

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

CONSOLIDATED FINANCIAL  
STATEMENTS AS OF 30 JUNE 2022 AND  
INDEPENDENT AUDITOR'S REVIEW REPORT

(CONVENIENCE TRANSLATION OF  
FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF THE REVIEW REPORT ON  
INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM  
FINANCIAL STATEMENTS**

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

*Introduction*

We have reviewed the accompanying consolidated financial statements of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”) and its subsidiary (together will be referred as “the Group”), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Financial Reporting Standards (TFRS). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements (ISRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review of interim consolidated financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently the review of consolidated interim financial information does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with Turkish Financial Reporting Standards (TFRS).

### *Other Matters*

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

On 15 October 2019, the United States (“USA”) New York Southern District Attorney's Office filed a lawsuit against the Bank in the Southern District Court of New York (“District Court”) for violation of Iran sanctions. The criminal case pending in the District Court is pending due to an appeal by the Bank of the appeal under the "Foreign State Immunity Act (FSIA)". The bank's appeals process to the US Supreme Court continues.

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

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

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

*In the accompanying interim consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.*

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

Zere Gaye Şentürk  
Partner

İstanbul, 12 August 2022

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

## REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>724,069,349</b>			
<b>283,193,921</b>			
Cash and Cash Equivalents	27	359,492,234	53,109,547
Trade Receivables	5	3,323,861	2,284,370
<i>Trade Receivables from Related Parties</i>	4	-	60
<i>Trade Receivables from Third Parties</i>		3,323,861	2,284,310
Inventories	6	295,185,988	184,061,628
Prepaid Expenses	7	1,862,180	260,880
<i>Prepaid Expenses to Related Parties</i>	4	1,317,964	-
<i>Prepaid Expenses to Third Parties</i>		544,216	260,880
Current Tax Assets		748,804	734,045
Other Current Assets	14	63,456,282	42,743,451
<i>Other Current Assets from Third Parties</i>		63,456,282	42,743,451
<b>Non-Current Assets</b>			
<b>8,576,700,022</b>			
<b>4,295,027,366</b>			
Trade Receivables	5	6,570	244,980
<i>Trade Receivables From Third Parties</i>		6,570	244,980
Investment Properties	9	8,503,510,007	4,142,257,500
Property, Plant and Equipment	10	5,220,127	4,181,825
Intangible Assets	11	1,381,480	787,395
<i>Other Intangible Assets</i>		1,381,480	787,395
Prepaid Expenses	7	66,581,838	83,469,918
<i>Prepaid Expenses to Related Parties</i>		-	561,536
<i>Prepaid Expenses to Third Parties</i>		66,581,838	82,908,382
Other Non-Current Assets	14	-	64,085,748
<i>Other Non-Current Assets to Third Parties</i>		-	64,085,748
<b>TOTAL ASSETS</b>		<b>9,300,769,371</b>	<b>4,578,221,287</b>

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

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

## REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>1,674,131,667</b>	<b>1,097,541,992</b>
Short-term Borrowings	23	678,629,819	869,036,092
<i>Short-term Borrowings from Related Parties</i>		677,966,749	867,834,645
<i>Short-term Borrowings from Third Parties</i>		663,070	1,201,447
Short-Term Portion of Long-Term Borrowings	23	44,288,577	50,368,187
<i>Short-Term Portion of Long-Term Borrowings from Related Parties</i>		44,288,577	50,368,187
Trade Payables	5	308,131,032	55,532,099
<i>Trade Payables to Related Parties</i>	4	-	10,021
<i>Trade Payables to Third Parties</i>		308,131,032	55,522,078
Liabilities Arising from Customer Contracts	8	572,452,318	94,920,309
Short-Term Provisions		3,419,124	2,799,386
<i>Short-Term Portion of Provisions Related to Employee Benefits</i>	13	2,852,676	2,799,386
<i>Other Short-Term Provisions</i>		566,448	-
Other Current Liabilities	14	67,210,797	24,885,919
<i>Other Current Liabilities to Related Parties / Other Current Liabilities to Third Parties</i>		67,210,797	24,885,919
<b>Non-Current Liabilities</b>		<b>573,058,123</b>	<b>180,501,152</b>
Long-Term Borrowings	23	66,211,037	94,209,091
<i>Long-Term Financial Borrowings From Related Parties</i>		65,936,502	93,934,556
<i>Long-Term Financial Borrowings From Third Parties</i>		274,535	274,535
Trade Payables		85,000,000	85,000,000
<i>Trade Payables to Related Parties</i>	4	85,000,000	85,000,000
Long-Term Provisions	13	1,847,086	1,292,061
<i>Long-Term Portion of Provisions Related to Employee Benefits</i>		1,847,086	1,292,061
Liabilities Arising from Customer Contracts	8	420,000,000	-
<i>Contract Obligations from Sales of Goods and Services</i>		420,000,000	-
<b>EQUITY</b>		<b>7,053,579,581</b>	<b>3,300,178,143</b>
Paid-in Capital	15	1,570,000,000	1,020,000,000
Treasury Shares (-)	15	(44,261,689)	(28,756,004)
Share Premium / Discounts		50,371,596	49,945,096
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		61,003	61,003
- <i>Gains on remeasurement of defined benefit plans</i>		61,003	61,003
Restricted Reserves Appropriated from Profit	15	69,748,009	58,787,783
Prior Years' Profit or Losses		2,146,307,717	1,821,583,883
Net Profit or Loss for the Period		3,261,352,945	378,556,382
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,300,769,371</b>	<b>4,578,221,287</b>

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

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

## REVIEWED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

		Reviewed	Reviewed	Reviewed	Reviewed
		1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
	Notes				
Revenue	16	73,593,052	44,748,046	57,087,423	23,125,730
Cost of Sales (-)	16	(8,969,521)	(6,131,819)	(25,231,652)	(6,571,194)
<b>GROSS PROFIT</b>		<b>64,623,531</b>	<b>38,616,227</b>	<b>31,855,771</b>	<b>16,554,536</b>
General Administrative Expenses (-)	18	(15,938,771)	(8,562,829)	(10,956,063)	(5,568,269)
Marketing Expenses (-)	18	(3,141,956)	(1,701,062)	(2,850,711)	(1,799,277)
Other Income from Operating Activities	19	3,237,028,171	3,198,848,500	908,173	396,115
Other Expenses from Operating Activities (-)	19	(619,214)	120,778	(243,684)	(74,038)
<b>OPERATING PROFIT</b>		<b>3,281,951,761</b>	<b>3,227,321,614</b>	<b>18,713,486</b>	<b>9,509,067</b>
Gain (Loss) from Investments Accounted Through Equity Method		-	-	410,000	410,000
<b>OPERATING PROFIT (LOSS) BEFORE FINANCE INCOME (EXPENSE)</b>		<b>3,281,951,761</b>	<b>3,227,321,614</b>	<b>19,123,486</b>	<b>9,919,067</b>
Finance Expenses (-)	20	(20,598,816)	(15,345,580)	(1,237,161)	(479,925)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>3,261,352,945</b>	<b>3,211,976,034</b>	<b>17,886,325</b>	<b>9,439,142</b>
<b>PROFIT FOR THE PERIOD</b>		<b>3,261,352,945</b>	<b>3,211,976,034</b>	<b>17,886,325</b>	<b>9,439,142</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>3,261,352,945</b>	<b>3,211,976,034</b>	<b>17,886,325</b>	<b>9,439,142</b>
<b>Distribution of Profit/Loss for the Period</b>					
Earnings per Share		2.0773	0.0175	0.0175	0.0093
<b>OTHER COMPREHENSIVE INCOME:</b>					
<b>Items That Will Not Be Reclassified to Profit or Loss</b>		-	-	162,940	-
Gain on Remeasurement of Defined Benefit Plans		-	-	162,940	-
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE)</b>		<b>3,261,352,945</b>	<b>3,211,976,034</b>	<b>18,049,265</b>	<b>9,439,142</b>

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

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

### REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

	Notes	Share Capital	Treasury Shares	Share Premium / Discounts	Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss	Retained Earnings			Equity
					Accumulated Gains / Losses on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profits / Losses	Net Profit / Loss for the Period	
<b>Balances as of 1 January 2021</b>		<b>970,000,000</b>	<b>(27,346,399)</b>	<b>49,945,096</b>	<b>68,913</b>	<b>52,735,975</b>	<b>1,528,632,662</b>	<b>352,452,465</b>	<b>2,926,488,712</b>
Transfers		-	-	-	-	6,051,808	346,400,657	(352,452,465)	-
Total Comprehensive Income		-	-	-	162,940	-	-	17,886,325	<b>18,049,265</b>
Capital Increase	15	50,000,000	(1,409,605)	-	-	-	(48,590,395)	-	-
Dividends		-	-	-	-	-	(4,859,041)	-	<b>(4,859,041)</b>
<b>Balances as of 30 June 2021</b>	15	<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>231,853</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>17,886,325</b>	<b>2,939,678,936</b>
<b>Balances as of 1 January 2022</b>	15	<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>61,003</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>378,556,382</b>	<b>3,300,178,143</b>
<b>Adjusted balance as at 31 December 2021</b>		<b>1,020,000,000</b>	<b>(28,756,004)</b>	<b>49,945,096</b>	<b>61,003</b>	<b>58,787,783</b>	<b>1,821,583,883</b>	<b>378,556,382</b>	<b>3,300,178,143</b>
Transfers		-	-	-	-	3,634,796	374,921,586	(378,556,382)	-
Total Comprehensive Income		-	-	-	-	-	-	3,261,352,945	<b>3,261,352,945</b>
Capital Increase	15	550,000,000	(15,505,685)	426,500	-	7,325,430	(50,197,752)	-	<b>492,048,493</b>
<b>Balances as of 30 June 2022</b>	15	<b>1,570,000,000</b>	<b>(44,261,689)</b>	<b>50,371,596</b>	<b>61,003</b>	<b>69,748,009</b>	<b>2,146,307,717</b>	<b>3,261,352,945</b>	<b>7,053,579,581</b>

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



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

## REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

	Notes	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) for the Period</b>		<b>3,218,480,623</b>	<b>17,886,325</b>
<b>Adjustments to Reconcile Net Profit (Loss) for the Period</b>			
- Adjustments Related to Depreciation and Amortization Expenses	10-11	1,295,921	1,797,911
- Adjustments Related to Provisions	12-13	1,262,048	(128,410)
- Adjustments Related to Interest Income and Expenses	16-20	(2,246,377)	(6,199,091)
- Adjustments Related to Fair Value Losses/Gains	19	(3,235,473,811)	(410,000)
Adjustments Related to Loss/Gains		(5,252,478)	-
<b>Changes in working capital</b>			
- Adjustments Related to (Increase) / Decrease in Inventories	6	(111,124,360)	(20,043,930)
- Adjustments Related to (Increase) / Decrease in Trade Receivables		(773,116)	(6,603,650)
- Decrease (Increase) in Prepaid Expenses		15,286,780	8,587,129
- Decrease (Increase) in Other Operating Assets		43,358,158	(12,957,364)
- Adjustments Related to Increase / (Decrease) in Trade Payables		252,598,933	8,846,536
- Adjustments Related to Increase / (Decrease) in Deferred Income (Excluding Liabilities Arising from Customer Contracts)		477,532,009	5,257,152
- Adjustments Related to Increase (Decrease) in Other Operating Liabilities		501,081,945	6,091,328
<b>Cash Generated from Operations</b>		<b>1,156,026,275</b>	<b>2,123,936</b>
Interest Received		16,896,800	4,954,350
		<u>1,172,923,075</u>	<u>7,078,286</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	10-11	(2,928,308)	(934,398)
Cash Outflows from Purchase of Investment Properties	9-20	(1,050,878,108)	(187,088,368)
Cash Inflows from Disposals of Investment Properties	9	14,622,456	22,600,000
		<u>(1,039,183,960)</u>	<u>(165,422,766)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Inflows from Borrowings		(627,106,063)	723,993,351
Cash Outflows Related to Debt Payments		402,507,461	(563,146,318)
Cash Inflows from Capital Increase		496,048,498	-
Cash Outflows			
Cash Inflows from Government Incentives			
Dividends Paid		-	(4,859,041)
Interest Paid		(98,920,988)	(41,576,943)
		<u>172,528,908</u>	<u>114,411,049</u>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>306,268,023</b>	<b>(43,933,431)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>53,087,564</b>	<b>49,531,522</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	27	<b>359,355,587</b>	<b>5,598,091</b>

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

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

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

As of 30 June 2022, the number of personnel employed in the Group is 42 (31 December 2021: 42).

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

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

The Group's application to the Capital Markets Board regarding the increase of its issued capital from TL 1,020,000,000 by 50% to TL 1,530,000,000, all in cash, within the registered capital ceiling of TL 2,500,000,000, was approved at the meeting of the Market Board dated 24 February 2022 No. 10-282 and announced in the Capital Markets Bulletin dated 24 February 2022 No. 2022/10. Bearer shares with a nominal value of TL 510,000,000 were made available for 15 days between 2 March 2022 and 16 March 2022, in accordance with the principles stated in the prospectus. The new version of Article 8 of the Articles of Association titled "Capital and Shares" regarding the increase of the Company's issued capital from TL 1,020,000,000 by 50% to TL 1.530,000,000, all in cash, within the registered capital ceiling of TL 2,500,000,000 was approved by Capital Markets Board on 25 March 2022.

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

The Capital Markets Board approved the new version of Article 8 of the Articles of Association, titled "Capital and Shares", regarding the increase of the Company's capital to TL 1,570,000,000, all in cash on 18 May 2022.

The capital increase is detailed as follows:

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

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

As at 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.

As at 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 consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 10 August 2022. The General Assembly has the authority to modify the consolidated financial statements.

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

#### 2.1 Basis of Presentation

##### Statement of Compliance in TFRS

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

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

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

##### Currency Used

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

##### Preparation of financial statements in hyperinflationary economies

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

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements in accordance with TAS 29.

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

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

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

#### Basis of Consolidation

As of 30 June 2022 and 31 December 2021, the details of the Company's subsidiaries are as follows:

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

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

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

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

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

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

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

#### Interests in joint operations:

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an economic activity.

