

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2023**

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

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**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

| | Notes | <i>Unaudited</i> 30 September 2023 | <i>Audited</i> 31 December 2022 |
|---|-------|--|---------------------------------------|
| ASSETS | | | |
| Current assets | | 55,105,212 | 42,141,914 |
| Cash and cash equivalents | 4 | 15,694,524 | 6,107,609 |
| Trade receivables | 6 | 4,850,776 | 3,268,382 |
| <i>Trade receivables due from third parties</i> | | 4,850,776 | 3,268,382 |
| Other receivables | | 759,850 | 577,700 |
| <i>Other receivables due from related parties</i> | 20 | 76,677 | - |
| <i>Other receivables due from third parties</i> | 7 | 683,173 | 577,700 |
| Inventories | 8 | 30,230,234 | 28,955,350 |
| Prepaid expenses | | 2,134,772 | 2,374,680 |
| <i>Prepaid expenses to related parties</i> | 20 | 1,044,379 | 1,433,207.00 |
| <i>Prepaid expenses to third parties</i> | 13 | 1,090,393 | 941,473 |
| Other current assets | 12 | 1,431,218 | 852,225 |
| Current tax assets | 19 | 3,838 | 5,968 |
| Non-current assets | | 5,723,676 | 4,817,265 |
| Trade receivables | 6 | 4,779,020 | 3,730,187 |
| <i>Trade receivables due from third parties</i> | | 4,779,020 | 3,730,187 |
| Other receivables | 7 | 23,331 | 21,650 |
| <i>Other receivables due from third parties</i> | | 23,331 | 21,650 |
| Investments accounted for using equity method | | 1,351 | 841 |
| Investment properties | 9 | 434,985 | 742,683 |
| Right-of-use assets | | 42,610 | 17,721 |
| Property, plant and equipment | 10 | 392,742 | 285,862 |
| Intangible assets | | 36,452 | 7,965 |
| Deferred tax assets | 19 | 13,185 | 10,356 |
| Total assets | | 60,828,888 | 46,959,179 |

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

| | Notes | Unaudited 30 September 2023 | Audited 31 December 2022 |
|---|-------|-----------------------------------|--------------------------------|
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | 36,548,464 | 25,293,981 |
| Short-term borrowings | 5 | 1,038,595 | 1,300,263 |
| Short-term portions of long-term borrowings | 5 | 2,139,866 | 1,814,145 |
| Lease liabilities | 5 | 14,258 | 3,823 |
| Bank Loans | 5 | 2,125,608 | 1,810,322 |
| Trade payables | 6 | 2,251,552 | 2,956,858 |
| Trade payables due to related parties | 20 | - | 1,774,954 |
| Trade payables due to third parties | | 2,251,552 | 1,181,904 |
| Other payables | 7 | 791,666 | 516,169 |
| Other payables due to related parties | 20 | 595 | 593 |
| Other payables due to third parties | | 791,071 | 515,576 |
| Deferred income | 13 | 29,995,947 | 18,423,670 |
| Deferred income from related parties | 20 | 2,009,088 | 1,004,341 |
| Deferred income from third parties | | 27,986,859 | 17,419,329 |
| Short-term provisions | | 330,838 | 282,876 |
| Short-term provisions for employee benefits | | 70,048 | 35,536 |
| Other short-term provisions | 11 | 260,790 | 247,340 |
| Non-current liabilities | | 2,061,846 | 3,297,175 |
| Long-term borrowings | 5 | 1,742,185 | 3,103,650 |
| Long-term borrowings due from related parties | | | |
| Lease liabilities | | 16,919 | 11,837 |
| Long-term borrowings due from third parties | | | |
| Lease liabilities | | 15,202 | 15,792.13 |
| Bank Loans | 5 | 1,710,064 | 3,076,021 |
| Trade payables | | - | 20 |
| Trade payables due to third parties | | - | 20 |
| Other payables | 7 | 201,882 | 117,382 |
| Other payables due to third parties | | 201,882 | 117,382 |
| Deferred income | 13 | 4,738 | 4,738 |
| Deferred income from third parties | | 4,738 | 4,738 |
| Long-term provisions | | 94,018 | 48,753 |
| Long-term provisions for employee benefits | | 94,018 | 48,753 |
| Deferred tax liability | 19 | 19,023 | 22,632 |
| Shareholders' equity | | 22,218,578 | 18,368,023 |
| Total equity attributable to equity holders of the Company | | 22,218,578 | 18,368,023 |
| Paid-in capital | 14 | 3,800,000 | 3,800,000 |
| Treasury shares (-) | | (31,321) | (296,231) |
| Share premium (discounts) | | 2,366,895 | 2,366,895 |
| Other equity reserves | | 770,848 | - |
| Other comprehensive income (expense) not to be reclassified to profit or loss | | (42) | (42) |
| Gain (loss) on revaluation and remeasurement | | (42) | (42) |
| Restricted reserves appropriated from profit | | 984,440 | 882,670 |
| Retained earnings | | 10,643,404 | 8,617,598 |
| Net profit for the year | | 3,684,354 | 2,997,133 |
| Non-controlling interests | | - | - |
| Total liabilities and equity | | 60,828,888 | 46,959,179 |

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

| | Notes | Unaudited 1 January- 30 September 2023 | Unaudited 1 July- 30 September 2023 | Unaudited 1 January- 30 September 2022 | Unaudited 1 July- 30 September 2022 |
|---|-------|--|---|--|---|
| Revenue | 15 | 12,134,387 | 1,854,174 | 5,677,656 | 950,996 |
| Cost of sales (-) | 15 | (7,620,572) | (1,058,609) | (2,588,697) | (312,575) |
| Gross profit | | 4,513,815 | 795,565 | 3,088,959 | 638,421 |
| General administrative expenses (-) | 16 | (1,808,539) | (441,756) | (589,951) | (215,018) |
| Marketing expenses (-) | 16 | (282,746) | (78,018) | (97,710) | (33,877) |
| Other income from operating activities | 17 | 1,439,653 | 452,117 | 720,682 | 377,079 |
| Other expenses from operating activities (-) | 17 | (987,630) | (210,214) | (774,896) | (10,438) |
| Operating profit | | 2,874,553 | 517,694 | 2,347,084 | 756,167 |
| Income from investing activities | | 5,317 | 5,317 | 27,493 | 1,291 |
| Operating profit before financial income / (expense) | | 2,879,870 | 523,011 | 2,374,577 | 757,458 |
| Financial income | 18 | 1,803,521 | 826,307 | 388,264 | 163,531 |
| Financial expenses (-) | 18 | (1,005,475) | (265,908) | (680,486) | (275,321) |
| Profit from continuing operations, before tax | | 3,677,916 | 1,083,410 | 2,082,355 | 645,668 |
| Tax (expense)/income from continuing operations | | 6,438 | 6,479 | (897) | (1,328) |
| <i>Current period tax expense</i> | 19 | - | - | (10,220) | (80) |
| <i>Deferred tax income</i> | 19 | 6,438 | 6,479 | 9,323 | (1,248) |
| Net profit for the period | | 3,684,354 | 1,089,889 | 2,081,458 | 644,340 |
| Profit for the period is attributable to: | | | | | |
| Non-controlling interests | | - | - | - | - |
| Owners of the Company | | 3,684,354 | 1,089,889 | 2,081,458 | 644,340 |
| Total comprehensive income for the period | | 3,684,354 | 1,089,889 | 2,081,458 | 644,340 |
| Total comprehensive income is attributable to: | | | | | |
| Non-controlling interests | | - | - | - | - |
| Owners of the Company | | 3,684,354 | 1,089,889 | 2,081,458 | 644,340 |
| Earnings per share (in full TRY) | | 0.0097 | 0.0029 | 0.0057 | 0.0018 |

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

| | Share capital | Treasury shares (-) | Share premium/discounts | Other Equity Reserves | restricted reserves appropriated from profit | Other Accumulated Comprehensive Income and Expense not to be Reclassified to Profit or Loss | Retained Earnings | Net profit for the period | Equity attributable to the parent | Non-controlling interests | Total equity |
|--|------------------|---------------------|-------------------------|-----------------------|--|---|---------------------|---------------------------|-----------------------------------|---------------------------|-------------------|
| | | | | | | Gain/Loss on remeasurement of defined benefit plans | Prior years' profit | | | | |
| 1 January 2022 | 3,800,000 | (296,231) | 2,366,895 | - | 789,174 | (42) | 7,754,768 | 1,332,323 | 15,746,887 | - | 15,746,887 |
| Transfers | - | - | - | - | 93,496 | - | 1,238,827 | (1,332,323) | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - | - | 2,081,458 | 2,081,458 | - | 2,081,458 |
| 30 September 2022 | 3,800,000 | (296,231) | 2,366,895 | - | 882,670 | (42) | 8,617,598 | 2,081,458 | 17,452,348 | - | 17,452,348 |
| 1 January 2023 | 3,800,000 | (296,231) | 2,366,895 | - | 882,670 | (42) | 8,617,598 | 2,997,133 | 18,368,023 | - | 18,368,023 |
| Transfers | - | - | - | - | 101,770 | - | 2,895,363 | (2,997,133) | - | - | - |
| Dividend (Note 15) (*) | - | - | - | - | - | - | (869,557) | - | (869,557) | - | (869,557) |
| Increase/(decrease) due to share buy back transactions | - | 264,910 | - | - | - | - | - | - | 264,910 | - | 264,910 |
| Increase/(decrease) due to share based transactions | - | - | - | 770,848 | - | - | - | - | 770,848 | - | 770,848 |
| Total comprehensive income/(expense) | - | - | - | - | - | - | - | 3,684,354 | 3,684,354 | - | 3,684,354 |
| 30 September 2023 | 3,800,000 | (31,321) | 2,366,895 | 770,848 | 984,440 | (42) | 10,643,404 | 3,684,354 | 22,218,578 | - | 22,218,578 |

(*) At the Ordinary General Assembly Meeting held on 31 March 2023, the decision to distribute a cash dividend of TL 869,557 (30 September 2022: 375,997) from the profits of 2022 was approved by majority vote. Since the Group owns its own shares with a nominal value of TL 1 at a rate of 4.26% as of 31 March 2023, the date of the profit distribution decision, the dividend related to the shares owned by the Group is netted off from the amount of dividends to be distributed. The dividend payment was made on 14 April 2023.

