

**HALK GAYRİMENKUL YATIRIM  
ORTAKLIĞI A.Ş.**

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

(CONVENIENCE TRANSLATION OF  
FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH)

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# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

		<b>Audited</b>	<b>Restated</b>
		<b>31 December</b>	<b>Audited</b>
	<b>Notes</b>	<b>2023</b>	<b>31 December</b>
			<b>2022</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2,037,154,202</b>	<b>1,551,068,038</b>
Cash and Cash Equivalents	27	64,665,139	169,465,833
Trade Receivables	5	21,698,017	12,395,152
<i>Trade Receivables from Related Parties</i>	4	19,250,000	-
<i>Trade Receivables from Third Parties</i>		2,448,017	12,395,152
Inventories	6	1,580,106,743	994,230,043
Prepaid Expenses	7	21,232,491	5,909,404
<i>Prepaid Expenses to Third Parties</i>		21,232,491	5,909,404
Current Tax Assets		613,696	1,428,956
Other Current Assets	14	348,838,114	367,638,648
<i>Other Current Assets from Third Parties</i>		348,838,114	367,638,648
<b>Non-Current Assets</b>		<b>24,476,939,624</b>	<b>22,012,200,302</b>
Financial Investments	29	226,779,528	226,779,528
<i>Investments in associates, joint ventures and subsidiaries</i>	29	226,779,528	226,779,528
Investment Properties	9	24,153,683,893	21,334,678,234
Property, Plant and Equipment	10	13,401,171	14,570,617
Intangible Assets	11	4,395,752	4,535,396
<i>Other Intangible Assets</i>		4,395,752	4,535,396
Prepaid Expenses	7	78,679,280	431,636,526
<i>Prepaid Expenses to Related Parties</i>	4	6,364,554	3,130,430
<i>Prepaid Expenses to Third Parties</i>		72,314,724	428,506,096
<b>TOTAL ASSETS</b>		<b>26,514,093,826</b>	<b>23,563,268,339</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

		<b>Audited</b>	<b>Restated</b>
		<b>31 December</b>	<b>31 December</b>
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Current Liabilities</b>		<b>3,357,989,079</b>	<b>3,181,792,894</b>
Short-Term Borrowings	23	1,111,933,520	1,181,090,322
<i>Short-Term Borrowings from Related Parties</i>	4	1,110,368,898	1,179,581,194
<i>Short-Term Borrowings from Third Parties</i>		1,564,622	1,509,128
Short-Term Portion of Long-Term Borrowings	23	556,268,104	33,182,011
<i>Short-Term Portion of Long-Term Borrowings from Related Parties</i>	4	556,268,104	33,182,011
Trade Payables	5	111,255,727	624,812,230
<i>Trade Payables to Related Parties</i>	4	-	45,198
<i>Trade Payables to Third Parties</i>		111,255,727	624,767,032
Liabilities Arising from Customer Contracts	8	1,456,772,275	1,146,576,533
<i>Deferred Income to Related Parties</i>	4	435,426,186	346,023,300
<i>Contractual Liabilities Arising from Sales of Goods and Services</i>		1,021,346,089	800,553,233
Short-Term Provisions		12,567,480	10,539,320
<i>Short-Term Portion of Provisions Related to Employee Benefits</i>	13	10,134,481	9,406,527
Other Short-Term Provisions	12	2,432,999	1,132,794
Other Current Liabilities	14	109,191,972	185,592,478
<i>Other Current Liabilities to Third Parties</i>		109,191,972	185,592,478
<b>Non-Current Liabilities</b>		<b>3,078,627,903</b>	<b>2,857,736,166</b>
Long-Term Borrowings	23	1,877,632,311	1,461,631,698
<i>Long-Term Borrowings from Related Parties</i>	4	1,876,793,650	1,459,354,931
<i>Long-Term Borrowings from Third Parties</i>		838,662	2,276,767
Trade Payables	5	-	140,057,050
<i>Trade Payables to Related Parties</i>	4	-	140,057,050
Liabilities Arising from Customer Contracts	8	1,195,729,616	1,251,154,297
<i>Deferred Income to Related Parties</i>	4	1,195,729,616	1,251,154,297
<i>Deferred Income to Third Parties</i>		-	-
Long-Term Provisions	13	5,265,976	4,893,122
<i>Long-Term Provisions Related to Employee Benefits</i>		5,265,976	4,893,122

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

		<b>Audited</b>	<b>Restated</b>
		<b>31 December</b>	<b>Audited</b>
	<b>Notes</b>	<b>2023</b>	<b>31 December</b>
			<b>2022</b>
<b>EQUITY</b>		<b>20,077,476,844</b>	<b>17,523,739,279</b>
Paid-in Capital	15	1,645,000,000	1,570,000,000
Capital Adjustment Differences	15	7,832,593,919	7,827,517,457
Treasury Shares (-)	15	(39,390,720)	(33,160,263)
Share Premiums/Discounts		461,875,993	483,426,770
Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		1,307,567	(1,993,903)
- <i>Gains on Remeasurement of Defined Benefit Plans</i>		<i>1,307,567</i>	<i>(1,993,903)</i>
Restricted Reserves Appropriated from Profit	15	446,479,934	439,534,349
Prior Years' Profit or Losses		7,155,823,202	222,191,281
Net Profit or Loss for the Period		2,573,786,950	7,016,223,589
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>26,514,093,826</b>	<b>23,563,268,339</b>

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

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023**

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

		<b>Audited</b>	<b>Restated</b>
		<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
	<b>Notes</b>		
Revenue	16	1,384,266,549	298,257,253
Cost of Sales (-)	16	(869,228,367)	(73,938,111)
<b>Gross Profit (Loss) from Trading Activities</b>		<b>515,038,182</b>	<b>224,319,142</b>
<b>GROSS PROFIT/LOSS</b>		<b>515,038,182</b>	<b>224,319,142</b>
General Administrative Expenses (-)	18	(122,801,506)	(69,838,364)
Marketing Expenses (-)	18	(30,079,682)	(12,841,891)
Other Income from Operating Activities	19	2,235,891,478	6,373,117,691
Other Expenses from Operating Activities (-)	19	(23,497,629)	(77,778,773)
<b>OPERATING PROFIT (LOSS)</b>		<b>2,574,550,841</b>	<b>6,436,977,805</b>
<b>OPERATING PROFIT (LOSS) BEFORE FINANCE INCOME (EXPENSE)</b>		<b>2,574,550,841</b>	<b>6,436,977,805</b>
Finance Expenses (-)	20	(574,715,030)	(81,040,049)
Net Monetary Position Gains/(Losses)		573,951,139	660,285,833
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>2,573,786,950</b>	<b>7,016,223,589</b>
<b>PROFIT FOR THE PERIOD</b>		<b>2,573,786,950</b>	<b>7,016,223,589</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,573,786,950</b>	<b>7,016,223,589</b>
<b>Distribution of Profit/Loss for the Period</b>			
Parent Company Shares Earnings per Share		1.5646	4.2652
Gain on Remeasurement of Defined Benefit Plans		2,517,657	(1,271,094)
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>2,576,304,607</b>	<b>7,014,952,495</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

	Notes	Paid-in Capital	Capital Adjustment Differences	Treasury Shares	Share Premiums / Discounts	Accumulated Other Comprehensive Income or 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' Profit / Losses		Net Profit / Loss for the Period
<b>Balances as of 1 January 2022</b>	15	<b>1,020,000,000</b>	<b>7,533,679,222</b>	<b>(28,756,004)</b>	<b>260,556,938</b>	<b>100,516</b>	<b>253,172,025</b>	<b>222,191,281</b>	<b>-</b>	<b>9,260,943,979</b>
Total Comprehensive Income		-	-	-	222,869,832	(2,094,420)	186,362,323	-	7,016,223,589	7,423,361,325
Capital Increase	15	550,000,000	293,838,235	(4,404,259)	-	-	-	-	-	839,433,976
<b>Balances as of 31 December 2022</b>	15	<b>1,570,000,000</b>	<b>7,827,517,457</b>	<b>(33,160,263)</b>	<b>483,426,770</b>	<b>(1,993,903)</b>	<b>439,534,349</b>	<b>222,191,281</b>	<b>7,016,223,589</b>	<b>17,523,739,279</b>
<b>Balances as of 1 January 2023</b>	15	<b>1,570,000,000</b>	<b>7,827,517,457</b>	<b>(33,160,263)</b>	<b>483,426,770</b>	<b>(1,993,903)</b>	<b>439,534,349</b>	<b>222,191,281</b>	<b>7,016,223,589</b>	<b>17,523,739,279</b>
Transfers		-	-	-	-	-	-	7,016,223,589	(7,016,223,589)	-
Total Comprehensive Income		-	-	-	(21,550,778)	3,301,471	6,945,585	(82,591,667)	2,573,786,950	2,479,891,561
Increase/Decrease Due to Share Repurchase Transactions	15	-	-	(4,434,528)	-	-	-	-	-	(4,434,528)
Capital Increase	15	75,000,000	5,076,462	(1,795,929)	-	-	-	-	-	78,280,533
<b>Balances as of 31 December 2023</b>	15	<b>1,645,000,000</b>	<b>7,832,593,919</b>	<b>(39,390,720)</b>	<b>461,875,993</b>	<b>1,307,567</b>	<b>446,479,934</b>	<b>7,155,823,202</b>	<b>2,573,786,950</b>	<b>20,077,476,845</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

	Notes	Audited 1 January- 31 December 2023	Restated Audited 1 January- 31 December 2022
<b>A. Cash Flows From Operating Activities</b>			
<b>Profit for the Period</b>		<b>2,573,786,950</b>	<b>7,016,223,589</b>
<b>Adjustments Related to Reconciliation of Net Profit for the Period</b>			
- Adjustments Related to Depreciation and Amortization Expenses	10-11	6,106,806	8,822,972
- Adjustments Related to Provisions	5-12-13	2,620,962	6,594,355
- Adjustments Related to Interest Income and Expenses	16-20-27	545,222,570	(40,305,485)
- Adjustments Related to Fair Value Losses/Gains	9	(2,210,683,328)	(6,294,383,745)
- Adjustments Related to Gains/Losses on Disposal of Non-Current Assets	10-11	-	-
- Adjustments Related to Gains/Losses on Disposal of Investment Properties	16.1-16.2	50,666,556	27,183,750
<b>Changes in working capital</b>			
- Adjustments Related to (Increase) / Decrease in Inventories	6	(585,876,700)	(817,328,004)
- Adjustments Related to (Increase) / Decrease in Trade Receivables		(9,522,037)	(8,531,086)
- Adjustments Related to (Increase) / Decrease in Prepaid Expenses		337,634,161	(353,341,929)
- Adjustments Related to (Increase) / Decrease in Other Assets		19,615,795	(476,210,349)
- Adjustments Related to Increase / (Decrease) in Trade Payables		(653,613,553)	628,270,723
- Adjustments Related to Increase/Decrease in Deferred Income		254,771,061	1,397,679,525
- Adjustments Related to Increase / (Decrease) in Other Liabilities		(328,747,105)	253,150,903
<b>Cash Flows Generated from Operations</b>		<b>1,996,871</b>	<b>1,347,825,219</b>
Interest Received		12,270,837	40,305,485
		<b>14,267,708</b>	<b>1,388,130,704</b>
<b>B. Cash Flows from Investing Activities</b>			
Cash Outflows from Acquisition of Property, Plant and Equipment and Intangible Assets	10-11	(4,812,459)	(8,321,426)
Cash Outflows from Investment Property Investments	9	(1,440,706,095)	(3,816,079,194)
Cash Inflows from Sale of Investment Properties	9	832,383,764	49,659,109
		<b>(613,134,789)</b>	<b>(3,774,741,511)</b>
<b>C. Cash Flows from Financing Activities</b>			
Cash Inflows from Borrowing		2,455,550,000	5,237,539,256
Cash Outflows Related to Debt Payments		(2,016,251,429)	(3,570,218,596)
Cash Outflows Related to Debt Payments from Financial Leasing Contracts		(56,494,617)	-
Cash Inflows from Capital Increase		78,280,533	839,433,976
Dividends Paid		(6,230,457)	(4,404,259)
Interest Paid		(70,446,063)	(33,115,824)
		<b>384,407,967</b>	<b>2,469,234,553</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(214,459,114)</b>	<b>82,623,746</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>169,351,561</b>	<b>52,795,894</b>
<b>INFLATION EFFECT ON CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	27	<b>64,586,534</b>	<b>169,351,561</b>

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



# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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 (“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 Company, its portfolio management policies and limitations are consistent with the regulatory requirements of the CMB. Investment property portfolio of the Company consists of lands and rental properties which are used as bank branches and bank headquarter. The Company 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 Company is TL 7,500,000,000. (The registered capital ceiling before 22 August 2023 is TL 2,500,000,000.). On 21 September 2023, the capital of the Company was increased to TL 1,645,000,000 with a capital increase of TL 75,000,000.