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

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

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

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

#### 2.2 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.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

#### a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 16	<i>Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021</i>

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

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

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

#### **Amendments to TAS 16 *Property, Plant and Equipment - Proceeds before Intended Use***

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

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

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

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

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

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

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

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

###### Amendments to TFRS 1 *First time adoption of Turkish Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

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

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

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

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

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

##### **Amendments to TFRS 16 *Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021***

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

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

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



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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

The Group management has evaluated that these amendments and interpretations, effective from 2022, do not have any impact on the consolidated financial statements of the Group.

#### b) New and amended TFRSs in issue but not yet effective

The Group has not yet implemented the following standards, which have not yet entered into force, and the following amendments and interpretations to existing previous standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax on Assets and Liabilities Arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 with Insurance Contracts – Comparative Information</i>

#### **TFRS 17 Insurance Contracts**

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

#### **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 deferred and are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

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

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

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

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

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

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

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

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

These 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.

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

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

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

#### 2.4. Summary of Significant Accounting Policies

##### 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.

##### 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. Net sales is reduced for estimated and realized customer returns, rebates, commissions and taxes related with sales. Revenue is recognized when all the following conditions are satisfied:

##### *Sale of real estate*

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

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

NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

##### *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 on initial recognition.

##### *Sale of lands*

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

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

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

### **Inventories**

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022**

(Amounts expressed in Turkish Lira (TL).)

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

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

#### **Property, Plant and Equipment**

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

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

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

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

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

#### **Leases**

##### **The Group as Lessee**

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

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

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022**

(Amounts expressed in Turkish Lira (TL).)

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

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

#### **Leases (cont'd)**

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

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

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

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

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

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

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

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

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

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(Amounts expressed in Turkish Lira (TL).)

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

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

##### Leases (cont'd)

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

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

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

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

##### The Group as lessor

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

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

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

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

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

##### Intangible Assets

##### *Intangible assets acquired 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.

(Amounts expressed in Turkish Lira (TL).)

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

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

#### **Intangible Assets (cont'd)**

##### Computer software

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

##### Derecognition of intangible assets

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

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

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

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

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

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



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(Amounts expressed in Turkish Lira (TL).)

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

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

##### Intangible Assets (cont'd)

##### Borrowing Costs

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

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

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

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

##### Financial Instruments

##### Financial assets

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

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

The Group shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: (a) the Group's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset.

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(Amounts expressed in Turkish Lira (TL).)

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

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

##### Financial Instruments (cont'd)

###### Financial assets (cont'd)

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date the Group shall not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

###### Financial assets at amortized cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue regarding the financial assets at amortised cost, shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss.

The Group shall directly reduce the gross carrying amount of a financial asset and derecognizes the financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

###### Financial assets at FVTOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

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

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

##### Financial Instruments (cont'd)

###### Financial assets (cont'd)

###### Financial assets at FVTOCI (cont'd)

(a) 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 recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, an entity can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

###### Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Derivatives are also categorized as FVTPL unless they are designated as hedges. These financial assets are stated at fair value and any gain or losses are recognised in profit or loss.

###### Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

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

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(Amounts expressed in Turkish Lira (TL).)

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

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

##### Financial Instruments (cont'd)

###### Impairment (cont'd)

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

###### Financial liabilities

When a financial liability is recognised initially, the 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 amortised cost, except for:

(a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies: When the Group continues to recognise an asset to the extent of its continuing involvement, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset.

(c) Contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

#### Financial Instruments (cont'd)

##### Financial liabilities (cont'd)

##### *Recognition and derecognition of financial assets*

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. 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.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives are included in the measurement of the initial amount of the asset or liability.

In a hedge accounting that does not result in the recognition of an asset or liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for financial risk hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

#### Financial Instruments (cont'd)

##### Financial liabilities (cont'd)

#### 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.

#### Earnings Per Share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings on equity items. Such kind of “bonus shares” are taken into consideration in the computation of earnings per share as issued share certificates.

#### Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES**

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

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

##### **Events After the Reporting Period (cont'd)**

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.

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

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

##### Income Taxes

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5520, the income of Real Estate Investment Trusts (“REIT”) is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to the Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. Within the framework of 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.

Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the Corporate Tax Law, real estate investment trusts earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

##### Deferred tax

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

##### Employee Benefits

###### *Termination and retirement benefits:*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) *Employee Benefits* (“TAS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

###### *Profit-sharing and bonus plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



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

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

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

##### **Statement of Cash Flows**

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

##### **Share Capital and Dividends**

Common shares are classified as equity. Dividends on common shares are recognized in equity deducting from retained earnings in the period in which they are approved and declared.

##### **2.5 Segment Reporting**

As the Group only operates in Turkey and in the field of real estate investment, there are no business segments apart from those disclosed in the notes regarding the revenue and the cost of sales and reporting details in accordance with geographic segments to be reported.

#### **2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

##### Critical judgments in applying the Group's accounting policies

In the process of applying the 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.

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### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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#### 3. INTERESTS IN OTHER ENTITIES

##### a) Subsidiaries

##### Halk Yapı Projeleri Geliştirme A.Ş.

Shareholding of the Group in its subsidiaries is as follows:

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

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

##### Halk Yapı Projeleri Geliştirme A.Ş.

	30 June 2022	31 December 2021
Current assets	13,671,647	10,468,647
Non-current assets	6,763,393	15,282,269
Current liabilities	(12,238,913)	(8,296,116)
	1 January- 30 June 2022	1 January- 31 December 2021
Profit/(loss) for the period	<u>(755,893)</u>	<u>2,705,522</u>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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#### 3. INTERESTS IN OTHER ENTITIES (cont'd)

##### b) Joint Operations

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

##### Halk GYO-Vakıf GYO Joint Venture

Halk GYO-Vakıf GYO Joint Venture has been founded in Turkey for operating as a joint operation with 50% shares and 50% voting rights. The 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:

	30 June 2022	31 December 2021
Current assets	20,690,901	19,177,898
Non-current assets	637,810	4,969,734
Current liabilities	(926,332)	(1,027,990)
	1 January- 30 June 2022	1 January- 31 December 2021
Profit for the period	<u>5,382,253</u>	<u>5,027,387</u>

##### Halk GYO-Erkonut Joint Venture

Halk GYO-Erkonut Joint Operation has been founded in Turkey 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:

	30 June 2022	31 December 2021
Current assets	1,139,102	1,194,951
Current liabilities	(146,481)	(488,101)
	1 January- 30 June 2022	1 January- 31 December 2021
Profit for the period	<u>264,927</u>	<u>487,666</u>

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

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#### 3. INTERESTS IN OTHER ENTITIES (cont'd)

##### b) Joint Operations (cont'd)

###### Halk GYO-Teknik Yapı Joint Venture

Halk GYO-Teknik Yapı Joint Venture has been founded on 24 August 2017 in Turkey 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:

	30 June 2022	31 December 2021
Current assets	240,707,205	108,420,343
Non-current assets	6,122,529	5,101,291
Current liabilities	(309,909,434)	(166,931,035)
Non-current liabilities	(2,677,110)	(4,897,737)
	1 January- 30 June 2022	1 January- 31 December 2021
Profit/(loss) for the period	<u>(7,287,014)</u>	<u>(2,879,582)</u>

#### 4. RELATED PARTY DISCLOSURES

Transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below:

	30 June 2022	31 December 2021
<u>Deposits at Halk Bank</u>		
Demand deposit	3,500,743	2,129,931
Time deposit	355,991,791	50,976,883
	<u>359,492,534</u>	<u>53,106,814</u>
<u>Balances with related parties</u>		
Halk Varlık Yönetimi A.Ş. lease certificate issuance (Note 23)	464,623,836	747,962,082
Short-term loans received from Halk Bank	196,997,911	113,177,368
Long-term loans received from Halk Bank	2,582,997	22,928,788
Halk Leasing financial lease agreement (Note 23)	123,987,083	127,871,426
	<u>788,191,827</u>	<u>1,011,939,664</u>

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(Amounts expressed in Turkish Lira (TL).)

#### 4. RELATED PARTY DISCLOSURES (cont'd)

30 June 2022								
	Receivables		Payables			Prepaid Expenses/Deferred Income		Investment Properties
	Short-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Long-term
Balances with related parties	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Non-trade
<u>Shareholders</u>								
Halkbank A.Ş.	-	-	196,997,911	85,000,000	2,582,997	(420,000,000)	(420,000,000)	373,820,000
<u>Other companies controlled by main shareholder</u>								
Halk Leasing Finansal Kiralama A.Ş.(*)	-	-	60,633,579	-	63,353,504	1,317,964	-	-
Halk Varlık Kiralama A.Ş.	-	-	464,623,836	-	-	-	-	-
	-	-	722,255,326	85,000,000	65,936,501	(418,682,036)	(420,000,000)	373,820,000
31 December 2021								
	Receivables		Payables			Prepaid Expenses/Deferred Income		Investment Properties
	Short-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Long-term
Balances with related parties	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Non-trade
<u>Shareholders</u>								
Halkbank A.Ş.	60	10,021	113,177,368	85,000,000	22,928,788	-	-	-
<u>Other companies controlled by main shareholder</u>								
Halk Leasing Finansal Kiralama A.Ş.(*)	-	-	57,063,382	-	70,808,044	-	561,536	-
Halk Varlık Kiralama A.Ş.	-	-	747,962,082	-	-	-	-	-
	60	10,021	918,202,832	85,000,000	93,736,832	-	561,536	-

(\* ) 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 24,284,678 has been capitalized based on the principal payment amounting to TL 174,916,170 in 30.06.2022 (31 December 2021: borrowing cost amounting to TL 13,360,339).

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**4. RELATED PARTY DISCLOSURES (cont'd)**

	1 January - 30 June 2022					
Transactions with related parties	Interest income	Interest expenses	Foreign currency difference expenses	Rent income	Other expense	Finance Expenses / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(10,605,912)	12,217,860	-	(27,504,547)	479,022	1,114,731
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	67,865,138	-	-	-	(59,453,631)
Halk Leasing Finansal Kiralama A.Ş.	-	3,912,330	20,372,348	-	-	(24,284,678)
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	375,000	-
	<u>(10,605,912)</u>	<u>83,995,328</u>	<u>20,372,348</u>	<u>(27,504,547)</u>	<u>854,022</u>	<u>(82,623,578)</u>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
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**4. RELATED PARTY DISCLOSURES (cont'd)**

	1 January - 30 June 2021					
	Interest income	Interest expenses	Foreign currency difference expenses	Rent income	Other expense	Finance Expenses / Income Capitalized on Investment Properties (Net)
<u>Transactions with related parties</u>						
<u>Shareholders</u>						
Halkbank A.Ş.	(1,589,187)	6,204,571	-	(23,596,187)	633,104	(4,485,355)
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	31,171,266	-	-	-	(31,171,266)
Halk Leasing Finansal Kiralama A.Ş.	-	774,150	6,653,599	-	-	(7,427,749)
	<u>(1,589,187)</u>	<u>38,149,987</u>	<u>6,653,599</u>	<u>(23,596,187)</u>	<u>633,104</u>	<u>(43,084,370)</u>

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#### 4. RELATED PARTY DISCLOSURES (cont'd)

##### 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- 30 June 2022	1 January- 30 June 2021
Salaries and other short-term benefits	1,773,643	1,024,577
	<u>1,773,643</u>	<u>1,024,577</u>

#### 5. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables:

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

	30 June 2022	31 December 2021
<u>Short-term trade receivables</u>		
Trade receivables	905,282	1,884,457
Trade receivables from related parties (Note 4)	-	60
Income accruals	2,440,007	473,232
Provision for doubtful trade receivables (-)	(21,428)	(73,379)
	<u>3,323,861</u>	<u>2,284,370</u>

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

	30 June 2022	31 December 2021
<u>Short-term trade receivables from sale of residences and rental properties</u>		
Sale of residences	680,427	1,316,913
<i>Bizimtepe Aydos project</i>	673,760	1,310,368
<i>Erzurum Şehristan project</i>	6,667	6,545
Rented and sold investment properties (*)	224,855	567,604
	<u>905,282</u>	<u>1,884,517</u>

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

As of 30 June 2022, the total of overdue trade receivables (notes) is TL 23,222 (31 December 2021: TL 139,624).



**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
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**5. TRADE RECEIVABLES AND PAYABLES****a) Trade Receivables (cont'd):**

	30 June 2022	31 December 2021
<u>Long-term trade receivables</u>		
Trade receivables	37,810	252,234
Provision for doubtful trade receivables (-) (*)	(31,240)	(7,254)
	<u>6,570</u>	<u>244,980</u>

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

	30 June 2022	31 December 2021
<u>Long-term trade receivables from sale of residences</u>		
Residences sold	37,810	252,234
<i>Bizimtepe Aydos project</i>	<u>37,810</u>	<u>252,234</u>
	<u>37,810</u>	<u>252,234</u>

	1 January- 30 June 2022	1 January- 30 June 2021
<u>Movement of provision for doubtful receivables</u>		
Opening balance	(80,633)	(91,040)
Provisions released	<u>27,965</u>	<u>(45,241)</u>
Closing balance	<u>(52,668)</u>	<u>(136,281)</u>

Explanations about the nature and level of risks related to trade receivables are provided in Note 23.

**b) Trade Payables:**

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

	30 June 2022	31 December 2021
<u>Short-term trade payables</u>		
Trade payables	308,131,032	55,522,078
Trade payables to related parties (Note 4)	-	10,021
	<u>308,131,032</u>	<u>55,532,099</u>

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

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

##### b) Trade Payables (cont'd)

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

	30 June 2022	31 December 2021
Long-term trade payables		
Trade payables to related parties (Note 4)	85,000,000	85,000,000
	<u>85,000,000</u>	<u>85,000,000</u>

Explanations about the nature and level of risks related to trade payables are provided in Note 23.