(**) As of 30 September 2023, the net effect of buying/selling shows when the matching orders for the repurchased shares during the period.

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

| | | <i>Unaudited</i> 1 January- | <i>Unaudited</i> 1 January- |
|---|---------------|---------------------------------------|---------------------------------------|
| | Notes | 30 September 2023 | 30 September 2022 |
| Cash flows from operating activities | | | |
| Profit for the period | | 3,684,354 | 2,081,458 |
| Adjustments related to reconcile of net profit for the period | | | |
| Adjustments related to depreciation and amortization expenses | 16 | 48,307 | 34,786 |
| Adjustments related to tax expense (income) | 19 | (6,438) | 897 |
| Adjustments related to (reversal of) impairments (net) | | 480,922 | 620,278 |
| <i>Adjustments related to (reversal of) impairment of inventories (net)</i> | <i>8, 17</i> | <i>480,922</i> | <i>620,278</i> |
| Adjustments related to provisions | | 116,916 | 114,196 |
| <i>Adjustments related to (reversal of) provisions for employee benefits</i> | | <i>92,390</i> | <i>27,381</i> |
| <i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i> | <i>11, 17</i> | <i>13,450</i> | <i>88,223</i> |
| <i>Adjustments related to (reversal of) provisions for possible risks</i> | <i>17</i> | <i>11,076</i> | <i>(1,408)</i> |
| Adjustments for interest (income) and expenses | | (1,589,305) | (28,282) |
| <i>Adjustments for interest income</i> | <i>17, 18</i> | <i>(2,882,178)</i> | <i>(705,984)</i> |
| <i>Adjustments for interest expense</i> | <i>17, 18</i> | <i>1,292,873</i> | <i>677,702</i> |
| Adjustments related to (gain) loss on disposal of property | | (5,317) | (25,531) |
| <i>(Gain)/loss on sale of property, plant and equipment</i> | | <i>(5,317)</i> | <i>(8,567)</i> |
| <i>(Gain)/loss on sale of investment properties</i> | | <i>-</i> | <i>(16,964)</i> |
| Net cash from operations before changes in assets and liabilities | | 2,729,439 | 2,797,802 |
| Changes in net working capital: | | | |
| Adjustments related to (increase)/decrease in trade receivable | | (2,801,047) | (92,796) |
| <i>Decrease/(increase) in trade receivables from related parties</i> | | <i>-</i> | <i>15,261</i> |
| <i>Decrease/(Increase) in trade receivables from third parties</i> | | <i>(2,801,047)</i> | <i>(108,057)</i> |
| Adjustments related to decrease/(increase) in inventories | | (922,834) | (8,763,865) |
| Adjustments related to increase/(decrease) in trade payables | | (1,260,423) | 53,530 |
| <i>Increase/(decrease) in trade payables to related parties</i> | | <i>(2,303,298)</i> | <i>333,198</i> |
| <i>Increase/(decrease) in trade payables to third parties</i> | | <i>1,042,875</i> | <i>(279,668)</i> |
| Adjustments related to decrease/(increase) in other receivables related to operations | | (201,639) | (53,871) |
| Adjustments related to increase/(decrease) in other payables related to operations | | 12,706,515 | 6,685,997 |
| Adjustments related to other increase/(decrease) in working capital | | (55,040) | (723,741) |
| Net cash flows from operating activities | | | |
| Interest received | | 425,831 | 42,311 |
| Payments related to provisions for employee benefits | | (12,613) | (484) |
| Income taxes paid | | (777,473) | (531,782) |
| Cash flows from operating activities | | 9,830,716 | (586,899) |
| Purchases of investment properties, property, plant and equipment and intangible assets | 9, 10 | (115,599) | (98,954) |
| Sale of investment properties, property, plant and equipment and intangible assets | | 11,138 | 36,888 |
| Returns of financial assets | | - | 500 |
| Cash flows from investing activities | | (104,461) | (61,566) |
| Payments to disposal entity's shares or other equity instruments | | 1,484,710 | - |
| Payments to acquire entity's shares or other equity instruments | 14 | (448,952) | - |
| Proceeds from Borrowings | | 3,964,275 | 4,542,383 |
| <i>Proceeds from Loans</i> | | <i>1,149,075</i> | <i>2,598,133</i> |
| <i>Proceeds from Issue of Debt Instruments</i> | | <i>2,815,200</i> | <i>1,944,250</i> |
| Repayments of borrowings | | (5,201,322) | (4,177,205) |
| <i>Loan Repayments</i> | | <i>(2,668,072)</i> | <i>(2,424,605)</i> |
| <i>Payments of Issued Debt Instruments</i> | | <i>(2,533,250)</i> | <i>(1,752,600)</i> |
| Cash outflow from debt payments for lease contracts | | (3,480) | (4,818) |
| Interest paid | | (920,807) | (584,841) |
| Dividends paid | 14 | (869,557) | (375,997) |
| Interest received | | 1,701,164 | 332,290 |
| Cash flow from financing activities | | (293,969) | (268,188) |
| Net increase (decrease) in cash and cash equivalents | | 9,432,286 | (916,653) |
| Cash and cash equivalents at the beginning of the period | 4 | 5,284,707 | 3,087,548 |
| Cash and cash equivalents at the end of the period | 4 | 14,716,993 | 2,170,895 |

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (“Emlak Konut GYO” or the “Group”) was established on 26 December 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Group is governed by its articles of association, and is also subject to the terms of the decree law about Public Finances Enterprises No. 233, in accordance with the statute of Türkiye Emlak Bankası A.Ş. The Group has been registered and started its activities on 6 March 1991. The Group’s articles of association were revised on 19 May 2001 and it became an entity subject to the Turkish Commercial Code No. 4603.

The Company was transformed into a Real Estate Investment Company with Senior Planning Committee Decree No. 99/T-29, dated 4 August 1999, and according to Statutory Decree No. 588, dated 29 December 1999. According to Permission No. 298, dated 20 June 2002, granted by the Capital Markets Board (“CMB”) regarding transformation of the Company into a Real Estate Investment Company and permission No. 5320, dated 25 June 2002, from the Republic of Turkey Ministry of Industry and Trade and amendment draft for the articles of association of the Company was submitted for the approval of the Board and the amendment draft was approved at the Ordinary General Shareholders Committee meeting of the Company convened on 22 July 2002, changing the articles of association accordingly.

The articles of association of the Company were certified by Istanbul Trade Registry Office on 29 July 2002 and entered into force after being published in Trade Registry Gazette dated 1 August 2002. As the result of the General Shareholders committee meeting of the Company convened on 28 February 2006, the title of the Company “Emlak Gayrimenkul Yatırım Ortaklığı A.Ş.” was changed to “Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.”

By the decision of the Board of Directors of Istanbul Stock Exchange Market on 26 November 2010, 25% portion of the Company’s class B shares with a nominal value of TL 625,000 has been trading on the stock exchange since 2 December 2010.

The registered address of the Group is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 30 September 2023, the number of employees of the Group is 1,279 (31 December 2022 - 987).

The objective and operating activity of the Group is coordinating and executing real estate property projects mostly housing, besides, commercial units, educational units, social facilities, and all related aspects, controlling and building audit services of the ongoing projects, marketing and selling the finished housing. Due to statutory obligation to be in compliance with the Real Estate Investment Companies decrees and related CMB communiqués, The Company cannot be a part of construction business, but only can organize it by auctioning between the contractors.

The consolidated consolidated financial statements at 30 September 2023 have been approved by the Board of Directors on 7 November 2023.

The ultimate parent and ultimate controlling party of the Group is T.C. Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Turkey, “TOKİ”). TOKİ is a state institution under the control of Republic of Turkey Ministry of Environment and Urbanisation.

Emlak Konut GYO will be referred to as the “Group” with its subsidiaries and interests in joint ventures.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP (Continued)

Subsidiaries

Subsidiaries of Emlak Konut GYO operate in Turkey and their main operations are as follows:

| <u>Subsidiaries</u> | <u>Main Operations</u> | | | |
|---|---|---|---|---|
| Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”) | Real Estate Investments | | | |
| Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. | Production, Sales and Marketing | | | |
| | <u>30 September 2023</u> | | <u>31 December 2022</u> | |
| | <u>Direct and indirect ownership rate</u> | <u>Effective ownership rate (%)</u> | <u>Direct and indirect ownership rate</u> | <u>Effective ownership rate (%)</u> |
| Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş.(*) | 100 | 100 | 100 | 100 |
| Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. (**) | 100 | 100 | 100 | 100 |

(*)In parallel with the Company’s growing strategy, Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş. was fully owned by the Company with the decision of Board of Directors dated 9 November 2018 and numbered 62/163.

(**) It is a subsidiary established with the aim of creating a domestic brand with the potential to compete with the important actors of the global market, the main field of activity of which is elevator systems, taking into account the needs of the construction and real estate industry.

