İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	810,179	7,614	421,970	6,121
Ankara Başkent Building	28 October 2010	9,541,729	Comparable Sales Approach	29 November 2022	38,000,000	Ceda Akaryakıt İnş. Emlak Tur. Ltd Şti, Halkbank A.Ş.	1,895,888	323,179	1,495,071	45,038
Ankara Kızılay Building	28 October 2010	12,475,237	Comparable Sales Approach	12 December 2022	62,000,000	Halk Bankası A.Ş.	2,414,754	50,220	1,912,979	69,753
Ataşehir Finance Tower	12 January 2012	126,548,795	Comparable Sales Approach	1 November 2022	1,250,000,000	Halk Bankası A.Ş.	23,595,000	714,357	20,103,000	550,903
Bursa Building	28 October 2010	8,500,000	Comparable Sales Approach	7 December 2022	40,000,000	Halk Bankası A.Ş.	1,869,487	97,643	1,481,016	29,148
İstanbul Ataköy Building	28 October 2010	5,061,500	Comparable Sales Approach	26 December 2022	60,400,000	Halk Bankası A.Ş.	1,480,011	31,630	1,172,471	58,283
İstanbul Bakırköy Building	28 October 2010	9,023,500	Comparable Sales Approach	7 December 2022	76,500,000	Halk Bankası A.Ş.	2,648,440	33,428	2,098,106	48,229
İstanbul Beşiktaş Building	27 October 2010	11,893,840	Comparable Sales Approach	7 December 2022	82,000,000	Halk Bankası A.Ş.	2,258,964	33,350	1,789,561	24,724
İstanbul Etiler Building	27 October 2010	11,000,000	Comparable Sales Approach	5 December 2022	93,000,000	Halk Bankası A.Ş.	1,885,066	108,208	1,493,358	41,225
İstanbul Fatih Building	28 October 2010	6,380,000	Comparable Sales Approach	6 December 2022	42,300,000	Halk Bankası A.Ş.	1,261,904	58,220	999,686	91,680
İstanbul Karaköy Building 4	2 November 2010	23,500,000	Comparable Sales Approach	22 December 2022	200,000,000	Halk Bankası A.Ş.	1,872,000	267,752	-	61,887
İstanbul Nişantaşı Building21	2 November 2010	5,000,000	Comparable Sales Approach	13 December 2022	54,000,000	Halk Bankası A.Ş.	1,043,797	15,934	826,901	17,100
İstanbul Salpazarı Building	28 October 2010	38,050,960	Revenue Discount Method	20 December 2022	403,000,000	Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	12,231,658	663,775	4,944,577	397,778
İstanbul Şişli Building	2 November 2010	11,000,000	Comparable Sales Approach	7 December 2022	75,000,000	Halk Bankası A.Ş.	1,916,224	210,712	1,518,041	85,492
İzmir Konak Building-1	2 November 2010	13,400,000	Comparable Sales Approach	6 December 2022	121,000,000	Halk Bankası A.Ş.	64,966	271,599	981,447	81,578
İzmir Konak Building-2	2 November 2010	10,290,000	Comparable Sales Approach	9 December 2022	61,500,000	Halk Bankası A.Ş.	709,344	177,057	728,960	473,694
Kocaeli Building	28 October 2010	6,519,193	Comparable Sales Approach	12 December 2022	41,810,000	Halk Bankası A.Ş.	1,557,906	27,363	1,234,180	19,582
Kocaeli Şekerpınar Block-A	11 September 2012	67,860,443	Revenue Discount Method	22 December 2022	295,300,000	Halk Bankası A.Ş.	12,486,693	423,620	9,746,158	333,956
Kocaeli Şekerpınar Block-B 5	11 September 2012	39,830,221	Revenue Discount Method	22 December 2022	175,170,000	-	-	866,125	-	615,579
Levent Otel Building17	3 November 2010	91,186,481	Revenue Discount Method	21 December 2022	1,221,000,000	Caba İnşaat Enerji Tur. San. ve Tic. A.Ş.	38,223,078	1,028,312	3,729,878	956,439
Sakarya Adapazarı Building-23	15 January 2021	10,200,000	Comparable Sales Approach	28 December 2022	27,105,000	Halk Bankası A.Ş.	531,024	32,717	426,097	18,272
İstanbul Cadedebostan Building20	3 November 2010	6,300,000	Comparable Sales Approach	1 December 2022	112,000,000	-	-	157,289	-	33,659
İstanbul Gayrettepe Building23	13 May 2022	177,301,500	Comparable Sales Approach	21 December 2022	330,000,000	-	-	305,154	-	-
Bizimtepe Aydos T 1-2-3 No BB Nursery6	10 April 2019	1,462,550	Comparable Sales Approach	-	-	Yakın Ufuklar Eğitim Kurumları A.Ş.	-	-	204,970	5,845
Bizimtepe Aydos T 13 No BB 8	23 May 2019	103,601	Comparable Sales Approach	-	-	Gerçek Kişi	6,250	190	7,106	389
Bizimtepe Aydos T 14 No BB Real Estate Agency15	10 April 2019	103,601	Comparable Sales Approach	-	-	Gerçek Kişi	5,646	117	11,370	398
Bizimtepe Aydos T 15 No BB19	27 August 2021	145,966	Comparable Sales Approach	-	-	Demirbey İnşaat Tic.İd.Şti.	7,500	71	4,500	53
Bizimtepe Aydos T 16 No BB 9	10 June 2019	106,997	Comparable Sales Approach	-	-	Demirbey İnşaat Tic.İd.Şti.	7,850	139	15,560	501
Bizimtepe Aydos T 17-18-19-20-21-22 No BB7	16 April 2019	799,931	Comparable Sales Approach	-	-	Mopaş Marketçilik Gıda San. ve Tic. A.Ş.	-	-	181,735	1,947
Bizimtepe Aydos T 23-24 No BB 12	30 October 2019	323,378	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19, Migros Ticaret A.Ş.	15,750	1,402	52,066	2,044
Bizimtepe Aydos T 25 No BB 11	1 October 2019	134,490	Comparable Sales Approach	-	-	Real Person	4,613	583	19,080	508
Bizimtepe Aydos T 26 No BB 10	19 September 2019	135,420	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19,Real Person	4,638	585	17,000	510
Bizimtepe Aydos T 27-28 No BB14	27 March 2020	92,250	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19	-	-	750	427
Bizimtepe Aydos T 29-30-31-32 No BB 16	27 April 2020	181,305	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19	-	198	1,500	265
Bizimtepe Aydos T 39-40-41-42-43-44 No BB13	22 November 2019	288,565	Comparable Sales Approach	-	-	Meşgalem Hediye San. A.Ş.,Yağmuroğlu Plastik San.ve Tic.Ltd.Şti.	18,574	1,471	10,180	1,315
<b>Total buildings</b>		<b>717,107,554</b>			<b>4,907,585,000</b>		<b>112,073,529</b>	<b>5,935,452</b>	<b>58,616,618</b>	<b>4,094,763</b>
İstanbul Finance Center Project	28 October 2010	229,846,920	Cost Method	27 December 2022	7,617,132,000		-	-	-	-
İstanbul Beyoğlu Land 3	28 October 2010	12,000,000	Comparable Sales Approach	28 December 2022	110,560,000		-	-	-	64,049
<b>Total investment properties under development</b>		<b>241,846,920</b>			<b>7,727,692,000</b>		-	-	-	<b>64,049</b>
<b>Total</b>		<b>1,182,634,817</b>			<b>12,947,857,000</b>		<b>112,073,529</b>	<b>6,075,642</b>	<b>58,616,618</b>	<b>4,247,699</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 9. INVESTMENT PROPERTIES (cont'd)

1- A contract was signed on 18.07.2022 for the sale of Erzurum Yakutiye Land to Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş.

2- Erzurum Palandöken Land was transferred from Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş. to Halk GYO A.Ş. on 28.05.2021.

3- The lease agreement of Istanbul Beyoğlu Building with T.Halk Bankası A.Ş. has expired as of 15.02.2020. A lease agreement including the renovation of the building was signed with Taksim Investment Gayrimenkul A.Ş. on 22.10.2020. The building was demolished to be rebuilt and registered as "Land" on 02.12.2021 in the land registry. Rental income will start to be obtained 20 months after the necessary construction permits are obtained for the reconstruction of the building.

4- Istanbul Karaköy Building lease agreement has expired as of 23.10.2017. A new lease agreement was signed with Halk Bankası A.Ş. on 31.12.2021 for the building. Rental income started to be obtained from the building as of 01 May 2022.

5- Marketing activities continue for Kocaeli Şekerpınar B Block Building

6- Bizimtepe Aydos T Blok Independent Sections Numbered 01,02,03 (Nursery) were leased to Yakın Ufuklar Eğitim Kurumları A.Ş. on 10.04.2019 and related independent departments were transferred to Aydın Aydın Copyright Marka Patent Ltd. Şti. on 30.12.2021.

7- Bizimtepe Aydos Trade Block Independent Sections Numbered 17,18,19,20,21,22 (Market) were leased to Mopaş Marketçilik Gıda San ve Tic A.Ş. on 16.04.2019 the related independent sections were sold to Real Persons on 29.09.2021.

8- The lease agreement with the real person tenant of Bizimtepe Aydos Ticaret Blok No. 13 Independent Section has expired as of 30.04.2021, and a new lease agreement was signed with Nefes Global İnş.Dan.Hizm.San.Tic.Ltd.Şti. on 15.09.2021. As of 15.10.2021, rental income started to be obtained. The related independent section was sold to Bahrili Madencilik Turizm Ticaret San.Ltd.Şti. on 27.05.2022.