#### 6. INVENTORIES

Land stocks	31 December 2021			30 June 2022
	Cost value	Addition	Disposal	Cost value
Sancaktepe - Residence Project (1)	1,731,294	-	(1,260,835)	470,459
İzmir Project (2)	90,101,802	109,723,693	-	199,825,495
Kocaeli Dilovası Industry Area (3)	7,228,532	2,661,502	-	9,890,034
Sakarya Adapazarı Project (4)	85,000,000	-	-	85,000,000
Total	184,061,628	112,385,195	(1,260,835)	295,185,988

<sup>(1)</sup> 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. As of 30.06.2022, no independent section sales were realized among the inventories. As for investment properties, 5 independent sections have been exited, resulting in sales revenue of TL 10,758,833 and cost of sales of TL 5,506,355. The cost of sales item includes taxes, duties and fees. During the period, 11 independent sections were out of stocks and 13 independent sections were out of investment properties. The cost of sales includes taxes, duties and fees. (As of 31 December 2021, the delivery of 15 independent sections of the project has been completed. Total sales amount of TL 8,628,831 and TL 5,462,045 have been accounted for as cost of sales. The cost of sales includes taxes, duties and fees.)

<sup>(2)</sup> 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 30 June 2022, 567 independent section sales promise agreements were signed (31 December 2021: 487 independent section sales commitment agreements were signed).

<sup>(3)</sup> Halk Yapı Projeleri Geliştirme A.Ş. established Halk Yapı Projeleri Gelişim A.Ş. on 15 December 2020 to develop all kinds of real estate projects. The entire capital of the company established belongs to Halk GYO. The newly established Halk Yapı Projeleri Development A.Ş. signed a "revenue sharing agreement in return for the sale of land" on 12 February 2021 to develop an Industrial Site Project in Kocaeli Dilovası, with 50% – 50% revenue sharing.

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#### 6. INVENTORIES (cont'd)

The revenue sharing agreement in return for land sales, which was signed on 07.07.2022 with 50% – 50% revenue sharing, has been revised so that the revenue sharing distribution belongs to Marmara Metal Mamulleri Ticaret A.Ş. at a rate of 47% and to Halk Yapı Projeleri Geliştirme A.Ş. at a rate of 53%. The design work of the project continues.

<sup>(4)</sup> 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 m<sup>2</sup> land located in Adapazarı District, Tepekum District, block 4932, parcel 1, area number G24B24B4D. According to the agreement between the parties, 65% of the revenue to be obtained from this project is owed by Haldız İnşaat Otomotiv ve Ticaret AŞ (contractor), 30% by Haldız İnşaat Otomotiv ve Ticaret AŞ, our main shareholder, the Bank, and 5% (The expected minimum revenue share of the Company is TL 30 million) will be the Company's share. The company included the land in its portfolio on 30 December 2021. In addition, a revenue sharing business agreement was signed on 14.01.2021 within the scope of this protocol. The planning work of the project is still continuing.

<sup>(5)</sup> The Group has arranged a bid to develop a project on Bakırköy Land as Land Sale of Revenue Sharing Agreement (LSRSA) and as a consequence signed a contract with a firm on 17 February 2012. The projected land cost of the Group is TL 31,765,625. The company received its first building license on 31 May 2012. There are 254 and 73 commercial units in the Referans Bakırköy project. The Group issued condominium deeds on 29 April 2015. In 2017, the Group realized sharing in-kind and while 27 independent units left to the contractor, 9 independent units remained in the Group. During the period of 30 June 2022, the sales revenue of the houses was not realized. The cost of sales item includes taxes, duties and fees. There is no restriction on the land stock.

<sup>(6)</sup> As at 1 April 2016, a land was purchased in Erzurum, Yakutiye, Gez Mahallesi for TL 17,500,000 by Halk GYO-Er Konut Joint Venture for real estate development project. A contract was signed with the main contractor company on 31 May 2016. A building license was obtained on 10 May 2016. The Company issued condominium deeds on 30 January 2019. During the period of 30 June 2022, the sales revenue of the houses was not realized. (As of 31 December 2020, the delivery of 31 independent sections of the project has been completed. Total sales amount of TL 6,687,943 and TL 3,915,126 have been accounted for as cost of sales. Cost of sales includes taxes, duties and fees).

#### 7. PREPAID EXPENSES AND DEFERRED INCOME

	30 June 2022	31 December 2021
<b>Short-Term Prepaid Expenses</b>		
Order advances given	1,862,180	-
Prepaid insurance expense	-	208,499
Other	-	52,381
	<u>1,862,180</u>	<u>260,880</u>
<b>Long-Term Prepaid Expenses</b>		
Investment advances given	65,673,103	83,313,184
Other	908,735	156,734
	<u>66,581,838</u>	<u>83,469,918</u>

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#### 7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

	30 June 2022	31 December 2021
<u>Investment Advances Given</u>		
İstanbul Finans Merkezi project	63,080,546	80,656,680
İzmir Evora project	2,592,557	2,656,504
	<u>65,673,103</u>	<u>83,313,184</u>
	30 June 2022	31 December 2021
<u>Deferred Residential Sales Income</u>		
İzmir Evora project	149,385,132	94,452,132
Bizimtepe Aydos project	36,336	108,256
Erzurum Şehristan project	3,030,082	359,153
Bakırköy project	768	768
	<u>152,452,318</u>	<u>94,920,309</u>

#### 8. LIABILITIES ARISING FROM CUSTOMER'S AGREEMENTS

	30 June 2022	31 December 2021
<u>Liabilities arising from Short-Term Customer Agreements</u>		
Deferred housing income	152,452,318	94,920,309
Rents in advance (*)	420,000,000	-
	<u>572,452,318</u>	<u>94,920,309</u>
	30 June 2022	31 December 2021
<u>Liabilities arising from Long-Term Customer Agreements</u>		
Rents in advance (*)	420,000,000	-
	<u>420,000,000</u>	<u>-</u>

(\*) Rents received in advance of liabilities arising from long and short-term customer contracts consists of the lease of the A Block building of the Istanbul International Finance Center to Türkiye Halk Bankası A.Ş. for 2 years (24 months) in May 2022. Relevant amounts have been collected in advance.

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

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(Amounts expressed in Turkish Lira (TL).)

#### 9. INVESTMENT PROPERTIES

##### Fair value measurement of the Group's investment properties

As of 31 December 2021, the fair value of the Group's investment properties has been determined by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company from the Group. Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by the CMB and provides real estate valuation services in accordance with the Capital Markets Legislation and has sufficient experience and qualifications in the fair value measurement of real estates in the relevant regions. The fair value of the properties owned is determined according to the arm's length approach and cost value reflecting the current transaction prices for similar properties.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	Fair value as of the reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	256,887,183	-	256,887,183	-
Buildings	1,905,916,500	463,565,000	1,092,351,500	350,000,000
Investment properties in progress	6,340,706,324	-	-	6,340,706,324
	<u>8,503,510,007</u>	<u>463,565,000</u>	<u>1,349,238,683</u>	<u>6,690,706,324</u>

  

	31 December 2021	Fair value as of the reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	52,000,000	-	52,000,000	-
Buildings	1,659,667,500	-	997,667,500	662,000,000
Investment properties in progress	2,430,590,000	-	36,500,000	2,394,090,000
	<u>4,142,257,500</u>	<u>-</u>	<u>1,086,167,500</u>	<u>3,056,090,000</u>

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

As of 30 June 2022, the total amount of insurance on investment properties is TL 2,286,259,683 (31 December 2021: TL 1,979,880,598). As of 30 June 2022, the total amount of capitalized finance expenses on investment properties is TL 337,877,985 (31 December 2021: TL 253,607,419).

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

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### 9. INVESTMENT PROPERTIES (cont'd)

The valuation reports of the Group's İstanbul Finance Center Project and Kocaeli Şekerpınar Block A and Block B Buildings were updated during the period. İstanbul Financial Center report has been updated due to the signing of a previously determined lease agreement with Türkiye Halk Bankası A for the İstanbul International Financial Center Project Halk Ofis Towers A Block, which will be used by Halk Bank and its Subsidiaries, in line with the Group's decision shared with the public on 12 May 2022 and Şekerpınar A Block and B Block reports have been updated due to the title deed change of the relevant real estates.

	31 December 2021				Fair value difference	30 June 2022
<b>Investment properties</b>	Fair value	Addition	Disposal	Transfer		Fair value
İstanbul Salıpazarı Land	10,000,000	-	-	-	-	10,000,000
İstanbul Beyoğlu Land	30,000,000	887,183	-	-	-	30,887,183
Erzurum Yakutiye Land	12,000,000	-	-	-	-	12,000,000
Antalya Muratpaşa Land	-	204,000,000	-	-	-	204,000,000
<b>Total lands</b>	<b>52,000,000</b>	<b>204,887,183</b>	-	-	-	<b>256,887,183</b>
İstanbul Karaköy Building	51,000,000	-	-	-	-	51,000,000
İstanbul Salıpazarı Building	117,000,000	-	-	-	-	117,000,000
İzmir Konak Building-1	48,000,000	-	-	-	-	48,000,000
Ankara Kızılay Building	30,000,000	-	-	-	-	30,000,000
İstanbul Beşiktaş Building	31,000,000	-	-	-	-	31,000,000
İstanbul Etiler Building	32,000,000	-	-	-	-	32,000,000
İstanbul Şişli Building	28,000,000	-	-	-	-	28,000,000
İzmir Konak Building-2	27,500,000	-	-	-	-	27,500,000
Ankara Başkent Building	18,600,000	-	-	-	-	18,600,000
İstanbul Bakırköy Building	37,000,000	-	-	-	-	37,000,000
Bursa Building	23,400,000	-	-	-	-	23,400,000
Ankara Bahçelievler Building 1	15,900,000	-	-	-	-	15,900,000
Kocaeli Building	19,500,000	-	-	-	-	19,500,000
İstanbul Fatih Building	20,500,000	-	-	-	-	20,500,000
İstanbul Caddebostan Building	36,500,000	-	-	-	-	36,500,000
Ankara Bahçelievler Building-2	11,250,000	-	-	-	-	11,250,000
İstanbul Ataköy Building	20,250,000	-	-	-	-	20,250,000
İstanbul Nişantaşı Building	15,000,000	-	-	-	-	15,000,000
Halkbank Finance Tower	436,500,000	-	-	-	-	436,500,000
Levent Hotel	350,000,000	-	-	-	-	350,000,000
Kocaeli Şekerpınar A Block	195,000,000	-	-	-	21,980,000	216,980,000
Kocaeli Şekerpınar Office Project	115,000,000	-	-	-	14,585,000	129,585,000
Sakarya Adapazarı Building (New Building)	12,550,000	-	-	-	-	12,550,000
Gayrettepe Building	-	177,301,500	-	-	-	177,301,500
Bizimtepe Aydos T 13 No BB (Empty)	282,500	-	(282,500)	-	-	-
Bizimtepe Aydos T 15 No BB	262,500	-	(262,500)	-	-	-
Bizimtepe Aydos T 16 No BB Hairdresser	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 26 No BB Nuts Shop	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 25 No BB Pharmacy	410,000	-	(410,000)	-	-	-
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	1,315,000	-	(1,315,000)	-	-	-
Bizimtepe Aydos T 40	160,000	-	(160,000)	-	-	-
Bizimtepe Aydos T 41	150,000	-	(150,000)	-	-	-
Bizimtepe Aydos T 42-43-44 No BB Gift Shop	455,000	-	-	-	-	455,000
Bizimtepe Aydos T 14 No BB Real Estate Agency	282,500	-	(282,500)	-	-	-
Bizimtepe Aydos T 29	145,000	-	-	-	-	145,000
Bizimtepe Aydos T 30-31-32 No BB Real Estate Agency	435,000	-	(435,000)	-	-	-
<b>Total buildings</b>	<b>1,696,167,500</b>	<b>177,301,500</b>	<b>(4,117,500)</b>	-	<b>36,565,000</b>	<b>1,905,916,500</b>
İstanbul International Finance Center Project	2,394,090,000	747,707,513	-	-	3,198,908,811	6,340,706,324
<b>Total of investment properties</b>	<b>2,394,090,000</b>	<b>747,707,513</b>	-	-	-	-
<b>in progress</b>	-	-	-	-	3,198,908,811	<b>6,340,706,324</b>
<b>Total</b>	<b>4,142,257,500</b>	<b>1,129,896,196</b>	<b>(4,117,500)</b>	-	<b>3,235,473,811</b>	<b>8,503,510,007</b>

