

EMLAK KONUT ACTIVITY REPORT

2022



EMLAK KONUT
REAL ESTATE INVESTMENT COMPANY

REPUBLIC OF TURKEY MINISTRY OF ENVIRONMENT, URBANIZATION AND CLIMATE CHANGE TOURS PARTICIPATION
(HOUSING DEVELOPMENT ADMINISTRATION OF TURKEY)

69 yıllık
güvenle
Emlak Konut

Emlak Konut Çınarköy Evleri



Cer İstanbul



Düşler Vadisi Riva



Yeni Fikirtepe



Köy Zekeriyaköy



Nidapark İstinye





1953'ten beri

*Türkiye için
güven inşa ediyoruz.*

Tam 69 yıldır olduğu gibi 2022'de de nitelikli ve çevreye duyarlı şehircilik anlayışımızı sürdürüyor, insanı merkeze alan projeler ile ülkemiz için güven inşa ediyoruz.

EMLAK KONUT

- 7** Our Vision – Mission
- 10** Emlak Konut Milestones
- 12** Scope of Business
- 13** Business Models
- 14** Multiplier For Revenue Sharing Model
- 15** Profit Expectations in the Revenue Sharing Model
- 16** Emlak Konut with Numbers
- 17** Summary Table Of Significant Figures
- 18** Message from the CEO

INDICATORS

- 20** 2022 Activity Results
- 21** 2022 Company Sales Data
- 22** Key Financial Results
- 23** Financial Track Record
- 24** Financial Ratios
- 26** 2022 Targets

STATE OF STOCKS

- 86** Tendered Plots of Land
- 88** Land Stock
- 89** Building Inventory
- 92** EPP Portfolio

PROJELER

- 27 2022 Tender Planning
- 30 Ongoing RSM Projects
- 45 Ongoing RSM Projects Table
- 47 Ongoing Turn-Key Model Projects
- 50 Ongoing Turn-Key Model Projects Table
- 51 Rented and Leased Properties

FAALİYETLER

- 52 EPP (Emlak Planlama İnşaat Proje Yönetimi Ve Ticaret A.Ş.)
- 53 EPP 2022 Projects
- 58 EKA (Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.)
- 66 Important Developments

REPORTS

- 93 Condensed Financial Statements for the Interim Period 1 Jan. – 31 December 2022

KURUMSAL YÖNETİM

- 67 Corporate Governance Principles
- 68 Structure and Formation of the Board of Directors
- 71 Operating Principles of the Board of Directors
- 75 Declaration of Independence
- 76 Policies
- 80 General Assembly
- 81 Strategic Goals of the Company
- 82 Investor Relations Department
- 83 Organization Chart



EMLAK KONUT

2022

69
th year

We set out on this journey 69 years ago to meet our citizens' housing needs.

Today, we undertake Turkey's most prestigious projects. We are pleased to share that we pride ourselves on becoming the leading actor of the national economy.



EMLAK KONUT



Planned and
Quality Modern
Urban Life



Peaceful And Safe
Warmth of a
House



Awareness of
Green and
Environment

Vision

Maintaining and enhancing its position in the domestic real estate industry by improving management approach and quality standards. Becoming one of the world's top real estate investment trusts by improving its planned, quality, and environment-friendly city approach according to international criteria. Increasing the number of residential and commercial units to 250,000 by the end of 2023.

Mission

Following real estate developments and innovations closely as one of the leading organizations shaping the domestic industry.

Caring about the social value and customer satisfaction and producing planned, quality and environment-friendly establishment centers that offer peaceful and safe living places. Caring about employees' and shareholders' material and spiritual satisfaction.

Your happiness on the foundation of every project we have produced since 1953.

Since 1953, we have been leading the planned urbanization of our country, we are building living spaces for your happiness.





Later on, Company merges with Ankara İmar and changing it's name into «İnşaat ve İmar A.Ş.»

Transfer of the shares that are under control of Emlak Bank to TOKI (Housing Development Adm.)

1953-54

1987

1990

2001

2002

A company called Ankara İmar and Türkiye İnşaat Malzemeleri (TIMLO) gets established for real estate development in the country

Türkiye Emlak Bankası merges with Emlak Yapı A.Ş., it's subsidiary The institution changes it's name into Emlak Konut A.Ş.

The company acquires a REIC status after the transfer of EMLAK BANK shares to TOKI



69 YEARS OF EXPERIENCE



SUPPORT 256 DIFFERENT SECTORS



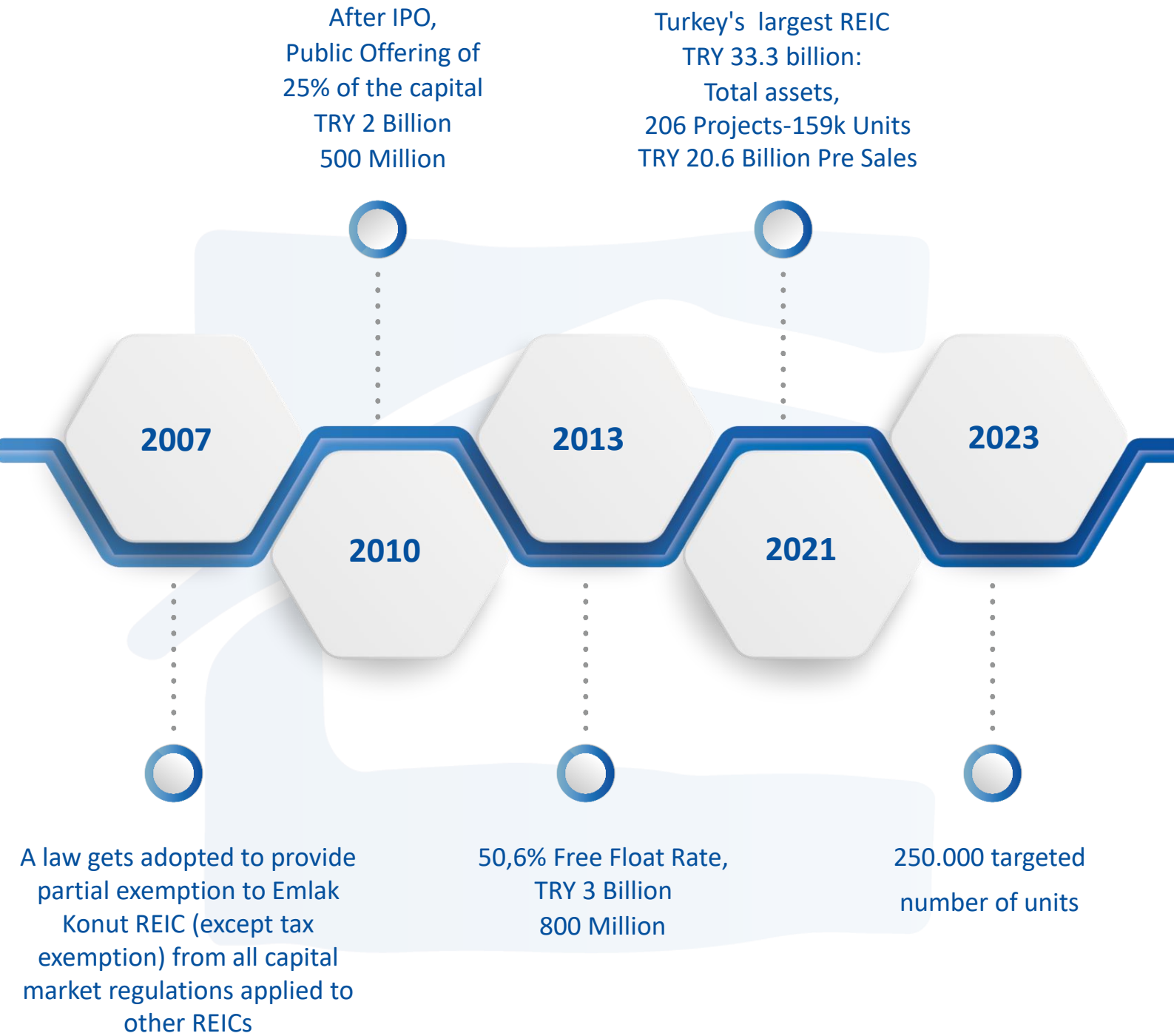
158.720 UNITS



206 PROJECT



15.000 EMPLOYMENT



41
SCHOOLS



5
PRE-SCHOOLS



5 HEALTH
FACILITIES



31
MOSQUES



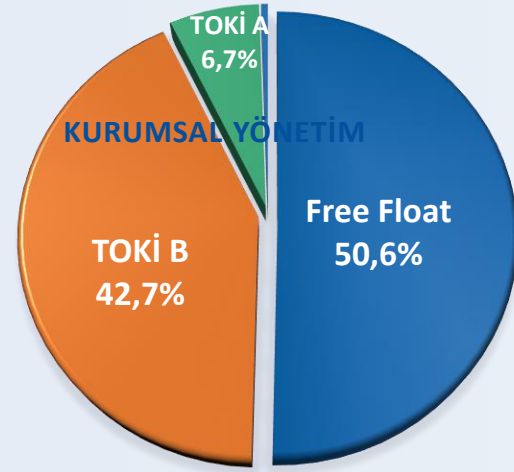
TRY 39.3 BN
TOTAL ASSETS



Emlak Konut REIC's goal and area of activity:

- a- Developing real estate projects majority of them consisting of residential, as well as commercial units, education units, social facilities, infrastructure, highways, and all kinds of landscapes;
- b- Supervision of construction in developed projects;
- c- Marketing and sales of completed units.

land in Turkey, developing real estate for the middle and upper-middle class, and marketing and selling real estate. Our Company considers producing value for our country as one of the most important aspects. Emlak Konut REIC conducted its initial public offering in 2010 and secondary public offering in 2013 to sustain its rapid growth. These public offerings achieved a significant success by attracting record individual investor demand and turning out to be 5th biggest public offering in the history of Republic. Taking place in November 2013, the secondary public offering oversubscribed 2.3 times. It attracted over 100 international investors from 20 countries becoming the biggest public offering in the form of raising capital in Central and Eastern Europe, the Middle East and Africa. Emlak Konut REIC., whose main shareholder is TOKİ, is the biggest real estate investment company in Turkey in terms of market value, real estate portfolio and land inventory. Our 3,800,000,000 TL paid capital and 4,000,000,000 TL registered capital demonstrate the Company's leading role in the sector.



Capital and Partnership Structure

	GROUP	TYPE	SHARE AMOUNT	NUMBER of SHARES	%
Housing Development Adm. (TOKI)	A	Registered (Privileged)	253.369.919	25.336.991.900	6,67
Housing Development Adm. (TOKI)	B	Bearer	1.621.460.838,35	162.146.083.835	42,7
Free Float	B	Bearer	1.925.118.787,49	192.511.967.884	50,6
Others	B	Bearer	49.563,81	4.956.381	<1
		TOTAL	3.800.000.000,00	380.000.000.000	100

Emlak Konut REIC applies two different business models effectively to achieve its administrative goals and strategies. The first business model is “Revenue Sharing Model (RSM)”, and second is Turn-Key Model.

- One of the most important values of Emlak Konut REIC is the models it executes and develops.
- Emlak Konut REIC procures lands for project development majorly from TOKİ, and partially from third parties.
- By virtue of the construction and real estate sector accounting, sales and costs are added to the income statement only when it is confirmed that the project has been completed by Emlak Konut REIC.
- Our Company has a conscientiously developed 67- year brand value. It proves effective in the relevant models contributing positively to the construction, marketing and sales stages.

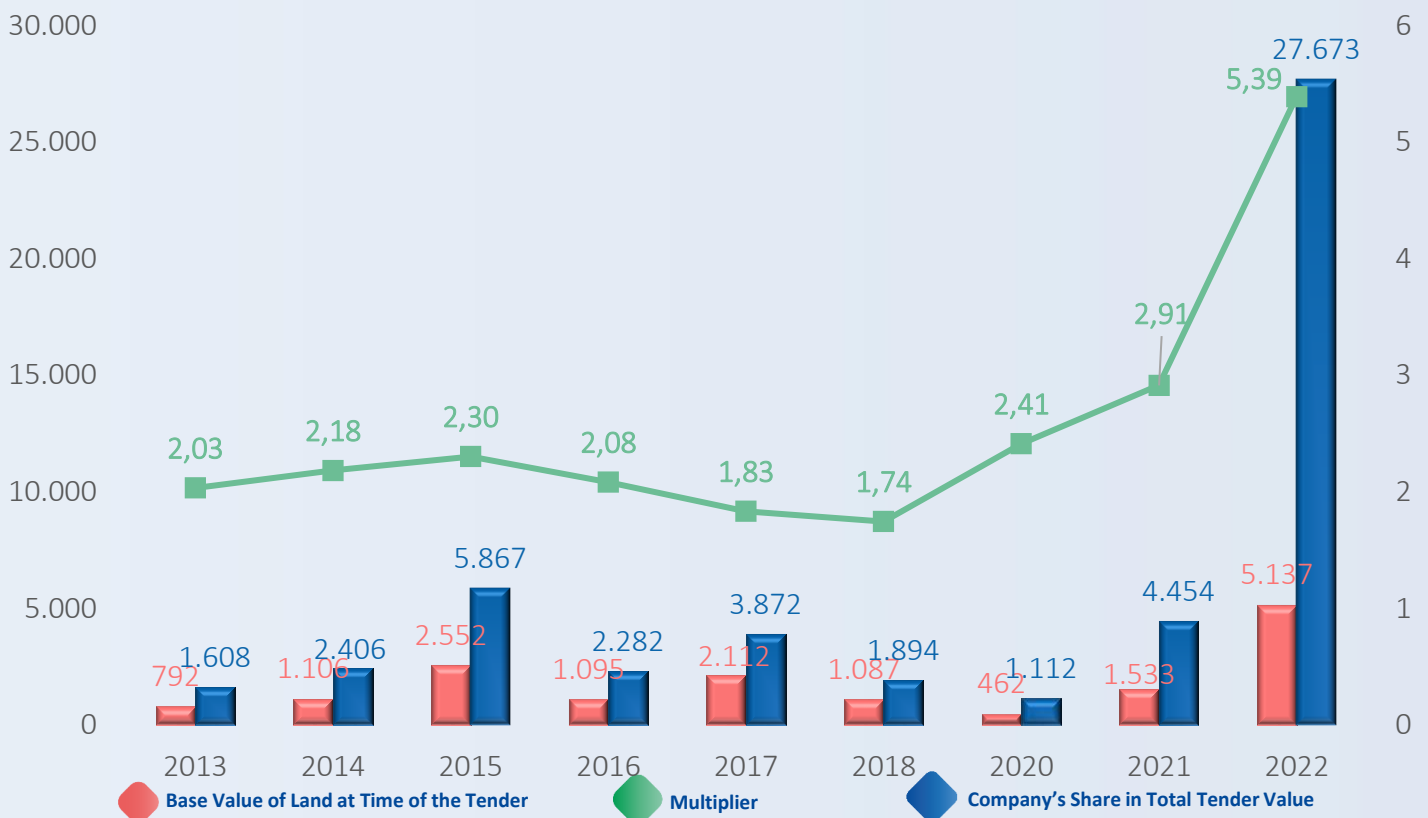
Revenue Sharing Model

This is the primary income creation model of the Company. This is an original model used especially for projects intended for the upper- middle and upper income groups and provides profitability and fund flow for the Company. When it is deemed necessary, our Company purchase units in revenue sharing model- based projects throughout or after the completion of a project or may share such units with the contractor at the end of a project. Company Share in Total Revenue” given in the charts is the amount that contractors committed to pay to our company in tenders or after with protocols; Emlak Konut’s share of the bank commissions that have been paid to decrease the interest rate for mortgage loans in unit sales will be added to related project cost along with the completion.

Turn-Key Model

The contractor is selected via a tender process pursuant to some criterias among the most appropriate and the lowest bid. Emlak Konut assumes all risks and responsibilities for the project development. All income earned from the sales of the units belong to Emlak Konut.

The Progress of Multiplier for RSM Projects



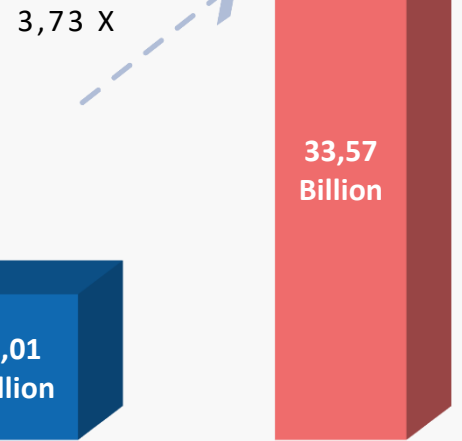
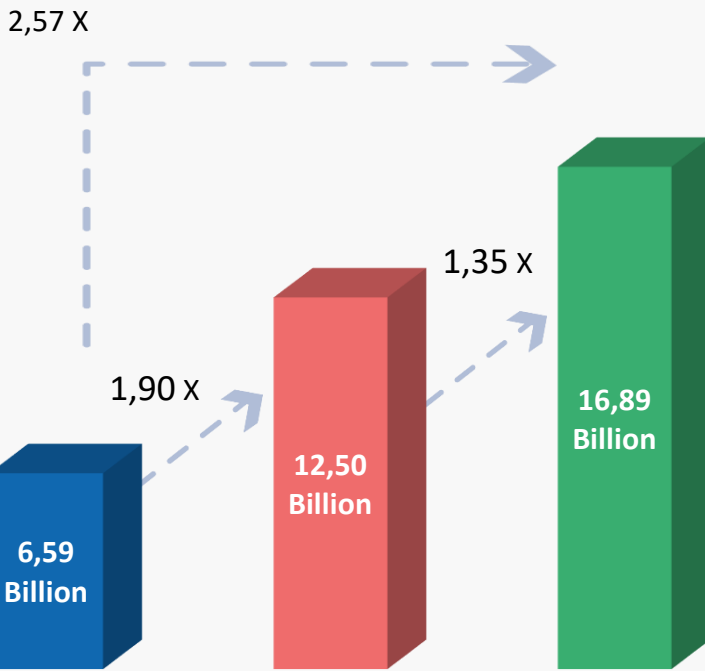


Emlak Konut REIC expects to maintain high multiplier on ongoing projects



Completed RSM Projects

Ongoing RSM Projects



Base Value of Land at time of the Tender Emlak Konut's Share in Total Tender Value Emlak Konut's Share in Total Realized Value

Emlak Konut's Share in Total Tender Value Emlak Konut's Share in Total Realized Value

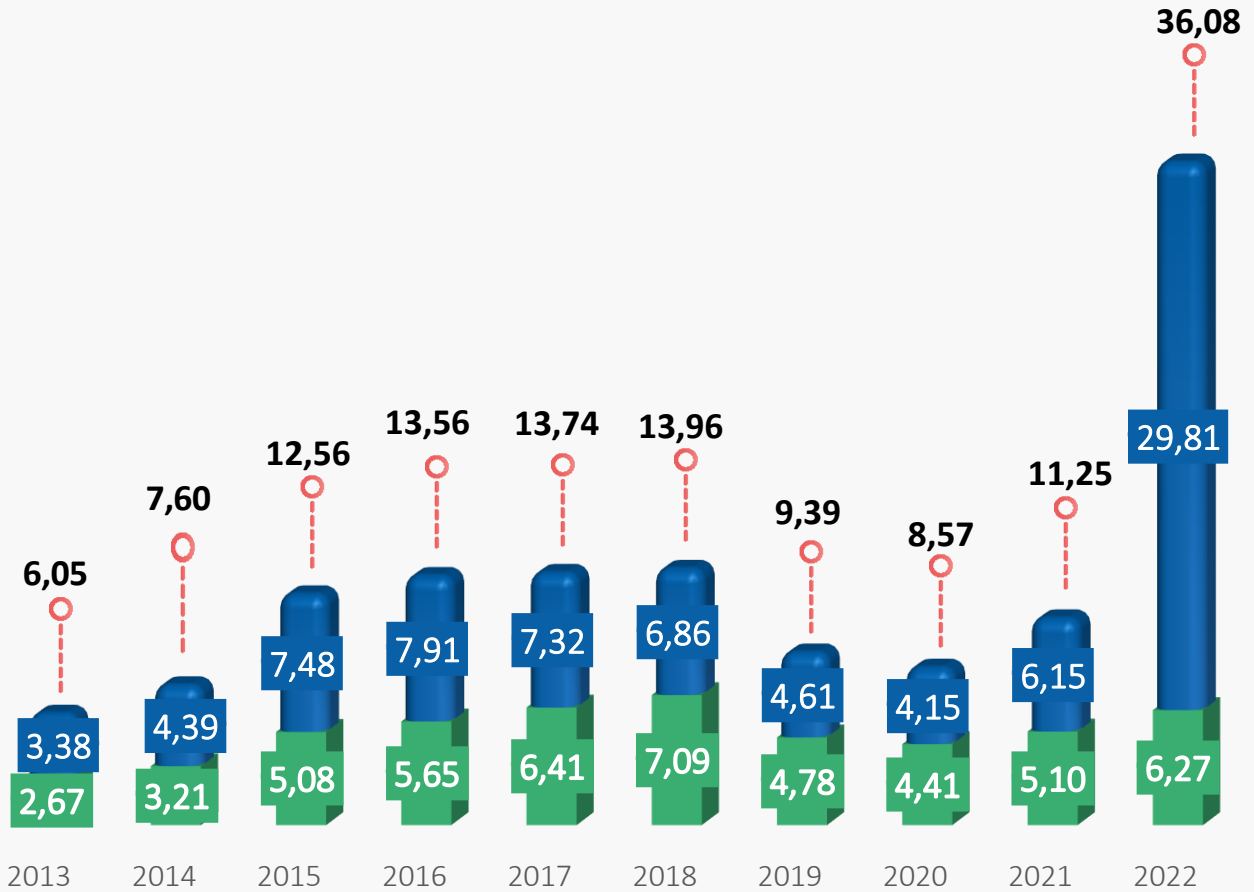
-  Base Value of Land at time of the Tender
-  Emlak Konut's Share in Total Tender Value
-  Emlak Konut's Share in Total Realized Value

-  Emlak Konut's Share in Total Tender Value
-  Emlak Konut's Share in Total Realized Value

The figures are in million TRY. Please note that, the past performance is not necessarily an indicator of future performance.



Strong earnings visibility ahead from RSM projects



Guaranteed Minimum Profit




Book Value




Guaranteed Total Revenue

Emlak REIC expects to recognize 29.8 Billion TRY of profit from RSM projects over the next 5 years.


Emlak REIC Min. Guaranteed Revenue recognition depends on completion of construction. Abovementioned values will be recognized when we complete our projects.


 The leading
developer
company in
Turkey

 Total Sales Revenue In Revenue Sharing Model
189,8 Billion TL

 Turn-Key Model Agreement Value
53.3 Billion TL*

 Strategic
partnership
with TOKI.

 Successfully Driving Or Delivered
106 Revenue Sharing Model Projects

 Successfully Driving Or Delivered
110 Turn-Key Model Projects*


 The pre-sales
ratio of the
Project to be
completed in
2023 is 85%

 Total Profit Target In 5 Years
29.8 Billion TL

 Strong Launch To Sales Ratio
%85 in 2023

%78 in 2024

 Delivery of
over 5.000
units in 2022

 Completed And Tendered Units
163 k units

*Includes projects that have been tendered on behalf of the Ministry of Environment, Urbanization and Climate Change and provided consultancy services.

TOTAL ASSETS

TRY 46.959.179.000

Appraisal Value of Land Stock
TRY 21.917.709.000



Appraisal Value of Buildings
TRY 10.836.928.000



Company Share of Total Revenue
for RSM Projects
TRY 36.079.930.000



Cost of Purchase + Progress
Payments (Turn Key)
TRY 8.092.958.000



Cost of Land and Residential Unit
Inventories
TRY 29.300.368.000



Cost of Investment Property
TRY 810.084.000



Liabilities
TRY 28.591.156.000



TOTAL

TRY 65.185.097.000



'I would like to emphasize once again that Emlak Konut designs and constructs buildings with the awareness of living in an earthquake country. The current period has once again reminded us how valuable it is to pay attention to this fact.'

Dear investors,

The earthquakes that struck eleven cities in our country have caused a great deal of pain for all of us. At a time we were experiencing one of the greatest disasters in the history of our Republic, our state and nation demonstrated an unwavering will to heal wounds in solidarity. The past four weeks have shown that as these lands share the happiness in the good times together, while managing to come out of the hard times in unity.

As Emlak Konut REIC, we feel this bitter and deep pain with all our management, employees and contractors. Our Company dispatched construction machinery used in its construction sites and those of its subsidiaries EPP and EKA to the earthquake-affected regions from the very first day along with personnel, equipment and humanitarian materials.

Under the coordination of the Ministry of Environment, Urbanization and Climate Change, we are working to deliver 3,192 temporary living units within March along with all the furnishings in Nurdağı and İslahiye of Gaziantep as well as Adıyaman and Hatay to earthquake victims. Also we are undertaking infrastructure works for temporary living units that will be able to host approximately 47,000 people in total.

Our Company has conducted ground surveys to determine areas and launched projects for around 35,000 permanent housing units in the central, Gölbaşı, Kahta and Besni districts of Adıyaman.

Emlak Konut will coordinate the work on behalf of the Ministry of Environment, Urbanization and Climate Change with an advisory board consisting of architects, civil engineers, geological and earthquake engineers, survey engineers, urban planners, historians, sociologists and professors of fine arts faculties to redesign the city and district centers in Malatya, Kahramanmaraş, Hatay and Adıyaman in line with their previous layouts and history and to bring them back to life in a healthy and aesthetic way.

Pursuant to the relevant Board of Directors resolution, our Company has decided to make a cash donation of 1,000,000,000 TRY to the relief campaign initiated by AFAD in line with the 2023 donation budget to be submitted to our shareholders for approval at the 2022 Ordinary General Assembly.

I would like to emphasize once again that Emlak Konut designs and constructs buildings with the awareness of living in an earthquake country. The current period has once again reminded us how valuable it is to pay attention to this fact.

On the other hand, we strive to fulfill our responsibility as a leader in the real estate industry. At Emlak Konut REIC, we deem our priority as improving our performance in the areas of environment, climate, social and corporate governance in line with sustainability. In particular, we plan our projects in accordance with the requirements of sustainable resource management and the environmental conditions of the world in which we live.

Our 2022 activities resulted in preliminary sales, tenders and profitability figures above our targets. However, Emlak Konut REIC will continue to work for the future of our country and society, as always, taking into account the sad realities of this challenging period.

We would like to thank our investors for the confidence they have placed in us in this process. We are confident that we will overcome this difficult process with your support.

As Emlak Konut's Board of Directors, we strive to share the profitability of our company over the years with our investors through dividends. Accordingly, our Board of Directors has decided to revise the Dividend Policy created in accordance with the Dividend Communiqué of the Capital Markets Board to allow the distribution of up to 40% of the distributable net profit (cash dividend) calculated at the end of the year to be distributed, and to submit it to the approval of our shareholders at the first General Assembly.

Also, the total number of shares repurchased by our Company to support the share unit price reached 156,280,291, and the ratio of repurchased shares to the capital reached 4.11%.

As Emlak Konut, we can state that we started our 2022 activities with great efforts and faith while finishing the year in line with our objectives.

Despite rising construction and land costs, we continue revenue sharing in return for land sale projects, turn-key project tenders and project development activities unabated.

As Emlak Konut Real Estate Investment Company, we generated a company share of 27.672 billion TRY with an average multiplier of 5.39 in 14 revenue sharing in return for land sale projects in districts such as Bodrum in Muğla, Aksu in Antalya, Çankaya in Ankara, Tuzla, Avcılar, Ataşehir, Küçükçekmeçe, Ümraniye and Zekeriyaköy in Istanbul.

Therefore, our total number of revenue sharing projects has reached 32 with the 14 projects for which we completed the tender processes in the 4th quarter of 2022, and the total revenue of the minimum company share committed to our company in these projects has reached 36 billion TRY.

Our construction progress rate and pre-sales rate are approximately 78% and 85%, respectively in nine revenue sharing projects whose partial temporary acceptance we aim to complete by the end of the year.

To date, we have completed 57% of our projects, which are scheduled to be provisionally accepted by 2024.

With 34 turnkey project tenders with a contract value of 26.953 billion TRY as of the end of 2022, we continue our housing, social reinforcement, commercial, infrastructure, landscaping constructions and urban transformation works without slowing down, especially in Çekmeköy, Hoşdere and Fikirtepe regions.

In 2022, in line with our sales targets, we closed the year with a pre-sales revenue of 27.360 billion TRY for 4,073 units with an area of 703,000 square meters. We are also rightfully proud and happy to have delivered approximately 3,000 units to our customers by the end of the year.

Following our recent purchases, we have completed most of our project planning activities for the lots in Çekmeköy,

Kartal and Ayazağda lots, which have a 3.3 million square-meter surface area worth 5.740 billion TRY. As of year-end, our Company's reappraised land portfolio value reached 22.748 billion TRY, with an area of 3.4 million square meters, which can be subject to revenue sharing in return for land sales and turnkey project tenders.

We attach great importance to our company's cash position for the sustainability of its operations and high profitability, particularly in a low liquidity environment with limited access to financing. We support our company's strong cash position with receivables totaling 19.118 billion TRY, approximately 1.5 billion TRY of which is indexed to the CPI, with an average maturity of 3.5 years. With this position, we continue to seek for land opportunities that will serve the sustainable profitability of our Company.

In line with sustainability, the efforts to develop environment-friendly and energy-efficient projects, and the extension of the periods for obtaining construction permits due to technical reasons, I would like to point out that thousands of units will be pre-sold by our Company during this period, along with four projects tendered in previous years and 14 tendered in 2022.

We closed 2022 with a consolidated net profit of 2.997 billion TRY with the projects whose delivery or provisionally acceptance we completed.

In 2023, we continue to work devotedly for the sustainable profitable growth of Emlak Konut. Accordingly, in 2023, we aim to obtain a total of 63 billion TRY in pre-sales revenue in return for the sale of 1.005 million square meters, hold tenders for 14 revenue-sharing projects in return for land sales, and six turnkey projects on our land portfolio with a land area of nearly 2 million square meters, and close the year with a net profitability of 4.022 billion TRY.

As Turkey moves towards its 2023 targets, we will continue to contribute to the national economy, employment and real estate industry.

In conclusion, the earthquake in our country has been a sad reminder. This reminder has shown that Turkey must face the earthquake reality. Although many innovations have been made in the construction industry in recent years, the reality of earthquakes still exists. Turkey's recent difficult period has deeply affected the entire nation.

As Emlak Konut REIC, we will continue to stand by our society and work with all our strength to be worthy of our investors' trust in us and for the future of Turkey.