9- The lease agreement made with the real person tenant of Bizimtepe Aydos Ticaret Blok No.16 Independent Section has expired on 31.08.2021. A new lease agreement has been signed with Demirbey İnşaat Tic.Ltd.Şti. to be effective as of 01.09.2021. The related independent section was sold to Cenin İnşaat San ve Tic. A.Ş. on 07.06.2022.

10- The lease agreement signed with Arge Emlak ve Emlak Yönetim A.Ş., the tenant of Bizimtepe Aydos Ticaret Blok No. 26 Independent Section, has expired as of 28.02.2021. While the vacant independent section was leased to a Real Person as of 01.05.2021, it was transferred to a Real Person on 16.03.2022.

11- Bizimtepe Aydos Ticaret Blok No. 25 Independent Section was leased to a Real Person on 01.10.2019 and transferred to a Real Person on 17.03.2022.

12- Bizimtepe Aydos Ticaret Blok No. 23.24 The Lease Agreement signed with Arge Emlak ve Emlak Yönetim A.Ş. for the Independent Sections expired on 30.11.2021, while it was leased with Migros Ticaret A.Ş. on the same date for the related independent sections, it was transferred to İmpo İmar A.Ş. on 21.03.2022.

13- The lease agreement made with Meşgalem Gift Sanayi A.Ş., tenant of Bizimtepe Aydos Ticaret Blok No. 39,40,41,42,43,44 Independent Sections, expired on 12.03.2021. A new lease agreement was signed on 01.10.2021 for the Independent Sections of Bizimtepe Aydos Ticaret Blok 42,43,44 and the Independent Section No. 40 was transferred to a Real Person on 18.03.2022.

14- The lease agreement signed with Arge Emlak ve Emlak Yönetim A.Ş., the tenant of Bizimtepe Aydos Ticaret Blok No. 27,28 Independent Sections, has expired as of 31.01.2021. Related independent sections were transferred to Real Person on 10.12.2021 and 20.12.2021

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 9. INVESTMENT PROPERTIES (cont'd)

15- The lease agreement signed with Habıtađ Gayrimenkul İnř.Eml.Eđit. Danıř.ve Paz. Tic. A.ř., tenant of Bizimtepe Aydos Ticaret Blok No.14 Independent Section, expired on 31.01.2021 and the independent sections were leased to Real Persons as of 01.02.2021. The related independent section was sold to Bahriili Madencilik Turizm Ticaret San.Ltd.řti. on 27.05.2022

16- The lease agreement made with Arge Emlak ve Emlak Yönetim A.ř., the tenant of Bizimtepe Aydos Ticaret Blok No. 29,30,31,32 Independent Sections, expired on 31.01.2021. The independent section of the Trade Block no. 30 was sold to Real Persons on 27.05.2022, the independent section no. 31 on 11.05.2022, and the independent section no. 32 on 11.05.2022

17- The lease agreement with Dedeman Turizm Yönetim A.ř. for the Levent Hotel Building was terminated as of 31 December 2020 and a lease agreement was signed with Caba İnřaat Enerji Tur. San. ve Tic. A.ř. to start in 2021. The renovation process of the building ended on 01.10.2021 and rental income started to be obtained.

18- Tenant Akatlı Grup Gayrimenkul İnř San ve Dıř Tic Ltd řti changed its title and started to use the title of Arge Emlak ve Emlak Yönetim A.ř.

19- Bizimtepe Aydos Trade Block No. 15 Independent Sections were leased to Demirbey İnřaat Tic.ltd.řti. on 01.09.2021. The related independent section was sold to Cenin İnřaat San. ve Tic. A.ř. on 07.06.2022.

20- After the Caddebostan Urban Transformation Project was completed and the condominium title deeds of the building were received on 08.07.2021, the related project was classified as a building as of this date. Marketing activities of the building continue.

21- İstanbul Niřantařı building was transferred to the subsidiary of the company, Halk Yapı Projeleri Geliřtirme Ař, on 28.12.2020.

22- Antalya Muratpařa Land was purchased on 22.04.2022 from T.Halk Bankası A.ř.

23- İstanbul Gayrettepe Building was purchased from T.Halk Bankası A.ř. on 13.05.2022.

### Operating leases

#### The Group as lessor

The Group has signed operating leases with Halkbank, Ceda Akaryakıt Turizm, Sapaz Otelcilik Turizm, Caba İnřaat Otelcilik, İpekyol Giyim, Mopař Marketçilik, Demirbey İnř., Yađmurođlu Plastik, Migros and 3 real persons. As of 31 December 2022 and 31 December 2021, annual minimum lease amounts concerning the remaining lease terms are as follows:

	31 December 2022	31 December 2021
<u>Operating leases</u>		
Less than one year	312,604,822	69,865,544
Between one and five years	900,490,099	227,943,482
More than five years	343,399,335	242,228,386
	<u><b>1,556,494,256</b></u>	<u><b>540,037,412</b></u>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 10. PROPERTY, PLANT AND EQUIPMENT

<b>Cost Value</b>	Furniture and fixture	Leashold improvements	Right-of use assets (*)	Total
Opening balance as of 1 January 2022	4,359,130	5,724,534	3,642,390	13,726,054
Additions	2,352,466	-	2,750,514	5,102,980
Disposals	(7,550)	-	(2,741,172)	(2,748,722)
Closing balance as of 31 December 2022	<b>6,704,046</b>	<b>5,724,534</b>	<b>3,651,732</b>	<b>16,080,312</b>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2022	(1,974,949)	(5,223,206)	(2,346,074)	(9,544,229)
Charge for the period	(789,941)	(498,985)	(1,010,035)	(2,298,961)
Disposals	7,550	-	2,741,172	2,748,722
Closing balance as of 31 December 2022	<b>(2,757,340)</b>	<b>(5,722,191)</b>	<b>(614,937)</b>	<b>(9,094,468)</b>
Net book value as of 31 December 2022	<b>3,946,706</b>	<b>2,343</b>	<b>4,266,669</b>	<b>6,985,844</b>
<b>Cost Value</b>				
	Furniture and fixture	Leashold improvements	Right-of use assets (*)	Total
Opening balance as of 1 January 2021	2,536,371	5,724,534	2,531,968	10,792,873
Additions	1,855,114	-	1,313,727	3,168,841
Disposals	(32,355)	-	(203,305)	(235,660)
Closing balance as of 31 December 2021	<b>4,359,130</b>	<b>5,724,534</b>	<b>3,642,390</b>	<b>13,726,054</b>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2021	(1,553,436)	(3,616,020)	(1,537,195)	(6,706,651)
Charge for the period	(453,868)	(1,607,186)	(1,012,184)	(3,073,238)
Disposals	32,355	-	203,305	235,660
Closing balance as of 31 December 2021	<b>(1,974,949)</b>	<b>(5,223,206)</b>	<b>(2,346,074)</b>	<b>(9,544,229)</b>
Net book value as of 31 December 2021	<b>2,384,181</b>	<b>501,328</b>	<b>1,296,316</b>	<b>4,181,825</b>

(\*) Assets arising from operating leases consist of assets that the Group uses within the scope of building and vehicle lease contract.

The depreciation periods of property, plant and equipment are as follows:

	Useful Life
Furniture and fixture	5 years
Leasehold improvements	3 years
Right-of use assets	3 years

Depreciation expenses of TL 540,695 (31 December 2021: TL 1,132,379) have been charged in marketing expenses and TL 1,409,054 (31 December 2021: TL 1,940,859) have been charged in general administrative expenses.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 11. INTANGIBLE ASSETS

<u>Cost Value</u>	<u>Other Intangible Assets</u>
Opening balance as of 1 January 2022	1,633,024
Additions	1,299,878
Closing balance as of 31 December 2022	<b>2,932,902</b>
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2022	(845,629)
Charge for the period	(114,142)
Closing balance as of 31 December 2022	<b>(959,771)</b>
Net book value as of 31 December 2022	<b>1,973,131</b>
<u>Cost Value</u>	<u>Other Intangible Assets</u>
Opening balance as of 1 January 2021	1,120,963
Additions	512,061
Closing balance as of 31 December 2021	<b>1,633,024</b>
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2021	(770,292)
Charge for the period	(75,337)
Closing balance as of 31 December 2021	<b>(845,629)</b>
Net book value as of 31 December 2021	<b>787,395</b>

Amortization expenses of TL 114,142 (31 December 2021: TL 75,337) have been charged in general administrative expenses.

The depreciation periods of property, plant and equipment are as follows:

	<u>Useful Life</u>
Other intangible assets	2-10 years

## 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

### a) Provisions

The details of the Group's provision for lawsuits as of 31 December 2022 are given below. As of 31 December 2021, the Group has no provision for lawsuits.

	<u>Provision for legal claims</u>
Balance as of 1 January 2022	-
Charge for the period	(687,487)
Balance as of 31 December 2022	<b>(687,487)</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

### b) Collateral, Pledge and Mortgage

As per the decision of the CMB, made in the meeting no. 28/780, dated 9 September 2009, in which the collateral-pledge-mortgages (“CPM”) given by publicly owned companies to the guarantee a third party’s debts;

For companies other than publicly owned investment trusts and financial institutions, no limitation is imposed;

i) For their own corporate identities,

ii) In favour of fully consolidated subsidiaries,

iii) In favour of 3rd parties in the normal course of their operations,

After the decision is published at the Public Disclosure Platform, publicly owned companies would not give commitments, except for those given under normal course of their operations, to natural entities or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitment has already been given it would be reduced to nil until 31 December 2014.