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

### 9. INVESTMENT PROPERTIES (cont'd)

Investment Properties	Acquisition Date	Acquisition Amount	Appraisal Method	Appraisal Date	Appraisal Value	Tenant / Tenants	Rental Income (2022) (TL)	Direct operating/mainten ance expenses (2022) (TL)	Rent Income (2021) (TL)	Direct operating/mainten ance expenses (2021) (TL)
Istanbul Salpazarı Land	26 January 2018	5,178,343	Comparable Sales Approach	29 November 2021	10,000,000		-	56,255	-	31,469
Erzurum Yakutiye Land 1	30 September 2019	10,047,000	Comparable Sales Approach	14 June 2022	12,000,000		-	14,697	-	8,066
Istanbul Beyoğlu Land 4	28 October 2010	12,000,000	Comparable Sales Approach	15 December 2021	30,887,183		-	-	-	62,824
Erzurum Palındöken Lands 2	5 September 2019	4,455,000	Comparable Sales Approach	-	-		-	-	-	7,417
Sakarya Adapazarı Land 3	28 October 2010	5,960,000	Comparable Sales Approach	-	-		-	-	-	-
Antalya Muratpaşa Land 23	22 Nisan 2022	204,000,000	Comparable Sales Approach	10 April 2022	204,000,000		-	4,500	-	-
<b>Total lands</b>		<b>241,640,343</b>			<b>256,887,183</b>			<b>75,452</b>		<b>109,777</b>
Ankara Bahçelievler Building 1	28 October 2010	6,681,356	Comparable Sales Approach	30 November 2021	15,900,000	Halk Bankası A.Ş.	562,032	11,736	480,000	9,602
Ankara Bahçelievler Building 2	28 October 2010	5,684,746	Comparable Sales Approach	30 November 2021	11,250,000	İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	380,369	2,715	256,505	2,546
Ankara Başkent Building	28 October 2010	9,541,729	Revenue Discount Method	29 November 2021	18,600,000	Ceda Akaryakıt İnş. Emlak Tur. Ltd Şti. Halkbank A.Ş.	856,330	15,779	723,590	15,825
Ankara Kızılay Building	28 October 2010	12,475,237	Comparable Sales Approach	3 December 2021	30,000,000	Halk Bankası A.Ş.	1,088,937	20,938	930,000	45,426
Ataşehir Finance Tower	12 January 2012	126,548,795	Comparable Sales Approach	16 December 2021	436,500,000	Halk Bankası A.Ş.	11,295,000	1,368,795	9,813,000	271,340
Bursa Building	28 October 2010	8,500,000	Comparable Sales Approach	1 December 2021	23,400,000	Halk Bankası A.Ş.	843,048	76,721	720,000	13,510
Istanbul Ataköy Building	28 October 2010	5,061,500	Comparable Sales Approach	30 November 2021	20,250,000	Halk Bankası A.Ş.	667,413	14,192	570,000	47,010
Istanbul Bakırköy Building	28 October 2010	9,023,500	Comparable Sales Approach	30 November 2021	37,000,000	Halk Bankası A.Ş.	1,194,318	15,081	1,020,000	35,672
Istanbul Beşiktaş Building	27 October 2010	11,893,840	Comparable Sales Approach	30 November 2021	31,000,000	Halk Bankası A.Ş.	1,018,683	14,781	870,000	11,431
Istanbul Etiler Building	27 October 2010	11,000,000	Comparable Sales Approach	30 November 2021	32,000,000	Halk Bankası A.Ş.	850,073	78,224	726,000	19,905
Istanbul Fatih Building	28 October 2010	6,380,000	Comparable Sales Approach	30 November 2021	20,500,000	Halk Bankası A.Ş.	569,057	27,214	486,000	18,909
Istanbul Karaköy Building 5	2 November 2010	23,500,000	Comparable Sales Approach	8 November 2021	51,000,000	Halk Bankası A.Ş.	468,000	66,160	-	30,261
Istanbul Nisantaş Building 22	2 November 2010	5,000,000	Comparable Sales Approach	28 December 2021	15,000,000	Halk Bankası A.Ş.	470,702	6,115	402,000	5,370
Istanbul Salpazarı Building	28 October 2010	38,050,960	Revenue Discount Method	10 December 2021	117,000,000	Sapaz Oteklilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	4,759,154	328,413	1,710,000	197,448
Istanbul Şişli Building	2 November 2010	11,000,000	Comparable Sales Approach	1 December 2021	28,000,000	Halk Bankası A.Ş.	864,124	26,276	738,000	52,055
İzmir Konak Building-1	2 November 2010	13,400,000	Comparable Sales Approach	1 December 2021	48,000,000	Halk Bankası A.Ş.	64,966	55,344	507,188	38,897
İzmir Konak Building-2	2 November 2010	10,290,000	Comparable Sales Approach	2 December 2021	27,500,000	Halk Bankası A.Ş.	329,838	78,220	356,737	402,589
Kocaeli Building	28 October 2010	6,519,193	Comparable Sales Approach	29 November 2021	19,500,000	Halk Bankası A.Ş.	702,540	12,148	600,000	8,856
Kocaeli Şekerpınar A Block	11 September 2012	67,860,443	Revenue Discount Method	24 March 2022	216,980,000	Halk Bankası A.Ş.	5,660,169	177,712	4,669,166	178,247
Kocaeli Şekerpınar B Block 6	11 September 2012	39,830,221	Revenue Discount Method	24 March 2022	129,585,000	-	-	368,557	-	294,535
Levent Hotel Building 18	3 November 2010	91,186,481	Revenue Discount Method	3 December 2021	350,000,000	Caba İnşaat Enerji Tur. San. ve Tic. AŞ	12,848,990	505,528	-	518,970
Sakarya Adapazarı Building-23	15 January 2021	10,200,000	Comparable Sales Approach	3 December 2021	12,550,000	Halk Bankası A.Ş.	265,512	14,817	204,097	15,175
Istanbul Cadedebostan Building 21	3 November 2010	6,300,000	Comparable Sales Approach	1 December 2021	36,500,000	-	-	71,597	-	-
Istanbul Gayrettepe Building 24	13 May 2022	177,301,500	Comparable Sales Approach	29 March 2022	177,301,500	-	-	26,753	-	-
Bizintepe Aydos T 1-2-3 No BB Nursery 7	10 April 2019	1,462,550	Comparable Sales Approach	-	-	Yakın Ufuklar Eğitim Kurumları A.Ş.	-	-	95,535	5,089
Bizintepe Aydos T 13 No BB 9	23 May 2019	103,601	Comparable Sales Approach	-	-	Real Person	6,250	190	3,982	334
Bizintepe Aydos T 14 No BB Real Estate Agency 16	10 April 2020	103,601	Comparable Sales Approach	-	-	Real Person	5,646	117	5,633	329
Bizintepe Aydos T 15 No BB20	27 August 2021	145,966	Comparable Sales Approach	-	-	Demirbey İnşaat Tic.ltd.Şti.	7,500	71	-	-
Bizintepe Aydos T 16 No BB 10	10 June 2019	106,997	Comparable Sales Approach	-	-	Demirbey İnşaat Tic.ltd.Şti.	7,850	139	6,918	426
Bizintepe Aydos T 17-18-19-20-21-22 No BB8	16 April 2019	799,931	Comparable Sales Approach	-	-	Mopaş Marketçilik Gıda San. ve Tic. A.Ş.	-	-	118,989	1,947
Bizintepe Aydos T 23-24 No BB 13	30 October 2019	323,378	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19, Migros Ticaret A.Ş.	15,750	1,402	28,399	1,141
Bizintepe Aydos T 25 No BB 12	1 October 2019	134,490	Comparable Sales Approach	-	-	Real Person	4,613	583	9,276	409
Bizintepe Aydos T 26 No BB 11	19 September 2019	135,420	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19, Gerçek Kışı	4,638	585	6,500	411
Bizintepe Aydos T 27-28 No BB15	27 March 2020	92,250	Comparable Sales Approach	-	-	Arge Emlak ve Emlak Yönetimi A.Ş.19	-	-	750	374
Bizintepe Aydos T 29-30-31-32 No BB 17	27 April 2020	181,305	Comparable Sales Approach	30 December 2021	145,000	Arge Emlak ve Emlak Yönetimi A.Ş.19	-	188	1,500	160
Bizintepe Aydos T 39-40-41-42-43-44 No BB14	22 November 2019	288,565	Comparable Sales Approach	30 December 2021	455,000	Mesgalem Hediye San. A.Ş., Yağınaröğlü Plastik San.ve Tic.Ltd.Şti.	11,250	625	6,430	1,151
<b>Total buildings</b>		<b>717,107,554</b>			<b>1,905,916,500</b>		<b>45,822,755</b>	<b>3,387,715</b>	<b>26,066,194</b>	<b>2,245,349</b>
Istanbul Finance Center Project	28 October 2010	229,846,920	Cost Method	29 April 2022	6,340,706,324		-	-	-	-
<b>Total investment properties under development</b>		<b>229,846,920</b>			<b>6,340,706,324</b>					
<b>Total</b>		<b>1,188,594,818</b>			<b>8,503,510,007</b>		<b>45,822,755</b>	<b>3,463,166</b>	<b>26,066,194</b>	<b>2,355,126</b>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 9. INVESTMENT PROPERTIES (cont'd)

- 1- Erzurum Yakutiye Land was transferred from Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş. to Halk GYO A.Ş. on 30.09.2019.
- 2- Erzurum Palandöken Land was transferred from Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş. to Halk GYO A.Ş. on 28.05.2021.
- 3- Upon detecting that Sakarya Adapazarı Building posed risks, the building was demolished and turned into a land, and classified as land in the financial statements. The mentioned land was transferred to Adapazarı Municipality on 15.01.2021, in exchange for the inclusion of the "Sakarya Adapazarı Building-2" building in the portfolio.
- 4- The lease agreement of Istanbul Beyoğlu Building with T.Halk Bankası A.Ş. has expired as of 15.02.2020. A lease agreement including the renovation of the building was signed with Taksim Investment Gayrimenkul A.Ş. on 22.10.2020. The building was demolished to be rebuilt and registered as "Land" on 02.12.2021 in the land registry. Rental income will start to be obtained 20 months after the necessary construction permits are obtained for the reconstruction of the building.
- 5- Istanbul Karaköy Building lease agreement has expired as of 23.10.2017. A new lease agreement was signed with Halk Bankası A.Ş. on 31.12.2021 for the building. Rental income started to be obtained from the building as of 01 May 2022.
- 6- Marketing activities continue for Kocaeli Şekerpinar B Blok Building.
- 7- Bizimtepe Aydos T Blok Independent Sections Numbered 01,02,03 (Nursery) were leased to Yakın Ufuklar Eğitim Kurumları A.Ş. on 10.04.2019 and related independent departments were transferred to Aydın Aydın Copyright Marka Patent Ltd. Şti. on 30.12.2021.
- 8- Bizimtepe Aydos Trade Block Independent Sections Numbered 17,18,19,20,21,22 (Market) were leased to Mopaş Marketçilik Gıda San ve Tic A.Ş. on 16.04.2019 the related independent sections were sold to Real Persons on 29.09.2021.
- 9- The lease agreement with the real person tenant of Bizimtepe Aydos Ticaret Blok No. 13 Independent Section has expired as of 30.04.2021, and a new lease agreement was signed with Nefes Global İnş.Dan.Hizm.San.Tic.Ltd.Şti. on 15.09.2021. As of 15.10.2021, rental income started to be obtained. The related independent section was sold to Bahri Madencilik Turizm Ticaret San.Ltd.Şti. on 27.05.2022.
- 10- The lease agreement made with the real person tenant of Bizimtepe Aydos Ticaret Blok No.16 Independent Section has expired on 31.08.2021. A new lease agreement has been signed with Demirbey İnşaat Tic.Ltd.Şti. to be effective as of 01.09.2021. The related independent section was sold to Cenin İnşaat San ve Tic. A.Ş. on 07.06.2022.
- 11- The lease agreement signed with Arge Emlak ve Emlak Yönetim A.Ş., the tenant of Bizimtepe Aydos Ticaret Blok No. 26 Independent Section, has expired as of 28.02.2021. While the vacant independent section was leased to a Real Person as of 01.05.2021, it was transferred to a Real Person on 16.03.2022.
- 12- Bizimtepe Aydos Ticaret Blok No. 25 Independent Section was leased to a Real Person on 01.10.2019 and transferred to a Real Person on 17.03.2022.
- 13- Bizimtepe Aydos Ticaret Blok No. 23,24 The Lease Agreement signed with Arge Emlak ve Emlak Yönetim A.Ş. for the Independent Sections expired on 30.11.2021, while it was leased with Migros Ticaret A.Ş. on the same date for the related independent sections, it was transferred to İmpo İmar A.Ş. on 21.03.2022.
- 14- The lease agreement made with Meşgalem Gift Sanayi A.Ş., tenant of Bizimtepe Aydos Ticaret Blok No. 39,40,41,42,43,44 Independent Sections, expired on 12.03.2021. A new lease agreement was signed on 01.10.2021 for the Independent Sections of Bizimtepe Aydos Ticaret Blok 42,43,44 and the Independent Section No. 40 was transferred to a Real Person on 18.03.2022.
- 15- The lease agreement signed with Arge Emlak ve Emlak Yönetim A.Ş., the tenant of Bizimtepe Aydos Ticaret Blok No. 27,28 Independent Sections, has expired as of 31.01.2021. Related independent sections were transferred to Real Person on 10.12.2021 and 20.12.2021.
- 16- The lease agreement signed with Habitat Gayrimenkul İnş.Eml.Eğit. Danış.ve Paz. Tic. A.Ş., tenant of Bizimtepe Aydos Ticaret Blok No.14 Independent Section, expired on 31.01.2021 and the independent sections were leased to Real Persons as of 01.02.2021. The related independent section was sold to Bahri Madencilik Turizm Ticaret San.Ltd.Şti. on 27.05.2022.
- 17- The lease agreement made with Arge Emlak ve Emlak Yönetim A.Ş., the tenant of Bizimtepe Aydos Ticaret Blok No. 29,30,31,32 Independent Sections, expired on 31.01.2021. The independent section of the Trade Block no. 30 was sold to Real Persons on 27.05.2022, the independent section no. 31 on 11.05.2022, and the independent section no. 32 on 11.05.2022.
- 18- The lease agreement with Dedeman Turizm Yönetim A.Ş. for the Levent Hotel Building was terminated as of 31 December 2020 and a lease agreement was signed with Caba İnşaat Enerji Tur. San. ve Tic. A.Ş. to start in 2021. The renovation process of the building ended on 01.10.2021 and rental income started to be obtained.
- 19- Tenant Akatlı Grup Gayrimenkul İnş San ve Dış Tic Ltd Şti changed its title and started to use the title of Arge Emlak ve Emlak Yönetim A.Ş.
- 20- Bizimtepe Aydos Trade Block No. 15 Independent Sections were leased to Demirbey İnşaat Tic.Ltd.Şti. on 01.09.2021. The related independent section was sold to Cenin İnşaat San. ve Tic. A.Ş. on 07.06.2022.
- 21- After the Caddebostan Urban Transformation Project was completed and the condominium title deeds of the building were received on 08.07.2021, the related project was classified as a building as of this date. Marketing activities of the building continue.



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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 9. INVESTMENT PROPERTIES (cont'd)

22- İstanbul Nişantaşı building was transferred to the subsidiary of the company, Halk Yapı Projeleri Geliştirme AŞ, on 28.12.2020.

23- Antalya Muratpaşa Land was purchased on 22.04.2022 from T.Halk Bankası A.Ş.

24- İstanbul Gayrettepe Building was purchased from T.Halk Bankası A.Ş. on 13.05.2022.