Sincerely,

Hakan GEDİKLİ
CEO

Solid net
profit results
and balance
land
portfolio

2022 Figures

Net Profit

2.99 Billion TL

Land Portfolio Value

22.7 Billion TL

2022 Pre-Sales Figures

Pre-Sales Revenue

27.4 Billion TL

Sold to Foreigners

3.7 Billion TL

Sold Area

703 k

Numbers of Units

Sold

4,073

2022 Completes RSM Tender Results

Completed

14 Tenders

Average Multiplier

5.38 x

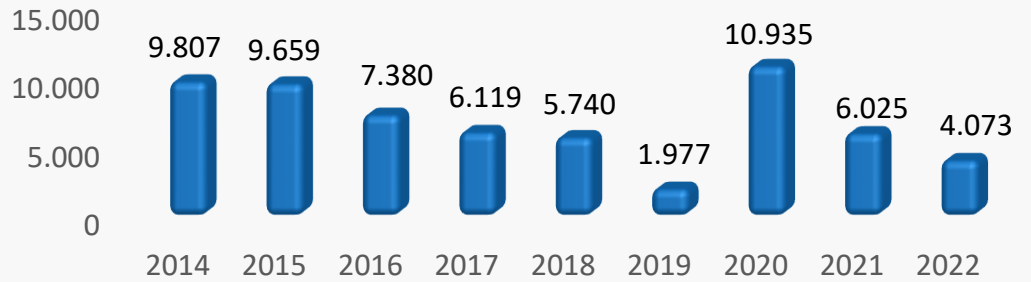
Total Min.
Emlak Konut's Share

27.7 Billion TL

Total Sales
Revenue in Tenders

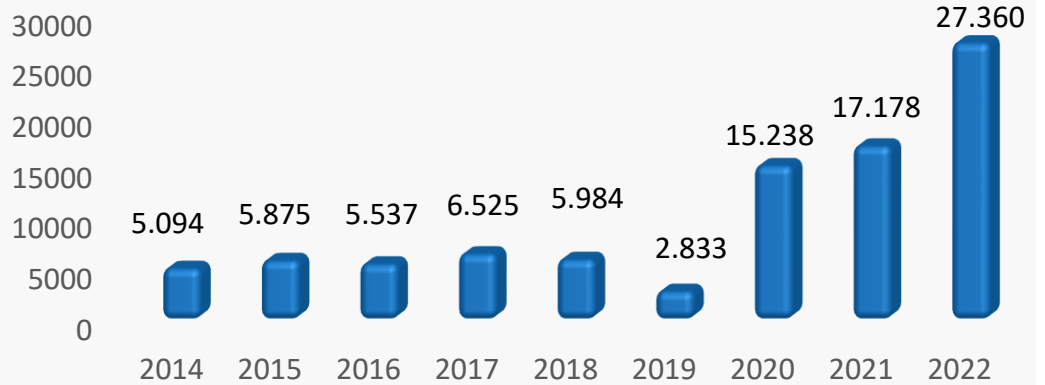
77 Billion TL

Unit Sales (Number)



Despite the increasing interest rates and the pandemic period, **record sales were achieved.**

Total Value of Sales (Million TRY)



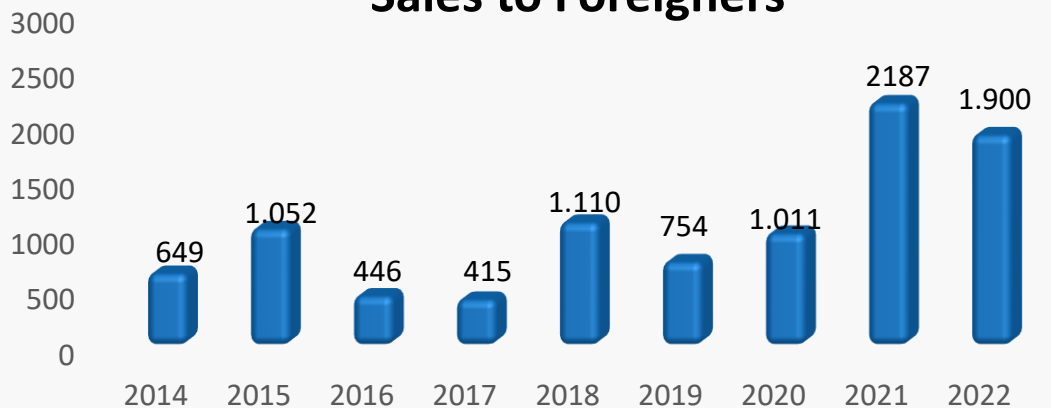
Call center infrastructure serving in **8 languages** was established.

Total Unit Size Sold (sqm '000)

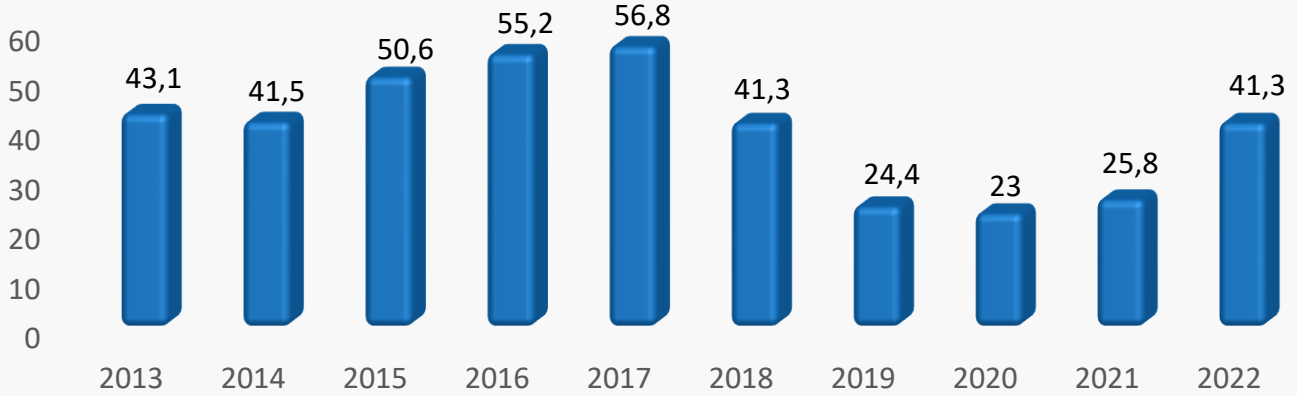


2022 targets exceeded.

Sales to Foreigners



EBITDA Margin (%)



Key Financials (Million TL)

	2015	2016	2017	2018	2019	2020	2021	2022
Net Sales	1.786,8	3.455,9	3.900,6	3.927,6	5.667,6	4.730,5	6.737,5	8.122,9
EBITDA (1)	907,4	1.914,6	2.215,9	1.621,3	1.384,6	1.088,8	1.737,8	3.353,0
EBITDA Margin (%2)	50,8	55,4	56,8	41,3	24,4	23,0	25,8	41,3
Profit for Period	952,6	1.716,3	1.756,1	1.268	778,4	836,6	1.332	2.997,1
Total Assets	16.736,0	18.702,4	20.623,7	23.319	24.185	28.644	30.760	46.959
Shareholder's Equity	9.325,4	10.730,2	12.465,5	13.083,1	13.743	14.494	15.747	18.368
Dividend Per Share (TRY)	0,0968	0,0000	0,1755	0,0035	0,0021	0,0023	0,0036	0,0082
Return of Equity (%)	0,10	0,16	0,14	0,09	0,057	0,058	0,083	0,163
Cash Flow	759	956	385	494	432	1.122	3.088	5.284
Dividend Payout	367,8	0,0	666,9	123	76,6	82,5	390	

1: EBITDA: Profit Before Income Tax - Financial Expenses + Financial Income - Income From Investing Activities - Amortizations.

2: EBITDA Margin: Margin calculated as EBITDA / Net sales.

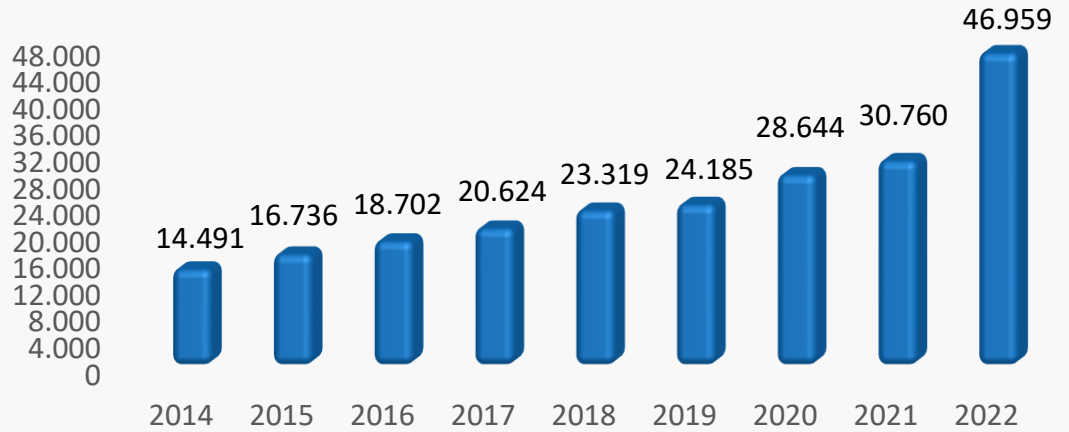
* It will be submitted to the approval of the shareholders at the General Assembly of 2021..

Receivables ('000 TL)

	Trade Receivables	Off-Balance Sheet Deferred Revenue	TOTAL
1 Year	2.411.295	5.986.070	8.397.365
2 Years	1.405.578	3.666.731	5.072.309
3 Years	964.431	1.640.467	2.604.898
4 Years	653.450	685.734	1.339.184
5 Years and above	1.465.848	238.686	1.704.534
TOTAL	6.900.602	12.217.689	19.118.291

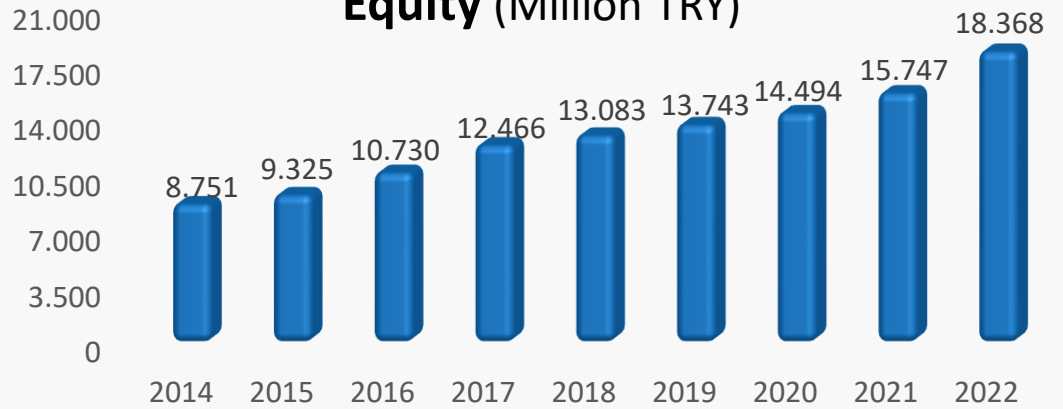
Please see Independent Audit's Report for details Note.14, pp. 43

Total Assets (Million TRY)



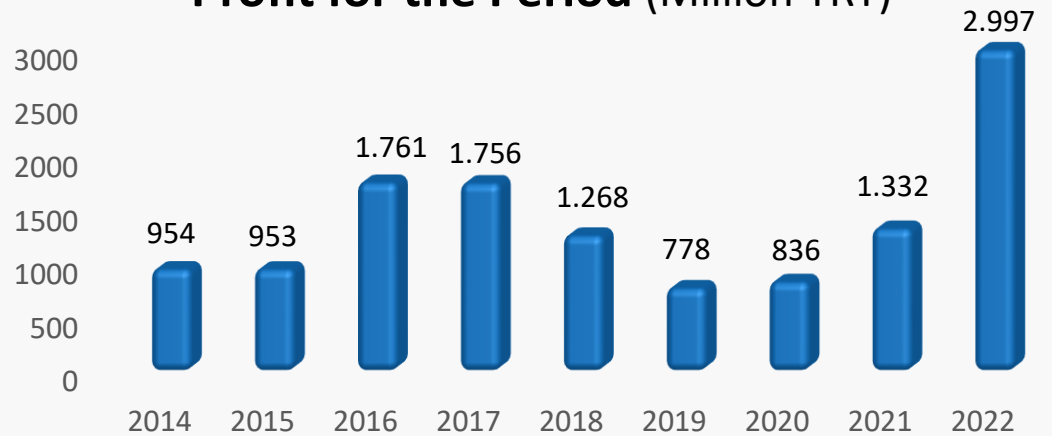
We have increased our total assets by **324% in 8 years**

Equity (Million TRY)



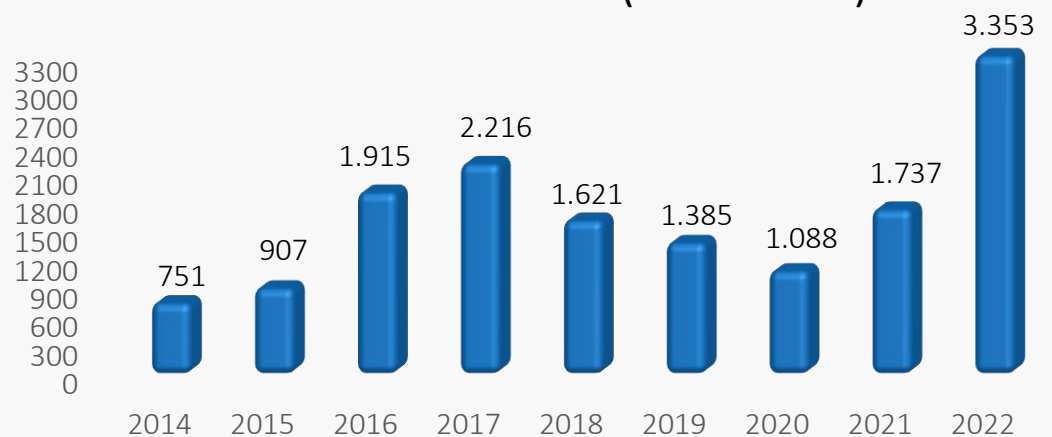
Significant increase in our equity in 8 years turned into a strong source of funding source

Profit for the Period (Million TRY)



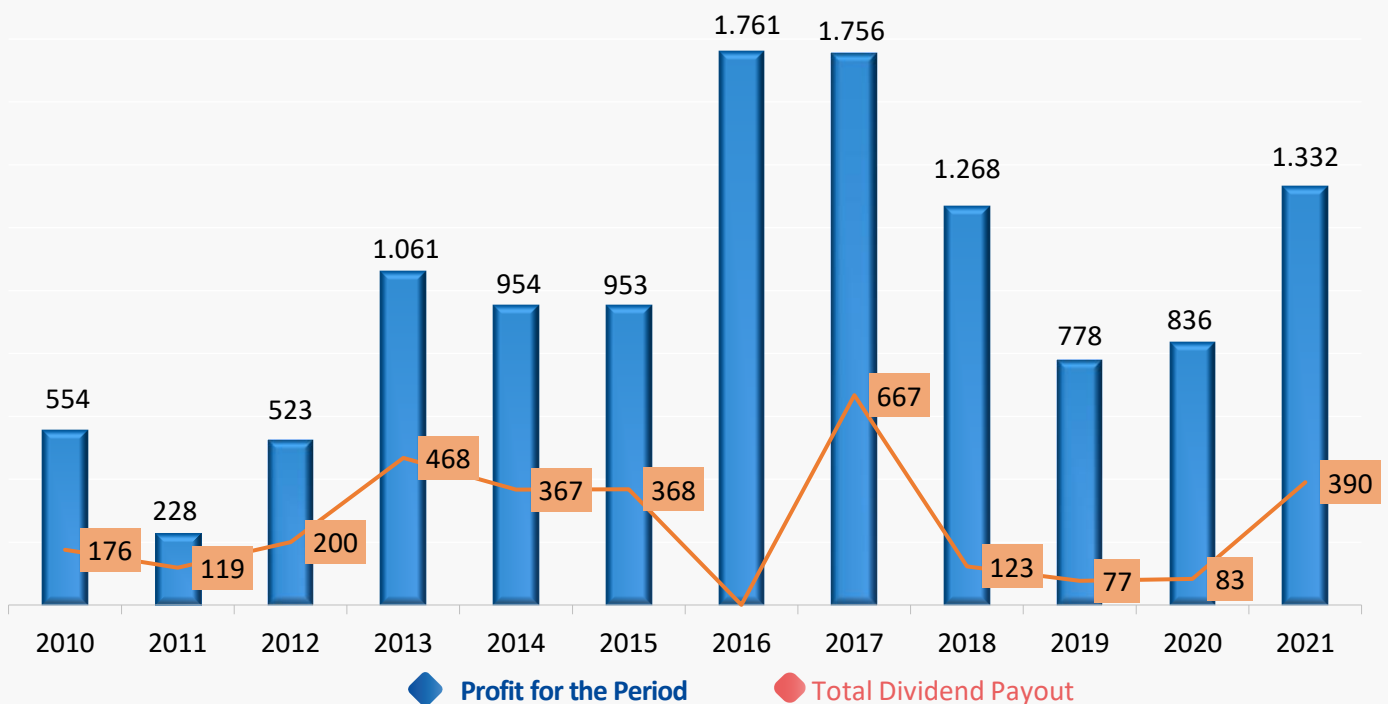
Sustainable High profitability

EBITDA for Period (Million TRY)



Liquidity Ratios	Financial Structure Ratios	Operating Ratios	Profitability Ratios
Current Ratio 1,666	Financial Leverage Ratio 0,609	Assets Turnover Ratio 0,173	Return on Equity 0,163
CashRatio 0,241	Debt Ratio 1,557	Equity Turnover Ratio 0,442	Return on Assets 0,064
Acid-Test Ratio 0,521	Equity Total Assets 0,391	Net Working Capital 0,482	Return on Sales 0,369
	Self-Financing Ratio 0,642		Gross Profit Margin 0,571
			Operating Profit Margin 0,406

Profit-Dividend Progress



*It will be submitted to the approval of the General Assembly.



EMLAK KONUT

GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
T.C. ÇEVRE, ŞEHİRCİLİK VE İKLİM DEĞİŞİKLİĞİ BAKANLIĞI TOKİ İŞTİRAKİDİR

Adımlarımızı gelecek için atıyoruz.

Bugünün çocukları, gençleri yarın daha iyi yaşam alanlarına sahip olsun diye çalışmalarımızı önceden planlıyoruz.

**Yaşanabilir ve nitelikli yaşam alanları için
her geçen gün daha fazla çalışıyoruz.**

69
yıldır



2022 Sales and Profit Targets

First Quarter	Sales Value 3,19 Billion TRY	Gross Saleable Area 101,4 k sqm
Second Quarter	Sales Value 6,02 Billion TRY	Gross Saleable Area 212,5 k sqm
Third Quarter	Sales Value 7,47 Billion TRY	Gross Saleable Area 259,9 k sqm
Fourth Quarter	Sales Value 10,67 Billion TRY	Gross Saleable Area 398,8 k sqm
Total Pre-Sales Target	Sales Value 27,35 Billion TRY	Gross Saleable Area 972,8 k sqm
2022 Profit Target	Net Profit 1,44 Billion TRY	

2022 Tender Schedule ('000)

	Revenue Sharing Model	Appraisal Value	Min. Company Share	Multiplier
1	ÇANKAYA ÇAYYOLU 2ND STAGE	125.000.000	170.440.000	1,36
2	TUZLA MERKEZ	425.916.500	2.161.000.000	5,07
3	KÖY 4TH STAGE	85.087.000	792.610.000	9,32
4	ATAŞEHİR EAST REGION 3RD STAGE	77.920.000	894.600.000	11,48
5	AVCILAR FİRUKÖY 1-1	179.688.300	1.790.250.000	9,96
6	AVCILAR FİRUKÖY 1-2	255.182.000	2.527.350.000	9,90
7	ANTALYA AKSU 1ST STAGE	132.063.448	1.515.000.000	11,47
8	AVCILAR FİRUKÖY 2	288.366.100	1.661.000.000	5,76
9	BİZİM MAHALLE 2-1	251.873.530	2.340.000.000	9,29
10	BİZİM MAHALLE 2-2	432.237.346	2.862.000.000	6,62
11	ÜMRANİYE İNKILAP	300.000.000	1.781.000.000	5,93
12	BAŞAKŞEHİR HOŞDERE 7TH STAGE	88.142.697	861.000.000	9,76
13	EYÜPSULTAN KEMERBURGAZ	1.825.000.000	4.820.000.000	2,64
14	BODRUM TÜRKÜKÜ	602.681.860	3.496.500.000	5,80
		5.137.263.998	27.672.750.000	5,38

Turn-Key Model

1	İSTANBUL AVCILAR FİRUKÖY (3 ve 4 STAGES)
2	İSTANBUL ARNAVUTKÖY 1st STAGE 2nd PHASE
3	EMLAK KONUT VADİ EVLERİ (2, 3 and 4 STAGES)
4	İSTANBUL BAŞAKŞEHİR KAYABAŞI EMLAK KONUTLARI 8th STAGE
5	AYAZMA EMLAK KONUTLARI 3rd STAGE
6	İSTANBUL BAŞAKŞEHİR EMLAK KONUT EVLERİ
7	EMLAK KONUT ÇINARKÖY EVLERİ (3,4,5 and 6 STAGES)
8	İSTANBUL KÜÇÜKÇEKMECE BİZİM MAHALLE (1/3, 2/3 ve 2/4. STAGES)

Untendered Land Plots

Line	City / District	Site Area (sqm)	Book Value (TRY)	Appraisal Value (TRY)
1	ANKARA ÇANKAYA PARSELLERİ	38.433,77	51.295.186	125.871.000
	ANKARA	38.433,77	51.295.186	125.871.000
2	İSTANBUL ARNAVUTKÖY PARSELLERİ	1.046.288,90	171.408.120	1.387.164.947
3	İSTANBUL ATAŞEHİR PARSELLERİ	6.845,28	12.637	27.120.135
4	İSTANBUL BAŞAKŞEHİR HOŞDERE PARSELLERİ	53.782,59	29.522.077	267.810.818
5	İSTANBUL BAŞAKŞEHİR İKİTELLİ PARSELLERİ	105.475,03	160.814.093	993.023.059
6	İSTANBUL BAŞAKŞEHİR KAYABAŞI PARSELLERİ	29.915,44	439.756.968	600.000.000
7	İSTANBUL BAŞAKŞEHİR TATARCİK PARSELLERİ	52.542,66	139.237.890	315.255.600
8	İSTANBUL ÇEKMEKÖY - TAŞDELEN PARSELLERİ	105.071,67	535.962.925	1.595.000.000
9	İSTANBUL ESENYURT HOŞDERE PARSELLERİ	6.355,08	29.313.841	76.260.960
10	İSTANBUL ESENLER PARSELLERİ	105.463,86	2.400.884.773	3.025.000.000
11	İSTANBUL KARTAL PARSELLERİ	13.020,46	28.173.655	70.462.715
12	İSTANBUL KÜÇÜKÇEKMECE HALKALI PARSELLERİ	233.496,93	1.192.508.629	3.218.446.200
13	İSTANBUL SARIYER PARSELLERİ	1.155,89	8.708.510	8.731.010
14	İSTANBUL RUMELİHISARI PARSELLERİ	57.600,00	600.000.000	600.000.000
15	İSTANBUL TUZLA PARSELLERİ	8.823,48	26.191.628	57.790.985
16	İSTANBUL AVCILAR PARSELLERİ	391.284,97	826.641.107	2.532.980.838
17	İSTANBUL EYÜP KEMERBURGAZ PARSELLERİ	56.605,82	169.445.401	1.850.000.000
18	İSTANBUL ŞİŞLİ PARSELLERİ	6.105,00	350.000.000	350.000.000
	İSTANBUL	2.279.833,06	7.108.582.254	16.975.047.266
19	BALIKESİR PARSELLERİ	3.845,04	13.633.136	13.073.136
20	İZMİR KONAK PARSELLERİ	2.865,59	13.051.102	58.146.140
21	İZMİR ÇEŞME PARSELLERİ	39.916,00	439.076.000	500.000.000
22	İZMİR DİKİLİ PARSELLERİ	2.269,76	10.986.332	11.058.432
23	İZMİR SEFERİHİSAR PARSELLERİ	13.792,09	79.473.310	83.429.079
24	İZMİR URLA PARSELLERİ	52.998,31	201.393.578	250.000.000
25	DENİZLİ PARSELLERİ	35.603,68	56.081.112	176.128.000
26	KASTAMONU CİDE PARSELLERİ	9.110,04	52.663	110.000
27	KOCAELİ PARSELLERİ	36.031,69	32.074.455	37.926.970
28	MUĞLA BODRUM PARSELLERİ	767.317,44	2.709.607.379	3.309.194.194
29	MUĞLA BODRUM PARSELLERİ	17.617,89	79.280.505	150.000.000
30	NEVŞEHİR PARSELLERİ	26,10	9.238	35.500
31	TEKİRDAĞ ÇORLU PARSELLERİ	35.923,48	6.152.734	13.477.000
32	ANTALYA AKSU PARSELLERİ	3.505,00	25.411.250	25.411.250
	OTHER CITIES	1.020.822,12	3.666.282.794	4.627.989.700
	TOTAL	3.339.089	10.826.160.234	21.728.907.966

Investment Properties

Line	City / District	Site Area (sqm)	Book Value (TRY)	Appraisal Value (TRY)
1	İSTANBUL ATAŞEHİR PARSELLERİ	4.376,14	0,02	20.103.223
2	İSTANBUL KÜÇÜKÇEKMECE HALKALI PARSELLERİ	1.500,00	5.490.111,00	18.000.000
3	BAKIRKÖY FLORYA PARSELLERİ	40.722,50	262.500.000,00	900.000.000
4	İSTANBUL KARTAL PARSELLERİ	16.231,00	27.836.147,48	81.155.000
TOTAL		62.830	295.826.259	1.019.258.223



NİDAPARK
— KAYAŞEHİR —



Contractor

TAHİNCİOĞLU - NIDA

Land Area

103.277

Total Sales Revenue

1.072.600.000 TL

Min. Company Share

407.588.000 TL

Progress Level

%92,75

of Units

1.142

Company Share Ratio

%38.00

Completion Date

2023

CER
İSTANBUL



Contractor

EGE & YEDİKULE

Land Area

41.162 m2

Total Sales Revenue

589.101.313 TL

Min. Company Share

206.244.369,68 TL

Progress Level

%90,34

of Units

119

Company Share Ratio

%35,01

Completion Date

2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
IDEALİST İNŞAAT & IDEALİST GYO	18.502	122.713.481 TL	26.996.965,82 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%79,12	137	%22,00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
EBRULİ İNŞAAT	47.168	1.850.000.000 TL	703.000.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%95,56	776	%38,00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
TAHİNCİOĞLU KÜÇÜKYALI ORT. GRŞ.	110.023	4.171.409.859 TL	1.751.992.140,78 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%67,24	2.366	%42.00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
PASİFİK - ÇİFTAY	137.249	7.337.583.939 TL	2.201.275.181,70 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%61,00	3.359	%30.00	2025

RIVAİSTAN B.Ü.İ
Düşler Vadisi

**Contractor**

YILMAZ - FBA

Land Area

1.075.860

Total Sales Revenue

8.966.286.205 TL

Min. Company Share

2.241.571.551,25 TL

Progress Level

%46,78

of Units

1.400

Company Share Ratio

%25.00

Completion Date

2026

NİDAPARK
İSTİNYE

**Contractor**TAHİNCIOĞLU İSTİNYE
ORTAK GİRİŞİMİ**Land Area**

129.242

Total Sales Revenue

7.533.856.108 TL

Min. Company Share

3.849.800.471,19 TL

Progress Level

%58,17

of Units

542

Company Share Ratio

%51.10

Completion Date

2024

EVORA
İZMİR



Contractor	Land Area	Total Sales Revenue	Min. Company Share
TEKNİK YAPI & HALK GYO	46.086	3.238.577.374 TL	1.133.502.080,90 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%33,44	1.195	%35.00	2023

NIŞANTAŞI KORU



Contractor	Land Area	Total Sales Revenue	Min. Company Share
DAP	20.679	3.297.322.134 TL	1.318.928.853,60 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%60,65	161	%40.00	2025



Contractor	Land Area	Total Sales Revenue	Min. Company Share
DAP	155.368	1.537.000.000 TL	491.840.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%94,71	987	%32.00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
PEKİNTAŞ & BURAKCAN	67.620	3.020.180.262,92 TL	996.659.486,76 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%41,39	1.104	%33.00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
FUZUL & FUZUL	39.032	800.000.000 TL	256.000.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%95,03	500	%32.00	2023



Contractor	Land Area	Total Sales Revenue	Min. Company Share
İNTEK KONUT & SOM PLUS & NURGRUP & HAK TİCARET	63.474	1.690.000.000 TL	625.300.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%54,42	519	%37.00	2023

BATİYAKASI



Contractor	Land Area	Total Sales Revenue	Min. Company Share
YILDIZLAR	108.221	5.701.192.225 TL	1.998.518.470,98 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%20,93	-	%35.03	2025

* Includes the total figures of 2 separate tenders

BEŞİKTAŞ DİKİLİTAŞ



Contractor	Land Area	Total Sales Revenue	Min. Company Share
FUZUL & FUZUL	3.357	461.000.000 TL	230.500.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%0.0	51	%50.00	2024



YENİ LEVENT


Contractor

DAP

Land Area

53.600

Total Sales Revenue

9.481.200.441 TL

Min. Company Share

3.792.480.176,40 TL

Progress Level

%33,50

of Units

448

Company Share Ratio

%40.00

Completion Date

2024

KAYABAŞI
8. ETAP

İSTANBUL - BAŞAKŞEHİR - KAYABAŞI - 8. ETAP



Contractor

EBRULİ

Land Area

30.056

Total Sales Revenue

1.850.000.000 TL

Min. Company Share

703.000.000 TL

Progress Level

%0.0

of Units

420

Company Share Ratio

%38.00

Completion Date

2025

NEXT LEVEL
İSTANBUL**Contractor**

PASİFİK - LEVENT

Land Area

17.194

Total Sales Revenue

2.650.000.000 TL

Min. Company Share

1.192.500.000 TL

Progress Level

%0.0

of Units

250

Company Share Ratio

%45.00

Completion Date

2025

ANKARA ÇAYYOLU
2. ETAP**Contractor**

TEKFEM

Land Area

37.932

Total Sales Revenue

426.100.000 TL

Min. Company Share

170.440.000 TL

Progress Level

%0.0

of Units

50

Company Share Ratio

%40.00

Completion Date

2025

TUZLA
MERKEZ

Contractor	Land Area	Total Sales Revenue	Min. Company Share
CEVAHİR – HB GRUP	50.561	6.174.285.714 TL	2.161.000.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%0.0	500	%35.00	2026

KÖY
4. ETAP

Contractor	Land Area	Total Sales Revenue	Min. Company Share
YILDIZLAR	14.798	2.264.600.000 TL	792.610.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%0.0	104	%35.00	2025

ATAŞEHİR
KÜÇÜKBAKKALKÖY

İSTANBUL ATAŞEHİR KÜÇÜKBAKKALKÖY



Contractor

DAP

Land Area

13.111

Total Sales Revenue

2.236.500.000 TL

Min. Company Share

894.600.000 TL

Progress Level

%0.0

of Units

71

Company Share Ratio

%40.00

Completion Date

2025

ANTALYA
AKSU

ANTALYA AKSU 1.ETAP



Contractor

İZKA

Land Area

64.108

Total Sales Revenue

5.050.000.000 TL

Min. Company Share

1.515.000.000 TL

İlerleme Oranı

%0.0

Bağımsız Bölüm

1.640

Şirket Payı Gelir Oranı

%30.00

Bitiş Tarihi

2026

AVCILAR FIRUZKÖY

1-1

**Contractor**

DAĞ

Land Area

74.368

Total Sales Revenue

5.115.000.000 TL

Min. Company Share

1.790.250.000 TL

Progress Level

%0.0

of Units

562

Company Share Ratio

%35.00

Completion Date

2026

GÖLYAKA
İSTANBUL**Contractor**

ÖZ ERKA - YİĞİT

Land Area

94.585

Total Sales Revenue

7.221.000.000 TL

Min. Company Share

2.527.350.000 TL

Progress Level

%0.0

of Units

533

Company Share Ratio

%35.00

Completion Date

2026

MAJÖR GÖLYAKA



Contractor

CEVAHİR - HB

Land Area

187.576

Total Sales Revenue

4.745.714.286 TL

Min. Company Share

1.661.000.000,10 TL

Progress Level

%0.0

of Units

617

Company Share Ratio

%35.00

Completion Date

2026

BİZİM MAHALLE
2-1 2-2İSTANBUL - KÜÇÜKÇEKMECE - BİZİM MAHALLE
2. ETAP 1. KISIM

Contractor

ÖZAK

Land Area

102.344

Total Sales Revenue

17.340.000.000 TL

Min. Company Share

5.202.000.000 TL

Progress Level

%0.0

of Units

1.350

Company Share Ratio

%30.00

Completion Date

2026

* 2 ayrı ihalenin toplam rakamlarını içermektedir.