Investments valued by equity method (Affiliates)

Affiliates of Emlak Konut GYO operate in Turkey and their main operations are as follows:

| <u>Investments valued by equity method (Affiliates)</u> | <u>Main Operation</u> | | | |
|---|----------------------------|--|--|--|
| İstmarina AVM Ordinary Partnership | Mall and Office Management | | | |
| Büyükyalı Tesis Yönetimi A.Ş. | Mall and Office Management | | | |
| Merkez ve Cadde Yönetimi A.Ş. | Mall and Office Management | | | |

| | <u>30 September 2023</u> | | <u>31 December 2022</u> | |
|-------------------------------|---|---|---|---|
| | <u>Direct and indirect ownership rate (%)</u> | <u>Effective ownership rate (%)</u> | <u>Direct and indirect ownership rate (%)</u> | <u>Effective ownership rate (%)</u> |
| Merkez Cadde Yönetim A.Ş. | 30 | 30 | - | - |
| İstmarina AVM Adı Ortaklığı | 40 | 40 | 40 | 40 |
| Büyükyalı Tesis Yönetimi A.Ş. | 37 | 37 | 37 | 37 |

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

The accompanying standalone financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) which is published on Official Gazette numbered 28676 dated 13 June 2013 and Turkish Financial Reporting Standards and appendices and interpretations related to them adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) have been taken as basis. TFRS is updated through communiqués in order to comply with the changes in the Turkish Financial Reporting Standards (TFRS).

The interim condensed consolidated financial statements are presented in accordance with the formats specified in the “Communiqué on TFRS Taxonomy” published by the POA on 15 April 2019 and the Illustrations of Financial Statements and Application Guidance published by the CMB.

The Company and its subsidiaries maintain their books of account and prepares their statutory financial statements in accordance with the principals issued by CMB, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements have been prepared on the basis of historical cost, with the necessary adjustments and classifications reflected in the statutory records in accordance with TFRS.

Basis of Consolidation

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

- has the ability to use its power to affect its returns
- 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

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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES

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(Amounts are expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (continued)

Basis of Consolidation (continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. AND ITS SUBSIDIARIES

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(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (continued)

Basis of Consolidation (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognized. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Gains and losses arising from transactions between the Group and an associate of the Group are eliminated to the extent of the Group’s interest in the relevant associate or joint venture.

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, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Preparation of financial statements in hyperinflationary periods

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” for entities adopting Turkish Financial Reporting Standards (“TFRS”) in 2022 financial reporting periods. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 – Financial Reporting in Hyperinflationary Economies. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements dated 30 September 2023 in accordance with TAS 29.

Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the Group is TL and the reporting currency is thousand TL.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS
(Continued)**

2.1. Basis of Presentation (continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2. Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous periods are restated if the financial position, performance or cash flow effects of transactions and events are presented in a more appropriate and reliable manner.

2.3. Conformity with the Portfolio Limitations

The information presented in Additional Note of this report, regarding control of conformity with the portfolio limitations, is a summary information extracted from financial statements in accordance with Article 16 of Communiqué No: II-14.1, “Principles of Financial Reporting in Capital Markets” and is prepared in accordance with the provisions of the control of portfolio limitations of Communiqué No: III-48.1, “Principles Regarding Real Estate Investment Companies”.

NOTE 3 – ACCOUNTING POLICIES

Interim condensed consolidated financial statements as of 30 September 2023 have been prepared by applying accounting policies that are consistent with the accounting policies applied in the preparation of the financial statements for the period ended 30 September 2023. Therefore, interim condensed financial statements should be read together with the end-of-year financial statements in order to create coherence.

3.1 New and Revised Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 30 September 2023:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** ; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

NOTE 4 – CASH AND CASH EQUIVALENTS

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| Cash on hand | 141 | 8 |
| Banks | 15,328,596 | 5,881,812 |
| - Demand deposit | 72,043 | 19,158 |
| - Time deposits with maturities less than 3 months | 15,256,553 | 5,862,654 |
| Other cash and cash equivalents | 365,787 | 225,789 |
| | 15,694,524 | 6,107,609 |

Average effective annual interest rates on time deposits in TL on the balance sheet date:

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| | (%) | (%) |
| | 36,49 | 18,16 |

The calculation of cash and cash equivalents of the Group for the use in statements of cash flows is as follows:

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Cash and cash equivalents | 15,694,524 | 6,107,609 |
| Less: Interest accruals on deposits | (133,430) | (22,765) |
| Less: LSRSA project deposits (*) | (860,785) | (805,745) |
| Add: the effect of provisions released under TFRS 9 | 16,684 | 5,608 |
| | 14,716,993 | 5,284,707 |

(*) The contractors’ portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. There is no blocked deposit (31 December 2022: None) for the project accounts amounting to TL 860,785 (31 December 2022: TL 805,745).

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THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 5 – FINANCIAL LIABILITIES

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| Short-term financial liabilities | | |
| Short-term bank loans | 149,584 | 706,075 |
| Issued debt instruments (*) | 889,011 | 594,188 |
| Short-term portion of long-term borrowings | 2,125,608 | 1,810,322 |
| Lease liabilities | 14,258 | 3,823 |
| | 3,178,461 | 3,114,408 |

(*) The Company made 2 different lease certificate issuance transactions; on 5 July 2023, TL 400,000 with a maturity date of 5 October 2023 and 35% profit share; on 21 August 2023, TL 466,200 with a maturity date of 15 November 2023 and a profit share of 29.5%.

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| Long-term financial liabilities | | |
| Long-term borrowings | 1,710,064 | 3,076,021 |
| Lease liabilities | 32,121 | 27,629 |
| | 1,742,185 | 3,103,650 |

Borrowings used as of 30 September 2023 are denominated in TL and the weighted average interest rate is 18.89% (31 December 2022: 15.39%)

The maturity distributions of the remaining time of borrowings to repricing are as follows:

| | 30 September 2023 | 31 December 2022 |
|-----------------------|--------------------------|-------------------------|
| Less than 3 months | 1,345,152 | 694,818 |
| Between 3 - 12 months | 930,040 | 1,821,579 |
| Between 1 - 5 years | 1,710,064 | 3,076,021 |
| | 3,985,256 | 5,592,418 |

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(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

| Short-term trade receivables | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Receivables from sale of residential and commercial units | 2,486,403 | 1,876,417 |
| Receivables from contractors of the lands invoiced under LSRSA | 1,632,010 | 945,063 |
| Receivables from land sales | 787,093 | 534,878 |
| Notes of receivables | 135,811 | 962 |
| Receivables from lessees | 67,249 | 50,984 |
| Other | 16,063 | 9,918 |
| Unearned finance income | (273,853) | (149,840) |
| | 4,850,776 | 3,268,382 |
| Doubtful receivables | 5,599 | 3,835 |
| Less: Provision for doubtful receivables | (5,599) | (3,835) |
| | 4,850,776 | 3,268,382 |
| | 30 September 2023 | 31 December 2022 |
| Long-term trade receivables | | |
| Receivables from sale of residential and commercial units | 4,034,859 | 3,902,853 |
| Receivables from land sales | 1,665,330 | 586,454 |
| Unearned finance income | (921,169) | (759,120) |
| | 4,779,020 | 3,730,187 |
| | 30 September 2023 | 31 December 2022 |
| Short-term trade payables | | |
| Payables to LSRSA contractors invoiced | 1,065,658 | 435,100 |
| Trade payables | 884,509 | 677,102 |
| Interest accruals on time deposits of contractors (*) | 301,385 | 69,702 |
| Payables to related parties (Note 20) | - | 1,774,954 |
| | 2,251,552 | 2,956,858 |

(*) The contractors’ portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. The Group tracks the contractor's share of the interest obtained from the advances accumulated in these accounts in short-term payables.

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(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| Short-term other receivables | | |
| Advances given to contractor firms | 582,611 | 505,962 |
| Other receivables from related parties (Note 20) | 76,677 | - |
| Receivables from the authorities | 31,843 | 29,536 |
| Other | 68,719 | 42,202 |
| | 759,850 | 577,700 |

| | 30 September 2023 | 31 December 2022 |
|--------------------------------------|--------------------------|-------------------------|
| Long-term other receivables | | |
| Other receivables from third parties | 22,317 | 20,636 |
| Deposits and guarantees given | 1,014 | 1,014 |
| | 23,331 | 21,650 |

| | 30 September 2023 | 31 December 2022 |
|-----------------------------------|--------------------------|-------------------------|
| Short-term other payables | | |
| Taxes and funds payable | 605,225 | 327,272 |
| Payables to contractors (*) | 88,752 | 88,752 |
| Other payables to related parties | 595 | 593 |
| Other | 97,094 | 99,552 |
| | 791,666 | 516,169 |

(*) The amount includes the unissued invoice by the contractor amount of TL 88,752 regarding to the units received as a result of revenue allocation at İzmir Mavisehir Phase 3 project, where the contractor filed a lawsuit regarding the revenue sharing percentages (31 December 2022: TL 88,752).

As of 30 September 2023, long-term other payables are TL 201,882 and consist of deposits and guarantees received (31 December 2022: TL 117,382).

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NOTE 8 – INVENTORIES

| | 30 September 2023 | 31 December 2022 |
|---|-------------------|-------------------|
| Lands | 7,667,379 | 11,014,960 |
| <i>Cost</i> | 7,670,090 | 11,016,990 |
| <i>Impairment</i> | (2,711) | (2,030) |
| Planned land by LSRSA | 8,212,310 | 6,270,226 |
| Planned land by turnkey project | 10,914,899 | 8,092,958 |
| <i>Planned land by turnkey project</i> | 12,725,947 | 9,423,880 |
| <i>Impairment</i> | (1,811,048) | (1,330,922) |
| Residential and commercial units ready for sale | 3,100,066 | 3,530,887 |
| <i>Cost</i> | 3,100,181 | 3,530,887 |
| <i>Impairment</i> | (115) | - |
| Inventories of Emlak Konut Asansör | 335,580 | 46,319 |
| | 30,230,234 | 28,955,350 |

As of 30 September 2023, 31 December 2022 dated valuation reports prepared by Net Kurumsal Değerleme ve Danışmanlık A.Ş., Reel Değerleme Danışmanlık A.Ş., Atak Gayrimenkul Değerleme A.Ş. and Form Gayrimenkul Değerleme ve Danışmanlık A.Ş. have taken into consideration in the valuation of assets classified as “Inventories” and in the calculation on impairment, if any.