#### Operating leases

##### The Group as lessor

The Group has signed operating leases with Halkbank, Ceda Akaryakıt Turizm, Sapaz Otelcilik Turizm, Caba İnşaat Otelcilik, İpekyol Giyim and Yağmuroğlu Plastik. As of 30 June 2022 and 31 December 2021, annual minimum lease amounts concerning the remaining lease terms are as follows:

	30 June 2022	31 December 2021
<u>Operating leases</u>		
Less than one year	294,526,186	69,865,544
Between one and five years	830,848,720	227,943,482
More than five years	226,214,501	242,228,386
	<u>1,351,589,407</u>	<u>540,037,412</u>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 10. PROPERTY, PLANT AND EQUIPMENT

<b>Cost Value</b>	<b>Furniture and fixture</b>	<b>Leashold improvements</b>	<b>Right-of use assets (*)</b>	<b>Total</b>
Opening balance as of 1 January 2022	4,359,129	5,724,534	3,642,390	13,726,054
Additions	2,026,350	-	438,011	2,464,361
Disposals	(7,550)	-	-	(7,550)
Closing balance as of 30 June 2022	<u>6,377,930</u>	<u>5,724,534</u>	<u>4,080,401</u>	<u>16,182,865</u>

<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2022	1,974,476	5,223,206	2,531,968	9,729,650
Charge for the period	(373,637)	(497,630)	(369,371)	(1,240,638)
Disposals	7,550	-	-	7,550
Closing balance as of 30 June 2022	<u>2,340,563</u>	<u>5,720,836</u>	<u>2,901,339</u>	<u>10,962,738</u>
Net book value as of 30 June 2022	<u>4,037,367</u>	<u>3,698</u>	<u>1,179,062</u>	<u>5,220,127</u>

<b>Cost Value</b>	<b>Furniture and fixture</b>	<b>Leashold improvements</b>	<b>Right-of use assets (*)</b>	<b>Total</b>
Opening balance as of 1 January 2021	2,536,371	5,724,534	2,531,968	10,792,873
Additions	329,362	-	592,534	921,896
Closing balance as of 30 June 2021	<u>2,865,733</u>	<u>5,724,534</u>	<u>3,124,502</u>	<u>11,714,769</u>

<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2021	(1,553,436)	(3,616,020)	(1,537,195)	(6,706,651)
Charge for the period	(174,216)	(1,093,033)	(494,223)	(1,761,472)
Closing balance as of 30 June 2021	<u>(1,727,652)</u>	<u>(4,709,053)</u>	<u>(2,031,418)</u>	<u>(8,468,123)</u>
Net book value as of 30 June 2021	<u>1,138,081</u>	<u>1,015,481</u>	<u>1,093,084</u>	<u>3,246,646</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:

	<b>Useful Life</b>
Furniture and fixture	5 years
Leasehold improvements	3 years
Right-of use assets	3 years

Depreciation expenses of TL 819,392 (30 June 2021: TL 1,156,719) have been charged in marketing expenses and TL 468,979 (30 June 2021: TL 604,753) have been charged in general administrative expenses.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 11. INTANGIBLE ASSETS

<u>Cost Value</u>	<u>Other Intangible Assets</u>
Opening balance as of 1 January 2022	1,633,024
Additions	649,368
Closing balance as of 30 June 2022	2,282,392
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2022	(845,629)
Charge for the period	(55,283)
Closing balance as of 30 June 2022	(900,912)
Net book value as of 30 June 2022	1,381,480

<u>Cost Value</u>	<u>Other Intangible Assets</u>
Opening balance as of 1 January 2021	1,120,963
Additions	12,502
Closing balance as of 30 June 2021	1,133,465
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2021	(770,292)
Charge for the period	(36,439)
Closing balance as of 30 June 2021	(806,731)
Net book value as of 30 June 2021	326,734

Amortization expenses of TL 26,964 (30 June 2021: TL 18,239) have been charged in general administrative expenses.

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

	<u>Useful Life</u>
Other intangible assets	2-10 years

#### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### a) Provisions

As at 30 June 2022 and 31 December 2021, lawsuit details is as follows:

	<u>30 June</u>	<u>31 December</u>
<u>Other short-term provisions</u>	<u>2022</u>	<u>2021</u>
Provision for lawsuit	566,448	-
	566,448	-

##### 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;

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

For companies other than publicly owned investment trusts and financial institutions, no limitation is imposed;

- i) For their own corporate identities,
- ii) In favour of fully consolidated subsidiaries,
- iii) In favour of 3rd parties in the normal course of their operations,

After the decision is published at the Public Disclosure Platform, publicly owned companies would not give commitments, except for those given under normal course of their operations, to natural entities or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitment has already been given it would be reduced to nil until 31 December 2014.

The Group has ongoing 1 tax case on behalf of its own legal entity that is opened by the Group and it also has 13 lawsuits against the Group comprised of 3 consumer cases, 1 case in enforcement court, 1 negative declaratory action, 5 civil lawsuits, 1 case in civil court of first instance and 1 labor lawsuit, and 1 annulment suit in administrative court. There are 3 cases which has resulted in favor of the Group. 1 of these cases is a consumer case, and 2 of them is the case in the enforcement court. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

Halk GYO-Vakıf GYO Joint Venture has 1 case in enforcement court which is ongoing, and it also has 27 consumer cases, 2 civil lawsuits, 1 case proceeding in enforcement court and 1 appeal to Consumer Arbitration Committee against Halk GYO-Vakıf GYO joint venture. In addition, there are 1 consumer cases and 1 civil lawsuit in enforcement court which resulted in favor of Halk GYO-Vakıf GYO Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

There is no consumer cases filed by Halk GYO-Er konut Joint Venture. However, there is 1 case in first instance court filed and ongoing against the Joint Venture. Upon the evaluation of the lawyers, no provision was made for the related lawsuits.

Within the scope of Teknik Yapı-Halk GYO Ordinary Partnership İzmir Project, as of 30 June 2022, a letter of guarantee of TL 104,491,930, and a letter of guarantee of TL 464,000,000 have been given to T. Halk Bankası A.Ş.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

	30 June 2022	31 December 2021
A. CPMs Given for Company's Own Legal Personality		
	319,725,033	344,570,109
- Collateral	169,725,033	194,570,109
- Pledge	-	-
- Mortgage	150,000,000	150,000,000
B. CPMs Given on Behalf of Fully Consolidated Companies		
	1,407,888,300	-
- Collateral	1,407,888,300	-
- Pledge	-	-
- Mortgage	-	-
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties		
	282,812,163	237,067,888
- Collateral	282,812,163	237,067,888
- 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	-	-
<b>Total</b>	<b>2,010,425,496</b>	<b>581,637,997</b>

A. Total Amount of CPM's Given on behalf of Its Own Legal Entity	Project	CPM Type	30 June 2022	31 December 2021
İller Bankası A.Ş.	İstanbul Finance Center	Letter of Guarantee	167,345,244	192,907,862
Halk Bankası A.Ş.	Halkbank Finance Tower	Mortgage	150,000,000	150,000,000
T.C. İstanbul Büyükşehir Belediyesi	Levent Hotel	Letter of Guarantee	1,746,463	1,397,158
T.C. İstanbul 27. Executive Office	Bizimtepe Aydos	Letter of Guarantee	163,266	163,266
T.C. İstanbul 18. Executive Office	Bizimtepe Aydos	Letter of Guarantee	120,000	-
T.C. İstanbul 23. Executive Office	Bizimtepe Aydos	Letter of Guarantee	117,576	61,076
T.C. İstanbul 6. Executive Office	Bizimtepe Aydos	Letter of Guarantee	115,116	-
T.C. İstanbul 7. Executive Office	Bizimtepe Aydos	Letter of Guarantee	76,621	-
T.C. İzmir 28. Executive Office	İzmir project	Letter of Guarantee	40,747	40,747
			<u>319,725,033</u>	<u>344,570,109</u>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

30 June 2022						
B. Total Amount of CPMs Given in Favor of Partnerships Included in the Scope of Full Consolidation	Letter of Guarantee	Letter of Conveyance	Limit of Guarantee	The Company's Share 100%	Sales Under Guarantee	The Company's Share 100%
Halk Yapı Projeleri Geliştirme A.Ş. (*)	-	1,407,888,300	-	-	-	1,407,888,300
<b>Total</b>	<b>-</b>	<b>1,407,888,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,407,888,300</b>

(\*) As of 30.06.2022, within the scope of Halk Yapı Projeleri Development A.Ş. Dilovası Industrial Site Project, a total of TL 1,407,888,300 has been given to T. Halk Bankası A.Ş., Akbank T.A.Ş, Albaraka Türk Katılım Bankası A.Ş. and Kuveyt Türk Katılım Bankası A.Ş.

30 June 2022						
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of Guarantee	Letter of Conveyance	Limit of Guarantee	The Company's Share 50%	Sales Under Guarantee	The Company's Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	1,115,445	500,000,000	250,000,000	1,640,760	557,723
Halk GYO-Er Konut Joint Venture (**)	-	701,725	180,000,000	90,000,000	1,637,983	350,863
Teknik Yapı-Halk GYO Joint Venture (***)	99,807,157	464,000,000	-	-	-	281,903,579
<b>Total</b>	<b>99,807,157</b>	<b>465,817,170</b>	<b>680,000,000</b>	<b>340,000,000</b>	<b>3,278,743</b>	<b>282,812,164</b>

31 December 2021						
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	Letter of Guarantee	Letter of Conveyance	Limit of Guarantee	The Company's Share 50%	Sales Under Guarantee	The Company's Share 50%
Halk GYO-Vakıf GYO Joint Venture (*)	-	1,640,760	662,565,000	331,282,500	1,115,445	820,380
Halk GYO-Er Konut Joint Venture (**)	-	1,637,983	180,000,000	90,000,000	1,167,900	818,992
Teknik Yapı-Halk GYO Joint Venture (***)	107,852,431	364,000,000	-	-	-	235,926,216
<b>Total</b>	<b>107,852,431</b>	<b>367,278,743</b>	<b>842,565,000</b>	<b>421,282,500</b>	<b>2,283,345</b>	<b>237,565,587</b>

(\*) The balance consists of the guarantor fee given to the banks that the Group agreed in consideration of the loan amount when the customers of the pre-sales of residences at Bizimtepe Aydos Project use loans from these banks to buy residences in the scope of the relevant projects.

(\*\*) The balance consists of the guarantor fee given to the banks that the Group agreed in consideration of the loan amount when the customers of the pre-sales of residences at Erzurum Şehristan Project use loans from these banks to buy residences in the scope of the relevant projects.

(\*\*\*) In accordance to Teknik Yapı-Halk GYO Joint Operation İzmir Project, the joint operation has given guarantee letters for İzmir Konak Stage 1 Land Sale of Revenue Sharing amounting to TL 99,807,157 and the letter of conveyance to T.Halk Bankası A.Ş and Halk Faktoring amounting to TL 464,000,000 as of 30 June 2022.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

The proportion of other CPM given by the Group to the Group's equity is as follows:

	30 June 2022	Equity Rate	31 December 2021	Equity Rate
A. CPMs Given for Company's Own Legal Personality	319,725,033	4.53%	344,570,109	10.44%
B. Total Amount of CPMs Given in Favor of Partnerships Included in the Scope of Full Consolidation				
<i>Halk Yapı Projeleri Geliştirme A.Ş.</i>	1,407,888,300	19.96%	-	0%
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties				
<i>Halk GYO-Vakıf GYO Joint Venture (*)</i>	557,723	0.01%	557,723	0.02%
<i>Halk GYO-Er Konut Joint Venture (**)</i>	350,863	0%	583,950	0.02%
<i>Teknik Yapı-Halk GYO Joint Venture (***)</i>	281,903,578	4%	235,926,216	7.15%

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

As of 30 June 2022 and 31 December 2021, the Group's guarantee letters and notes received are as follows:

Collateral, Pledge and Mortgage Received	Project	CPM Type	30 June	31 December
			2022	2021
YDA İnşaat San. ve Tic. A.Ş.	Istanbul Financial Center	Letter of guarantee	153,211,169	112,292,900
Buga Otis Asansör San.ve Tic.A.Ş.	Istanbul Financial Center	Letter of guarantee	68,581,544	59,566,104
Caba İnşaat Enerji Turizm San. ve Tic. A.Ş.	Levent Hotel (lessee)	Letter of guarantee	14,160,000	14,160,000
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	İstanbul Salıpaazarı (lessee)	Letter of guarantee	10,233,361	10,233,361
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic. A.Ş.	İzmir Evora	Guarantee note	9,601,884	9,472,509
Taksim Yatırım Gayrimenkul A.Ş.	Beyoğlu Lease Contract	Letter of guarantee	5,594,720	5,594,720
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	3,296,289	3,258,789
UCD Yapı A.Ş.	İzmir Evora	Guarantee note	1,878,588	1,878,588
Haldiz İnşaat Otomotiv ve Tic.A.Ş.	Bizimtepe Aydos	Letter of guarantee	1,550,463	1,550,463
Entegre Proje Yönetim Dan.Müh.Tic.A.Ş.	Istanbul Financial Center	Letter of guarantee	1,369,136	1,326,617
Villa Yapı Mühendislik San Ve Tic. Ltd.Şti	İzmir Evora	Letter of guarantee	987,344	-
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (lessee)	Bailment contract	757,678	-
Teknik Yapı Proje A.Ş.	İzmir Evora	Guarantee note	746,045	746,045
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Guarantee note	733,900	733,900
Kaf Ve İzmir Zemin Adi Ortaklığı	İzmir Evora	Guarantee note	714,365	714,365
İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	Ankara Bahçelievler (lessee)	Letter of guarantee	350,000	350,000
Sigma Mühendislik Hizm.Dek.İnş.Ltd.Şti.	Kocaeli Dilovası Industry Area	Letter of guarantee	339,010	339,010
Aktuna Ahşap San. Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	207,638	207,638
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (lessee)	Letter of guarantee	200,000	200,000
Duru Peyzaj Günseli Özdl	İzmir Evora	Guarantee note	191,875	191,875
Küp Proje Mimarlık Dan.İnş.San.ve Tic.Ltd.Şti.	Kocaeli Dilovası Industry Area	Letter of guarantee	174,000	174,000
Manevra Otomotiv Petrol Tarım Tur.Gıda İnş. Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	139,725	139,725
Softeconomics Yazılım ve Danışmanlık Anonim Şirketi	Central Support Service Contract	Letter of guarantee	122,340	-
Aydoğan Dış Ticaret Anonim Şirketi	Araç kiralama	Letter of guarantee	73,635	73,635
Bilkay İnsan Kay.Eğt.Dan.Ltd.Şti.	Merkez Destek Hizm. Sözl.	Letter of guarantee	70,000	70,000
Umut Utku Celep (Geoteknik Tasarım Ve Danışmanlık)	İzmir Evora	Guarantee note	54,910	54,910
Jeodinamik Yer Bilimleri Müh. İnş. San Tic Ltd Şti	İzmir Evora	Guarantee note	51,553	51,553
Arma Makine Elekt.İnşaat San.Tic.Ltd.Şti	İzmir Evora	Letter of guarantee	50,000	-
Aktif Taah. İnş.Elek.Nak.Turiz.San.Tic.Ltd.Şti.	İzmir Evora	Guarantee note	42,435	42,435
Tan Oto Motorlu Araçlar Taşımacılık ve İnş. Tic. Ltd.Şti.	Car rental	Letter of guarantee	38,270	33,239
Armi Maket Arif Ünlü	İzmir Evora	Guarantee note	30,000	30,000
Özgün Mühendislik İnş.Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	23,700	23,700
Zeha Mekanik Tesisat Müh.Hav.Sis.İnş.Taah.San.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	20,493	20,493
Burcum Peyzaj İnşaat Turizm San Ltd Şti	İzmir Evora	Guarantee note	16,815	16,815
Aktif Taah. İnş.Elek.Nak.Turiz.San.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	12,300	12,300
Ulaştırma Proje Yönetim İnş.İth.Ve Tic.Ltd.Şti.	İzmir Evora	Guarantee note	5,000	5,000
Dedeman Turizm Yönetimi A.Ş.	Levent Hotel (lessee)	Letter of guarantee	-	3,000,000
Özbüker Hafriyat İnş. Tur. San. Ve Tic. Ltd. Şti	İzmir Evora	Letter of guarantee	-	35,286
İsmail Serhan Kocabaş	İzmir Evora	Letter of guarantee	-	5,400
Other	Miscellaneous		-	36,225
			<u>275,630,186</u>	<u>226,641,601</u>