ÜMRANIYE
İNKILAP



Contractor	Land Area	Total Sales Revenue	Min. Company Share
KİLER – BİSKON	23.379	3.562.000.000 TL	1.781.000.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%0.0	250	%50.00	2026

NEZİHPARK
BAHÇEKENT



Contractor	Land Area	Total Sales Revenue	Min. Company Share
AYDIR	67.294	2.870.000.000 TL	861.000.000 TL
Progress Level	# of Units	Company Share Ratio	Completion Date
%0.0	632	%30.00	2026

Project Name	Emlak Konut Min. Guaranteed Revenue	Min. Profit	Total Number of Units	Units Sold	(%) Sold
1 NİDAPARK KAYAŞEHİR	107.950.125	72.189.317	1.142	1.139	92,75
2 CER İSTANBUL	25.971.513	11.323.271	119	104	90,34
3 EBRULİ ISPARTAKULE	266.782.304	238.621.688	776	776	95,56
4 İDEALİSTKORU/İDEALİST CADDE	15.451.281	9.432.404	137	103	79,12
5 NİDAPARK KÜÇÜKYALI	1.009.633.477	674.077.229	2.366	2.105	67,24
6 MERKEZ ANKARA	1.467.415.844	1.145.718.005	3.359	2.419	61
7 NİDAPARK İSTİNYE	2.794.511.917	2.226.876.420	543	402	58,17
8 NİŞANTAŞI KORU	1.318.928.853	673.293.012	161	132	60,65
9 ORMANKÖY	277.645.684	58.554.277	987	976	94,71
2023	7.284.290.998	5.110.085.623	5.050	3.929	68,63
10 ALLSANCAK	199.331.897	191.786.625	1.104	659	41,39
11 EVORA İZMİR	226.700.416	226.635.770	1.195	586	33,44
12 DÜŞLER VADİSİ	274.649.781	136.520.173	1.400	696	46,78
13 MEYDAN BAŞAKŞEHİR	565.708.910	362.086.108	503	221	54,42
14 AVRASYA KONUTLARI	256.000.000	113.761.926	500	500	95,03
2024	1.522.391.004	1.030.790.602	4.702	2.662	54,21
15 BEŞİKTAŞ DİKİLİTAŞ	230.500.000	162.080.779	-	Not on sale	0
16 BEŞİKTAŞ ORTAKÖY	1.192.500.000	930.105.117	-	Not on sale	0
17 YENİ LEVENT	3.792.480.176	3.356.216.099	950	384	33,5
18 KARTAL ESENTEPE 1st Stage	1.088.518.471	878.273.875	675	191	20,93
19 KARTAL ESENTEPE 2nd Stage	910.000.000	585.679.784	-	Not on sale	0
20 KAYABAŞI 8. ETAP	703.000.000	500.147.031	-	Not on sale	0
21 ANKARA ÇAYYOLU 2nd Stage	170.440.000	85.717.500	-	Not on sale	0
22 TUZLA MERKEZ	2.160.999.750	1.760.849.878	-	Not on sale	0
23 KÖY 4th Stage	792.610.000	743.056.344	-	Not on sale	0
24 ATAŞEHİR KÜÇÜKBAKKALKÖY	894.600.000	832.018.257	-	Not on sale	0
25 AVCILAR FİRUKÖY 1-1	1.790.250.000	1.644.396.175	-	Not on sale	0
26 AVCILAR FİRUKÖY 1-2	2.527.350.000	2.368.835.713	-	Not on sale	0
27 ANTALYA AKSU	1.515.000.000	1.380.295.283	-	Not on sale	0
28 AVCILAR FİRUKÖY 2	1.661.000.000	1.504.896.701	-	Not on sale	0
29 BİZİM MAHALLE 2-1	2.340.000.000	2.136.935.947	-	Not on sale	0
30 BİZİM MAHALLE 2-2	2.862.000.000	2.513.524.050	-	Not on sale	0
31 ÜMRANİYE İNKILAP	1.781.000.000	1.474.976.917	-	Not on sale	0
32 BAŞAKŞEHİR HOŞDERE 7th Stage	861.000.000	810.822.675	-	Not on sale	0
2025	27.273.248.397	11.994.963.426	1.696	575	27,22
TOTAL	36.079.930.398	29.809.704.349	16.004	11.393	58,77

69
yıldır

Mutluluğunuzu büyütüyoruz.

*Bizim için mutluluk; bir çocuğun gülümsemesi,
onların neşe içinde eğlenmesi, bir ailenin huzuru...*

**69 yıldır mutluluğa böyle bakıyor,
daha çok ailemizi mutlu etmek için var gücümüzle çalışıyoruz.**



EMLAK KONUT
BiZiM
MAHALLE
1-2



Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
ÖZYAZICI	49.419 m2	511.506.857,72 TL	894.457.032 TL
Completion Date	# of Units	Progress Level	
2023	783	%94,89	

EMLAK KONUT
BiZiM
MAHALLE
1-3



Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
İLK YAPI - GÜRTAŞ	29.937 m2	858.956.692 TL	247.770.380 TL
Completion Date	# of Units	Progress Level	
2023	401	%26,73	

EMLAK KONUT
VADI EVLERİ



Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
AHES & MİSEK	94.553	740.788.582,25 TL	186.337.275 TL
Completion Date	# of Units	Progress Level	
2023	552	%33,30	

EMLAK KONUT
Florya Evleri



Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
MUSTAFA EKŞİ	45.940	340.301.001,45 TL	1.005.769.220 TL
Completion Date	# of Units	Progress Level	
2023	256	%93,02	



Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
VARIOUS	122.572	1.230.000.000 TL	1.837.927.888 TL
Completion Date	# of Units	Progress Level	
2024	1.948	%32,25	



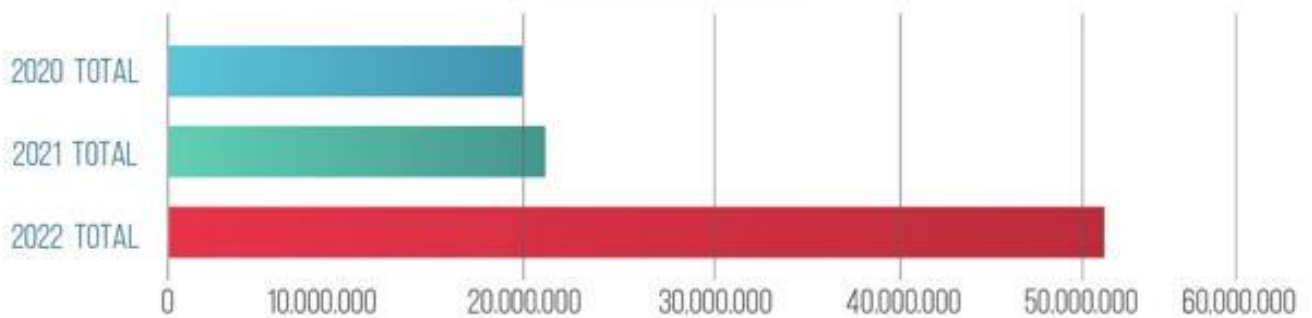
Contractor	Land Area	Current Agreement Value	Book Value + Progress Payment
MESA MESKEN	71.443,03	1.150.000.000 TL	870.569.700 TL
Completion Date	# of Units	Progress Level	
2024	141	%29,72	

Project Name	Book Value + Progress Payment (TRY)	Total Number of Units	Sold (2022)
1 Ankara Saraçođlu	615.141.158	456	-
2 Emlak Konut Florya Evleri	1.165.220.512	256	239
3 Bizim Mahalle 1-2	767.115.996	783	670
4 Bizim Mahalle 1-3	247.770.380	401	388
5 Bizim Mahalle 1-4	237.484.053	336	327
6 Ümraniye Urban Transformation	281.525.652	-	-
7 Emlak Konut Vadi Evleri 1-1	186.337.275	552	521
8 Emlak Konut Vadi Evleri 1-2	186.177.025	390	354
9 Köy 3	679.019.374	285	285
10 Çekmeköy Çınarköy 1. Etap	870.569.700	141	109
11 Çekmeköy Çınarköy Infrastructure and Sales Office	26.148.462	-	-
12 Çekmeköy Çınarköy 2. Etap	553.495.984	489	367
13 Çekmeköy Çınarköy 3-1	247.959.635	255	1
14 Çekmeköy Çınarköy 3-2	147.233.678	173	96
15 Çekmeköy Çınarköy 3-3	243.768.972	226	10
16 Çekmeköy Çınarköy 3-4	246.290.449	338	1
17 Çekmeköy Çınarköy 4-1	136.810.412	164	65
18 Çekmeköy Çınarköy 4-2	108.041.753	123	10
19 Çekmeköy Çınarköy 4-3	116.174.455	-	-
20 İstanbul Kayabaşı Emlak Konutları	46.707.163	-	-
21 Avcılar Firuzköy 5th Stage	214.911.161	-	-
22 Denizli Merkezefendi Completion Work	346.586.892	-	-
23 Balıkesir Altıeylül	176.465.582	-	-
24 Avcılar Firuzköy Infrastructure	111.704.142	-	-
25 Çekmeköy Çınarköy Sales Office Completion Works	38.152.550	-	-
TOTAL	8.066.794.461	5.368	3.443

EMLAK KONUT REİC

RENTED AND LEASED PROPERTIES

PROJECTS	2022 REVENUE (TL)
GENEL MÜDÜRLÜK A BLOK	10.293.127
EMLAK KONUT İSPARTAKULE EVLERİ	205.779
ESENLER EMLAK KONUTLARI	99.858
DUMANKAYA MİKS	124.715
AĞAOĞLU MASLAK 1453	3.650.787
SARPHAN FİNANS PARK	4.094.621
BÜYÜKYALI MALL	15.834.117
İSTMARİNA MALL	10.220.979
MUHTELİF ARSALAR	6.774.559
	51.298.542



Emlak Planlama İnşaat Proje Yonetimi Ve Ticaret AS (Known as Emlak Planlama, EPP) was established in 1980 to operate principally in the fields of real estate project management, sales & marketing, lettings, consultancy services and developing projects via Revenue Sharing Model. EPP was

acquired by Emlak Konut REIC for 288,000,000 TRY. In 2019, the Company's capital was increased to 150,000,000 TRY.



4th Quarter Consultancy Services, 2022

Completion Rate

TOKİ 36th Package Implementations İstanbul and adjacent cities	TOKİ 5,438 Unit Implementations İstanbul, Kocaeli, Sakarya, Yalova, Düzce, Balıkesir, Bursa, Tekirdağ, Kırklareli	TOKİ 3,202 Unit Implementations İstanbul, Kocaeli, Sakarya, Yalova, Düzce, Balıkesir, Bursa, Tekirdağ, Kırklareli	SDİF Ataşehir Modern Project İstanbul 100% SDİF Ataşehir Modern Stage 2 Project	KOZA ALTIN School Constructions İstanbul 100% KASERİA School Constructions İstanbul
20.82%	94.36%	94.28%	29.62%	31.82%
EMLAK KONUT REIC Fikirtepe Urban Transformation Project Advisory/Consultancy				60.90%
EMLAK KONUT REIC Sultanbeyli Urban Transformation Project Advisory/Consultancy Work				42.42%

MY CITY YALOVA PROJECT

Actual Sales Value (Excluding VAT): 379,653,099.04 TRY
Sales Quantity: 364 units

IGDOT PROJECT

Actual Sales Value (Excluding VAT): 884,683,907.42 TRY
Sales Quantity: : 1,123 units

DOĞA PARKI EVLERİ PROJECT

Actual Sales Value (Excluding VAT): 22,269,927.81 TRY
Sales Quantity: 16 units

LAND PORTFOLIO

452,967.91 m²

TOTAL CONSULTANCY SERVICE AREA

9.2 million m²

INVESTMENT PROJECTS

Initiated in 2016 with the revenue sharing in return for land model, it was liquidated at a progress level of 26.34%.

The new tender has been awarded under the 'Key Model' and the progress rate is **100%**.

COMPLETION DATE: 30.06.2020

UNITS: 412

- Of the 403 project units, 185 saw the completion of the title deed transfer procedures following the payments made by the end of 2022.

- There are 5 Shops and 1 Social Facility in stock.

It consists of market shops built as part of the relocation of the Rami Dry Food Market. The project includes a mosque, public warehouse, administrative building, bank block and space system street closures with a progress rate of 100%.

COMPLETION DATE: 15.01.2021

UNITS: 1,124

- The Change of Type and Condominium ownership procedures are completed for a total of 1124 units in Section no. 1449, Lot 1 (nine units including 8 Bank and 1 Administrative Buildings), Section no. 1449 Lot no. 2 (Commercial Block - 29 independent sections), Section no. 1455 Lot no. 2 (401 units), Section no. 1455 Lot no. 3 (five units in total, including two restaurants, two service shops and one public warehouse) and Section no. 1455 Lot no. 5 (680 units).

- The title deed transfers of the shop owners started in September 2021 after their payments, and the title deed transfers of 939 units were completed with their delivery to the customers as of the end of 2022.

My City Yalova Project / Yalova Armutlu



Başakşehir Food Wholesale Market Site

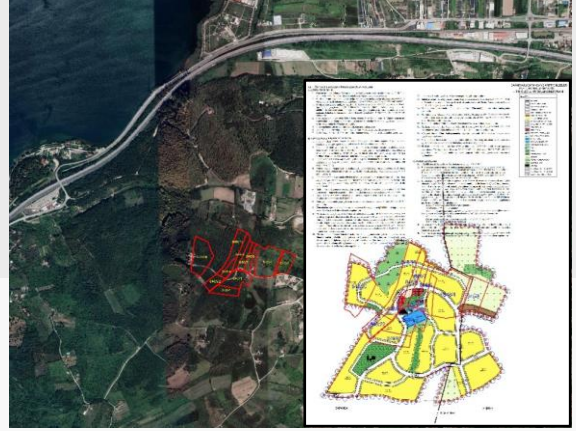


LANDS

- Approved on 30.03.2021 and published between 01.04.2021 and 01.05.2021 by the Ministry of Agriculture and Forestry, the zoning plans will be finalized if the Ministry decides in the public benefit.
- The lots were registered on 16.09.2022 as a result of the 22/A Cadastre application within the Sapanca District.

LAND AREA: 120,052.88 m²

Sapanca / Arifiye Lands

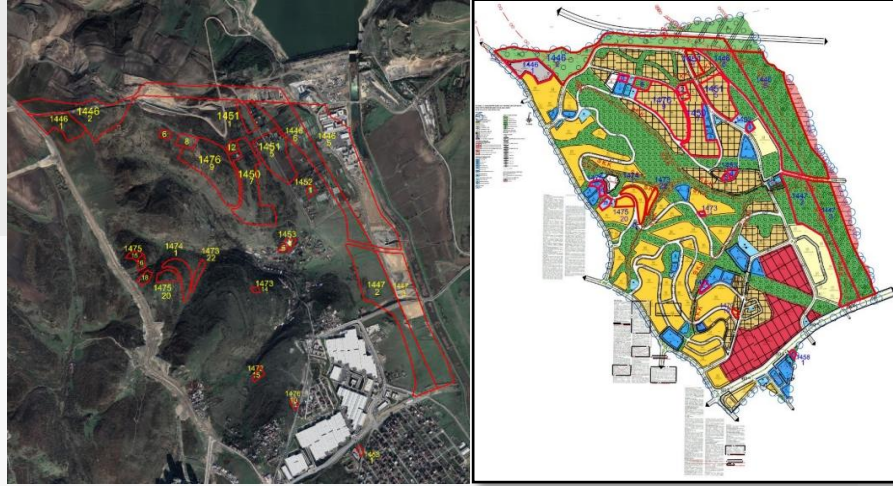


İstanbul Başakşehir Şahintepe Lands (Batı Resneli)

Development Housing Area FAR=0.75,
MCHP=Free

Commerce+Housing Area E=0.75,
MCHP=Ground+4 Floors

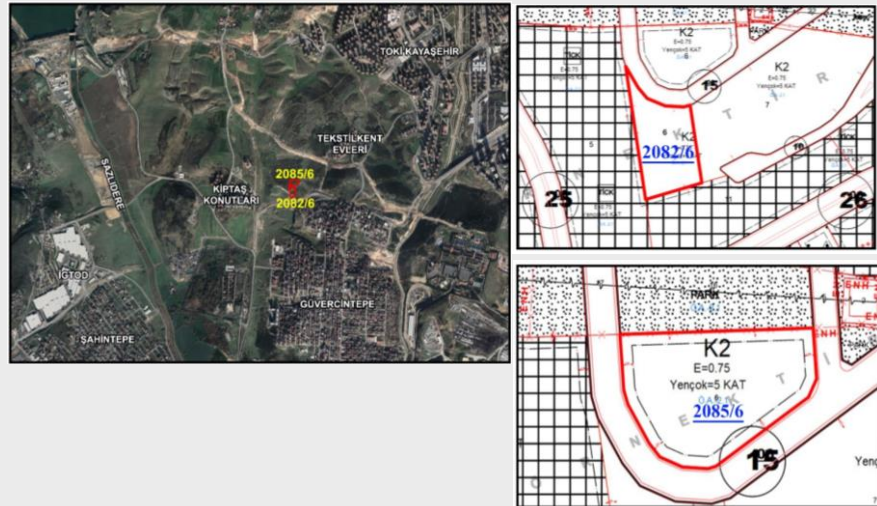
LAND AREA: 139,655.61 m²



İstanbul Başakşehir Kayabaşı Lands (Doğru Resneli)

Development Housing Area FAR=0.75,
MCHP=5 Floor

LAND AREA: 8,402.51 m²



LANDS

- Within the scope of the Real Estate Sales Protocol signed between our Company and the Housing Development Administration (TOKİ) on 26.08.2022, **approximately 55,000.00 m² of land** to be formed as a result of the Zoning Plan Amendment and Zoning Implementation to be prepared by TOKİ in İzmir Province, Aliğa District, Atatürk District has been purchased by our Company.
- As a result of the lawsuit filed by a Ship Dismantling Company located in the region, the relevant Administrative Court issued a Decision of Stay of Execution against the Master and Implementation Zoning Plans for the Ship Dismantling Region in Aliğa district of İzmir province, after its approval by the Ministry on 15.03.2021, including the Land we purchased under the Protocol and subject to the Plan Amendment.
- Following the decision of the Administrative Court for the stay of execution, TOKİ decided to make a new zoning plan for the area in question. In order to accelerate the process, our Company prepared a Master Development Plan Revision (scale: 5,000) and Implementation Development Plan Revision (scale: 1,000) proposal files in the region including the lot we purchased under the protocol, and submitted the relevant plans to the Directorate General of Spatial Planning. The plans in question were submitted to the review of the institution by the Ministry.

Izmir Aliğa Land



URBAN TRANSFORMATION PROJECTS

KAHRAMANMARAŞ YUSUFLAR NEIGHBORHOOD URBAN TRANSFORMATION PROJECT

- 11 hectares of the approximately 24 hectares area declared as a Risky Area with the Decree of the Council of Ministers dated 22.05.2013 and numbered 2013/4830 was determined as the Project Area within the borders of Yusufklar Neighborhood, Onikişubat District, Kahramanmaraş Province pursuant to Law No. 6306 on the Transformation of Areas Under Disaster Risk.
- Urban Design Project projects were initiated for the aforementioned Risky Area, and the Master Plan (scale: 5,000) and Implementation Development Plan (scale: 1,000) proposal files prepared in line with the Draft Urban Design Project was submitted to the Directorate General of Spatial Planning with the letter dated 02.12.2022 and numbered E.3259.
- The urban design project was prepared and shared with the Ministry of Environment, Urbanization and Climate Change, Directorate General of Infrastructure and Urban Transformation.

Onikişubat District Yusufklar Neighborhood Urban Transformation Project



KAHRAMANMARAŞ İSMET PAŞA NEIGHBORHOOD URBAN TRANSFORMATION PROJECT

- Concept projects have been prepared and negotiations are underway with the relevant municipality and ministry. The project process continues.

Dulkadiroğlu District İsmet Paşa Neighborhood



The project is reserved for residential purposes and consists of a total of 288 units, including 286 residential and 2 commercial sections, on an area of 18,000 square meters.

The project license has been obtained, the contracting tender has been finalized and construction activities have started.

Physical Progress: 42.42%

Consisting of 46,000 square meters, the project has 262 right holders and reconciliation negotiations with them are going on. The project aims to liquidate risky buildings and ensure urban transformation through an on-site transformation model.

•Preliminary project work in the area has been completed, but all work has been suspended indefinitely as the negotiations with the right holders have not yielded positive results.

•The preliminary architectural project activities were completed, followed by the preparation of the implementation projects. Project work will continue according to the decisions in the rights holders meeting to be held by the Ministry of Environment, Urbanization and Climate Change, Infrastructure and Urban Transformation Provincial Directorate.

Emlak Konut Mimar Sinan Houses Urban Transformation Project



Sultanbeyli District Hasanpaşa Neighborhood



Bağcılar District Demirkapi Neighborhood





EMLAK KONUT ASANSÖR SİSTEMLERİ SANAYİ VE TİCARET A.Ş. (EKA)

Under the leadership of the Ministry of Environment, Urbanization and Climate Change, Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. continues to work rapidly as a subsidiary of Emlak Konut REIC, introducing industry practices and innovations while leading our country's urbanization efforts.

We adopt a sustainable and innovative approach that brings value to environment and people, from residences to public buildings, hotels to hospitals regarding occupational health and safety as its primary responsibility. We manufacture, sell and market all types of elevators, escalators, moving walks and belt conveyors while delivering related

services including installation, maintenance, repair, services and exports.

Boasting the largest R&D center in the industry with a high local supply chain approach, we contribute to domestic production with import substitution in the domestic market with an annual imported product sales of ~\$200m.

Adding value to life with products and solutions that provide comfort, security and energy efficiency, we aspire to become a local and global brand which competes with prominent global players.





Planlı, Nitelikli,
Çağdaş, Şehircilik
Anlayışı



Huzurlu ve
Güvenli
Yuva Sıcaklığı



Çevreye Duyarlı,
Doğaya Uyumlu
Projeler

Our Vision

- ❖ To lead the industry by combining innovative technologies with aesthetic designs.
- ❖ To be a domestic, national world brand that competes with the important global market players and highlights the quality of its products and services all over the world.

Our Mission

- ❖ To meet all customer expectations with human-focused, smart products and services by understanding the needs of constantly growing and developing cities.
- ❖ To develop products and processes that make a difference with our R&D power and advanced infrastructure technologies.
- ❖ To make a sustainable contribution to life in a way that is sensitive to health, safety and the environment.



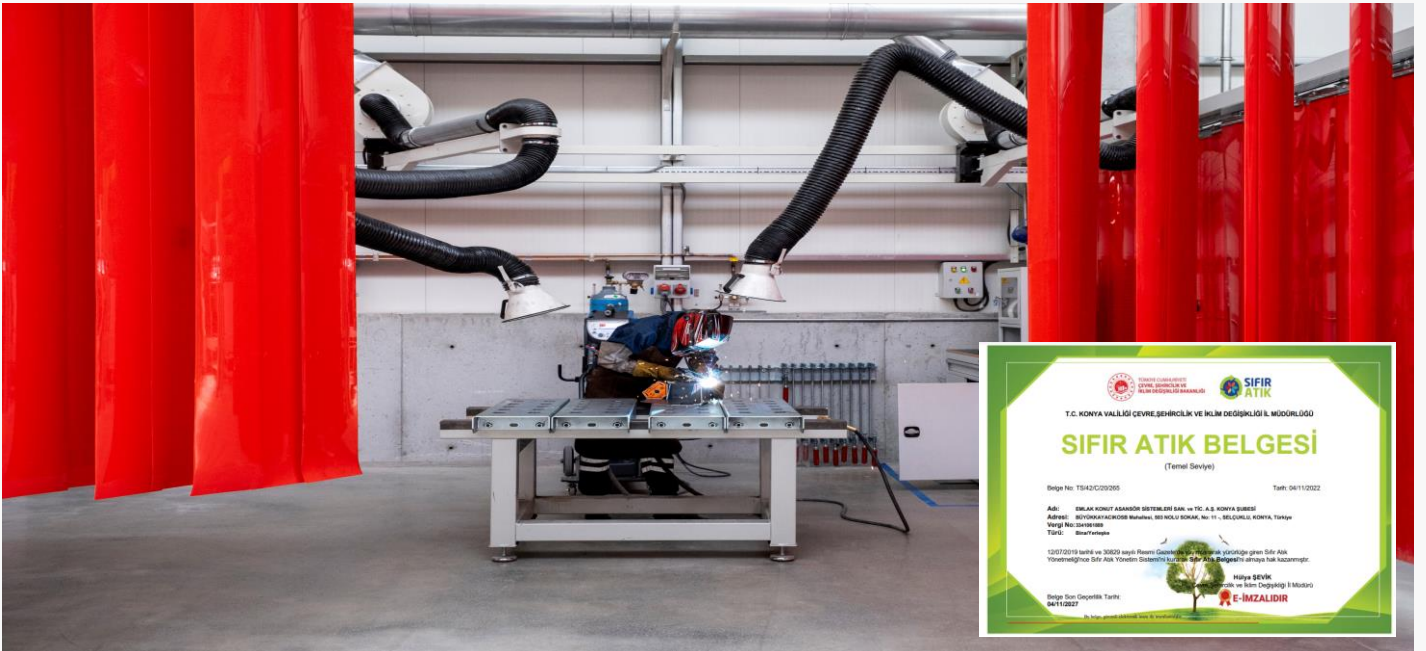
With the last quarter of 2022, we sold **9 projects** and **211 units**. We preserve our values with the attention we show to domestic and national branding, and we continue our work with the belief that we can take our success to a higher level every day.





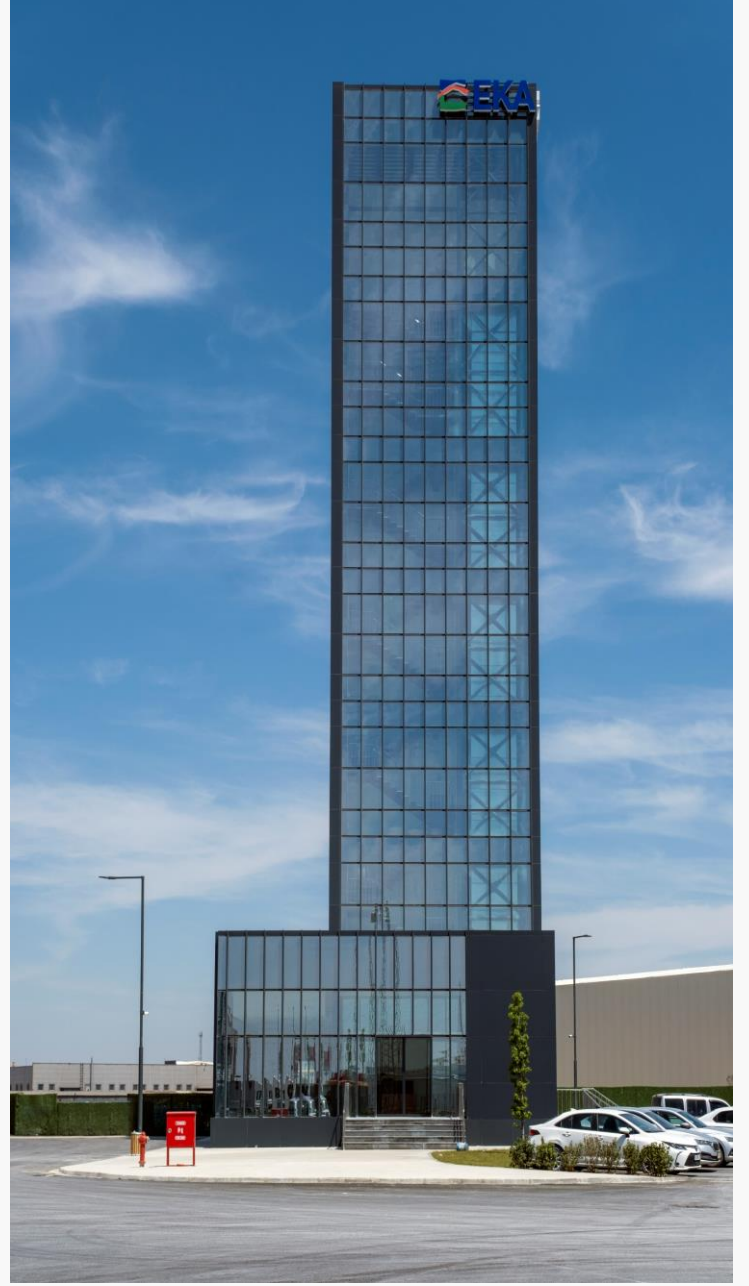
Production Facility

- ❖ Total land: 70,000 m²
- ❖ Total enclosed area: 17,000 m²
- ❖ Production with Industry 4.0 technologies
- ❖ Currently 75% local content rate.
- ❖ 100% local content target for 2024.
- ❖ Production Capacity:
Human and Fire Elevator: 5,000 units/year,
- ❖ We maintain the highest level of sensitivity to occupational health and safety and manufacture all our products from 100% recyclable, environmentally friendly materials in our high-tech, fully-automated robotic infrastructure facility with human, environmental and technology-oriented operations.



Our Engineering and R&D Center has an electronic and mechanical test laboratory and a 42-meter high elevator test tower.

This elevator test tower simultaneously performs all safety, comfort and performance tests on four different elevators.



Enerji
Tasarrufu *Ve*
Sürdürülebilirlik

At Emlak Konut Asansör, we consider the use of renewable energy sources in all our production and consumption activities an indispensable requirement of respect for our environment and future.

We generate our own energy with the 2 MW Solar Power Plant built on a roof area of 15,000 square meters in our production facility, contribute to our industry and create awareness with our green production implementation examples.

