

**HALK GAYRİMENKUL YATIRIM
ORTAKLIĐI A.Ő. AND ITS SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

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

INDEX	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
1. ORGANIZATION AND OPERATIONS OF THE COMPANY.....	7
2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS	9
3. INTERESTS IN OTHER ENTITIES	30
4. RELATED PARTY DISCLOSURES	32
5. TRADE RECEIVABLES AND TRADE PAYABLES	35
6. INVENTORIES	37
7. PREPAID EXPENSES AND DEFERRED INCOME.....	38
8. LIABILITIES ARISING FROM CUSTOMER CONTRACTS	39
9. INVESTMENT PROPERTIES.....	40
10. PROPERTY, PLANT AND EQUIPMENT	45
11. INTANGIBLE ASSETS	46
12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	47
13. EMPLOYEE BENEFITS	53
14. OTHER ASSETS AND LIABILITIES	54
15. SHARE CAPITAL, RESERVES VE OTHER EQUITY ITEMS	55
16. REVENUE AND COST OF SALES	59
17. EXPENSES BY NATURE	60
18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES	61
19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	63
20. FINANCE EXPENSES	63
21. INCOME TAXES	63
22. EARNINGS PER SHARE	64
23. FINANCIAL INSTRUMENTS	64
24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	67
25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES).....	74
26. EVENTS AFTER THE REPORTING PERIOD.....	75
27. NOTES ON THE STATEMENT OF CASH FLOWS.....	75
28. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE.....	76
APPENDIX 1 CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE PORTFOLIO	79

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

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

	Notes	Audited 31 December 2023	Restated Audited 31 December 2022
ASSETS			
Current Assets		3,636,328,780	2,334,121,839
Cash and Cash Equivalents	27	72,796,501	782,648,063
Trade Receivables	5	51,398,017	10,712,407
<i>Trade Receivables from Related Parties</i>	4	19,250,000	-
<i>Trade Receivables from Third Parties</i>		<i>32,148,017</i>	<i>10,712,407</i>
Inventories	6	2,955,929,038	1,154,296,366
Prepaid Expenses	7	21,232,613	5,909,471
<i>Prepaid Expenses to Third Parties</i>		<i>21,232,613</i>	<i>5,909,471</i>
Current Tax Assets		1,260,889	1,973,303
Other Current Assets	14	533,711,723	378,582,228
<i>Other Current Assets from Third Parties</i>		<i>533,711,723</i>	<i>378,582,228</i>
Non-Current Assets		24,435,895,935	22,056,593,986
Investment Properties	9	24,245,683,893	21,423,655,654
Property, Plant and Equipment	10	13,935,660	15,251,703
Intangible Assets	11	4,410,639	4,566,523
<i>Other Intangible Assets</i>		<i>4,410,639</i>	<i>4,566,523</i>
Prepaid Expenses	7	171,865,742	613,120,106
<i>Prepaid Expenses to Related Parties</i>	4	<i>6,364,554</i>	<i>3,130,430</i>
<i>Prepaid Expenses to Third Parties</i>		<i>165,501,188</i>	<i>609,989,676</i>
TOTAL ASSETS		28,072,224,715	24,390,715,825

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 2023

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

	Notes	Audited 31 December 2023	Restated Audited 31 December 2022
LIABILITIES			
Current Liabilities		4,914,585,607	3,980,577,822
Short-term Borrowings	23	1,351,933,520	1,345,863,322
<i>Short-term Borrowings from Related Parties</i>	4	1,110,368,898	1,179,581,194
<i>Short-term Borrowings from Third Parties</i>		241,564,622	166,282,128
Short-Term Portion of Long-Term Borrowings	23	556,268,104	33,182,011
<i>Short-Term Portion of Long-Term Borrowings from Related Parties</i>	4	556,268,104	33,182,011
Trade Payables	5	114,318,533	634,243,518
<i>Trade Payables to Related Parties</i>	4	-	45,198
<i>Trade Payables to Third Parties</i>		114,318,533	634,198,320
Liabilities Arising from Customer Contracts	8	2,747,698,818	1,757,775,874
<i>Deferred Income from Related Parties</i>	4	435,426,186	346,023,300
<i>Contract Liabilities Arising from Goods and Services Sales</i>		2,312,272,632	1,411,752,574
Short-Term Provisions		12,602,481	10,539,320
<i>Short-Term Portion of Provisions Related to Employee Benefits</i>	13	10,134,481	9,406,527
<i>Other Short-Term Provisions</i>	12	2,468,000	1,132,794
Other Current Liabilities	14	131,764,151	198,973,777
<i>Other Current Liabilities to Third Parties</i>		131,764,151	198,973,777
Non-Current Liabilities		3,078,627,903	2,857,736,166
Long-Term Borrowings	23	1,877,632,311	1,461,631,698
<i>Long-Term Financial Borrowings From Related Parties</i>	4	1,876,793,650	1,459,354,931
<i>Long-Term Financial Borrowings From Third Parties</i>		838,662	2,276,767
Trade Payables	5	-	140,057,050
<i>Trade Payables to Related Parties</i>	4	-	140,057,050
Liabilities Arising from Customer Contracts	8	1,195,729,616	1,251,154,297
<i>Deferred Income to Related Parties</i>	4	1,195,729,616	1,251,154,297
Long-Term Provisions	13	5,265,976	4,893,122
<i>Long-Term Portion of Provisions Related to Employee Benefits</i>		5,265,976	4,893,122

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 2023

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

		Audited	Restated
		31 December	31 December
	Notes	2023	2022
EQUITY		20,079,011,205	17,552,401,837
Share Capital	15	1,645,000,000	1,570,000,000
Capital Adjustment Differences	15	7,832,593,919	7,827,517,457
Treasury Shares (-)	15	(39,390,720)	(33,160,263)
Share Premium / Discounts		461,875,993	483,426,770
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		1,307,567	(1,993,903)
- <i>Gains on Remeasurement of Defined Benefit Plans</i>		<i>1,307,567</i>	<i>(1,993,903)</i>
Restricted Reserves Appropriated from Profit	15	455,019,729	440,040,981
Prior Years' Profit or Loss		7,137,563,692	209,155,219
Net Profit or Loss for the Period		2,585,041,025	7,057,415,575
TOTAL LIABILITIES AND EQUITY		28,072,224,715	24,390,715,825

The accompanying notes from 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 2023

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

		Audited	Restated
		1 January- 31 December 2023	1 January- 31 December 2022
	Notes		
Revenue	16	1,578,642,915	314,103,787
Cost of Sales (-)	16	(869,253,883)	(73,967,048)
Gross Profit (Loss) from Trading Activities		709,389,032	240,136,739
GROSS PROFIT/LOSS		709,389,032	240,136,739
General Administrative Expenses (-)	18	(123,291,707)	(70,096,844)
Marketing Expenses (-)	18	(67,806,662)	(46,284,559)
Other Income from Operating Activities	19	2,245,345,929	6,436,134,698
Other Expenses from Operating Activities (-)	19	(24,745,272)	(89,165,348)
OPERATING PROFIT (LOSS)		2,738,891,321	6,470,724,686
OPERATING PROFIT (LOSS) BEFORE FINANCE INCOME (EXPENSE)		2,738,891,321	6,470,724,686
Finance Expenses (-)	20	(610,922,355)	(92,386,412)
Gains/(Losses) on Net Monetary Position		481,657,280	682,295,133
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		2,609,626,246	7,060,633,407
Current Period Tax Expense/Income		(24,585,221)	(3,217,832)
PROFIT FOR THE PERIOD		2,585,041,025	7,057,415,575
PROFIT (LOSS) FOR THE PERIOD		2,585,041,025	7,057,415,575
Distribution of Profit/Loss for the Period			
Parent Company Shares Earnings per Share		1.5715	4.2902
Gain on Remeasurement of Defined Benefit Plans		2,517,657	(2,094,418)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		2,587,558,682	7,055,321,157

The accompanying notes from 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 2023

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

	Notes	Paid-in Capital	Capital Adjustment Differences	Treasury Shares	Share premiums / Discounts	Accumulated Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	Retained Earnings		Equity	
						Accumulated Remeasurement Gain/Loss of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profit/Losses		Net Profit/Loss for the Period
Balances as of 1 January 2022	15	1,020,000,000	7,533,679,222	(28,756,004)	260,556,938	100,516	253,172,025	209,155,219	-	9,247,907,917
Total Comprehensive Income		-	-	-	222,869,832	(2,094,420)	186,868,956	-	7,057,415,575	7,465,059,944
Capital Increase	15	550,000,000	293,838,235	(4,404,259)	-	-	-	-	-	839,433,976
Balances as of 31 December 2022	15	1,570,000,000	7,827,517,457	(33,160,263)	483,426,770	(1,993,903)	440,040,981	209,155,219	7,057,415,575	17,552,401,837
Balances as of 1 January 2023	15	1,570,000,000	7,827,517,457	(33,160,263)	483,426,770	(1,993,903)	440,040,981	209,155,219	7,057,415,575	17,552,401,837
Transfers		-	-	-	-	-	-	7,057,415,575	(7,057,415,575)	-
Total Comprehensive Income		-	-	-	(21,550,778)	3,301,471	14,978,747	(129,007,102)	2,585,041,025	2,452,763,363
Increase/decrease Due to Share Repurchase Transactions	15	-	-	(4,434,528)	-	-	-	-	-	(4,434,528)
Capital Increase	15	75,000,000	5,076,462	(1,795,929)	-	-	-	-	-	78,280,531
Balances as of 31 December 2023	15	1,645,000,000	7,832,593,919	(39,390,720)	461,875,993	1,307,567	455,019,729	7,137,563,692	2,585,041,025	20,079,011,205

The accompanying notes from 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 2023

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

	Notes	Audited 1 January- 31 December 2023	Restated Audited 1 January- 31 December 2022
A. Cash Flows from Operating Activities			
Profit for the Period		2,585,041,025	7,057,415,575
Adjustments to Reconcile Net Profit for the Period			
- Adjustments Related to Depreciation and Amortization Expenses	10-11	6,256,225	8,972,764
- Adjustments Related to Provisions	5-12-13	2,956,060	6,594,355
- Adjustments Related to Interest Income and Expenses	16-20-27	461,323,815	(40,305,485)
- Adjustments Related to Fair Value Losses/Gains	9	(2,213,705,908)	(6,342,760,274)
- Adjustments Related to Gains/Losses on Disposal of Non-Current Assets	10-11	28,159	-
- Adjustments Related to Gains/Losses on Disposal of Investment Properties	16.1-16.2	50,666,556	27,183,750
Changes in working capital			
- Adjustments Related to (Increase) / Decrease in Inventories	6	(1,801,632,672)	(970,165,795)
- Adjustments Related to (Increase) / Decrease in Trade Receivables		(41,204,782)	(6,375,108)
- Adjustments Related to (Increase) / Decrease in Prepaid Expenses		425,931,222	(535,298,779)
- Adjustments Related to (Increase) / Decrease in Other Assets		154,417,080	(272,992,286)
- Adjustments Related to Increase / (Decrease) in Trade Payables		(659,982,035)	633,768,469
- Adjustments Related to Increase/Decrease in Deferred Income		934,498,263	1,662,855,565
- Adjustments related to Increase / (Decrease) in Other Liabilities		(588,532,520)	2,211,542,025
Cash Flows from Operating Activities		(992,773,672)	3,440,434,776
Interest Received		127,564,121	40,305,485
		(865,209,551)	3,480,740,261
B. Cash Flows from Investing Activities			
Cash Outflows from Acquisition of Property, Plant and Equipment and Intangible Assets	10-11	(4,812,459)	(8,336,896)
Cash Outflows from Investment Property Investments	9	(1,440,706,095)	(3,816,079,194)
Cash Inflows from Sale of Investment Properties	9	832,383,764	49,659,109
		(613,134,789)	(3,774,756,981)
C. Cash Flows from Financing Activities			
Cash Inflows from Borrowing		2,455,550,000	5,436,924,799
Cash Outflows Related to Debt Payments		(1,972,423,398)	(3,570,218,596)
Cash Outflows Related to Debt Payments from Financial Leasing Contracts		(56,494,617)	-
Cash Inflows from Capital Increase		(78,280,531)	(839,433,976)
Dividends Paid		(6,230,457)	(4,404,259)
Interest Paid		(70,446,063)	(39,642,541)
		271,674,934	983,225,427
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		1,206,669,407	689,208,708
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		776,451,761	53,109,547
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		502,931,099	34,133,506
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	27	72,713,454	776,451,761

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

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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 appropriate by the Capital Markets Board of Türkiye (“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 7,500,000,000. (The registered capital ceiling before 22 August 2023 is TL 2,500,000,000.) On 21 September 2023, the Company's capital was increased to TL 1,645,000,000 by a capital increase of TL 75,000,000.

The headquarter of the Group is registered in Barbaros Mah. Begonya Sk. WBC İş Merkezi No:2H Ataşehir / İstanbul.

As of 31 December 2023, the number of personnel employed in the Group is 43 (31 December 2022: 45).

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 are 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 new form of Article 8 of the Articles of Association titled "Capital and Shares" regarding the increase of the Company's capital to TL 1,570,000,000,000 was approved by the Capital Markets Board on 18 May 2022. The new form of Article 8 of the Articles of Association, titled "Capital and Shares", regarding the increase of the Company's capital to TL 1,645,000,000, was approved by the Capital Markets Board on 14 September 2023.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

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

The capital increase is detailed as follows:

Date	Share Capital	Capitalisation	Increase value	Funds
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
05 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
08 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 June 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
15 September 2023	1,645,000,000	Bonus Issue	75,000,000	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.