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

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

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

Capital increase details are given below:

<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 August 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	Bonus Cash
18 May 2022	1,570,000,000	Bonus Issue	40,000,000	Prior Years' Profit
15 September 2023	1,645,000,000	Bonus Issue	75,000,000	Prior Years' Profit

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

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

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

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

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

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

#### Approval of unconsolidated financial statements:

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

#### 2.1. Basis of Presentation

##### Statement of Compliance in TFRS

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

##### Restatement of Financial Statements During Periods of High Inflation

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

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

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

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Restatement of the Statement of Financial Position

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

#### Restatement of the Statement of Profit or Loss

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

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

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

#### Restatement of Statement of Cash Flows

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

#### Comparative figures

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

#### Comparative Information and Adjustment of Prior Period Unconsolidated Financial Statements

Unconsolidated Financial statements of the Company 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 unconsolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

#### Basis of Subsidiaries

As of 31 December 2023 and 31 December 2022, 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 (%)	
			31 December 2023	31 December 2022
Halk Yapı Projeleri Geliştirme A.Ş.	Türkiye	Turkish Lira	100%	100%

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

The financial statements incorporate the financial statements of the Company and entity controlled by the Company and its subsidiary. 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 power to affect its returns.

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

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

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

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

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

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

###### Interests in joint operations:

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

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

In cases where a company carries out its activities within the scope of joint activities, the Company, which carries out joint activities, includes the following in its financial statements in proportion to its share in joint activities.

- 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 Company 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, revenue 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 Company.

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

###### a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>



## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

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

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

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

Amendments to TAS 16 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

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

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

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

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

#### ***TSRS 2 Climate-related Disclosures***

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

#### **Going Concern**

The Company has prepared its financial statements on a going concern basis.

### **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 an entity of which the other entity is a member).
- (iii) 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).

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

#### **Related Parties (cont'd)**

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 are 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.

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

#### **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.

#### **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.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

#### **Leases**

##### **The Company as Lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company 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 Company 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 Company uses its incremental borrowing rate.

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

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

The lease liability is presented as a separate line in the 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 Company 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 Company did not make any such adjustments during the periods presented.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

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

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

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 Company 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 Company 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 STANDALONE statement of financial position.

The Company 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 Company has not used this practical expedient.

##### **The Company as lessor**

The Company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases.

When the Company 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 Company applies TFRS 15 to allocate the consideration under the contract to each component.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

#### Intangible Assets

##### Intangible assets acquired separately

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

##### Computer software

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

##### 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 Company 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 Company 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.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

###### **Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill (cont'd)**

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

###### **Borrowing Costs**

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

When the Company 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 Company 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 Company 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 Company 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 Company shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: (a) the Company's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset. When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

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

If the Company reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date the Company 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 amortized 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 amortized 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 amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

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

###### Financial assets at FVTOCI

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

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

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

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

###### Financial assets at FVTPL

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

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

###### Impairment

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

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

At each reporting date, the Company 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.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

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

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company 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 Company only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

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

###### Financial liabilities

When a financial liability is recognized initially, the Company measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

An entity shall classify all financial liabilities as subsequently measured at amortized cost, except for:

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

(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 Company continues to recognize an asset to the extent of its continuing involvement, the entity also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset.

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

The Company does not reclassify any financial liability.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

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

###### Recognition and derecognition of financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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 Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for financial risk hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

###### **Effect of Exchange Differences**

###### Foreign Currency Balances and Transactions

The financial statements of each entity of the Company 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. 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.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

##### Effect of Exchange Differences (cont'd)

##### Foreign Currency Balances and Transactions (cont'd)

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. Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.

##### 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 Company adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

##### Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company 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.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

#### **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 Company 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.

#### **Income Taxes**

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

According to the Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(4). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

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

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

#### **Income Taxes (cont'd)**

##### Deferred tax

Since the Company 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 Company. 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 Company 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 Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### **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 Company 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. Significant Accounting Judgement, Estimate and Assumptions**

#### Critical judgments in applying the Company'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:

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

### 2.6. Significant Accounting Judgement, Estimate and Assumptions (cont'd)

#### *Useful lives of property, plant and equipment*

The Company reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Company takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

#### *Determination of fair values of investment properties and investment properties under development*

The fair values of investment properties are based on valuations, performed by independent valuers using certain estimates and assumptions, who hold recognized and relevant professional qualifications licenced by the CMB and who have recent experience in the location and category of the investment properties being valued. Any future changes in these estimates and assumptions may cause significant impact on the Company's financial statements.

The Company generally uses the final appreciation value in Independent valuation expert reports to determine fair value.

#### *Borrowing costs*

In accordance with TAS 23, the Company 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.

## 3. INTEREST IN OTHER ENTITIES

### 3.1. Subsidiaries

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

Shareholding of the Company in the subsidiaries is as follows:

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

### 3.2. Joint Ventures

Shareholding of the Company in the joint venture is as follows:

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



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

##### 3.2 Joint Ventures (cont'd)

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

Halk GYO-Vakıf GYO Joint Venture has been founded in Turkey for operating as a joint venture 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 financial information of Halk GYO-Vakıf GYO as per the shareholding and voting rights is as follows:

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

###### Halk GYO-Erkonut Joint Venture

Halk GYO-Erkonut Joint Venture has been founded in Turkey for operating as a joint venture with 50% shares and 50% voting rights. The Company owns 50% of the Şehristan Project in Erzurum. The residences in the project will be offered for sale. The financial information of Halk GYO-Erkonut is summarized in the following tables. The summarized financial information of Halk GYO-Erkonut as per the shareholding and voting rights is as follows. Summary financial information of Halk GYO-Erkonut joint venture calculated by taking into account the ownership ratio is as follows: The joint venture was closed on 19 December 2023 due to the completion of its operations.

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

##### 3.2 Joint Ventures (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 venture 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 financial information of Halk GYO-Teknik Yapı as per the shareholding and voting rights is as follows:

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

#### 4. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

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

	31 December 2023	31 December 2022
<u>Deposits at Halk Bank</u>		
Demand deposit	5,483,092	8,393,995
Term deposit	54,438,694	160,886,537
Pos accounts	25,000	362,501
	<u>59,946,787</u>	<u>169,643,032</u>
<u>Balances with related parties</u>		
Halk Varlık Yönetimi A.Ş. Lease certificate issuance (Note: 23)	368,920,548	689,535,121
Short-term loans received from Halk Bank	1,187,172,188	394,766,233
Long-term loans received from Halk Bank	1,822,627,859	1,371,550,722
Halk Leasing financial lease agreement (Note: 23)	164,710,056	216,266,060
	<u>3,543,430,651</u>	<u>2,672,118,136</u>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

	31 December 2023								
	Receivables	Payables				Prepaid Expenses/Deferred Income		Investment Properties	
	Short-term	Short-term		Long-term		Short-term	Long-term	Long-term	
	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Trade	Non-trade
<b>Balances with related parties</b>									
<u>Shareholders</u>									
Halkbank A.Ş.	19,250,000	-	(1,187,172,188)	-	(1,822,627,858)	(435,426,186)	(225,291,420)	160,000,000	-
<u>Other companies controlled by the main shareholder</u>									
Halk Finansal Kiralama A.Ş. (*)	-	-	(110,544,264)	-	(54,165,792)	-	6,364,554	-	-
Halk Varlık Kiralama A.Ş.	-	-	(368,920,550)	-	-	-	-	-	-
	<b>19,250,000</b>	<b>-</b>	<b>(1,666,637,002)</b>	<b>-</b>	<b>(1,876,793,650)</b>	<b>(435,426,186)</b>	<b>(218,926,865)</b>	<b>160,000,000</b>	<b>-</b>
	31 December 2022								
	Receivables	Payables				Prepaid Expenses/Deferred Income		Investment Properties	
	Short-term	Short-term		Long-term		Short-term	Long-term	Long-term	
	Trade	Trade	Non-trade	Trade	Non-trade	Trade	Trade	Trade	Non-trade
<b>Balances with related parties</b>									
<u>Shareholders</u>									
Halkbank A.Ş.	-	45,198	394,766,233	(140,057,050)	1,371,550,722	(346,023,300)	(1,251,154,297)	-	615,962,667
<u>Other companies controlled by the main shareholder</u>									
Halk Finansal Kiralama A.Ş. (*)	-	-	128,461,852	-	87,804,209	-	3,130,430	-	-
Halk Varlık Kiralama A.Ş.	-	-	689,535,120	-	-	-	-	-	-
	<b>-</b>	<b>45,198</b>	<b>1,212,763,205</b>	<b>(140,057,050)</b>	<b>1,459,354,931</b>	<b>(346,023,300)</b>	<b>(1,248,023,867)</b>	<b>-</b>	<b>615,962,667</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

	1 January - 31 December 2023					
Transactions with related parties	Interest income	Interest expenses	Foreign currency difference income / expenses	Rent income	Other income / expenses	Financial Expense / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(21,371,247)	635,629,034	71,308	(471,448,301)	27,848,035	389,611,487
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	64,451,003	-	-	8,182,034	29,885,108
Halk Finansal Kiralama A.Ş.	-	36,125,904	315,513,236	-	224,085	268,618,447
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	153,878	-
	<b>(21,371,247)</b>	<b>736,205,941</b>	<b>315,584,544</b>	<b>(471,448,301)</b>	<b>36,408,031</b>	<b>688,115,041</b>
	1 January - 31 December 2022					
Transactions with related parties	Interest income	Interest expenses	Foreign currency difference expenses	Rent income	Other income	Financial Expense / Income Capitalized on Investment Properties (Net)
<u>Shareholders</u>						
Halkbank A.Ş.	(26,548,260)	97,083,456	-	(112,800,757)	1,755,190	(62,616,640)
<u>Other companies controlled by the main shareholder</u>						
Halk Varlık Kiralama A.Ş.	-	208,349,526	-	-	-	(186,478,880)
Halk Finansal Kiralama A.Ş.	-	12,503,844	74,833,861	-	-	(87,337,704)
Halk Yatırım Menkul Değ.A.Ş.	-	-	-	-	826,499	-
	<b>(26,548,260)</b>	<b>317,936,826</b>	<b>74,833,861</b>	<b>(112,800,757)</b>	<b>2,581,689</b>	<b>(336,433,224)</b>

### Compensation of key management personnel:

The Company's key management personnel comprises members of Board of Directors and members of Execution Committee, General Manager and Deputy General Manager. Compensation of key management personnel comprises salaries, premium, healthcare insurance and transportation. The remuneration of directors and other members of key management during the period is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and Other Short-Term Benefits	<u>10,506,557</u>	<u>7,266,072</u>
	<u>10,506,557</u>	<u>7,266,072</u>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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#### 5. TRADE RECEIVABLES AND TRADE PAYABLES

##### 5.1. Trade Receivables:

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

<b>Short-Term Trade Receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables (*)	2,667,189	12,182,184
Trade receivables from related parties (Note 4)	19,250,000	-
Notes receivable	-	338,173
TFRS 9 Provision for doubtful receivables (-)	(219,172)	(125,205)
	<u>21,698,017</u>	<u>12,395,152</u>

(\*) As of 31 December 2023, there is no overdue trade receivables (notes) (31 December 2022: TL 333,367)

The Company's short-term trade receivables due to the houses sold and rented from the projects developed are as follows:

<b>Short-term trade receivables from sale of residences and rental properties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Lands sold	-	8,670,355
Residences sold	3,254	343,535
<i>Bizimtepe Aydos project</i>	-	338,173
<i>Erzurum Şehristan project</i>	3,254	5,362
Rented properties (*)	21,913,935	3,506,466
TFRS 9 Provision for doubtful receivables (-) (**)	(219,172)	(125,205)
	<u>21,698,017</u>	<u>12,395,152</u>

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

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

<b>Movements of provision for doubtful trade receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Opening balance	(75,985)	(132,861)
Provisions released	(143,187)	7,657
Closing balance	<u>(219,172)</u>	<u>(125,205)</u>

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

##### 5.2. Trade Payables:

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

<b>Short-Term Trade Payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade Payables	111,255,727	624,767,032
Trade payables to related parties (Note: 4)	-	45,197
	<u>111,255,727</u>	<u>624,812,230</u>
<b>Long-Term Trade Payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables to related parties (Note: 4)	-	140,057,050
	<u>-</u>	<u>140,057,050</u>

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

#### 6. INVENTORIES

<b>Inventories</b>	<b>31 December 2022 Cost value</b>	<b>Addition</b>	<b>Disposal</b>	<b>31 December 2023 Cost value</b>
Bizimtepe Aydos Project (1)	1,239,040	-	-	1,239,040
Evora İzmir Project (2)	762,919,851	585,876,814	-	1,348,796,665
Paye Sakarya Adapazarı Project (3)	230,071,152	-	(114)	230,071,039
<b>Total</b>	<b>994,230,043</b>	<b>585,876,814</b>	<b>(114)</b>	<b>1,580,106,743</b>

<b>Inventories</b>	<b>31 December 2021 Cost value</b>	<b>Additions</b>	<b>Disposal</b>	<b>31 December 2022 Cost value</b>
Bizimtepe Aydos Project (1)	10,759,809	-	(9,520,769)	1,239,040
Evora İzmir Project (2)	308,015,363	454,904,488	-	762,919,851
Paye Sakarya Adapazarı Project (3)	230,071,716	-	(564)	230,071,152
<b>Total</b>	<b>548,846,888</b>	<b>454,904,488</b>	<b>(9,521,333)</b>	<b>994,230,043</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(1) As at 16 October 2014, a land was purchased in Istanbul, Sancaktepe, Samandıra Mahallesi for TL 110,000,000 by Halk GYO-Vakıf GYO Joint Venture for real estate development project. The main contractor services agreement was signed at 22 October 2015 and the construction permit was granted on 6 November 2015. The Company issued property deeds on 8 February 2019. As of 31 December 2023, no independent section sales were realized among the inventories. (In the period 30 September 2022, from inventories, 15 independent sections were disposed, from investment properties, 17 independent sections were disposed, resulting in sales revenue of TL 15,506,497 and cost of sales of TL 7,792,490. Cost of sales includes taxes, duties and fees.)