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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 13. EMPLOYEE BENEFITS

##### Short-term provisions for employee benefits

	30 June 2022	31 December 2021
Provision for employee premiums	2,520,180	1,404,213
Provision for unused vacation	332,496	1,395,173
	<u>2,852,676</u>	<u>2,799,386</u>

##### Long-term provisions for employee benefits

###### Provision for retirement pay liability:

The movements of provision for retirement pay liability in the accounting periods for the years ended 30 June 2022 and 31 December 2021, are as follows:

	30 June 2022	31 December 2021
Provision for employment termination benefit	1,847,086	1,292,061
	<u>1,847,086</u>	<u>1,292,061</u>

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 for each period of service at 30 June 2022 (31 December 2021: TL: 10,848.59).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits*, stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. Accordingly, actuarial assumptions used in calculation of total liabilities are described as follows:

	1 January- 30 June 2022	1 January- 31 December 2021
Provision as of 1 January	1,292,061	817,067
Service cost	647,292	448,918
Interest cost	22,983	33,986
Actuarial loss/gain	(115,250)	(7,910)
Provision as of 31 December	<u>1,847,086</u>	<u>1,292,061</u>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 13. EMPLOYEE BENEFITS (cont'd)

##### Provision for retirement pay liability (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 30 June 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.87% real discount rate (31 December 2021: 3.87%) calculated by using 15.02% annual inflation rate and 19.47% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 5.74% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 15,371.40 which is in effect since 1 January 2022 is used in the calculation of the Group's provision for retirement pay liability (1 January 2021: TL 10,848.59).

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. If the discount rate would have been 1% higher/(lower), provision for employee termination benefits would decrease/(increase) by TL 202,191 / TL (237,073). If the anticipated turnover rate would have been 1% lower/(higher) while all other variables were held constant, provision for employee termination benefits would (increase)/decrease by TL (53,177) / TL 58,121.

#### 14. OTHER ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
<u>Other Current Assets</u>		
Deferred VAT	57,501,628	37,196,410
Deposits and guarantees given	179,654	112,732
Business advances given	22,296	6,256
Other	5,752,704	5,428,053
	<u>63,456,282</u>	<u>42,743,451</u>
	30 June 2022	31 December 2021
<u>Other Non-Current Assets</u>		
Deferred VAT	-	64,085,748
	<u>-</u>	<u>64,085,748</u>
	30 June 2022	31 December 2021
<u>Other Current Liabilities</u>		
Deposits and guarantees received(*)	38,269,714	19,767,376
Taxes and funds payable	28,296,125	4,699,812
Other miscellaneous payables and liabilities	644,958	418,731
	<u>67,210,797</u>	<u>24,885,919</u>

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

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### a) Share Capital

As of 30 June 2022 and 31 December 2021, the share capital held is as follows:

Shareholders	Group	%	30 June		31 December	
			2022	%	2021	
Halkbank	A	1.58	24,807,133	1.58	16,116,736	
Halkbank (*)	B	70.38	1,105,000,876	70.38	717,898,620	
Halk Yatırım Menkul Değerler A.Ş.	A	0.04	592,452	0.04	384,905	
Halk Finansal Kiralama A.Ş.	A	<0,01	3	<0,01	2	
Publicly traded	B	28.00	439,599,536	28.00	285,599,737	
Nominal capital		100	1,570,000,000	100	1,020,000,000	
Total capital			1,570,000,000		1,020,000,000	

(\*) Türkiye Halk Bankası A.Ş. has 115,620,590.899, and Halk GYO A.Ş. has 44,261,688.98 nominal shares in the publicly traded held group as of 30 June 2022 (31 December 2021: 28,756,004.307 shares).

The Group shares are issued to the names into two groups; Group A and Group B. The Group A shares have the right to nominate the members of the Board of Directors (“BOD”). More than half of the BOD members are elected from the nominees of A Group shares and remaining members are elected from mutual nominees of A Group and B Group shares by the General Assembly. In capital increases new Group A shares are issued for Group A shares and new Group B shares are issued for Group B shares.

However, if the board of director restricts preemptive rights of shareholders, new shares are issued as Group B shares.

The Company has been established with a registered capital ceiling of TL 1,500,000,000 and the registered capital ceiling is TL 2,500,000,000 as of 2 September 2020. Divided into 2,500,000,000 shares, each with a nominal value of 1 TL. The capital of the Company is divided into 1,570,000,000 shares with a nominal value of TL 1,570,000,000 and all of them were committed by the founders, TL 706,217,979 in cash, TL 466,282,021 in kind (real estate) and TL 397,500,000 in the form of capital increase from reserves. TL 466,282,021 of the capital was paid in kind by Halkbank, which is the main shareholder, as capital in kind.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

##### a) Share Capital (cont'd)

As per the Board of Directors decision numbered 49/110 on 15 August 2012, the Company's capital was increased to TL 662,500,000. Increased capital of TL 185,500,000 corresponding to 185,500,000 shares were publicly offered during 13-15 February 2013. As of 20 June 2013, the Company increased its share capital by TL 11,138,704 from prior years' profit.

As of 5 June 2014, the Company increased its share capital by TL 24,261,296 from 2013's profit.

As of 11 June 2015, the Company increased its share capital to TL 743,000,000 by transferring TL 45,100,000 from prior years' profit to share capital.

As of 25 May 2016, the Company increased its share capital to TL 790,000,000 by transferring TL 47,000,000 from prior years' profit to share capital.

As of 15 August 2017, the Company increased its share capital to TL 820,000,000 by transferring TL 30,000,000 from prior years' profit to share capital.

As of 8 June 2018, the Company increased its share capital to TL 858,000,000 by transferring TL 38,000,000 from prior years' profit to share capital.

As of 17 June 2019, the Company increased its share capital to TL 928,000,000 by transferring TL 70,000,000 from prior years' profit to share capital.

As of 20 August 2020, the Company increased its share capital to TL 970,000,000 by transferring TL 42,000,000 from prior years' profit to share capital.

As of 20 May 2021, the Company increased its share capital to TL 1,020,000,000 by transferring TL 50,000,000 from prior years' profits to share capital.

As of 25 March 2022, the Company increased its share capital to TL 1,530,000,000 by 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 transferring TL 40,000,000 from prior years' profit to share capital.

##### b) Treasury shares acquired

The Company's treasury shares acquired are accounted for at cost of repurchased shares out of the publicly traded shares. The Company holds 44,261,689 treasury shares as of 30 June 2022 (31 December 2021: 28,756,004 shares).

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

##### b) Treasury shares acquired (cont'd)

The details of the treasury shares acquired for the year ended 30 June 2022 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
Bonus shares from incorporating reserves	20 June 2013	314,024	1.25	392,530
Bonus shares from incorporating reserves	5 June 2014	683,974	1.16	793,413
Bonus shares from incorporating reserves	11 June 2015	1,271,466	1.12	1,424,042
Bonus shares from incorporating reserves	25 May 2016	1,325,030	1.01	1,336,955
Bonus shares from incorporating reserves	17 August 2017	845,764	1.03	873,674
Bonus shares from incorporating reserves	8 June 2018	1,071,301	0.75	801,333
Bonus shares from incorporating reserves	17 June 2019	1,973,449	0.73	1,440,618
Bonus shares from incorporating reserves	20 August 2020	1,184,071	2.12	2,512,599
Bonus shares from incorporating reserves	20 May 2021	1,409,605	3.28	4,622,095
Share purchase for paid capital increase	15 March 2022	14,378,002	1.00	14,378,002
Bonus shares from incorporating reserves	1 June 2022	1,127,686	2.17	2,450,463
Total repurchased shares		<u>44,261,689</u>		<u>55,835,257</u>

##### c) Share premiums/discounts

The difference of TL 64,925,000, which occurred due to the sale of newly issued and publicly offered shares on 13-15 February 2013 at a price higher than their nominal value, has been recognised for as share issue premiums. Commission and legal consultancy expenses amounting to TL 11,386,842 incurred due to the issuance of new shares and their public offering are shown by deducting from the share issue premiums in accordance with the relevant regulations. In addition, the difference between the nominal value of the repurchased own shares amounting to TL 6,132,216 and the repurchase cost has been deducted from the share issue premiums and in the capital increase made between 02 March 2022 and 16 March 2022, TL 426,500 has been added to the issue premiums arising from the sale of the shares that do not use the right of preference.

##### d) Restricted reserves appropriated from profit

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available 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 30 June 2022, the Company's restricted reserves appropriated from profit are comprised of legal reserves amounting to TL 69,748,009 (31 December 2021: TL 58,787,783).

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

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(Amounts expressed in Turkish Lira (TL).)

#### 16. REVENUE AND COST OF SALES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
<b>a) Sales</b>				
Total income on properties	56,581,588	32,603,532	52,153,482	20,448,840
<i>Income from the sale of investment property</i>	10,758,833	7,219,850	26,087,288	7,100,000
<i>Rental income</i>	45,822,755	25,383,682	26,066,194	13,348,840
Total income on debt instruments	17,011,464	12,144,514	4,933,941	2,676,890
<i>Interest income on deposits</i>	17,011,464	12,144,514	4,933,941	2,676,890
	<b>73,593,052</b>	<b>44,748,046</b>	<b>57,087,423</b>	<b>23,125,730</b>
<b>b) Cost of Sales</b>				
Income from the sale of investment property	5,506,355	3,211,355	22,876,526	5,000,000
Direct operating/maintenance expenses	3,463,166	2,920,464	-	-
Other	-	-	2,355,126	1,571,194
	<b>8,969,521</b>	<b>6,131,819</b>	<b>25,231,652</b>	<b>6,571,194</b>

#### 17. EXPENSES BY NATURE

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Personnel expenses	12,379,827	7,167,497	7,675,131	4,042,625
Cost of sales of investment property	5,506,355	3,211,355	22,876,526	5,000,000
Depreciation expenses and amortization	1,288,371	336,756	1,797,911	910,040
Maintenance and repair expenses	3,674,953	2,941,553	399,857	180,044
Taxes, duties and fees	677,817	94,039	2,222,928	1,399,405
Advertising and announcement expenses	830,932	292,716	1,686,938	1,085,720
Outsourced benefits	556,717	33,788	458,327	248,729
Consulting expenses	617,130	423,390	658,731	449,670
Travel and vehicle expenses	89,016	2,769	63,101	34,657
Building common expenses	100,904	63,296	153,679	77,085
Stationery and IT expenses	49,966	22,355	94,295	53,568
Promotion expenses	618,918	618,918	-	-
Commission expenses	56,045	28,650	60,137	26,984
Rental expenses	6,354	2,236	18,240	5,771
Other	1,596,943	1,156,392	872,625	424,442
	<b>28,050,248</b>	<b>16,395,710</b>	<b>39,038,426</b>	<b>13,938,740</b>

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(Amounts expressed in Turkish Lira (TL).)

**18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES**

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
General administrative expenses (-)	15,938,771	8,562,829	10,956,063	5,568,269
Marketing and sales expenses (-)	3,141,956	1,701,062	2,850,711	1,799,277
	<u>19,080,727</u>	<u>10,263,891</u>	<u>13,806,774</u>	<u>7,367,546</u>
<b>a) Detail of General Administrative Expenses</b>				
	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Personnel expenses	11,887,788	7,041,550	7,169,670	3,717,349
Promotion expenses	618,918	161,504	973,366	446,340
Depreciation expenses and amortization	468,979	133,258	641,192	324,277
Taxes, duties and fees	587,531	4,774	678,971	269,070
Advertising and announcement expenses	390,744	390,744	-	-
Consulting expenses	237,501	43,761	452,310	243,249
Outsourced benefits	556,717	33,788	415,660	208,338
Maintenance and repair expenses	211,787	21,089	261,357	106,294
Stationery and IT expenses	49,966	49,966	93,690	53,568
Travel and vehicle expenses	89,016	89,016	63,101	34,657
Rental expenses	6,354	2,236	18,240	5,771
Other expenses	833,470	591,143	188,506	159,356
	<u>15,938,771</u>	<u>8,562,829</u>	<u>10,956,063</u>	<u>5,568,269</u>
<b>b) Detail of Marketing Expenses</b>				
	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Depreciation expenses and amortization	819,392	203,498	1,156,719	585,763
Advertising and announcement expenses	440,188	359,386	713,572	639,380
Personnel expenses	492,039	12,088	365,070	184,885
Consulting expenses	379,629	379,629	206,421	206,421
Building common expenses	100,904	63,296	153,679	77,085
Taxes, duties and fees	90,286	89,265	62,835	21,142
Commission expenses (*)	56,045	28,651	60,137	26,984
Other expenses	763,473	565,249	132,278	57,617
	<u>3,141,956</u>	<u>1,701,062</u>	<u>2,850,711</u>	<u>1,799,277</u>

(\*) The amount comprises sales commissions paid related to the property projects..