The Company established Halk Yapı Projeleri Geliştirme A.Ş. to develop all kinds of real estate projects on 15 December 2020. 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>	<u>Type of activity</u>	<u>Main activity fields</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 Financial Statements:

The Board of Directors has approved the financial statements and delegated authority for publishing it on 17 May 2024. The General Assembly has the authority to modify the financial statements.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

2. BASIS OF PRESENTATION OF THE 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.

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 4 October 2022.

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.

Restatement of Financial Statements During Periods of High Inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, 31 December 2022 and 2021, inflation adjustment has been made in accordance with TAS 29.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index (“CPI”) is more than 100%.

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

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

2.1. Basis of Presentation (cont'd)

Restatement of Financial Statements During Periods of High Inflation (cont'd)

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment Coefficient	Three-Year Cumulative Inflation Rates
31.12.2023	1,859.38	1,000	268%
31.12.2022	1,128.45	1,647	156%
31.12.2021	686.95	2,706	74%

The main lines of TAS 29 indexation transactions are as follows:

As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.

Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.

All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.

The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts.

This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

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

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

2.1. Basis of Presentation (cont'd)

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and significant changes are disclosed if necessary.

Basis of Consolidation

The details of the Company and its subsidiaries as of 31 December 2023 and 31 December 2022 are as follows:

Subsidiary	Place of incorporation and operation	Functional currency	The Group's shareholding rate and voting power (%)	
			31 December 2023	31 December 2022
Halk Yapı Projeleri Geliştirme A.Ş.	Türkiye	TL	100%	100%

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

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

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

2.1. Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

- 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 power to affect its returns.

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; 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. 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 of acquisition to the date of disposal.

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

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

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

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 recognizes in relation to its interest in a joint operation.

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

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

2.1. Basis of Presentation (cont'd)

Interests in Joint Operations (cont'd)

- 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.

2.2. 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

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

a) Amendments that are mandatorily effective from 2023

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 related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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 correction 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.

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

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

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

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.

Amendments to TFRS 17 *Insurance Contracts* and Initial Application of TFRS 17 and TFRS 9 — *Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</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 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

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

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

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

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, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

These amendments to TFRS 16 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendments to TAS 1 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

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

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

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

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

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.

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.

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

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

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

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 customer receives the control of the property, the real estate is considered as transferred.

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 recognises revenue from the sale of the land within the scope of the LSRSA when the completed independent units, which represent the right to use the land, are delivered to the purchasers. In cases where the sale has not yet been realised, the Group recognises its share of the revenue as unearned income as of the balance sheet date. The Group's share in the Total Sales Revenue ('TSR') arising from the projects (land sales revenue) is recognised in the statement of profit or loss as cost of land sold.

Consultancy Income:

Consultancy income consist of project consultancy revenues provided by the Company's subsidiary and are recognized on an accrual basis.

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

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs including some of the fixed and variable general production expenses are valued according to the method appropriate to the class of the inventories and mostly according to the weighted average cost method. 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.

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 recognizes 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 recognizes 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.

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

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

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

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

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.

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

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

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

Leases (cont'd)

The Group as Lessee (cont'd)

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 recognized 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 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 recognized 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 recognized 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 Separately

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.

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.

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

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

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

Intangible Assets

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 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.

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.

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

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

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

Borrowing Costs (cont'd)

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 amortized 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.

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortized 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 amortized 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 recognize a modification gain or loss in profit or loss.

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

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

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

Financial Instruments (cont'd)

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.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized, the cumulative gain or loss previously recognized 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 recognized in other comprehensive income. Interest calculated using the effective interest method is recognized 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 amortized 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 recognized in profit or loss.

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

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

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

Financial Instruments (cont'd)

Financial Assets (cont'd)

Impairment

The Group recognizes 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 recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

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 recognizes 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 recognized initially, the Group 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 amortized 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.

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

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

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

Financial Instruments (cont'd)

Financial Assets (cont'd)

Financial Liabilities (cont'd)

(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 recognize an asset to the extent of its continuing involvement, the entity also recognizes 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 recognized by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

The Group does not reclassify any financial liability.

Recognition and derecognition of financial assets

The Group recognizes 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. An entity 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.

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

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

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

Financial Instruments (cont'd)

Financial Liabilities (cont'd)

Derivative Financial Instruments and Financial Risk Hedge Accounting (cont'd)

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.

Effect of Exchange Differences

Foreign Currency Balances and Transactions

The individual financial statements of each entity 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 currencies other than TL (foreign currencies) 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 at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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,

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

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

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

Financial Instruments (cont'd)

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.

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.

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

2. BASIS OF PRESENTATION OF THE 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 Türkiye. 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 the authority within the scope of KVK Article 15/(4), the Council of Ministers, it is authorized to reduce the tax withholding rates specified in Article 15 to zero for each payment and income separately, to increase it up to the corporate tax rate, and to differentiate within the same limits according to the type of fund or partnership for the earnings specified in the third paragraph, 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.

According to the temporary Article (1) of the Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

The Decree of the Council of Ministers numbered 2009/14594 on the tax deduction rates mentioned above and stated as 15% in accordance with Article 15/(3) of the Corporate Tax Law was published in the Official Gazette dated 3 February 2009 and numbered 27130 and was determined as 0% and entered into force on the same date. Therefore, the earnings of the real estate investment trusts mentioned in subparagraph (4) of paragraph (d) of the first paragraph of Article 5 of the Corporate Tax Law will be subject to tax deduction at the rate of 0% whether distributed or not.

Deferred Tax

Since the Group is exempt from Corporate Income Tax in Türkiye in accordance with the Article 5 of the Corporate Tax Law, deferred tax is not recognized.

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.

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.

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

2. BASIS OF PRESENTATION OF THE 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 Türkiye 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 entity'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 licensed 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 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 2023

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

3. INTERESTS IN OTHER ENTITIES

3.1. Subsidiaries

Halk Yapı Projeleri Geliştirme A.Ş.

Shareholding of the Group in its subsidiaries is as follows:

	31 December 2023	31 December 2022
Halk Yapı Projeleri Geliştirme A.Ş.	100%	100%

Financial information on Halk Yapı Projeleri Geliştirme A.Ş. is summarized below:

	31 December 2023	31 December 2022
Halk Yapı Projeleri Geliştirme A.Ş.		
Current assets	1,599,469,546	475,231,865
Fixed assets	185,735,839	164,853,790
Current liabilities	(1,556,596,528)	(484,779,016)
Profit/loss for the period(-)	72,324,245	35,643,369

3.2. Joint Operations

Shareholding of the Group in the joint operation is as follows:

	31 December 2023	31 December 2022
Halk GYO-Vakıf GYO Joint Venture	50%	50%
Halk GYO-Erkonut Joint Venture	-	50%
Halk GYO-Teknik Yapı Joint Venture	50%	50%

Halk GYO-Vakıf GYO Joint Venture

Halk GYO-Vakıf GYO Joint Venture has been founded in Türkiye for operating as a joint operation with 50% shares and 50% voting rights. The Company 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 summarized financial information of Halk GYO-Vakıf GYO as per the shareholding and voting rights is as follows:

	31 December 2023	31 December 2022
Halk GYO-Vakıf GYO Joint Venture		
Current assets	9,015,765	12,685,177
Current liabilities	(668,634)	(932,113)
Profit/loss for the period(-)	579,447	8,919,834

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

3. INTERESTS IN OTHER ENTITIES (cont'd)

3.2. Joint Operations (cont'd)

Halk GYO-Erkonut Joint Venture

Halk GYO-Erkonut Joint Operation has been founded in Türkiye for operating as a joint operation with 50% shares and 50% voting rights. The Company owns 50% of the Şehristan 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 summarized financial information of Halk GYO-Erkonut as per the shareholding and voting rights is as follows. Summary financial information of Halk GYO-Erkonut joint venture calculated by taking into account the ownership ratio is as follows: The joint venture was closed on 19 December 2023 due to the completion of its operations.

Halk GYO-Erkonut Joint Venture	31 December 2023	31 December 2022
Current assets	-	702,215
Current liabilities	-	(387,982)
Profit/loss for the period(-)	(423,222)	(53,991)

Halk GYO-Teknik Yapı Joint Venture

Halk GYO-Teknik Yapı Joint Venture has been founded on 24 August 2017 in Türkiye for operating as a joint operation with 50% shares and 50% voting rights. The Company 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 summarized financial information of Halk GYO-Teknik Yapı as per the shareholding and voting rights is as follows:

Halk GYO-Teknik Yapı Joint Venture	31 December 2023	31 December 2022
Current assets	1,501,003,499	529,095,521
Non-current assets	33,547,798	19,328,538
Current liabilities	(1,610,694,709)	(625,746,669)
Non-current liabilities	(94,113)	(1,387,438)
Profit/loss for the period(-)	6,493,398	(19,619,264)

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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 2023	31 December 2022
<u>Deposits at Halk Bank</u>		
Demand deposits	5,483,092	28,516,865
Term deposits	58,600,153	735,895,541
Pos accounts	25,000	494,319
	<u>64,108,245</u>	<u>764,906,724</u>
<u>Balances with related parties</u>		
Halk Varlık Yönetimi A.Ş. lease certificate issuance (Note: 23)	368,920,548	689,535,121
Short-term loans obtained from Halk Bank	1,187,172,188	394,766,231
Long-term loans obtained from Halk Bank	1,822,627,859	1,371,550,722
Halk Leasing financial lease agreement (Note: 23)	164,710,056	216,266,062
	<u>3,543,430,651</u>	<u>2,672,118,136</u>

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

4. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2023								
	Receivables	Payables				Prepaid Expenses/ Deferred Income		Investment Properties	
	Short-term	Short-term		Long-term		Short-term	Long-term	Long-term	
	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Trade	Non-trade
Balances with related parties									
Shareholders									
Halkbank A.Ş.	19,250,000	-	(1,187,172,188)	-	(1,822,627,858)	(435,426,186)	(1,195,729,615)	160,000,000	-
Other companies controlled by the main shareholder									
Halk Finansal Kiralama A.Ş. (*)	-	-	(110,544,264)	-	(54,165,792)	-	6,364,554	-	-
Halk Varlık Kiralama A.Ş.	-	-	(368,920,550)	-	-	-	-	-	-
	19,250,000	-	(1,666,637,002)	-	(1,876,793,650)	(435,426,186)	(1,189,365,061)	160,000,000	-
	31 December 2022								
	Receivables	Payables				Prepaid Expenses/ Deferred Income		Investment Properties	
	Short-term	Short-term		Long-term		Short-term	Long-term	Long-term	
	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Trade	Non-trade
Balances with related parties									
Shareholders									
Halkbank A.Ş.	-	(45,198)	(394,766,233)	(140,057,050)	(1,371,550,723)	(346,023,300)	(1,251,154,297)	-	615,962,667
Other companies controlled by the main shareholder									
Halk Finansal Kiralama A.Ş. (*)	-	-	(128,461,852)	-	(87,804,208)	-	3,130,430	-	-
Halk Varlık Kiralama A.Ş.	-	-	(689,535,120)	-	-	-	-	-	-
	-	(45,198)	(1,212,763,205)	(140,057,050)	(1,459,354,931)	(346,023,300)	(1,248,023,867)	-	615,962,667

(*) The Group signed a contract with Buga Otis Asansör Sanayi ve Ticaret A.Ş. concerning the purchase of the vertical procurement works (lift and escalator) services of Halk Office Towers, which will be built within the scope of the Istanbul International Financial Center project and for the financing of the aforementioned service purchase, the Group also signed a finance lease contract with Halk Finansal Kiralama A.Ş. Assets acquired through finance leases are recognized under investment properties and borrowing cost amounting to TL 7,865,330 has been capitalized based on the principal payment in 2023 (31 December 2022: borrowing cost amounting to TL 45,073,211).

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

4. RELATED PARTY DISCLOSURES (cont'd)

1 January - 31 December 2023						
Transactions with related parties	Interest income	Interest expenses	Currency difference income / expenses	Rent income	Other income / expense	Finance Expenses / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(131,515,660)	635,629,034	71,308	(473,566,955)	27,848,035	389,611,487
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	64,451,003	-	-	8,182,034	29,885,108
Halk Finansal Kiralama A.Ş.	-	36,125,904	315,513,236	-	224,085	267,879,288
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	153,878	-
	(131,515,660)	736,205,941	315,584,544	(473,566,955)	36,408,032	687,375,882

1 January - 31 December 2022						
Transactions with related parties	Interest income	Interest expenses	Currency difference expenses	Rent income	Other expense	Finance Expenses / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(40,125,152)	100,308,263	-	(115,686,397)	2,171,561	(63,504,157)
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	210,632,076	-	-	-	(192,995,850)
Halk Finansal Kiralama A.Ş.	-	12,677,775	75,645,584	-	-	(88,323,359)
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	826,499	-
	(40,125,152)	323,618,114	75,645,584	(115,686,397)	2,998,060	(344,823,365)

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 directors and other members of key management during the period is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and Other Short-term Benefits	10,506,557	7,266,072
	10,506,557	7,266,072

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

5. TRADE RECEIVABLES AND TRADE PAYABLES

5.1. Trade Receivables

The details of the Group's trade receivables as of balance sheet date are as follows:

Short-term Trade Receivables	31 December 2023	31 December 2022
Trade receivables (*)	32,667,189	12,182,184
Trade receivables from related parties (Note 4)	19,250,000	-
Notes receivable	-	338,170
TFRS 9 Provision for doubtful trade receivables (-)	(519,172)	(1,807,947)
	<u>51,398,017</u>	<u>10,712,407</u>

(*) As of 31 December 2023, there are no overdue trade receivables (notes). As of 31 December 2022, it amounts to (TL 333,367).