On behalf of the Company's own legal entity, there are 2 lawsuits filed by the Company in the commercial courts of first instance, 2 enforcement civil court cases and 1 administrative court file. In addition to this, there are 10 lawsuits/execution proceedings filed against Halk Gayrimenkul Yatırım Ortaklığı A.Ş., which are filed/or internal defendant-notified and ongoing. Of these, there are 2 consumer cases, 1 negative determination case before the commercial court of first instance, 3 civil cases, 1 cancellation case before the administrative court, 2 labor cases, and 1 execution proceeding. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

Halk GYO-Vakıf GYO Joint Venture has 3 case in enforcement court which is ongoing, and it also has 28 consumer cases and 10 case proceeding in enforcement court against Halk GYO-Vakıf GYO joint venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There is no consumer cases filed by Halk GYO-Er konut Joint Venture. However, there is 1 case in first instance court filed and ongoing against the Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There are 1 consumer case, 2 enforcement court against Teknik Yapı-Halk GYO Joint Venture and an important administrative lawsuit concerning our Joint Venture. Although our company does not have any financial liability in the lawsuits against Teknik Yapı – Halk GYO Joint Venture, there is no need to set aside provisions for lawsuits and enforcement proceedings.

There is no legal process opened on behalf of Halk Yapı Projeleri Gelişim AŞ.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

### b) Collateral, Pledge and Mortgage (cont'd)

	31 December 2022	31 December 2021
A. CPMs Given for Company's Own Legal Personality		
	657,990,546	344,570,109
<i>-Collateral</i>	507,990,546	194,570,109
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	150,000,000	150,000,000
B. CPMs Given on Behalf of Fully Consolidated Companies		
	2,305,482,485	-
<i>-Collateral</i>	2,305,482,485	-
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	-	-
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties		
	405,743,669	237,067,888
<i>-Collateral</i>	405,743,669	237,067,888
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	-	-
D. Total Amount of Other CPMs	-	-
i. Total Amount of CPMs Given on Behalf of the Parent	-	-
<i>-Collateral</i>	-	-
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	-	-
ii. Total amount of CPMs given to on behalf of other Group Companies which are not in scope of B and C	-	-
<i>-Collateral</i>	-	-
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	-	-
iii. Total Amount of CPMs Given on Behalf of third parties which are not in scope of C	-	-
<i>-Collateral</i>	-	-
<i>-Pledge</i>	-	-
<i>-Mortgage</i>	-	-
<b>Total</b>	<b><u>3,369,216,700</u></b>	<b><u>581,637,997</u></b>



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

#### b) Collateral, Pledge and Mortgage (cont'd)

As of 31 December 2022 and 31 December 2021, the Group's guarantee letters and notes received are as follows:

Collateral, Pledge and Mortgage Received	Project	CPM Type	31 December 2022	31 December 2021
Kuzu Toplu Konut İnşaat A.Ş.	Dilovası Industrial Site	Letter of guarantee	212,000,000	-
YDA İnşaat San. ve Tic. A.Ş.	İstanbul Finance Center	Letter of guarantee	127,849,650	112,292,900
Buga Otis Asansör San.ve Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	56,481,920	59,566,104
Caba İnşaat Enerji Turizm San. ve Tic. A.Ş.	Levent Hotel (lessee)	Letter of guarantee	-	14,160,000
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	Levent Hotel (lessee)	Letter of guarantee	-	10,233,361
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Guarantee note	9,601,884	9,472,509
Taksim Yatırım Gayrimenkul A.Ş.	Beyoğlu Lease Contract	Letter of guarantee	5,594,720	5,594,720
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Letter of guarantee	5,000,000	-
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	541,258	3,258,789
UCD Yapı A.Ş.	İzmir Evora	Guarantee note	1,878,588	1,878,588
Haldiz İnşaat Otomotiv ve Tic.A.Ş.	Bizimtepe Aydos	Letter of guarantee	1,550,463	1,550,463
Entegre Proje Yönetim Dan.Müh.Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	1,369,136	1,326,617
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Letter of guarantee	647,697	-
Teknik Yapı Proje A.Ş.	İzmir Evora	Guarantee note	746,045	746,045
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Guarantee note	733,900	733,900
Kaf Ve İzmir Zemin Joint Venture	İzmir Evora	Guarantee note	714,365	714,365
Sigma Mühendislik Hizm.Dek.İnş.Ltd.Şti.	Dilovası Industrial Site	Letter of guarantee	339,010	339,010
İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	Ankara Bahçelievler (lessee)	Letter of guarantee	-	350,000
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (lessee)	Letter of guarantee	-	200,000
Duru Peyzaj Günseli Özdi	İzmir Evora	Guarantee note	191,875	191,875
Küp Proje Mimarlık Dan.İnş.San.ve Tic.Ltd.Şti.	Dilovası Industrial Site	Letter of guarantee	174,000	174,000
Artes Mühendislik Müşavirlik İnş.San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	178,328	-
Aktuna Ahşap San. Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	140,003	207,638
DLA Mühendislik Mimarlık San.Tic.A.Ş.	İzmir Evora	Guarantee note	124,621	-
Softeconomics Yazılım ve Danışmanlık Anonim Şirketi	Central Support Service Contract	Letter of guarantee	122,340	-
Aydoğan Dış Ticaret Anonim Şirketi	Car rental	Letter of guarantee	80,979	73,635
Bilkay İnsan Kay.Eğt.Dan.Ltd.Şti.	Central Support Service Contract	Letter of guarantee	70,000	70,000
Umut Utku Celep (Geotechnical Design and Consulting)	İzmir Evora	Guarantee note	54,910	54,910
Jeodinamik Yer Bilimleri Müh. İnş. San Tic Ltd Şti	İzmir Evora	Guarantee note	51,553	51,553
Arma Makine Elekt.İnşaat San.Tic.Ltd.Şti	İzmir Evora	Letter of guarantee	50,000	-
Aktif Taah. İnş.Elek.Nak.Tur.San.Tic.Ltd.Şti.	İzmir Evora	Guarantee note	42,435	42,435
DLA Mühendislik Mimarlık San.Tic.A.Ş.	İzmir Evora	Letter of guarantee	36,122	-
Armi Maket Arif Ünli	İzmir Evora	Guarantee note	30,000	30,000
Özgün Mühendislik İnş.Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	23,700	23,700
Zeha Mekanik Tesisat Müh.Hav.Sis.İnş.Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	20,493	20,493
Burcum Peyzaj İnşaat Turizm San Ltd Şti	İzmir Evora	Guarantee note	16,815	16,815
Dedeman Turizm Yönetimi A.Ş.	Levent Hotel (lessee)	Letter of guarantee	-	3,000,000
Özbüker Hafriyat İnş. Tur. San. Ve Tic. Ltd. Şti	İzmir Evora	Letter of guarantee	-	35,286
İsmail Serhan Kocabaş	İzmir Evora	Letter of guarantee	-	5,400
Manevra Otomotiv Petrol Tarım Tur.Gıda İnş. Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	-	139,725
Tan Oto Motorlu Araçlar TaşımaEiik ve İnş. Tic. Ltd.Şti.	Car rental	Letter of guarantee	-	33,239
Aktif Taah. İnş.Elek.Nak.Tur.San.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	12,300	12,300
Ulaştırma Proje Yönetim İnş.İth.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	5,000	5,000

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

#### b) Collateral, Pledge and Mortgage (cont'd)

Caba İnşaat Enerji Turizm San. ve Tic. A.Ş.	Levent Hotel (lessee)	Letter of guarantee	15,576,000	-
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	İstanbul Salpazarı (lessee)	Letter of guarantee	15,000,000	-
Analiz İklimlendirme Sistemleri Meka Kimya San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	7,955,313	-
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (lessee)	Surety contract	757,678	-
Özbüker Hafriyat İnş.Tur.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	316,965	-
AKG Yapı Dekorasyon İnşaat Limited Şirketi	Central Support Service Contract	Letter of guarantee	300,223	-
İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	Ankara Bahçelievler (lessee)	Letter of guarantee	254,000	-
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (lessee)	Letter of guarantee	200,000	-
HDY Filo Kiralama Hizmetleri Limited Şirketi	Car rental	Letter of guarantee	129,600	-
Simetri Filo Araç Kiralama Tur. Nak. Taş. ve Tic. A.Ş.	İzmir Evora	Letter of guarantee	63,504	-
Özbüker Hafriyat İnş.Tur.San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	56,589	-
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Guarantee note	646,432	-
Artes Mühendislik Müşavirlik İnş.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	138,239	-
Özgün Mühendislik İnş.Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	81,765	-
Other			-	36,225
			<b>467,950,419</b>	<b>226,641,601</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

#### b) Collateral, Pledge and Mortgage (cont'd)

31 December 2022

B. Total amount of CPMs given in favour of subsidiaries included in the scope of full consolidation	Letter of		Limit of Guarantee	Sales Under		Company Share 100%
	Letter of Guarantee	Conveyance		Guarantee	Guarantorship	
Halk Yapı Projeleri Geliştirme A.Ş. (*)	-	2,057,176,635	800,000,000	359,921,700	248,305,850	2,305,482,485
<b>Total</b>	<b>-</b>	<b>2,057,176,635</b>	<b>800,000,000</b>	<b>359,921,700</b>	<b>248,305,850</b>	<b>2,305,482,485</b>

(\*) As of 31.12.2022, within the scope of Halk Yapı Projeleri Geliştirme A.Ş., Dilovası Industrial Site Project, a total of TL 2,057,176,635 was given to T.Halk Bankası A.Ş., Akbank T.A.Ş., Albaraka Türk Katılım Bankası A.Ş. and Kuveyt Türk Katılım Bankası A.Ş.