EMLAK KONUT ASANSÖR - SEGMENTLER

Hedef Pazar

EKA S1

- Az katlı konut, yurt, iş merkezi projeleri



EKA S2

- Orta Segment konut, rezidans, ofis ve altyapı (Hastane, havalimanı, metro) projeleri



EKA S3 EKA S3+

- Çok katlı (+40) ofis, ağır yük, gökdelen projeleri

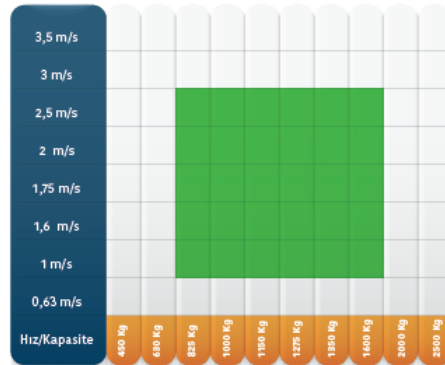
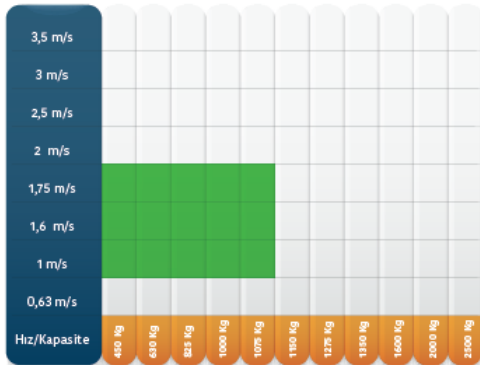


EKA S1

Asansör Tipi	MRL (Makine Dalresiz)
Kapasite (kg)	450 / ... / 1075
Kişi Sayısı	6 / ... / 14
Hız (m/s)	1.0 / 1.6 / 1.75
Seyir (1,0 m/s)	≤ 45
(1,6 - 1,75 m/s)	≤ 75
(2,5 m/s)	-
Maks. Durak Sayısı	25
Giriş Sayısı	1 / 2 (180°)
Süspansiyon	Taban Karkas (1x2)
Kabin Yüksekliği (CIH mm)	2200 / ... / 2400
Kapı Yüksekliği (DH m)	2000 / ... / 2300
Kapı Genişliği (DW mm)	700 / ... / 1100
Dekorasyon Tipleri	Comfort - Elegance - Premium

EKA S2

Asansör Tipi	MRL (Makine Dalresiz)
Kapasite (kg)	825 / ... / 1600
Kişi Sayısı	13 / ... / 21
Hız (m/s)	1.0 / 1.6 / 1.75 / 2 / 2.5
Seyir (1,0 m/s)	≤ 45
(1,6 - 1,75 m/s)	≤ 75
(2,5 m/s)	≤ 120
Maks. Durak Sayısı	40
Giriş Sayısı	1 / 2 (180°)
Süspansiyon	Kafes Karkas (1x2)
Kabin Yüksekliği (CIH mm)	2200 / ... / 2600
Kapı Yüksekliği (DH m)	2000 / ... / 2300
Kapı Genişliği (DW mm)	900 / ... / 1300
Dekorasyon Tipleri	Comfort - Elegance - Premium



EKA S2+ ve **EKA S3** üzerinde Ar-Ge çalışmaları dizayn safhasında olup, projelerin prototip, test ve sertifikasyon süreçlerinin tamamlanmasıyla kısa süre içinde sonuçlandırılması hedeflenmektedir.

MODELS



MODELS





— EMLAK KONUT ASANSÖR SİSTEMLERİ SAN. VE TİC. A.Ş. —
EMLAK KONUT GYO A.Ş. KURULUŞUDUR

IMPORTANT DEVELOPMENTS

- Total sales revenue rose in Evora İzmir, Beykoz Riva, Nisantası Koru, Cer İstanbul, Ebruli Ispartakule, Merkez Ankara, Nidapark Kucukyali, Nidapark Istinye, Yeni Levent and Allsancak projects.
- We held Ankara Cankaya Cayyolu 2nd stage, İstanbul Tuzla Merkez , İstanbul Sarıyer Zekeriyaköy 4th Stage, İstanbul Atasehir Doğu Bölgesi 3rd Stage, İstanbul Avcılar Firuzköy 1st Stage 1st phase, İstanbul Avcılar Firuzköy 1st stage 2nd phase, Antalya Aksu, İstanbul Avcılar Firuzköy 2nd stage, İstanbul Küçükçekmece Bizim Mahalle 2nd stage 1st phase, İstanbul Küçükçekmece Bizim Mahalle 2nd stage 2nd phase, İstanbul Ümraniye İnkılap and İstanbul Başakşehir Hoşdere 7th stage Revenue Sharing Model Projects in Return for Land Sale tenders obtaining a minimum Company share of 27,672,750,000 TRY.
- Our Company signed a protocols with the Ministry of Environment, Urban Planning and Climate Change (Housing Development Administration / Infrastructure and Urban Transformation Services General Management) regarding its purchase of various immovables under the ownership and discretion of the Ministry of Environment, Urban Planning and Climate Change (Housing Development Administration / (Infrastructure and Urban Transformation Services General Management) for 7,681,049,994 TRY.
- Our company used 3,795,200,000 in loans from various banks in 2022.
- As for the issuance of lease certificates (Sukuk), our Company issued lease certificates worth 2,144,250,000 TRY with an average maturity of 95 days in 2022.
- As for the issuance of lease certificates (Sukuk), our Company issued lease certificates worth 2,060,000,000 TRY with an average maturity of 95 days to be followed by payment on returns and repayment in 2022.
- Our company held its Ordinary General Assembly for 2021 on April 7, 2022. Ertan KELEŞ was elected as the Chairperson of the Board of Directors, Mustafa Levent SUNGUR was elected as the Deputy Chairperson of the Board of Directors, Hakan GEDİKLİ and Hakan AKBULUT were elected as the Members of the Board of Directors, and Burak DEMİRALP, Sinan AKSU and Muhterem İNCE were elected as the Independent Members.
- The independent member of the Board of Directors Mr. Muhterem Ince has resigned from his posts including committees on 29.06.2022. Hence, Mr. İsmail CATAKLI started to work as an Independent Board Member of our Company for the unoccupied Independent Board Member position on 01.08.2022.
- The opening ceremony of production plant of Emlak Konut Asansör Sistemleri Sanayi ve Ticaret Anonim Şirketi in Konya, which was established as a subsidiary of our company, by taking into account the needs of the construction and real estate sector, with the aim of creating a domestic national world brand that will compete with the important actors of the global market, whose main field of activity is elevator systems was held on 30.01.2023 with the participation of our Minister of Environment, Urbanization and Climate Change, Mr. Murat Kurum, our Minister of Industry and Technology, Mr. Mustafa Varank and our Board of Directors. The production facility of the company, which has the largest R&D center in the sector, has started production with a high rate of locality and shipments from the facility to the field, and the facility meets all of its electricity consumption from the roof SPP system and has a Zero Waste Certificate.
- Due to the earthquakes that took place in Kahramanmaraş Pazarcık district 300 construction machines, 400 workers and 978 thousand equipment with humanitarian aid materials used in the construction sites associated with our Company and our subsidiaries EPP and EKA, search and rescue, debris removal and It has been dispatched to the earthquake-affected areas from the first day in order to support temporary shelter works.
- With the decision of our Board of Directors dated 15.02.2023 and numbered 9-018, within the framework of the decision of our Company's Capital Markets Board Decision, dated 09.02.2023 and numbered 8/174; due to the earthquakes on 06.02.2023, the epicenter of which was Kahramanmaraş and affecting eleven provinces (Kahramanmaraş, Kilis, Hatay, Osmaniye, Adıyaman, Gaziantep, Şanlıurfa, Diyarbakır, Malatya, Adana and Elazığ); To be covered from the donation budget to be determined for 2023 it has been decided that; to make a cash donation or contributions in kind of 1,000,000,000 TL to the aid campaign initiated by the Disaster and Emergency Management Presidency of the Ministry of Interior (AFAD), to determine the donation budget for 2023 to include this donation and Informing the shareholders about the aid and donations made within the scope of this Board of Directors Decision at the first general assembly meeting to be held, and submitting it to the approval of the shareholders.
- Our company's 292/220 Block/Parcel numbered property located in İstanbul province, Bakırköy district, Florya Mahallesi was sold over the price of TRY 1,171,800,000 including VAT.
- The total number of bought back shares have reached 156.280.291 while the ratio of bought back shares to the Company's capital has reached 4,11 % with transactions on 16.01.2023, 17.02.2023, 23.02.2023 and 03.03.2023 pursuant to share buyback process.

Emlak Konut REIC acknowledges its main management principle to comply with the "Corporate Governance Principles" and practices by the Capital Markets Board (CMB).

The principles of "Equality", "Transparency", "Accountability" and "Responsibility" have been adopted to continuously improve the corporate governance approach.

In line with the Corporate Governance Principles, the Company values the importance of "Independent Board Members" for the effective functioning of the Board. Muhterem İnce, Sinan Aksu and Burak Demiralp who have the qualifications required by the law continue to serve as Independent Board Members.

The "Sustainability Committee", the "Corporate Governance Committee", the "Audit Committee" and the "Early Detection of Risk and Risk Management Committee", which are composed of the Board members continue their activities. The Corporate Governance Committee also fulfills the duties of the "Remuneration Committee" and the "Nomination Committee".

Detailed explanations regarding the Board of Directors and the committees are provided in Part IV.

At the Ordinary General held on 07.04.2022, the shareholders were informed on the principles related to the remuneration of the members of the Board of Directors and senior executives in accordance with Article 4.6.2 of the Corporate Governance Principles. Relevant information is explained in detail under the heading General Assembly.

All mandatory principles in the CMB's Corporate Governance Communiqué No. II-17.1 and the Sustainability Principles Compliance Framework are complied with. Compliance with the majority of non-mandatory principles has been achieved, but efforts are underway to ensure full compliance with them. In addition, there are no conflicts of interest due to non-compulsory principles that are not fully complied with.

Principles that are not mandatory but not yet fully complied with are listed below. Justifications and additional explanations are provided in the relevant sections of the report on a principle-by-principle basis.

Regarding the principle 1.4.2, The Company has the privilege of nominating only Group A shares to nominate members of the Board of Directors because it is a subsidiary of TOKİ.

Regarding the principle 1.5.2, the minority rights are not granted to those who have less than one twentieth of the capital, and the rights granted to minority are provided pursuant to the general practices.

Regarding the principle 3.1.2, the Company takes into consideration the provisions of the Labor Law No. 4857 within the scope of indemnification of the employees. The Company pursues efforts to create a compensation policy that respects principles of equality, fairness and impartiality.

Regarding the principle 4.2.8, the negligence of the Members of the Board of Directors and/or they damages they may cause when performing their duties were insured up to \$20 million.

Regarding the principle 4.3.9, the Company carries on its activities to set a target time to ensure that at least 25 percent of the Board of Directors consists of women.

Regarding the principle 4.3.10, all resources and support are provided for the committees to fulfill their duties. But, our audit committee does not include any members with 5 years of experience in audit/accounting and finance matters because the committees have the opportunity to benefit from independent expert opinions on audit/accounting and finance matters when needed.

Regarding principle no. 4.5.5; no change is foreseen in the short term in the current practice since the issue of a Board member's participation in more than one committee does not create any negative situation in terms of corporate governance, taking into account the effective work of the Board of Directors.

Regarding principle of 4.6.5, the benefits provided to senior management are explained in parallel with the general practices as presented in the General Assembly and footnotes of the financial statements.

No changes were made to the Articles of Association in 2022, as there was no need for additional regulation in the context of compliance with corporate governance

principles.

An "Information Security Policy" as created in 2017 and published its Turkish and English versions on corporate website to ensure the confidentiality of information of shareholders, contractors and related third parties. The information security policy is also included in the "Policies" section of this report.

In line with the Corporate Governance Principles, revisions were made to Emlak Konut's "Regulation on Duties, Authorities and Responsibilities, Personnel and Discipline", "Regulation on Procurement and Leasing of Goods", "Regulation on Procurement of Services", "Regulation on Tenders and Contracts for Construction Works", "Regulation on Tenders and Contracts for Revenue Sharing in Return for Sale of Land" and "Regulation on Purchase, Sale, Leasing and Renting of Real Estate".

The Company's "Corporate Governance Compliance Report" and "Corporate Governance Information Form" for 2022 are made public through the Public Disclosure Platform (www.kap.org.tr) pursuant to the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49, and the report can also be accessed via the QR code below.



Ertan Keleş**CHAIRMAN OF
THE BOARD
EXECUTIVE**

Ertan Keleş was born in 1976 in Giresun. He graduated from Civil Engineering Department of the Middle East Technical University in 1998. He served as a Construction Engineer at Telekomünikasyon İnşaat. A.Ş. and Dky Telekomünikasyon İnşaat. A.Ş. from 1998-2000 and 2001-2002, respectively.. He worked as a Project Manager at Aset Dekar İş Ortaklığı from 2002-2004, and as Deputy General Manager at Yalova Hazır Beton Ltd. Şti. and Turkuaz Kablo Taah. İnşaat. Tic. A.Ş from 2004-2005 and 2002-2005, respectively. From 2005-2014, he served as a Board Member and General Manager at Beltur A.Ş. company of Istanbul Metropolitan Municipality. He served Reform Dış Ticaret Ltd. Şti as a consultant from 2014-2016. He served as Emlak Konut REIC's Vice Chairman of the Board between 2014 and 2018. He has been serving as the Chairman of the Board since 2018.

**Mustafa Levent
Sungur****VICE CHAIRMAN OF
THE BOARD NON-
EXECUTIVE**

Mustafa Levent Sungur was born in 1981 in Trabzon. Having completed his undergraduate education in Civil Engineering at the Civil Engineering Department of the Middle East Technical University, he ungun graduated as a Civil Engineer in 2003. He served in various companies in Turkey and abroad in his professional life. He started to work as an expert in the Housing Development Administration in 2006. Levent Sungur was appointed as the Head of Housing Development Projects and Research Department from May 2009-December 2018 after serving as Static, Geotechnical and Infrastructure Department Managers, respectively. He has been the Vice President of Housing Development Administration since December 2018. He speaks English fluently and a little Persian and German. Mustafa Levent Sungur is married with three children.

Hakan Gedikli**BOARD MEMBER
GENERAL
MANAGER
EXECUTIVE**

He graduated from Zonguldak Mehmet Çelikel High School in 1994 and from Geodesy and Photogrammetry Department, Engineering Faculty from Karadeniz Technical University in 2000. He served at various levels in Sultanbeyli Municipality from 2000-2006. He served at Estate Housing REIC as Survey Project Manager, Real Estate and Planning Manager, Head of Real Estate and Planning Department and Deputy General Manager between 2006 and 2018, respectively. Having earned his master's degree in Urban Transformation at Okan University, Mr. Gedikli is a real estate appraiser. He has been serving as the President of Emlak Konut Sports Club since 2018. He has been serving as a Board member and General Manager at Emlak Konut REIC since 16.07.2018.

Hakan Akbulut**BOARD MEMBER
NON-EXECUTIVE**

Hakan Akbulut was born in Ardahan in 1966. He graduated from Uludağ University, Department of Public Administration in 1988. He completed his master's degree on Urban Transformation at Institute of Science, Okan University in 2018. Akbulut started to work as a Finance and Portfolio Manager at Emlak Konut REIC in 2003 after working for the accounting and finance in the private industry for many years. He served as Finance and Portfolio Manager at Emlak Konut REIC between 2003 and 2010 and as Deputy General Manager with a financial role from 2010 to April 2019. Akbulut has experience in Management, Capital Market Legislation, Financial Legislation and Accounting Practices, Relations with National and International Banks and International Investment Funds. Following his experience in the public and private sectors, he was appointed as Vice President of TOKİ on April 29, 2019. Akbulut has Advanced Level Documents in Financial Consultancy, Real Estate Appraisal, Corporate Governance and Capital Markets Board and speaks English fluently and Arabic in intermediate level. Hakan Akbulut is married with three children.

İsmail Çataklı

BOARD MEMBER
NON-EXECUTIVE
INDEPENDENT

He was born in 1974 in Çankırı, Yapraklı. He graduated from Istanbul University, Faculty of Political Sciences, Department of Public Administration in 1996. He completed his master's degree at Ankara University Institute of Social Sciences, Department of Public Administration and Political Science. In 1996, he started his duty as Çankırı District Governor Candidate. He served as Deputy District Governor of Afyon-Çobanlar (1998), then as District Governor of Nevşehir-Acıgöl (2000-2001), Bingöl-Kiğı (2001-2003), Diyarbakır-Çermik (2003-2005) and Sivas-Şarkışla (2005-2009). He became a Civil Inspector and a Chief Civil Inspector in 2009 and 2010, respectively. On 27.02.2014, he was appointed as the Deputy Chairman of the Civil Inspection Board. On June 1, 2016, he was appointed as the Governor of Kilis. On 28.06.2017, he was appointed as Deputy Undersecretary of the Ministry of Interior. With the Presidential Decree dated 07.08.2018, he was appointed as Deputy Minister of the Ministry of Interior. Çataklı speaks English and he is married with two children.

Sinan Aksu

BOARD MEMBER
NON-EXECUTIVE
INDEPENDENT

Aksu graduated from Ankara Tevfik İleri Imam Hatip High School and graduated from the Department of History of Gazi University in 2002. Aksu started his professional career at the Turkish Grand National Assembly in 2003. He served as an MP Consultant, Executive Assistant at the Ministry of Environment and Urban Planning and Ministry of Family Social Policies, Deputy Director General of the Youth Services within the Ministry of Youth and Sports, Deputy General Manager of Youth Services, Advisor to the Prime Ministry. He served as Director General of Youth Services from February 20, 2014. He was appointed as General Manager of Higher Education Credit and Dormitories Institution of the Ministry of Youth on March 30, 2015. He served in this post until 20.07.2018. Aksu took part in youth projects during his role as the General Manager of the Credit Dormitories Institution. He was chosen as the servant bureaucrat of the year at the Servant Leadership Summit held in 2016. He was appointed as Deputy Minister of the Ministry of Youth and Sports with the Presidential Decree published on 20.07.2018. He was elected as Member of the Supervisory Board of the Turkish Basketball Federation at the Annual General Meeting in 2016. Aksu served the chairman of the board of trustees and a board member in many non-profit foundations and associations. He is married with one child.

Burak Demiralp

BOARD MEMBER
NON-EXECUTIVE
INDEPENDENT

He was born in 1986 in Ankara. He completed his undergraduate education in the Department of Business Administration and received his Master of Business Administration (MBA) in 2018. He started his professional career at the Prime Ministry in 2004 and served as Press and Public Relations Advisor, Advisor to the Prime Minister, Advisor to the Prime Minister and Deputy Chief of Staff to the Prime Minister until 2018. Serving as board members in different institutions and organizations, Burak Demiralp was appointed as the Chief of Staff to the Ministry of Environment, Urbanization and Climate Change in 2018 with the transition to the Presidential Government System and still continues to serve in this position. He is married with two children.

Consisting of seven members elected by the General Assembly under the TTC provisions fulfilling the conditions set out in the Turkish Commercial Code and the Capital Markets Board legislations, the Board of Directors is responsible for managing and representing the Company before the third persons.

Ever year, the Board of Directors elects, in its first meeting, a chairman and at least one vice-chairman to act in chairman's place in their absence.

Board members are elected by the General Assembly. The Board consists of seven members including the Chairman, Vice-Chairman, and five other members, Emlak Konut REIC has three Independent Board Members in its Board in accordance with the Corporate Governance Principles. Independent Members of the Board meet the independence criteria as defined in the relevant legislation.

Members can be re-elected at the end of their terms by being nominated. If a member leaves his or her position for any reason, the Board of Directors shall temporarily elect a member who satisfies the requirements set forth in the TCC and capital market legislation and present them for approval at the first General Assembly. The member elected in this way shall serve until the General Assembly and complete his/her predecessor's term in case of approval. Board members can removed at any time by the General Assembly.

The Declaration of Independence of Burak Demiralp as an Independent Member of the Board was established with the document dated December 3, 2021 and numbered 52150 approved by the Kadıköy Notary Office No. 12. The Declaration of Independence of İsmail Çataklı as an Independent Member of the Board of Directors, was established with the document dated Friday, July 1, 2022, No. 39428 approved by the Kadıköy Notary Office No. 9. The Declaration of Independence of Sinan Aksu, an Independent Member of the Board of Directors, was established with the document dated Monday, March 15, 2021, No. 12304 approved by the Kadıköy Notary Office No. 9.

The Company disclosed the declarations of independence to all stakeholders under the General Assembly section of "Investor Relations" on the corporate website and corporate governance compliance report.

The Corporate Governance Committee

nominated 3 persons (İsmail Çataklı, Burak Demiralp and Sinan Aksu) as independent member candidates within the related period, prepared its report on the independence criteria of İsmail Çataklı on 01.07.2022, submitted it to the Board, which approved it on 01.07.2022. The Committee prepared its report on the independence of Sinan Aksu on March 19, 2021, submitted it to the Board, which approved it on 19.03.2020. The Committee prepared the report stating that Burak Demiralp meets the independence criteria on 29.11.2021 and it was approved by the Board on the same date. In the relevant period, no situation eliminated the independence of independent members. Due to Muhterem İnce's resignation on 29.06.2022, our Board made a decision dated 01.07.2022 and numbered 39-98 to appoint İsmail Çataklı as an Independent Board Member to serve until the first general assembly upon the positive opinion of the Presidency of the Capital Markets Board within the framework of the proposal of the Corporate Governance Committee of the Company.

Members of the Board of Directors of spares sufficient time for company activities. If a board member is a manager or board member at another company or provides consultancy services to another company, it is essential that such situation does not cause conflict of interest or hinders that member's duties at the Company. When members can take another duty or duties outside the Company are determined or limited by the CMB communiques and the TTC provisions. The duties and transactions that can be carried out by Board members outside the Company are stated in Article 22 of the Company's Articles of Association as follows:

Shareholders, Board members, senior executives and their spouses and second degree relatives by blood or marriage who has control of the Company management should receive the General Assembly's prior approval to be able to carry out transactions that can case conflict of interest with the Company or its subsidiaries and the Assembly should be informed about such transactions.

Financial Rights

The Remuneration Policy, which includes all rights, benefits and wages given to the Board members and senior executives as well as the criteria used to determine them and remuneration principles, is

available on the corporate website for the review of all stakeholders.

The Company presented the remuneration principles and criteria to the review of the shareholders with the "Disclosure Document" published on the PDP on Tuesday, March 15, 2022, before the General Assembly, which was held on Thursday, April 7, 2022. This issue was discussed and voted as agenda item 11 and accepted with the majority of votes in the General Assembly dated 30.04.2019. All documents related to the General Assembly are also available on the corporate website.

In addition, Article 16 of the Articles of Association stipulates the principles related to "Wages of the Board Members and Senior Managers". The Company presents its Articles of Association to stakeholders on the corporate website.

The benefits provided to senior managers are announced to the public with references to total figures in the footnotes of financial statements and independent audit reports. In 2022, the Company did not lend or provide loans to any Board Member or senior manager Nor did the Company extend the duration of the previous debts and loans, improve their conditions, provide personal loans under through a third party or give guarantees such as sureties in their favor.

Benefits to Management	January 1 - Saturday, December 31, 2022	January 1 - Friday, December 31, 2021
Salaries and other Short-term Benefits	15,000	12,500

The Board meets with the frequency that it can effectively fulfill its duties and with the majority of its members. The method for holding board meetings is written in Article 14 of the Company's Articles of Association. The Board convenes upon the invitation of the chairman or vice chairman. Each member of the Board of Directors may apply in writing to the Chairman or Vice Chairman and request that the board be called for a meeting. Board members shall have the authority to make a meeting request if the Chairman or the Vice Chairman still does not call the Board of Directors to a meeting. Shareholders with at least 5 percent share of the Company's capital may invite the Board of Directors to hold a meeting by submitting a request to the Chairman. If the Chairman comes to a conclusion that there is no need to convene immediately, he or she can open the matter subject to the invitation up for discussion at the next Board meeting.

The Chairman of the Board of Directors meets with the other members of the Board of Directors and General Manager to determine its meeting agenda.

The Board can decide to make changes to the agenda. The members take pay attention to attending each meeting and reporting their opinions.

The Board takes decisions with the majority of the members present at the meeting. So if the number of votes are equal, that topic is left to the next meeting. A proposal with equal votes in that particular meeting is considered rejected. Every member has one voting right at meetings. The voting right can be exercised in person. Votes are cast as in favor and against during the Board meeting. The member casting a vote against writes down the reason and puts his/her signature.

206 Board decisions were taken between 01.01.2022 and 31.12.2022. All resolutions were adopted unanimously and applied. The Board of Directors convened with the majority of the total number of members and adopted its resolutions with the majority of the members present at the meeting. All members of the Board of Directors attended all meetings. The board members did not express any opinions against the resolutions adopted by the Board in its meetings throughout 2022. Board members are not granted weighted voting rights and/or veto rights.

In the board meetings, the agenda items are discussed openly in all aspects. The Board Chairman exerts efforts to ensure the active participation of the non-executive members in the board meetings.

Questions from board members and their reasonable and detailed counter-vote

justifications are recorded in resolution minutes. No such opposition and different opinions were stated throughout the period. It undertakes, as part of the Company organization, the duties of Directorate of Private Affairs and Board secretariat.

Resolutions adopted by the Board of Directors are kept and presented to the relevant authorities when deemed necessary.

The approval of the majority of independent members is required in the Board of Directors resolutions regarding the Company's all related party transactions and the issuance of guarantees, pledges and mortgages for third parties. The failure to obtain such an approval is announced to the public under the public disclosure regulations with sufficient information on the transaction, and the transaction is presented to the General Assembly for approval. Board resolutions lacking these principles are not considered valid. In this period, the Board of Directors did not make any resolution which required the majority of independent members.

Under Article 19 of the Company's Articles of Association "A member of the Board of Directors shall not participate in negotiations where there is a conflict of interest between their personal interests outside the Company and those of the Company as well as between the interests of any of their descendants or spouses or their kinships until third degree including those by marriage and interests of the Company. Board members who breach this provision or members who do not object knowingly to a violating member's participation in the meeting despite the objective nature of the conflict of interest and board members who take a decision to let such members to participate in the meeting shall be liable to compensate losses incurred by the Company."

In this period, the board did not present to the General Assembly any matters related to unapproved related party transactions or important transactions submitted to the approval of the independent board members.

The loss that may be caused by Company's Board members and senior management due to their faults in their duties is insured up to \$5 million.

There have been no legislative changes that could significantly affect the Company's operations.

The lawsuits filed against the Company in 2022 and their provisions are disclosed in footnote 14 of the Independent Auditor's

Report for the year ended 31.12.2022.

There have been no issues that may lead to conflicts of interest between the Company and the institutions that provide services such as investment consultancy and rating.

Committees Established within the Board of Directors

Number, Structure and Independence of the Committees Formed within the Board of Directors As stated in Article 17 of the Company's Articles of Association; "Board of Directors will determine and announce to the public in detail the duties and working areas of the committees and their membership composition taking into account the provisions of the Articles of Association, the Corporate Governance Principles published by the CMB and related legislation. Our company created the committees at the Board of Directors meeting following the amendment of the Articles of Association pursuant to the regulations made mandatory by Corporate Governance Communique numbered II-17.1. The Company followed the legislative and regulatory requirements and made necessary committees arrangements.

The following committees continue to carry out activities under Emlak Konut REIC: "Corporate Governance Committee", "Audit Committee", "Sustainability Committee" and Early Risk Detection and Risk Management Committee."

The Corporate Governance Committee also fulfills the responsibilities of the "Remuneration and Nomination" committees.

Committees act in accordance with the working principles prepared under Emlak Konut REIC's internal regulations and the legislation. A board member is assigned to more than one committees under current conditions (because the tasks of the Nomination Committee and Remuneration Committee are undertaken by the Corporate Governance Committee, the Company has three independent members, executive members are required to avoid taking part in committees (except for the Corporate Governance Committee), all the Audit Committee members are independent members, and the committee presidents are elected from such members).

"Duties, working principles, task fields and member composition of the committees are announced by the Board of Directors in detail taking into account the provisions of the Articles of Association, the Corporate Governance Principles published by the CMB and the relevant provisions of the legislation.

The committee presidents are elected among the independent board members. All members of the Audit Committee are also independent member of the Board of Directors. The Company has not assigned or appointed any chief executive officers. General Manager does not assume duties in any of the committees.

The Board of Directors provides all the resources and support necessary for the committees to fulfill their duties. The committees may invite the persons they deem necessary to their meetings and take their opinions.

Committees may benefit from independent expert opinions on matters they consider relevant to their activities. The costs of such consultancy services are met by the Company.

The committees keep a written record of all the activities they undertake. The committees convene when necessary and as described in the working principles to ensure effectiveness of their activities. The committees present the reports on their activities and meeting results to the Board of Directors.

Corporate Governance Committee

The Corporate Governance Committee determines whether the Company implements Corporate Governance Principles and finds conflicts of interest that result from the lack of full compliance, it makes recommendations to the Board to improve corporate governance practices and works closely with the Investor Relations Department.

The operating principles and member information of the Corporate Governance Committee are available on the corporate website under Corporate Governance Information.

<https://www.emlakkonut.com.tr/tr-TR/kurumsal-yonetim-komitesi>

The Committee is established and authorized by the Board of Directors. The Committee shall be selected at the first Board meeting each year after the regular General Assembly session. Thus, the working period of the Committee is in line with that of the Board.

Corporate Governance Committee (Nomination Committee)

The below duties of Nomination Committee stipulated in the Corporate Governance Principles is fulfilled by the Corporate Governance Committee. Information on the working principles and members of the Nomination Committee is available in the "Corporate Governance Information" section of the corporate website.

<https://www.emlakkonut.com.tr/tr-TR/kurumsal-yonetim-komitesi>

a. a) establishing a transparent system for the determination, evaluation and training of the candidates for the Board and executive positions with managerial responsibilities as well as working to determine relevant policies and strategies,

b. b) making regular assessments on the structure and efficiency of the Board of Directors and presenting its recommendations on any likely changes on these matters to the Board. Following are the Nomination Committee's meeting dates and main agendas in 2022:

- 18.03.2022 Determination of the Candidate for Independent Board Membership
- 01.07.2022 Determination of the Candidate for Independent Board Membership
- 09.03.2022: Salaries to Be Paid to the Board Members and Managers with Administrative Responsibility in 2022.

Remuneration Committee;

The duties of Remuneration Committee stipulated in the Corporate Governance Principles is fulfilled by the Corporate Governance Committee.

The operating principles and member information of the Remuneration Committee are available on the corporate website under Corporate Governance Information.

<https://www.emlakkonut.com.tr/tr-TR/kurumsal-yonetim-komitesi>

a. it determines the principles, criteria and practices to be used for the remuneration of the members of the Board of Directors and the managers who have administrative responsibilities taking into account the Company's long-term goals and oversees them.

b. It presents recommendations to the Board members regarding the remuneration to be paid to the Board members and managers with administrative responsibilities taking into consideration the level of accomplishment of the remuneration criteria.

Following are the Remuneration Committee's meeting dates and main agendas in 2022:

- 27.01.2022: Employee Wages in the First Half of 2022
- 19.07.2022: Employee Wages in the Second Half of 2022

Audit Committee

Working under the Board of Directors, the

Committee aims to monitor the operation and effectiveness of the Company's accounting system, disclosure of financial information to the public, independent audit, and the Company's internal control and internal audit system in accordance with Article 17 of the Company's Articles of Association. The selection of the independent audit firm, initiation of the independent audit process through independent audit contracts, and the activities of the independent audit institution at each takes place under the supervision of the Audit Committee.

The operating principles and member information of the Audit Committee are available on the corporate website under Corporate Governance Information. <https://www.emlakkonut.com.tr/tr-TR/denetimden-sorumlu-komite>

All resources and support are provided for the committees to fulfill their duties. But, our audit committee does not comprise any members with 5 years of experience in audit/accounting and finance matters because the committees have the opportunity to benefit from independent expert opinions on audit/accounting and finance matters when needed.

The Audit Committee convenes at least once every quarter and four times a year, and it records results of the meetings to the minutes presents them to the Board of Directors. The annual report (Corporate Governance Compliance Report) explains the activities of the Audit Committee and the results of the meetings. The Audit Committee notifies the Board of Directors of its findings and suggestions in writing immediately regarding its duties and responsibilities. Accordingly, the Audit Committee made four written notifications to the Board of Directors within the relevant accounting period.

Following are the Audit Committee's meeting dates and main agendas in 2022:

- 09.03.2022: Statement of Liability for Financial Statements
- 09.05.2022: Statement of Liability for Financial Statements
- 17.08.2022: Statement of Liability for Financial Statements
- 07.11.2022: Statement of Liability for Financial Statements

Early Risk Detection and Risk Management Committee

Emlak Konut REIC attaches importance to risk management and pursue improving it continuously as one of the main capital market institutions. The Company strives to implement a total risk management system to institutionalize the risk management and achieve sustainable growth with effective risk management. Early Risk Detection and Risk Management Committee was formed in 2012. It plays an active role in the Company's management and decision-making mechanisms.