The short-term trade receivables of the Group arising from the residences sold and leased under the projects developed are as follows:

Short-term trade receivables from sale of residences and rental properties	31 December 2023	31 December 2022
Land Sold	-	8,670,355
Properties sold	3,254	343,532
<i>Bizimtepe Aydos project</i>	-	338,172
<i>Erzurum Şehristan project</i>	3,254	5,360
Leased properties (*)	21,913,935	3,506,466
Consultancies	30,000,000	-
TFRS 9 Provision for doubtful trade receivables (-) (**)	(519,172)	(1,807,947)
	<u>51,398,017</u>	<u>10,712,407</u>

(*) Lease receivables consist of trade receivables secured by guarantee letters.

(**) Consists of provisions for losses expected within the scope of TFRS 9.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

5. TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

5.1 Trade Receivables (cont'd)

Movement of provision for doubtful receivables	31 December 2023	31 December 2022
Opening balance	(1,097,236)	(132,861)
Provisions released	578,063	-
Charge for the period	-	(1,675,085)
Closing balance	<u>(519,172)</u>	<u>(1,807,947)</u>

Explanations about the nature and level of risks related to trade receivables are provided in Note 24.

5.2. Trade Payables

The details of the Group's trade payables as of balance sheet date are as follows:

Short-term Trade Payables	31 December 2023	31 December 2022
Trade Payables	114,318,533	634,198,320
Trade payables to related parties (Note: 4)	-	45,197
	<u>114,318,533</u>	<u>634,243,518</u>

Long-term Trade Payables	31 December 2023	31 December 2022
Trade payables to related parties (Note: 4)	-	140,057,050
	<u>-</u>	<u>140,057,050</u>

Explanations about the nature and level of risks related to trade payables are provided in Note 24.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

6. INVENTORIES

Inventories	31 December 2022 Cost value	Additions	Disposal	31 December 2023 Cost value
Bizimtepe Aydos Project (1)	1,239,040	-	-	1,239,040
Evora İzmir Project (2)	762,919,851	585,876,814	-	1,348,796,665
Paye Sakarya Adapazarı Project (3)	230,071,152	-	(114)	230,071,039
Dilovası Modern Sanayi Sitesi Project (4)	160,066,322	1,215,755,973	-	1,375,822,295
Total	1,154,296,366	1,801,632,787	(114)	2,955,929,038

Inventories	31 December 2021 Cost value	Additions	Disposal	31 December 2022 Cost value
Bizimtepe Aydos Project (1)	10,759,809	-	(9,520,769)	1,239,040
Evora İzmir Project (2)	308,015,363	454,904,488	-	762,919,851
Paye Sakarya Adapazarı Project (3)	230,071,716	-	(564)	230,071,152
Dilovası Modern Sanayi Sitesi Project (4)	23,846,921	136,219,401	-	160,066,322
Total	572,693,809	591,123,889	(9,521,333)	1,154,296,366

(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 condominium deeds on 8 February 2019. As of 31 December 2023, no independent section sales were realized among the inventories. (In the period of 31 December 2022, 15 independent sections were removed from stocks and 17 independent sections were removed from investment properties, resulting in a sales revenue of TL 15,506,497 and a sales cost of TL 7,792,490. The sales cost item includes taxes, duties and fees.)

(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 Island 8115, 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 2023, 724 independent section sales promise agreements were signed (31 December 2022: 585 independent section sales commitment agreements were 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 m2 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 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. Sales and marketing process was started in 2023, and as of 31 December 2023, a preliminary sales contract was signed for 121 independent sections. (There is no sales data for the 31 December 2022 reporting period.)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

6. INVENTORIES (cont'd)

⁽⁴⁾ Halk Yapı Projeleri Geliştirme A.Ş. established Halk Yapı Projeleri Gelişim AŞ on 15 December 2020 to develop all kinds of real estate projects. The entire capital of the company belongs to Halk GYO. The newly established Halk Yapı Projeleri Gelişim 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 signed on 07.07.2022 as 50% – 50% revenue sharing in return for the sale of land has been revised so that the revenue sharing distribution belongs to Marmara Metal Mamulleri Ticaret A.Ş. 47% and Halk Yapı Projeleri Geliştirme A.Ş. 53%. Construction permits have been obtained as of 01.09.2022 and the project consists of a total of 350 independent units 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 contract was signed on 19.09.2022 for the construction activities of the project. During the reporting period 31 December 2023, a sales promise agreement was signed for 127 independent units. (There is no sales data for the reporting period 31 December 2022, and a sales promise agreement was signed for 74 independent units.)

7. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short-Term Prepaid Expenses		
Order Advances Given	-	165,267
Prepaid Insurance and Other Expenses	21,232,613	5,744,204
	<u>21,232,613</u>	<u>5,909,471</u>

	31 December 2023	31 December 2022
Long-Term Prepaid Expenses		
Investment advances given to related parties	6,364,553	3,130,430
Investment advances given	164,477,391	609,317,473
Prepaid Insurance and Other Expenses	1,023,798	672,204
	<u>171,865,742</u>	<u>613,120,106</u>

	31 December 2023	31 December 2022
Investment advances given		
İstanbul Finans Merkezi project	52,153,086	413,430,893
Dilovası Sanayi Sitesi Project	93,186,464	181,483,580
İzmir Evora project	25,502,394	17,533,429
	<u>170,841,945</u>	<u>612,447,902</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

8. LIABILITIES ARISING FROM CUSTOMER CONTRACTS

Liabilities arising from Customer Contracts (All)	31 December 2023	31 December 2022
Deferred Housing Sales Income	2,178,479,578	1,246,979,574
Rents Received in Advance	1,631,155,802	1,597,177,596
Consulting Services	106,304,349	-
Other	27,488,705	-
Property Sales Revenues Received in Advance	-	164,773,000
	<u>3,943,428,434</u>	<u>3,008,930,170</u>

Liabilities arising from Customer Contracts Detail (All)	31 December 2023	31 December 2022
Advance Rents Received from Related Parties	1,631,155,802	1,597,177,596
Dilovası Modern Sanayi Sitesi Project	1,157,133,489	611,199,340
İzmir Evora project	861,700,999	633,187,732
Paye Sakarya Project	159,645,090	1,940,202
Consulting Services	133,793,054	-
Bizimtepe Aydos project	-	214,221
Advances received for Property Sales	-	164,773,000
Erzurum Şehristan project	-	435,297
Bakırköy project	-	2,782
	<u>3,943,428,434</u>	<u>3,008,930,171</u>

Liabilities arising from Customer Contracts (Current)	31 December 2023	31 December 2022
Dilovası Modern Sanayi Sitesi Project	1,157,133,489	611,199,341
Paye Sakarya Project	159,645,090	1,940,202
Advance Rents Received from Related Parties	435,426,186	346,023,300
İzmir Evora project	861,700,999	633,187,732
Consulting Services	133,793,054	-
Bizimtepe Aydos project	-	214,221
Advances received for Property Sales	-	164,773,000
Erzurum Şehristan project	-	435,297
Bakırköy project	-	2,781
	<u>2,747,698,818</u>	<u>1,757,775,874</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

8. LIABILITIES ARISING FROM CUSTOMER CONTRACTS (cont'd)

Liabilities arising from Customer Contracts (Non-current)	31 December 2023	31 December 2022
Advance Rents Received from Related Parties	1,195,729,616	1,251,154,297
	<u>1,195,729,616</u>	<u>1,251,154,297</u>

9. INVESTMENT PROPERTIES

Fair Value Measurement of the Group's Investment Properties

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

	31 December 2023	Fair value level as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Lands	919,950,000	-	919,950,000	-
Buildings	23,181,090,000	-	4,560,320,000	18,620,770,000
Investment property under construction	-	-	-	-
	<u>24,101,040,000</u>	<u>-</u>	<u>5,480,270,000</u>	<u>18,620,770,000</u>
	31 December 2022	Fair value level as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Lands	515,047,443	-	515,047,443	-
Buildings	8,086,375,032	-	4,635,253,979	3,451,121,053
Investment property under construction	12,733,149,939	-	182,173,029	12,550,976,910
	<u>21,334,572,415</u>	<u>-</u>	<u>5,332,474,451</u>	<u>16,002,097,963</u>

There has been no transition between Level 1 and Level 2 in the current period.

As of 31 December 2023, the total amount of insurance on investment properties is TL 9,017,109,381. (31 December 2022: TL 9,219,402,862).

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

9. INVESTMENT PROPERTIES (cont'd)

Fair Value Measurement of the Group's Investment Properties (cont'd)

	31 December 2022				31 December 2023	
	Fair Value	Addition	Disposal	Transfer	Fair Value Difference	Fair Value
Investment properties						
İstanbul Salıpazarı Land	29,245,798				603,092	29,848,890
Antalya Muratpaşa Land	486,953,647				131,587,405	618,541,052
İstanbul Beykoz Land		163,417,459			135,071,442	298,488,901
Total lands	516,199,445	163,417,459	--	--	267,261,940	946,878,844
Ankara Bahçelievler Building 1	44,181,262				4,709,161	48,890,423
Ankara Bahçelievler Building 2	33,344,349				1,959,683	35,304,032
Ankara Başkent Building	65,181,250				1,042,115	66,223,365
Ankara Kızılai Building	102,159,260				6,428,944	108,588,204
Bursa Building	65,909,200				6,377,757	72,286,957
İstanbul Beyoğlu Building					--	--
İstanbul Beşiktaş Building	135,113,860	337,500			8,852,585	144,303,945
İstanbul Etiler Building	153,238,890				5,261,110	158,500,000
İstanbul Ataköy Building	99,522,892				6,173,057	105,695,949
İstanbul Bakırköy Building	126,051,345				8,495,100	134,546,445
İstanbul Fatih Building	69,698,979				4,614,465	74,313,444
İstanbul Salıpazarı Building	664,035,190				76,964,810	741,000,000
İstanbul Karaköy Building	329,546,000				25,552,865	355,098,865
İstanbul Nişantaşı Building	88,977,420				3,022,580	92,000,000
İstanbul Şişli Building	123,579,750				7,271,609	130,851,359
Levent Otel	2,011,878,330				11,121,670	2,023,000,000
Ataşehir Finance Tower	2,144,120,063				72,931,983	2,217,052,045
İstanbul Caddebostan Building	184,545,760				(19,545,760)	165,000,000
Gayrettepe Building	543,750,900		(543,750,900)		--	--
İstanbul Finance Tower Block-A		305,885,397		7,689,867,362	830,794,240	8,826,547,000
İstanbul Finance Tower Block-B		231,957,933		5,596,475,074	701,789,993	6,530,223,000
İzmir Konak Building-1	199,375,330				14,857,359	214,232,689
İzmir Konak Building-2	101,335,395				10,284,172	111,619,567
Kocaeli Building	68,891,591				4,289,653	73,181,244
Kocaeli Şekerpmar Block-A	486,574,669	51,260			13,374,071	500,000,000
Kocaeli Şekerpmar Office Project	288,632,864		(288,632,864)		--	--
Sakarya Adapazarı Building					--	--
Sakarya Adapazarı Building (New Building)	44,661,722				2,684,794	47,346,515
İstanbul Beyoğlu Otel Building				185,864,048	137,135,952	323,000,000
Total buildings	8,174,306,271	538,232,090	(832,383,764)	13,472,206,485	1,946,443,968	23,298,805,050
İstanbul International Finance Centre Project	12,550,976,910	735,365,526		(13,286,342,436)		--
İstanbul Caddebostan Building Urban Transformation Project					--	--
İstanbul Beyoğlu Project	182,173,029	3,691,019		(185,864,048)		--
Total investment property under construction	12,733,149,939	739,056,545	-	(13,472,206,485)	-	-
Total	21,423,655,654	1,440,706,095	(832,383,764)	--	2,213,705,908	24,245,683,893

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

9. INVESTMENT PROPERTIES (cont'd)

Fair Value Measurement of the Group's Investment Properties (cont'd)