The movements of impairment on inventories are as follows:

| | 2023 | 2022 |
|--|------------------|----------------|
| Opening balance at 1 January | 1,332,952 | 295,170 |
| Impairment on inventories within the current period (Note 17) | 546,740 | 658,498 |
| Reversal of impairment on inventories within the current period (Note 17) | (65,818) | (30,905) |
| Closing balance at 30 September | 1,813,874 | 922,763 |

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NOTE 8 – INVENTORIES (Continued)

As of 30 September 2023 and 31 December 2022 the details of land and residential inventories of the Group are as follows:

| Lands | 30 September 2023 | 31 December 2022 |
|-----------------------------|--------------------------|-------------------------|
| İstanbul Esenler Lands | 2,400,885 | 2,400,885 |
| Muğla Bodrum Lands | 2,186,272 | 2,709,607 |
| İstanbul Küçükçekmece Lands | 998,973 | 1,192,509 |
| İstanbul Avcılar Lands | 826,668 | 826,641 |
| İstanbul Başakşehir Lands | 277,975 | 838,067 |
| İzmir Urla Lands | 201,394 | 201,394 |
| İstanbul Çekmeköy Lands | 161,327 | 535,963 |
| İzmir Aliağa Lands | 116,624 | - |
| İstanbul Resneli Lands | 81,783 | 109,231 |
| Muğla Milas Lands | 79,476 | 79,281 |
| İzmir Seferihisar Lands | 79,473 | 79,473 |
| İstanbul Arnavutköy Lands | 74,831 | 171,408 |
| İstanbul Esenyurt Lands | 29,314 | 29,314 |
| İstanbul Kartal Lands | 28,174 | 28,174 |
| İstanbul Tuzla Lands | 26,732 | 26,732 |
| Denizli Merkez Efendi Lands | 16,191 | 56,081 |
| Kocaeli Lands | 14,684 | 32,074 |
| Balıkesir Lands | 13,073 | 13,633 |
| İzmir Konak Umurbey Lands | 13,051 | 13,051 |
| İstanbul Eyüp Lands | 9,657 | 169,445 |
| İstanbul Sarıyer Lands | 8,731 | 608,709 |
| Tekirdağ Çorlu Lands | 6,153 | 6,153 |
| Sakarya Sapanca Lands | 5,905 | 5,345 |
| Yalova Lands | 3,985 | 3,985 |
| Ankara Çankaya Lands | 3,758 | 51,295 |
| İzmir Dikili Lands | 1,810 | 10,986 |
| İstanbul Ataşehir Lands | 13 | 417 |
| İzmir Çeşme Lands | - | 439,076 |
| İstanbul Şişli Lands | - | 350,000 |
| Antalya Aksu Lands | - | 25,411 |
| Diğer | 467 | 620 |
| | 7,667,379 | 11,014,960 |

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NOTE 8 – INVENTORIES (Continued)

| Planned lands by LSRSA | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Nişantaşı Koru Project | 651,381 | 645,636 |
| Başakşehir Ayazma 4. Etap Project | 610,000 | - |
| Beşiktaş Akat Project | 600,000 | - |
| Nidapark İstinye Project | 567,635 | 567,635 |
| İstanbul Kayabaşı 9. Etap Project | 448,553 | - |
| Yeni Levent Project | 437,175 | 436,264 |
| İstanbul Tuzla Merkez Project | 401,085 | 400,150 |
| Çekmeköy Çınarköy Project | 374,635 | - |
| Bizim Mahalle 2. Etap 2. Kısım Project | 348,476 | 348,476 |
| Batıyakası 2. Etap Project | 329,248 | 324,320 |
| Merkez Ankara Project | 321,695 | 321,698 |
| Ümraniye İnkılap Project | 306,023 | 306,023 |
| Nidapark Küçükyalı Project | 265,198 | 335,556 |
| Next Level İstanbul Project | 262,395 | 262,395 |
| Bodrum Türkbükü Project | 250,000 | - |
| Batıyakası 1. Etap Project | 215,088 | 210,245 |
| Meydan Başakşehir Project | 203,859 | 203,623 |
| İstanbul Kayabaşı 8. Etap Project | 203,550 | 202,853 |
| Bizim Mahalle 2. Etap 1. Kısım Project | 203,064 | 203,064 |
| İstanbul Eyüpsultan Kemerburgaz Project | 159,788 | - |
| Avcılar Firüzköy 1. Etap 2. Kısım Project | 158,514 | 158,514 |
| Avcılar Firüzköy 2. Etap Project | 157,615 | 156,103 |
| Avcılar Firüzköy 1. Etap 1. Kısım Project | 144,508 | 145,854 |
| Antalya Aksu Project | 134,705 | 134,705 |
| Ankara Çayyolu 2. Etap Project | 84,723 | 84,723 |
| Düşler Vadisi Project | 72,494 | 138,130 |
| Barbaros 48 Project | 68,414 | 68,419 |
| İstanbul Ataşehir Küçükbakkalköy Project | 62,762 | 62,582 |
| Nezihpark Project | 50,649 | 50,177 |
| Köy 4. Etap Project | 49,949 | 49,554 |
| İstanbul Kayabaşı 10. Etap Project | 46,707 | - |
| Cer İstanbul Project | 14,787 | 14,648 |
| İdealist Cadde Project | 5,833 | 6,019 |
| Allsancak Project | 1737 | 7545 |
| Evora İzmir Project | 65 | 64 |
| Avrasya Konutları Project | - | 142,238 |
| Nidapark Kayaşehir Project | - | 35,761 |
| Ebruli Ispartakule Project | - | 28,161 |
| Ormanköy Project | - | 219,091 |
| | 8,212,310 | 6,270,226 |

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NOTE 8 – INVENTORIES (Continued)

| Residential and commercial units completed | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Merkez Ankara Project | 1,262,879 | 1,259,542 |
| Maslak 1453 Project | 334,601 | 334,601 |
| Komşu Finans Houses | 303,092 | - |
| Kuzey Yakası Project | 287,789 | 287,789 |
| Köy 3. Etap Project | 223,167 | - |
| Denizli Merkez Efendi İkmal İşi Project | 161,383 | 18,222 |
| Bizim Mahalle 1. Etap 1. Kısım Project | 139,579 | 1,264,652 |
| Sarphan Finanspark Project | 76,674 | 108,696 |
| Bizim Mahalle 1. Etap 2. Kısım Project | 75,925 | - |
| Karat 34 Project | 34,543 | 34,543 |
| Emlak Konut Florya Houses | 33,234 | - |
| Semt Bahçekent 1. Etap 2. Kısım Project | 27,067 | 27,067 |
| Köy 2. Etap Project | 22,698 | 42,603 |
| Ormanköy Project | 20,788 | - |
| Temaşehir Project | 20,593 | 20,592 |
| Avangart İstanbul Project | 15,381 | 15,381 |
| Avrupark Hayat Project | 13,919 | 13,919 |
| Yalova Armutlu Project | 12,532 | 7,845 |
| Büyükyalı Project | 9,905 | 14,656 |
| Nidapark İstinye Project | 7,164 | 40,156 |
| Semt Bahçekent 1. Etap 1. Kısım Project | 5,411 | 5,411 |
| Evora Denizli Project | 4,667 | 7,194 |
| Metropol İstanbul Project | 3,447 | 3,448 |
| Kocaeli Körfezkent Emlak Konutları | 2,462 | 10,670 |
| Göl Panorama Project | 676 | 676 |
| Başakşehir Ayazma Emlak Konutları | 490 | 490 |
| Validebağ Konakları Project | - | 2,594 |
| Koordinat Çayyolu Project | - | 7,604 |
| Yeniköy Konakları İstanbul Project | - | 2,536 |
| | 3,100,066 | 3,530,887 |

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NOTE 8 – INVENTORIES (Continued)

| Planned lands by turnkey project | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Çekmeköy Çınarköy Project | 6,080,752 | 2,734,646 |
| Ankara Saraçoğlu Project | 1,183,305 | 615,141 |
| Emlak Konut Vadi Evleri Project | 1,077,299 | 372,564 |
| Bizim Mahalle Project | 956,468 | 1,251,522 |
| İstanbul Avcılar Firuzköy Project | 620,245 | 326,642 |
| Balıkesir Altıeylül Project | 458,333 | 176,466 |
| Merkez Ankara Project O Blok Project | 256,380 | 70,754 |
| Arnavutköy Yenişehir Project | 253,476 | - |
| Köy Project | - | 679,019 |
| Kayabaşı Emlak Konutları Project | - | 46,706 |
| Denizli Merkez Efendi İkmal İşİ Project | - | 346,587 |
| Ümraniye Kentsel Dönüşüm Project | - | 281,526 |
| Emlak Konut Florya Evleri Project | - | 1,165,221 |
| Diğer | 28,641 | 26,164 |
| | 10,914,899 | 8,092,958 |

NOTE 9 – INVESTMENT PROPERTIES

Rent income is obtained in investment properties and the appraisal used in calculation of low value is made through a precedent comparison and income reduction. As of 30 September 2023, the Group evaluated that there is no situation that would lead to low value in investment properties.