31 December 2022

C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of		Limit of Guarantee	Company	Sales Under	Company
	Letter of Guarantee	Conveyance		Share 50%	Guarantee	Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	-	500,000,000	-	-	-
Halk GYO-Er Konut Joint Venture (**)	-	-	180,000,000	75,000	315,622	-
Teknik Yapı-Halk GYO Joint Venture (***)	97,337,337	714,000,000	-	405,668,669	-	405,668,669
<b>Total</b>	<b>97,337,337</b>	<b>714,000,000</b>	<b>680,000,000</b>	<b>405,743,669</b>	<b>315,622</b>	<b>405,668,669</b>

(\*) The balance consists of the guarantor fee given to the banks that the Group agreed in consideration of the loan amount when the customers of the pre-sales of residences at Bizimtepe Aydos Project use loans from these banks to buy residences in the scope of the relevant projects.

(\*\*) The balance consists of the guarantor fee given to the banks that the Group agreed in consideration of the loan amount when the customers of the pre-sales of residences at Erzurum Şehristan Project use loans from these banks to buy residences in the scope of the relevant projects.

(\*\*\*) In accordance to Teknik Yapı-Halk GYO Joint Operation İzmir Project, the joint operation has given guarantee letters for İzmir Konak Stage 1 Land Sale of Revenue Sharing amounting to TL 97,337,337 and the letter of conveyance to T.Halk Bankası A.Ş and Halk Faktoring amounting to TL 714,000,000 as of 31 December 2022.

31 December 2021

C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of		Limit of Guarantee	Company	Sales Under	Company
	Letter of Guarantee	Conveyance		Share 50%	Guarantee	Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	1,640,760	662,565,000	331,282,500	1,115,445	557,723
Halk GYO-Er Konut Joint Venture (**)	-	1,637,983	180,000,000	90,000,000	1,167,900	583,950
Teknik Yapı-Halk GYO Joint Venture (***)	107,852,431	364,000,000	-	-	-	235,926,216
<b>Total</b>	<b>107,852,431</b>	<b>367,278,743</b>	<b>842,565,000</b>	<b>421,282,500</b>	<b>2,283,345</b>	<b>237,067,889</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

#### b) Collateral, Pledge and Mortgage (cont'd)

The proportion of other CPM given by the Group to the Group's equity is as follows:

	31 December 2022	Equity Rate	31 December 2021	Equity Rate
A. CPMs Given for Company's Own Legal Personality	657,990,546	6.31%	344,570,109	10.44%
B. Total amount of CPMs given in favour of subsidiaries included in the scope of full consolidation				
<i>Halk Yapı Projeleri Geliştirme A.Ş.</i>	2,305,482,485	22.1%	-	0.00%
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties				
<i>Halk GYO-Vakıf GYO Joint Venture (*)</i>	-	0.00%	557,723	0.02%
<i>Halk GYO-Er Konut Joint Venture (**)</i>	75,000	0.00%	583,950	0.02%
<i>Teknik Yapı-Halk GYO Joint Venture (***)</i>	405,668,669	3.89%	235,926,216	7.15%

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 13. EMPLOYEE BENEFITS

### Short-term provisions for employee benefits

	31 December 2022	31 December 2021
Employee bonus accruals	2,874,195	1,404,213
Unused vacation accruals	2,834,584	1,395,173
	<b>5,708,779</b>	<b>2,799,386</b>

### Long-term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for employment termination benefits	2,969,613	1,292,061
	<b>2,969,613</b>	<b>1,292,061</b>

### Provision for retirement pay liability:

The movements of provision for retirement pay liability in the accounting periods for the years ended 31 December 2022 and 31 December 2021, are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Provision as of 1 January	1,292,061	817,067
Service cost	2,911,878	448,918
Interest cost	36,767	33,986
Actuarial loss/gain	(1,271,093)	(7,910)
Provision as of 31 December	<b>2,969,613</b>	<b>1,292,061</b>

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 19,982.83 for each period of service at 31 December 2022 (31 December 2021: TL: 10,848.59).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits*, stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. Accordingly, actuarial

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

assumptions used in calculation of total liabilities are described as follows:

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 13. EMPLOYEE BENEFITS (cont'd)

### Provision for retirement pay liability (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 2.85% real discount rate (31 December 2021: 3.87%) calculated by using 19.13% annual inflation rate and 22.52% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 4.55% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 19,982.83 which is in effect since 1 January 2023 is used in the calculation of the Group's provision for retirement pay liability (1 January 2022: TL 10,848.59).

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. If the discount rate would have been 1% higher/(lower), provision for employment termination benefits would decrease/(increase) by TL 134,727 / TL (159,204). If the anticipated turnover rate would have been 1% lower/(higher) while all other variables were held constant, provision for employment termination benefits would (increase)/decrease by TL (40,293) / TL 44,425.

## 14. OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
<u>Other Current Assets</u>		
Deferred VAT	222,746,823	37,196,410
Deposits and guarantees given	460,724	112,732
Business advances given	43,477	6,256
Other	6,508,845	5,428,053
	<b>229,759,869</b>	<b>42,743,451</b>
	31 December 2022	31 December 2021
<u>Other Non-Current Assets</u>		
Deferred VAT	-	64,085,748
	-	<b>64,085,748</b>

(\*\*) As of 31 December 2022, Halk GYO has no deferred VAT balance. (31 December 2021: TL 64,085,748).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 14. OTHER ASSETS AND LIABILITIES (cont'd)

	31 December 2022	31 December 2021
<u>Other Current Liabilities</u>		
Deposits and guarantees received(*)	68,097,002	19,767,376
Taxes and funds payable	51,785,155	4,699,812
Other miscellaneous payables and liabilities	874,143	418,731
	<b>120,756,300</b>	<b>24,885,919</b>

(\*) Deposits and guarantees received consist of cash guarantees received from contractors for projects under construction.

### 15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

#### a) Share Capital

As of 31 December 2022 and 31 December 2021, the share capital held is as follows:

Shareholders	Group	%	31 December 2022	%	31 December 2021
Halkbank	A	1.58	24,807,133	1.58	16,116,736
Halkbank (*)	B	70.38	1,105,000,876	70.38	717,898,620
Halk Yatırım Menkul Değerler A.Ş.	A	0.04	592,452	0.04	384,905
Halk Finansal Kiralama A.Ş.	A	<0.01	3	<0.01	2
Publicly traded	B	28.00	439,599,536	28.00	285,599,737
Nominal capital		100	1,570,000,000	100	1,020,000,000
<b>Total capital</b>			<b>1,570,000,000</b>		<b>1,020,000,000</b>

(\*) Türkiye Halk Bankası A.Ş. has 115,620,590.899, and Halk GYO A.Ş. has 33,160,262.98 nominal shares in the publicly traded held group as of 31 December 2022 (31 December 2021: 28,756,004.307 shares).

The Group shares are issued to the names into two groups; Group A and Group B. The Group A shares have the right to nominate the members of the Board of Directors (“BOD”). More than half of the BOD members are elected from the nominees of A Group shares and remaining members are elected from mutual nominees of A Group and B Group shares by the General Assembly. In capital increases new Group A shares are issued for Group A shares and new Group B shares are issued for Group B shares.

However, if the board of director restricts preemptive rights of shareholders, new shares are issued as Group B shares.

The Company has been established with a registered capital ceiling of TL 1,500,000,000 and the registered capital ceiling is TL 2,500,000,000 as of 2 September 2020. Divided into 2,500,000,000 shares, each with a nominal value of 1 TL. The capital of the Company is divided into 1,570,000,000 shares with a nominal value of TL 1,570,000,000 and all of them were committed by the founders, TL 706,217,979 in cash, TL 466,282,021 in kind (real estate) and TL 397,500,000 in the form of capital increase from reserves. TL 466,282,021 of the capital was paid in kind by Halkbank, which is the main shareholder, as capital in kind.



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

### a) Share Capital (cont'd)

As per the Board of Directors decision numbered 49/110 on 15 August 2012, the Company's capital was increased to TL 662,500,000. Increased capital of TL 185,500,000 corresponding to 185,500,000 shares were publicly offered during 13-15 February 2013. As of 20 June 2013, the Company increased its share capital by TL 11,138,704 from prior years' profit.

As of 5 June 2014, the Company increased its share capital by TL 24,261,296 from 2013's profit.

As of 11 June 2015, the Company increased its share capital to TL 743,000,000 by transferring TL 45,100,000 from prior years' profit to share capital.

As of 25 May 2016, the Company increased its share capital to TL 790,000,000 by transferring TL 47,000,000 from prior years' profit to share capital.

As of 15 August 2017, the Company increased its share capital to TL 820,000,000 by transferring TL 30,000,000 from prior years' profit to share capital.

As of 8 June 2018, the Company increased its share capital to TL 858,000,000 by transferring TL 38,000,000 from prior years' profit to share capital.

As of 17 June 2019, the Company increased its share capital to TL 928,000,000 by transferring TL 70,000,000 from prior years' profit to share capital.

As of 20 August 2020, the Company increased its share capital to TL 970,000,000 by transferring TL 42,000,000 from prior years' profit to share capital.

As of 20 May 2021, the Company increased its share capital to TL 1,530,000,000 by transferring TL 50,000,000 from prior years' profits to share capital.

As of 25 March 2022, the Company increased its share capital to TL 1,530,000,000 by transferring TL 510,000,000 from prior years' profit to share capital.

As of 18 May 2022, the Company increased its share capital to TL 1,570,000,000 by transferring TL 40,000,000 from prior years' profit to share capital.