	31 December 2021				31 December 2022	
	Fair Value	Addition	Disposal	Transfer	Fair Value Difference	Fair Value
Investment properties						
İstanbul Salpazarı Land	30,741,774	1,152,001	-	-	(2,647,978)	29,245,798
İstanbul Beyoğlu Land	81,201,782	3,402,136	-	(84,603,918)	-	-
Erzurum Yakutiye Land	36,890,129	-	(36,890,129)	-	-	-
Antalya Muratpaşa Land	-	336,136,920	-	-	150,816,727	486,953,647
Total lands	148,833,686	340,691,057	(36,890,129)	(84,603,918)	148,168,749	516,199,445
İstanbul Karaköy Building	156,783,049	-	-	-	172,762,951	329,546,000
İstanbul Salpazarı Land	316,686,950	-	-	-	347,348,240	664,035,190
İzmir Konak Building-1	129,922,851	-	-	-	69,452,479	199,375,330
Ankara Kızlay Building	81,201,782	-	-	-	20,957,478	102,159,260
İstanbul Beşiktaş Building	95,299,500	-	-	-	39,814,360	135,113,860
İstanbul Etiler Building	98,373,678	-	-	-	54,865,212	153,238,890
İstanbul Şişli Building	75,788,330	-	-	-	47,791,420	123,579,750
İzmir Konak Building-2	74,434,967	-	-	-	26,900,428	101,335,395
Ankara Başkent Building	57,179,700	2,567,510	-	-	5,434,040	65,181,250
İstanbul Bakırköy Building	113,744,565	-	-	-	12,306,780	126,051,345
Bursa Building	63,337,390	-	-	-	2,571,810	65,909,200
Ankara Bahçelevler Building 1	48,879,421	516,417	-	-	(5,214,576)	44,181,262
Kocaeli Building	59,946,460	-	-	-	8,945,131	68,891,591
İstanbul Fatih Building	63,020,637	-	-	-	6,678,342	69,698,979
İstanbul Caddebostan Building	98,795,502	-	-	-	85,750,258	184,545,760
Ankara Bahçelevler Building 2	34,584,496	389,749	-	-	(1,629,896)	33,344,349
İstanbul Ataköy Building	62,252,093	-	-	-	37,270,799	99,522,892
İstanbul Nişantaşı Building	40,600,891	-	-	-	48,376,529	88,977,420
Ataşehir Finance Tower	1,181,485,930	84,457,563	-	-	878,176,570	2,144,120,063
Levent Otel	947,354,125	-	-	-	1,064,524,205	2,011,878,330
Kocaeli Şekerpınar Block-A	527,811,584	1,152,254	-	-	(42,389,169)	486,574,669
Kocaeli Şekerpınar Office Project	311,273,498	-	-	-	(22,640,634)	288,632,864
Sakarya Adapazarı Building (New Building)	33,969,412	-	-	-	10,692,309	44,661,722
Gayrettepe Building	-	292,145,001	-	-	251,605,899	543,750,900
Bizimtepe Aydos T 13 No BB (Empty)	764,650	-	(764,650)	-	-	-
Bizimtepe Aydos T 15 No BB	710,516	-	(710,516)	-	-	-
Bizimtepe Aydos T 16 No BB Hairdresser	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 26 No BB Nuts Shop	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 25 No BB Pharmacy	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	3,559,345	-	(3,559,345)	-	-	-
Bizimtepe Aydos T 40	433,076	-	(433,076)	-	-	-
Bizimtepe Aydos T 41	406,009	-	(406,009)	-	-	-
Bizimtepe Aydos T 42-43-44 No BB Gift Shop	1,231,560	-	(1,231,560)	-	-	-
Bizimtepe Aydos T 27-28 No BB Real Estate Agency	-	-	-	-	-	-
Bizimtepe Aydos T 14 No BB Real Estate Agency	764,650	-	(764,650)	-	-	-
Bizimtepe Aydos T 29	392,475	-	(392,475)	-	-	-
Bizimtepe Aydos T 30-31-32 No BB Real Estate Agency	1,177,426	-	(1,177,426)	-	-	-
Total buildings	4,685,495,791	381,228,493	(12,768,980)	-	3,120,350,966	8,174,306,271
İstanbul International Finance Centre Project	6,480,145,819	3,094,159,644	-	-	2,976,671,447	12,550,976,910
İstanbul Beyoğlu Project	-	-	-	84,603,918	97,569,111	182,173,029
Total investment property under construction	6,480,145,819	3,094,159,644	-	84,603,918	3,074,240,558	12,733,149,939
Total	11,314,475,296	3,816,079,194	(49,659,109)	-	6,342,760,274	21,423,655,654

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

9. INVESTMENT PROPERTIES (cont'd)

Fair Value Measurement of the Group's Investment Properties (cont'd)

Investment property	Acquisition Date	Acquisition Amount (*)	Appraisal Method	Appraisal Date	Appraisal Value	Tenant/Tenants	Rent Income (2023) (TL)	Direct operating/ maintenance expenses (2023) (TL)	Rent Income (2022) (TL)	Direct operating/ maintenance expenses(2022) (TL)	
İstanbul Salıpazarı Land	26 January 2018	5,178,343	Comparable Sales Approach	17 November 2023	29,000,000		-	-	229,621	-	209,619
Ezrumun Yakutiye Land 1	30 September 2019	10,047,000	-	-	-		-	-	-	-	31,133
Antalya Muratpaşa Land 2	22 April 2022	204,000,000	Comparable Sales Approach	30 October 2023	600,950,000		-	-	1,325,084	-	17,128
İstanbul Beykoz Land	23 May 2023	163,417,459	Comparable Sales Approach	27 November 2023	290,000,000		-	-	121,139	-	-
Total lands		382,642,802			919,950,000		-	-	1,675,845	-	257,880
Ankara Bahçelievler Building 1	28 October 2010	6,681,356	Comparable Sales Approach	2 November 2023	47,500,000	T. Halk Bankası A.Ş.	2,545,581	56,082	2,390,171	46,453	
Ankara Bahçelievler Building 2	28 October 2010	5,684,746	Comparable Sales Approach	3 November 2023	34,300,000	İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	1,644,000	17,777	1,558,731	13,672	
Ankara Başkent Building	28 October 2010	9,541,729	Comparable Sales Approach	6 November 2023	64,340,000	Ceda Akaryakıt İnş. Emlak Tur. Ltd. Şti., T. Halk Bankası A.Ş.	3,832,037	254,515	3,636,118	574,194	
Ankara Kızılaiy Building 14	28 October 2010	12,475,257	Comparable Sales Approach	6 November 2023	105,500,000	T. Halk Bankası A.Ş.	4,469,392	126,109	4,630,955	91,524	
Ataşehir Finance Centre	12 January 2012	126,548,795	Comparable Sales Approach	17 November 2023	2,154,000,000	T. Halk Bankası A.Ş., R.Tayyip Erdoğan Üni. Ve Türk Alınan Üni. TGB Yön. A.Ş.	59,568,376	938,026	45,556,025	1,505,883	
Bursa Building3	28 October 2010	8,500,000	Comparable Sales Approach	24 October 2023	68,000,000	T. Halk Bankası A.Ş.	559,224	86,089	3,585,256	197,802	
İstanbul Ataköy Building	28 October 2010	5,061,500	Comparable Sales Approach	8 November 2023	102,690,000	T. Halk Bankası A.Ş.	3,022,878	68,609	2,838,328	58,450	
İstanbul Bakırköy Building	28 October 2010	9,023,500	Comparable Sales Approach	7 November 2023	130,720,000	T. Halk Bankası A.Ş.	5,409,360	74,593	5,079,112	61,970	
İstanbul Beşiktaş Building	27 October 2010	11,893,840	Comparable Sales Approach	21 November 2023	140,200,000	T. Halk Bankası A.Ş.	4,613,866	125,971	4,332,184	61,096	
İstanbul Etiler Building4	27 October 2010	11,000,000	Comparable Sales Approach	15 December 2023	158,500,000	T. Halk Bankası A.Ş.	941,036	55,714	3,615,133	213,988	
İstanbul Fatih Building	28 October 2010	6,380,000	Comparable Sales Approach	20 November 2023	72,200,000	T. Halk Bankası A.Ş.	2,577,401	128,956	2,420,048	106,692	
İstanbul Karaköy Building5	2 November 2010	23,500,000	Comparable Sales Approach	13 November 2023	345,000,000	T. Halk Bankası A.Ş.	6,186,377	405,162	3,359,971	501,538	
İstanbul Nişantaşı Building6	2 November 2010	5,000,000	Comparable Sales Approach	05 December 2023	92,000,000	T. Halk Bankası A.Ş.	2,131,924	25,501	2,001,768	28,944	
İstanbul Salıpazarı Building	28 October 2010	38,050,960	Revenue Discount Method	15 December 2023	741,000,000	Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	29,579,614	1,168,608	23,066,618	1,223,822	
İstanbul Şişli Building	2 November 2010	11,000,000	Comparable Sales Approach	20 November 2023	127,130,000	T. Halk Bankası A.Ş.	3,913,831	122,494	3,674,887	377,655	
İzmir Konak Building-17	2 November 2010	13,400,000	Comparable Sales Approach	6 November 2023	208,140,000	T. Halk Bankası A.Ş.	-	753,395	173,666	495,319	
İzmir Konak Building-28	2 November 2010	10,290,000	Comparable Sales Approach	24 October 2023	105,000,000	T. Halk Bankası A.Ş.	220,329	342,679	1,371,471	327,920	
Kocaeli Building	28 October 2010	6,519,193	Comparable Sales Approach	21 November 2023	71,100,000	T. Halk Bankası A.Ş.	3,181,976	66,753	2,987,713	50,636	
Kocaeli Şekerpar Block-A	11 September 2012	67,860,443	Cost Method	29 November 2023	500,000,000	T. Halk Bankası A.Ş.	24,647,701	1,114,903	23,951,595	803,735	
Kocaeli Şekerpar Block-B 9	11 September 2012	39,830,221	-	-	-		-	1,925,289	-	1,666,783	
Levent Otel Building	3 November 2010	91,186,481	Revenue Discount Method	5 December 2023	2,023,000,000	Caba İnşaat Enerji Tur. San. ve Tic. AŞ	82,259,257	2,623,652	71,183,763	1,903,284	
Sakarya Adapazarı Building	15 January 2021	10,200,000	Comparable Sales Approach	17 November 2023	46,000,000	T. Halk Bankası A.Ş.	1,169,913	74,761	1,033,638	60,322	
İstanbul Caddebostan Building10	3 November 2010	6,300,000	Comparable Sales Approach	25 December 2023	165,000,000	T. Halk Bankası A.Ş.	330,000	278,187	-	292,133	
İstanbul Gayrettepe Building11	13 May 2022	177,301,500	-	-	-		-	-	1,461,061	-	535,302
İstanbul Finance Center Block A Tower12	28 October 2010	130,693,138	Cost Method	25 December 2023	8,826,547,000	T. Halk Bankası A.Ş.	344,817,402	7,363,482	-	-	-
İstanbul Finance Centre Block B Tower	28 October 2010	99,153,782	Cost Method	25 December 2023	6,530,223,000		-	-	890,190	-	-
İstanbul Beyoğlu Otel Building13	28 October 2010	12,000,000	Comparable Sales Approach	25 December 2023	323,000,000	Taksim Yatırım Gayrimenkul AŞ	272,127	9,776	-	-	-
Bizimtepe Aydos Commercial Units	27 April 2020	3,878,053	-	-	-		-	-	155,104	10,111	
Total buildings		958,954,474			23,181,090,000		587,893,601	20,558,334	212,602,255	11,209,228	
Total investment property under construction		-			-		-	-	-	-	
Total		1,341,597,276			24,101,040,000		587,893,601	22,234,179	212,602,255	11,467,108	

(*) The entry amounts into the portfolio are not expressed on the basis of purchasing power as of 31 December 2023.

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

9. INVESTMENT PROPERTIES (cont'd)

Fair Value Measurement of the Group's Investment Properties (cont'd)

Notes on Investment Properties

- 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. and the title deed was transferred on 25.05.2023.
- 2- Antalya Muratpaşa Land was purchased from T.Halk Bankası A.Ş. on 22.04.2022.
- 3- The lease agreement signed with T. Halk Bankası A.Ş. for the Bursa building was terminated on 17.02.2023 due to the renovation works to be held in the building.
- 4- The lease agreement signed with T. Halk Bankası A.Ş. for Istanbul Etiler building was terminated on 20.03.2023 due to renovation works to be carried out in the building.
- 5- Istanbul Karaköy Building lease agreement has expired as of 23 October 2017. A new lease agreement was signed with Halk Bankası A.Ş. for the building on 31.12.2021. Rental income has started to be obtained from the building as of 01.05.2022.
- 6- İstanbul Nişantaşı building was transferred to the company's subsidiary Halk Yapı Projeleri Geliştirme AŞ on 28.12.2020.
- 7- The lease agreement signed with T.Halk Bankası A.Ş. for İzmir Konak 1 building was terminated on 23.01.2022 due to the renovation works to be carried out in the building.
- 8- The lease agreement signed with T.Halk Bankası A.Ş. for İzmir Konak 2 building was terminated on 17.02.2023 due to the renovation works to be carried out in the building.
- 9- Kocaeli Şekerpinar B Block Building was sold on 12.05.2023.
- 10- Following the completion of the Caddebostan Urban Transformation Project and the receipt of the condominium title deeds of the building on 08.07.2021, the related project has been classified as a building as of this date. Marketing activities of the building continue.
- 11- Istanbul Gayrettepe Building was purchased from T.Halk Bankası A.Ş. on 13.05.2022 and sold on 02.06.2023.
- 12- In accordance with the lease agreement signed with T.Halk Bankası A.Ş. for Istanbul Finance Centre A Block building, rental income has started to be obtained as of 01.04.2023.
- 13- The lease agreement of Istanbul Beyoğlu Building with T. Halk Bankası AŞ has expired as of 15.02.2020. A lease agreement including the renewal of the building was signed with Taksim Yatırım Gayrimenkul AŞ on 22.10.2020. The building was demolished to be reconstructed and was registered in the land registry as "Land" on 02.12.2021. After obtaining the necessary construction permits for the reconstruction of the building, rental income will begin to be obtained 20 months later.
- 14- The lease agreement signed with T.Halk Bankası A.Ş. for the Ankara Kızılay Building was terminated on 30 November 2023 due to the renovation work to be carried out in the building.