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#### 19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities:

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Value increase of investment properties (Note 9)	3,235,473,811	3,198,908,811	-	-
Foreign exchange income from operations	178,367	(495,137)	291,864	51,330
Withdrawal, return and sales promise cancellation income	730,550	297,571	413,020	319,417
Provisions released	27,663	-	96,898	-
Other income	617,780	137,255	106,391	25,368
	<u>3,237,028,171</u>	<u>3,198,848,500</u>	<u>908,173</u>	<u>396,115</u>

Other expenses from operating activities:

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Foreign exchange expense from operations	(529,156)	119,996	(242,830)	(74,038)
Other expenses	(90,058)	782	(854)	-
	<u>(619,214)</u>	<u>120,778</u>	<u>(243,684)</u>	<u>(74,038)</u>

#### 20. FINANCE EXPENSES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Short-term lease certificate interest expenses	61,282,638	31,034,918	28,265,524	17,087,811
Leasing borrowing costs	24,284,678	12,552,537	7,427,749	3,491,584
Bank loan interest expenses	13,468,337	8,692,082	5,863,001	2,740,735
Commission expenses	5,723,837	1,771,223	2,400,389	1,255,422
Operating lease borrowing expenses	109,892	46,137	101,922	12,456
	<u>104,869,382</u>	<u>54,096,897</u>	<u>44,058,585</u>	<u>24,588,008</u>
Less: The amount included in the cost of investment properties	<u>(84,270,566)</u>	<u>(38,646,346)</u>	<u>(42,821,424)</u>	<u>(24,108,083)</u>
Finance Expense	<u>20,598,816</u>	<u>15,345,580</u>	<u>1,237,161</u>	<u>479,925</u>

#### 21. INCOME TAXES

Real Estate Investment Trusts are exempt from corporate tax according to paragraph (1) / d-4 of Article 5 of KVK No. 520. The Group's subsidiary Halk Yapı Projeleri Gelişim A.Ş. is subject to corporate tax valid in Turkey. Estimated tax liabilities regarding the current period operating results of the Group's subsidiary, Halk Yapı Projeleri A.Ş., have been calculated and no tax liability has been allocated in the accompanying consolidated financial statements.



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#### 22. EARNINGS PER SHARE

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Average number of shares outstanding during the period (full value)	1,570,000,000	1,530,000,000	1,020,000,000	820,000,000
Net profit for the period of the parent company shareholders	3,261,352,945	3,211,976,034	17,886,325	9,439,142
Earnings per share from continuing and discontinued operations	2.0773	2.0993	0.0175	0.0093

#### 23. FINANCIAL INSTRUMENTS

##### Financial Liabilities

	30 June 2022	31 December 2021
a) Debt Securities	464,623,836	747,962,082
b) Bank Loans	199,580,907	136,106,156
c) Payables from Financial Leasing Transactions(*)	123,987,085	127,871,430
d) Payables from Operating Lease Transaction	937,605	1,673,702
	<u>789,129,433</u>	<u>1,013,613,370</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.

Debt Securities	30 June 2022	31 December 2021
Short-term lease certificate	464,623,836	747,962,082
	<u>464,623,836</u>	<u>747,962,082</u>

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**23. FINANCIAL INSTRUMENTS (cont'd)****Financial Liabilities (cont'd)**

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

<b>Issue Date</b>	<b>Maturity Date</b>	<b>Rate of Return</b>	<b>Nominal Value</b>	<b>Amortization Date</b>	<b>Amortization Amount</b>
19 December 2017	16 March 2018	13.25%	100,000,000	16 March 2018	103,158,384
16 March 2018	20 June 2018	13.40%	100,000,000	20 June 2018	103,528,384
23 March 2018	20 June 2018	13.40%	25,000,000	20 June 2018	25,816,849
20 June 2018	19 September 2018	17.00%	125,000,000	19 September 2018	130,297,945
19 September 2018	19 December 2018	27.00%	125,000,000	19 December 2018	133,430,181
12 October 2018	22 January 2019	27.50%	75,000,000	22 January 2019	80,763,699
19 December 2018	16 April 2019	23.60%	170,000,000	16 April 2019	182,970,150
22 January 2019	21 May 2019	22.50%	80,000,000	21 May 2019	85,868,480
16 April 2019	20 August 2019	22.75%	180,000,000	20 August 2019	194,136,120
21 May 2019	17 September 2019	23.50%	75,000,000	17 September 2019	80,746,200
20 August 2019	17 December 2019	17.50%	205,000,000	17 December 2019	216,696,070
17 September 2019	7 January 2020	14.90%	75,000,000	7 January 2020	78,429,000
9 October 2019	10 March 2020	14.00%	100,000,000	10 March 2020	105,868,400
17 December 2019	12 May 2020	10.90%	185,000,000	12 May 2020	193,121,130
7 January 2020	2 June 2020	10.40%	75,000,000	2 June 2020	78,141,300
10 March 2020	18 August 2020	9.80%	75,000,000	18 August 2020	78,242,025
2 June 2020	29 September 2020	8.60%	100,000,000	29 September 2020	102,803,800
12 May 2020	6 October 2020	9.00%	75,000,000	6 October 2020	77,718,525
18 August 2020	13 January 2021	11.50%	40,000,000	13 January 2021	41,865,200
29 September 2020	24 February 2021	13.15%	120,000,000	24 February 2021	126,398,520
6 October 2020	10 March 2021	13.15%	120,000,000	10 March 2021	126,701,040
23 December 2020	6 April 2021	17.4%	46,000,000	6 April 2021	48,280,588
24 February 2021	23 June 2021	17.7%	150,000,000	23 June 2021	158,656,050
10 March 2021	1 July 2021	17.75%	131,000,000	1 July 2021	138,198,712
6 April 2021	18 August 2021	19.40%	120,000,000	18 August 2021	128,546,640
23 June 2021	12 October 2021	18.95%	180,000,000	12 October 2021	190,373,220
1 July 2021	9 November 2021	19.00%	150,000,000	9 November 2021	160,228,000
28 July 2021	23 November 2021	19.10%	120,000,000	23 November 2021	127,409,760
18 August 2021	8 December 2021	19.00%	150,000,000	8 December 2021	158,745,150
12 October 2021	8 February 2022	17.85%	180,000,000	8 February 2022	190,475,280
23 November 2021	22 March 2022	15.5%	120,000,000	22 March 2022	126,064,080
9 November 2021	1 March 2022	16.3%	200,000,000	1 March 2022	210,003,200
8 December 2021	5 April 2022	16%	232,000,000	5 April 2022	244,000,432
8 February 2022	17 May 2022	19.25%	250,000,000	8 February 2022	262,921,250
1 March 2022	31 May 2022	17.5%	125,000,000	1 March 2022	130,453,750
22 March 2022	28 June 2022	17.25%	200,000,000	22 March 2022	209,263,014
5 April 2022	5 July 2022	17.25%	250,000,000	5 July 2022	260,907,534
17 Mayıs 2022	23 August 2022	17.9%	200,000,000	23 August 2022	209,612,055
			<b>Total</b>		<b>5,029,000,000</b>

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#### 23. FINANCIAL INSTRUMENTS (cont'd)

##### Financial Liabilities (cont'd)

The Group's financial bond issuance details are given below:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Rate of Return</u>	<u>Entry amount</u>	<u>Amortization Date</u>	<u>Amortization Amount</u>
6 October 2017	30 March 2018	14.10%	93,668,000	30 March 2018	100,000,213
30 March 2018	19 September 2018	14.85%	74,739,200	19 September 2018	80,000,000
19 September 2018	21 December 2018	28.50%	46,615,000	21 December 2018	50,000,000

Interest rates of financial liabilities are as follows:

<u>Financial Instrument</u>	<u>Currency</u>	<u>Weighted Average Interest Rate</u>	<u>30 June 2022</u>	
			<u>Short-term</u>	<u>Long-term</u>
Lease certificate	TL	17.68%	464,623,836	-
Fixed rate loan	TL	13.39%	186,542,911	2,582,998
Variable rate loan	TL	16.43%	10,455,000	-
Finance leasing	EUR	5.1%	60,633,579	63,353,504
Operating leasing	TL	23.5%	663,070	274,535
			<u>722,918,396</u>	<u>66,211,037</u>

<u>Financial Instrument</u>	<u>Currency</u>	<u>Weighted Average Interest Rate</u>	<u>31 December 2021</u>	
			<u>Short-term</u>	<u>Long-term</u>
Lease certificate	TL	16.46%	747,962,082	-
Fixed rate loan	TL	9.77%	55,973,871	22,928,788
Variable rate loan	TL	17.80%	57,203,497	-
Finance leasing	EUR	5.10%	57,063,382	70,808,044
Operating leasing	TL	23.5%	1,201,447	472,259
			<u>919,404,279</u>	<u>94,209,091</u>

Maturities of bank borrowings are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Payable within 1 year	722,918,396	919,404,279
Payable in 1 - 2 years	55,400,201	74,515,214
Payable in 2 - 3 years	10,810,836	19,693,877
	<u>789,129,433</u>	<u>1,013,613,370</u>

#### 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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(Amounts expressed in Turkish Lira (TL).)

#### a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 22, comprising cash and cash equivalents, issued capital, reserves and prior years' profit.

The Group's board of directors reviews the capital structure of the Group on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Group balances its overall capital structure through the payment of dividends, new share issues and acquiring own shares, as well as the issue of new debt or the redemption of existing debt.

In addition and consistent with other entities in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

During 2022, the Group's strategy has not been change from 2019. As of 30 June 2022 and 31 December 2021, the net debt/capital ratio calculated as net debt divided by total capital (net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments) is as follows:

	30 June 2022	31 December 2021
Financial Liabilities	789,403,968	1,013,613,370
Less: Cash and Cash equivalents	(359,492,234)	(53,109,547)
Net Debt	429,911,734	960,503,823
Total Equity	7,053,579,581	3,300,178,143
Total Capital	1,570,000,000	1,020,000,000
Net Debt/Total Capital Ratio	27%	94%

#### b) Financial risk factors

The Group's activities expose it to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on the Group's financial performance.

Risk management, is conducted by a treasury department with policies approved by the Board of Directors. Treasury department of the Group defines and evaluates the financial risk, and by working with the operation units by using tools to decrease the risk. Board of Directors maintains generates a written procedure about foreign exchange risk, interest rate risk, credit risk, usage of derivative instruments and other non-derivative financial instruments, and evaluating excess liquidity or other various risks.

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

##### *b.1) Credit risk management*

###### Details of credit risk by class of financial instruments

<u>30 June 2022</u>	<u>Receivables</u>				<u>Deposits at Banks</u>
	<u>Trade Receivables</u>	<u>Other Receivables</u>			
	<u>Related Party</u>	<u>Other</u>	<u>Related Party</u>	<u>Other</u>	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	-	3,330,431	-	-	359,492,234
- Secured portion of the maximum credit risk by collateral, etc. (**)	-	3,326,598	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	3,330,431	-	-	359,492,234
B. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

(\*\*) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

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

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

Details of credit risk by class of financial instruments	Receivables				Deposits at Banks
	Trade Receivables		Other Receivables		
<u>31 December 2021</u>	<u>Related Parties</u>	<u>Other</u>	<u>Related Parties</u>	<u>Other</u>	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	60	2,529,290	-	-	53,109,547
- Secured portion of the maximum credit risk by guarantees, etc. (**)	-	2,259,423	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	60	2,529,290	-	-	53,109,547
B. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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

(\*\*) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group aims to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. Credit risks which the Group is exposed and credibility of customers are being monitored regularly. Credit risk is being controlled by the risk management committee through limits which are determined and annually controlled by the Board of Directors.

##### *b.2) Liquidity risk management*

The ultimate responsibility for liquidity risk management belongs to the Board of Directors. The Board of Directors has established a liquidity risk management in order to meet short, mid and long term financing, and liquidity requirements. The Group manages liquidity risk by monitoring expected and actual cash flows closely, and by maintaining sustainability of sufficient borrowing funds through matching maturities of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### **Liquidity risk table:**

30 June 2022

<u>Contractual Terms</u>	<u>Carrying value</u>	<u>Total Contractual Cash Outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3 to 12 months (II)</u>	<u>1 to 5 years (III)</u>
<b>Non-derivative financial liabilities</b>					
Bank loans	199,580,907	202,239,984	163,258,900	35,930,658	3,050,427
Debt securities issued	464,623,836	470,519,585	470,519,585	-	-
Financial lease liabilities	123,987,085	131,133,928	13,650,497	48,630,390	68,853,042
Long-term liabilities arising from operating leases	937,605	1,033,040	380,663	357,889	294,487
Trade payables	393,131,032	416,001,023	308,131,033	-	107,869,990
Other liabilities	67,210,797	67,210,797	67,210,797	-	-
<b>Total liabilities</b>	<b>1,249,471,262</b>	<b>1,288,138,358</b>	<b>1,023,151,475</b>	<b>84,918,937</b>	<b>180,067,946</b>

31 December 2021

<u>Contractual Terms</u>	<u>Carrying value</u>	<u>Total Contractual Cash Outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3 to 12 months (II)</u>	<u>1 to 5 years (III)</u>
<b>Non-derivative financial liabilities</b>					
Bank loans	136,106,156	142,265,942	73,890,692	42,073,397	26,301,853
Debt securities issued	747,962,082	770,542,992	526,542,560	244,000,432	-
Financial lease liabilities	127,871,430	141,975,146	16,079,902	48,628,579	77,266,665
Long-term liabilities arising from operating leases	1,673,702	1,879,031	425,208	934,263	519,560
Trade payables	140,532,099	163,402,089	55,532,099	-	107,869,990
Other liabilities	5,118,543	5,118,543	5,118,543	-	-
<b>Total liabilities</b>	<b>1,159,264,012</b>	<b>1,225,183,743</b>	<b>677,589,004</b>	<b>335,636,671</b>	<b>211,958,068</b>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

##### b.3) Market risk management

During the current period, any change to either exposed risks or management and measurement methods of these risks, was not happened compared to the prior year.