The movements of investment properties as of 30 September 2023 and 2022 are as follows:

| | Lands, residential and commercial | Atasehir general management building A block | Total |
|--|--|---|----------------|
| Cost Value | | | |
| Opening balance as of 1 January 2023 | 769,162 | 40,922 | 810,084 |
| Transfers to commercial units and land inventories | (315,686) | - | (315,686) |
| Transfers from residential and commercial unit inventories | 21,563 | - | 21,563 |
| Closing balance as of 30 September 2023 | 475,039 | 40,922 | 515,961 |
| Accumulated Depreciation | | | |
| Opening balance as of 1 January 2023 | 59,685 | 7,716 | 67,401 |
| Charge for the year | 12,808 | 767 | 13,575 |
| Closing balance as of 30 September 2023 | 72,493 | 8,483 | 80,976 |
| Carrying value as of 30 September 2023 | 402,546 | 32,439 | 434,985 |

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NOTE 9 – INVESTMENT PROPERTIES (Continued)

| Cost Value | Lands, residential and commercial units | Atasehir general management building A block | Total |
|--|--|---|----------------|
| Opening balance as of 1 January 2022 | 857,787 | 40,922 | 898,709 |
| Transfers from commercial units and land inventories | (100,907) | - | (100,907) |
| Transfers to residential and commercial unit inventories | 21,044 | - | 21,044 |
| Disposal (-) | (4,985) | - | (4,985) |
| Closing balance as of 30 September 2022 | 772,939 | 40,922 | 813,861 |
| Accumulated Depreciation | | | |
| Opening balance as of 1 January 2022 | 48,340 | 6,694 | 55,034 |
| Charge for the year | 10,418 | 767 | 11,185 |
| Disposals | (2,221) | - | (2,221) |
| Closing balance as of 30 September 2022 | 56,537 | 7,461 | 63,998 |
| Carrying value as of 30 September 2022 | 716,402 | 33,461 | 749,863 |

31 December 2022 dated reports prepared by Net Kurumsal Değerleme ve Danışmanlık A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş. and Form Gayrimenkul Değerleme ve Danışmanlık A.Ş., valuation firms authorized by CMB, have been taken into consideration when determining the fair values of investment properties as of 30 September 2023. The fair values of the investment property determined by independent valuation experts are as follows:

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Atasehir General Management Office A Block | 1,101,695 | 1,101,695 |
| Independent commercial units of Büyükyalı AVM | 717,418 | 717,418 |
| Independent commercial units of Istmarina AVM | 680,000 | 680,000 |
| Lands and completed units | 544,730 | 1,430,628 |
| | 3,043,843 | 3,929,741 |

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

| 30 September 2023 | Buildings | Motor vehicles | Machinery and equipment | Furniture, equipment and fixtures | Special Cost | Construction in progress | Total |
|---|------------------|---------------------------|--|--|-------------------------|-------------------------------------|----------------|
| Net carrying value as of 1 January 2022 | 118,154 | - | 41,987 | 36,644 | 23,144 | 65,933 | 285,862 |
| Additions | 4,899 | 17,616 | 17,521 | 39,226 | 4,113 | - | 83,375 |
| Transfers from constructions in progress, (net) | - | - | - | 3,460 | - | (3,460) | - |
| Disposal, (net) (-) | (403) | (4,596) | - | (11) | (720) | (91) | (5,821) |
| Transfers from investment property (net) | 53,186 | - | - | - | - | - | 53,186 |
| Depreciation expense(-) | (4,822) | (538) | (4,816) | (11,589) | (2,095) | - | (23,860) |
| Net carrying value 31 December 2022 | 171,014 | 12,482 | 54,692 | 67,730 | 24,442 | 62,382 | 392,742 |
| Cost | 196,801 | 17,789 | 68,413 | 111,485 | 28,417 | 62,382 | 485,287 |
| Accumulated depreciation (-) | (25,787) | (5,307) | (13,721) | (43,755) | (3,975) | - | (92,545) |
| Net carrying value 31 December 2022 | 171,014 | 12,482 | 54,692 | 67,730 | 24,442 | 62,382 | 392,742 |

| 30 September 2022 | Buildings | Motor vehicles | Machinery and equipment | Furniture, equipment and fixtures | Special Cost | Construction in progress | Total |
|---|------------------|---------------------------|--|--|-------------------------|-------------------------------------|----------------|
| Net carrying value as of 1 January 2022 | 104,120 | 882 | - | 18,442 | - | 29,169 | 152,613 |
| Additions | - | - | 5,582 | 6,789 | - | 77,973 | 90,344 |
| Transfers from Completed Units | - | - | 41,642 | 7,403 | - | (49,045) | - |
| Disposal, (net) (-) | (6,687) | - | - | - | - | - | (6,687) |
| Transfers from investment property (net) | 29,054 | - | - | - | - | - | 29,054 |
| Depreciation expense(-) | (4,202) | (882) | (7,830) | (4,543) | - | - | (17,457) |
| Net carrying value 30 September 2022 | 122,285 | - | 39,394 | 28,091 | - | 58,097 | 247,867 |
| Cost | 141,850 | 4,355 | 47,224 | 58,385 | - | 58,097 | 309,911 |
| Accumulated depreciation (-) | (19,565) | (4,355) | (7,830) | (30,294) | - | - | (62,044) |
| Net carrying value 30 September 2022 | 122,285 | - | 39,394 | 28,091 | - | 58,097 | 247,867 |

All of the depreciation expenses are included in the general administrative expenses.

The expected useful lives for property, plant and equipment are as follows:

| | Years |
|-----------------------------------|--------------|
| Buildings | 50 |
| Motor vehicles | 5 |
| Furniture, equipment and fixtures | 4-5 |
| Machinery and equipment | 5 |

NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

| | 30 September 2023 | 31 December 2022 |
|------------------------|--------------------------|-------------------------|
| Provisions | | |
| Provision for lawsuits | 260,790 | 247,340 |
| | 260,790 | 247,340 |

According to the opinions of the Group’s lawyers, provisions amounting to TL 260,790 have been made as of 30 September 2023 (31 December 2022: TL 247,340). As of 30 September 2023 there are 2 cases of defect, 10 cases of loss of rent, 7 cases of cancellation of title deeds and registration, 2 cases of business and 36 other cases.

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NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The movements of provision for lawsuits as of 30 September 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|----------------|----------------|
| Balance at 1 January | 247,340 | 156,150 |
| Provision added within the current period (Note 17) | 13,450 | 85,109 |
| Closing balance at 30 September | 260,790 | 241,259 |

11.1 Continuing Lawsuits and Provisions

11.1.1 The LSRSA Project Agreement dated 21 December 2005 regarding 750 units in İzmir Mavisehir Upper North Area 2. Phase was abolished on 21 December 2009 since the contractor did not meet the requirements of the provisions in the agreement. Following the cancellation of the agreement, the project was transferred to the Group and the remaining part of the project was completed by another construction company which was assigned in accordance with Public Tender Law. The related units have been completed and are sold by the Group as in Turnkey projects.

The contractor filed a lawsuit against the Group claiming that the completion percentage of the project was significantly high and that the agreement between the parties was based on construction right in return for flat. İzmir Karsiyaka Commercial Court of First Instance issued an expert report and determine that the level of work was at around 83%, and that the legal relationship of the parties were not related to construction right in return of the flat. The Company and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. As a result of the examination of the additional report at the hearing on 11 June 2014, the second expert committee was examined however, since the expert report was not received, the date of the case was not finalized. In addition, the file was transferred to the delegation, as the Commercial Courts turned into Delegation Judges.

In the expert report dated 19 January 2016, it has been determined that the related cancellation is unfair, and alternative calculations has been realized over the possibility of whether the cancellation is right and over the effects on forward and backward. The expert report has been contested and it has been requested from the court that the expert report is declared "null and void" and that to receive a report that contains the objections of parties by creating a new comitee. The Group filed an extra lawsuit of TL 34,100 on 7 July 2011, requesting the collection, without prejudice to surplus rights.

According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 65,596 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. As of 30 September 2023, a provision has been made in the amount of TL 139,770 including interest and litigation costs.

11.1.2 The lawsuit filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TL 2,071 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 30 September 2023, a provision has been made in the amount of TL 8,127, including interest and litigation costs.

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NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

11.1 Continuing Lawsuits and Provisions (Continued)

11.1.3 Within the scope of Revenue Sharing in Return for Riva Land Sale Tender for immovables parcel numbered 3201, 3202, 3203 located in Istanbul Province, Beykoz/Riva District as per the Article 14 of Bidding Specification of the aforementioned tender, bid bonds have been submitted to the client company by the Joint Venture, in the second session of the tender held on 15 June 2017, it was decided to leave the tender under the responsibility of the Joint Venture, which gave the most economically advantageous bid however, companies that have applied to the client company and invited for signature were requested to revise the terms and criteria of the tender, with the justification that the Planned Areas Type Zoning Regulation by the Ministry of Environment and Urbanization published on Official Gazette No. 30113 dated 3 July 2017 contains regulations that cause a significant reduction in the construction area subject to the tender, with the entry into force of the provisions of the said Regulation, the revision requests of the plaintiff companies were rejected on the grounds that there would be no change in the construction field based on the precedent and the Company gave a deadline until 15 August 2017 for the signing of the contract, as the client company did not come to sign the contract at the end of the period, the bid bonds submitted by the plaintiff companies within the scope of the Revenue Sharing in Return for Riva Land Sale Tender were registered as revenue and the tender was awarded to the non-litigated contractor who submitted the second most appropriate bid for the subject matter and there are pecuniary and non-pecuniary damages lawsuits filed on the grounds that the claimant's revision requests regarding the conditions and criteria of the aforementioned tender were rejected and that the recognition of the letters of guarantee as revenue was unfair. As of 30 September 2023, a provision has been made in the amount of TL 12,335, including interest and litigation costs.

11.1.4 This is a lawsuit filed by Şekerbank T.A.Ş. who has been assigned a receivable of TL 46,000, which has arisen and will arise from the Istanbul Ümraniye 1st Stage Revenue Sharing Work contractor Yeni Sarp-Özarak Ordinary Partnership's Emlak Konut GYO A.Ş. alleging that TL 34,135 of the assignment receivable remaining from the assignment has not been unfairly paid to him. At the same time with this lawsuit, the plaintiff requested to place a mortgage equal to the amount of the lawsuit to some of the immovables within the scope of the project in order to constitute the guarantee of the receivable subject to the lawsuit. On 15 October 2020, the court decided to reject the case. The plaintiff requested an appeal and the appeal court overturned the decision. As of 30 September 2023, a provision has been made in the amount of TL 71,493 including interest and litigation costs.