### b) Treasury shares acquired

The Company's treasury shares acquired are accounted for at cost of repurchased shares out of the publicly traded shares. The Company holds 33,160,262.98 treasury shares as of 31 December 2022 (31 December 2021: 28,756,004 shares). The details of the treasury shares acquired for the year ended 31 December 2022 are as follows:

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

#### b) Treasury shares acquired (cont'd)

Transaction	Transaction date	Nominal value	Weighted average share price	Transaction amount
Repurchased shares	26 February 2013	933,649	1.34	1,251,090
Repurchased shares	27 February 2013	736,571	1.34	987,004
Repurchased shares	28 February 2013	1,000,000	1.34	1,340,000
Repurchased shares	1 March 2013	2,297,269	1.32	3,021,922
Repurchased shares	5 March 2013	3,455,130	1.33	4,608,678
Repurchased shares	11 March 2013	457,867	1.32	604,384
Repurchased shares	12 March 2013	586,245	1.32	773,843
Repurchased shares	15 March 2013	2,000,000	1.32	2,640,000
Repurchased shares	21 March 2013	7,210,586	1.33	9,582,612
Bonus shares from incorporating reserves	20 June 2013	314,024	1.25	392,530
Bonus shares from incorporating reserves	5 June 2014	683,977	1.16	793,413
Bonus shares from incorporating reserves	11 June 2015	1,271,466	1.12	1,424,042
Bonus shares from incorporating reserves	25 May 2016	1,325,030	1.01	1,336,955
Bonus shares from incorporating reserves	17 August 2017	845,764	1.03	873,674
Bonus shares from incorporating reserves	8 June 2018	1,071,301	0.75	801,333
Bonus shares from incorporating reserves	17 June 2019	1,973,449	0.73	1,440,618
Bonus shares from incorporating reserves	20 August 2020	1,184,071	2.12	2,512,599
Bonus shares from incorporating reserves	20 May 2021	1,409,605	3.28	4,622,095
Paid capital increase / share purchase	15 March 2022	14,378,002	1.00	14,378,002
Bonus shares from incorporating reserves	1 June 2022	1,127,683	2.17	2,450,454
Sale of repurchased shares to the market	8 September 2022	(9,150,000)	3.72	(34,068,380)
Sale of repurchased shares to the market	9 September 2022	(1,800,000)	3.94	(7,099,300)
Sale of repurchased shares to the market	12 September 2022	(151,426)	4.01	(607,118)
<b>Total repurchased shares</b>		<b>33,160,263</b>		<b>14,060,450</b>

#### c) Share premiums/discounts

The difference of TL 64,925,000, which occurred due to the sale of newly issued and publicly offered shares on 13-15 February 2013 at a price higher than their nominal value, has been recognised for as share issue premiums. Commission and legal consultancy expenses amounting to TL 11,386,842 incurred due to the issuance of new shares and their public offering are shown by deducting from the share issue premiums in accordance with the relevant regulations. In addition, the difference between the nominal value of the repurchased own shares amounting to TL 27,075,787 and the repurchase cost has been deducted from the share issue premiums and in the capital increase made between 02 March 2022 and 16 March 2022, TL 426,500 has been added to the issue premiums arising from the sale of the shares that do not use the right of preference.

#### d) Restricted reserves appropriated from profit

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted. In accordance with the Turkish Commercial Code, the Company has to appropriate restricted reserve equivalent to the Company's treasury shares acquired. Such reserve can only be released in the amount of any sold or destroyed shares valued at acquisition cost. As of 31 December 2022, the Company's restricted reserves appropriated from profit are comprised of legal reserves amounting to TL 69,748,009 (31 December 2021: TL 58,787,783).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 16. REVENUE AND COST OF SALES

	1 January- 31 December 2022	1 January- 31 December 2021
<b>a) Sales</b>		
Total income on properties	136,984,508	95,000,737
<i>Income from the sale of investment property</i>	24,910,980	36,384,119
<i>Rental income</i>	112,073,528	58,616,618
Total income on debt instruments	28,296,258	9,595,510
<i>Interest income on deposits</i>	28,296,258	9,595,510
	<b>165,280,766</b>	<b>104,596,247</b>
	1 January- 31 December 2022	1 January- 31 December 2021
<b>b) Cost of Sales</b>		
Income from the sale of investment property	16,469,709	28,299,803
Direct operating/maintenance expenses	6,075,644	4,247,699
Other	-	607,567
	<b>22,545,353</b>	<b>33,155,069</b>

### 17. EXPENSES BY NATURE

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	28,417,424	15,909,405
Cost of sales of investment property	16,469,709	28,299,803
Depreciation and amortization expenses	2,413,103	3,148,575
Maintenance and repair expenses	6,429,552	4,776,193
Taxes, duties and fees	1,284,527	1,188,784
Advertisement expenses	8,143,943	3,738,214
Outsourced service expenses	789,106	929,620
Consulting expenses	1,877,614	1,245,275
Travel and car expenses	1,300,687	168,656
Charity and donations	300,000	714,143
Building common expenses	795,255	222,794
Stationery and IT related expenses	643,085	201,919
Commission expenses	13,217,957	119,403
Rent expenses	1,228,305	58,422
Other	617,353	1,198,330
	<b>83,927,619</b>	<b>61,919,536</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 17. EXPENSES BY NATURE (cont'd)

#### Fees for services received from an independent audit firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority "POA" published in the Official Gazette, the fees for the services received by the Group from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Independent audit fee for the reporting period	533,600	292,000
	<b>533,600</b>	<b>292,000</b>

### 18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
General administrative expenses (-)	35,286,833	23,272,674
Marketing and sales expenses (-)	26,095,433	5,491,793
	<b>61,382,266</b>	<b>28,764,467</b>

#### a) Detail of General Administrative Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	26,436,307	15,050,872
Depreciation and amortization expenses	487,983	1,207,716
Taxes, duties and fees	654,649	1,025,263
Donation and charity	300,000	714,143
Advertisement expenses	1,498,800	2,300,670
Consulting expenses	1,326,071	740,669
Outsourced service expenses	789,106	929,620
Maintenance and repair expenses	353,908	528,494
Stationery and IT related expenses	643,085	201,919
Provision expenses	77,542	78,455
Travel and car expenses	1,300,687	168,656
Rent expenses	1,150,353	52,265
Other	268,342	273,932
	<b>35,286,833</b>	<b>23,272,674</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES (cont'd)

#### b) Detail of Marketing Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Depreciation and amortization expenses	1,925,120	1,940,859
Advertisement expenses	6,645,143	1,437,544
Personnel expenses	1,981,117	858,533
Consulting expenses	551,543	504,606
Building common expenses	795,255	222,794
Sales office rental expenses	77,951	6,157
Taxes, duties and fees	552,336	163,521
Commission expenses (*)	13,217,957	119,403
Other	349,011	238,376
	<b>26,095,433</b>	<b>5,491,793</b>

(\*) The amount comprises sales commissions paid related to the property projects.

#### Detail of Personnel Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Wages and salaries	19,837,013	10,801,498
Social Security Institution employer's shares	3,008,195	1,640,128
Insurance expenses	1,162,880	1,180,842
Attendance fees	737,688	719,622
Provision for employment termination benefits and annual leave expenses	3,387,105	686,634
Other	284,544	880,681
	<b>28,417,424</b>	<b>15,909,405</b>

### 19. OTHER OPERATING INCOME AND EXPENSES

Other operating income:

	1 January- 31 December 2022	1 January- 31 December 2021
Value increase of investment properties (Note 9)	6,560,419,751	373,748,346
Foreign exchange gains arising from activities	1,582,255	3,931,337
Income from waiver and cancellation of promise of sale	264,794	664,530
Provisions released	4,650,909	151,704
Other income	4,192,468	1,519,205
	<b>6,571,110,176</b>	<b>380,015,122</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 19. OTHER OPERATING INCOME AND EXPENSES (cont'd)

Other operating expenses:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange difference expense arising from activities	8,379,152	(1,483,007)
Other expenses	89,275	(854)
	<b>8,468,427</b>	<b>(1,483,861)</b>

### 20. FINANCE EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Short-term lease certificate interest expenses	94,929,825	79,235,323
Expenses on finance leases	45,073,211	49,487,502
Interest expenses from bank loans	69,303,441	14,413,604
Commission expenses	7,517,206	6,431,068
Expenses on operating leases	223,199	588,680
	<b>217,046,882</b>	<b>150,156,177</b>
Less: Amounts included in the investment properties	<b>(177,404,341)</b>	<b>(107,504,587)</b>
Finance expense	<b>39,642,541</b>	<b>42,651,590</b>

### 21. INCOME TAXES

Real Estate Investment Trusts are exempt from corporate tax according to paragraph (1) / d-4 of Article 5 of Personal Data Protection Law No. 520. The Group's subsidiary Halk Yapı Projeleri Gelişim A.Ş. is subject to corporate tax valid in Turkey. Estimated tax liabilities regarding the current period operating results of the Group's subsidiary, Halk Yapı Projeleri A.Ş., have been calculated and tax liability has been allocated in the accompanying consolidated financial statements.

### 22. EARNINGS PER SHARE

	1 January- 31 December 2022	1 January- 31 December 2022	1 January- 31 December 2021
Average number of shares outstanding during the period (full value)	1,570,000,000		1,020,000,000
Net profit for the parent company shareholders	6,602,399,467	3,343,120,188	378,556,382
Earnings per share from continuing and discontinued operations	4.2053		0.3711

### 23. FINANCIAL INSTRUMENTS

#### Financial Liabilities

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

Financial Liabilities	31 December 2022	31 December 2021
a) Borrowing Instruments	418,475,795	747,962,082
b) Bank Loans	1,171,969,896	136,106,156
c) Finance Lease Payables(*)	131,250,906	127,871,430
d) Operating Lease Payables	2,297,641	1,673,702
	<b>1,723,994,238</b>	<b>1,013,613,370</b>

### 23. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Liabilities (cont'd)

(\*) The Company signed an agreement with Buga Otis Asansör Sanayi ve Ticaret A.Ş. within the scope of service procurement for vertical transports (elevator and escalator) in Halk Office Towers to be built related to the project of Istanbul International Finance Center and signed financial lease agreement with Halk Finansal Kiralama A.Ş. for relevant service procurement.