Operating leases

The Group as Lessor

The Group has signed operating leases with T. Halk Bankası AŞ, Ceda Akaryakıt Turizm AŞ, Sapaz Otelcilik Turizm AŞ, Caba İnşaat Otelcilik AŞ, İpekyol Giyim AŞ, Taksim Yatırım, Recep Tayyip Erdoğan Üni. and Türk Alman Üni. TGB Yön. A.Ş. As of 31 December 2023 and 31 December 2022, annual minimum lease amounts concerning the remaining lease terms are as follows:

Operating leases	31 December 2023	31 December 2022
Less than 1 year lease receivable agreements	637,896,541	312,604,822
Lease receivable agreements between 1-5 years	957,743,603	900,490,099
Lease receivable agreements longer than 5 years	987,775,405	343,399,335
	<u>2,583,415,548</u>	<u>1,556,494,256</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

10. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Furniture and fixtures	Leasehold Improvements	Right-of-use assets (*)	Total
Opening balance as of 1 January 2023	26,323,920	28,039,179	7,218,207	61,581,306
Additions	2,110,219	95,506	1,260,300	3,466,026
Transfers	-	-	-	-
Disposals	(2,927,266)	(5,781,595)	(1,296,050)	(10,004,911)
Closing balance as of 31 December 2023	<u>25,506,873</u>	<u>22,353,091</u>	<u>7,182,457</u>	<u>55,042,421</u>
Accumulated Depreciation				
Opening balance as of 1 January 2023	15,614,867	28,029,499	2,685,237	46,329,603
Charge for the period	2,259,244	58,554	2,436,112	4,753,910
Disposals	(2,905,953)	(5,774,757)	(1,296,043)	(9,976,752)
Closing balance as of 31 December 2023	<u>14,968,159</u>	<u>22,313,296</u>	<u>3,825,306</u>	<u>41,106,761</u>
Net book value as of 31 December 2023	<u>10,538,714</u>	<u>39,794</u>	<u>3,357,151</u>	<u>13,935,660</u>
Cost Value				
Opening balance as of 1 January 2022	21,397,295	28,039,179	13,904,891	63,341,364
Additions	4,980,124	-	3,356,772	8,336,896
Transfers	-	-	-	-
Disposals	(53,499)	-	(10,043,455)	(10,096,954)
Closing balance as of 31 December 2022	<u>26,323,920</u>	<u>28,039,179</u>	<u>7,218,207</u>	<u>61,581,306</u>
Accumulated Depreciation				
Opening balance as of 1 January 2022	12,947,008	25,851,662	9,109,327	47,907,997
Charge for the period	2,721,358	2,177,837	3,619,372	8,518,567
Disposals	(53,499)	-	(10,043,463)	(10,096,962)
Closing balance as of 31 December 2022	<u>15,614,867</u>	<u>28,029,499</u>	<u>2,685,237</u>	<u>46,329,603</u>
Net book value as of 31 December 2022	<u>10,709,053</u>	<u>9,680</u>	<u>4,532,971</u>	<u>15,251,703</u>

(*) 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 Lives
Furniture and fixtures	5 years
Leasehold improvements	3 years
Right-of-use assets	3 years

Depreciation expenses of TL 3,243,232 (31 December 2022: TL 4,911,059) have been charged in marketing expenses and TL 133,178 (31 December 2022: TL 2,297,514) have been charged in general administrative expenses.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

11. INTANGIBLE ASSETS

Cost Value	Other Intangible	
	Assets	Total
Opening balance as of 1 January 2023	10,930,228	10,930,228
Additions	1,346,433	1,346,433
Disposals	(7,278)	(7,278)
Closing balance as of 31 December 2023	<u>12,269,383</u>	<u>12,269,383</u>

Accumulated Amortisation

Opening balance as of 1 January 2023	6,363,707	6,363,707
Charge for the period	1,502,314	1,502,314
Disposals	(7,278)	(7,278)
Closing balance as of 31 December 2023	<u>7,858,744</u>	<u>7,858,744</u>
Net book value as of 31 December 2023	<u>4,410,639</u>	<u>4,410,639</u>

Cost Value	Other Intangible	
	Assets	Total
Opening balance as of 1 January 2022	8,855,178	8,855,178
Additions	2,075,050	2,075,050
Disposals	-	-
Closing balance as of 31 December 2022	<u>10,930,228</u>	<u>10,930,228</u>

Accumulated Amortisation

Opening balance as of 1 January 2022	5,909,509	5,909,509
Charge for the period	454,197	454,197
Disposals	-	-
Closing balance as of 31 December 2022	<u>6,363,705</u>	<u>6,363,705</u>
Net book value as of 31 December 2022	<u>4,566,523</u>	<u>4,566,523</u>

Amortization expenses of TL 1,320,681 (31 December 2022: TL 243,869) have been charged in general administrative expenses, TL 16,240 (31 December 2022: TL 16,240) in marketing expenses.

The depreciation periods of property, plant and equipment are as follows:

	Useful Life
Other intangible assets	2-10 years

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

As of 31 December 2023 and 31 December 2022, the Group's lawsuit details is as follows. The Company has no provision for litigation.

Other Short-Term Provisions	31 December 2023	31 December 2022
Expense Accruals	2,468,000	1,132,794
	2,468,000	1,132,794

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 favor of fully consolidated subsidiaries,
- iii) In favor 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.

The Group has ongoing 2 tax case on behalf of its own legal entity that is opened by the Company in the commercial court of first instance, 1 enforcement civil court case and 2 administrative court files and it also has 10 lawsuits/enforcement proceedings against the Company comprised of 2 consumer cases, 1 negative declaratory action, 1 annulment suit in administrative court, 1 labor lawsuit, and 1 case in enforcement court. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There are 6 ongoing execution files opened by Halk GYO - Vakıf GYO Joint Venture. In addition, there are 28 consumer lawsuits and 17 enforcement proceedings filed against Halk GYO - Vakıf GYO Joint Venture. As a result of the evaluations of the lawyers regarding the relevant cases, no provision has been made for the lawsuit.

There is no consumer cases filed by Halk GYO-Er konut Joint Venture.

There is 2 consumer lawsuit, 1 execution proceedings and an important administrative lawsuit filed against Teknik Yapı-Halk GYO Ordinary Joint Venture. Although our company has no financial liability in the lawsuits against Teknik Yapı - Halk GYO Joint Venture, 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 A.Ş.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Collateral, Pledge and Mortgage (cont'd)

CPM's given by the Company

	31 December 2023	31 December 2022
A. CPMs Given for Company's Own Legal Personality	681,831,530	1,084,190,762
-Collateral	681,831,530	837,031,262
-Pledge	-	-
-Mortgage	-	247,159,500
B. CPMs Given on Behalf of Fully Consolidated Companies	3,263,013,159	3,798,812,656
-Collateral	3,263,013,159	3,798,812,656
-Pledge	-	-
-Mortgage	-	-
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	929,642,788	668,556,015
-Collateral	929,642,788	668,556,015
-Pledge	-	-
-Mortgage	-	-
D. Total Amount of Other CPMs	-	-
i. Total amount of CPMs Given on Behalf of the Parent	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
ii. Total amount of CPMs given to on behalf of other Group Companies which are not in scope of B and C	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
iii. Total Amount of CPMs Given on Behalf of third parties which are not in scope of C	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
Total	4,874,487,478	5,551,559,433

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Collateral, Pledge and Mortgage (cont'd)

Collaterals, pledges and mortgages given	Project	CPM type	31 December	31 December
			2023	2022
T. Vakıflar Bankası T.A.O.	General Loan Agreement	Surety	337,500,000	556,108,875
İller Bankası A.Ş. (İlbank)	İstanbul Finance Center	Letter of guarantee	159,657,243	275,739,778
T.C. İstanbul Büyükşehir Belediyesi	Levent Otel	Letter of guarantee	3,085,748	3,229,511
T.C. İstanbul 18. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	340,000	560,228
T.C. Eskişehir 8. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	332,000	547,046
T.C. İstanbul 27. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	163,266	269,018
T.C. İstanbul 6. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	115,116	189,679
T.C. İstanbul 17. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	111,000	-
T.C. İstanbul 25. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	100,000	-
T.C. İstanbul 7. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	76,621	126,251
T.C. İstanbul 21. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	75,000	-
T.C. İstanbul 23. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	61,076	100,638
İstanbul Anadolu 23. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	56,500	93,097
T. Halk Bankası A.Ş.	Halkbank Finance Tower	Mortgage	-	247,159,500
T.C.İzmir 28. Enforcement Office	Bizimtepe Aydos	Letter of guarantee	-	67,141
			501,673,570	1,084,190,762

The details of letters of guarantee and notes received as of 31 December 2023 and 31 December 2022 are as follows:

Collaterals, pledges and mortgages received	Project	CPM type	31 December	31 December
			2023	2022
Kuzu Toplu Konut İnşaat A.Ş.	Dilovası Sanayi Sitesi	Letter of guarantee	262,168,368	349,318,760
YDA İnşaat San. ve Tic. A.Ş.	İstanbul Finance Center	Letter of guarantee	165,090,000	210,661,703
Buga Otis Asansör San.ve Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	69,331,758	93,066,954
Caba İnşaat Enerji Turizm San. ve Tic. A.Ş.	Levent Otel (tenant)	Letter of guarantee	21,600,000	25,665,042
Haldız İnşaat Otomotiv ve Tic.A.Ş.	Paye Sakarya and Bizimtepe Aydos	Letter of guarantee	21,550,463	2,554,745
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	İstanbul Salıpazarı (tenant)	Letter of guarantee	15,000,000	24,715,950
Pan İthalat İhracat İnşaat A.Ş.	İzmir Evora	Letter of guarantee	13,901,890	-
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Letter of guarantee	9,651,985	8,238,650
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Collateral bond	9,601,884	15,821,312
Tümev Dayanıklı Tüketim Malları Ve Gıda Mad.Paz.Nak.İnş.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	8,405,000	-
Analiz İklimlendirme Sistemleri Meka Kimya San.ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	7,956,864	13,108,208
Dorado Ahşap Ürünleri İmalat İnş.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	6,500,000	-
Taksim Yatırım Gayrimenkul A.Ş.	Beyoğlu Lease Agreement	Letter of guarantee	6,000,000	9,218,588
Emlak Konut Asansör Sistemleri San.ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	3,355,275	-
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Letter of guarantee	2,923,493	1,067,231
UCD Yapı A.Ş.	İzmir Evora	Collateral bond	1,878,588	3,095,406
Entegre Proje Yönetim Dan.Müh.Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	1,369,136	2,255,966
Astaş Çelik Kapı Sanayi Ve Ticaret A.Ş.	İzmir Evora	Letter of guarantee	1,034,890	-
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (tenant)	Surety agreement	757,678	1,248,449
Teknik Yapı Proje A.Ş.	İzmir Evora	Collateral bond	746,045	1,229,281
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Collateral bond	733,900	1,209,269
Kaf Ve İzmir Zemin Joint Venture	İzmir Evora	Collateral bond	714,365	1,177,081
Mesta Yapı İnşaat Mühendislik San.ve Tic.Ltd.Şti.(Advance)	İzmir Evora	Letter of guarantee	710,000	-
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Collateral bond	646,432	1,065,145
Güneyliler Yapı Malzemeleri San.ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	594,000	-
Gerhman Endüstri Teknolojileri San.ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	521,182	-
Barankaya Zemin Müh.İnş.Taah.Nakl.San.ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	-	891,847
Other (*)			3,901,076	5,446,356
			636,644,274	771,055,944

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Collateral, Pledge and Mortgage (cont'd)

A. Total Amount of CPMs Given on Behalf of Its Own Legal Entity	31 December 2023					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Guarantorship	Guarantorship	Company Share 100%
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	501,673,570	83,556,083	5,500,000,000	121,123,053	96,601,877	681,831,530
Total	501,673,570	83,556,083	5,500,000,000	121,123,053	96,601,877	681,831,530

B. Total Amount of CPMs Given in Favour of Subsidiaries Included in the Scope of Full Consolidation	31 December 2023					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Guarantorship	Guarantorship	Company Share 100%
Halk Yapı Projeleri Geliştirme A.Ş. (*)	-	2,727,325,849	800,000,000	764,078,025	535,687,310	3,263,013,159
Total	-	2,727,325,849	800,000,000	764,078,025	535,687,310	3,263,013,159

(*) As of 31 December 2023, Halk Yapı Projeleri Geliştirme A.Ş. has given a total of TL 2,727,325,849 to T.Halk Bankası A.Ş., Akbank T.A.Ş., Albaraka Türk Katılım Bankası A.Ş., Yapı ve Kredi Bankası A.Ş. and Kuveyt Türk Katılım Bankası A.Ş. within the scope of Dilovası Dilovası Sanayi Sitesi Project.

C. Total Amount of CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	31 December 2023					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Guarantorship	Guarantorship	Company Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	-	427,761,949	-	-	-
Teknik Yapı-Halk GYO Joint Venture (***)	100,285,576	1,759,000,000	-	-	-	929,642,788
Total	100,285,576	1,759,000,000	427,761,949	-	-	929,642,788

(*) In the event that the buyers of the houses for which pre-sales have started for Bizimtepe Aydos project are purchased by using housing loans from the banks with which the Group has an agreement within the scope of the related projects, it represents the guarantee amount given to the banks in return for the loan amount.

(**) In the event that the buyers of the houses for which pre-sales have started for Erzurum Şehristan project are purchased by using housing loans from the banks with which the Group has an agreement within the scope of the related projects; It represents the guarantee amount given to the banks in return for the loan amount.