11.2 Contingent Liabilities of the Group

In the financial statements prepared as of 30 September 2023, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Group Management and its lawyers, no provision has been made in the financial statements prepared as of 30 September 2023 on the grounds that it is not probable that the outflow of resources with economic benefits will be realized in cases filed against the Group in order to fulfill its obligation.

11.2.1 Concerning the İzmir Mavisehir Upper North Area Phase 2 LSRSA project, a lawsuit was filed based on the assignments given by the contractor in favor of the complainant. The case is proceeding. According to the opinion of the Group lawyer, no liability is expected to arise as a result of the related lawsuit.

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NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

11.2 Contingent Liabilities of the Group (Continued)

11.2.2 In case it is not possible to register on behalf of the plaintiff with the reversal of the responsibility of TOKİ ¼ share (65,122.35 m2) of the parcel with an area of 260,489.41 m2 in Istanbul province, Tuzla district, Orhanlı Mah. 120 Island 1, which is still registered to TOKİ, and in case the immovable share value of TL 117,220 is not possible from the date of transfer for now, the lawsuit (total amount including interest TL 143,567) filed against our Company by the plaintiff of 2021/740 E. Anadolu Yakası Ticaret Lojistik ve Yapı A.Ş. of Istanbul Anadolu 1st Commercial Court of First Instance, is seen in the file numbered 2021/740 of the Istanbul Anadolu 1st Commercial Court of First Instance and has a hearing on 08.11.2023.

11.3 Contingent Assets of the Group

11.3.1 As of 30 September 2023 and 31 December 2022, breakdown of nominal commercial receivables from residential and commercial unit sales by maturities and based on the residential and commercial units that are under construction or completed but not yet delivered within the scope of the sales promise contract that is not yet included in the balance sheet as it does not meet the TFRS 15 criteria, expected collection times of nominal installments that are not due or collected by maturities are as follows:

| 30 September 2023 | Trade Receivables | Off-balance sheet deferred revenue | Total |
|--------------------------|--------------------------|---|-------------------|
| 1 year | 4,118,413 | 9,310,494 | 13,428,907 |
| 2 year | 2,309,232 | 6,566,991 | 8,876,223 |
| 3 year | 1,513,412 | 4,325,473 | 5,838,885 |
| 4 year | 507,452 | 1,268,962 | 1,776,414 |
| 5 year and above | 1,370,093 | 762,658 | 2,132,751 |
| | 9,818,602 | 22,234,578 | 32,053,180 |

| 31 December 2022 | Trade Receivables | Off-balance sheet deferred revenue | Total |
|-------------------------|--------------------------|---|-------------------|
| 1 year | 2,411,295 | 5,986,070 | 8,397,365 |
| 2 year | 1,405,578 | 3,666,731 | 5,072,309 |
| 3 year | 964,431 | 1,640,467 | 2,604,898 |
| 4 year | 653,450 | 685,734 | 1,339,184 |
| 5 year and above | 1,465,848 | 238,686 | 1,704,534 |
| | 6,900,602 | 12,217,688 | 19,118,290 |

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NOTE 12 – OTHER ASSETS AND LIABILITIES

| Other current assets | 30 September 2023 | 31 December 2022 |
|----------------------------------|--------------------------|-------------------------|
| Deferred VAT | 1,242,646 | 735,509 |
| Progress payments to contractors | 94,916 | 68,313 |
| Receivables from tax office | 82,318 | 33,293 |
| Income accruals | 3,971 | 8,154 |
| Prepaid income tax | 3,717 | 4,178 |
| Other | 3,650 | 2,778 |
| | 1,431,218 | 852,225 |

NOTE 13 – DEFERRED INCOME AND PREPAID EXPENSES

| Short-term deferred income | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Advances taken from turnkey project sales | 11,910,807 | 8,732,212 |
| Advances taken from LSRSA contractors (**) | 7,704,415 | 4,658,983 |
| Deferred income from LSRSA projects (*) | 6,851,717 | 3,696,732 |
| Advances received from related parties (Note 20) | 2,009,087 | 1,004,342 |
| Deferred income related to sales of independent units | 1,519,921 | 331,401 |
| | 29,995,947 | 18,423,670 |

(*) The balance is comprised of deferred income of future land sales regarding the related residential unit’s sales under LSRSA projects.

(**) Before the contract is signed with the contractor companies in the ASKGP projects, the company collects the first payment of the total income corresponding to the share of the company from the total sales income in advance at the determined rates.

| Long-term deferred income | 30 September 2023 | 31 December 2022 |
|----------------------------------|--------------------------|-------------------------|
| Other advances given | 4,738 | 4,738 |
| | 4,738 | 4,738 |

| Prepaid expenses | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| Prepaid expenses to related parties (Note 20) | 1,044,379 | 1,433,207 |
| Advances given for inventory (*) | 1,007,541 | 904,677 |
| Prepaid expenses | 81,531 | 28,053 |
| Advances given (**) | 1,321 | 8,743 |
| | 2,134,772 | 2,374,680 |

(*) A protocol has been signed between the Group and the Tariş Cooperatives Union to develop revenue sharing project on a total of 143,366-m2 land, which belongs to the Tariş Cooperatives Union, located within the borders of Kuruçay/Umurbey, Konak district of İzmir and an inventory advance amounting to TL 289,459 (31 December 2022: TL 289,459) has been made. The Group has also provided an inventory advance amounting to TL 449,724 (31 December 2022: TL 391,337) to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Nidapark Küçükalyalı and Düşler Vadisi projects.

(**) Order advances given as of 30 September 2023 consist of order advances of Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.

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NOTE 14 – SHAREHOLDERS' EQUITY

The Group's authorized capital amount is TL 3,800,000 (31 December 2022: TL 3,800,000) and consists of 380,000,000,000 (31 December 2022: 380,000,000,000) authorized number of shares with a nominal value of TL 0.01 each.

The Group's shareholders and their shareholding percentages as of 30 September 2023 and 31 December 2022 is as follows:

| Shareholders | 30 September 2023 | | 31 December 2022 | |
|--|-------------------|------------------|------------------|------------------|
| | Share (%) | TL | Share (%) | TL |
| Public offering portion | 50.66 | 1,925,119 | 50.66 | 1,925,119 |
| T.C. Toplu Konut İdaresi Başkanlığı "TOKİ" | 49.34 | 1,874,831 | 49.34 | 1,874,831 |
| HAS beneficiaries | 0.00 | 48 | 0.00 | 48 |
| Other | 0.00 | 2 | 0.00 | 2 |
| Total paid-in capital | 100 | 3,800,000 | 100 | 3,800,000 |

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with the Communiqué Serial: II, No: 14,1 which became effective as of 13 June 2013 and according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Appropriated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";
- If the difference is arising from valuation of "Restricted Reserves Appropriated from Profit" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings". Other equity items should be revaluated in accordance with the CMB standards.

As of March 31, 2023, the General Assembly decided to distribute a dividend of TL 908,200 TL 38,643 of this dividend is related to repurchased shares and is netted under equity.

There is no any use of the adjustment to share capital except adding it to the share capital.

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NOTE 15 – REVENUE AND COST OF SALES

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---|---|--------------------------------------|---|--------------------------------------|
| Sales income | | | | |
| Land sales | 6,531,029 | 361,229 | 3,098,764 | 333,174 |
| <i>Sales of planned lands by way of LSRSA</i> | <i>1,512,474</i> | <i>267,489</i> | <i>2,354,109</i> | <i>328,179</i> |
| <i>Land sales income</i> | <i>5,018,555</i> | <i>93,740</i> | <i>744,655</i> | <i>4,995</i> |
| Residential and commercial units sales | 4,858,304 | 1,265,742 | 2,242,839 | 491,744 |
| Consultancy income | 722,140 | 277,020 | 305,023 | 116,816.00 |
| Elevator sales income | 46,528 | 13,625 | - | - |
| Rent income | 76,538 | 30,859 | 38,760 | 11,046 |
| | 12,234,539 | 1,948,475 | 5,685,386 | 952,780 |
| Sales returns | (100,120) | (94,283) | (7,715) | (1,784) |
| Sales discounts | (32) | (18) | (15) | - |
| Net sales income | 12,134,387 | 1,854,174 | 5,677,656 | 950,996 |
| Cost of sales | | | | |
| Cost of lands | (2,150,877) | (73,901) | (906,629) | (96,142) |
| <i>Cost of lands planned by way of LSRSA</i> | <i>(532,139)</i> | <i>(73,901)</i> | <i>(698,531)</i> | <i>(95,692)</i> |
| <i>Cost of lands sold</i> | <i>(1,618,738)</i> | <i>-</i> | <i>(208,098)</i> | <i>(450)</i> |
| Cost of residential and commercial units sold | (5,469,695) | (984,708) | (1,682,068) | (216,433) |
| | (7,620,572) | (1,058,609) | (2,588,697) | (312,575) |
| Gross Profit | 4,513,815 | 795,565 | 3,088,959 | 638,421 |

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NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|--|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| General administrative expenses | | | | |
| Donations(*) | (715,713) | (437) | (14,750) | (10,000) |
| Personnel expenses | (508,562) | (215,552) | (229,499) | (96,308) |
| Taxes, duties and fees | (199,135) | (45,176) | (93,062) | (24,736) |
| Consultancy expenses | (116,650) | (65,291) | (73,994) | (9,506) |
| Security and cleaning expenses | (73,189) | (26,567) | (47,517) | (16,957) |
| Depreciation and amortization | (48,307) | (18,509) | (23,601) | (10,530) |
| Due and contribution expenses | (22,841) | (11,461) | (11,786) | (4,089) |
| Information technologies expenses | (16,865) | (5,947) | (6,894) | (3,672) |
| Travel expenses | (14,781) | (6,167) | (12,893) | (3,304) |
| Maintenance and repair expenses | (14,369) | (6,828) | (16,751) | (9,729) |
| Insurance expenses | (4,386) | (4,241) | (3,710) | (1,030) |
| Lawsuit and notary expenses | (3,096) | (823) | (5,672) | (2,971) |
| Communication expenses | (2,408) | (970) | (1,385) | (114) |
| Other | (68,237) | (33,787) | (48,437) | (22,072) |
| | (1,808,539) | (441,756) | (589,951) | (215,018) |

(*) Decision of the Board of Directors dated February 15, 2023, it has been decided to donate 1,000,000 TL in cash and in kind to the aid campaign launched due to the earthquakes, the epicenter of which was Kahramanmaraş and affecting eleven provinces. 700.000 TL of the determined aid amount was realized as of the end of the interim period.