The important risks and uncertainties faced by Emlak Konut REIC within the industry and in its own structure can be briefly summarized as follows:

Given the Company's activities, the business model is based on purchasing lands in Turkey, developing real estate projects on purchased lands, and marketing and selling of houses produced. However, the Company's profit from the projects depends largely on good and attractive land procurement and revenues from sales. The Risk Management Committee acts within corporate risk management principles in parallel with legislation and internal regulations, and fulfills its duties for the projects.

The committee objectives and principles are specified as follows in the relevant article of Emlak Konut REIC's Operating Principles of Early Risk Detection and Risk Management Committee: The Company reviews its management systems at least once a year to detect and assess any strategic, operational, financial and similar risks that may endanger the Company's existence, development, and continuity, to calculate the impact and probability of such risks, to manage and report them pursuant to corporate risk taking profile, to implement necessary measures for detected risks, to ensure their consideration in decision-making mechanisms, and accordingly, to advice and make recommendations to the Board of Directors for the establishment and integration of effective internal control systems. The operating principles and member information of the Early Risk Detection Committee are available on the corporate website under Corporate Governance Information.

<https://www.emlakkonut.com.tr/tr-TR/riskin-erken-saptanmasi-ve-risk-yonetimi-komitesi>

Following are the Early Risk Detection and Risk Management Committee's meeting dates and main agendas in 2022:

- 18.01.2022: Activities of the Early Risk Detection and Management Committee
- 24.02.2022: Activities of the Early Risk Detection and Management Committee
- 25.03.2022: Activities of the Early Risk Detection and Management Committee
- 19.04.2022: Activities of the Early Risk Detection and Management Committee
- 23.05.2022: Activities of the Early Risk Detection and Management Committee
- 29.06.2022: Activities of the Early Risk Detection and Management Committee
- 19.07.2022: Activities of the Early Risk Detection and Management Committee
- 24.08.2022: Activities of the Early Risk Detection and Management Committee
- 28.09.2022: Activities of the Early Risk Detection and Management Committee
- 18.10.2022: Activities of the Early Risk Detection and Management Committee
- 21.11.2022: Activities of the Early Risk Detection and Management Committee
- 24.12.2022: Activities of the Early Risk Detection and Management Committee

Sustainability Activities

The Sustainability Committee was established with the Board decision dated 09.02.2021 for reporting to the Board the Company's sustainability strategy, policy and targets in the fields of environmental, social and corporate governance, and the execution, monitoring and auditing of the practices.

With its first decision dated 05.02.2021, it formed a "Sustainability Working Group" from managers and experienced personnel who will work under the committee, taking into account that comprehensive and continuous work in the fulfillment of the activities.

The operating principles and member details of the Committee are available on our corporate website under the section Corporate Governance. <https://www.emlakkonut.com.tr/tr-TR/surdurulebilirlik-komitesi>

In 2022, the Sustainability Committee convened 5 times, setting the KPIs on behalf of the company and identifying sub-groups to follow up on these KPIs.

Sustainability Working Group

1	Ercan Aliođlu	Chair	Deputy General Manager
2	Hicran akmak	Member	Deputy General Manager
3	Rasim Faruk Kadiođlu	Member	General Manager Consultant
4	Emriye Fundagül Őengöçgel	Member	Acting Project Manager No. 1
5	İbrahim Oflaz	Member	Installation Project Manager
6	Enver Turan	Member	Application Manager No. 1
7	Mustafa Buđa	Member	Investor Relations Manager
8	Nilgün Bezek	Member	Quality Management Representative
9	Seda Bayraktar Akgül	Member	Cons. A. / Legal Counseling
10	Betül Demirel	Member	Technical Expert / Project Mgr. No. 2
11	Hilal Koca	Member	Technical Expert Asst. / Environmental Eng. Installation Project Mgr.
12	Yahya Köse	Member	Technical Staff/ Environmental Eng. Installation Project Mgr.
13	Melike Ece Karakuş	Member	Technical Staff/ Energy Systems Eng. Installation Project Mgr.
14	Mustafa Köksal	Member – Secretary	Technical Staff / Energy Systems and Ind. Eng. / Investor Relations Mgr.

Committee Members

Burak Demiralp	Independent Board Member (Non-executive) Member - Audit Committee Members of the Early Risk Detection and Management Committee Sustainability Committee Member
İsmail atakli	Independent Board Member (Non-executive) Chair of the Audit Committee, Chairman - Corporate Governance (Nomination Committee and Remuneration Committee)
Sinan Aksu	Independent Board Member (Non-executive) Member - Audit Committee
Ertan Keleş	Member of the Board (executive) Chair of the Sustainability Committee Members of the Early Risk Detection and Management Committee Corporate Governance Committee Member
Mustafa Levent Sungur	Board Member (non-executive), Chair, Early Risk Detection and Risk Management Committee Sustainability Committee Member
Hakan Akbulut	Board Member (non-executive), Corporate Governance Committee Member (Nomination Committee and Remuneration Committee)

“DECLARATION OF INDEPENDENCE” PREPARED PURSUANT TO THE “CORPORATE GOVERNANCE COMMUNIQUE” NO. II-17.1 OF THE REPUBLIC OF TÜRKİYE MINISTRY OF TREASURY AND FINANCE

Regarding the independent board member position I will assume at Emlak Konut REIC (“Company”) pursuant to

- the provisions of the “Corporate Governance Communique” no. II-17.1 of the Capital Markets Board, which was published and made effective in the Official Gazette dated January 3, 2014, and numbered 28871,
- the relevant provisions contained in the Company's articles of incorporation and internal procedures, and
- other relevant legislative provisions,

I declare to the Company's Corporate Governance Committee and the Board of Directors that I meet the qualifications and criteria of an "independent board member", that I read and understood the above information and documents, and that I will fully undertake the duties stated in such information and documents.

I declare that I hold all necessary qualifications to qualify as an independent member according to "Corporate Governance Communique" no. II-17.1 and that,

a) no executive employment relation that would give important duties and responsibilities has been established within the last five years between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and legal persons controlled by these shareholders; and I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,

b) within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,

ç) I do not work full-time in public institutions and organizations,

I am considered a resident in Turkey according to the Income Tax Law no. 193 dated 31.12.1960.

e) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,

f) I will be able to spare the sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,

g) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

ğ) I do not serve as a Board Member at over three companies in which partners have control over the relevant companies or the company's board of directors and over a total of five traded companies,

I have not been registered and announced as a real person representative on behalf a legal person elected as member of the Board of Directors.

Similarly, I declare, pursuant to the related legislation, I would communicate to the Board of Directors any situation prejudicing my independence should it arise so that it can be announced to the public. 25.06.2020

Burak Demiralp

İsmail Çataklı

Sinan Aksu

Original Signed

Dividend Distribution Policy

Following is Article 30 of the Company's Articles of Association:

Articles of Association, Article 30: Dividend Payout

The Company observes profit distribution regulations under the Turkish Commercial Code and Capital Market Legislation.

The net profit, as stated in the annual balance sheet, is calculated by deducting the Company's general expenses, various amortization considerations, amounts that are required to be paid or set aside and the current payable taxes from the total profit assessed at the end of the fiscal year. After deducting the previous years' losses, the net profit (if any) is distributed in the order listed below.

Primary legal reserve

- a. 5% of the balance sheet profit is set aside as primary legal reserves until the total reserve reaches 20% of the paid-in capital pursuant to Paragraph 1, Article 519 of the Turkish Commercial Law.

First Dividend

- b. It is appropriated from the balance in the amount and proportion determined by CMB.

Second Dividend

- c. Once the items in sub-paragraphs (a) and (b) are deducted from net profit, the General Assembly is authorized to distribute the remaining amount in part or as a whole as second dividend, leave it on the balance sheet as profit for the period, add it to legal or voluntary reserves, or reserve the balance as excess reserve fund.

Second legal reserve

- d. Second legal reserve is set aside pursuant to Sub-paragraph (c), Paragraph 2, Article 519 of the TCC.
- e. Unless the above-mentioned reserve funds and the first dividend are set aside, the decisions on reserving additional funds or carrying forward the profit to the following year cannot be made. Unless the first dividend is paid, the decision cannot be made to distribute profit shares to

members of the Board of Directors, officers, employees and workers.

- f. Dividend advances may be distributed to shareholders pursuant to article 20 of the Capital Markets Law.

In accordance with CMB communiques and regulations, our Company may distribute 30% of the distributable net period profit (giving cash or bonus shares or both cash and bonus shares to a certain extent) calculated at year-end based on the profit share distribution proposal of the Board of Directors that is submitted to the General Assembly for approval. In doing so, the Company takes into account any negativity in the national and global economic conditions or factors such as the circumstances of the projects and funds on the agenda."

Codes of Conduct and Social Responsibility

In its construction activities, the Company works in cooperation with its contractors to create project models that are based on nature-friendly and clean energy resources. The Company also takes measures for energy savings at its projects and work places, as it believes that effective energy savings will have consequences on the environment and economy. The Company takes into consideration public interest in all its activities and shows utmost care to ensure that the project comply with renewable energy and environmental awareness aspects.

Emlak Konut REIC carries on its all construction and manufacturing activities under the Construction Inspection Law, which was accepted on 29.06.2001, published in the Official Gazette No. 24461 dated 13.07.2001 and reached its final version with the Decree No. 4708 dated 02.11.2011.

Since Emlak Konut REIC attaches great importance to stakeholder concept in the widest sense, as a principle it considers being conscious about the environment, humanity and nature in all its projects. In this respect, the Company issued a Quality Policy posted it on the corporate website. Quality Policy emphasizes a business management approach that contributes to sustainable and social values.

The Company transformed the aforementioned principles into what lays in the bases of Emlak Konut REIC logo.

Emlak Konut REIC's logo represents planned, quality and modern urban life, peaceful and safe family warmth, sensitivity to green and environment.

Emlak Konut REIC plans its social responsibility activities with an emphasis on "sustainability" and "social value creation." It constructs not only modern and healthy buildings and areas required by the public but also units that will be used for public interest. School and mosque constructions are the most typical examples.

Donations and Aid Policy

The Company can give donations and aids within the framework of Article 6 of the Capital Markets Law and the Articles of Association due to a social responsibility approach that prioritizes people, environment and public sensitivity.

Donations and aids shall be provided to public institutions and organizations, environmental foundations, associations, non-governmental organizations and the disaster areas through relief committees and people in need, without disrupting the company's own purpose and subject in cash or in kind, or by other procedures permitted by legislation.

The upper limit of the donations and aids to be made in an accounting period is determined by the resolution of the Board at the ordinary General Assembly of the relevant period. No donations shall be made in excess of the limit set by the General Assembly.

The cash value of non-cash donations is determined and deducted from the limit set by the General Assembly.

The amount of donations and aid shall be added to the distributable profit base calculated under the Capital Market Law and presented to the shareholders at the General Assembly at end of the relevant period.

It is obligatory that the donations and aids do not comply with concealed gain transfer regulations of the Capital Market Law.

Donations and payments to be made by the resolution of the Board shall be made public in accordance with the regulations of the Capital Markets Board regarding the public disclosure of special cases.

Donations and Aids

In 2022, our company donated TRY 49,877,137.61 to support educational, cultural and artistic activities within the scope of social responsibility projects.

Sponsorships

- MIPIM 2022 Real Estate Fair Participation - 3.02.2022
- 7th All Aspects of Urban Transformation Congress Sponsorship - 13.05.2022
- Sponsorship for RE 360 Great Meeting of Real Estate Conference - 09.06.2022
- MUSIAD EXPO 2022 Silver Sponsorship - 19.08.2022
- GYODER 17th Real Estate Summit Sponsorship - 19.10.2022
- Turkey's Green Buildings and Cities Summit 22 - 27.10.2022
- Building Bazaar Building Construction Real Estate and Decoration Summit Sponsorship - 27.10.2022
- 10th Real Estate Leaders Summit Sponsorship - 23.11.2022

Remuneration Policy

The Remuneration Committee established under the Corporate Governance Principles shall provide the Board of Directors with recommendations on the principles of remuneration of the Board members and Executives by taking into account the Company's long-term targets.

Based upon the proposal of the Remuneration Committee, the Board shall submit Board member salaries to the examination of the shareholders who shall approve them at the Ordinary General Assembly of the relevant accounting period.

Board Members are given bonuses four times a year in the amount of monthly net salary determined at the Ordinary General Assembly.

The income tax incurred due to payments to the Board Members at the end of the fiscal year shall be paid by the Company (wages received from more than one employer).

Dividends, stock option plans or performance-based compensation cannot be used to determine the remuneration of independent Board Members. The salaries of these members should be at a level that can preserve their independence.

The Remuneration Committee shall determine monthly net salaries to be paid to Managers by taking into account

current economic market data, wage policies applicable in the market, long-term Company goals and the duties, powers and responsibilities assumed by the Managers and submit them to the Board of Directors as a recommendation.

The General Manager shall determine monthly net salaries to be paid to personnel by taking into account current economic market data, wage policies applicable in the market, long-term Company goals, criteria such as educational status, talents, experience, experience, foreign language skills, assumed by the Managers and submit them to the Board of Directors as a recommendation.

Manager salaries shall be increased according to the proposal of the "Remuneration Committee" and personnel salaries according to the proposal of the General Manager with a Board resolution in January and July of each year. In addition to the monthly net salaries of the managers and personnel, bonuses are given to the in the frequency and amount determined by the Board resolution. Performance premiums, financial awards, etc. can be given to managers and personnel at the discretion of the General Manager in line the Company's internal regulations. Social transportation, food, marriage, birth, death, health, etc. services and benefits are provided to managers and staff.

Human Resources Policy

The Company presented its Human Resources Policy to all stakeholders on the corporate website. The Company did not make any updates to this policy throughout 2022. The Company established a Staff and Human Resources Policy to keep productivity and effectiveness at the highest level by specifying, in its Organization Handbook, the methods and conditions necessary for staff selection, distribution of employment within the Company and staff training that help execution of services in the best way.

The Company's Directorate of Administrative Affairs and Human Resources started to provide services with the status of Administrative Affairs and Human Resources Department starting in 2015 to provide better services.

This presidency also assumes the responsibility of Human Resources Department.

The company's reasons for this change include conducting a more effective HR management.

The Company takes all measures to prevent employees from being discriminated on the basis of race, religion, language or gender, and protect them against internal physical, mental and emotional maltreatment.

No complaints were received from the employees regarding discrimination or other issues in 2022.

The principles forming the basis of the Company's Personnel Policy are set out below.

- 1-To recruit competent employees, who fit the qualifications stated in the job descriptions, for vacant positions company wide.
- 2-To provide opportunities for the professional development of all employees by providing training programs based on their competence and skill levels.
- 3-To respect our employees and protect their rights and benefits.
- 4-To provide a work environment that motivates their desire to work and promotes better working relationships.
- 5-To lead our employees towards success, create equal opportunities for growth based on their knowledge and competence levels, and to reward success.
- 6-To train and appoint employees to vacant management positions from within the Company,
- 7-To avoid over-staffing and ensure employees work with maximum efficiency in their positions, which are appropriate for their knowledge and skills.
- 8-To meet our employees' social and cultural needs within the allocated budget and make the Company an attractive place to work by providing equal social services and benefits to all employees,
- 9-To provide competent, successful employees with the chance of promotion based on available positions, and to ensure job security.
- 10-To inform employees in a timely manner about issues that relate to them, to develop communication procedures to enable them to provide their recommendations and opinions to the management team easily.
- 11-To support our employees' career paths by providing effective training programs.
- 12-To maintain and boost the morale and motivation of all employees.
- 13-To protect and improve the tangible and intangible rights of employees
- 14-To provide a work environment that motivates employees' desire to work and strive to establish good human relations.

Disclosure Policy

A. Objective and Scope

Emlak Konut REIC ensures that all shareholders, investors and stakeholders are provided with timely information about the Company's past performance, future plans, forecasts, strategies, objectives and vision in a complete, accurate and efficient manner pursuant to regulations imposed by the Capital Markets Legislation, Turkish Commercial Code, Borsa Istanbul Legislation and other relevant legislation.

The Disclosure Policy includes any information, documents, digital records and data about the Company's operations that are legally permissible to disclose to the public, but excludes any trade secrets or insider information held by the Members of the Board, senior executives and employees.

B. Public Disclosure Methods and Means

The Company uses the following methods and means to inform its stakeholders in accordance with the periodic statements, reports and other means for public disclosure set forth in articles 38 and 39 of the Communique on Principles Regarding Real Estate Investment Companies (No: III-48.1).

- Material event disclosures,
- Financial Statements and Footnotes, and Independent Audit Report communicated to Borsa Istanbul periodically
- Quarterly Reports
- Annual Reports
- Corporate website,
- (<http://www.emlakkonut.com.tr>)
- Investor and Analyst Meetings
- Press releases
- Press meetings

The Company's website is accessible at www.emlakkonut.com.tr/. The website provides the up-to-date version of the Articles of Association, periodical financial statements and reports, prospectuses, public offering circulars and general assembly agendas are listed on the website.

The website is updated on a continuous basis to provide up-to-date information on the partnership and organizational structure. The Company shall speedily respond to all information requests made via the corporate website. The Directorate of Press and Public Relations prepares the releases to inform the public and/or as

part of the Company's corporate communication activities by receiving support in issues requiring specialization.

I. Disclosures to the Press

The Company holds press conferences and issues press releases to disclose information about its activities such as ongoing projects and medium- and long-term strategies. The Company adheres to the content of material event disclosures when preparing for the press conferences. The Company complies with the principle of equality when inviting the press members to meetings.

The monitoring of company-related news and rumors published by media outlets or appearing on websites and principles for making statements:

The Company monitors national and international media as well as other communication channels for news and rumors about the Company. In case of new public disclosures or inaccurate news or rumors about previously disclosed information, the Company evaluates their effects on the value and price of the Company shares as well as on the investment decisions of the investors. If deemed appropriate or necessary, the Company makes a public statement as to the accuracy or legitimacy of such news or rumors in accordance with the principles set forth by the Capital Markets Legislation.

As a principle, the Company does not deliver any opinions on market rumors and speculations. However, the Company makes a public statement regarding unfounded news in the case of a confirmation request from the Capital Markets Board and/or Borsa Istanbul pursuant to the provisions of the Capital Markets Legislation or if the management deems giving an answer necessary or appropriate.

II. Emlak Konut REIC's Investor Relations Department takes care of issues related to informing investors and analysts, investor information meetings as well as principles of access to presentations and reports disclosed at meetings or press conferences. The department assesses the meeting demands of natural or legal persons and upon receipt of 10 requests in a week, the department schedules a meeting and informs the requesters. Presentations and/or explanatory information are published at the corporate website following the presentation, teleconference or speech. The Company representatives may occasionally attend

national and international conferences or meetings in order to disclose information to investors and analysts. We manage address questions through telephone or e-mail and provide replies within 10 working days at the latest.

C. Insider Information and Measures to Ensure the Confidentiality of Insider Information until Its Disclosure to the Public

Insider information is non-public knowledge about a material event, which may affect the value and price of the capital market instruments or the investment decisions of investors. Access to such information could provide unfair advantages over other investors when used for trading capital market instruments. Release of such information to the public may be detrimental to the value of the capital market instrument and influence investors' investment decisions.

In case of a material event, the other parties who communicate with the Company employees with access to insider information will be informed of their obligation to maintain the confidentiality of this information until it is clarified and disclosed on Borsa Istanbul.

The Company employees will not release any information that may be considered a material event with third parties under any circumstances.

If the Company determines that insider information was disclosed to the third parties unintentionally and concludes that the confidentiality of information could not be maintained, the Company will issue a material event disclosure pursuant to the capital markets legislation.

Pursuant to the CMB's Communique on the Principles Regarding the Public Disclosure of Material Events (No: II-15.1), the Company prepares a list of natural or legal persons, including their subordinates, who work for or on behalf of the Company directly or indirectly and have access to insider information. The Company departments will provide the names of people with access to insider information to the Administrative Affairs and Human Resources Department, where the list is prepared and updated.

In accordance with the changing project scopes and current issues, the Company will regularly update the list of individuals with access to insider information.

The list will be submitted to the relevant government agencies and organizations upon request. The Company ensures that the individuals on the list are informed in writing of their obligation to protect the confidentiality of the insider information.

In accordance with the provisions of the CMB's Communique on the Principles Regarding the Public Disclosure of Material Events (No: II-15.1), the Company may postpone the disclosure of the list to prevent damage to the legitimate rights and interests of the individuals on the list.

D. Communication with Shareholders and individuals Authorized to Make Public Disclosures

The Company will determine whether any information request constitutes a trade secret and whether it can impact investment decisions or cause a fluctuation in the value of capital market instruments pursuant to CMB Communique No. II on the Principles Regarding 15.1 Material Event Disclosures, and

- The Chair and members of the Board of Directors,
- Chair and Members of the Audit Committee,
- General Manager,
- Deputy General Manager,
- Investor Relations Department

will answer them in a written or verbal manner. Employees other than these persons are not authorized to respond to requests. The Company employees will refer incoming questions to the Investor Relations Department.

E. Authority and Responsibility

The Board of Directors of the Company develops the Disclosure Policy with its resolution, and it shall have the ultimate authority and responsibility for its implementation, supervision, and improvement. A Board resolution shall be required to amend the Disclosure Policy.

The Investor Relations Department implements the provisions of this policy.

F. Principles Used for Determining Individuals with Administrative Responsibility Individuals with administrative responsibility are board members and non-members who access insider information, directly or indirectly, on a regular basis and have the authority to make administrative decisions that affects the Company's development and commercial targets. The Company identified the Board Members and Executive Management as individuals

with administrative responsibility.

G. Principles regarding the Disclosure of the Company's Assessment for the Future Only individuals who are authorized to make public disclosures may disclose the Company's assessments for the future, which include plans and projections that are considered insider information Such disclosure is made within the principles of capital market legislation. Since the assessments for the future are based on reasonable assumptions and forecasts, they may be revised in case of deviations due to unexpected risks and developments. In case of differences between the forecast and actual results of the futuristic assessments due to risks, uncertainties and other factors.

The Company provides clarifications to the investors in a reasonable period.

In addition to the disclosures made within the principles of capital market legislation, the Company may utilize media sources, press conferences and/or releases, national and international conferences or meetings, and other means of communication in its assessments for the future.



Emlak Konut REIC's **2021 Ordinary General Assembly** was held on Thursday, April 7, 2022 at the Company's Head Office under the supervision of Ministry Representative Mustafa Kenti. The Ordinary General Assembly was held with the participation of shareholders whose proportion represented 2,276,736,986.98 (59.9 percent) of the Company's capital of 3,800,000,000 Turkish lira.

As stated in Article 21 of the Company's Articles of Association, the Board of Directors is authorized to hold General Assemblies open to public including stakeholders and the press without granting any participant the right to speak. The meetings can be followed by members of the press and various stakeholders.

The Board of Directors makes the General Assembly invitation in accordance with the provisions of the Turkish Commercial Code, Capital Markets Law, and the Company's Articles of Association. It was carried out in due time as stipulated in Article 414 of the Turkish Commercial Code and the Articles of Association and after the notification of its day and agenda in the Turkish Trade Registry Gazette dated Monday, March 1, 2021, and No. 10277, Yeni Asır Newspaper dated 3/2/2021, and the corporate web site www.emlakkonut.com.tr and following its communication to the shareholders with recorded addresses on Tuesday, March 15, 2022, through registered letter with return receipt and also on the PDP and the Electronic General Assembly System of Merkezi Kayıt Kuruluşu A.Ş.

In addition to the General Assembly announcement, the Company presented on its corporate website and on PDP the documents to be available for the review of the shareholders as well as the declarations and statements that the Company shall make in accordance with the relevant legislation (excluding announcement and meeting dates) at least three weeks prior to the General Assembly date. The Company announced the invitation letter, agenda items and information document on the PDP before the General Assembly. Also, the Company provided all the shareholders the invitation letter, agenda items and power of attorney on Tuesday, March 15, 2022, and the General Assembly Information Document on the PDP. The Company also published all the General Assembly documents on its corporate website. The Board of Directors' Annual Report for the period Friday, January 1, 2021-Friday, December 31, 2021, attached Corporate Governance Principles Compliance Report, Independent Auditor Report, detailed information note about dividend payout

proposal and agenda items were made available to shareholders three weeks prior to the General Assembly and for three weeks at the Company's headquarters, branches, its corporate website, and the Central Securities Depository's Electronic General Assembly Portal.

The Company organizes the General Assembly to increase the participation of shareholders to avoid inequality between shareholders and with the least possible cost to increase the participation of shareholders. Maximum care is taken to facilitate the participation of shareholders in the General Assembly.

At the General Assembly, the Company paid utmost attention to conveying the agenda items in an objective and detailed manner and in a clear and understandable way giving the shareholders the opportunity to state their opinions and ask questions under equal conditions. At the General Assembly shareholders did not raise questions or express their opinions. Shareholders did not raise any agenda proposals at the General Assembly. In addition, no agenda items were raised in the General Assembly due to "unfavorable" votes of Independent Board Members.

At the General Assembly shareholders did not raise questions or express their opinions. Shareholders did not raise any agenda proposals at the General Assembly.

Voting Rights and Minority Rights

The Company avoids all practices that challenge the exercise of voting rights and takes utmost care to facilitate the exercise of the voting rights. The Company provides every shareholder with the opportunity to use their voting right in the easiest and most convenient manner including cross-border voting.

Each share equals to one vote at General Assembly. Group A shares have the privilege of nominating candidates only in the election of members of the Board of Directors. All members of the Board of Directors excluding independent members are elected by the General Assembly among Group A candidates nominated by shareholders. Without prejudice to the provision regarding group A shares to be issued due to capital increase stated in article 8 of the Company's Articles of Association, no privileges, including nominations for Board of Directors, may be created. Nor shall there be a right to issue any securities that provide privileges. The Company has the privilege of nominating only Group A shares to nominate members of the Board of Directors because it is an affiliate of the Housing Development Administration of the Ministry of Environment, Urbanization and Climate Change.

If the parties to the transactions requiring the approval of the General Assembly under Article 22 of the Articles of Association are related parties, the related parties shall not have voting right related to such transactions in the General Assembly. No quorum is sought at the General Assembly to be held for such cases, and resolutions are taken by the simple majority of the voters. As stated in Article 21 of the Company's Articles of Association, at the General Assembly meetings where resolutions of the Board of Directors on transactions with related parties, the provision of collateral, pledge and mortgage for the third parties are submitted despite the lack of approval by the majority of the Independent Members of the Board of Directors; the resolution shall be made at a voting where the parties to the transaction and persons related to them cannot cast votes. Also, it is ensured that other shareholders agree to such resolutions at the General Assembly. No quorum is sought at the General Assembly to be held for such cases, and resolutions are taken by the simple majority of the voters and if such a situation occurs, the matter shall be announced in the Public Disclosure Platform (PDP) in accordance with the provisions of the relevant legislation.

Minority shares are not regulated within the capital structure, not identified less than twentieth by the Articles of Association. The Articles of Association do not contain any arrangements that posit the representation or obstruct minority rights. The Company has not received any opinions or criticism throughout 2022 and until today.

Emlak Konut REIC developed a five-year strategy plan beginning with 2020 with the Board Resolution on Monday, January 6, 2020. This strategic plan will be valid from 2020-2024. The Company pays utmost care to achieving the strategic goals and objectives with this plan. The 5-year strategy was approved and implemented at a Board of Directors meeting approved by all members.

The Company evaluates the progress in reaching the targets. And the results obtained within the five year period will be subject to evaluation by the Board of Directors. The Board reviews the targets immediately in the case of a divergence, takes necessary measures and initiates the process regarding regulatory activities.

The Board of Directors is responsible for achieving the Company's operational and financial performance targets as announced to the public. In case of a failure to reach the publicly announced operational and financial performance targets, the Company announces this situation and the reasons in its annual report.

The creates its short- and medium-term plans in line with its main objective and it exerts efforts to boost total benefit in the short and long term to reach its goals.

However, it makes the short-term planning changes (if necessary) annually.

- The the master plan is to ensure the full-scale completion of digital transformation to increase the efficiency of operations and shorten business processes.
- To obtain TS ISO 10002 Customer Satisfaction Management System, TS EN ISO 14001 Environmental Management System, TS EN ISO 50001 Energy Management System and TS 18001 Occupational Health and Safety Management System Quality Certificates and to act in accordance with these management systems.
- Investing in developing branded products that are known and used globally in various fields, particularly in the sub-components of the construction industry.
- Increasing the company's current asset size by 1.5 times.
- Developing activities abroad.
- Opening promotion, marketing and sales offices in at least five countries. Generating land and developing real estate projects together with international companies.
-
- Becoming one of world's most renowned Real Estate Investment Companies and, thus, creating a national brand by safeguarding both economic and social benefits.

Right to Dividends

The Company has a specific and consistent dividend policy. This policy and the related information were presented to the shareholders with Article 6 at the Ordinary General Assembly held on April 28, 2014. The dividend policy includes minimum information clear enough to enable shareholders to foresee the dividend procedures and principles that the Company will obtain in future periods.

The Company has no privilege on dividend participation. The dividend for the related accounting period shall be distributed equally to all the existing shares. The Company observes a balance between the interests of shareholders and those of the Company in the dividend policy.

Dividend payout policy is presented to the shareholders for their review in the "Corporate Governance Information" content of the Investor Relations section on the corporate website. It is also presented to all stakeholders in the annual report. The Company reports its dividend payout principles, policies and dividend ratios for shareholders in annual reports, and informs shareholders about the relevant process with the announcements on PDP.

The Company distributed at least 40% of the net distributable profit calculated at the end of the year in cash for six financial periods starting from the first public offering in 2010. The Company did not distribute 2016 net profit allocating it as an excess reserve referring to the justification in the related agenda item in the General Assembly. The current policy was implemented for the following 2017 and 2018 years. The policy was revised in 2022 for the distribution of minimum 30% of the net profit for the period and adopted at the General Assembly. Within 2022, the company distributed a first dividend amount of 390,260,000 reserved for distribution from the 2021 net profit.

Public Disclosure and Transparency

It takes place in alignment with information disclosed to the public regarding the future, forecasts based on studies conducted, current market conditions and the assumptions/developments that are expected to occur in the country and the world economy during the year. In the event of unforeseen circumstances, the Company reassesses its targets. And if information previously disclosed the public comes to nothing or if the Company realizes that it will come to nothing, it shares this (realization and divergence) using mainly the PDP platform within the framework of regulations of the CMB regarding public disclosure of special cases.

The Company showed the necessary care for the material event disclosures, one of the important tools of Disclosure Policy making the disclosures required by the legislation in a complete and timely manner.

The Company presented its net profit amount, sales targets and the tender calendar to be applied throughout 2022 to all its stakeholders via the PDP on 14.02.2022. When making these estimates and assumptions, the company follows the data from official institutions (such as economic and social data, and various confidence indices) as well as on analyses from national and international organizations. The Company's projections are interpreted by analyzing our own data from the previous year such as sales, square meters, amounts, and the like.

The Investor Relations Department fulfills the following tasks: ensuring that domestic and international investors are informed correctly, consistently, simultaneously and timely, establishing communication with the capital market regulators and meeting all public disclosures requirements in accordance with the relevant regulation, and performing all functions of the Department.

Under Paragraph 11.1, Article 11 of the Corporate Governance Communique No.17.1, this Department directly reports to Ercan Aliođlu, Deputy General Manager - Financial Affairs.

The Investor Relations Department conducted all its activities in 2022 in compliance with the basic Corporate Governance Principles guideline, Capital Markets Law and all the communiqués prepared in accordance with this Law.