(***) Within the scope of İzmir Project of Teknik Yapı-Halk GYO Joint Venture, as of 31 December 2023, a letter of guarantee amounting to TL 100,285,576 has been given by the partnership and a letter of assignment amounting to TL 1,759,000,000 has been given to T.Halk Bankası A.Ş. and Halk Faktoring A.Ş. by the partnership within the scope of İzmir Konak 1st Stage Revenue Sharing in Return for Land Sale Project.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Collateral, Pledge and Mortgage (cont'd)

A. Total Amount of CPMs Given on Behalf of Its Own Legal Entity	31 December 2022					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Sales within the scope of Guarantorship	Guarantorship	Company Share 100%
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	1,084,190,762	-	6,920,466,000	-	-	1,084,190,762
Total	1,084,190,762	-	6,920,466,000	-	-	1,084,190,762

B. Total Amount of CPMs Given in Favour of Subsidiaries Included in the Scope of Full Consolidation	31 December 2022					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Sales within the scope of Guarantorship	Guarantorship	Company Share 100%
Halk Yapı Projeleri Geliştirme A.Ş. (*)	-	3,389,671,658	1,318,184,000	593,053,783	409,140,998	3,798,812,656
Total	-	3,389,671,658	1,318,184,000	593,053,783	409,140,998	3,798,812,656

(*) As of 31 December 2022, Halk Yapı Projeleri Geliştirme A.Ş. has given an assignment letter total of TL 3,389,671,658 to T.Halk Bankası A.Ş., Akbank T.A.Ş., Albaraka Türk Katılım Bankası A.Ş., Yapı ve Kredi Bankası A.Ş. and Kuveyt Türk Katılım Bankası A.Ş. within the scope of Dilovası Dilovası Sanayi Sitesi Project.

C. Total Amount of CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	31 December 2022					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Sales within the scope of Guarantorship	Guarantorship	Company Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	-	823,865,000	-	-	-
Halk GYO-Er Konut Joint Venture (**)	-	-	296,591,400	520,059	247,160	123,580
Teknik Yapı-Halk GYO Joint Venture (***)	160,385,650	1,176,479,220	-	-	-	668,432,435
Total	160,385,650	1,176,479,220	1,120,456,400	520,059	247,160	668,556,015

(*) In the event that the buyers of the houses for which pre-sales have started for Bizimtepe Aydos project are purchased by using housing loans from the banks with which the Group has an agreement within the scope of the related projects, it represents the guarantee amount given to the banks in return for the loan amount.

(**) In the event that the buyers of the houses for which pre-sales have started for Erzurum Şehristan project are purchased by using housing loans from the banks with which the Group has an agreement within the scope of the related projects; It represents the guarantee amount given to the banks in return for the loan amount.

(***) Within the scope of İzmir Project of Teknik Yapı-Halk GYO Joint Venture, as of 31 December 2022, a letter of guarantee amounting to TL 160,385,650 has been given by the partnership and a letter of assignment amounting to TL 1,176,479,220 has been given to T.Halk Bankası A.Ş. and Halk Faktoring A.Ş. by the partnership within the scope of İzmir Konak 1st Stage Revenue Sharing in Return for Land Sale Project.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

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 2023	Equity Ratio	31 December 2022	Equity Ratio
A. Total Amount of CPMs Given on Behalf of Its Own Legal Entity	681,831,530	3.4%	1,786,453,645	10.18%
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>	3,263,013,159	16.25%	6,259,417,577	35.66%
C. Total Amount of CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties				
<i>Halk GYO-Vakıf GYO Joint Venture</i>	-	0%	918,977	0.01%
<i>Halk GYO-Er Konut Joint Venture</i>	-	0%	962,192	0.01%
<i>Teknik Yapı-Halk GYO Joint Venture</i>	929,642,788	4.63%	388,742,704	2.21%

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

13. EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
<u>Short-term provisions for employee benefits:</u>		
Employee bonus provision	5,213,184	4,735,898
Provision for unused vacation	4,921,297	4,670,629
	<u>10,134,481</u>	<u>9,406,527</u>
	31 December 2023	31 December 2022
<u>Long-term provisions for employee benefits:</u>		
Provision for employment termination benefits	5,265,976	4,893,122
	<u>5,265,976</u>	<u>4,893,122</u>
	1 January 31 December 2023	1 January 31 December 2022
<u>Movement of provision for employment termination benefits:</u>		
Provision as of 1 January	2,969,614	2,128,968
Cost of service	2,547,232	4,797,989
Interest cost	100,729	60,583
Actuarial loss / gain	(351,599)	(2,094,418)
	<u>5,265,976</u>	<u>4,893,121</u>
Closing balance as of 31 December		
<u>Provision for Retirement Pay Liability:</u>		

The movements of provision for retirement pay liability in the accounting periods for the years ended 31 December 2023 and 31 December 2022, are as follows:

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).

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: 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 2023, 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 3.74% real discount rate (31 December 2022: 2.85%) calculated by using 18.31% annual inflation rate and 22.73% 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 35,058.58 which is in effect since 1 January 2023 is used in the calculation of the Group's provision for retirement pay liability (31 December 2022: TL 19,982.83).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

13. EMPLOYEE BENEFITS (cont'd)Provision for Retirement Pay Liability (cont'd):

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 employee 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

Other Current Assets	31 December 2023	31 December 2022
Deferred VAT	517,596,504	367,026,623
Work advances given	8,738	71,638
Other	16,106,482	11,483,967
	533,711,723	378,582,228
	31 December 2023	31 December 2022
Halk GYO-Vakıf GYO Joint Venture	7,609,317	12,520,227
Halk GYO-Erkonut Joint Venture	-	1,102,759
Teknik Yapı-Halk GYO Joint Venture	151,668,277	100,524,313
Halk Yapı Projeleri Geliştirme A.Ş.	184,417,383	9,291,773
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	173,901,526	243,587,551
	517,596,504	367,026,623
	31 December 2023	31 December 2022
Other Current Liabilities	31 December 2023	31 December 2022
Deposits and guarantees received (*)	102,942,487	112,205,472
Taxes and funds payable	27,816,217	85,327,953
Other miscellaneous payables and liabilities	1,005,447	1,440,352
	131,764,151	198,973,778

(*) Deposits and guarantees received consist of cash guarantees received from contractors for projects under construction.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

15.1. Share Capital

As of 31 December 2023 and 31 December 2022, the share capital held is as follows:

Shareholders	Group	%	31 December		31 December	
			2023	%	2022	
Halkbank	A	1.58	25,992,187	1.58	24,807,133	
Halkbank (*)	B	70.38	1,157,787,575	70.38	1,105,000,876	
Halk Yatırım Menkul Değerler A.Ş.	A	0.04	620,754	0.04	592,452	
Halk Finansal Kiralama A.Ş.	A	<0.01	3	<0.01	2	
Publicly traded	B	28	460,599,481	28	439,599,537	
Nominal capital		100	1,645,000,000	100	1,570,000,000	
Nominal Capital			1,645,000,000		1,570,000,000	
Capital Inflation Adjustment Difference			7,832,593,919		7,827,517,457	
Total Capital			9,477,593,919		9,397,517,457	

The explanation regarding the Company's equity accounts adjusted in accordance with TAS 29, prepared pursuant to the CMB Bulletin published on 7 March 2024, is as follows.

Shareholders' Equity	PPI-Indexed	CPI-Indexed	Differences to be
	Legal Records	Legal Records	Recognised in Retained Earnings/Losses
Capital Adjustment Differences	12,895,528,851	7,832,593,919	(5,062,934,932)
Share Premiums/Discounts Related to Shares	699,921,982	461,875,993	(238,045,989)
Restricted Reserves Appropriated from Profit	805,518,608	455,019,729	(350,498,880)

The Company's explanation regarding the adjusted retained earnings accounts in accordance with TAS 29 prepared in accordance with the CMB Bulletin published on 7 March 2024 is as follows.

Prior Years' Profit	Amount Before	Amount After
	Inflation Accounting	Inflation Accounting
31 December 2022	6,602,399,466	7,137,563,692
1 January 2022	2,144,354,718	151,367,049

(*) Türkiye Halk Bankası A.Ş. has 121,143,867, and Halk GYO A.Ş. has 39,390,721 nominal shares in the publicly traded held group as of 31 December 2023 (31 December 2022: 33,160,263 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.

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

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

15.1. Share Capital (cont'd)

The Company has been established with a registered capital ceiling of TL 1,500,000,000 and the registered capital ceiling is TL 7,500,000,000 as of 22 August 2023. Divided into 7,500,000,000 shares, each with a nominal value of 1 TL. The capital of the Company is divided into 1,645,000,000 shares with a nominal value of TL 1,645,000,000 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 472,500,000 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.

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 performing a cash capital increase of 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 performing a cash capital increase of 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 performing a cash capital increase of 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 performing a cash capital increase of 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 performing a cash capital increase of 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 performing a cash capital increase of TL 42,000,000 from prior years' profit to share capital.

As of 20 May 2021, the Company increased its share capital to TL 1,020,000,000 by performing a cash capital increase of 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 performing a cash capital increase of TL 510,000,000.

As of 18 May 2022, the Company increased its share capital to TL 1,570,000,000 by performing a cash capital increase of TL 40,000,000 from prior years' profit to share capital.

As of 21 September 2023, the Company increased its share capital to TL 1,645,000,000 by performing a cash capital increase of TL 75,000,000 from prior years' profit to share capital.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)**15.2. 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 39,390,720 treasury shares as of 31 December 2023 (31 December 2022: 33,160,263 shares). The details of the treasury shares acquired for the year ended 31 December 2023 are as follows:

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
Capital increase from reserves	20 June 2013	314,024	1.25	392,530
Capital increase from reserves	5 June 2014	683,977	1.16	793,413
Capital increase from reserves	11 June 2015	1,271,466	1.12	1,424,042
Capital increase from reserves	25 May 2016	1,325,030	1.01	1,336,955
Capital increase from reserves	17 August 2017	845,764	1.03	873,674
Capital increase from reserves	8 June 2018	1,071,301	0.75	801,333
Capital increase from reserves	17 June 2019	1,973,449	0.73	1,440,618
Capital increase from reserves	20 August 2020	1,184,071	2.12	2,512,599
Capital increase from reserves	20 May 2021	1,409,605	3.28	4,622,095
Capital increase through rights issue	15 March 2022	14,378,002	1.00	14,378,002
Capital increase from 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)
Purchase of Shares from the Market	9 February 2023	2,500,000	4.12	10,290,584
Purchase of Shares from the Market	17 February 2023	100,000	4.40	440,048
Purchase of Shares from the Market	20 February 2023	385,000	4.42	1,700,575
Purchase of Shares from the Market	21 February 2023	1,399,528	4.40	6,156,531
Purchase of Shares from the Market	7 March 2023	50,000	4.76	238,235
Capital increase from reserves	21 September 2023	1,795,930	5.22	9,380,142
Total repurchased shares		<u>39,390,720</u>		<u>42,266,565</u>

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

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

15.3. 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 11,836,842 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 12,684,343 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. The inflation adjustment difference was realised as TL 395,226,992. 31.12.2023: TL 461,875,993 (31.12.2022: TL 293,389,554)

15.4. 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 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 2023, the Company's restricted reserves appropriated from profit are comprised of legal reserves amounting to TL 455,019,729 (31 December 2022: TL 440,040,981).

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

16. REVENUE AND COST OF SALES

16.1. Sales

	1 January 31 December 2023	1 January 31 December 2022
<u>a) Sales</u>		
Total property income	1,451,078,795	260,628,135
<i>Income from sale of investment property</i>	781,717,208	22,475,359
<i>Rental income</i>	587,893,601	212,602,255
<i>Project Consultancy Income</i>	81,467,986	-
Total income from debt securities	127,564,120	53,475,652
<i>Interest and finance income on deposits</i>	127,564,120	53,475,652
	<u>1,578,642,915</u>	<u>314,103,787</u>

16.2. Cost of Sales

	1 January 31 December 2023	1 January 31 December 2022
<u>b) Cost of sales</u>		
Cost of sales of investment property	832,383,764	49,659,109
Project Commercial Unit Sales Cost	-	12,514,638
Insurance costs	10,362,632	2,579,252
Taxes, duties and charges	8,493,682	5,528,022
Building common expenses	1,018,021	658,905
Maintenance and repair expenses	384,097	1,317,136
Other expenses	14,635,941	19,622
	<u>869,253,883</u>	<u>73,967,048</u>

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

17. EXPENSES BY NATURE

Expenses by Nature	1 January 31 December 2023	1 January 31 December 2022
Cost of sales of investment property	832,383,764	49,659,109
Personnel expenses	76,581,411	53,681,968
Commission expenses (*)	33,562,832	21,833,362
Impairment of investment properties (Note 9)	19,545,760	74,522,253
Taxes, duties and charges	19,049,009	7,554,873
Donations and Aids	16,073,302	570,421
Advertisement and advertisement expenses	14,997,769	12,385,327
Insurance expenses	10,532,577	2,733,900
Corporate Promotion expenses	5,251,059	2,864,572
Support services expenses	4,901,015	4,311,119
Depreciation and amortisation expenses	4,713,332	7,468,686
Consultancy expenses	4,637,984	2,229,820
Rent expenses	3,754,563	2,105,957
Building common expenses	2,212,303	3,696,383
Foreign exchange losses from operating activities	2,078,340	14,428,259
Outsourced benefits	1,350,734	1,230,285
Maintenance and repair expenses	1,319,490	1,554,268
Expenses for withdrawal, revocation and cancellation of sales promise	1,293,094	-
Licensed software update support expenses	704,891	475,625
Stationery and data processing expenses	629,150	543,023
Provision Expenses	628,844	-
Communication expenses	471,580	289,395
Project Commercial Unit Sales Cost	-	12,514,638
Other expenses	28,424,718	2,860,556
	1,085,097,524	279,513,799

(*) The related amount consists of sales commissions paid within the scope of real estate projects.