(2) As of 24 August 2017, Halk GYO and Teknik Yapı Joint Venture 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 stock. In the scope of the 1<sup>st</sup> Phase LSRSA contract (Evora İzmir), the building licenses for 486 residences located on Lot no. 8115, Parcel no. 3 (Formerly Lot no. 7700, Parcel no. 1), building licenses for 58 commercial units (Former 451 residences, 1 hotel, 1 cultural center) and 534 residences located on Lot no. 8110, Parcel no 1 (Former Lot no. 7698, Parcel no 1), the building licenses of 38 commercial units, 79 apart hotels (Former 497 residences, 35 commercial, 45 apart hotels, 1 hotel, 3 art galleries) were updated on 11 April 2022. As of 11 April 2022, the total number of independent units, licences of which are received, is 1,195 (The number of previous independent units with licenses is 1,034). As of 31 December 2023, a preliminary sales contract was signed for 724 independent units. (In the reporting period of 31 December 2022, 585 independent section sales contracts were signed.)

(3) The Company and Haldız İnşaat Otomotiv ve Ticaret A.Ş., Faver Proje Gelişim İnşaat Sanayi ve Ticaret A.Ş., and the Company's Parent Bank to which Haldız İnşaat Otomotiv ve Ticaret A.Ş. is owed, have been signed a "Coventure Protocol" to develop a project on a 59,314.46 m2 land with a surface area of 59,314.46 m2, located in Sakarya Province, Adapazarı District, Tepekum Mh, Lot no 4932, Parcel no and sheet number G24B24B4D. According to the agreement between the parties, 65% of the revenue to be obtained from this project is owed by Haldız İnşaat Otomotiv ve Ticaret AŞ (contractor), 30% by Haldız İnşaat Otomotiv ve Ticaret AŞ, our main shareholder, the Bank, and 5% (The expected minimum revenue share of the Company is TL 30 million) will be the Company's share. The Company included the land in its portfolio on 30 December 2021. In addition, a revenue sharing business agreement was signed on 14.01.2021 within the scope of this protocol. The construction permit works of the project were completed on 02.11.2022 and construction permits were obtained for 460 independent sections, including 34 commercial and 426 residences. Sales and marketing process was started in 2023, and as of 31 December 2023, a preliminary sales contract was signed for 121 independent sections. (There is no sales data for the 31 December 2022 reporting period.)

#### 7. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
<b>Short-Term Prepaid Expenses</b>		
Order Advances Given	-	165,267
Prepaid Insurance and Other Expenses	21,232,491	5,744,137
	<u>21,232,491</u>	<u>5,909,404</u>
	31 December 2023	31 December 2022
<b>Long-Term Prepaid Expenses</b>		
Investment advances given to related parties	6,364,554	3,130,430
Investment Advances Given	71,290,928	427,833,892
Prepaid Insurance and Other Expenses	1,023,797	672,205
	<u>78,679,280</u>	<u>431,636,526</u>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE AUDITED FINANCIAL STATEMENTS  
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**7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)**

	31 December 2023	31 December 2022
<b>Investment Advances Given</b>		
Istanbul Finance Center project	52,153,088	413,430,892
İzmir Evora project	25,502,394	17,533,429
	<u>77,655,483</u>	<u>430,964,321</u>

**8. LIABILITIES ARISING FROM CUSTOMER CONTRACTS**

<b>Liabilities arising from customer contracts (All)</b>	31 December 2023	31 December 2022
Deferred Residency Sales Income	1,021,346,089	635,780,233
Income from Sale of Property Received in Advance	-	164,773,000
Prepaid Rent	1,631,155,802	1,597,177,597
	<u>2,652,501,891</u>	<u>2,397,730,830</u>

<b>Liabilities Arising from Customer Contracts Detail (All)</b>	31 December 2023	31 December 2022
Rents Received in Advance from Related Parties	1,631,155,802	1,597,177,597
İzmir Evora project	861,700,999	633,187,732
Paye Sakarya Project	159,645,090	1,940,202
Bizimtepe Aydos project	-	214,221
Advances received for Real Estate Sales	-	164,773,000
Erzurum Şehristan project	-	435,297
Bakırköy project	-	2,781
	<u>2,652,501,891</u>	<u>2,397,730,830</u>

<b>Liabilities Arising from Customer Contracts (Short-Term)</b>	31 December 2023	31 December 2022
Rents Received in Advance from Related Parties	435,426,186	346,023,300
İzmir Evora project	861,700,999	633,187,732
Paye Sakarya Project	159,645,090	1,940,202
Bizimtepe Aydos project	-	214,221
Advances received for Real Estate Sales	-	164,773,000
Erzurum Şehristan project	-	435,297
Bakırköy project	-	2,781
	<u>1,456,772,275</u>	<u>1,146,576,533</u>



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

<b>Liabilities Arising from Customer Contracts (Long-Term)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Rents Received in Advance from Related Parties	1,195,729,616	1,251,154,297
	<b>1,195,729,616</b>	<b>1,251,154,297</b>

#### 9. INVESTMENT PROPERTIES

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

As of 31 December 2022, the fair value of the Company's investment properties have been determined by Marka Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is an appraisal firm not related to Company, after the date of 31 December 2022, it is determined by Marka Kurumsal Gayrimenkul Değerleme Danışmanlık A.Ş. Marka Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş is authorized by CMB and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value of the properties owned is determined according to the sample comparison approach and cost value that reflects the current transaction prices for similar properties.

Details of the Company's investment properties and information about the fair value hierarchy as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	Fair value as of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Lands	919,950,000	-	919,950,000	-
Buildings	23,089,090,000	-	4,560,320,000	18,528,770,000
Investment properties under construction	-	-	-	-
	<b>24,009,040,000</b>	<b>-</b>	<b>5,480,270,000</b>	<b>18,528,770,000</b>

	31 December 2022	Fair value as of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Lands	515,047,443	-	515,047,443	-
Buildings	7,997,397,612	-	4,546,276,559	3,451,121,053
Investment properties under construction	12,733,149,939	-	182,173,029	12,550,976,910
	<b>21,245,594,995</b>	<b>-</b>	<b>5,243,497,031</b>	<b>16,002,097,963</b>

There were no transfers between Level 1 and Level 2 in the current year.

As of 31 December 2023, the total amount of insurance on assets is TL 6,904,930,281 (31 December 2022: TL 5,741,077,787).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

#### Fair value measurement of the Company's investment properties (cont'd)

Investment properties	31 December 2022				31 December 2023	
	Fair Value	Addition	Disposal	Transfer	Fair Value Difference	Fair Value
İstanbul Salıpazarı Land	29,245,798				603,092	29,848,890
Antalya Muratpaşa Land	486,953,647				131,587,405	618,541,052
İstanbul Beykoz Land		163,417,459			135,071,442	298,488,901
<b>Total lands</b>	<b>516,199,445</b>	<b>163,417,459</b>	<b>--</b>	<b>--</b>	<b>267,261,940</b>	<b>946,878,844</b>
Ankara Bahçelievler Building 1	44,181,262				4,709,161	48,890,423
Ankara Bahçelievler Building 2	33,344,349				1,959,683	35,304,032
Ankara Başkent Building	65,181,250				1,042,115	66,223,365
Ankara Kızılay Building	102,159,260				6,428,944	108,588,204
Bursa Building	65,909,200				6,377,757	72,286,957
İstanbul Beyoğlu Building					--	--
İstanbul Beşiktaş Building	135,113,860	337,500			8,852,585	144,303,945
İstanbul Etiler Building	153,238,890				5,261,110	158,500,000
İstanbul Ataköy Building	99,522,892				6,173,057	105,695,949
İstanbul Bakırköy Building	126,051,345				8,495,100	134,546,445
İstanbul Fatih Building	69,698,979				4,614,465	74,313,444
İstanbul Salıpazarı Building	664,035,190				76,964,810	741,000,000
İstanbul Karaköy Building	329,546,000				25,552,865	355,098,865
İstanbul Şişli Building	123,579,750				7,271,609	130,851,359
Levent Hotel	2,011,878,330				11,121,670	2,023,000,000
Ataşehir Finance Tower	2,144,120,063				72,931,983	2,217,052,045
İstanbul Caddebostan Building	184,545,760				(19,545,760)	165,000,000
Gayrettepe Building	543,750,900		(543,750,900)		--	--
İstanbul Finance Tower A Block		305,885,397		7,689,867,362	830,794,240	8,826,547,000
İstanbul Finance Tower B Block		231,957,933		5,596,475,074	701,789,993	6,530,223,000
İzmir Konak Building-1	199,375,330				14,857,359	214,232,689
İzmir Konak Building-2	101,335,395				10,284,172	111,619,567
Kocaeli Building	68,891,591				4,289,653	73,181,244
Kocaeli Şekerpınar A Block	486,574,669	51,260			13,374,071	500,000,000
Kocaeli Şekerpınar Office Project	288,632,864		(288,632,864)		--	--
Sakarya Adapazarı Building					--	--
Sakarya Adapazarı Building (New Building)	44,661,722				2,684,794	47,346,515
İstanbul Beyoğlu Hotel Building				185,864,048	137,135,952	323,000,000
<b>Total buildings</b>	<b>8,085,328,851</b>	<b>538,232,090</b>	<b>(832,383,764)</b>	<b>13,472,206,485</b>	<b>1,943,421,388</b>	<b>23,206,805,050</b>
İstanbul International Finance Center Project	12,550,976,910	735,365,526		(13,286,342,436)	--	--
İstanbul Caddebostan Building Urban Transformation Project					--	--
İstanbul Beyoğlu Project	182,173,029	3,691,019		(185,864,048)	--	--
<b>Total of investment properties under construction</b>	<b>12,733,149,939</b>	<b>739,056,545</b>	<b>-</b>	<b>(13,472,206,485)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>21,334,678,234</b>	<b>1,440,706,095</b>	<b>(832,383,764)</b>	<b>--</b>	<b>2,210,683,328</b>	<b>24,153,683,893</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