- In line with the public disclosure principle, the Company informed the current shareholders and potential investors about the Company's activities, financial state, and strategies regularly (excluding confidential and commercially confidential information) and without causing inequality.
- The Company participated in investor conferences held in Turkey and abroad representing the national real estate industry in national and international platforms.
- In this context, the Company participated in four domestic and international conferences in 2022 meeting with a total of 98 investors and analysts in these events.
- Except for these events, the Company made contact with 272 investors/analysts in 67 meetings.
-

As part of financial communication, information activities for domestic/foreign institutional and individual investors, answering the questions of existing and potential investors and analysts, the developments concerning the Company were presented to 58 investors/analysts in conference calls organized regarding the sales and financial results of 2021, and the questions from the participants were answered by the Senior Management and the Investor Relations Department. The Company updates its website and the investor presentation regularly to ensure that investors follow up-to-date information.

The Company managed content related to the Investor Relations Department and ensured continuous access to updated information. Also, all the disclosures made by the Company

at the Public Disclosure Platform (PDP) were disclosed to the shareholders in Turkish/English on the corporate website.

In 2022, the Investor Relations Department did not receive any written applications from investors to obtain information. Also, the Investor Relations Department received many information requests from the analysts and investors mostly by e-mail and telephone. It answered all the inquires in accordance with the legislation and in parallel with information disclosed to the public.

3. Exercise of Shareholder Rights to Obtain Information

We share all information with our stakeholders providing transparency and truth as determined corporate governance principles and due to our corporate culture (excluding trade secrets). As explained in the section "9. The Company Website and its Content" of this report; (see p. 77), the corporate website shares all the information and disclosures that may affect the exercise of shareholder rights.

The Company's "Investor Relations Department" plays an active role in facilitating the protection and use of shareholder rights, in particular, the right to receive and review information. The Company's Investor Relations Department gives verbal or written replies to requests and inquiries from all stakeholders as soon as possible.

The inquiries and information requests to the Company can be answered in electronic format as well as in written form with external writing. Also regular meetings took place with both the existing and/or potential investors and analysts in one-on-one and/or group meetings upon the requests received outside this informational channel. We manage address questions through telephone or e-mail and provide replies within 10 working days at the latest.

We received no request for the appointment of a special auditor to the Company throughout 2022 while the appointment of a special auditor is not regulated as a right under Emlak Konut REIC's Articles of Association. However, the Company management avoids all transactions that make it difficult to conduct special audits and pays utmost attention to this matter.

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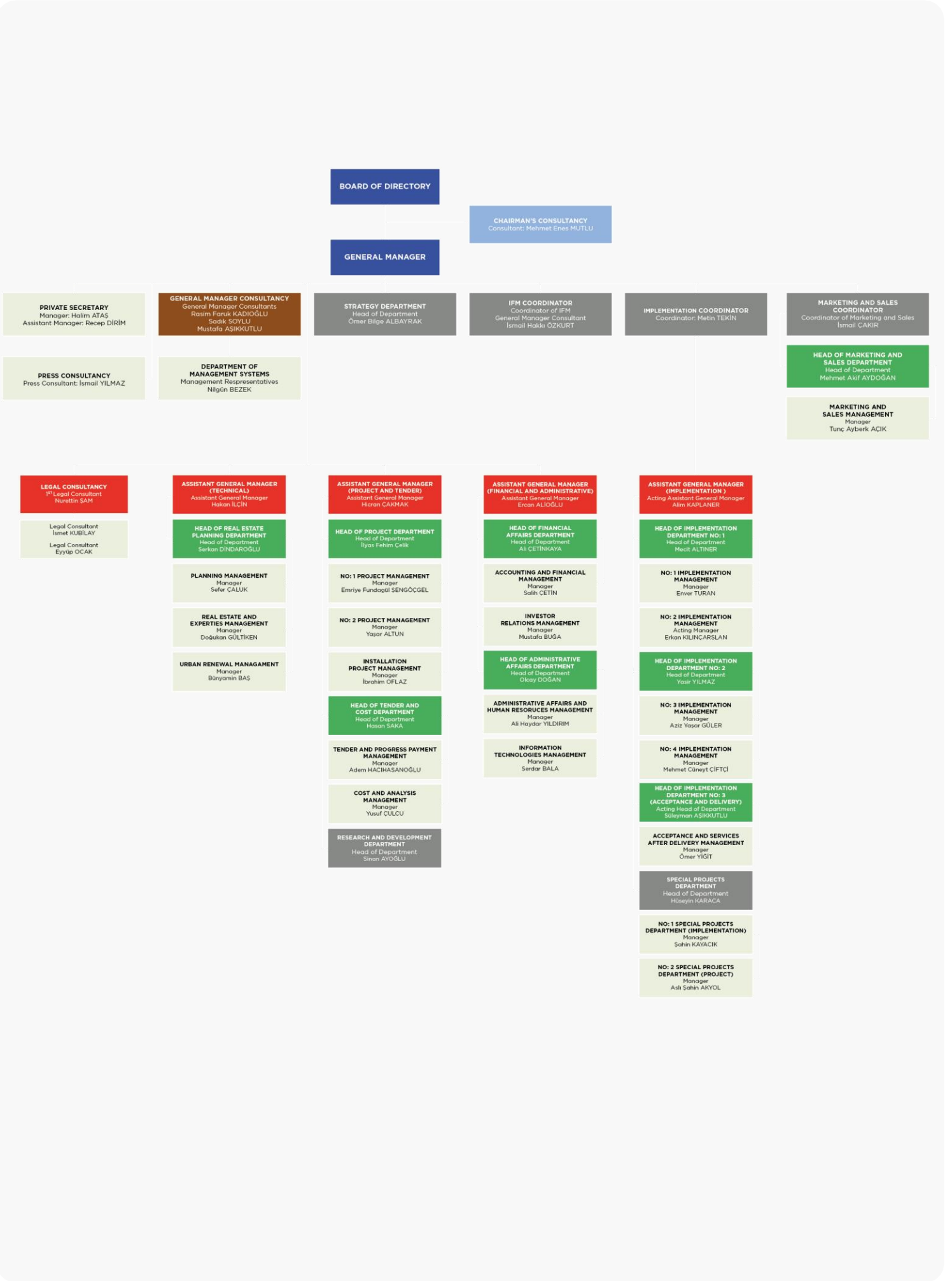
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EMLAK KONUT REIC

ORGANIZATION CHART







Revenue Sharing Model In Return for Land Sale	sqm	Date of Purchase	Book Value (TRY)	Current Company Share in Total Revenue (TRY)
EBRULİ İSPARTAKULE	19.916	1.06.2007	28.160.616	266.782.304
DÜŞLER VADİSİ	921.537	29.06.2016	138.129.608	274.649.781
CER İSTANBUL	1.226	30.07.2012	14.648.242	25.971.513
EVORA İZMİR	-	8.11.2016	64.646	226.700.416
ALL SANCAK	-	8.11.2016	7.545.272	199.331.897
MERKEZ ANKARA	15.710	3.04.2014	321.697.839	1.467.415.844
NİDAPARK İSTİNYE	87.699	28.05.2014	567.635.497	2.794.511.917
NİDAPARK KAYAŞEHİR	12.028	3.04.2014	35.760.808	107.950.125
NİDAPARK KÜÇÜKYALI	16.737	14.06.2011	335.556.248	1.009.633.477
İDEALİST CADDE	7.329	16.08.2017	6.018.877	15.451.281
ORMANKÖY	49.009	29.05.2018	219.091.407	277.645.684
NİŞANTAŞI KORU	13.726	27.04.2018	645.635.841	1.318.928.853
AVRASYA KONUTLARI	39.032	7.02.2020	142.238.074	256.000.000
MEYDAN BAŞAKŞEHİR	63.474	10.02.2020	203.622.802	565.708.910
İSTANBUL BEŞİKTAŞ DİKİLİTAŞ	3.357	7.03.2021	68.419.221	230.500.000
BEŞİKTAŞ ORTAKÖY ASKGPI	17.131	29.04.2021	262.394.883	1.192.500.000
YENİ LEVENT	53.046	8.04.2021	436.264.077	3.792.480.176
BATI YAKASI 1. ETAP	38.334	3.09.2021	210.244.596	1.088.518.471
BATI YAKASI 2. ETAP	63.846	22.11.2021	324.320.216	910.000.000
İSTANBUL KAYABAŞI 8. ETAP	30.056	30.11.2021	202.852.969	703.000.000
ANKARA ÇAYYOLU 2. ETAP PROJESİ	31.971	10.03.2022	84.722.500	170.440.000
İSTANBUL TUZLA MERKEZ PROJESİ	84.268	17.06.2022	400.149.872	2.160.999.750
KÖY 4. ETAP PROJESİ	18.497	16.06.2022	49.553.656	792.610.000
ATAŞEHİR KÜÇÜKBAKKALKÖY	7.492	15.06.2022	62.581.743	894.600.000
AVCILAR FİRUZKÖY 1. ETAP 1. KISIM	62.469	25.08.2022	145.853.825	1.790.250.000
AVCILAR FİRUZKÖY 1. ETAP 2. KISIM	81.685	2.09.2022	158.514.287	2.527.350.000
ANTALYA AKSU PROJESİ	64.108	8.08.2022	134.704.717	1.515.000.000
İSTANBUL AVCILAR FİRUZKÖY 2.ETAP	60.095	1.10.2022	156.103.299	1.661.000.000
BİZİM MAHALLE 2. ETAP 1. KISIM	35.697	5.12.2022	203.064.053	2.340.000.000
BİZİM MAHALLE 2. ETAP 2. KISIM	56.744	13.12.2022	348.475.950	2.862.000.000
ÜMRANİYE İNKİLAP	-	14.11.2022	306.023.083	1.781.000.000
BAŞAKŞEHİR HOŞDERE 7. ETAP	67.294	14.10.2022	50.177.325	861.000.000
TOTAL	2.023.516		6.270.226.049	36.079.930.398

Turn-Key Model Projects	sqm	Book Value + Progress Payments
ÜMRANIYE KENTSEL DÖNÜŞÜM	25.715	281.525.652
EMLAK KONUT FLORYA EVLERİ	45.941	1.165.220.512
KÖY 3. ETAP	79.216	679.019.374
BİZİM MAHALLE 1. ETAP 3. KISIM	29.937	247.770.380
BİZİM MAHALLE 1.ETAP 2.KISIM	49.419	767.115.996
EMLAK KONUT VADİ EVLER 1. ETAP 2. KISIM	70.752	186.177.025
ANKARA SARAÇOĞLU PROJESİ	-	615.141.158
BİZİM MAHALLE 1. ETAP 4. KISIM	24.995	237.484.053
ÇEKMEKÖY ÇINARKÖY KONUTLARI 1. ETAP	137.994	870.569.700
İSTANBUL KAYABAŞI EMLAK KONUTLARI	20.063	46.707.163
DENİZLİ MERKEZEFENDİ İKMAL İŞİ	14.227	346.586.892
ÇEKMEKÖY ÇINARKÖY EVLERİ ALTYAPI YAPIM İŞİ	-	26.148.462
İSTANBUL AVCILAR FİRUZKÖY 5. ETAP	93.793	214.911.161
ÇEKMEKÖY ÇINARKÖY KONUTLARI 2. ETAP	44.969	553.495.984
BALIKESİR ALTIEYLÜL	46.168	176.465.582
ÇEKMEKÖY ÇINARKÖY KONUTLARI 3. ETAP 1. KISIM	19.981	247.959.635
ÇEKMEKÖY ÇINARKÖY KONUTLARI 4. ETAP 1. KISIM	14.694	136.810.412
ÇEKMEKÖY ÇINARKÖY KONUTLARI 4. ETAP 2. KISIM	10.023	108.041.753
ÇEKMEKÖY ÇINARKÖY KONUTLARI 4. ETAP 3. KISIM	13.314	116.174.455
ÇEKMEKÖY ÇINARKÖY KONUTLARI 3. ETAP 2. KISIM	14.411	147.233.678
ÇEKMEKÖY ÇINARKÖY KONUTLARI 3. ETAP 3. KISIM	10.793	243.768.972
AVCILAR FİRUZKÖY ALTYAPI YAPIM İŞİ	-	111.704.142
ÇEKMEKÖY ÇINARKÖY SATIŞ OFİSİ TAMAMLAMA İŞİ	10.726	38.152.550
EMLAK KONUT VADİ EVLER 1. ETAP 1. KISIM İKMAL İŞİ	93.803	186.337.275
MERKEZ ANKARA O BLOK YAPIM İŞİ	-	69.982.046
ÇEKMEKÖY ÇINARKÖY KONUTLARI 3. ETAP 4. KISIM	40.787	246.290.449
TOTAL	911.719	8.066.794.461

Appraisal Report Name	# of Parcels	sqm	Date of Purchase	Book Value	Appraisal Value
ANKARA ÇANKAYA PARSELLERİ	12	38.433,77	3.04.2014 - 12.05.2020 - 06.09.2021	51.295.186	125.871.000
ANTALYA AKSU PARSELLERİ	1	3.505,00	27.08.2021 - 26.07.2022	25.411.250	25.411.250
İSTANBUL ARNAVUTKÖY PARSELLERİ	56	1.046.288,90	5.06.2013	171.408.120	1.387.164.947
İSTANBUL ATAŞEHİR PARSELLERİ	7	6.845,28	29.12.1999 - 04.03.2015 - 14.12.2020	12.637	27.120.135
İSTANBUL BAŞAKŞEHİR HOŞDERE PARSELLERİ	5	53.782,59	14.06.2011 - 06.10.2011 - 30.07.2012 - 07.08.2012 - 9.03.2022	29.522.077	267.810.818
İSTANBUL BAŞAKŞEHİR İKİTELLİ PARSELLERİ	17	105.475,03	01.12.2010 - 07.03.2012 - 25.09.2012 - 01.10.2012 - 05.03.2015	160.814.093	993.023.059
İSTANBUL BAŞAKŞEHİR KAYABAŞI PARSELLERİ	1	29.915,44	9.03.2022	439.756.968	600.000.000
İSTANBUL BAŞAKŞEHİR TATARCIK PARSELLERİ	2	52.542,66	27.08.2021	139.237.890	315.255.600
İSTANBUL ÇEKMEKÖY - TAŞDELEN PARSELLERİ	9	105.071,67	30.05.2017 - 16.11.2020	535.962.925	1.595.000.000
İSTANBUL ESENYURT HOŞDERE PARSELLERİ	1	6.355,08	14.06.2011 - 30.07.2012 - 9.03.2022	29.313.841	76.260.960
İSTANBUL ESENLER PARSELLERİ	10	105.463,86	9.03.2022	2.400.884.773	3.025.000.000
İSTANBUL KARTAL PARSELLERİ	9	13.020,46	24.04.2013 - 22.04.2012 - 02.12.2020	28.173.655	70.462.715
İSTANBUL KÜÇÜKÇEKMECE HALKALI PARSELLERİ	16	233.496,93	3.04.2014	1.192.508.629	3.218.446.200
İSTANBUL SARIYER PARSELLERİ	3	1.155,89	28.05.2014	8.708.510	8.731.010
İSTANBUL RUMELİHISARI PARSELLERİ	1	57.600,00	26.09.2022	600.000.000	600.000.000
İSTANBUL TUZLA PARSELLERİ	6	8.823,48	30.12.2005 - 05.03.2015 - 01.06.2007 - 27.08.2021 - 3.01.2022	26.191.628,00	57.790.985
İSTANBUL ÜMRANIYE PARSELLERİ	-	-	31.12.2012 - 27.08.2021	-	-
İSTANBUL AVCILAR PARSELLERİ	22	391.284,97	30.06.2019 - 12.05.2020	826.641.107	2.532.980.838
İSTANBUL EYÜP KEMERBURGAZ PARSELLERİ	4	56.605,82	12.05.2020	169.445.401	1.850.000.000
İSTANBUL ŞİŞLİ PARSELLERİ	2	6.105,00	26.07.2022	350.000.000	350.000.000
BALIKESİR PARSELLERİ	1	3.845,04	9.03.2022	13.633.136	13.073.136
İZMİR KONAK PARSELLERİ	5	2.865,59	31.05.2000	13.051.102	58.146.140
İZMİR ÇEŞME PARSELLERİ	1	39.916,00	26.07.2022	439.076.000	500.000.000
İZMİR DİKİLİ PARSELLERİ	5	2.269,76	26.07.2022	10.986.332	11.058.432
İZMİR SEFERİHISAR PARSELLERİ	9	13.792,09	26.07.2022	79.473.310	83.429.079
İZMİR URLA PARSELLERİ	1	52.998,31	26.07.2022	201.393.578	250.000.000
DENİZLİ PARSELLERİ	4	35.603,68	5.03.2015	56.081.112	176.128.000
KASTAMONU CİDE PARSELLERİ	1	9.110,04	06.10.2011 - 07.08.2012 - 14.06.2011 - 30.07.2012	52.663	110.000
KOCAELİ PARSELLERİ	28	36.031,69	25.02.2008 - 06.10.2011 - 07.08.2012 - 14.06.2011 - 30.07.2012	32.074.455	37.926.970
MUĞLA BODRUM PARSELLERİ	28	767.317,44	8.03.2022 - 9.03.2022 - 26.07.2022	2.709.607.379	3.309.194.194
MUĞLA MİLAS PARSELLERİ	1	17.617,89	26.07.2022	79.280.505	150.000.000
NEVŞEHİR PARSELLERİ	2	26,10	3.04.2014	9.238	35.500
TEKİRDAĞ ÇORLU PARSELLERİ	4	35.923,48	24.03.2006 - 30.09.2010	6.152.734	13.477.000
TOTAL	274	3.339.089		10.826.160.234	21.728.907.966

Investment Properties (Lands)	# of Parcels	sqm	Date of Purchase	Book Value	Appraisal Value
İSTANBUL ATAŞEHİR PARSELLERİ	2	4.376	29.12.1999	0,02	20.103.223
İSTANBUL KÜÇÜKÇEKMECE HALKALI PARSELLERİ	1	1.500	30.05.2016	5.490.111	18.000.000
BAKIRKÖY FLORYA PARSELLERİ	1	40.723	29.06.2016	262.500.000	900.000.000
İSTANBUL KARTAL PARSELLERİ	3	16.231	24.04.2013 - 22.04.2012	27.836.147	81.155.000
TOTAL	7	62.830		295.826.259	1.019.258.223

Building Investory	# of Units in Investory	Sqm	Book Value	Appraisal Value
DENİZLİ MERKEZEFENDİ İKMAL İŞİ	34	6.575,98	18.221.631	83.479.000
AYAZMA EMLAK KONUTLARI	1	133,65	490.101	4.200.000
KÖRFEZKENT ÇARŞI	4	3.824,96	10.670.153	22.640.000
KUZEY YAKASI	207	23.897,19	287.788.719	904.965.409
YENİKÖY KONAKLARI	1	327,24	2.535.686	5.513.994
SEMT BAHÇEKENT 1-1	6	906,50	5.410.935	19.548.838
KÖY	15	2.885,15	42.602.505	104.676.800
SEMT BAHÇEKENT 1-2	20	2.921,26	27.066.807	62.316.375
BİZİM MAHALLE 1. ETAP 1. KISIM	632	74.798,85	1.264.651.679	1.106.758.000
AĞAOĞLU MASLAK 1453 İSTANBUL	72	23.785,46	334.601.100	920.834.559
AVANGART İSTANBUL	2	436,07	15.381.100	15.381.100
AVRUPARK HAYAT	10	1.648,33	13.918.921	42.544.872
EVORA DENİZLİ	9	1.222,35	7.194.344	21.670.900
GÖL PANORAMA EVLERİ	1	184,67	674.257	4.339.750
KARAT 34	9	3.621,87	34.542.648	78.366.265
KOORDİNAT ÇAYYOLU	3	998,66	7.603.864	12.700.000

Building Inventory	# of Units in Inventory	Sqm	Book Value	Appraisal Value
MERKEZ ANKARA	92	83.561,55	1.259.542.150	909.929.700
METROPOL İSTANBUL	1	506,64	3.448.400	34.348.474
NİDAPARK İSTİNYE	6	1.847,04	40.156.000	158.324.587
SARPHAN FİNANS PARK	67	5.551,97	108.695.703	330.567.672
BÜYÜKYALI İSTANBUL	5	1.130,60	14.656.175	29.606.091
TEMAŞEHİR	25	1.527,60	20.593.200	23.064.900
VALİDEBAĞ KONAKLARI	1	148,03	2.593.600	2.786.100
TOTAL	1.223	242.442	3.523.039.678	4.898.563.387

Building Inventory (Stocks from Projects)	# of Units in Inventory	Sqm	Book Value	Appraisal Value
NİDAPARK KAYAŞEHİR	97	9.324,05	44.167.697	297.446.996
NİDAPARK KÜÇÜKYALI	29	32.837,94	347.169.160	1.703.331.306
TOTAL	126	42.162	391.336.857	2.000.778.302

Investment Property	# of Units in Inventory	Sqm	Book Value	Appraisal Value
AĞAOĞLU MASLAK 1453 İSTANBUL	5	2.040	41.463.400	109.414.375
BÜYÜKYALI	122	26.698	103.731.978	717.417.671
İSTMARINA	238	60.879	300.316.146	680.000.000
SARPHAN FİNANS PARK	97	5.026	93.942.000	288.614.935
ESENLER EMLAK KONUTLARI	3	372	1.414.607	10.250.000
DUMANKAYA MIKS	1	187	1.665.910	3.090.000
TOTAL	466	95.202	542.534.041	1.808.786.980

Building in Non-Current Assets	# of Units in Inventory	Sqm	Book Value	Appraisal Value
YALI ATAKÖY	1	214	4.328.836	21.186.441
NİDAKULE ATAŞEHİR	1	295	6.943.148	31.500.000
VARYAP MERİDİAN	2	138	762.511	9.700.000
RESMİ KURUM BİNASI	2	27.766	81.873.172	2.563.769.980
TOTAL	6	28.413	93.907.667	2.626.156.421

Subsidiaries Turn-Key Projects (EPP)	sqm	Date of Purchase	Book Value	Appraisal Value
TUZLA ORHANLI PARSELLERİ	1.452,99	2.05.2013	540.086	2.999.199
İSTANBUL RESNELİ PARSELLERİ	148.058,12	12.01.2021	95.195.970	1.008.921.458
İSTANBUL ATAŞEHİR PARSELLERİ	251,33	28.03.2016	404.029	4.870.000
SAKARYA SAPANCA PARSELLERİ	120.052,88	12.06.2013	5.905.000	151.887.346
TOTAL	269.815,32		102.045.085	1.168.678.003

Buildings Total (Investment)	Of Units in Inventory	sqm	Book Value	Appraisal Value
SARPHAN FİNANSPARK	2	131,14	2.032.502	11.166.900
DOĞA PARKI EVLERİ	7	407,90	8.390.119	9.857.300
BENİM KENTİM YALOVA	6	2.106,88	12.531.508	19.901.885
TOTAL	25	2.646	22.954.129	40.926.085

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT**

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



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
İstanbul

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”) and its subsidiaries (“the Group”) which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p><i>Revenue recognition</i></p> <p>The Group realizes sales mostly in the form of turnkey and Land Subject to Revenue Sharing Agreements (“LSRSA”) projects.</p> <p>In turnkey projects, it is the Group’s responsibility to maintain and complete the project and the Group recognizes revenue when performance obligation is fulfilled (independent units are transferred to the customer).</p> <p>In LSRSA projects, the contractor completes the construction and regarding the project, the Group receives advance payments from the buyer and makes payments to the contractor. Revenue in LSRSA project is recognized when performance obligation is fulfilled (the earlier of the signing of the temporary acceptance protocol with the contractor and the signing of the delivery protocol with the buyer).</p> <p>As of the balance sheet date, there may be cases where the construction has been completed, but the delivery has not been realized for turnkey projects. In LSRSA projects, there may be cases where the construction has been completed as of the balance sheet date, but the delivery has not been realized and the temporary acceptance protocol has not been signed.</p> <p>Based on the above-mentioned situations, whether the revenue is recognized in the correct period in accordance with the principle of seasonality of sales has been determined as a key audit matter.</p> <p>Explanations regarding the Group’s revenue accounting policies and amounts are given in Note 2.4 and Note 19.</p>	<p>We performed the following procedures in relation to the revenue recognition in turnkey and LSRSA projects:</p> <p>The design and implementation of the controls on the revenue process have been evaluated. The sales and delivery procedures of the Group have been analyzed.</p> <p>For the turnkey projects, the provisions regarding the delivery of residentials in the contracts with customers have been examined and the timing of the revenue recognition in the financial statements has been evaluated. Through substantive procedures, it has been focused on the record of receivables and advances received and the evaluation of the situations where the performance obligation is not fulfilled for the independent units sold as of the balance sheet date for the turnkey projects.</p> <p>For the LSRSA projects, provisions regarding the temporary acceptance and the delivery of residentials in the projects made with contractors and timing of the revenue recognition in the financial statements has been evaluated.</p> <p>Through substantive procedures, it has been focused on the record of receivables and advances received and the evaluation of the situations where the performance obligation is not fulfilled for the independent units sold as of the balance sheet date for the LSRSA projects.</p> <p>In addition, the adequacy of the disclosures presented in Note 19 Revenue and Cost of Sales has been evaluated under TFRS.</p>

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence.

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 7 March 2023.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Emrehan Demirel.

Additional paragraph for convenience translation to English

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

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



Emrehan Demirel, SMMM
Partner

İstanbul, 7 March 2023

INDEX	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	4
CONSOLIDATED STATEMENT OF CASH FLOWS.....	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	6-66
NOTE 1 ORGANIZATION AND OPERATION OF THE GROUP.....	6-7
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.....	8-23
NOTE 3 SHARE IN OTHER AFFILIATES.....	24-29
NOTE 4 CASH AND CASH EQUIVALENTS.....	29-30
NOTE 5 FINANCIAL INVESTMENTS.....	30
NOTE 6 FINANCIAL LIABILITIES.....	30-31
NOTE 7 TRADE RECEIVABLES AND PAYABLES	31-32
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	32-33
NOTE 9 INVENTORIES.....	33-37
NOTE 10 INVESTMENT PROPERTIES	38-39
NOTE 11 RIGHT OF USE ASSET.....	39
NOTE 12 PROPERTY, PLANT AND EQUIPMENT.....	39-40
NOTE 13 INTANGIBLE ASSETS.....	40
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	40-43
NOTE 15 EMPLOYEE BENEFITS.....	44
NOTE 16 OTHER ASSETS AND LIABILITIES.....	45
NOTE 17 DEFERRED INCOME AND PREPAID EXPENSES.....	45
NOTE 18 SHAREHOLDERS' EQUITY.....	46
NOTE 19 REVENUE AND COST OF SALES.....	47
NOTE 20 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES.....	47-48
NOTE 21 EXPENSES BY NATURE.....	48
NOTE 22 OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES	48-49
NOTE 23 INCOME FROM INVESTING ACTIVITIES.....	49
NOTE 24 FINANCIAL INCOME / EXPENSES.....	49
NOTE 25 TAXATION ON INCOME (DEFERRED TAX AND LIABILITIES INCLUDED).....	50-52
NOTE 26 EARNINGS PER SHARE.....	52
NOTE 27 RELATED PARTY DISCLOSURES.....	53-55
NOTE 28 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	56-60
NOTE 29 FINANCIAL INSTRUMENTS	60-62
NOTE 30 COMMITMENTS.....	62-63
NOTE 31 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM.....	64
NOTE 32 EVENTS AFTER THE REPORTING PERIOD.....	64
ADDITIONAL NOTE CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS.....	65-66

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021**

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current assets		42,141,914	26,113,218
Cash and cash equivalents	4	6,107,609	3,728,285
Financial investments	5	-	500
Trade receivables	7	3,268,382	2,794,039
<i>Trade receivables due from related parties</i>	27	-	15,261
<i>Trade receivables due from third parties</i>		3,268,382	2,778,778
Other receivables		577,700	554,742
<i>Other receivables due from related parties</i>	27	-	182
<i>Other receivables due from third parties</i>	8	577,700	554,560
Inventories	9	28,955,350	17,853,446
Prepaid expenses		2,374,680	977,233
<i>Prepaid expenses to related parties</i>	27	1,433,207	-
<i>Prepaid expenses to third parties</i>	17	941,473	977,233
Other current assets	16	852,225	204,973
Current tax assets		5,968	-
Non-current assets		4,817,265	4,647,234
Trade receivables	7	3,730,187	3,630,723
<i>Trade receivables due from third parties</i>		3,730,187	3,630,723
Other receivables	8	21,650	11,473
<i>Other receivables due from third parties</i>		21,650	11,473
Financial investments		-	842
Investments accounted for using equity method		841	-
Investment properties	10	742,683	843,675
Right-of-use assets	11	17,721	180
Property, plant and equipment	12	285,862	152,613
Intangible assets	13	7,965	5,028
Deferred tax assets	25	10,356	2,700
Total assets		46,959,179	30,760,452

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021**

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES AND EQUITY			
Current liabilities		25,293,981	12,838,385
Short-term borrowings	6	1,300,263	1,580,733
Short-term portions of long-term borrowings	6	1,814,145	1,179,002
<i>Short-term portion of long-term borrowings from related parties</i>			
<i>Lease liabilities</i>	6	3,823	4,508
<i>Short-term portion of long-term borrowings</i>			
<i>Bank Loans</i>	6	1,810,322	1,174,494
Trade payables	7	2,956,858	2,006,203
<i>Trade payables due to related parties</i>	27	1,774,954	503,948
<i>Trade payables due to third parties</i>		1,181,904	1,502,255
Other payables	8	516,169	196,047
<i>Other payables to related parties</i>	27	593	587
<i>Other payables to third parties</i>		515,576	195,460
Deferred income	17	18,423,670	7,695,649
<i>Deferred income from related parties</i>	27	1,004,341	255,424
<i>Deferred income from third parties</i>		17,419,329	7,440,225
Current tax liabilities	25	-	7,492
Short-term provisions		282,876	173,259
<i>Short-term provisions for employee benefits</i>		35,536	17,109
<i>Other short-term provisions</i>	14	247,340	156,150
Non-current liabilities		3,297,175	2,175,180
Long-term borrowings		3,103,650	2,030,678
<i>Long-term borrowings from related parties</i>			
<i>Lease liabilities</i>		11,837	3,358
<i>Long-term borrowings from third parties</i>			
<i>Lease liabilities</i>		15,792	-
<i>Long-term borrowings from third parties</i>			
<i>Bank Loans</i>	6	3,076,021	2,027,320
Trade payables	7	20	2,099
<i>Trade payables due to third parties</i>		20	2,099
Other payables	8	117,382	89,537
<i>Other payables to third parties</i>		117,382	89,537
Deferred income	17	4,738	4,738
<i>Deferred income from third parties</i>		4,738	4,738
Long-term provisions		48,753	25,268
<i>Long-term provisions for employee benefits</i>		48,753	25,268
Deferred tax liability	25	22,632	22,860
Shareholders' equity		18,368,023	15,746,887
Total equity attributable to equity holders of the Company		18,368,023	15,746,887
Paid-in capital	18	3,800,000	3,800,000
Treasury shares (-)		(296,231)	(296,231)
Share premium (discounts)		2,366,895	2,366,895
Other comprehensive income (expense) not to be reclassified to profit or loss		(42)	(42)
<i>Gain (loss) on revaluation and remeasurement</i>		(42)	(42)
Restricted reserves appropriated from profit		882,670	789,174
Retained earnings		8,617,598	7,754,768
Net profit for the year		2,997,133	1,332,323
Total liabilities and equity		46,959,179	30,760,452

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

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2022 AND 2021**

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

	Notes	Reviewed 1 January- 31 December 2022	Reviewed 1 January- 31 December 2021
Revenue	19	8,122,851	6,737,461
Cost of sales (-)	19	(3,481,310)	(4,536,400)
Gross profit		4,641,541	2,201,061
General administrative expenses (-)	20	(918,357)	(468,185)
Marketing expenses (-)	20	(167,358)	(83,334)
Other income from operating activities	22	975,988	680,245
Other expenses from operating activities (-)	22	(1,230,840)	(622,626)
Operating profit		3,300,974	1,707,161
Income from investing activities	23	27,347	30,798
Operating profit before financial income / (expense)		3,328,321	1,737,959
Financial income	24	617,881	187,732
Financial expenses (-)	24	(952,068)	(609,431)
Profit from continuing operations, before tax		2,994,134	1,316,260
Tax (expense)/income from continuing operations		2,999	16,063
<i>Current period tax expense</i>	25	(4,885)	(16,056)
<i>Deferred tax income</i>	25	7,884	32,119
Net profit for the period		2,997,133	1,332,323
Profit for the period is attributable to:			
Non-controlling interests		-	-
Owners of the Company		2,997,133	1,332,323
Total comprehensive income for the period		2,997,133	1,332,323
Total comprehensive income is attributable to:			
Non-controlling interests		-	-
Owners of the Company		2,997,133	1,332,323
Earnings per share (in full TL)	26	0.0082	0.0036

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. VE BAĞLI ORTAKLIKLARI

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

(Tutarlar aksi belirtilmedikçe bin Türk Lirası (“TL”) olarak ifade edilmiştir.)