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 2023	1 January 31 December 2022
Independent audit fee for the reporting period	1,234,586	991,586
	1,234,586	991,586

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES

	1 January 31 December 2023	1 January 31 December 2022
General administrative expenses (-)	123,291,707	70,096,844
Marketing and sale expenses (-)	67,806,662	46,284,559
	191,098,368	116,381,403

18.1. General Administrative Expenses

	1 January 31 December 2023	1 January 31 December 2022
a) Detail of General Administrative Expenses		
Personnel expenses	73,430,094	49,947,046
Donations and Aids	16,073,302	570,421
Taxes, duties and charges	6,739,348	1,642,793
Depreciation and amortisation expenses	4,563,913	5,154,930
Rent expenses	3,754,563	1,997,287
Support services expenses	3,638,971	2,933,443
Consultancy expenses	2,910,771	907,227
External benefits	1,350,734	1,230,285
Licensed software update support expenses	704,891	475,625
Stationery and data processing expenses	594,327	517,932
Communication expenses	467,439	286,496
Building common expenses	258,543	547,290
Insurance expenses	151,531	130,332
Maintenance and repair expenses	848,826	144,161
Other expenses	2,553,393	747,005
	123,291,707	70,096,844

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES (cont'd)

18.2. Detail of Marketing Expenses

	1 January 31 December	1 January 31 December
	2023	2022
b) Detail of Marketing Expenses		
Commission expenses (*)	33,562,832	21,833,362
Advertisement and announcement expenses	14,997,769	12,385,327
Taxes, duties and charges	3,815,979	384,059
Personnel expenses	3,151,316	3,734,922
Consultancy expenses	1,013,510	759,355
Building common expenses	935,739	2,490,188
Depreciation and amortisation expenses	149,418	2,313,756
Maintenance and repair expenses	86,567	92,972
Stationery expenses	34,823	25,091
Insurance expenses	18,414	24,316
Communication expenses	4,142	2,899
Support services expenses	-	250,550
Sales office rent expenses	-	108,670
Other expenses	10,036,150	1,879,093
	67,806,662	46,284,559

(*) The related amount consists of sales commissions paid within the scope of real estate projects.

	1 January 31 December	1 January 31 December
	2023	2022
Details of Personnel Expenses		
Salaries and wages	52,528,823	38,668,822
Provision for employment termination benefits and annual leave expenses	8,354,123	5,935,070
SSI employer share	7,608,291	5,197,610
Insurance expenses	2,978,965	1,628,525
Attendance fees	1,850,250	1,566,955
Other	3,260,960	684,987
	76,581,412	53,681,968

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

19. OTHER OPERATING INCOME AND EXPENSES

	1 January 31 December 2023	1 January 31 December 2022
Other Operating Income		
Increase in value of investment property (Note 9)	2,233,251,668	6,417,282,527
Provisions released	4,822,699	7,676,090
Foreign exchange gains from operating activities	3,721,720	3,134,949
Income from withdrawal, revocation and cancellation of sales promise	1,939,697	688,907
Other income	1,610,144	7,352,225
	2,245,345,929	6,436,134,698
	1 January 31 December 2023	1 January 31 December 2022
Other Operating Expenses		
Impairment of investment properties (Note 9)	19,545,760	74,522,253
Foreign exchange losses from operating activities	2,078,340	14,428,259
Expenses from withdrawal, revocation and cancellation of sales promise	1,293,094	-
Provision Expenses	628,844	-
Other expenses	1,199,234	214,836
	24,745,272	89,165,348

20. FINANCE EXPENSES

	1 January 31 December 2023	1 January 31 December 2022
Finance Expenses		
Interest expense on bank borrowings	456,297,669	120,964,630
Finance lease borrowing costs	105,469,502	90,832,804
Interest expense on short-term lease certificates	98,719,147	159,170,771
Commission expenses	20,395,716	13,296,989
Operating lease borrowing costs	486,385	435,673
	681,368,419	384,700,867
Less: Amount included in the cost of investment property	(70,446,063)	(292,314,455)
	610,922,355	92,386,412

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 Türkiye. 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.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

22. EARNINGS PER SHARE

	1 January 31 December 2023	1 January 31 December 2022
<u>Earnings per share</u>		
Average number of shares outstanding during the period (full value)	1,645,000,000	1,645,000,000
Net profit for the period attributable to equity holders of the parent company	2,585,041,025	7,057,415,575
Earnings per share from continuing and discontinued operations	1.5715	4.2902

23. FINANCIAL INSTRUMENTS

Financial Liabilities

	31 December 2023	31 December 2022
Financial Liabilities		
Debt Securities	368,920,548	689,535,121
Bank Loans	3,249,800,047	1,931,089,955
Payables from Financial Leasing Transactions (*)	164,710,056	216,266,062
Payables from Operating Lease Transactions	2,403,284	3,785,893
	<u>3,785,833,935</u>	<u>2,840,677,032</u>

(*) 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.

	31 December 2023	31 December 2022
Debt Securities		
Short-term lease certificate	368,920,548	689,535,121
	<u>368,920,548</u>	<u>689,535,121</u>

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

23. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

The Group's lease certificate issue is detailed as follows:

ISIN Code	Issue date	Maturity Date	Rate of return	Nominal amount	Amortisation Date	Amortisation amount	Amortisation Status
TRDHVKA22111	12 October 2021	8 February 2022	17.85	180,000,000	8 February 2022	190,475,280	Used and paid
TRDHVKA32236	23 November 2021	22 March 2022	15.5	120,000,000	22 March 2022	126,064,080	Used and paid
TRDHVKA32210	9 November 2021	1 March 2022	16.3	200,000,000	1 March 2022	210,003,200	Used and paid
TRDHVKA42219	8 December 2021	5 April 2022	16	232,000,000	5 April 2022	244,000,432	Used and paid
TRDHVKA52226	8 February 2022	17 May 2022	19.25	250,000,000	17 May 2022	262,921,250	Used and paid
TRDHVKA52234	1 March 2022	31 May 2022	17.5	125,000,000	31 May 2022	130,453,750	Used and paid
TRDHVKA62233	22 March 2022	28 June 2022	17.25	200,000,000	28 June 2022	209,263,014	Used and paid
TRDHVKA72216	5 April 2022	5 July 2022	17.25	250,000,000	5 July 2022	260,907,534	Used and paid
TRDHVKA72216	17 May 2022	23 August 2022	17.9	200,000,000	23 August 2022	209,612,055	Used and paid
TRDHVKA82215	26 July 2022	25 October 2022	24.75	100,000,000	25 October 2022	106,170,550	Used and paid
TRDHVKA82225	23 August 2022	29 November 2022	19.5	230,000,000	29 November 2022	242,041,926	Used and paid
TRDHVKA12329	25 October 2022	24 January 2023	20.25	158,000,000	24 January 2023	165,976,835	Used and paid
TRDHVKA32327	29 November 2022	1 March 2023	21	250,000,000	1 March 2023	263,232,875	Used and paid
TRDHVKA42326	24 January 2023	25 April 2023	20.5	100,000,000	25 April 2023	105,110,960	Used and paid
TRDHVKA52341	8 February 2023	9 May 2023	21.5	200,000,000	9 May 2023	210,602,740	Used and paid
TRDHVKA52366	1 March 2023	31 May 2023	21.25	205,000,000	31 May 2023	215,860,798	Used and paid
TRDHVKA72356	25 April 2023	25 July 2023	23	50,000,000	25 July 2023	52,867,125	Used and paid
TRDHVKA82330	17 May 2023	16 August 2023	32	50,000,000	16 August 2023	53,989,040	Used and paid
TRDHVKA92321	31 May 2023	1 September 2023	34.5	100,000,000	1 September 2023	108,790,410	Used and paid
TRDHVKA82348	25 July 2023	19 October 2023	27.5	50,000,000	19 October 2023	53,239,725	Used and paid
TRDHVKA82340	16 August 2023	9 November 2023	26.5	50,000,000	9 November 2023	53,085,615	Used and paid
TRDHVKA82373	31 August 2023	30 November 2023	31	120,000,000	30 November 2023	129,172,608	Used and paid
TRDHVAK12436	19 October 2023	18 January 2024	39	100,000,000	-	-	Not Due Yet
TRDHVKA22468	9 November 2023	7 February 2024	40.5	100,000,000	-	-	Not Due Yet
TRDHVKA22484	30 November 2023	27 February 2024	42	150,000,000	-	-	Not Due Yet
						31 December	31 December
Bank Loans						2023	2022
Short-term bank borrowings						870,904,083	526,357,222
Short-term portion of long-term bank borrowings						556,268,104	33,182,011
Long-term bank borrowings						1,822,627,859	1,371,550,722
						<u>3,249,800,047</u>	<u>1,931,089,955</u>

Interest rate information of financial liabilities is as follows:

Financial Instrument	Currency	Weighted average interest rate	31 December 2023	
			Short-term	Long-term
Lease certificate	TL	40.69%	368,920,549	-
Fixed rate loan	TL	12.00%	1,427,172,188	1,822,627,859
Floating rate loan	TL	27.08%	-	-
Financial leasing	EUR	5.10%	110,544,267	54,165,789
Operating lease	TL	23.50%	1,564,621	838,662
			<u>1,908,201,625</u>	<u>1,877,632,310</u>

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

23. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Financial Instrument	Currency	Weighted average interest rate	31 December 2022	
			Short-term	Long-term
Lease certificate	TL	40.69%	689,535,121	-
Fixed rate loan	TL	12.00%	39,985,248	1,371,550,722
Floating rate loan	TL	27.08%	519,553,985	-
Financial leasing	EUR	5.10%	128,461,852	87,804,209
Operating lease	TL	23.50%	1,509,128	2,276,766
			<u>1,379,045,334</u>	<u>1,461,631,697</u>
			31 December	31 December
The maturities of bank borrowings and debt securities are as follows.			2023	2022
To be paid within 1 year			1,641,805,661	1,379,045,334
To be paid within 1 - 2 years			878,543,509	519,329,271
To be paid within 2 - 3 years			507,952,824	340,276,524
To be paid within 3 - 4 years			382,010,754	255,700,080
To be paid within 4 - 5 years			292,596,529	196,848,996
Payable over 5 years			82,924,658	149,476,827
			<u>3,785,833,935</u>	<u>2,840,677,031</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**24.1. 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 2023, the Group's strategy has not been change from 2020. As of 31 December 2023 and 31 December 2022, 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 2023	31 December 2022
Net Debt/Total Capital Ratio		
Financial Liabilities	3,785,833,935	2,840,677,032
Less: Cash and Cash Equivalents	(72,796,501)	(782,648,063)
Net Debt	3,713,037,434	2,058,028,968
Total Equity	20,079,011,205	17,552,401,837
Total Capital	1,645,000,000	1,570,000,000
Net Debt/Total Capital Ratio	226%	131%

24.2. 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 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.a. Credit Risk Management

Credit risk exposures by types of financial instruments

31 December 2023	Receivables				Deposits at Banks
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	
Maximum credit risk exposure as at the reporting date (A+B+C+D) (*)	19,250,000	32,148,017	-	-	72,772,374
- The portion of maximum risk under guarantee with collaterals etc. (**)	19,250,000	32,148,017	-	-	72,772,374

(*) 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 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.a. Credit Risk Management (cont'd)

Credit risk exposures by types of financial instruments

	Receivables				Deposits at Banks
	Trade Receivables		Other Receivables		
31 December 2022	Related Party	Other	Related Party	Other	
Maximum credit risk exposure as at the reporting date (A+B+C+D) (*)	-	10,712,407	-	-	782,163,130
- The portion of maximum risk under guarantee with collaterals etc. (**)	-	10,712,407	-	-	782,163,130

(*) 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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.a. 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.

24.2.b. 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 2023

<u>Contractual maturities</u>	<u>Book Value</u>	<u>Contractual total cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial liabilities						
Bank loans	3,249,800,047	4,394,647,092	870,921,094	320,445,681	2,996,330,986	206,949,332
Debt securities issues	368,920,548	385,071,240	385,071,240	-	-	-
Lease liabilities	164,710,056	172,073,348	39,660,723	73,421,681	58,990,945	-
Long-term payables arising from operating leases	2,403,284	2,818,559	510,308	1,420,351	887,900	-
Trade payables	114,318,533	114,318,533	114,318,533	-	-	-
Other payables	131,764,151	131,764,151	131,764,151	-	-	-
Total liability	4,031,916,619	5,200,692,924	1,542,246,049	395,287,713	3,056,209,831	206,949,332

31 December 2022

<u>Contractual maturities</u>	<u>Book Value</u>	<u>Contractual total cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial liabilities						
Bank loans	1,931,089,955	2,727,652,718	544,468,430	15,939,341	1,837,877,577	329,367,369
Debt securities issues	689,535,121	707,221,716	707,221,716	-	-	-
Lease liabilities	216,266,062	226,878,699	32,290,514	99,636,169	94,952,016	-
Long-term payables arising from operating leases (*)	3,785,891	4,660,704	528,487	1,502,342	2,629,874	-
Trade payables	774,300,565	811,984,136	634,243,518	-	177,740,619	-
Other payables	198,973,781	198,973,777	198,973,777	-	-	-
Total liability	3,813,951,376	4,677,371,750	2,117,726,442	117,077,852	2,113,200,086	329,367,369

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.c. 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.