#### Fair value measurement of the Company's investment properties (cont'd)

	31 December 2021				31 December 2022	
	Fair Value	Addition	Disposal	Transfer	Fair Value Difference	Fair Value
<b>Investment properties</b>						
İstanbul Salpazarı Land	30,741,774	1,152,001	-	-	(2,647,978)	29,245,798
İstanbul Beyoğlu Land	81,201,782	3,402,136	-	(84,603,918)	-	-
Erzurum Yakutiye Land	36,890,129	-	(36,890,129)	-	-	-
Antalya Muratpaşa Land	-	336,136,920	-	-	150,816,727	486,953,647
<b>Total lands</b>	<b>148,833,686</b>	<b>340,691,057</b>	<b>(36,890,129)</b>	<b>(84,603,918)</b>	<b>148,168,749</b>	<b>516,199,445</b>
İstanbul Karaköy Building	156,783,049	-	-	-	172,762,951	329,546,000
İstanbul Salpazarı Building	316,686,950	-	-	-	347,348,240	664,035,190
İzmir Konak Building-1	129,922,851	-	-	-	69,452,479	199,375,330
Ankara Kızılay Building	81,201,782	-	-	-	20,957,478	102,159,260
İstanbul Beşiktaş Building	95,299,500	-	-	-	39,814,360	135,113,860
İstanbul Etiler Building	98,373,678	-	-	-	54,865,212	153,238,890
İstanbul Şişli Building	75,788,330	-	-	-	47,791,420	123,579,750
İzmir Konak Building-2	74,434,967	-	-	-	26,900,428	101,335,395
Ankara Başkent Building	57,179,700	2,567,510	-	-	5,434,040	65,181,250
İstanbul Bakırköy Building	113,744,565	-	-	-	12,306,780	126,051,345
Bursa Building	63,337,390	-	-	-	2,571,810	65,909,200
Ankara Bahçelievler Building 1	48,879,421	516,417	-	-	(5,214,576)	44,181,262
Kocaeli Building	59,946,460	-	-	-	8,945,131	68,891,591
İstanbul Fatih Building	63,020,637	-	-	-	6,678,342	69,698,979
İstanbul Caddebostan Building	98,795,502	-	-	-	85,750,258	184,545,760
Ankara Bahçelievler Building 2	34,584,496	389,749	-	-	(1,629,896)	33,344,349
İstanbul Ataköy Building	62,252,093	-	-	-	37,270,799	99,522,892
Ataşehir Finance Tower	1,181,485,930	84,457,563	-	-	878,176,570	2,144,120,063
Levent Hotel	947,354,125	-	-	-	1,064,524,205	2,011,878,330
Kocaeli Şekerpınar A Block	527,811,584	1,152,254	-	-	(42,389,169)	486,574,669
Kocaeli Şekerpınar Office Project	311,273,498	-	-	-	(22,640,634)	288,632,864
Sakarya Adapazarı Building (New Building)	33,969,412	-	-	-	10,692,309	44,661,722
Gayrettepe Building	-	292,145,001	-	-	251,605,899	543,750,900
Bizimtepe Aydos T 13 No BB (Empty)	764,650	-	(764,650)	-	-	-
Bizimtepe Aydos T 15 No BB	710,516	-	(710,516)	-	-	-
Bizimtepe Aydos T 16 No BB Hairdresser	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 26 No BB Nuts Shop	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 25 No BB Pharmacy	1,109,758	-	(1,109,758)	-	-	-
Bizimtepe Aydos T 23-24 No BB Real Estate Agency	3,559,345	-	(3,559,345)	-	-	-
Bizimtepe Aydos T 40	433,076	-	(433,076)	-	-	-
Bizimtepe Aydos T 41	406,009	-	(406,009)	-	-	-
Bizimtepe Aydos T 42-43-44 No BB Gift Shop	1,231,560	-	(1,231,560)	-	-	-
Bizimtepe Aydos T 27-28 No BB Real Estate Agency	-	-	-	-	-	-
Bizimtepe Aydos T 14 No BB Real Estate Agency	764,650	-	(764,650)	-	-	-
Bizimtepe Aydos T 29	392,475	-	(392,475)	-	-	-
Bizimtepe Aydos T 30-31-32 No BB Real Estate Agency	1,177,426	-	(1,177,426)	-	-	-
<b>Total buildings</b>	<b>4,644,894,900</b>	<b>381,228,493</b>	<b>(12,768,980)</b>	<b>-</b>	<b>3,071,974,437</b>	<b>8,085,328,851</b>
İstanbul International Finance Center Project	6,480,145,819	3,094,159,644	-	-	2,976,671,447	12,550,976,910
İstanbul Beyoğlu Project	-	-	-	84,603,918	97,569,111	182,173,029
<b>Total of investment properties under construction</b>	<b>6,480,145,819</b>	<b>3,094,159,644</b>	<b>-</b>	<b>84,603,918</b>	<b>3,074,240,558</b>	<b>12,733,149,939</b>
<b>Total</b>	<b>11,273,874,405</b>	<b>3,816,079,194</b>	<b>(49,659,109)</b>	<b>-</b>	<b>6,294,383,745</b>	<b>21,334,678,234</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

#### Fair value measurement of the Company's investment properties (cont'd)

Investment property	Acquisition Date	Acquisition Amount	Appraisal Method	Appraisal Date	Appraisal Value	Tenant/Tenants	Rent Income (2023) (TL)	Direct operating/maintenance expenses (2023) (TL)	Rent Income (2022) (TL)	Direct operating/maintenance expenses (2022) (TL)
İstanbul Salıpazarı Land	26 January 2018	5,178,343	Comparable Sales Approach	17 November 2023	29,000,000		-	-	229,621	209,619
Erzurum Yakutiye Land 1	30 September 2019	10,047,000	-	-	-		-	-	-	31,133
Antalya Muratpaşa Land 2	22 April 2022	204,000,000	Comparable Sales Approach	30 October 2023	600,950,000		-	-	1,325,084	17,128
İstanbul Beykoz Land	23 May 2023	163,417,459	Comparable Sales Approach	27 November 2023	290,000,000		-	-	121,139	-
<b>Total lands</b>		<b>382,642,802</b>			<b>919,950,000</b>		-	-	<b>1,675,845</b>	<b>257,880</b>
Ankara Bahçelievler Building 1	28 October 2010	6,681,356	Comparable Sales Approach	2 November 2023	47,500,000	T. Halk Bankası A.Ş.	2,545,581	56,082	2,390,171	46,453
Ankara Bahçelievler Building 2	28 October 2010	5,684,746	Comparable Sales Approach	3 November 2023	34,300,000	İpekyol Giyim Sanayi Pazarlama ve Ticaret A.Ş.	1,644,000	17,777	1,558,731	13,672
Ankara Başkent Building	28 October 2010	9,541,729	Comparable Sales Approach	6 November 2023	64,340,000	Ceda Akaryakıt İnş. Emlak Tur. Ltd. Şti., T. Halk Bankası A.Ş.	3,832,037	254,515	3,636,118	574,194
Ankara Kızılay Building 14	28 October 2010	12,475,237	Comparable Sales Approach	6 November 2023	105,500,000	T. Halk Bankası A.Ş.	4,469,392	126,109	4,630,955	91,524
Ataşehir Finans Plaza	12 January 2012	126,548,795	Comparable Sales Approach	17 November 2023	2,154,000,000	T. Halk Bankası A.Ş., Recep Tayyip Erdoğan Üni. Ve Türk Alınan Üni. TGB Yön. A.Ş.	59,568,376	938,026	45,556,025	1,505,883
Bursa Building 3	28 October 2010	8,500,000	Comparable Sales Approach	24 October 2023	68,000,000	T. Halk Bankası A.Ş.	559,224	86,089	3,585,256	197,802
İstanbul Ataköy Building	28 October 2010	5,061,500	Comparable Sales Approach	8 November 2023	102,690,000	T. Halk Bankası A.Ş.	3,022,878	68,609	2,838,328	58,450
İstanbul Bakırköy Building	28 October 2010	9,023,500	Comparable Sales Approach	7 November 2023	130,720,000	T. Halk Bankası A.Ş.	5,409,360	74,593	5,079,112	61,970
İstanbul Beşiktaş Building	27 October 2010	11,893,840	Comparable Sales Approach	21 November 2023	140,200,000	T. Halk Bankası A.Ş.	4,613,866	125,971	4,332,184	61,096
İstanbul Etiler Building 4	27 October 2010	11,000,000	Comparable Sales Approach	15 December 2023	158,500,000	T. Halk Bankası A.Ş.	941,036	55,714	3,615,133	213,988
İstanbul Fatih Building	28 October 2010	6,380,000	Comparable Sales Approach	20 November 2023	72,200,000	T. Halk Bankası A.Ş.	2,577,401	128,956	2,420,048	106,692
İstanbul Karaköy Building 5	2 November 2010	23,500,000	Comparable Sales Approach	13 November 2023	345,000,000	T. Halk Bankası A.Ş.	6,186,377	405,162	3,359,971	501,538
İstanbul Salıpazarı Building	28 October 2010	38,050,960	Revenue Discount Method	15 December 2023	741,000,000	Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	29,579,614	1,168,608	23,066,618	1,223,822
İstanbul Şişli Building	2 November 2010	11,000,000	Comparable Sales Approach	20 November 2023	127,130,000	T. Halk Bankası A.Ş.	3,913,831	122,494	3,674,887	377,655
İzmir Konak Building-17	2 November 2010	13,400,000	Comparable Sales Approach	6 November 2023	208,140,000	T. Halk Bankası A.Ş.	-	753,395	173,666	495,319
İzmir Konak Building-28	2 November 2010	10,290,000	Comparable Sales Approach	24 October 2023	105,000,000	T. Halk Bankası A.Ş.	220,329	342,679	1,371,471	327,920
Kocaeli Building	28 October 2010	6,519,193	Comparable Sales Approach	21 November 2023	71,100,000	T. Halk Bankası A.Ş.	3,181,976	66,753	2,987,713	50,636
Kocaeli Şekerpınar A Block	11 September 2012	67,860,443	Cost Method	29 November 2023	500,000,000	T. Halk Bankası A.Ş.	24,647,701	1,114,903	23,951,595	803,735
Kocaeli Şekerpınar B Block 9	28 October 2010	39,830,221	-	-	-		-	1,925,289	-	1,666,783
Levent Otel Building	3 November 2010	91,186,481	Revenue Discount Method	5 December 2023	2,023,000,000	Caba İnşaat Enerji Tur. San. ve Tic. AŞ	82,259,257	2,623,652	71,183,763	1,903,284
Sakarya Adapazarı Building	15 January 2021	10,200,000	Comparable Sales Approach	17 November 2023	46,000,000	T. Halk Bankası A.Ş.	1,169,913	74,761	1,033,638	60,322
İstanbul Cadedebostan Building 10	2 November 2010	6,300,000	Comparable Sales Approach	25 December 2023	165,000,000	T. Halk Bankası A.Ş.	330,000	278,187	-	292,133
İstanbul Gayrettepe Building 11	13 May 2022	177,301,500	-	-	-		-	1,461,061	-	535,302
İstanbul Finans Merkezi A Block Tower 12	28 October 2010	130,693,138	Cost Method	25 December 2023	8,826,547,000	T. Halk Bankası A.Ş.	344,817,402	7,363,482	-	-
İstanbul Finans Merkezi B Block Tower	28 October 2010	99,153,782	Cost Method	25 December 2023	6,530,223,000		-	890,190	-	-
İstanbul Beyoğlu Otel Building 13	28 October 2010	12,000,000	Comparable Sales Approach	25 December 2023	323,000,000	Taksim Yatırım Gayrimenkul AŞ	272,127	9,776	-	-
Bizantepe Aydos Commercial Units	27 April 020	3,878,053	-	-	-		-	155,104	-	10,111
<b>Total buildings</b>		<b>953,954,474</b>			<b>23,089,090,000</b>		<b>587,893,601</b>	<b>20,558,334</b>	<b>212,602,255</b>	<b>11,180,285</b>
<b>Total investment property under construction</b>		<b>-</b>			<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>1,336,597,276</b>			<b>24,009,040,000</b>		<b>585,761,676</b>	<b>22,208,678</b>	<b>210,600,488</b>	<b>11,438,163</b>

(\*) Portfolio entry amounts are not expressed on the basis of purchasing power as of 31 December 2023.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

##### Notes on Investment Properties

- 1- A contract was signed on 18.07.2022 for the sale of Erzurum Yakutiye Land to Er Konut İnş.Taah. İnşaat Mlz. Nakliye ve Mad. Tic.San. A.Ş and the title deed was transferred on 25.05.2023.
- 2- Antalya Muratpaşa Land was purchased from T.Halk Bankası A.Ş. on 22.04.2022.
- 3- The lease agreement signed with T.Halk Bankası A.Ş. for the Bursa building was terminated on 17.02.2023 due to the renovation works to be carried out in the building.
- 4- The lease agreement signed with T.Halk Bankası A.Ş. for the Istanbul Etiler building was terminated on 20.03.2023 due to the renovation works to be carried out in the building.
- 5- The Istanbul Karaköy Building lease agreement has expired as of 23 October 2017. A new lease agreement was signed with Halk Bankası A.Ş. for the building on 31.12.2021. Rental income started to be generated from the building as of 01.05.2022.
- 6- Istanbul Nişantaşı building was transferred to the company's subsidiary Halk Yapı Projeleri Gelişim AŞ on 28.12.2020.
- 7- The lease agreement signed with T.Halk Bankası A.Ş. for the İzmir Konak 1 building was terminated on 23.01.2022 due to the renovation works to be carried out in the building.
- 8- The lease agreement signed with T.Halk Bankası A.Ş. for the İzmir Konak 2 building was terminated on 17.02.2023 due to the renovation works to be carried out in the building.
- 9- Kocaeli Şekerpınar B Block Building was sold on 12.05.2023.
- 10- Following the completion of the Caddebostan Urban Transformation Project and the receipt of the condominium title deeds of the building on 08.07.2021, the related project has been classified as a building as of this date. Marketing activities of the building continue.
- 11- Istanbul Gayrettepe Building was purchased from T.Halk Bankası A.Ş. on 13.05.2022 and was sold on 02.06.2023.
- 12- Pursuant to the lease agreement signed with T.Halk Bankası A.Ş. for the Istanbul Finance Center Block A building, rental income has started to be generated as of 01.04.2023
- 13- The lease agreement of Istanbul Beyoğlu Building with T.Halk Bankası AŞ has expired as of 15.02.2020. A lease agreement, including the renewal of the building, was signed with Taksim Yatırım Gayrimenkul AŞ on 22.10.2020. The building was demolished for reconstruction and was recorded in the land registry as "Land" on 02.12.2021. In line with the provision of the contract signed with the company that rent will be collected 20 months after the necessary construction permits are obtained, rental income has started to be obtained as of 1 December 2023.
- 14- The lease agreement signed with T. Halk Bankası A.Ş. for the Ankara Kızılay Building was terminated on 30 November 2023 due to the renovation work to be carried out in the building.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