Borrowing Securities	31 December 2022	31 December 2021
Short-term lease certificates	418,475,796	747,962,082
	<b>418,475,796</b>	<b>747,962,082</b>

The Group's lease certificate issue is detailed as follows:

Issue Date	Maturity Date	Rate of Return	Nominal Value	Amortization Date	Amortization Amount
19 December 2017	16 March 2018	13.25%	100,000,000	16 March 2018	103,158,384
16 March 2018	20 June 2018	13.40%	100,000,000	20 June 2018	103,528,384
23 March 2018	20 June 2018	13.40%	25,000,000	20 June 2018	25,816,849
20 June 2018	19 September 2018	17.00%	125,000,000	19 September 2018	130,297,945
19 September 2018	19 December 2018	27.00%	125,000,000	19 December 2018	133,430,181
12 October 2018	22 January 2019	27.50%	75,000,000	22 January 2019	80,763,699
19 December 2018	16 April 2019	23.60%	170,000,000	16 April 2019	182,970,150
22 January 2019	21 May 2019	22.50%	80,000,000	21 May 2019	85,868,480
16 April 2019	20 August 2019	22.75%	180,000,000	20 August 2019	194,136,120
21 May 2019	17 September 2019	23.50%	75,000,000	17 September 2019	80,746,200
20 August 2019	17 December 2019	17.50%	205,000,000	17 December 2019	216,696,070
17 September 2019	7 January 2020	14.90%	75,000,000	7 January 2020	78,429,000
9 October 2019	10 March 2020	14.00%	100,000,000	10 March 2020	105,868,400
17 December 2019	12 May 2020	10.90%	185,000,000	12 May 2020	193,121,130
7 January 2020	2 June 2020	10.40%	75,000,000	2 June 2020	78,141,300
10 March 2020	18 August 2020	9.80%	75,000,000	18 August 2020	78,242,025
2 June 2020	29 September 2020	8.60%	100,000,000	29 September 2020	102,803,800
12 May 2020	6 October 2020	9.00%	75,000,000	6 October 2020	77,718,525
18 August 2020	13 January 2021	11.50%	40,000,000	13 January 2021	41,865,200
29 September 2020	24 February 2021	13.15%	120,000,000	24 February 2021	126,398,520
6 October 2020	10 March 2021	13.15%	120,000,000	10 March 2021	126,701,040
23 December 2020	6 April 2021	17.4%	46,000,000	6 April 2021	48,280,588
24 February 2021	23 June 2021	17.7%	150,000,000	23 June 2021	158,656,050
10 March 2021	1 July 2021	17.75%	131,000,000	1 July 2021	138,198,712
6 April 2021	18 August 2021	19.40%	120,000,000	18 August 2021	128,546,640
23 June 2021	12 October 2021	18.95%	180,000,000	12 October 2021	190,373,220
1 July 2021	9 November 2021	19.00%	150,000,000	9 November 2021	160,228,000
28 July 2021	23 November 2021	19.10%	120,000,000	23 November 2021	127,409,760
18 August 2021	8 December 2021	19.00%	150,000,000	8 December 2021	158,745,150
12 October 2021	8 February 2022	17.85	180,000,000	8 February 2022	190,475,280
23 November 2021	22 March 2022	15.50	120,000,000	22 March 2022	126,064,080
9 November 2021	1 March 2022	16.30	200,000,000	1 March 2022	210,003,200
8 December 2021	5 April 2022	16.00	232,000,000	5 April 2022	244,000,432
8 February 2022	17 May 2022	19.25	250,000,000	17 May 2022	262,921,250
1 March 2022	31 May 2022	17.50	125,000,000	31 May 2022	130,453,750
22 March 2022	28 June 2022	17.25	200,000,000	28 June 2022	209,263,014
5 April 2022	5 July 2022	17.25	250,000,000	5 July 2022	260,907,534
17 May 2022	23 August 2022	17.90	200,000,000	23 August 2022	209,612,055
26 July 2022	25 October 2022	24.75	100,000,000	25 October 2022	106,170,550
23 August 2022	19 November 2022	19.50	230,000,000	29 November 2022	242,041,926
25 October 2022	24 January 2023	20.25	158,000,000	-	165,976,835
29 November 2022	1 March 2023	21.00	250,000,000	-	263,232,875
<b>Total</b>			<b>3,822,000,000</b>		

The Group's financial bond issuance details are given below:



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Rate of Return</u>	<u>Nominal Value</u>	<u>Amortization Date</u>	<u>Amortization Amount</u>
6 October 2017	30 March 2018	14.10%	93,668,000	30 March 2018	100,000,213
30 March 2018	9 September 2018	14.85%	74,739,200	19 September 2018	80,000,000
19 September 2018	31 December 2018	28.50%	46,615,000	21 December 2018	50,000,000

## 23. FINANCIAL INSTRUMENTS (cont'd)

### Financial Liabilities (cont'd)

Bank Loans	31 December 2022	31 December 2021
Short-term bank loans	319,443,854	62,809,181
Short-term portion of long-term bank loans	20,138,015	50,368,187
Long-term bank loans	832,388,026	22,928,788
	<b>1,171,969,895</b>	<b>136,106,156</b>

Interest rates of financial liabilities are as follows:

Financial Instrument	Currency	Weighted average Interest rate	31 December 2022	
			Short-term	Long-term
Lease certificates	TL	20.71%	418,475,793	-
Fixed rate loans	TL	9.97%	24,266,869	832,388,027
Floating rate loans	TL	14.93%	315,315,000	-
Financial lease agreement	EUR	5.1%	77,962,926	53,287,984
Operating lease agreement	TL	23.5%	915,883	1,381,758
			<b>836,936,471</b>	<b>887,057,769</b>

Financial Instrument	Currency	Weighted average Interest rate	31 December 2021	
			Short-term	Long-term
Lease certificates	TL	16.46%	747,962,082	-
Fixed rate loans	TL	9.77%	55,973,871	22,928,788
Floating rate loans	TL	17.80%	57,203,497	-
Financial lease agreement	EUR	5.10%	57,063,382	70,808,044
Operating lease agreement	TL	23.5%	1,201,447	472,259
			<b>919,404,279</b>	<b>94,209,091</b>

Maturities of financial liabilities are as follows:

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	<u>31 December 2022</u>	<u>31 December 2021</u>
Less than 1 year	836,936,472	919,404,279
Between 1-2 years	315,178,622	74,515,214
Between 2-3 years	206,512,307	19,693,877
Between 3-4 years	155,183,240	-
Between 4-5 years	119,466,779	-
More than 5 years	90,716,821	-
	<b><u>1,723,994,241</u></b>	<b><u>1,013,613,370</u></b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 22, comprising cash and cash equivalents, issued capital, reserves and prior years' profit.

The Group's board of directors reviews the capital structure of the Group on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Group balances its overall capital structure through the payment of dividends, new share issues and acquiring own shares, as well as the issue of new debt or the redemption of existing debt.

In addition and consistent with other entities in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

During 2022, the Group's strategy has not been change from 2020. As of 31 December 2022 and 31 December 2021, the net debt/capital ratio calculated as net debt divided by total capital (net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments) is as follows:

	31 December 2022	31 December 2021
Financial Liabilities	1,723,994,241	1,013,613,370
Less: Cash and Cash Equivalents	(474,985,625)	(53,109,547)
Net Debt	1,249,008,616	960,503,823
Total Shareholder's Equity	10,433,172,290	3,300,178,143
Total Share Capital	1,570,000,000	1,020,000,000
<b>Net Debt/Total Capital Ratio</b>	<b>80%</b>	<b>94%</b>

#### b) Financial risk factors

The Group's activities expose it to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on the Group's financial performance.

Risk management is conducted by a treasury department with policies approved by the Board of Directors. Treasury department of the Group defines and evaluates the financial risk, and by working with the operation units by using tools to decrease the risk. Board of Directors maintains generates a written procedure about foreign exchange risk, interest rate risk, credit risk, usage of derivative instruments and other non-derivative financial instruments, and evaluating excess liquidity or other various risks.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### *b.1) Credit risk management*

#### Details of credit risk by class of financial instruments

	<u>Receivables</u>				
	<u>Trade Receivables</u>		<u>Other Receivables</u>		<u>Deposits at Banks</u>
<u>31 December 2022</u>	<u>Related Parties</u>	<u>Other</u>	<u>Related Parties</u>	<u>Other</u>	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	-	6,501,311	-	-	474,985,625
- Secured portion of the maximum credit risk by guarantees, etc. (**)	-	6,501,311	-	-	474,985,625
A. Net book value of financial assets that are neither past due nor impaired	-	6,501,311	-	-	474,985,625
B. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

(\*\*) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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

##### Details of credit risk by class of financial instruments

	Receivables				
	Trade Receivables		Other Receivables		Deposits at Banks
<u>31 December 2021</u>	<u>Related Parties</u>	<u>Other</u>	<u>Related Parties</u>	<u>Other</u>	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	60	2,529,290	-	-	53,109,547
- Secured portion of the maximum credit risk by guarantees, etc. (**)	-	2,529,290	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	60	2,529,290	-	-	53,109,547
C. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

(\*\*) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group aims to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. Credit risks which the Group is exposed and credibility of customers are being monitored regularly. Credit risk is being controlled by the risk management committee through limits which are determined and annually controlled by the Board of Directors.