##### b.3.1) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting period are as follows:

	30 June 2022		
	TL Amount	US Dollar	Euro
1. Trade Receivables	-	-	-
2a. Monetary Financial Assets	99,554	4,764	1,161
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. CURRENT ASSETS	99,554	4,764	1,161
5. Trade Receivables	1,306,531	-	75,217
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary Financial Assets	-	-	-
7. Other	-	-	-
8. NON-CURRENT ASSETS	1,306,531	-	75,217
9. TOTAL ASSETS	1,406,085	4,764	76,378
10. Trade Payables	-	-	-
11. Financial Liabilities	28,343,918	-	1,628,830
12a. Monetary Other Liabilities	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-
13. CURRENT LIABILITIES	28,343,918	-	1,628,830
14. Trade Payables	-	-	-
15. Financial Liabilities	95,643,165	-	5,496,291
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. NON-CURRENT LIABILITIES	95,643,165	-	5,496,291
18. TOTAL LIABILITIES	123,987,083	-	7,125,121
19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	-	-	-
19.a. Assets on foreign currency derivative instruments	-	-	-
19.b. Liabilities on foreign currency derivative instruments	-	-	-
20. Net Foreign Currency Assets/Liabilities Position	122,580,998	4,764	7,048,743
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	(122,580,998)	4,764	(7,048,743)



**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022**

(Amounts expressed in Turkish Lira (TL).)

**24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)*****b.3.1) Foreign currency risk management (cont'd)***

	31 December 2021		
	TL Amount	US Dollar	Euro
1. Trade Receivables	331,620	4,764	17,772
2a. Monetary Financial Assets	-	-	-
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. CURRENT ASSETS	331,620	4,764	17,772
5. Trade Receivables	577,006	-	38,246
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary Financial Assets	-	-	-
7. Other	-	-	-
8. NON-CURRENT ASSETS	577,006	-	38,246
9. TOTAL ASSETS	908,626	4,764	56,018
10. Trade Payables	63,427	4,750	-
11. Financial Liabilities	57,063,382	-	3,775,556
12a. Monetary Other Liabilities	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-
13. CURRENT LIABILITIES	57,126,809	4,750	3,775,556
14. Trade Payables	-	-	-
15. Financial Liabilities	70,808,044	-	4,684,962
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. NON-CURRENT LIABILITIES	127,934,853	4,750	8,460,518
18. TOTAL LIABILITIES	127,934,853	4,750	8,460,518
19. Off-balance Sheet Derivative Instruments	-	-	-
Net Asset/Liability Position (19a-19b)	-	-	-
19.a. Assets on foreign currency derivative instruments	-	-	-
19.b. Liabilities on foreign currency derivative instruments	-	-	-
20. Net Foreign Currency Assets/Liabilities Position	(127,026,227)	14	(8,404,500)
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-12a-14-16a)	(127,026,227)	14	(8,404,500)

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

## NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

#### b.3.1) Foreign currency risk management (cont'd)

##### Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit/loss or other equity items.

	<b>30 June 2022</b>			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dolar increases in 10% against TL				
1 - US Dolar net asset/liability	7,952	(7,952)	7,952	(7,952)
2- US Dolar hedges (-)	-	-	-	-
<b>3- Net effect of US Dollar (1 +2)</b>	<b>7,952</b>	<b>(7,952)</b>	<b>7,952</b>	<b>(7,952)</b>
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(12,265,800)	12,265,800	(12,265,800)	12,265,800
5 - Euro hedges (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(12,265,800)</b>	<b>12,265,800</b>	<b>(12,265,800)</b>	<b>12,265,800</b>
	<b>(12,257,848)</b>	<b>12,257,848</b>	<b>(12,257,848)</b>	<b>12,257,848</b>
<b>31 December 2021</b>				
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
	In case of US Dolar increases in 10% against TL			
1 - US Dolar net asset/liability	19	(19)	19	(19)
2- US Dolar hedges (-)	-	-	-	-
<b>3- Net effect of US Dollar (1 +2)</b>	<b>19</b>	<b>(19)</b>	<b>19</b>	<b>(19)</b>
In case of Euro increases in 10% against TL				
4 - Euro net asset/liability	(12,702,478)	12,702,478	(12,702,478)	12,702,478
5 - Euro hedges (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(12,702,478)</b>	<b>12,702,478</b>	<b>(12,702,478)</b>	<b>12,702,478</b>
	<b>(12,702,459)</b>	<b>12,702,459</b>	<b>(12,702,459)</b>	<b>12,702,459</b>

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

##### b.3.2) Interest rate risk management

The Group borrows funds at fixed interest rate. Risk hedging strategies are evaluated regularly in order to comply with interest rate anticipations and defined risks.

##### Interest rate sensitivity analysis

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Fixed Rate Instruments</b>		
Financial Liabilities	778,674,433	956,409,873
<b>Variable Rate Instruments</b>		
Financial Liabilities	10,455,000	57,203,497

#### 25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

	<u>Fair value through profit or loss</u>	<u>Financial liabilities at amortized cost</u>	<u>Carrying value</u>	<u>Note</u>
30 June 2022				
<u>Financial assets</u>				
Cash and cash equivalents	359,492,234	-	359,492,234	27
Trade receivables	3,330,431	-	3,330,431	5
<u>Financial liabilities</u>				
Borrowings	-	789,129,433	789,129,433	23
Trade payables	-	308,131,032	308,131,032	5
Payables to related parties	-	85,000,000	85,000,000	4
Other payables	-	28,941,083	28,941,083	14
31 December 2021				
<u>Financial assets</u>				
Cash and cash equivalents	53,109,547	-	53,109,547	27
Trade receivables	2,529,350	-	2,529,350	5
<u>Financial liabilities</u>				
Borrowings	-	1,013,613,370	1,013,613,370	23
Trade payables	-	55,522,078	55,522,078	5
Payables to related parties	-	85,010,021	85,010,021	4
Other payables	-	5,118,543	5,118,543	14

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

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### 25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

##### Fair Value of Financial Instruments

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

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions; and
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

#### 26. EVENTS AFTER THE REPORTING PERIOD

None.

#### 27. NOTES ON THE STATEMENT OF CASH FLOWS

	30 June 2022	31 December 2021
Cash at banks	359,493,445	53,110,456
<i>Demand deposits(*)</i>	<i>3,500,804</i>	<i>2,131,214</i>
<i>Time deposits</i>	<i>355,992,641</i>	<i>50,979,242</i>
Expected credit loss (-)	(1,211)	(909)
<i>Cash and cash equivalents in the statement of financial position</i>	<i>359,492,234</i>	<i>53,109,547</i>
Less: Interest income accruals on cash equivalents	(136,647)	(21,983)
<i>Cash and cash equivalents in the statement of cash flows</i>	<i>359,355,587</i>	<i>53,087,564</i>

(\*) As of 30 June 2022 and 31 December 2021, there is blocked amount for salary payments to personnel from demand deposit amounts.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

As of 30 June 2022 and 31 December 2021, the details of time deposits at banks are as follows:

<b>30 June 2022</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Maturity</b>
<b><u>Term deposit</u></b>			
TL	350,132,437	14%	1 July 2022
TL	5,566,792	15%	1 July 2022
TL	848	4.75%	1 July 2022
TL	13,995	15%	1 July 2022
TL	271,802	14.25%	1 July 2022
TL	6,766	13.28%	1 July 2022
	<b>355,992,641</b>		

<b>31 December 2021</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Maturity</b>
<b><u>Term deposit</u></b>			
TL	50,838,661	15.75%	2 January 2022
TL	2,358	4.75%	2 January 2022
TL	57,238	14%	2 January 2022
TL	80,985	15%	2 January 2022
	<b>50,979,242</b>		

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 23.

#### 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 Parent Bank by repeating the allegations set forth in the case filed against the former executive of the Parent Bank due to Iranian sanction violations.

First, the Parent 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 Parent 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 Parent Bank's objection.

In the meeting held by the Parent 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 Parent 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.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### **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 Parent Bank's motion to dismiss the indictment on 1 October 2020. The Parent 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. An oral hearing was held before the Second Court of Appeal 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 Second Court of Appeals on 5 November 2021. The court rejected this request on 15 December 2021.

Since the Bank will take its objection on Foreign State Immunity to the US Supreme Court (Supreme Court of the United States), in this process, it requested the Second Court of Appeal to stop the case from being sent back to the District Court. This request was accepted by the Second Court of Appeal 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.

If the bank's FSIA appeal to the U.S. Supreme Court is accepted and the matter is affirmed on the merits, the case will be dismissed without trial. In case of a negative result, the case will be sent to the District Court again and the District Court will have to establish a new litigation schedule for the trial.

In addition, a civil case was filed against the Parent 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 related lawsuit was notified to the Parent Bank's lawyers on 1 July 2020. The Parent Bank submitted its petition to the court on 25 September 2020, stating that the case should be dismissed due to the rejection of the complaints of the complainants. The petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court accepted the objection of the Parent Bank for the incompatibility of the jurisdiction within the scope of the request for dismissal of the case, and rejected the case conditionally, and the case file at the District Court was closed on 3 March 2021.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

#### **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 complainants submitted their appeal on 30 June 2021, taking the District Court decision to the Second Court of Appeal. The mutual petition stage has been completed and the appeal process continues before the Second Court of Appeal.

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

#### **29. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDIT FIRM**

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority of the Group, published in the "POA" Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021
Independent audit fee for the reporting period	108,000	50,000
	<u>108,000</u>	<u>50,000</u>

#### **30. FINANCIAL INVESTMENTS**

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

#### **APPENDIX 1 - CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO**

The information contained herein, is summary information derived from the financial statements according to Article 16 "Communiqué on Financial Reporting in Capital Market" Serial: II, No: 14.1 of the CMB and prepared for purposes of the controlling the compliance with portfolio limitations as set out in the CMB's Serial: III No: 48.1 communique, "Communiqué on Principles Regarding Real Estate Investment Trusts", published in the Official Gazette numbered 28660 dated 28 May 2013.

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

### NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

(Amounts expressed in Turkish Lira (TL).)

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

The control of compliance with the portfolio limitations prepared in accordance with the individual financial statements of the Company in accordance with the "Communiqué on Principles Regarding Real Estate Investment Trusts" of CMB III. No: 48.1 is as follows:

	Financial statement primary account items	Regulation	30 June 2022 (TL)	31 December 2021 (TL)
<b>A</b>	Money and capital market instruments	Serial: III-48.1, Article 24/(b)	359,442,471	52,495,893
<b>B</b>	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article24/(a)	8,773,805,961	4,304,090,596
<b>C</b>	Subsidiaries	Serial: III-48.1, Article24/(b)	15,000,000	15,000,000
	Due from related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
	Other assets		138,585,895	195,583,878
<b>D</b>	<b>Total Assets</b>	Serial: III-48.1, Article3/(k)	<b>9,286,834,327</b>	<b>4,567,170,367</b>
<b>E</b>	Loans and borrowings	Serial: III-48.1, Article31	654,687,349	880,711,941
<b>F</b>	Other financial liabilities	Serial: III-48.1, Article31		-
<b>G</b>	Financial leasing obligations	Serial: III-48.1, Article31	123,987,083	127,871,430
<b>H</b>	Due to related parties (non-trade)	Serial: III-48.1, Article23/(f)	-	-
<b>İ</b>	Equity	Serial: III-48.1, Article31	7,051,883,454	3,297,726,118
	Other liabilities		1,456,276,441	261,160,880
<b>D</b>	<b>Total liabilities and equity</b>	Serial: III-48.1, Article3/(k)	<b>9,286,834,327</b>	<b>4,567,470,369</b>
	<b>Other financial information</b>	<b>Regulation</b>	<b>30 June 2022 (TL)</b>	<b>31 December 2021 (TL)</b>
<b>A1</b>	Portion of money and capital markets instruments for real estate payments of 3 years	Serial: III-48.1, Article24/(b)	-	-
<b>A2</b>	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article24/(b)	359,442,471	52,795,893
<b>A3</b>	Foreign capital market instruments	Serial: III-48.1, Article24/(d)	-	-
<b>B1</b>	Foreign real estates, based on real estates projects, rights for real estates	Serial: III-48.1, Article24/(d)	-	-
<b>B2</b>	Idle land	Serial: III-48.1, Article24/(c)	-	-
<b>C1</b>	Foreign Subsidiaries	Serial: III-48.1, Article24/(d)	-	-
<b>C2</b>	Investment in the operating company	Serial: III-48.1, Article28	-	-
<b>J</b>	Non-cash loans	Serial: III-48.1, Article31	452,537,196	431,637,997
<b>K</b>	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article22/(e)	-	-
<b>L</b>	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	-	-



**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 JUNE 2022**

(Amounts expressed in Turkish Lira (TL).)

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

	<b>Portfolio Restriction</b>	<b>Regulations</b>	<b>Calculation</b>	<b>Minimum/Max Ratio</b>	<b>30 June 2022 (TL)</b>	<b>31 December 2021 (TL)</b>
1	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, Article 22/(e)	K/D	Maximum 10%	-	-
2	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a),(b)	(B+A1)/D	Minimum 51%	94.48%	94.23%
3	Money and capital market instruments and associates	Serial: III-48.1, Article 24/(b)	(A+C-A1)/D	Maximum 49%	4.03%	1.48%
4	Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, Article 24/(d)	(A3+B1+C1)/D	Maximum 49%	-	-
5	Idle land	Serial: III-48.1, Article 24/(c)	B2/D	Maximum 20%	-	-
6	Investment in the operating company	Serial: III-48.1, Article 28	C2/D	Maximum 10%	-	-
7	Borrowing Limit	Serial: III-48.1, Article 31	(E+F+G+H+J)/I	Maximum 500%	17.46%	43.67%
8	Time deposit/ demand deposit/ TL/ foreign currency	Serial: III-48.1, Article24/(b)	(A2-A1)/D	Maximum 10%	3.87%	1.16%
9	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article22/(l)	L/D	Maximum 10%	-	-