##### Operating leases

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

Operating leases	31 December 2023	31 December 2022
Less than one year	635,496,620	311,049,058
Between one and five years	955,743,668	897,637,866
More than five years	987,775,405	343,399,335
	<u>2,579,015,693</u>	<u>1,552,086,259</u>

#### 10. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Furniture and fixture	Leasehold improvements	Right-of-use assets (*)	Total
Opening balance as of 1 January 2023	25,488,944	28,039,179	7,218,207	60,746,330
Additions	2,110,219	95,506	1,260,300	3,466,026
Transfers	-	-	-	-
Disposals	(2,904,901)	(5,781,595)	(1,296,050)	(9,982,546)
Closing balance as of 31 December 2023	<u>24,694,262</u>	<u>22,353,091</u>	<u>7,182,457</u>	<u>54,229,810</u>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2023	15,460,977	28,029,499	2,685,244	46,175,720
Charge for the period	2,126,066	58,554	2,436,112	4,620,732
Disposals	(2,897,007)	(5,774,757)	(1,296,050)	(9,967,814)
Closing balance as of 31 December 2023	<u>14,690,036</u>	<u>22,313,296</u>	<u>3,825,306</u>	<u>40,828,639</u>
Net book value as of 31 December 2023	<u>10,004,226</u>	<u>39,794</u>	<u>3,357,151</u>	<u>13,401,171</u>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

#### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

<b>Cost Value</b>	<b>Furniture and fixture</b>	<b>Leasehold improvements</b>	<b>Right-of-use assets (*)</b>	<b>Total</b>
Opening balance as of 1 January 2022	20,577,789	28,039,179	13,904,891	62,521,858
Additions	4,964,654	-	3,356,772	8,321,426
Transfers	-	-	-	-
Disposals	(53,499)	-	(10,043,455)	(10,096,954)
Closing balance as of 31 December 2022	25,488,944	28,039,179	7,218,207	60,746,330
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2022	12,926,668	25,851,662	9,109,327	47,887,658
Charge for the period	2,587,808	2,177,837	3,619,372	8,385,016
Disposals	(53,499)	-	(10,043,462)	(10,096,961)
Closing balance as of 31 December 2022	15,460,977	28,029,499	2,685,237	46,175,713
Net book value as of 31 December 2022	10,027,967	9,680	4,532,970	14,570,617

(\*) Assets arising from operating leases consist of assets that the Company uses within the scope of building and vehicle lease contract.

The following useful lives are used in the calculation of depreciation:

	<u>Useful Lives</u>
Furniture and fixtures	5 years
Leasehold improvements	3 years
Right-of-use assets	3 years

Depreciation expenses of TL 3,243,232 (31 December 2022: TL 8,092,099) have been charged in general administrative expenses. There is no amount included in the marketing sales expenses from the depreciation expenses of the period. (31 December 2023: TL 3,565,628)

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

#### 11. INTANGIBLE ASSETS

Cost Value	Other Intangible Assets	Total
Opening balance as of 1 January 2023	10,881,507	10,881,507
Additions	1,346,433	1,346,433
Disposals	(7,278)	(7,278)
Closing balance as of 31 December 2023	<u>12,220,662</u>	<u>12,220,662</u>

#### Accumulated Amortization

Opening balance as of 1 January 2023	6,346,114	6,346,114
Charge for the period	1,486,074	1,486,074
Disposals	(7,278)	(7,278)
Closing balance as of 31 December 2023	<u>7,824,910</u>	<u>7,824,910</u>
Net book value as of 31 December 2023	<u>4,395,752</u>	<u>4,395,752</u>

Cost Value	Other Intangible Assets	Total
Opening balance as of 1 January 2022	8,806,457	8,806,457
Additions	2,075,050	2,075,050
Disposals	-	-
Closing balance as of 31 December 2022	<u>10,881,507</u>	<u>10,881,507</u>

#### Accumulated Amortization

Opening balance as of 1 January 2022	5,908,155	5,908,155
Charge for the period	437,956	437,956
Disposals	-	-
Closing balance as of 31 December 2022	<u>6,346,112</u>	<u>6,346,112</u>
Net book value as of 31 December 2022	<u>4,535,395</u>	<u>4,535,395</u>

Amortization expenses of TL 1,320,681 (31 December 2022: TL 721,637) have been charged in general administrative expenses. There is no amount included in the marketing and sales expenses from the depreciation expenses of the period.

The following useful lives are used in the calculation of amortization:

	Useful life
Other intangible assets	2-10 years



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

##### a) Provisions

The details of the Company's provision for litigation as at 31 December 2023 and 31 December 2022 are as follows. There is no provision for litigation of the Company.

	31 December 2023	31 December 2022
<b>Other Short-Term Provisions</b>		
Expense Accruals	2,432,999	1,132,794
	<b>2,432,999</b>	<b>1,132,794</b>

##### b) Guarantee, Pledge and Mortgages

As per the decision of the CMB, made in the meeting no. 28/780, dated 9 September 2009, in which the collateral-pledge-mortgages (“CPM”) given by publicly owned companies to the guarantee a third party’s debts;

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### **b) Guarantee, Pledge and Mortgages (cont'd)**

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 ventures, to natural entities or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitment has already been given it would be reduced to nil until 31 December 2014.

On behalf of the Company's own legal entity, there are 2 ongoing lawsuits filed by the Company in the commercial court of first instance, 1 enforcement law court cases, 2 administrative court file and 2 criminal courts of first instance file. In addition, there are 5 ongoing lawsuits/execution proceedings filed against Halk Gayrimenkul Yatırım Ortaklığı A.Ş. and/or in which Halk Gayrimenkul Yatırım Ortaklığı A.Ş. is an internal defendant-notified; 2 of these are consumer lawsuits, 1 negative assessment lawsuit in the commercial court of first instance, 1 cancellation lawsuit in the administrative court and 1 execution proceeding. As a result of the evaluations of the lawyers regarding the related lawsuits, no provision for litigation has been recognised.

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

There is no consumer lawsuit filed by Halk GYO-Er Konut Joint Venture.

There is 2 consumer lawsuit filed against Teknik Yapı-Halk GYO Ordinary Partnership, 1 Compensation lawsuit in the civil court of first instance, 1 business case and an important administrative lawsuit concerning our Ordinary Partnership. Although our company has no financial liability in the ongoing lawsuits against Teknik Yapı - Halk GYO Ordinary Partnership, there is no need to make provision for lawsuits and enforcement proceedings.

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

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

##### b) Guarantee, Pledge and mortgages (cont'd)

CPMs issued by the Company

	31 December 2023	31 December 2022
A. CPMs Given for Company's Own Legal Personality	681,831,530	1,084,190,762
-Collateral	681,831,530	837,031,262
-Pledge	-	-
-Mortgage	-	247,159,500
B. CPMs Given on Behalf of Fully Consolidated Companies	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	929,642,788	668,556,015
-Collateral	929,642,788	668,556,015
-Pledge	-	-
-Mortgage	-	-
D. Total Amount of Other CPMs	-	-
i. Total Amount of CPMs Given on Behalf of the Parent	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
ii. Total Amount of CPMs given to on behalf of other Group Companies which are not in scope of B and C	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
iii. Total Amount of CPMs Given on Behalf of third parties which are not in scope of C	-	-
-Collateral	-	-
-Pledge	-	-
-Mortgage	-	-
<b>Total</b>	<b>1,611,474,318</b>	<b>1,752,746,777</b>

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

##### b) Guarantee, Pledge and Mortgages (cont'd)

The details of the Company's letters of guarantee given as of 31 December 2023 and 31 December 2022 are as follows:

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

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

##### b) Guarantee, Pledge and Mortgages (cont'd)

The details of the letters of guarantee and bills received by the Company as of 31 December 2023 and 31 December 2022 are as follows:

Collaterals, Pledges and Mortgages Received	Project	CPM Type	31 December 2023	31 December 2022
YDA İnşaat San. ve Tic. A.Ş.	İstanbul Finance Center	Letter of guarantee	165,090,000	210,661,703
Buga Otis Asansör San.ve Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	69,331,758	93,066,954
Caba İnşaat Enerji Turizm San. ve Tic. A.Ş.	Levent Hotel (tenant)	Letter of guarantee	21,600,000	25,665,042
Haldız İnşaat Otomotiv ve Tic.A.Ş.	Paye Sakarya ve Bizintepe Aydos	Letter of guarantee	21,550,463	2,554,745
Sapaz Otelcilik Turizm İnşaat Sanayi Ve Ticaret A.Ş.	İstanbul Salıpaazarı (tenant)	Letter of guarantee	15,000,000	24,715,950
Pan İthalat İhracat İnşaat A.Ş.	İzmir Evora	Letter of guarantee	13,901,890	-
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Letter of guarantee	9,651,985	8,238,650
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	9,601,884	15,821,312
Tümev Dayanıklı Tüketim Malları Ve Gıda Mad.Paz.Nak.İnş.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	8,405,000	-
Analiz İklimlendirme Sistemleri Meka Kimya San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	7,956,864	13,108,208
Dorado Ahşap Ürünleri İmalat İnş.Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	6,500,000	-
Taksim Yatırım Gayrimenkul A.Ş.	Beyoğlu Lease Agreement	Letter of guarantee	6,000,000	9,218,588
Emlak Konut Asansör Sistemleri San.Ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	3,355,275	-
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Letter of guarantee	2,923,493	1,067,231
UCD Yapı A.Ş.	İzmir Evora	Letter of guarantee	1,878,588	3,095,406
Entegre Proje Yönetim Dan.Müh.Tic.A.Ş.	İstanbul Finance Center	Letter of guarantee	1,369,136	2,255,966
Astaş Çelik Kapı Sanayi Ve Ticaret A.Ş.	İzmir Evora	Letter of guarantee	1,034,890	-
Ceda Akaryakıt İnşaat Emlak Tur.Tic.Ltd.Şti.	Ankara Başkent (tenant)	Surety agreement	757,678	1,248,449
Teknik Yapı Proje A.Ş.	İzmir Evora	Collateral bond	746,045	1,229,281
Aslanoğlu Altyapı Ve Üst Yapı A.Ş.	İzmir Evora	Collateral bond	733,900	1,209,269
Kaf Ve İzmir Zemin Adi Ortaklığı	İzmir Evora	Collateral bond	714,365	1,177,081
Mesta Yapı İnşaat Mühendislik San.Ve Tic.Ltd.Şti.(Avans)	İzmir Evora	Letter of guarantee	710,000	-
Gert İç Ve Dış Ticaret Metal Sanayi Ltd.Şti.	İzmir Evora	Collateral bond	646,432	1,065,145
Güneyler Yapı Malzemeleri San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	594,000	-
Gerhman Endüstri Teknolojileri San.Ve Tic.Ltd.Şti.	İzmir Evora	Letter of guarantee	521,182	-
Barankaya Zemin Müh.İnş.Taah.Nakl.San.Ve Tic.A.Ş.	İzmir Evora	Letter of guarantee	-	891,847
Other (*)			3,388,066	4,601,054
			<u>373,962,896</u>	<u>420,891,882</u>

(\*) As of 31 December 2023, GPMs with a balance less than TL 500 thousand are presented in groups.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### b) Guarantee, Pledge and Mortgages (cont'd)

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

  

31 December 2023						
C. Total Amount of CPMs Given in Favour of Subsidiaries Included in the Scope of Full Consolidation	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Sales Within the Scope of Guarantorship	Guarantorship	Company Share 100%
Halk GYO-Vakıf GYO Joint Venture (*)	-	-	427,761,949	-	-	-
Teknik Yapı-Halk GYO Joint Venture (**)	100,285,576	1,759,000,000	-	-	-	929,642,788
<b>Total</b>	<b>100,285,576</b>	<b>1,759,000,000</b>	<b>427,761,949</b>	<b>-</b>	<b>-</b>	<b>929,642,788</b>

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

(\*\*) Within the scope of İzmir Project of Teknik Yapı-Halk GYO Ordinary Partnership, as of 31 December 2023, a letter of guarantee amounting to TL 100,285,576 has been given by the partnership and a letter of assignment amounting to TL 1,759,000,000 has been given by the partnership to T.Halk Bankası A.Ş. and Halk Faktoring A.Ş.