#### *b.2) Liquidity risk management*

The ultimate responsibility for liquidity risk management belongs to the Board of Directors. The Board of Directors has established a liquidity risk management in order to meet short, mid and long term financing, and liquidity requirements. The Group manages liquidity risk by monitoring expected and actual cash flows closely, and by maintaining sustainability of sufficient borrowing funds through matching maturities of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below 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.

#### **Liquidity risk table:**

31 December 2022

<b><u>Contractual Terms</u></b>	<b><u>Carrying value</u></b>	<b><u>Total Contractual</u></b>	<b><u>Less than 3</u></b>	<b><u>3 to 12</u></b>	<b><u>1 to 5</u></b>	<b><u>More than</u></b>
		<b><u>Cash Outflows</u></b>				
		<b><u>(I+II+III+IV)</u></b>				
<b>Non-derivative</b>						
<b>financials liabilities</b>						
Bank loans	1,171,969,895	1,655,400,289	330,435,466	9,673,515	1,115,399,718	199,891,590
Debt securities issued	418,475,796	429,209,710	429,209,710	-	-	-
Financia lease liabilities	131,250,906	137,691,672	19,596,969	60,468,747	57,625,956	-
Long-term liabilities arising from operating leases	2,297,641	2,828,560	320,737	911,765	1,596,059	-
Trade payables	469,919,565	492,789,557	384,919,567	-	107,869,990	-
Other liabilities	120,756,300	120,756,299	120,756,299	-	-	-
<b>Total liabilities</b>	<b>2,314,670,103</b>	<b>2,838,676,088</b>	<b>1,285,238,748</b>	<b>71,054,027</b>	<b>1,282,491,722</b>	<b>199,891,590</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

31 December 2021

<u>Contractual Terms</u>	<u>Carrying value</u>	<u>Total Contractual Cash Outflows (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3 to 12 months (II)</u>	<u>1 to 5 years (III)</u>	<u>More than 5 years (IV)</u>
<b>Non-derivative financials liabilities</b>						
Bank loans	136,106,156	142,265,942	73,890,692	42,073,397	26,301,853	-
Debt securities issued	747,962,082	770,542,992	526,542,560	244,000,432	-	-
Financia lease liabilities	127,871,430	141,975,146	16,079,902	48,628,579	77,266,665	-
Long-term liabilities arising from operating leases	1,673,702	1,879,031	425,208	934,263	519,560	-
Trade payables	140,532,099	163,402,089	55,532,099	-	107,869,990	-
Other liabilities	5,118,543	5,118,543	5,118,543	-	-	-
<b>Total liabilities</b>	<b>1,159,264,012</b>	<b>1,225,183,743</b>	<b>677,589,004</b>	<b>335,636,671</b>	<b>211,958,068</b>	<b>-</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### b.3) Market risk management

During the current period, no change to either exposed risks or management and measurement methods of these risks, occurred compared to the prior year.

#### b.3.1) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting period are as follows:

	31 December 2022		
	TL Amount	US Dollar	Euro
1. Trade Receivables	-	-	-
2a. Monetary Financial Assets	1,042	2	50
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
<b>4. CURRENT ASSETS</b>	<b>1,042</b>	<b>2</b>	<b>50</b>
5. Trade Receivables	1,884,466	-	94,531
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary Financial Assets	-	-	-
7. Other	-	-	-
<b>8. NON-CURRENT ASSETS</b>	<b>1,884,466</b>	<b>-</b>	<b>94,531</b>
<b>9. TOTAL ASSETS</b>	<b>1,885,508</b>	<b>2</b>	<b>94,581</b>
10. Trade Payables	-	-	-
11. Financial Liabilities	77,962,926	-	3,903,846
12a. Monetary Other Liabilities	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-
<b>13. CURRENT LIABILITIES</b>	<b>77,962,926</b>	<b>-</b>	<b>3,903,846</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	53,287,984	-	2,668,295
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
<b>17. NON-CURRENT LIABILITIES</b>	<b>53,287,984</b>	<b>-</b>	<b>2,668,295</b>
<b>18. TOTAL LIABILITIES</b>	<b>131,250,910</b>	<b>-</b>	<b>6,572,141</b>
19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	-	-	-
19.a. Assets on foreign currency derivative instruments	-	-	-
19.b. Liabilities on foreign currency derivative instruments	-	-	-
<b>20. Net Foreign Currency Assets/Liabilities Position</b>	<b>129,365,401</b>	<b>(2)</b>	<b>6,477,560</b>
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	<b>(129,365,401)</b>	<b>2</b>	<b>(6,477,560)</b>



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### b.3.1) Foreign currency risk management (cont'd)

	31 December 2021		
	TL Amount	US Dollar	Euro
1. Trade Receivables	331,620	4,764	17,772
2a. Monetary Financial Assets	-	-	-
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. CURRENT ASSETS	<b>331,620</b>	<b>4,764</b>	<b>17,772</b>
5. Trade Receivables	577,006	-	38,246
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary Financial Assets	-	-	-
7. Other	-	-	-
8. NON-CURRENT ASSETS	<b>577,006</b>	<b>-</b>	<b>38,246</b>
9. TOTAL ASSETS	<b>908,626</b>	<b>4,764</b>	<b>56,018</b>
10. Trade Payables	63,427	4,750	-
11. Financial Liabilities	57,063,382	-	3,775,556
12a. Monetary Other Liabilities	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-
13. CURRENT LIABILITIES	<b>57,126,809</b>	<b>4,750</b>	<b>3,775,556</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	70,808,044	-	4,684,962
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. NON-CURRENT LIABILITIES	<b>127,934,853</b>	<b>4,750</b>	<b>8,460,518</b>
18. TOTAL LIABILITIES	<b>127,934,853</b>	<b>4,750</b>	<b>8,460,518</b>
19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	-	-	-
19.a. Assets on foreign currency derivative instruments	-	-	-
19.b. Liabilities on foreign currency derivative instruments	-	-	-
20. Net Foreign Currency Assets/Liabilities Position	<b>(127,026,227)</b>	<b>14</b>	<b>(8,404,500)</b>
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	<b>(127,026,227)</b>	<b>14</b>	<b>(8,404,500)</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### b.3.1) Foreign currency risk management (cont'd)

#### Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit/loss or equity.

	<b>31 December 2022</b>			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases in 10% against TL				
1 - US Dollar net asset/liability	4	(4)	4	(4)
2 - US Dollar hedges (-)	-	-	-	-
<b>3- Net effect of US Dollar (1 +2)</b>	<b>4</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(12,133,765)	12,133,765	(12,133,765)	12,133,765
5 - Euro hedges (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(12,133,765)</b>	<b>12,133,765</b>	<b>(12,133,765)</b>	<b>12,133,765</b>
	<b>(12,133,761)</b>	<b>12,133,761</b>	<b>(12,133,761)</b>	<b>12,133,761</b>

	<b>31 December 2021</b>			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases in 10% against TL				
1 - US Dollar net asset/liability	19	(19)	19	(19)
2 - US Dollar hedges (-)	-	-	-	-
<b>3- Net effect of US Dollar (1 +2)</b>	<b>19</b>	<b>(19)</b>	<b>19</b>	<b>(19)</b>
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(12,702,478)	12,702,478	(12,702,478)	12,702,478
5 - Euro hedges (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(12,702,478)</b>	<b>12,702,478</b>	<b>(12,702,478)</b>	<b>12,702,478</b>
	<b>(12,702,459)</b>	<b>12,702,459</b>	<b>(12,702,459)</b>	<b>12,702,459</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### b.3.2) Interest rate risk management

The Group borrows funds at fixed interest rate. Risk hedging strategies are evaluated regularly in order to comply with interest rate anticipations and defined risks.

#### Interest rate sensitivity analysis

The details of the interest-bearing financial assets of the Group are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Fixed Interest Rate Instruments</b>		
Financial Liabilities	1,408,679,240	956,409,873
<b>Variable Interest Rate Instruments</b>		
Financial Liabilities	315,315,000	57,203,497

### 25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2022	At fair value through profit or loss	Financial liabilities at amortized cost	Carrying value (*)
<u>Financial assets</u>			
Cash and cash equivalents	474,985,625	-	474,985,625
Trade receivables	6,501,311	-	6,501,311
<u>Financial liabilities</u>			
Borrowings	-	1,723,994,240	1,723,994,240
Trade payables	-	384,892,135	384,892,135
Due to related parties	-	85,027,430	85,027,430
Other financial liabilities		188,853,302	188,853,302
31 December 2021	At fair value through profit or loss	Financial liabilities at amortized cost	Carrying value (*)
<u>Financial assets</u>			
Cash and cash equivalents	53,109,547	-	53,109,547
Trade receivables	2,529,350	-	2,529,350
<u>Financial liabilities</u>			
Borrowings	-	1,013,613,370	1,013,613,370
Trade payables	-	55,522,078	55,522,078
Due to related parties	-	85,010,021	85,010,021
Other financial liabilities	-	5,118,543	5,118,543

(\*) The Group management considers the carrying amounts of financial assets approximate their fair values.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

#### Fair Value of Financial Instruments

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

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions; and
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

### 26. EVENTS AFTER THE REPORTING PERIOD

None.

### 27. NOTES ON THE STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021
Cash at banks	474,691,321	53,110,456
<i>Demand deposits(*)</i>	28,045,961	2,131,214
<i>Term deposits with a maturity of less than three months</i>	446,645,360	50,979,242
Provision for expected loss (-)	(5,696)	(909)
Other current assets (**)	300,000	-
<i>Cash and cash equivalents in the statement of financial position</i>	<u>474,985,625</u>	<u>53,109,547</u>
Less: Interest income accruals on cash equivalents	(3,760,508)	(21,983)
<i>Cash and cash equivalents in the statement of cash flows</i>	<u>471,225,117</u>	<u>53,087,564</u>

(\*) As of 31 December 2022 and 31 December 2021, there is blocked amount for salary payments to personnel from demand deposit amounts.