	Share capital	Treasury shares (-)	Share premium/ discounts	Restricted reserves appropriated from profit	Other Accumulated Comprehensive Income and Expense not to be Reclassified to Profit or Loss	Retained Earnings	Equity attributable to the parent	Non-controlling interests	Total equity	
					Gain/Loss on remeasurement of defined benefit plans	Net profit for the period				
1 January 2021	3,800,000	(296,231)	2,366,895	747,616	(42)	7,040,692	836,258	14,495,188	(1,180)	14,494,008
Transfers	-	-	-	41,558	-	794,700	(836,258)	-	-	-
Dividend	-	-	-	-	-	(79,444)	-	(79,444)	-	(79,444)
Total comprehensive income	-	-	-	-	-	-	1,332,323	1,332,323	-	1,332,323
31 December 2021	3,800,000	(296,231)	2,366,895	789,174	(42)	7,754,768	1,332,323	15,746,887	-	15,746,887
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 (Note 15) (*)	-	-	-	-	-	(375,997)	-	(375,997)	-	(375,997)
Total comprehensive income/(expense)	-	-	-	-	-	-	2,997,133	2,997,133	-	2,997,133
31 December 2022	3,800,000	(296,231)	2,366,895	882,670	(42)	8,617,598	2,997,133	18,368,023	-	18,368,023

(*) At the Ordinary General Assembly Meeting held on 7 April 2022, the decision to distribute a cash dividend of TL 375,997 (25 March 2021: TL 79,444) from the profits of 2021 was approved by majority vote. Since the Group owns its own shares with a nominal value of TL 1 at a rate of 3.65% as of 7 April 2022, 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 27 April 2022.

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

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021**

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

		<i>Reviewed</i> 1 January- 31 December 2022	<i>Reviewed</i> 1 January- 31 December 2021
Cash flows from operating activities			
Profit for the period		2,997,133	1,332,323
Adjustments related to reconcile of net profit for the period			
Adjustments related to depreciation and amortization expenses	20, 22	52,058	30,682
Adjustments related to tax expense (income)	25	(2,999)	(16,063)
Adjustments related to (reversal of) impairments (net)		1,037,782	26,986
<i>Adjustments related to (reversal of) impairment of inventories (net)</i>	9	1,037,782	55,159
<i>Adjustments for impairment loss (reversal of impairment loss) of investment properties</i>	10	-	(28,173)
Adjustments related to provisions		140,880	51,133
<i>Adjustments related to (reversal of) provisions for employee benefits</i>		43,933	14,479
<i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i>	14	91,190	28,993
<i>Adjustments related to (reversal of) provisions for possible risks</i>	22	1,922	4,459
<i>Adjustments for (reversal of) other provisions</i>	7	3,835	3,202
Adjustments for interest (income) and expenses		43,890	325,680
<i>Adjustments for interest income</i>	22,24	(901,790)	(536,581)
<i>Adjustments for interest expense</i>	22,24	945,680	862,261
Adjustments related to (gain) loss on disposal of property		(25,548)	-
<i>(Gain)/loss on sale of property, plant and equipment</i>	19	(8,567)	-
Adjustments related to (gain) loss on disposal of investment property	19	(16,981)	-
Net cash from operations before changes in assets and liabilities		4,243,196	1,750,741
Changes in net working capital:			
Adjustments related to (increase)/decrease in trade receivable		(2,424,186)	245,733
<i>Decrease/(increase) in trade receivables from related parties</i>		15,261	37,398
<i>Decrease/(Increase) in trade receivables from third parties</i>		(2,439,447)	208,335
Adjustments related to decrease/(increase) in inventories		(11,956,091)	(1,485,443)
Adjustments related to increase/(decrease) in trade payables		738,228	(725,450)
<i>Increase/(decrease) in trade payables to related parties</i>		1,153,111	(935,149)
<i>Increase/(decrease) in trade payables to third parties</i>		(414,883)	209,699
Adjustments related to decrease/(increase) in other receivables related to operations		(82,850)	389,039
Adjustments related to increase/(decrease) in other payables related to operations		11,593,756	2,166,491
Adjustments related to other increase/(decrease) in working capital		(173,654)	253,814
Net cash flows from operating activities			
Interest received		76,801	345,260
Payments related to provisions for employee benefits	15	(2,021)	(2,863)
Income taxes paid		(526,504)	(376,070)
Cash flows from operating activities		1,486,675	2,561,252
Cash flows from investing activities		(107,180)	262,646
Purchases of investment properties, property, plant and equipment and intangible assets	10,12,13	(148,354)	(51,875)
Purchases of financial assets		40,673	(500)
Interest received		-	2,625
Purchases of financial assets	5	-	(500)
Returns of financial assets		500	305,743
Other cash inflows (outflows)		1	6,653
Cash flows from investing activities		(107,180)	262,646
Proceeds from Borrowings		6,127,630	2,620,827
<i>Proceeds from Loans</i>	6	3,983,380	1,162,827
<i>Proceeds from Issue of Debt Instruments</i>	6	2,144,250	1,458,000
Repayments of borrowings		(4,693,805)	(3,039,752)
<i>Loan Repayments</i>	6	(2,634,215)	(1,616,698)
<i>Payments of Issued Debt Instruments</i>	6	(2,059,590)	(1,423,054)
Cash outflow from debt payments for lease contracts		(6,423)	(2,424)
Interest paid		(799,255)	(537,473)
Dividends paid	18	(375,997)	(79,444)
Interest received		565,514	180,281
Other cash inflows (outflows)		-	-
Cash flow from financing activities		817,664	(857,985)
Net increase (decrease) in cash and cash equivalents		2,197,159	1,965,913
Cash and cash equivalents at the beginning of the period	4	3,087,548	1,121,635
Cash and cash equivalents at the end of the period	4	5,284,707	3,087,548

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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 31 December 2022, the number of employees of the Group is 987 (31 December 2021 - 701).

The objective and operating activity of the Company 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 financial statements at 31 December 2022 have been approved by the Board of Directors on 7 March 2022.

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 Urbanisation and Climate Change.

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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>31 December 2022</u>		<u>31 December 2021</u>	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Subsidiaries				
Main Operations				
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
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

(*) On 4 February 2022, the committed capital of TL 25,000 was paid. Payments of TL 31,250 on 21 April 2022 and TL 93,750 on 30 May 2022 were made in cash and capital increase was made .

Shares in Joint Operations

Shares in Joint Operations of Emlak Konut GYO operate in Turkey and their main operations are as follows:

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Shares in joint operations				
Main Operations				
Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş.Ortak Girişimi –				
Emlak Konut GYO A.Ş. (“ İstmarina AVM Adi Ortaklığı”)				Shopping Mall and Office Management
Büyükyalı Tesis Yönetimi A.Ş				Shopping Mall and Office Management

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
İstmarina AVM Adi 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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 International Financial Reporting Standards (IFRS).

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 Group maintains its books of account and prepares its 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**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED 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.

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**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.1. Basis of Presentation (continued)

Basis of Consolidation (continued)

Investments in associates and joint ventures (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

With the decision numbered 11/367 taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with TFRS, the application of inflation accounting is no longer required. Accordingly, the Group has not applied “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) in its financial statements for the accounting periods starting 1 January 2005.

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”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2022. 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 June 2022 in accordance with TAS 29.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.1. Basis of Presentation (continued)

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.

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”.

2.4 Summary of significant accounting policies

The significant accounting policies followed in the preparation of these consolidated financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial. 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. However, since the Group does not have the right of disposition of the cash and cash equivalents used in the cash flow statements, except for keeping these amounts in time deposit accounts, these amounts are exempted from cash and cash equivalents in the cash flow statement (Note 4).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

Summary of significant accounting policies (continued)

Related parties

Shareholders, key management personnel, Board of Directors, close family members, and companies which are controlled by those are regarded as related party for the purpose of preparation of these consolidated financial statements. In accordance with TAS 24 – Related party standards, the description of related parties has been restricted. The Group has also transactions with State owned banks and the Republic of Turkey Ministry Under Secretariat of Treasury (the “Treasury”) however quantitative information regarding Turkish State Banks and Treasury is not disclosed in accordance with this exemption. The ultimate parent and ultimate controlling party of the Group is (“TOKİ”). TOKİ is a State institution under control of Republic of Turkey Prime Ministry. The transactions made between the Group and TOKİ and its affiliates are presented in Note 27.

Foreign currency transactions

The foreign exchange transactions during the year are translated using the prevailing exchange rates on the related transaction dates. The foreign currency exchange gain and losses that arise by the exchange rate change based on monetary assets and liabilities are presented in the comprehensive income statement.

Financial investments

Classification

The Group classifies its financial assets as “Financial assets at amortised cost”, “fair value through other comprehensive income”, “fair value through profit or loss”. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Group makes the classification of its financial assets on the date of purchase. Financial assets are not reclassified after initial recognition, except where the business model of the Group used is changed for the management of financial assets, in case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Finansal yatırımlar (devamı)

Recognition and Measurement

“Financial assets measured at amortized cost” are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows, including cash flows that include only the interest payments on principal dates and principal balances at certain dates. The Group’s financial assets that are recognized at amortized cost include “cash and cash equivalents”, “trade receivables” and “other receivables”. In the initial recognition, the related assets are measured at fair value, and, in subsequent accounting, they are measured at discounted cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in profit or loss.

“Financial assets measured at FVTOCI” are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows, including cash flows that include only the interest payments on principal dates and principal balances at certain dates. Gains or losses resulting from the related financial assets are recognized in other comprehensive income, except for impairment losses or gains and foreign exchange income or expenses. In case of sale of such assets, the valuation differences classified in other comprehensive income are classified to prior years’ profits. For investments in equity-based financial assets, the Group may irrevocably choose the method of reflecting subsequent changes in the fair value of other comprehensive income to the financial statements for the first time. In the event that such preference is made, dividends received from related investments are recognized in the income statement.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Financial investments (Continued)

Derecognition of Financial Assets

The Group derecognizes financial assets when the rights related to the cash flows that occur in accordance with the contract related to the financial asset expire or when the Group transfers the ownership of all the risks and returns related to the financial asset through a trading transaction. Any rights created or retained to the financial assets transferred by the Group are recognized as a separate asset or liability.

Impairment

Impairment on financial assets and contractual assets is calculated using the "expected credit loss financial model" (ECL). Impairment model is applied to amortized cost financial assets and contractual assets. Loss provisions were measured on the following basis;

- 12-month ECLs: ECLs resulting from possible default events within 12 months of the reporting date.
- Lifetime ECLs: the ECLs resulting from all possible default events during the expected life of a financial instrument. Lifetime ECL measurement is applied at the reporting date when the credit risk associated with a financial asset increases significantly after the initial recognition. In all other cases where the related increase was not observed, the 12 month estimation of ECL was applied.

The Group may determine that the credit risk of the financial asset does not increase significantly if the credit risk of the financial asset has a low credit risk at the reporting date. Nevertheless, lifelong ECL measurement (simplified approach) is always applicable to trade receivables and contract assets without a significant financing element.

Trade receivables and payables

Trade receivables are recognized at amortized value of the amount will be received in the following periods from receivables recorded at original invoice value. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A “simplified approach” is applied for the impairment of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than one year). In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses are measured by an amount equal to the “life time expected loan losses”.

In the event that all or some of the amount of the receivable that is impaired is collected following the provision for impairment, the amount collected is recognized in other income from operating activities by deducting the provision for impairment.

Income/expenses from maturity differences and foreign exchange gains/loss related to transactions are recognized under “Other Income/Expenses from Operating Activities” in the statement of profit or loss.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Trade receivables and payables (Continued)

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other liabilities are offset from unaccrued financial expenses. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts to be paid of payables recognized at original invoice cost in the subsequent periods, using effective interest method. Short-term payables without a determined interest rate stated at amortized cost if the effect of the original effective interest rate is not too significant. HAS payables are classified as short-term payables and stated at carrying value since they will be paid upon beneficiaries’ request.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. Financial liabilities are recognized with their acquisition costs including transaction costs and then measured at amortized cost value using the effective interest rate method. In cases where the contractual obligations are fulfilled or canceled; The Group derecognizes the financial liability from its records (Note 6).

Employment termination benefits

Provision for employee termination benefit defines the current value of total expected provision for the liabilities due to retirement of the employees. Under Turkish labor law, the Group is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month’s salary limited to a maximum of full TL 15,371.40 as of 31 December 2022 (31 December 2021: full TL 8,284.51).

The provision for the present value of the defined benefit obligation is calculated by using the projected liability method. All actuarial profits and losses are recognized in the statement of comprehensive income.

TFRS requires actuarial valuation estimates to be developed to estimate the obligation underdefined benefit plans. In the individual financial statements, the Group calculates a liability on the basis of its experience in the previous years, based on its experience in the past, and on the beneficiaries of the severance payment as of the date of termination. This provision is calculated by estimating the present value of the future probable obligation of the employees.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Employment termination benefits (Continued)

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of full TL 19,982.83 which is effective from 1 January 2023 has been taken into consideration when calculating the liability (1 January 2022: full TL 10,848.59) (Note 15).

Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in consolidated financial statements and are treated as contingent assets or liabilities.

Land and residential unit inventories

The Group has four types of inventories in its consolidated financial statements (Note 9). These are;

1. Vacant land and plots

Vacant land and plots are carried at lower of cost or net realizable value and represent vacant land and plot of the Group with no ongoing or planned construction project on them. Such land and plots are classified as inventories because the Group uses such land and plots the development of residual and commercial units, as explained below, which are also classified as inventories.

2. Turnkey Projects

Turnkey projects are valued at lower of cost or net realizable value. Turnkey projects costs consist of construction costs of the semi-finished residential units together with the cost of land (progress payments to contractor) on which these projects are developed. Upon completion of residential units costs including the cost of land are classified under completed residential unit inventories.

3. Land Subject to Revenue Sharing Agreements (“LSRSA”)

The Group enters into revenue sharing agreements with construction entities to maximize sales proceeds from the sale of its vacant land and plots. Such land and plot sold subject to revenue share agreements to construction entities are accounted at cost until sale is recognized.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Land and residential unit inventories (Continued)

4. Completed Residential and Commercial Unit Inventories

Completed residential and commercial units comprise units build in Turnkey projects and units transferred to the Group by the contractor in order to meet minimum revenue stated in the agreements when the projects can not reach the expected revenue as stated in the agreements signed within the framework of LSRSA.

Completed residential and commercial unit inventories are valued at lower of cost or net realizable value.

The Group takes into consideration independent expert valuation reports for inventory (land, finished and semi-finished residential and commercial units) separately at least once a year and uses these reports to assess impairment if any. Impairments are recognized under other expenses from operations in the statement of profit or loss and comprehensive income in the period during which they are incurred. Impairments released are recognized under other income from operations when the relevant land or residential are sold.

Property, plant and equipment

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. The cost value also includes costs that can be directly attributed to the asset to perform its operation as planned. Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives (Note 12).

The expected useful lives for property, plant and equipment are stated below:

	Years
Buildings	50
Motor vehicles	5
Furniture and fixtures	4-5

The cost of major subsequent expenditures is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed of performance of the existing asset will flow to the Group and major subsequent expenditures are depreciated over the remaining useful life of the related assets. All other expenses other than these items are recognized as expense.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to the income statement.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Gains and losses on the disposal of property and equipment are determined by comparing the carrying of the property and equipment with the collected amount and then included in the related income and expense accounts, as appropriate.

Intangible assets

Intangible assets comprise of licenses and computer software. They are initially recognized at acquisition cost and amortized on a straight-line basis over 5 years their estimated useful lives (Note 13). Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount.

Investment properties

Investment properties are defined as land and buildings held to earn rental income or capital appreciation or both, rather than for use in the production of goods or services or for administrative purposes; or sale in the ordinary course of business. The Group uses cost model for all investment properties. Investment properties are presented in the consolidated financial statements at cost less accumulated depreciation and less impairment, if any (Note 10). Investment properties consist of residences and buildings and their economic life is 40 years.

Impairment of assets

The Group reviews all assets subject to amortization at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life.

Impairment losses are recorded in the comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment. The Group takes the valuation reports for each property separately into consideration over investment property at least once a year to compare carrying value of assets with its net recoverable value and calculate the impairment if any.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Taxation

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Group 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.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets consist of deductible temporary differences are recognized on the condition that it is highly probable that the differences can be utilised by earning future taxable profit. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments shall be reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. However, since the Group operates in only one geographical segment (Turkey) and all of its operations are concentrated in one industrial department (development of residential projects on its vacant land and plot inventories), the Group does not prepare a segment report.

Chief operating decision maker of the Group is its Board of Directors. Board of Directors uses quarterly consolidated financial statements of the Group prepared in accordance with the TFRS when making decisions.

Revenue recognition

The Group recognizes revenue in the financial statements within the 5-step model below in accordance with TFRS 15 “Revenue from Contracts with Customers” standard that is effective as of 1 January 2018.

- (a) Identify the contract(s) with a customer
- (b) Identify the performance obligations in the contract
- (c) Determine the transaction price
- (d) Allocate the transaction price to the performance obligations in the contract
- (e) Recognize revenue when the entity satisfies a performance obligation

Revenue is comprises of sale of vacant land and plots, sale of residential units produced by turnkey projects and sale of land and plots by way of LSRSA.

1. Sale of vacant land and plots

Revenue is recognized when the unprojectized lands are transferred to the customer according to the contract and performance obligations are fulfilled. Unprojectized land are carried over when the customer takes control of the land.

2. Sale of residential units produced by Turnkey projects

Revenue is recognized when the independent units are transferred to according to the contract and performance obligations are fulfilled. Residential units are carried over when the customer takes control of the units.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4 Summary of significant accounting policies (Continued)

3. Sale of land and plots by way of LSRSA

The Group recognizes the revenue for the sale of land by way of LSRSA when performance obligations (the one before the signing of the temporary acceptance protocol with the contractor or the signing of the delivery protocol with the buyer) are fulfilled. In cases where the temporary acceptance protocol or delivery protocol with the buyer is not signed, the Group follows-up its revenue share in the deferred revenue (Note 17) and the share of the construction entity as a liability to contractors (Note 7). The Group’s share in the Total Sales Revenue (“TSR”) is recorded as revenue from sale of land and the related cost of land is recognised as cost of land sold in the comprehensive income statement (Note 19).

Interest income and expense

Interest income and expense are recognised on an accrual basis using the internal rate of return method. Interest income comprises mostly interest income from time deposits and interest income from credit sales of residences (Note 22-24).

Paid-in capital

Ordinary shares are classified in equity. Costs related to the issue of new shares are recognized in equity less the amounts discounted by tax effect.

Share premium

Share premiums represent the difference between the fair value of the shares held by the Group at a price higher than the nominal value of the Group or the difference between the fair value and the fair value of the shares of the Group that the Group has acquired. Expenses that are directly attributable to the secondary public offering, in which the shares are re-issued and provide cash inflows to the Group, are deducted from the premiums on issue of share sales.

Earnings per share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of their shares “bonus shares” to existing shareholders funded from retained earnings. For the purpose of earnings per share computations, such “bonus share” issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations are determined by taking into consideration the retroactive effect of aforementioned share distributions. In case of increase in issued shares after balance sheet date but before the date that consolidated financial statement is prepared due to the bonus share distribution, earning per share calculation is performed taking account of total new share amount.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4. Önemli muhasebe politikalarının özeti (devamı)

Payments for Housing Acquisition Support (“HAS”)

HAS was a compulsory of saving fund, established by the state to be used by fund participants in the future for acquisition of affordable housing between 1987 and 1995. This system aimed to collect the deducted amounts in a single account, apply interest to the savings and provide the employees with these contributions at the time they wish to acquire a house/residential unit in the future. However, this project was suspended in 1996 and as per decree law No. 588, issued in 1999, the decision was taken to terminate the HAS accounts. With this decree law, real estate corresponding to the monetary value of the HAS deductions which were held by Emlak Bankası was transferred to the Company.

Within the scope of Law No. 5664, dated 30 May 2007, and the regulation issued on 14 August 2007, the decision was taken to pay back these savings, which were still held as capital in kind in the accounts of the Company, to the HAS beneficiaries. Accordingly, the shares of HAS beneficiaries were removed from the Company’s equity capital and comprehensive income for the current period based on the ratios specified in the law and recognized as debts to HAS beneficiaries under other payables. The amount payable was determined as the share in the net asset value of the Company at 28 February 2008. The payable amount does not bear any interest or does not change with subsequent changes in the net asset value in subsequent periods and is payable on demand any date after 28 February 2008. The Company has borrowed funds from the Treasury to make such payments.

In addition, the Treasury has an interest liability against HAS beneficiaries calculated before 1999. In accordance with an agreement signed in 2008, the Company undertook this liability on behalf of the Treasury and recorded as payable be paid together with the Company's own payables. However, Company resources are not used for this extra liability. Since all payments are made on behalf of the Treasury, they are instantly collected by cashing the government bonds given for these payments from the Treasury to the Company beforehand.

In accordance with the relevant articles of the Law No. 5564 on HAS to the Owners of KEY and Payment to the Rightholders, the receivables that are not requested within five years from the announcement date are recorded as revenue to the Treasury. Due to the expiry of the payment request period of the beneficiaries in the current period, the Company's receivables and debts obligations within the scope of HAS have expired.

Dividend distribution

Dividends payable are recognized as an appropriation of the profit in the period in which they are declared and reflected to Group’s financial statements as liability.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

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

2.4. Önemli muhasebe politikalarının özeti (devamı)

Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from its main activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

Events after the reporting period

Events after the reporting period cover any events that arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its standalone financial statements if such events arise which require an adjustment to the standalone financial statements (Note 30).

2.5 Critical Accounting Judgements, Assumptions and Estimates

The preparation of financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though these assumptions and estimates rely on the best estimates of the Group management both the actual results may differ and not material for these financial statements.

Net realizable value of lands and residential inventories

When the estimated net realizable value of land and commercial units is less than the cost value, the allowance is recognized to reduce the value of inventories to their estimated net realizable value. As of 31 December 2021, valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., Reel Gayrimenkul Değerleme A.Ş., Net Kurumsal Değerleme Danışmanlık A.Ş., and GEDAŞ Gayrimenkul Değerleme A.Ş. have been taken into consideration when determining the net realizable value of lands and residential inventories.

Provisions for lawsuits

As of 31 December 2022, a total of TL 447,768 lawsuits have been filed against the Group. For those lawsuits in which there is a high probability of potential outflow of potential resources from these cases, a provision amounting to TL 247,340 has been provided by taking the opinion of the lawyers (Note 14). According to the legal judgment of the lawyers, there is no risk of any outflow of resources from the Group.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 3 – ACCOUNTING POLICIES

Interim condensed consolidated financial statements as of 31 December 2022 have been prepared by applying accounting policies that are consistent with the accounting policies applied in the preparation of the financial statements for the year ended 31 December 2021. 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) Amendments and interpretations mandatorily effective as of 2022

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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)

a) Amendments and interpretations mandatorily effective as of 2022 (continued)

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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)

a) Amendments and interpretations mandatorily effective as of 2022 (continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group management evaluates the effects of these standards, amendments and improvements on the financial position and performance as of 2022.

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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)

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

TFRS 17 Insurance Contracts

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

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

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

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

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

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

Amendments to TAS 1 Disclosure of Accounting Policies

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

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

Amendments to TAS 8 Definition of Accounting Estimates

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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)

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 4- CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	8	16
Banks	5,881,812	3,623,164
- <i>Demand deposit</i>	19,158	42,970
- <i>Time deposits with maturities less than 3 months</i>	5,862,654	3,580,194
Other cash and cash equivalents	225,789	105,105
	6,107,609	3,728,285

Maturities of cash and cash flows are as follows:

	31 December 2022	31 December 2021
Demand	19,158	42,970
Up to 3 month	5,862,654	3,580,146
Less: Blocked deposits with maturities less than 3 months	-	48
	5,881,812	3,623,164

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

	31 December 2022	31 December 2021
	(%)	(%)
	18.12%	18.71%

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

	31 December 2022	31 December 2021
Cash and cash equivalents	6,107,609	3,728,285
Less: Interest accruals on deposits	(22,765)	(12,284)
Less: LSRSA project deposits (*)	(805,745)	(632,091)
Less: Blocked deposits with maturities less than 3 months	-	(48)
Add: the effect of provisions released under TFRS 9	5,608	3,686
	5,284,707	3,087,548

(*) 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 2021: None) project accounts amounting TL 805,745 (31 December 2021: TL 632,091).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments	31 December 2022	31 December 2021
Bank bonds	-	500
	-	500

NOTE 6 – FINANCIAL LIABILITIES

Short-term financial liabilities	31 December 2022	31 December 2021
Issued debt instruments (*)	594,188	513,580
Short-term bank loans	706,075	1,067,153
Short-term portion of long-term borrowings	1,810,322	1,174,494
Lease obligation	3,823	4,508
	3,114,408	2,759,735

(*) The Group issued 2 different lease certificate with a nominal amount of TL 384,250 with a maturity date of 4 January 2023 with 19% dividend on 28 September 2022 and TL 200,000 with a maturity date of 2 February 2023 with 22% dividend on 2 November 2022.

Long-term financial liabilities	31 December 2022	31 December 2021
Long-term borrowings	3,076,021	2,027,320
Lease obligation	27,629	3,358
	3,103,650	2,030,678

Borrowings used as of 31 December 2022 are denominated in TL and the weighted average interest rate is 15.60% (31 December 2021: 11.94%).

The redemption schedules of the borrowings as of 31 December 2022 and 31 December 2021 are as follows :

	31 December 2022	31 December 2021
2023	-	863,076
2024	1,870,879	808,538
2025	1,205,142	355,706
	3,076,021	2,027,320

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 6 – FINANCIAL LIABILITIES (Continued)

The maturity distributions of the borrowings are as follows:

	31 December 2022		31 December 2021	
Less than 3 months	694,818		1,282,113	
Between 3 - 12 months	1,821,579		959,534	
Between 1 - 5 years	3,076,021		2,027,320	
	5,592,418		4,268,967	
	Loans		Commercial bill	
	1 January- 31 December 2022	1 January- 31 December 2021	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	4,268,967	4,703,782	513,580	475,531
Interest expenses	667,740	486,717	101,749	72,915
Interest paid	(693,454)	(467,661)	(105,801)	(69,812)
Cash inflow from financial borrowings	3,983,380	1,162,827	2,144,250	1,458,000
Cash outflow from financial borrowings	(2,634,215)	(1,616,698)	(2,059,590)	(1,423,054)
Closing balance	5,592,418	4,268,967	594,188	513,580

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2022	31 December 2021
Receivables from contractors of the lands invoiced under LSRSA	945,063	1,266,849
Receivables from sale of residential and commercial units	1,876,417	1,476,075
Receivables from land sales	534,878	93,361
Receivables from related parties (Note 27)	-	15,261
Receivables from lessees	50,984	18,244
Notes of receivables	962	498
Other	9,918	14,422
Unearned finance income	(149,840)	(90,671)
	3,268,382	2,794,039
Doubtful receivables	3,835	3,202
Less: Provision for doubtful receivables	(3,835)	(3,202)
	3,268,382	2,794,039

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2022	31 December 2021
Long-term trade receivables		
Receivables from sale of residential and commercial units	3,902,853	4,487,545
Receivables from land sales	586,454	89,162
Unearned finance income	(759,120)	(945,984)
	3,730,187	3,630,723

	31 December 2022	31 December 2021
Short-term trade payables		
Payables to related parties (Note 27)	1,774,954	503,948
Payables to LSRSA contractors invoiced	435,100	869,628
Trade payables	677,102	556,781
Interest accruals on time deposits of contractors (*)	69,702	75,846
	2,956,858	2,006,203

(*) 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.

	31 December 2022	31 December 2021
Long-term trade payables		
Trade payables	20	2,099
	20	2,099

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short-term other receivables		
Advances given to contractor firms	505,962	523,605
Receivables from the authorities	29,536	27,134
Other receivables from related parties (Note 22)	-	182
Other	42,202	3,821
	577,700	554,742

	31 December 2022	31 December 2021
Long-term other receivables		
Other receivables from third parties	20,636	10,459
Deposits and guarantees given	1,014	1,014
	21,650	11,473

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2022	31 December 2021
Short-term other payables		
Taxes and funds payable	327,272	35,179
Payables to contractors (*)	88,752	88,752
Other payables to related parties (Note 22)	589	587
Other	99,556	71,529
	516,169	196,047

(*) 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 2021: TL 88,752).

As of 31 December 2022, other long-term payables are amount to TL 107,147 and consist of deposits and guarantees received (31 December 2021: TL 89,537).

NOTE 9 – INVENTORIES

	31 December 2022	31 December 2021
Lands	11.014.960	5.100.933
<i>Cost</i>	<i>11.016.991</i>	<i>5.139.297</i>
<i>Impairment</i>	<i>(2.030)</i>	<i>(38.364)</i>
Planned land by LSRSA	6.270.226	5.100.959
Planned land by turnkey project	8.092.958	5.112.342
<i>Planned land by turnkey project</i>	<i>9.423.880</i>	<i>5.319.175</i>
<i>Impairment (*)</i>	<i>(1.330.922)</i>	<i>(206.833)</i>
Residential and commercial units ready for sale	3.530.887	2.539.212
<i>Cost</i>	<i>3.530.886</i>	<i>2.492.072</i>
<i>Impairment</i>	<i>-</i>	<i>(49.973)</i>
Inventories of Emlak Konut Asansör	46.319	-
	28.955.350	17.853.446

(*) It is the provision for impairment due to the increase in construction costs in the global and Turkish markets. The mentioned provision belongs to the ongoing Bizim Mahalle and Emlak Konut Vadi Evleri projects.

As of 31 December 2022, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş., Net Kurumsal Değerleme Danışmanlık A.Ş. and Reel Değerleme Danışmanlık A.Ş. have taken into consideration in the net realizable value of assets classified as “Inventories” and in the calculation on impairment, if any and for the purchases made during the current period, the valuation reports as of purchase date prepared by Atak Gayrimenkul Değerleme A.Ş., Reel Gayrimenkul Değerleme A.Ş., and Net Kurumsal Değerleme Danışmanlık A.Ş. have taken into consideration.