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

##### b) Guarantee, Pledge and Mortgages (cont'd)

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

C. Total Amount of CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	31 December 2022					
	Letter of Guarantee	Assignment Letter	Guarantorship Limit	Sales Within the Scope of Guarantorship	Guarantorship	Company Share 100%
Halk GYO-Vakıf GYO Joint Venture (*)	-	-	823,865,000	-	-	-
Halk GYO-Er Konut Joint Venture (**)	-	-	296,591,400	520,059	247,160	123,580
Teknik Yapı-Halk GYO Joint Venture (***)	160,385,650	1,176,479,220	-	-	-	668,432,435
<b>Total</b>	<b>160,385,650</b>	<b>1,176,479,220</b>	<b>1,120,456,400</b>	<b>520,059</b>	<b>247,160</b>	<b>668,556,015</b>

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

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### b) Guarantee, Pledge and Mortgages (cont'd)

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

	31 December 2023	Equity Ratio	31 December 2022	Equity Ratio
A. Total Amount of CPMs Given on Behalf of Its Own Legal Entity	681,831,530	3.42%	1,786,453,645	10.21%
C. Total Amount of CPMs Given in Favour of Subsidiaries Included in the Scope of Full Consolidation				
<i>Halk GYO-Vakıf GYO Joint Venture</i>	-	-	918,977	0.01%
<i>Halk GYO-Er Konut Joint Venture</i>	-	-	962,192	0.01%
<i>Teknik Yapı-Halk GYO Joint Venture</i>	929,642,788	4.66%	388,742,704	2.22%



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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#### 13. EMPLOYEE BENEFITS

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

#### Provision for Retirement Pay Liability:

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

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

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits, stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans: The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.50% real discount rate (31 December 2022: 2.85%) calculated by using 22.75% annual inflation rate and 27.05% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 4.65% for employees with 0-15 years of service, and 0% for those with 16 or more years of service.

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

Ceiling amount of TL 35,058.58 which is in effect since 1 January 2023 is used in the calculation of the Company's provision for retirement pay liability (31 December 2022: TL 19,982.83).

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. If the discount rate would have been 1% higher (lower), provision for employee termination benefits would decrease / (increase) by TL 134,727 / TL (159,204). If the anticipated turnover rate would have been 1% lower (higher) while all other variables were held constant, provision for employee termination benefits would (increase) / decrease /by TL (40,293) / TL 44,425.

#### 14. OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other Current Assets		
Deferred VAT	333,179,121	357,733,735
Business advances given	7,798	70,783
Other	15,651,195	9,834,130
	<u>348,838,114</u>	<u>367,638,648</u>
Deferred VAT	31 December 2023	31 December 2022
Halk GYO-Vakıf GYO Joint Venture	7,609,317	12,520,227
Halk GYO-Erkonut Joint Venture	-	1,102,759
Teknik Yapı-Halk GYO Joint Venture	151,668,277	100,524,311
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	173,901,526	243,586,437
	<u>333,179,121</u>	<u>357,733,735</u>
Other Current Liabilities	31 December 2023	31 December 2022
Deposits and collaterals received (*)	100,494,591	112,205,473
Taxes and funds payable	7,705,955	71,946,655
Other miscellaneous debts and liabilities	991,426	1,440,350
	<u>109,191,972</u>	<u>185,592,478</u>

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

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

##### 15.1. Share Capital

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

Shareholders	Group	%	31 December		31 December	
			2023	%	2022	
Halkbank	A	1.58	25,992,187	1.58	24,807,133	
Halkbank (*)	B	70.38	1,157,787,575	70.38	1,105,000,876	
Halk Yatırım Menkul Değerler A.Ş.	A	0.04	620,754	0.04	592,452	
Halk Finansal Kiralama A.Ş.	A	<0,01	3	<0,01	2	
Publicly traded	B	28	460,599,481	28	439,599,537	
Nominal capital		100	1,645,000,000	100	1,570,000,000	
<b>Nominal Capital</b>			<b>1,645,000,000</b>		<b>1,570,000,000</b>	
Capital Inflation Adjustment Difference			7,832,593,919		7,827,517,457	
<b>Total Capital</b>			<b>9,477,593,919</b>		<b>9,397,517,457</b>	

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

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

	PPI Indexed	CPI Indexed	Differences to be
	Legal Records	Legal Records	Monitored in Prior Years' Profit/Losses
Capital Adjustment Differences	12,788,640,251	7,832,593,919	(4,956,046,332)
Premiums/Discounts on Shares	699,921,982	461,875,993	(238,045,989)
Restricted Reserves Appropriated from Profit	797,367,512	446,479,934	(350,887,578)
<b>Prior Year's Profit</b>		<b>Amount Before</b>	<b>Amount After</b>
		<b>Inflation Accounting</b>	<b>Inflation Accounting</b>
31 December 2022		6,580,639,688	7,016,223,589
1 January 2022		2,143,321,529	222,191,281

The Company 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.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

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

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

##### **15.1. Share Capital (cont'd)**

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 7,500,000,000 as of 22 August 2023. Divided into 7,500,000,000 shares, each with a nominal value of 1 TL. The capital of the Company is divided into 1,645,000,000 shares with a nominal value of TL 1,645,000,000 and all of them were committed by the founders, TL 706,217,979 in cash, TL 466,282,021 in kind (real estate) and TL 472,500,000 in the form of capital increase from reserves. TL 466,282,021 of the capital was paid in kind by Halkbank, which is the main shareholder, as capital in kind.

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

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

As of 11 June 2015, the Company increased its share capital to TL 743,000,000 by 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 making a bonus issue of TL 510,000,000 from prior years' profits.

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.

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

#### 15.2. Treasury shares acquired

The Company's treasury shares acquired are accounted for at cost of repurchased shares out of the publicly traded shares. The Company holds 39,390,721 treasury shares as of 31 December 2023 (31 December 2022: 33,160,263 shares). The details of the Company's share repurchases for the accounting period ended 30 December 2023 are as follows:

Transaction	Transaction date	Nominal value	Weighted average share price	Transaction amount
Repurchased shares	26 February 2013	933,649	1.34	1,251,090
Repurchased shares	27 February 2013	736,571	1.34	987,004
Repurchased shares	28 February 2013	1,000,000	1.34	1,340,000
Repurchased shares	1 March 2013	2,297,269	1.32	3,021,922
Repurchased shares	5 March 2013	3,455,130	1.33	4,608,678
Repurchased shares	11 March 2013	457,867	1.32	604,384
Repurchased shares	12 March 2013	586,245	1.32	773,843
Repurchased shares	15 March 2013	2,000,000	1.32	2,640,000
Repurchased shares	21 March 2013	7,210,586	1.33	9,582,612
Bonus shares from incorporating reserves	20 June 2013	314,024	1.25	392,530
Bonus shares from incorporating reserves	5 June 2014	683,977	1.16	793,413
Bonus shares from incorporating reserves	11 June 2015	1,271,466	1.12	1,424,042
Bonus shares from incorporating reserves	25 May 2016	1,325,030	1.01	1,336,955
Bonus shares from incorporating reserves	17 August 2017	845,764	1.03	873,674
Bonus shares from incorporating reserves	8 June 2018	1,071,301	0.75	801,333
Bonus shares from incorporating reserves	17 June 2019	1,973,449	0.73	1,440,618
Bonus shares from incorporating reserves	20 August 2020	1,184,071	2.12	2,512,599
Bonus shares from incorporating reserves	20 May 2021	1,409,605	3.28	4,622,095
Paid capital increase	15 March 2022	14,378,002	1.00	14,378,002
Bonus shares from incorporating reserves	1 June 2022	1,127,683	2.17	2,450,454
Sale of repurchased shares to the market	8 September 2022	(9,150,000)	3.72	(34,068,380)
Sale of repurchased shares to the market	9 September 2022	(1,800,000)	3.94	(7,099,300)
Sale of repurchased shares to the market	12 September 2022	(151,426)	4.01	(607,118)
Purchase of Shares from the Market	9 February 2023	2,500,000	4.12	10,290,584
Purchase of Shares from the Market	17 February 2023	100,000	4.40	440,048
Purchase of Shares from the Market	20 February 2023	385,000	4.42	1,700,575
Purchase of Shares from the Market	21 February 2023	1,399,528	4.40	6,156,531
Purchase of Shares from the Market	7 March 2023	50,000	4.76	238,235
Bonus shares from incorporating reserves	21 September 2023	1,795,930	5.22	9,380,142
Total repurchased shares		<u>39,390,720</u>		<u>42,266,565</u>

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

##### **15.3. Share Premiums/Discounts**

The difference of TL 64,925,000, which occurred due to the sale of newly issued and publicly offered shares on 13-15 February 2013 at a price higher than their nominal value, has been recognized 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 12,684,343 and the repurchase cost has been deducted from the share issue premiums and in the capital increase made between 02 March 2022 and 16 March 2022, TL 426,500 has been added to the issue premiums arising from the sale of the shares that do not use the right of preference. The inflation accounting adjustment difference was TL 395,226,992. 31.12.2023: TL 461,875,993. (31.12.2022: 293,389,554)

##### **15.4. Restricted Reserves Appropriated from Profit**

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted. In accordance with the Turkish Commercial Code, the Company has to appropriate restricted reserve equivalent to the Company's treasury shares acquired. Such reserve can only be released in the amount of any sold or destroyed shares valued at acquisition cost. As of 31 December 2023, the Company's restricted reserves appropriated from profit are comprised of legal reserves amounting to TL 446,479,934 (31 December 2022: TL 439,534,349).

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

#### 16. REVENUE AND COST OF SALES

##### 16.1. Sales

	1 January 31 December 2023	1 January 31 December 2022
<b>a) Sales</b>		
Total income on properties	1,367,478,885	258,621,807
<i>Income from the sale of     investment property</i>	781,717,208	22,475,359
<i>Rental income</i>	585,761,676	210,595,927
<i>Project Trade Unit Sales Revenues</i>	-	25,550,521
Total income on debt instruments	16,787,665	39,635,445
<i>Interest and financial income on deposits</i>	16,787,665	39,635,445
	<b>1,384,266,549</b>	<b>298,257,253</b>

##### 16.2. Cost of Sales

	1 January 31 December 2023	1 January 31 December 2022
<b>b) Cost of Sales</b>		
Cost of sales of investment property	832,383,764	49,659,109
Project Commercial Unit Sales Cost	-	12,514,638
Insurance cost	10,358,413	2,576,330
Taxes, duties and charges	8,472,384	5,508,376
Support services expenses	1,262,044	1,127,126
Building common expenses	1,018,021	658,905
Consulting expenses	713,703	559,760
Maintenance and repair expenses	384,097	1,314,243
Other expenses	14,635,941	19,622
	<b>869,228,367</b>	<b>73,938,111</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### 17. EXPENSES BY NATURE

Expenses by Nature	1 January	1 January
	31 December	31 December
	2023	2022
Cost of sales of investment property	832,383,764	49,659,109
Personnel expenses	76,581,411	53,681,968
Finance Expenses	19,545,760	74,522,253
Donations and Aids	16,073,302	570,421
Advertisement expenses	14,383,478	2,546,022
Taxes, duties and charges	15,040,914	7,407,424
Insurance expense	10,528,359	2,725,294
Publicity expenses	5,251,059	2,864,572
Support services expenses	4,901,015	4,060,569
Depreciation and amortization	4,563,913	7,318,895
Consultancy expenses	4,534,153	2,012,854
Rent expenses	3,633,481	1,939,443
Foreign exchange losses from operations	2,078,340	3,223,789
Building common expenses	2,012,995	2,404,791
Outsourced benefits	1,350,734	1,230,285
Maintenance and repair expenses	1,312,558	1,525,138
Licensed software update support expenses	690,615	468,061
Stationery and data processing expenses	628,234	542,853
Commission expenses (*)	554,058	382,740
Communication expenses	470,659	289,395
Project Commercial Unit Sales Cost	-	12,514,638
Provision Expenses	326,760	-
Expenses for withdrawal, revocation and cancellation of sales promise	345,971	-
Other expenses	28,415,652	2,506,626
	<b>1,045,607,186</b>	<b>234,397,139</b>