As of 31 December 2022 and 31 December 2021, the details of time deposits at banks are as follows:

<u>31 December 2022</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Maturity</u>
<u>Time deposits</u>			
TL	191,465,344	13%	2 January 2023
TL	52,162	11%	2 January 2023
TL	33,633	7%	2 January 2023
TL	29,380	12%	2 January 2023
TL	1,441,554	11%	2 January 2023
TL	253,623,288	23%	12 January 2023
	<u>446,645,360</u>		

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 27. NOTES ON THE STATEMENT OF CASH FLOWS (cont'd)

31 December 2021	Amount	Interest rate	Maturity
<b>Time deposits</b>			
TL	50,838,661	15.75%	2 January 2022
TL	2,358	4.75%	2 January 2022
TL	57,238	14.00%	2 January 2022
TL	80,985	15.00%	2 January 2022
	<b>50,979,242</b>		

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 24.

### 28. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

On 15 October 2019, U.S. Department of Justice, United States Attorney Southern District of New York indicted the Bank by repeating the allegations set forth in the case filed against the former executive of the Bank due to Iranian sanction violations

First, the Bank applied to the District Court on 4 November 2019, and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On 5 December 2019, the District Court denied the request of special appearance. The Bank objected to the District Court's decision and appealed the decision at the Court of Appeals Second Circuit on 17 December 2019. On 21 February 2020, the Second Circuit denied the Bank's objection.

In the meeting held by the Bank's Board of Directors on 27 March 2020, it was decided to attend the District Court hearing on 31 March 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Bank.

At the hearing on 31 March 2020, the District Court decided to postpone the hearing initially to 9 June 2020 and subsequently to 30 June 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on 30 June 2020; the schedule regarding the motion to recuse, discovery motions, and filings of other motions were identified. It was decided that the jury hearing would begin on 1 March 2021 for which the schedule was revised on 26 October 2020. Accordingly, the jury hearings are scheduled to be held on 3 May 2021. In this regard, the Bank filed its recusal motion on 14 July 2020 and its other motions to dismiss the indictment on 10 August 2020 at the District Court.

Bank's recusal motion was denied by the District Court on 24 August 2020 and by the Court of Appeals Second Circuit on 23 December 2020.

District Court denied the Bank's motion to dismiss the indictment on 1 October 2020. The Bank appealed the Court of Appeals Second Circuit for the motion to dismiss the indictment with regard to Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts).

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

On 23 December 2020, the Court of Appeals Second Circuit granted the Parent Bank's motion to stay the case pending sovereign immunity appeal. The jury hearing was held before the Court of Appeals Second Circuit on 12 April 2021, and the Court rejected the Bank's appeal on 22 October 2021. The Bank requested a reconsideration of the decision rendered by the Court of Appeals Second Circuit on 5 November 2021. The court rejected this request on 15 December 2021.

Since the Bank will bring its objection regarding Foreign State Immunity to the US Supreme Court (Supreme Court of the United States), it has requested the Court of Appeals Second Circuit to stop the case from being sent back to the District Court in this process. This request was accepted the Court of Appeals Second Circuit on 14 January 2022. Legal proceedings in the District Court suspended pending the end of the U.S. Supreme Court process.

### **28. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE (cont'd)**

The Bank filed its petition of appeal under Foreign State Immunity with the U.S. Supreme Court on 13 May 2022. Halkbank's petition for appeal was responded to by the Solicitor General, the Office of the Attorney General of the US Department of Justice, on 18 July 2022, and the Bank will submit its petition for a reply on 2 August 2022.

On 28 September 2022, the US Court of Appeals considered the Bank's appeal and issued its decision on 3 October 2022 that it accepted the application. After the acceptance of the appeal, the Bank submitted its appeal to the Court on 14 November 2022. Following the Bank's appeal, a response petition was submitted by the Attorney General of the US Department of Justice on 14 December 2022. On 6 January 2023, the petition process was completed with the Bank's submission of the petition for reply to the Court.

On 17 January 2023, a verbal defense hearing took place before the US Court of Appeals. In the next period, the Court is expected to give its reasoned decision within the scope of the Bank's FSIA appeal. Ultimately, if the matter is resolved positively before the US Supreme Court, the case will be dismissed without going to trial. In the event of a negative result, the Court will return the case to the Southern New York District Court, in which case the District Court will need to establish a new litigation schedule for the proceedings.

In addition, before the U.S. Southern District Court of New York, on 27 March 2020, a lawsuit was filed against the Bank by some complainants who claim for compensation on the grounds that they could not collect their receivables from Iran due to alleged violations of sanctions. The related case was notified to the Bank's lawyers on 1 July 2020. The Bank submitted its petition to the court on 25 September 2020, stating that the case should be dismissed due to the rejection of the complainants' complaint. The petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court accepted the Bank's objection of

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY**

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

non-compliance with the place of jurisdiction within the scope of the dismissal request, conditionally dismissing the case and the case file at the District Court was closed on 3 March 2021.

The complainants submitted their appeal on 30 June 2021, taking the District Court decision to the Court of Appeals Second. The mutual petition stage has been completed and an oral defense hearing was held on 13 October 2022 before the Second Appeal. In the next process, the decision of the Second Appeal is expected.

The Bank closely monitors the proceedings of both criminal and civil lawsuits through specialized US law firms.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## APPENDIX 1 - CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO

The information contained herein, is summary information derived from the financial statements according to Article 16 “Communiqué on Financial Reporting in Capital Market” Serial: II, No: 14.1 of the CMB and prepared for purposes of the controlling the compliance with portfolio limitations as set out in the CMB’s Serial: III No: 48.1 communique, “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660 dated 28 May 2013.

As of 31 December 2022, the Group complied with the restrictions that stated on the paragraph “a, b, c, d and e” of 24th, 22nd and 38th articles of the CMB’s communique no III-48.1, “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660. The ratios related with these restrictions are shown below. The control of compliance with the portfolio limitations prepared in accordance with the individual financial statements of the Company in accordance with the "Communiqué on Principles Regarding Real Estate Investment Trusts" of CMB III. No: 48.1 is as follows:



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Financial statement primary account items	Regulation	31 December 2022 (TL)	31 December 2021 (TL)
<b>A</b>	Money and capital market instruments	Serial: III-48.1, Article 24/(b)	102,848,060	52,495,893
<b>B</b>	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article24/(a)	13,307,526,047	4,304,090,596
<b>C</b>	Subsidiaries	Serial: III-48.1, Article24/(b)	115,000,000	15,000,000
	Due from related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
	Other assets		278,544,910	195,583,878
<b>D</b>	<b>Total Assets</b>	Serial: III-48.1, Article3/(k)	<b>13,803,919,016</b>	<b>4,567,170,367</b>
<b>E</b>	Loans and borrowings	Serial: III-48.1, Article31	1,492,743,332	880,711,941
<b>F</b>	Other financial liabilities	Serial: III-48.1, Article31		-
<b>G</b>	Financial leasing obligations	Serial: III-48.1, Article31	131,250,909	127,871,430
<b>H</b>	Due to related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
<b>İ</b>	Equity	Serial: III-48.1, Article31	10,408,960,485	3,297,726,118
	Other liabilities		1,770,964,289	261,160,880
<b>D</b>	<b>Total liabilities and equity</b>	Serial: III-48.1, Article3/(k)	<b>13,803,919,016</b>	<b>4,567,470,369</b>
	<b>Other financial information</b>	<b>Regulation</b>	<b>31 December 2022 (TL)</b>	<b>31 December 2021 (TL)</b>
<b>A1</b>	Portion of money and capital markets instruments for real estate payments of 3 years	Serial: III-48.1, Article24/(b)	-	-
<b>A2</b>	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article24/(b)	102,848,060	52,795,893
<b>A3</b>	Foreign capital market instruments	Serial: III-48.1, Article24/(d)	-	-
<b>B1</b>	Foreign real estates, based on real estates projects, rights for real estates	Serial: III-48.1, Article24/(d)	-	-
<b>B2</b>	Idle land	Serial: III-48.1, Article24/(c)		-
<b>C1</b>	Foreign Subsidiaries	Serial: III-48.1, Article24/(d)	-	-
<b>C2</b>	Investment in the operating company	Serial: III-48.1, Article28	-	-
<b>J</b>	Non-cash loans	Serial: III-48.1, Article31	913,734,215	431,637,997
<b>K</b>	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article22/(e)	-	-
<b>L</b>	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	-	-

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

## APPENDIX 1 - CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO (cont'd)

	Portfolio Restriction	Regulations	Calculation	Min/Mx Rate	31 December 2022 (TL)	31 December 2021 (TL)
1	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article 22/(e)	K/D	Maximum 10%	-	-
2	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a),(b)	(B+A1)/D	Minimum 51%	96.4%	94.23%
3	Money and capital market instruments and associates	Serial: III-48.1, Article 24/(b)	(A+C-A1)/D	Maximum 49%	1.58%	1.48%
4	Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, Article 24/(d)	(A3+B1+C1)/D	Maximum 49%	-	-
5	Idle land	Serial: III-48.1, Article 24/(c)	B2/D	Maximum 20%	0.00%	-
6	Investment in the operating company	Serial: III-48.1, Article 28	C2/D	Maximum 10%	-	-
7	Borrowing Limit	Serial: III-48.1, Article 31	(E+F+G+H+J)/İ	Maximum 500%	24.38%	43.67%
8	Time deposit/ demand deposit/ TL/ foreign currency	Serial: III-48.1, Article24/(b)	(A2-A1)/D	Maximum 10%	0.75%	1.16%
9	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	L/D	Maximum 10%	-	-