24.2.c.i. 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:

Foreign currency position table	31 December 2023		
	TL Equivalent	USD	EUR
2a. Monetary Financial Assets	544,679	12,500	5,425
4. CURRENT ASSETS	544,679	12,500	5,425
5. Trade Receivables	4,556,900	-	139,894
8. NON-CURRENT ASSETS	4,556,900	-	139,894
9. TOTAL ASSETS	5,101,579	12,500	145,319
10. Trade Payables	368,641	12,500	-
11. Financial Liabilities	110,544,267	-	3,387,541
13. CURRENT LIABILITIES	110,912,909	12,500	3,387,541
15. Financial Liabilities	54,165,789	-	1,659,867
17. NON-CURRENT LIABILITIES	54,165,789	-	1,659,867
18. TOTAL LIABILITIES	165,078,698	12,500	5,047,408
20. Net Foreign Currency Assets/Liabilities Position	159,977,118	-	4,902,089
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	(159,977,118)	-	(4,902,089)

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.c. Market Risk Management (cont'd)

24.2.c.i. Foreign Currency Risk Management (cont'd)

Foreign currency position table	31 December 2023		
	TL Equivalent	USD	EUR
2a. Monetary Financial Assets	1,042	2	50
4. CURRENT ASSETS	1,042	2	50
5. Trade Receivables	4,556,900	-	139,894
8. NON-CURRENT ASSETS	4,556,900	-	139,894
9. TOTAL ASSETS	4,557,942	2	139,944
11. Financial Liabilities	77,962,926	-	3,903,846
13. CURRENT LIABILITIES	77,962,926	-	3,903,846
15. Financial Liabilities	53,287,984	-	2,668,295
17. NON-CURRENT LIABILITIES	53,287,984	-	2,668,295
18. TOTAL LIABILITIES	131,250,909	-	6,572,141
20. Net Foreign Currency Assets/Liabilities Position	126,692,967	(2)	6,432,197
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	(126,692,967)	2	(6,432,197)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.c. Market Risk Management (cont'd)

24.2.c.i. 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.

Foreign currency sensitivity analysis table	31 December 2023			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of a 10% appreciation of US Dollar against TL				
1 - USD net asset / liability	-	-	-	-
3- USD net effect (1 +2)	-	-	-	-
In case of a 10% appreciation of EUR against TL				
4 - EUR net asset / liability	15,996,792	(15,996,792)	15,996,792	(15,996,792)
6- EUR net effect (4+5)	15,996,792	(15,996,792)	15,996,792	(15,996,792)
	15,996,792	(15,996,792)	15,996,792	(15,996,792)
Foreign currency sensitivity analysis table	31 December 2022			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of a 10% appreciation of US Dollar against TL				
1 - USD net asset / liability	4	(4)	4	(4)
3- USD net effect (1 +2)	4	(4)	4	(4)
In case of a 10% appreciation of EUR against TL				
4 - EUR net asset / liability	(12,133,765)	12,133,765	(12,133,765)	12,133,765
6- EUR net effect (4+5)	(12,133,765)	12,133,765	(12,133,765)	12,133,765
	(12,133,761)	12,133,761	(12,133,761)	12,133,761

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

24.2 Financial Risk Factors (cont'd)

24.2.c. Market Risk Management (cont'd)

24.2.c.ii. 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

The details of the interest-bearing financial assets of the Group are as follows:

Interest rate position table	31 December 2023	31 December 2022
Fixed Rate Instruments		
Financial Liabilities	537,497,971	2,321,123,044
Floating Rate Instruments		
Financial Liabilities	3,248,335,964	519,553,988

25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2023	Fair value through profit or loss	Financial liabilities measured at amortised cost	Book value (*)	Note
<u>Financial assets</u>				
Cash and cash equivalents	72,796,501	-	72,796,501	27
Trade receivables	32,148,017	-	32,148,017	5
Due from related parties	19,250,000	-	19,250,000	
<u>Financial liabilities</u>				
Financial liabilities	-	3,785,833,935	3,785,833,935	23
Trade payables	-	114,318,533	114,318,533	5
31 December 2022	Fair value through profit or loss	Financial liabilities measured at amortised cost	Book value (*)	Note
<u>Financial assets</u>				
Cash and cash equivalents	782,648,063	-	782,648,063	27
Trade receivables	10,712,407	-	10,712,407	5
<u>Financial liabilities</u>				
Financial liabilities	-	1,723,994,240	1,723,994,240	23
Trade payables	-	634,198,320	634,198,320	5
Payables to related parties	-	140,102,248	140,102,248	4

(*) The Group management considers the carrying amounts of financial assets approximate their fair values.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

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 2023	31 December 2022
Cash on hand	72,772,374	782,163,130
<i>Demand deposits(*)</i>	9,453,166	46,212,171
<i>Time deposits with maturities less than three months</i>	63,319,208	735,950,959
Provision for expected loss (-)	(873)	(9,385)
Other cash and cash equivalents (**)	25,000	494,318
Total cash and cash equivalents in the statement of financial position	72,796,501	782,648,063
Less: Interest accruals on cash and cash equivalents	(83,047)	(6,196,302)
Total cash and cash equivalents in the statement of cash flows	<u>72,713,454</u>	<u>776,451,761</u>

(*) As of 31 December 2023 and 31 December 2022, there is blocked amount for salary payments to personnel from demand deposit amounts.

(**) Other cash and cash equivalents consist of pos balances.

As of 31 December 2023 and 31 December 2022, the details of time deposits at banks are as follows:

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

27. NOTES ON THE STATEMENT OF CASH FLOWS (cont'd)

31 December 2023	Amount	Interest rate	Maturity
<u>Time deposits</u>			
TL	53,515,534	13%	2 January 2024
TL	4,716,204	24%	2 January 2024
TL	4,716,611	43%	30 January 2024
TL	2,851	4.75%	2 January 2024
TL	368,008	1%	1 April 2024
	63,319,208		
<hr/>			
31 December 2022	Amount	Interest rate	Maturity
<u>Time deposits</u>			
TL	315,483,191	13%	2 January 2023
TL	85,949	11%	2 January 2023
TL	55,418	7%	2 January 2023
TL	48,410	12.25%	2 January 2023
TL	2,375,291	11%	2 January 2023
TL	417,902,700	23%	12 January 2023
	735,950,959		

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.

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

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)

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). 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.

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.

The US Supreme Court considered the Bank's appeal on 28 September 2022 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 petition, a response petition was submitted by the Attorney General's Office 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, an oral defense hearing was held before the Court.

On 19 April 2023, the Supreme Court gave its reasoned decision under the Bank's FSIA appeal. Accordingly, it has been ruled that the FSIA is valid only in civil cases, not criminal cases. On the other hand, the Court ruled that Halkbank's state immunity situation had not been fully evaluated in terms of customary law by the Second Appeal and returned the case to be reconsidered by the Second Appeal.

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

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 mutual petition process before the Second Appeal started with the opening petition submitted by the Bank on 31 July 2023 and was completed on 12 January 2024. On 28 February 2024, the oral defence hearing took place, but the Second Appeal has not yet made a decision on the matter.

In the next period, as a result of the re-evaluation of the matter by the Second Appeal, if it is decided that the Bank has state immunity under customary law, the case will be dismissed without going to trial. In the event of a negative decision, the Court, with all appeal rights of the Bank reserved, will return the case to the Southern District Court of New York, in which case the District Court will need to establish a new litigation schedule for the proceedings.

In addition, a civil lawsuit was filed against the Bank on 27 March 2020, before the US Southern District Court of New York, on the grounds that "they could not collect their receivables from Iran due to alleged violations of sanctions" by some of the complainants. The relevant 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 to the incompatibility of the jurisdiction within the scope of the dismissal of the case, conditionally rejecting 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 Second Court of Appeal. The mutual petition stage was completed and an oral defense hearing was held on 13 October 2022 before the Second Appeal. On 2 May 2023, the Second Court of Appeal ruled in favour of the Bank and dismissed the civil action for damages. On 30 August 2023, the claimants applied to the US Supreme Court to appeal the decision of the Second Court of Appeals. The US Supreme Court considered the appeal on 5 January 2024 and issued its decision rejecting the claimants' request on 8 January 2024. Accordingly, the *Owens* lawsuit filed against the Bank on 27 March 2020 was finally dismissed.

Finally, on 26 July 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York, bringing a new civil action (*the Hughes or second civil action*) against the Bank seeking damages similar to the *Owens* action. Service of the lawsuit took place on 1 October 2023. According to the complaint, the complainants seek to establish a connection between certain grievances they have suffered in various countries and the alleged allegations in the current criminal case against the Bank, which was filed on 15 October 2019, and seek an award of damages from the Court to the extent permitted by law.

On 22 December 2023, the Bank submitted its request for dismissal of the lawsuit to the District Court and the mutual petition process ended on 22 April 2024. In accordance with the request of the Prosecution, the District Court ruled on 1 May 2024 to suspend all judicial proceedings in the civil case in question until the criminal case against the Bank is concluded. Therefore, the *Hughes* case is suspended until the final judgement is rendered in the criminal case against the Bank.

The Bank closely monitors the proceedings of both criminal and civil lawsuits through specialized US law.

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

APPENDIX 1 CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE PORTFOLIO

The information in the Control of Compliance with Portfolio Restrictions Table is summarised information derived from the financial statements in accordance with Article 16 of the Communiqué Serial: II, No: 14.1 ‘Communiqué on Financial Reporting in Capital Markets and was prepared in accordance with the provisions of the Communiqué Serial: III, No: 48.1 numbered ‘Communiqué on Principles Regarding Real Estate Investment Trusts’ published in the Official Gazette numbered 286.1 on 28 May 2013.

As of 31 December 2023, the Group has complied with the limitations set out in paragraphs ‘a, b, c, ç and d’ of Article 24 and Articles 22 and 38 of the CMB's Communiqué No: III-48.1 ‘Communiqué on Principles Regarding Real Estate Investment Trusts’ published in the Official Gazette No: 28660 and the ratios related to these limitations are shown below. The control of compliance with the portfolio limitations prepared in accordance with the Company's individual financial statements prepared in accordance with the CMB's Communiqué No: 48.1 ‘Communiqué on Principles Regarding Real Estate Investment Trusts’ is as follows:

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

APPENDIX 1 CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE PORTFOLIO (cont'd)

	Financial statement primary account items	Regulation	31 December 2023 (TL)	31 December 2022 (TL)
A	Money and capital market instruments	Serial: III-48.1, Art.24/(b)	64,665,139	169,465,833
B	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Art.24/(a)	25,733,790,636	22,328,908,278
C	Subsidiaries	Serial: III-48.1, Art.24/(b)	226,779,528	226,779,528
	Due from related parties (non-trade)	Serial: III-48.1, Art.23/(f)	--	--
	Other assets		488,858,665	838,114,700
D	Total Assets	Serial: III-48.1, Art.3/(k)	26,514,093,826	23,563,268,339
E	Financial liabilities	Serial: III-48.1, Art.31	3,381,123,879	1,492,743,332
F	Other financial liabilities	Serial: III-48.1, Art.31		--
G	Finance lease payables	Serial: III-48.1, Art.31	164,710,056	131,250,909
H	Due to related parties (non-trade)	Serial: III-48.1, Art.23/(f)	--	--
İ	Shareholders' Equity	Serial: III-48.1, Art.31	20,077,476,844	17,523,739,279
	Other sources		2,890,783,047	4,415,534,819
D	Total resources	Serial: III-48.1, Art.3/(k)	26,514,093,826	23,563,268,339
	Other financial information	Regulation	31 December 2023 (TL)	31 December 2022 (TL)
A1	Portion of money and capital markets instruments for real estate payments of 3 years	Serial: III-48.1, Art.24/(b)	--	--
A2	Time/Demand TL/Foreign Currency	Serial: III-48.1, Art.24/(b)	64,640,139	102,848,060
A3	Foreign capital market instruments	Serial: III-48.1, Art.24/(d)	--	--
B1	Foreign real estates, based on real estates projects, rights for real estates	Serial: III-48.1, Art.24/(d)	--	--
B2	Idle land	Serial: III-48.1, Art.24/(c)		
C1	Foreign subsidiaries	Serial: III-48.1, Art.24/(d)	--	--
C2	Investment in the operating company	Serial: III-48.1, Art.28	--	--
J	Non-cash loans	Serial: III-48.1, Art.31	4,874,487,478	5,304,399,933
K	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Art.22/(e)	--	--
L	Total investments of money and capital market instruments at one company	III-48.1, Art.22/(l)	--	--

HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

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

APPENDIX 1 CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE PORTFOLIO (cont'd)

	Portfolio Restriction	Regulation	Calculation	Min/Mx Rate	31 December 2023 (TL)	31 December 2022 (TL)
1	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Art.22/(e)	K/D	Maximum 10%	--	--
2	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Art.24/(a),(b)	(B+A1)/D	Minimum 51%	97.06%	94.76%
3	Money and capital market instruments and associates	Serial: III-48.1, Art.24/(b)	(A+C-A1)/D	Maximum 49%	1.1%	1.68%
4	Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, Art.24/(d)	(A3+B1+C1)/D	Maximum 49%	--	--
5	Idle land	Serial: III-48.1, Art.24/(c)	B2/D	Maximum 20%	--	--
6	Investment in the operating company	Serial: III-48.1, Art.28	C2/D	Minimum 10%	--	--
7	Borrowing Limit	Serial: III-48.1, Art.31	(E+F+G+H+J)/I	Maximum 500%	41.94%	39.54%
8	Time/Demand TL/Foreign Currency	Serial: III-48.1, Art.24/(b)	(A2-A1)/D	Maximum 10%	0.24%	0.44%
9	Total investments of money and capital market instruments at one company	Serial: III-48.1, Art. 22/(l)	L/D	Maximum 10%	--	--