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

#### Fees for Services Received from an Independent Audit Firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority 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	1 January
	31 December	31 December
	2023	2023
Independent audit fee for the reporting period	1,234,586	991,586
	<b>1,234,586</b>	<b>991,586</b>



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

	1 January 31 December 2023	1 January 31 December 2022
General administrative expenses (-)	122,801,506	69,838,364
Marketing and sales expenses (-)	30,079,682	12,841,891
	<b>152,881,188</b>	<b>82,680,255</b>

#### 18.1. General Administrative Expenses

	1 January 31 December 2023	1 January 31 December 2022
a) Detail of General Administrative Expenses		
Personnel expenses	73,430,094	49,947,046
Donations and Aids	16,073,302	570,421
Taxes, duties and charges	6,490,265	1,515,297
Corporate Promotion expenses	5,251,059	2,864,572
Depreciation and amortization	4,563,913	5,154,930
Support services expenses	3,638,971	2,933,443
Rent expenses	3,633,481	1,939,443
Consultancy expenses	2,806,939	842,035
Outsourced benefits	1,350,734	1,230,285
Licensed software update support expenses	690,615	468,061
Stationery and data processing expenses	593,411	517,763
Communication expenses	467,439	286,496
Building common expenses	258,543	547,290
Insurance expenses	151,531	130,332
Maintenance and repair expenses	848,824	144,161
Other expenses	2,552,384	746,791
	<b>122,801,506</b>	<b>69,838,364</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

##### 18.2. Details of Marketing Expenses

	1 January 31 December	1 January 31 December
b) Details of Marketing Expenses	2023	2022
Advertisement expenses	14,383,478	2,546,022
Personnel expenses	3,151,316	3,734,922
Consultancy expenses	1,013,510	611,059
Building common expenses	736,431	1,198,596
Commission expenses (*)	554,058	382,740
Maintenance and repair expenses	79,635	66,734
Taxes, duties and charges	78,265	383,752
Stationery expenses	34,823	25,091
Depreciation and amortization	-	2,163,965
Insurance expenses	18,414	18,632
Communication expenses	3,220	2,899
Other expenses	10,026,529	1,707,481
	<b>30,079,682</b>	<b>12,841,891</b>

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

	1 January 31 December	1 January 31 December
Detail of Personnel Expenses	2023	2022
Wages and salaries	52,528,823	38,668,822
Employee benefits provision expenses	8,354,123	5,935,070
Social Security Institution employer's shares	7,608,291	5,197,610
Insurance expenses	2,978,965	1,628,525
Attendance fees	1,850,250	1,566,955
Other	3,260,959	684,986
	<b>76,581,411</b>	<b>53,681,968</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

	1 January 31 December 2023	1 January 31 December 2022
<b><u>Other Operating Income</u></b>		
Increase in value of investment properties (Note 9)	2,230,229,088	6,368,905,998
Foreign exchange gains from operating activities	3,721,720	3,134,948
Other income	1,588,774	352,010
Provisions released	165,791	19,772
Income from withdrawal, revocation and cancellation of sales promise	186,105	704,962
	<b>2,235,891,478</b>	<b>6,373,117,690</b>

	1 January 31 December 2023	1 January 31 December 2022
<b><u>Other Operating Expense</u></b>		
Decrease in value of investment properties (Note 9)	19,545,760	74,522,253
Foreign exchange losses from operating activities	2,078,340	3,223,789
Expenses for withdrawal, revocation and cancellation of sales promise	1,200,798	32,731
Other expenses	345,971	-
Provision Expenses	326,760	-
	<b>23,497,629</b>	<b>77,778,773</b>

#### 20. FINANCE EXPENSES

	1 January 31 December 2023	1 January 31 December 2022
<b><u>Finance Expenses</u></b>		
Interest expense on bank borrowings	420,091,803	109,618,267
Finance lease borrowing costs	105,469,502	90,832,804
Interest expense on short-term lease certificates	98,719,147	159,170,771
Commission expenses	20,394,257	13,296,989
Operating lease borrowing costs	486,385	435,673
	<b>645,161,094</b>	<b>373,354,503</b>
Less: Amount included in the cost of investment properties	(70,446,063)	(292,314,455)
	<b>574,715,030</b>	<b>81,040,049</b>

#### 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 Company's subsidiary Halk Yapı Projeleri Gelişim A.Ş. is subject to corporate tax valid in Türkiye. Estimated tax liabilities related to the current period operating results of the Company's subsidiary Halk Yapı Projeleri AŞ have been calculated and the liability has been recognized in the accompanying financial statements.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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#### 22. EARNINGS PER SHARE

	1 January 31 December 2023	1 January 31 December 2022
Earnings per share		
Average number of shares outstanding during the period (full value)	1,645,000,000	1,645,000,000
Net profit for the parent company shareholders	2,573,786,950	7,016,223,589
Earnings per share from continuing and discontinued operations	1.5646	4.2652

#### 23. FINANCIAL INSTRUMENTS

##### Financial Liabilities

	31 December 2023	31 December 2022
Financial Liabilities		
Debt Securities	368,920,548	689,535,121
Bank Loans	3,009,800,047	1,766,316,955
Payables from Financial Leasing Transactions (*)	164,710,056	216,266,061
Payables from Operating Lease Transactions	2,403,284	3,785,894
	<u>3,545,833,935</u>	<u>2,675,904,031</u>

(\*) The Company signed an agreement with Buga Otis Asansör Sanayi ve Ticaret A.Ş. within the scope of service procurement for vertical transports (elevator and escalator) in Halk Office Towers to be built related to the project of Istanbul International Finance Center and signed financial lease agreement with Halk Finansal Kiralama A.Ş. for relevant service procurement.

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

The details of the Company's lease certificate issuance are given below:

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

#### Financial Liabilities (cont'd)

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

	31 December 2023	31 December 2022
<b>Bank Loans</b>		
Short-term bank loans	630,904,083	361,584,222
Short-term portions of long-term bank loans	556,268,104	33,182,011
Long-term bank loans	1,822,627,859	1,371,550,722
	<u>3,009,800,047</u>	<u>1,766,316,955</u>

Interest rates of financial liabilities are as follows:

Financial Instrument	Currency	Weighted Average interest rate	31 December 2023	
			Short-term	Long-term
Lease certificate	TL	40.69%	368,920,548	-
Fixed rate loan	TL	12.00%	1,187,172,188	1,822,627,859
Floatinf rate loan	TL	27.08%	-	-
Financial lease	EUR	5.10%	110,544,267	54,165,789
Operating lease	TL	23.50%	1,564,622	838,662
			<u>1,668,201,625</u>	<u>1,877,632,310</u>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

Financial Instrument	Currency	Weighted Average interest rate	31 December 2022	
			Short-term	Long-term
Lease certificate	TL	40.69%	689,535,120	-
Fixed rate loan	TL	12.00%	39,985,251	1,371,550,722
Floatinf rate loan	TL	27.08%	354,780,985	-
Financial lease	EUR	5.10%	128,461,852	87,804,209
Operating lease	TL	23.50%	1,509,125	2,276,767
			<u>1,214,272,333</u>	<u>1,461,631,698</u>

The maturities of financial liabilities are as follows:

Maturities of bank borrowings are as follows:	31 December	31 December
	2023	2022
To be paid within 1 year	1,401,805,660	1,214,272,334
To be paid within 1 - 2 years	878,543,509	519,329,271
To be paid within 2 - 3 years	507,952,825	340,276,524
To be paid within 3 - 4 years	382,010,754	255,700,080
To be paid within 4 - 5 years	292,596,529	196,848,996
To be paid more than 5 years	82,924,658	149,476,827
	<u>3,545,833,935</u>	<u>2,675,904,031</u>

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

##### 24.1. Capital Risk Management

The Company 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 Company consists of debts, which includes the borrowings disclosed in Note 22, comprising cash and cash equivalents, issued capital, reserves and prior years' profit.

The Company's board of directors reviews the capital structure of the Company 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 Company 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 Company 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.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### 24.1 Capital risk management (cont'd)

	31 December 2023	31 December 2022
<b>Net Debt/Total Capital Ratio</b>		
Financial Borrowings	3,545,833,935	2,675,904,031
Less: Cash and Cash Equivalents	(64,665,139)	(169,465,833)
Net Debt	3,481,168,796	2,506,438,198
Total Equity	20,077,476,844	17,523,739,279
Total Capital	1,645,000,000	1,570,000,000
<b>Net Debt/Total Capital Ratio</b>	<b>212%</b>	<b>160%</b>

##### 24.2. Financial Risk Factors

The Company'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 Company'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 Company defines and evaluates the financial risk, and by working with the operation units by using tools to decrease the risk. Board of Directors maintains generates a written procedure about foreign exchange risk, interest rate risk, credit risk, usage of derivative instruments and other non-derivative financial instruments, and evaluating excess liquidity or other various risks.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### 24.2 Financial Risk Factors (cont'd)

##### 24.2.a. Credit Risk Management

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

31 December 2023	Receivables				Deposit in Bank
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	19,250,000	2,448,017	-	-	64,640,915
- Secured portion of the maximum credit risk by guarantees, etc. (**)	19,250,000	2,448,017	-	-	64,640,915

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

31 December 2022	Receivables				Deposit in Bank
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	-	12,395,152	-	-	169,467,866
- Secured portion of the maximum credit risk by guarantees, etc. (**)	-	12,395,152	-	-	169,467,866

(\*) 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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## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### 24.2 Financial Risk Factors (cont'd)

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

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

##### 24.2.b. Liquidity risk management

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

The following tables detail the Company'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 Company can be required to pay. The table includes both interest and principal cash flows.

#### Liquidity Risk Table:

Liquidity risk table  
31 December 2023

<u>Contractual term</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>	<u>Longer than 5 years (IV)</u>
<b>Non-derivative financial liabilities</b>						
Bank loans	3,009,800,047	4,154,647,092	630,921,094	320,445,681	2,996,330,986	206,949,332
Debt securities issued	368,920,548	385,071,240	385,071,240	-	-	-
Financial lease liabilities	164,710,056	172,073,348	39,660,723	73,421,681	58,990,945	-
Long-term liabilities arising from operating leases	2,403,284	2,818,559	510,308	1,420,351	887,900	-
Trade payables	111,255,727	111,255,727	111,255,727	-	-	-
Other liabilities	109,191,972	109,191,972	109,191,972	-	-	-
Total liability	3,766,281,634	4,935,057,938	1,276,611,063	395,287,713	3,056,209,831	206,949,332

Liquidity risk table  
31 December 2022

<u>Contractual term</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>	<u>Longer than 5 years (IV)</u>
<b>Non-derivative financial liabilities</b>						
Bank loans	1,766,316,955	2,562,879,718	379,695,430	15,939,341	1,837,877,577	329,367,369
Debt securities issued	689,535,121	707,221,716	707,221,716	-	-	-
Financial lease liabilities	216,266,061	226,878,699	32,290,514	99,636,169	94,952,016	-
Long-term liabilities arising from operating leases	3,785,894	4,660,704	528,487	1,502,342	2,629,874	-
Trade payables	764,869,278	764,869,278	764,869,278	-	-	-
Other liabilities	185,592,478	185,592,478	185,592,478	-	-	-
Total liability	3,626,365,787	4,452,102,592	2,070,197,903	117,077,852	1,935,459,467	329,367,369

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

##### 24.2 Financial Risk Factors (cont'd)

##### 24.2.c. Market Risk Management

During the current period, no change to either exposed risks or management and measurement methods of these risks was made compared to the prior year.

##### 24.2.c.i. Foreign Currency Risk Management

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

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

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

##### 24.2 Financial Risk Factors (cont'd)

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

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

Foreign currency position table	31 December 2022		
	TL Equivalent	USD	EUR
2a. Monetary Financial Assets	1,042	2	50
4. CURRENT ASSETS	1,042	2	50
5. Trade Receivables	4,556,900	-	139,894
8. NON-CURRENT ASSETS	4,556,900	-	139,894
9. TOTAL ASSETS	4,557,942	2	139,944
10. Trade Payables	77,962,926	-	3,903,846
11. Financial Liabilities	77,962,926	-	3,903,846
13. CURRENT LIABILITIES	53,287,984	-	2,668,295
15. Financial Liabilities	53,287,984	-	2,668,295
17. NON-CURRENT LIABILITIES	131,250,909	-	6,572,141
18. TOTAL LIABILITIES	126,692,967	(2)	6,432,197
20. Net foreign currency asset liability position			
21. Monetary items net foreign currency assets liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	(126,692,967)	2	(6,432,197)

#### Foreign currency sensitivity analysis

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

The following table details the Company'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 and other equity items.