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|-------------------------------------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Marketing and sales expenses | | | | |
| Advertising expenses | (178,127) | (34,224) | (60,620) | (17,245) |
| Personnel expenses | (51,249) | (20,654) | (23,949) | (10,173) |
| Consultancy expenses | (16,253) | (8,428) | (7,202) | (2,102) |
| Other | (37,117) | (14,712) | (5,939) | (4,357) |
| | (282,746) | (78,018) | (97,710) | (33,877) |

NOTE 17 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Other income from operating activities | | | | |
| Financial income from forward sales | 542,008 | 124,379 | 297,670 | 98,158 |
| Default interest income from projects | 425,831 | 96,197 | 42,311 | 19,021 |
| Income from transfer commissions | 128,204 | 40,312 | 68,847 | 20,445 |
| Reversal of unaccrued financial income, net | 115,802 | 115,802 | 237,167 | 212,318 |
| Impairment provisions released | 65,818 | 41,798 | 31,227 | 322 |
| Income from tender contract sales | 1,034 | 17 | 2,122 | 169 |
| Provisions for possible risks | - | - | 1,408 | 3,077 |
| Other | 160,956 | 33,612 | 39,930 | 23,569 |
| | 1,439,653 | 452,117 | 720,682 | 377,079 |

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NOTE 17 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES (Continued)

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Other expenses from operating activities | | | | |
| Reversal of unaccrued financial expense, net | (383,848) | - | - | - |
| Provision for impairment of land and residential inventories (Note 8) | (546,740) | (183,679) | (651,503) | |
| Provision for lawsuits (Note 11) | (13,450) | (1,869) | (88,223) | (3,114) |
| Provisions for possible risks | - | - | (11,185) | (2,941) |
| Investment properties amortisation expenses | (49) | - | - | - |
| Other | (43,543) | (24,666) | (23,985) | (4,383) |
| | (987,630) | (210,214) | (774,896) | (10,438) |

NOTE 18 – FINANCIAL INCOME / EXPENSES

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---------------------------------------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Financial income | | | | |
| Interest income from time deposits | 1,734,846 | 825,795 | 365,973 | 145,904 |
| Interest income from land acquisition | 63,691 | - | 21,395 | 17,088 |
| Foreign exchange gains | 4,984 | 512 | 863 | 539 |
| Interest income related to leases | - | - | 33 | - |
| | 1,803,521 | 826,307 | 388,264 | 163,531 |

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Financial expenses | | | | |
| Borrowings interest and lease certificate expenses | (863,163) | (254,884) | (532,525) | (206,312) |
| Foreign exchange losses | (96,450) | (4,333) | (2,784) | (1,544) |
| T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*) | (26,753) | - | (77,425) | (59,549) |
| Interest discount on pay off debt | (15,629) | (4,951) | (62,488) | (7,916) |
| Interest expense on lease liabilities | (3,480) | (1,740) | (5,165) | - |
| Assigned receivables and commission expense | - | - | (99) | - |
| | (1,005,475) | (265,908) | (680,486) | (275,321) |

(*) This amount consists of the interest expense accrued as of 30 September 2023 for the Company's debt arising from the land purchased from T.C. Ministry of Environment, Urbanization and Climate Change.

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NOTE 19 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

The Emlak Konut GYO is exempt from Corporate Tax in accordance with the paragraph 4-d of Article 8 of the Corporate Tax Law. According to the paragraph 6-a of Article 94 of the Income Tax Law the earnings of real estate investment companies are subject to withholding and withholding tax rate is determined as "0" according to the Council of Ministers Decision, No: 93/5148. The Group's subsidiaries, associates and joint operations are is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

Corporate Tax (continued)

Pursuant to the temporary article added to the Corporate Tax Law with Article 11 of the Law No. 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462; the corporate tax rate for corporate earnings for the 2023 taxation period is 25% (31 December 2022: 23%).

The Law numbered 7061 on "Amendment of Certain Taxes and Laws and Other Acts" was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

| | 30 September | 31 December |
|---------------------------|---------------------|--------------------|
| <u>Current tax assets</u> | 2023 | 2022 |
| Prepaid taxes and funds | 3,838 | 5,968 |
| | 3,838 | 5,968 |

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from the differences between its consolidated financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences that are expected to reverse in 2023, and 25% over the temporary timing differences that are expected to reverse after 2022 (2022: 23%)

In Turkey, the companies cannot declare a tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

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**NOTE 19 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

| | 30 September | 31 December |
|---|---------------------|--------------------|
| | 2023 | 2022 |
| <u>Deferred tax (assets)/liabilities:</u> | | |
| Fair value adjustment to inventories in acquired associates | 19,023 | 22,632 |
| Effect of amortized cost method on receivables | (4,689) | (9,648) |
| Depreciation / amortization differences of property, plant and equipment and other intangible assets | 2,459 | 928 |
| Provision for employment termination benefits | (10,955) | (1,636) |
| | 5,838 | 12,276 |

The movements of deferred tax (asses)/ liabilities for the periods ended 30 September 2023 and 2022 are as follows:

| <u>Movement of deferred tax (assets)/liabilities:</u> | 2023 | 2022 |
|---|-------------|-------------|
| Opening balance as of 1 January | (12,276) | (20,160) |
| Charged to profit or loss | 6,438 | 9,323 |
| Closing balance at 30 September | (5,838) | (10,837) |

| | 1 January- 30 September | 1 January- 30 September |
|--|------------------------------------|------------------------------------|
| <u>Tax (expense) / income comprises:</u> | 2023 | 2022 |
| Current tax expense | - | (10,220) |
| Deferred tax income | 6,438 | 9,323 |
| Total tax income / (expense) | 6,438 | (897) |

The reconciliation of the period tax expense with the profit for the period is as follows:

| | 1 January- 30 September | 1 January- 30 September |
|---|------------------------------------|------------------------------------|
| <u>Reconciliation of tax provision:</u> | 2023 | 2022 |
| Profit from operations before tax | 3,677,916 | 742,389 |
| Tax at the domestic income tax rate 2023: 25% (2022: 23%) | (919,479) | (478,942) |
| Tax effects of: | | |
| - revenue that is exempt from taxation | 950,939 | 480,347 |
| - the effect of tax rate change from 23% to 25% | (3,069) | - |
| - other | (21,953) | (2,302) |
| Income tax expense recognised in profit | 6,438 | (897) |

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NOTE 20 – RELATED PARTY DISCLOSURES

The main shareholder of the Group is T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”). TOKİ is a state institution under the control of Republic of Turkey Ministry of Environment and Urbanisation. Related parties of the Group are as listed below.

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (TOKİ affiliate)
3. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (TOKİ affiliate)
4. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (TOKİ affiliate)
5. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (TOKİ affiliate)
6. Emlak-Toplu Konut İdaresi Spor Kulübü
7. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Joint Venture
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Joint Venture
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Joint Venture
10. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Ferzan Joint Venture
11. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Şua İnşaat Joint Venture
12. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Güneri Joint Venture
13. Emlak Konut Spor Kulübü Derneği
14. Türkiye Emlak Katılım Bankası A.Ş.
15. T.C. Ministry of Environment, Urbanization and Climate Change, General Directorate of Urban Transformation Services
16. İller Bankası A.Ş.
17. Emlak Basın Yayın A.Ş.
18. T.C. Ministry of Environment, Urbanization and Climate Change General Directorate General of National Property

According to the revised TAS 24 – “Related Parties Transactions Standard”, exemptions have been made to the related party disclosures of state institutions and organizations. The Group has transactions with state banks (T.C.Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş.) and Republic of Turkey Undersecretariat of Treasury.

- The Group keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 30 September 2023, the Group has deposits amounting to TL 15,138,210 in state banks (31 December 2022: TL 4,909,788). Average effective interest rates of time deposits of the Group as of 30 September 2023 are explained in Note 4.

The transactions between the Group and the related parties are as follows:

| | 30 September 2023 | 31 December 2022 |
|--|-------------------|------------------|
| Borrowings to related parties | | |
| T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) | 31,177 | 15,660 |
| | 31,177 | 15,660 |
| | | |
| | 30 September 2023 | 31 December 2022 |
| Trade payables to related parties | | |
| T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*) | - | 1,774,954 |
| | - | 1,774,954 |

(*) Represents the payable amount regarding the acquisition of 22 parcels purchased by the Company in the protocol signed with T.C. Toplu Konut İdaresi Başkanlığı on 9 March 2022.

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NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

| | 30 September 2023 | 31 December 2022 | | |
|--|---|--|---|--|
| Short-term other receivables from related parties | | | | |
| Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Ferzan Adi Ortaklığı | 61,609 | - | | |
| Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Şua İnşaat Adi Ortaklığı | 15,023 | - | | |
| Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi | 23 | - | | |
| Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Güneri Adi Ortaklığı | 22 | - | | |
| | 76,677 | - | | |
| Short-term other payables from related parties | 30 September 2023 | 31 December 2022 | | |
| Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi | 595 | 593 | | |
| | 595 | 593 | | |
| Deferred revenue from related parties | 30 September 2023 | 30 September 2022 | | |
| Türkiye Emlak Katılım Bankası A.Ş. | 2,009,088 | 1,004,341 | | |
| | 2,009,088 | 1,004,341 | | |
| Deposits at related parties | 30 September 2023 | 31 December 2022 | | |
| Türkiye Emlak Katılım Bankası A.Ş. | 110,206 | 57,516 | | |
| | 110,206 | 57,516 | | |
| Prepaid expenses to related parties | 30 September 2023 | 31 December 2022 | | |
| T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı | 1,044,379 | 1,433,207 | | |
| | 1,044,379 | 1,433,207 | | |
| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
| Purchases from related parties | | | | |
| Emlak Basın Yayın A.Ş. | 1,855 | 698 | 857 | 219 |
| T.C. Çevre ve Şehircilik Bakanlığı | - | - | 3,670,304 | - |
| T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) | - | - | 3,910,323 | - |
| | 1,855 | 698 | 7,581,484 | 219 |

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NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

| | 1 January- 30 September 2023 | 1 July- 0 30 September 0 2023 # | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|--|------------------------------------|---------------------------------------|------------------------------------|---------------------------------|
| Sales to related parties | | | | |
| T.C. Çevre ve Şehircilik Bakanlığı | 592,035 | 244,201 | 160,831 | 25,831 |
| Gedaş Gayrimenkul Değerleme A.Ş. | 32,076 | - | - | - |
| T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) | 7,362 | - | 5,834 | - |
| İller Bankası A.Ş. | - | - | 743,256 | - |
| | 631,473 | 244,201 | 909,921 | 25,831 |

Key management personnel are those who have the authority and responsibility to plan, manage and control the activities (administrative or other) directly or indirectly of the Group including any manager. Salaries and other short-term benefits provided to the key management personnel, General Manager of the Board of Directors, Assistant General Managers and General Manager Consultant, are as follows:

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|--|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Compensation to key management | | | | |
| Salaries and other short-term benefits | 35,283 | 15,942 | 14,668 | 5,334 |
| | 35,283 | 15,942 | 14,668 | 5,334 |

NOTE 21 – EARNING PER SHARE

In Turkey, companies can increase their share capital by making a pro rata distribution of shares “bonus shares” to existing shareholders from retained earnings. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in these calculations is determined by taking into consideration the retroactive effects of these share distributions. Earnings per share is calculated by considering the total number of new shares when there is an increase in issued shares because of distribution of bonus shares after the balance sheet date but before the preparation of financial statements.

The earnings per share stated in income statement are calculated by dividing net income for the period by the weighted average number of the Company’s shares for the period.

The Company can withdraw the issued shares. The weighted average number of shares taken back changes the calculation of earnings per share in line with the number of shares.

| | 1 January- 30 September 2023 | 1 July- 30 September 2023 | 1 January- 30 September 2022 | 1 July- 30 September 2022 |
|---|---------------------------------|------------------------------|---------------------------------|------------------------------|
| Net income attributable to equity holders of the parent in full TL | 3,684,354 | 1,089,889 | 2,081,458 | 644,340 |
| Weighted average number of ordinary shares | 3,800,000,000 | 3,800,000,000 | 3,800,000,000 | 3,800,000,000 |
| Earnings per share in full TL | 0.0097 | 0.0029 | 0.0057 | 0.0018 |

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NOTE 22 – COMMITMENTS

The Group’s mortgage and guarantees received as of 30 September 2023 and 31 December 2022 are as follows:

| | 30 September 2023 | 31 December 2022 |
|-------------------------|--------------------------|-------------------------|
| Guarantees received (*) | 21,181,874 | 9,927,314 |
| Mortgages received (**) | 956,258 | 330,977 |
| | 22,138,132 | 10,258,291 |

(*) Guarantees received consist of letters of guarantee given by contractors for construction projects and temporary guarantee letters received during the tender process.

(**) Mortgages received consist of mortgaged independent sections and lands sold but not yet collected.

The collaterals, pledges and mortgages (“CPM”) of the Group as of 30 September 2023 and 31 December 2022 are as follows:

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| A. CPM given on behalf of the Company's legal personality | 280,703 | 413,684 |
| B. CPM given on behalf of fully consolidated subsidiaries | - | - |
| C. CPM given for continuation of its economic activities on behalf of third parties | - | - |
| D. Total amount of other CPM | - | - |
| i) Total amount of CPM given on behalf of majority shareholder | - | - |
| ii) Total amount of CPM given on behalf of other companies which are not in scope of B and C | - | - |
| iii) Total amount of CPM given on behalf of third parties which are not in scope of C | - | - |
| | 280,703 | 413,684 |

NOTE 22 - EVENTS AFTER THE REPORTING PERIOD

Within the scope of Istanbul Beşiktaş Ortaköy Revenue Sharing Model Project in Return for Land Sale Project, 137 units in Next Level İstanbul Project have been purchased with an amount of VAT inc. TRY 7,565,626 by Pasifik Gayrimenkul Yatırım Ortaklığı A.Ş. Emlak Konut's share of the relevant sale is TRY 3,404,532 inc. VAT .

Within the scope of Istanbul Sarıyer Zekeriyaköy 4th Stage Revenue Sharing in Return for Land Sale Project, block 1791, parcel 4 was purchased by the Contractor Yıldızlar İnşaat Ve Ticaret A.Ş. on October 10, 2023 for a total price of TRY 4,000,000 (inc VAT). Emlak Konut's share of the sale is TRY 1,400,000 (inc VAT).

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

**ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO
LIMITATIONS**

| | Non-Consolidated (Standalone) Financial Statements Main Account Items | Related Regulation | 30 September 2023 (TL) | 31 December 2022 (TL) |
|-----------|---|------------------------------------|-----------------------------------|----------------------------------|
| A | Money and Capital Market Instruments | Series:III-No:48, Art,24/(b) | 14,127,776 | 5,183,773 |
| B | Properties, Projects based on Properties and Rights based on Properties | Series:III-No:48, Art,24/(a) | 32,699,885 | 32,063,076 |
| C | Affiliates | Series:III-No:48, Art,24/(b) | 1,048,637 | 648,037 |
| | Due from related parties (Non Commercial) | Series:III-No:48, Art,23/(f) | - | - |
| | Other Assets | | 12,000,554 | 8,863,013 |
| D | Total Assets | Series:III-No:48, Art,3/(k) | 59,876,852 | 46,757,899 |
| E | Financial Liabilities | Series:III-No:48, Art,31 | 4,735,973 | 6,000,956 |
| F | Other Financial Liabilities | Series:III-No:48, Art,31 | - | - |
| G | Due from Financial Leases | Series:III-No:48, Art,31 | - | - |
| H | Due to Related Parties (Non Commercial) | Series:III-No:48, Art,23/(f) | - | - |
| I | Shareholders’ equity | Series:III-No:48, Art,31 | 22,512,591 | 18,542,635 |
| | Other Resources | | 32,628,288 | 22,214,308 |
| D | Total Resources | Series:III-No:48, Art,3/(k) | 59,876,852 | 46,757,899 |
| | | | | |
| | Non-Consolidated (Standalone) Financial Statements Other Account Items | Related Regulation | 30 September 2023 (TL) | 31 December 2022 (TL) |
| A1 | The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years | Series:III-No:48, Art,24/(b) | 14,127,776 | 5,183,773 |
| A2 | Term/ Demand/ Currency | Series:III-No:48, Art,24/(b) | 15,105,307 | 6,006,675 |
| A3 | Foreign Capital Market Instruments | Series:III-No:48, Art,24/(d) | - | - |
| B1 | Foreign Properties, Projects based on properties and Rights based on Properties | Series:III-No:48, Art,24/(d) | - | - |
| B2 | Idle Lands | Series:III-No:48, Art,24/(c) | 2,150,142 | 2,604,293 |
| C1 | Foreign Affiliates | Series:III-No:48, Art,24/(d) | - | - |
| C2 | Affiliates for Operating Company | Series:III-No:48, Art,28 | 1,048,000 | 648,000 |
| J | Non-cash Loans | Series:III-No:48, Art,31 | 147,648 | 384,502 |
| K | Mortgage amount of Servient Lands Which Will Be Developed And Not Owned | Series:III-No:48, Art,22/(e) | - | - |

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousand Turkish Lira (“TL”) unless otherwise stated.)

**ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO
LIMITATIONS (Continued)**

| | Portfolio restrictions | Related regulation | 30 September 2023 (%) | 31 December 2022 (%) | Minimum/ Maximum Rate |
|---|--|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| 1 | Mortgage amount of Servient Lands Which Will Be Developed And Not Owned | Series:III-No:48, Art,22/(e) | - | - | <10% |
| 2 | Properties, Projects based on Properties and Rights based on Properties | Series:III-No:48, Art,24/(a)(b) | 78.21 | 79.66 | >50% |
| 3 | Money and Capital Market Instruments and Affiliates | Series:III-No:48, Art,24/(b) | 1.75 | 1.39 | <50% |
| 4 | Foreign Properties, Projects based on Properties, Rights based on Properties, Affiliates, Capital Market Instruments | Series:III-No:48, Art,24/(d) | - | - | <49% |
| 5 | Idle Lands | Series:III-No:48, Art,24/(c) | 3.59 | 5.57 | <20% |
| 6 | Affiliates to the Operating Company | Series:III-No:48, Art,28 | 1.75 | 1.39 | <10% |
| 7 | Borrowing Limit | Series:III-No:48, Art,31 | 21.69 | 34.44 | <500% |
| 8 | TL and Foreign Currency Time and Demand Deposits | Series:III-No:48, Art,22/(e) | 1.63 | 1.76 | <10% |

The information in the table of Control of Compliance with the Portfolio Limitations is condensed information derived from financial statements as per Article 16 of Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” and is prepared within the frame of provisions related to compliance to portfolio limitations stated in the Communiqué Serial III No 48.1 “Principles Regarding Real Estate Investment Trusts” published in the Official Gazette No. 28660 on 28 May 2013.

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