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

#### 24.2 Financial Risk Factors (cont'd)

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

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

Foreign currency sensitivity analysis table	31 December 2023			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases in 10% against TL				
1 - US Dollar net asset/liability	-	-	-	-
<b>3- Net effect of US Dollar (1 +2)</b>	-	-	-	-
In case of Euro increases in 10% against TL				
4 - Euro net asset / liability	15,996,792	(15,996,792)	15,996,792	(15,996,792)
<b>6- Net effect of Euro (4+5)</b>	<b>15,996,792</b>	<b>(15,996,792)</b>	<b>15,996,792</b>	<b>(15,996,792)</b>
	<b>15,996,792</b>	<b>(15,996,792)</b>	<b>15,996,792</b>	<b>(15,996,792)</b>

Foreign currency sensitivity analysis table	31 December 2022			
	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases in 10% against TL				
1 - US Dollar net asset/liability	4	(4)	4	(4)
<b>3- Net effect of US Dollar (1 +2)</b>	<b>4</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>
In case of Euro increases in 10% against TL				
4 - Euro net asset / liability	(12,133,765)	12,133,765	(12,133,765)	12,133,765
<b>6- Net effect of Euro (4+5)</b>	<b>(12,133,765)</b>	<b>12,133,765</b>	<b>(12,133,765)</b>	<b>12,133,765</b>
	<b>(12,133,761)</b>	<b>12,133,761</b>	<b>(12,133,761)</b>	<b>12,133,761</b>

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

##### 24.2 Financial Risk Factors (cont'd)

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

##### 24.2.c.ii. Interest Rate Risk Management

The Company borrows funds at fixed and floating 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 Company are as follows:

Interest rate position table	31 December	31 December
	2023	2022
<b>Fixed Interest Rate Instruments</b>		
Financial Liabilities	537,497,971	803,407,675
<b>Floating Interest Rate Instruments</b>		
Financial Liabilities	3,008,335,964	1,872,496,357

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

31 December 2023	Fair value through profit or loss	Financial liabilities measured at amortized cost	Book value (*)	Note
<u>Financial assets</u>				
Cash and cash equivalents	64,665,139	-	64,665,139	27
Trade receivables	2,448,017	-	2,448,017	5
Receivables from related parties	19,250,000	-	19,250,000	
<u>Financial liabilities</u>				
Borrowings	-	3,545,833,935	3,545,833,935	23
Trade payables	-	111,255,727	111,255,727	5
31 December 2022	Fair value through profit or loss	Financial liabilities measured at amortized cost	Book value (*)	Note
<u>Financial assets</u>				
Cash and cash equivalents	169,465,833	-	169,465,833	27
<u>Financial liabilities</u>				
Borrowings	-	1,623,994,241	1,623,994,241	23
Trade payables	-	624,767,032	624,767,032	5
Payables to related parties	-	140,102,248	140,102,248	4

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

##### Fair Value of Financial Instruments

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

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

#### 26. EVENTS AFTER THE REPORTING PERIOD

None.

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

	31 December 2023	31 December 2022
Cash in bank	64,640,915	169,467,866
<i>Demand deposits(*)</i>	5,483,166	8,525,923
<i>Time deposits with maturities less than three months</i>	59,157,749	160,941,942
Provision for expected loss (-)	(776)	(2,032)
Other liquid assets (**)	25,000	(1)
Total cash and cash equivalents in the statement of financial position	64,665,139	169,465,833
Less: Interest accruals on cash and cash equivalents	(78,605)	(114,272)
Total cash and cash equivalents in the statement of cash flows	64,586,534	169,351,561

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

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

31 December 2023	Amount	Interest rate	Maturity
<b>Time deposits</b>			
TL	49,354,076	13.00%	2 January 2024
TL	4,716,204	24.00%	2 January 2024
TL	4,716,611	43.00%	30 January 2024
TL	2,851	4.75%	2 January 2024
TL	368,008	1.00%	1 April 2024
	<b>59,157,749</b>		

31 December 2022	Amount	Interest rate	Maturity
<b>Time deposits</b>			
TL	158,425,285	13.00%	2 January 2022
TL	85,947	10.50%	2 January 2022
TL	55,418	7.00%	2 January 2022
TL	2,375,292	11.00%	2 January 2022
	<b>160,941,942</b>		

Explanations regarding the nature and level of risks in cash and cash equivalents are explained in note 24.

#### 28. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

An indictment was filed against the Bank on 15 October 2019 by the New York Southern District Attorney General of the United States Department of Justice, which repeated the allegations made in the case against the former executive of the Bank for violation of Iranian sanctions.

Initially, the Bank applied to the District Court on 4 November 2019, requesting a special appearance to discuss the issues of objection and denial of judicial jurisdiction, and rejection of the judge of the case. The District Court dismissed the request of the special appearance on 5 December 2019. The Bank appealed the District Court's decision to the Second Circuit Court of Appeals on 17 December 2019. The Second Circuit Court of Appeals dismissed the Bank's objection on 21 February 2020.

In the meeting held by the Bank's Board of Directors on 27 March 2020, it was decided to attend the hearing on 31 March 2020 in the District Court where the case will be discussed, to accept the notification of the case and to appoint Williams&Connolly law firm with a proxy to represent the Bank in the process.

At the hearing on 31 March 2020 held in the District Court; it has been 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.

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#### **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 before the District Court on 30 June 2020, the timetable for the objection to the recusal of the judge, the requests for evidence and the submission of other requests was set, and it was decided that the jury trial would be held on 1 March 2021, but then the trial calendar was revised again on 26 October 2020. Accordingly, it has been decided that the jury trial will start on 3 May 2021. In this context, the Bank submitted its motion for recusal of the judge on 14 July 2020 and other motions for dismissal of the indictment on 10 August 2020 to the District Court.

The Bank's request for refusal was rejected by the District Court on 24 August 2020, and by the Second Court of Appeal on 23 December 2020.

On 1 October 2020, the Bank's request to drop the indictment was rejected by the District Court. The Bank appealed to the Court of Appeals for Foreign State Immunity (to be exempt from the jurisdiction of the US courts) within the scope of the request to drop the indictment. The Second Court of Appeal accepted the Bank's appeal on 23 December 2020 to discuss the merits and at the same time decided to stay the District Court process. 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 bring its objection regarding Foreign State Immunity to the US Supreme Court (Supreme Court of the United States), it has requested the Second Court of Appeal to stop the case from being sent back to the District Court in this process. This request was accepted by the Second Court of Appeal on 14 January 2022. Legal proceedings in the District Court are suspended pending the end of the U.S. Supreme Court process.

The Bank will file an appeal under Foreign State Immunity with the U.S. Supreme Court by 13 May 2022. The Bank's appeal petition was answered by Solicitor General of the US Department of Justice on 18 July 2022, and the mutual petition process was completed on 2 August 2022.

The US Supreme Court considered the Bank's appeal on 28 September 2022 and issued its decision on 3 October 2022 that it accepted the application. After the acceptance of the appeal, the Bank submitted its appeal to the Court on 14 November 2022. Following the bank's appeal petition, a response petition was submitted by the Attorney General's Office of the US Department of Justice on 14 December 2022. On 6 January 2023, the petition process was completed with the Bank's submission of the petition for reply to the Court. On 17 January 2023, an oral defense hearing was held before the Court.

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

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



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#### **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)**

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

In addition, a civil lawsuit (*Hughes or second civil lawsuit*) was filed against the Bank on 27 March 2020, before the US Southern District Court of New York, on the grounds that "they could not collect their receivables from Iran due to alleged violations of sanctions" by some of the complainants. The relevant case was notified to the Bank's lawyers on 1 July 2020. The Bank submitted its petition to the court on 25 September 2020, stating that the case should be dismissed due to the rejection of the complainants' complaint. The petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court accepted the Bank's objection to the incompatibility of the jurisdiction within the scope of the dismissal of the case, conditionally rejecting the case and the case file at the District Court was closed on 3 March 2021.

The complainants submitted their appeal on 30 June 2021, taking the District Court decision to the Second Court of Appeal. The mutual petition stage has been completed and an oral defense hearing was held on 13 October 2022 before the Second Appeal. The Second Court of Appeals ruled in favor of the Bank on 2 May 2023, and dismissed the civil lawsuit seeking compensation. The plaintiffs appealed the Second Court of Appeals' decision to the U.S. Supreme Court on 30 August 2023. The U.S. Supreme Court heard the appeal on 5 January 2024, and issued its decision denying the plaintiffs' request on 8 January 2024. Accordingly, the Owens case filed against the Bank on 27 March 2020 was finally dropped.

Finally, a new civil lawsuit (*Hughes or second civil lawsuit*) similar to the Owens lawsuit was filed against the Bank with a complaint petition submitted to the US District Court for the Southern District of New York on 26 July 2023 by 151 plaintiffs. The notification of the case was made on 1 October 2023. According to the complaint, the complainants are trying to establish a connection between the grievances they have experienced in various countries and the alleged allegations in the current criminal case filed against the Bank on 15 October 2019, and are requesting the Court to order compensation to the extent permitted by law.

The Bank submitted its request to dismiss the case to the Regional Court on 22 December 2023, and the cross-petition period ended on 22 April 2024. Based on the request of the Prosecutor's Office, the Regional Court ruled on 1 May 2024, to suspend all judicial proceedings in the civil case until the criminal case against the Bank is concluded. Therefore, the *Hughes* case has been suspended until the final decision is given in the criminal case against the Bank.

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

#### **29. FINANCIAL INVESTMENTS**

Subsidiaries	Place of incorporation and operation	Functional currency	The Group's shareholding rate and votin power (%)			
			31 December 2023		31 December 2022	
Halk Yapı Projeleri Geliştirme A.Ş.	Türkiye	Turkish Lira	100%	115,000,000	100%	115,000,000

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

As of 31 December 2023, the Company complied with the restrictions that stated on the paragraph “a, b, c, ç and d” of 22nd and 38th articles of the CMB’s communique no III-48.1, “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660. The ratios related with these restrictions are shown below. The control of the 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 the CMB, numbered III: 48.1, is as follows:

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

	Financial statement primary account items	Regulation	31 December 2023 (TL)	31 December 2022 (TL)
<b>A</b>	Money and capital market instruments	Serial: III-48.1, Article 24/(b)	64,665,139	169,465,833
<b>B</b>	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article24/(a)	25,733,790,636	22,328,908,278
<b>C</b>	Subsidiaries	Serial: III-48.1, Article24/(b)	226,779,528	226,779,528
	Due from related parties (non-trade)	Serial: III-48.1, Article23/(f)	--	--
	Other assets		488,858,522	838,114,700
<b>D</b>	<b>Total Assets</b>	Serial: III-48.1, Article3/(k)	<b>26,514,093,826</b>	<b>23,563,268,339</b>
<b>E</b>	Loans and borrowings	Serial: III-48.1, Article31	3,381,123,879	1,492,743,332
<b>F</b>	Other financial liabilities	Serial: III-48.1, Article31		--
<b>G</b>	Financial leasing obligations	Serial: III-48.1, Article31	164,710,056	131,250,909
<b>H</b>	Due to related parties (non-trade)	Serial: III-48.1, Article23/(f)	--	--
<b>İ</b>	Equity	Serial: III-48.1, Article31	20,077,476,844	17,523,739,279
	Other liabilities		2,890,783,047	4,415,534,819
<b>D</b>	<b>Total liabilities and equity</b>	Serial: III-48.1, Article3/(k)	<b>26,514,093,826</b>	<b>23,563,268,339</b>
	<b>Other financial information</b>	<b>Regulation</b>	<b>31 December 2023 (TL)</b>	<b>31 December 2022 (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)	64,640,139	102,848,060
<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	4,874,487,478	5,304,399,933
<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)	--	--

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

	Portfolio restriction	Regulations	Calculation	Minimum/Max Ratio	31 December 2023 (TL)	31 December 2022 (TL)
1	Mortgage amounts on land that project to be developed but the ownership does not belong the entity	Serial: III-48.1, 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%	97.06%	94.76%
3	Money and capital market instruments and associates	Serial: III-48.1, Article 24(b)	(A+C-A1)/D	Maximum 49%	1.1%	1.68%
4	Foreign real estates, based on real estates projects, rights for real estates, associates, capital market instruments	Serial: III-48.1, 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%	41.94%	39.54%
8	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article 24(b)	(A2-A1)/D	Maximum 10%	0.24%	0.44%
9	Total investments of money and capital market instruments at one company	Serial: III-48.1, Article 22(l)	L/D	Maximum 10%	--	--