The movements of impairment on inventories are as follows:

	2022	2021
Opening balance at 1 January	295,170	240,011
Impairment on inventories within the current period (Note 22)	1,093,982	287,213
Reversal of impairment on inventories within the current period (Note 22)	(56,200)	(232,054)
Closing balance at 31 December	1,332,952	295,170

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 9 – INVENTORIES (Continued)

As of 31 December 2022 and 31 December 2021 the details of land and residential inventories of the Group are as follows:

Lands	31 December 2022	31 December 2021
Muğla Bodrum Lands	2,709,607	-
İstanbul Esenler Lands	2,400,885	-
İstanbul Küçükçekmece Lands	1,192,509	1,114,054
İstanbul Başakşehir Lands	838,067	407,836
İstanbul Avcılar Lands	826,641	1,426,897
İstanbul Sarıyer Lands	608,709	5,332
İstanbul Çekmeköy Lands	535,963	544,883
İzmir Çeşme Lands	439,076	-
İstanbul Şişli Arsaları	350,000	-
İzmir Urla Lands	201,394	-
İstanbul Arnavutköy Lands	171,408	171,408
İstanbul Eyüp Lands	169,445	169,441
İstanbul Resneli Lands	109,231	78,938
İzmir Seferihisar Lands	79,473	-
Muğla Milas Lands	79,281	-
Denizli Merkez Efendi Lands	56,081	56,081
Ankara Çankaya Lands	51,295	135,863
Kocaeli Lands	32,074	9,167
İstanbul Esenyurt Lands	29,314	36,654
İstanbul Kartal Lands	28,174	24,338
İstanbul Tuzla Lands	26,732	149,198
Antalya Aksu Lands	25,411	280,423
Balıkesir Lands	13,633	-
İzmir Konak Umurbey Lands	13,051	13,051
İzmir Dikili Lands	10,986	-
Tekirdağ Çorlu Lands	6,153	6,153
Sakarya Sapanca Lands	5,345	7,108
Yalova Lands	3,985	3,986
İstanbul Ataşehir Lands	417	100,659
İstanbul Ümraniye Lands	-	301,844
İstanbul Zekeriyaköy Lands	-	53,918
Maltepe Küçükyalı Lands	-	2,477
Tekirdağ Kapaklı Lands	-	1,058
Other	620	166
	11,014,960	5,100,933

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 9 - INVENTORIES (Continued)

Planned lands by LSRSA	31 December 2022	31 December 2021
Nişantaşı Koru Project	645,636	643,971
Nidapark İstinye Project	567,635	993,030
Yeni Levent Project	436,264	435,048
İstanbul Tuzla Merkez Project	400,150	-
Bizim Mahalle 2. Etap 2. Kısım Project	348,476	-
Nidapark Küçükyalı Project	335,556	361,176
Batıyakası 2. Etap Project	324,320	324,320
Merkez Ankara Project	321,698	510,432
Ümraniye İnkılap Project	306,023	-
Beşiktaş Ortaköy Project	262,395	257,005
Ormanköy Project	219,091	347,583
Batıyakası 1. Etap Project	210,245	208,785
Meydan Başakşehir Project	203,623	203,623
Bizim Mahalle 2. Etap 1. Kısım Project	203,064	-
İstanbul Kayabaşı 8. Etap Project	202,853	202,853
Avcılar Firüzköy 1. Etap 2. Kısım Project	158,514	-
Avcılar Firüzköy 2. Etap Project	156,103	-
Avcılar Firüzköy 1. Etap 1. Kısım Project	145,854	-
Avrasya Konutları Project	142,238	132,745
Düşler Vadisi Project	138,130	293,205
Antalya Aksu Project	134,705	-
Ankara Çayyolu 2. Etap Project	84,723	-
Beşiktaş Dikilitaş Project	68,419	68,237
İstanbul Ataşehir Küçükbakkalköy Project	62,582	-
Nezihpark Project	50,177	-
Köy 4. Etap Project	49,554	-
Nidapark Kayaşehir Project	35,761	35,761
Ebruli Ispartakule Project	28,161	28,121
Cer İstanbul Project	14,648	47,022
İdealist Cadde Project	6,019	6,322
Allsancak Project	7,545	1,543
Evora İzmir Project	64	177
	6,270,226	5,100,959

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 9 - INVENTORIES (Continued)

Residential and commercial units completed	31 December 2022	31 December 2021
Bizim Mahalle 1. Etap 1. Kısım Project	1,264,652	
Merkez Ankara Project	1,259,542	807,150
Maslak 1453 Project	334,601	311,402
Kuzey Yakası Project	287,789	310,084
Sarphan Finanspark Project	108,696	152,911
Köy Project	42,603	321,622
Nidapark İstinye Project	40,156	-
Karat 34 Project	34,543	41,490
Semt Bahçekent 1. Etap 2. Kısım Project	27,067	-
Temaşehir Project	20,592	1,541
Denizli Merkez Efendi İkmal İşi Project	18,222	18,222
Avangart İstanbul Project	15,381	-
Büyükyalı Project	14,656	55,573
Avrupark Hayat Project	13,919	-
Kocaeli Körfezkent Emlak Konutları	10,670	17,580
Yalova Armutlu Project	7,845	73,872
Koordinat Çayyolu Project	7,604	8,889
Evora Denizli Project	7,194	7,194
Semt Bahçekent 1. Etap 1. Kısım Project	5,411	-
Metropol İstanbul Project	3,448	3,448
Validebağ Konakları Project	2,594	122,973
Yeniköy Konakları İstanbul Project	2,536	4,957
Göl Panorama Project	676	1,138
Başakşehir Ayazma Emlak Konutları	490	1,757
Gebze Emlak Konutları	-	151,109
IGTOD Rami Gıda Toptancıları Project	-	58,219
Ofis Karat Bakırköy Project	-	31,112
Nidakule Ataşehir Project	-	10,664
Semt Bahçekent 1. Etap Project	-	7,950
Başkent Emlak Konutları Project	-	4,544
Niğde Emlak Konutları	-	3,536
Dumankaya Miks Project	-	2,293
Tual Bahçekent Project	-	2,105
Tual Adalar Project	-	2,089
Batışehir Project	-	1,210
Other	-	2,578
	3,530,887	2,539,212

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 9 - INVENTORIES (Continued)

Planned lands by turnkey project	31 December 2022	31 December 2021
Çekmeköy Çınarköy Project	2,734,646	1,448,245
Bizim Mahalle Project	1,251,522	1,287,476
Emlak Konut Florya Evleri Project	1,165,221	570,191
Köy Project	679,019	313,090
Ankara Saraçoğlu Project	615,141	169,425
Emlak Konut Vadi Evleri Project	372,564	77,697
Denizli Merkez Efendi İkmal İşİ Project	346,587	71,297
İstanbul Avcılar Firuzköy Project	326,642	-
Ümraniye Kentsel Dönüşüm Project	281,526	93,150
Tariş Kooperatifleri Project	176,466	-
Merkez Ankara Projesi O Blok Yapım İşİ Project	70,754	-
Kayabaşı Emlak Konutları Project	46,706	46,095
Halkalı Emlak Konutları Project	-	704,529
Merkez Ankara Projesi R Blok Yapım İşİ	-	211,733
Semt Bahçekent Project	-	119,414
Other	26,164	-
	8,092,958	5,112,342

NOTE 10 – 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 31 December 2022, the Group evaluated that there is no situation that would lead to low value in investment properties.

The movements of investment properties as of 31 December 2022 and 2021 are as follows:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 10 – INVESTMENT PROPERTIES (Continued)

	Lands, residential and commercial	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2022	857,787	40,922	898,709
Transfers to commercial units and land inventories	(104,367)	-	(104,367)
Transfers from residential and commercial unit inventories	26,718	-	26,718
Disposals (-)	(10,976)	-	(10,976)
Closing balance as of 31 December 2022	<u>769,162</u>	<u>40,922</u>	<u>810,084</u>
Accumulated Depreciation			
Opening balance as of 1 January 2022	48,340	6,694	55,034
Charge for the year	13,883	1,022	14,905
Disposals (-)	(2,538)	-	(2,538)
Closing balance as of 31 December 2022	<u>59,685</u>	<u>7,716</u>	<u>67,401</u>
Carrying value as of 31 December 2022	<u><u>709,477</u></u>	<u><u>33,206</u></u>	<u><u>742,683</u></u>

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2021	733,217	40,922	774,139
Purchases (*)	103,732	-	103,732
Reversal of Impairment (Note 23)	28,173	-	28,173
Transfers from commercial units and land inventories	(46,286)	-	(46,286)
Transfers to residential and commercial unit inventories	38,951	-	38,951
Closing balance as of 31 December 2021	<u>725,882</u>	<u>40,922</u>	<u>870,536</u>
Accumulated Depreciation			
Opening balance as of 1 January 2021	33,177	5,672	38,849
Charge for the year	15,163	1,022	16,185
Closing balance as of 31 December 2021	<u>48,340</u>	<u>6,694</u>	<u>55,034</u>
Carrying value as of 31 December 2021	<u><u>809,447</u></u>	<u><u>34,228</u></u>	<u><u>843,675</u></u>

(*) The amount consists of the independent commercial units purchased by the Group in 2021 to generate rent income from Büyükyalı shopping mall completed under “Revenue Share from the Sale of Zeytinburnu Kazlıçeşme Land Sale. The related transaction is a sharing transaction from the relevant project and has had no impact in the Group’s consolidated statement of cash flows for the period 1 January 2021 – 31 December 2021 under TAS 7.

As of 31 December 2022, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş., Net Kurumsal Değerleme Danışmanlık A.Ş., and Reel Değerleme Danışmanlık A.Ş. have taken into consideration when determining the fair values of investment properties. The fair values of the investment property determined by independent valuation experts are as follows:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 10 – INVESTMENT PROPERTIES (Continued)

	31 December 2022	31 December 2021
Lands and completed units	1,430,628	737,539
Atasehir General Management Office A Block	1,101,695	137,217
Independent commercial units of Istmarina AVM	680,000	323,341
Independent commercial units of Büyükyalı AVM	717,418	138,441
	3,929,741	1,336,538

NOTE 11 – RIGHT-OF-USE ASSETS

Cost Value	Lands
Opening balance as of 1 January 2022	1,747
Closing balance as of 31 December 2022	24,631
Accumulated Amortization	
Opening balance as of 1 January 2022	(1,567)
Charge for the period	(5,343)
Closing balance as of 31 December 2022	(6,910)
Carrying value as of 31 December 2022	17,721
Cost Value	
Opening balance as of 1 January 2021	541
Additions	1,206
Closing balance as of 31 December 2021	1,747
Accumulated Amortization	
Opening balance as of 1 January 2021	(466)
Charge for the period	(1,101)
Closing balance as of 31 December 2021	(1,567)
Carrying value as of 31 December 2021	180

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

31 December 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	-	396	7,446	15,971	25,024	88,868	137,705
Transfers from constructions in progress, (net)	-	-	43,446	8,658	-	(52,104)	-
Disposal, (net) (-)	(9,418)	18	-	-	-	-	(9,400)
Transfers from investment property (net)	29,054	-	-	(12)	-	-	29,042
Depreciation expense(-)	(5,602)	(1,296)	(8,905)	(6,415)	(1,880)	-	(24,098)
Net carrying value 31 December 2022	118,154	-	41,987	36,644	23,144	65,933	285,862
Cost	139,119	4,769	50,892	68,810	25,024	65,933	354,547
Accumulated depreciation (-)	(20,965)	(4,769)	(8,905)	(32,166)	(1,880)	-	(68,685)
Net carrying value 31 December 2022	118,154	-	41,987	36,644	23,144	65,933	285,862

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2021	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Special Cost	Construction in progress	Total
Net carrying value as of 1 January 2021	105,111	815	-	9,654	-	97	115,677
Additions	2,149	870	-	14,913	-	29,072	47,004
Depreciation expense(-)	(3,140)	(803)	-	(6,125)	-	-	(10,068)
Net carrying value 31 December 2021	104,120	882	-	18,442	-	29,169	152,613
Cost	119,483	4,793	-	47,369	-	29,169	200,814
Accumulated depreciation (-)	(15,363)	(3,911)	-	(28,927)	-	-	(48,201)
Net carrying value 31 December 2021	104,120	882	-	18,442	-	29,169	152,613

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 13 – INTANGIBLE ASSETS

31 December 2022	Licenses	Computer software	Rights	Total
Net carrying value as of 1 January 2022	1,923	3,074	31	5,028
Additions	10,649	-	-	10,649
Amortization expense (-)	(6,053)	(1,628)	(31)	(7,712)
Net carrying value 31 December 2022	6,519	1,446	-	7,965
Cost	19,784	5,016	91	24,891
Accumulated amortization (-)	(13,265)	(3,570)	(91)	(16,926)
Net carrying value 31 December 2022	6,519	1,446	-	7,965

31 December 2021	Licenses	Computer software	Rights	Total
Net book value, 1 January 2021	2,441	2,084	61	4,586
Additions	3,167	1,704	-	4,871
Amortization expense (-)	(3,685)	(714)	(30)	(4,429)
Net carrying value 31 December 2021	1,923	3,074	31	5,028
Cost	12,150	6,720	91	18,961
Accumulated amortization (-)	(10,227)	(3,646)	(60)	(13,933)
Net carrying value 31 December 2021	1,923	3,074	31	5,028

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Provisions		
Provision for lawsuits	247,340	156,150
	247,340	156,150

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

According to the opinions of the Group’s lawyers, provisions amounting to TL 247,340 have been made as of 31 December 2022 (31 December 2021: TL 156,150). As of 31 December 2022, there are 4 cases of defect, 11 cases of loss of rent, 8 cases of cancellation of title deeds and registration, 3 cases of business and 38 other cases. The amount of risk arising from the total possible cash outflow is TL 480,013 (31 December 2021: TL 451,929) and the lawsuits are still pending. The movements of provision for lawsuits as of 31 December 2022 and 2021 are as follows:

	2022	2021
Balance at 1 January	156,150	127,157
Provision added within the current period (Note 18)	91,190	28,993
Closing balance at 31 December	247,340	156,150

14.1 Continuing Lawsuits and Provisions

14.1.1 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 Group 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 Group 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.

14.1.2 According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 76,161 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. The Group made provision amounting to TL 139,770 including interest and litigation costs as of 31 December 2022.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

14.1 Continuing Lawsuits and Provisions (Continued)

14.1.3 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 31 December 2022 a provision amounting to TL 7,929 including interest and litigation costs has been made.

14.1.4 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. Provision amounting to TL 11,792 including interest and litigation costs has been made as of 31 December 2022.

14.1.5 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 31 December 2022, a provision has been made in the amount of TL 67,802 including interest and litigation costs.

14.2 Contingent Liabilities of the Group

In the financial statements prepared as of 31 December 2022, 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 31 December 2022 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.

14.2.1 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent Liabilities of the Group (continued)

14.2.2 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 117,220,230.00 is not possible from the date of transfer for now, the lawsuit (total amount including interest TL 135,615,295.60) 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 14.06.2023.

14.3 Contingent Assets of the Group

14.3.1 As of 31 December 2022 and 31 December 2021, 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:

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	5,072,310
3 year	964,431	1,640,467	2,604,898
4 year	653,450	685,734	1,339,184
5 year and above	1,465,847	238,686	1,704,533
	6,900,602	12,217,689	19,118,291

31 December 2021	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,569,436	2,831,544	4,400,980
2 year	1,189,170	2,327,166	3,516,336
3 year	887,106	1,650,255	2,537,361
4 year	665,831	742,166	1,407,997
5 year and above	1,834,600	1,006,434	2,841,034
	6,146,143	8,557,565	14,703,708

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 13 -EMPLOYEE BENEFITS

	31 December 2022	31 December 2020
Short-term provisions		
Unused vacation provision	35,536	17,109
	35,536	17,109
Long-term provisions		
Provision for employment termination benefit	48,753	25,268
	48,753	25,268

TAS 19 requires actuarial valuation methods to be developed to estimate the Company's provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2022	31 December 2020
Discount Rate (%)	3.51	4.27
Turnover rate to estimate probability of retirement (%)	1.09	0.99

The basic assumption is that the ceiling provision for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation.

If the discount rate is 1% lower, the severance pay liability will be TL 6,387 more.

Leaving the other assumptions the same, if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TL 2.194 more.

Movement in the provision for severance pay during the period is as follows:

	2022	2021
Balance at 1 January	25,268	15,804
Service cost	22,095	11,720
Interest cost	3,411	607
Payment within the period	(2,021)	(2,863)
Closing balance at 31 December	48,753	25,268

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 16 – OTHER ASSETS

	31 December 2022	31 December 2021
Other current assets		
Deferred VAT	735,509	47,135
Progress payments to contractors	68,313	132,332
Receivables from tax office	33,293	10,935
Income accruals	8,154	13,561
Prepaid income tax	4,178	0
Other	2,778	1,010
	852,225	204,973

NOTE 17 – DEFERRED INCOME AND PREPAID EXPENSES

Short-term deferred income	31 December 2022	31 December 2021
Deferred income from LSRSA projects (*)	3,696,732	2,479,097
Advances taken from turnkey project sales	8,732,212	2,833,875
Advances taken from LSRSA contractors (**)	4,658,983	1,480,532
Advances received from related parties (Note 27)	1,004,341	255,424
Deferred income related to sales of independent units	331,402	646,721
	18,423,670	7,695,649

(*) 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.

	31 December 2022	31 December 2021
Long-term deferred income		
Other advances given	4,738	4,738
	4,738	4,738

	31 December 2022	31 December 2021
Prepaid expenses		
Prepaid expenses to related parties (Note 22)	1,433,207	-
Advances given for inventory (*)	904,677	953,810
Prepaid expenses	28,053	5,973
Advances given (**)	8,743	17,450
	2,374,680	977,233

(*) A protocol has been signed between the Group and the Tariş Cooperatives Union to develop revenue sharing project on a 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 2021: TL 395,960) has been made. The Group has also provided an inventory advance amounting to TL 391,337 (31 December 2021: TL 531,276) to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yenimahalle Station, Nidapark Küçükyalı and Büyükyalı projects.

(**) Order advances given as of 31 December 2022 consist of Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş .

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 18 – SHAREHOLDERS' EQUITY

The Group's authorized capital amount is TL 3,800,000 (31 December 2021: TL 3,800,000) and consists of 380,000,000,000 (31 December 2021: 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 31 December 2022 and 31 December 2021 is as follows:

Shareholders	31 December 2022		31 December 2021	
	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.

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

On 7 April 2022, the General Assembly decided to distribute dividends amounting to TL 390,260. This dividend amounting to TL 14,263 is related to repurchased shares and net off under equity.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 19 – REVENUE AND COST OF SALES

	1 January- 31 December 2022	1 January- 31 December 2021
Sales income		
Land sales	4,594,509	2,681,100
<i>Sales of planned lands by way of</i>		
<i>LSRSA</i>	2,962,491	2,622,402
<i>Land sales income</i>	1,632,018	58,698
Residential and commercial units sales	2,953,831	3,834,900
Consultancy income	523,539	146,610
Rent income	58,619	93,059
	8,130,498	6,755,669
Sales returns	(9,084)	-
Sales discounts	1,437	(1,427)
Net sales income	8,122,851	6,737,461
Cost of sales		
Cost of lands	(1,327,324)	(945,812)
<i>Cost of lands planned by way of</i>		
<i>LSRSA</i>	(977,031)	(912,481)
<i>Cost of lands sold</i>	(350,293)	(33,331)
Cost of residential and commercial units sold	(2,153,986)	(3,590,588)
	(3,481,310)	(4,536,400)
Gross Profit	4,641,541	2,201,061

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	31 December 2022	31 December 2021
General administrative expenses		
Personnel expenses	(344,644)	(181,803)
Taxes, duties and fees	(153,025)	(67,645)
Consultancy expenses	(115,911)	(54,444)
Security and cleaning expenses	(67,598)	(28,938)
Donations	(49,877)	(38,258)
Depreciation and amortization (Note 11,12,13)	(37,153)	(14,497)
Maintenance and repair expenses	(19,689)	(14,695)
Travel expenses	(19,225)	(10,257)
Due and contribution expenses	(18,151)	(13,736)
Information technologies expenses	(13,427)	(6,149)
Lawsuit and notary expenses	(7,801)	(5,915)
Communication expenses	(2,107)	(1,522)
Insurance expenses	(1,715)	(1,735)
Other	(68,034)	(28,591)
	(918,357)	(468,185)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES
(Continued)**

	1 January- 31 December 2022	1 January- 31 December 2021
Marketing and sales expenses		
Advertising expenses	(110,655)	(57,300)
Personnel expenses	(36,066)	(17,895)
Consultancy expenses	(9,986)	(6,554)
Office expenses	(618)	(13)
Lawsuit and notary expenses	-	(2)
Other	(10,033)	(1,570)
	(167,358)	(83,334)

DİPNOT 21 – NİTELİKLERİNE GÖRE GİDERLER

	1 January - 31 December 2021	1 January- 31 December 2020
Expenses from residential and commercial units sales	2,153,986	3,590,588
Land costs	1,327,324	945,812
Personnel expenses	380,710	199,698
Taxes,duties and fees	153,025	67,645
Consultancy expenses	125,897	60,998
Advertising expenses	110,655	57,300
Security and cleaning expenses	67,598	28,938
Donations	49,877	38,258
Depreciation and amortisation (Note 11,12,13)	37,153	14,497
Due and contribution expenses	18,151	13,736
Information technologies expenses	13,427	6,149
Lawsuit and notary expenses	7,801	5,917
Communication expenses	2,107	1,522
Insurance expenses	1,715	1,735
Other	117,599	55,126
	4,567,025	5,087,919

NOTE 22 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2022	1 January- 31 December 2021
Other income from operating activities		
Financial income from forward sales	208,687	2,115
Reversal of unaccrued financial income, net	380,559	-
Income from transfer commissions	123,782	40,738
Default interest income from projects	76,801	347,885
Impairment provisions released (Note 9)	56,200	232,054
Income from tender contract sales	3,376	896
Other	126,583	56,557
	975,988	680,245

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

	1 January- 31 December 2022	1 January- 31 December 2021
Other expenses from operating activities		
Provision for impairment of land and residential inventories (Note 9)	(1,093,982)	(287,213)
Provision for lawsuits (Note 14)	(88,840)	(28,993)
Investment properties amortisation expenses (Note 10)	(14,905)	(16,185)
Provisions for possible risks	(1,922)	(4,459)
Reversal of unaccrued financial expense, net	-	(256,799)
Other	(31,191)	(28,977)
	(1,230,840)	(622,626)

NOTE 23 – INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2022	1 January- 31 December 2021
Revenue from investment activities		
Investment property sales profit	16,981	-
Fixed asset sales profit	8,567	-
Interest income from sales of investment property	1,799	-
Lease certificate income	-	30,798
	27,347	30,798

NOTE 24 – FINANCIAL INCOME / EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Financial expenses		
Borrowings interest and lease certificate expenses	(769,489)	(559,632)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*)	(92,453)	(39,522)
Interest discount on pay off debt	(77,657)	(3,392)
Foreign exchange losses	(6,388)	(3,969)
Interest expense on lease liabilities	(5,982)	(2,817)
Assigned receivables and commission expense	(99)	(99)
	(952,068)	(609,431)
Financial income		
Interest income from time deposits	599,197	182,893
Interest income from land acquisition	17,105	1,063
Foreign exchange gains	915	626
Interest income related to leases	664	3,150
	617,881	187,732

(*)This amount consists of interest expense accrued as of 31 December 2022 for the Company's debt in return for the land purchased from The Ministry of Environment, Urbanisation and Climate Change .

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 25 – 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 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.

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 the corporate earnings of the 2022 taxation period is 23% (2021: 23% for the year 2022, 20% for the year 2023).

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.

The current tax liability of the Group as of 31 December 2022 is as follows :

	31 December 2022	31 December 2021
<i>Current tax liability</i>		
Current corporate tax provision	4,885	16,056
Less: prepaid taxes and funds	(4,885)	(8,564)
	<u>-</u>	<u>7,492</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 25 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

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 23% over the temporary timing differences expected to reverse in 2022, and 20% over the temporary timing differences that are expected to reverse after 2022. (2021: 23% for 2022, 20% for 2023).

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.

<u>Deferred tax (assets)/liabilities:</u>	31 December 2022	31 December 2021
Fair value adjustment to inventories in acquired associates	22.632	22.860
Effect of amortized cost method on receivables	(9.648)	-
Depreciation / amortization differences of property, plant and equipment and other intangible assets	928	(1.302)
Provision for employment termination benefits	(1.636)	(1.398)
	<u>12.276</u>	<u>20.160</u>

The movements of deferred tax (asses)/ liabilities for the periods ended 31 December 2022 and 2021 are as follows :

<u>Movement of deferred tax (assets)/liabilities:</u>	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance as of 1 January	(20,160)	(52,279)
Charged to profit or loss	7,884	32,119
Closing balance at 31 December	<u>(12,276)</u>	<u>(20,160)</u>
	1 January- 31 December 2022	1 January- 31 December 2021
<u>Tax (expense) / income comprises:</u>		
Current tax expense	(4,885)	(16,056)
Deferred tax income	7,884	32,119
Total tax income	<u>2,999</u>	<u>16,063</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 25 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Total charge for the period can be reconciled to the accounting profit as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<u>Reconciliation of tax provision:</u>		
Profit from continuing operations	2,994,134	1,316,260
Profit from operations before tax	<u>2,994,134</u>	<u>1,316,260</u>
Tax at the domestic income tax rate 2022: 23% (2021: 25%)	(688,651)	(329,065)
Tax effects of:		
- revenue that is exempt from taxation	699,520	358,547
- the effect of tax rate change from 25% to 23%	1,085	(8,153)
- other	(8,955)	(5,266)
Income tax expense recognised in profit	<u>2,999</u>	<u>16,063</u>

NOTE 26 – EARNINGS 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 Group’s shares for the period.

The Group 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- 31 December 2022	1 January- 31 December 2021
Net income attributable to equity holders of the parent in full TL	2,997,133	1,332,323
Weighted average number of ordinary shares	3,659,447,630	3,659,447,630
Earnings per share in full TL	0.0082	0.0036

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 27 – RELATED PARTY DISCLOSURES (Continued)

	31 December 2022	31 December 2021
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	1,774,954	-
T.C. Çevre ve Şehircilik Bakanlığı Altyapı ve Kentsel Dönüşüm Hiz. Gen. Müd.	-	14,692
İller Bankası A.Ş. (**)	-	487,832
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	1,324
Emlak Basın Yayın A.Ş.	-	100
	1,774,954	503,948

(*) Remaining debt amount related to the acquisition of 22 parcels purchased by the company in the protocol signed with TOKİ on 9 March 2022.

(**) According to the protocol signed with İller Bankası A.Ş. on 14 December 2020, the Company's debt and deferred income balance arising from the transfer of the lands owned by İlbank and the real estate owned by Emlak Konut. Ownership of the real estate was transferred to Ilkbank in 2022 and there was no debt or deferred income on 31 December 2022.

According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. Interest amounts on time deposits of TOKİ arising from these transactions are netted off from time deposit interest income in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

	31 December 2022	31 December 2021
Deferred income from related parties		
İller Bankası A.Ş.	-	255,424
Türkiye Emlak Katılım Bankası A.Ş.	1,004,342	-
	1,004,342	255,424

	31 December 2022	31 December 2021
Short-term other payables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	593	587
	593	587

	31 December 2022	31 December 2021
Deposits at related parties		
Türkiye Emlak Katılım Bankası A.Ş.	57,516	247,672
	57,516	247,672

	31 December 2022	31 Aralık 2021
Prepaid expenses to related parties		
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı	1,433,207	-
	1,433,207	-

According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. Interest amounts on time deposits of TOKİ arising from these transactions are netted off from time deposit interest income in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 27 – RELATED PARTY DISCLOSURES (Continued)

	1 January- 31 December 2022	1 January- 31 December 2021
Purchases from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	5,208,323	1,069,453
T.C. Çevre ve Şehircilik Bakanlığı	4,014,901	1,021,789
Emlak Basın Yayın A.Ş.	1,515	914
	9,224,739	2,092,156

	1 January- 31 December 2022	1 January- 31 December 2021
Sales to related parties		
İller Bankası A.Ş.	798,932	-
T.C. Çevre ve Şehircilik Bakanlığı	135,000	162,479
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	3,325	19,283
Gedaş Gayrimenkul Değerleme A.Ş.	-	72
	937,257	181,834

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- 31 December 2022	1 January- 31 December 2021
Compensation to key management		
Salaries and other short-term benefits	20,310	15,939
	20,310	15,939

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company’s management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Liquidity risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity.

The Group management monitors the undiscounted estimated cash flows arising from the financial liabilities and trade payables of the Group with special reporting methods and analysis.

The maturity distribution of financial liabilities of the Group as of 31 December 2022 and 2021 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year- to 5 years
31 December 2022					
Short-term financial liabilities (Non-derivative):					
Financial liabilities	3,114,408	3,546,821	1,401,755	2,145,066	-
Trade payables	2,956,858	2,956,858	2,956,858	-	-
Other payables	516,169	516,169	426,828	89,341	-
	6,587,435	7,019,848	4,785,441	2,234,407	-
Long-term financial liabilities (Non-derivative):					
Financial liabilities	3,103,650	3,693,653	-	-	3,693,653
Trade payables	20	20	-	-	20
Other payables	117,382	117,382	-	-	117,382
	3,221,052	3,811,055	-	-	3,811,055
31 December 2021					
Short-term financial liabilities (Non-derivative):					
Financial liabilities	2,759,735	3,070,113	1,535,513	1,534,600	-
Trade payables	2,006,203	2,006,203	2,006,203	-	-
Other payables	196,047	196,047	106,708	89,339	-
	4,961,985	5,272,363	3,648,424	1,623,939	-
Long-term financial liabilities (Non-derivative):					
Financial liabilities	2,030,678	2,350,067	-	-	2,350,067
Trade payables	2,099	2,099	-	-	2,099
Other payables	89,537	89,537	-	-	89,537
	2,122,314	2,441,703	-	-	2,441,703

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Interest rate risk

The Group is vulnerable to interest rate arising from the change of interest rates due to its interest-earning asset and interest-paid liabilities. This risk is managed through on-balance sheet method by balancing the amount and maturity of interest rate sensitive assets and liabilities. In this context, great importance is attached to the fact that not only the due dates of receivables and payables, but also the periods of interest renewal are similar.

Average effective annual interest rates of balance sheet items as of 31 December 2022 and 2021 are as follows:

	31 December 2021	31 December 2021
	(%)	(%)
Current assets		
Cash and cash equivalents	18,16%	18,71%
Trade receivables	15,25%	17,85%
Current liabilities		
Financial liabilities	18,83%	12,11%
Non-current liabilities		
Financial liabilities	14,74%	10,72%

The table showing the Group's interest rate sensitive financial instruments is as follows:

	31 December 2021	31 December 2021
Financial instruments with fixed interest rate		
Time deposits	5,862,654	3,580,194
Financial liabilities	6,218,058	4,790,413

Credit risk disclosures

The Group is subject to credit risk arising from trade receivables related to forward sales, other receivables and deposits at banks.

The Group manages credit risk of bank deposits by working mainly with state banks established in Turkey and having long standing relations with the Group. Majority of bank deposits in this regard are with the state owned retail banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (letter of guarantee, etc.),
- Mortgage on real estate,
- Retain the legal title to the goods solely to protect the collectability of the amount due.

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Credit risk disclosures (continued)

As of 31 December 2022, details of credit and receivables risk are as follows:

31 December 2021	Trade Receivables		Other Receivables		Deposits at Banks	Blocked deposits with maturities more than 3 months
	Related Party	Other	Related Party	Other		
Maximum credit risks exposed as of reporting date	-	6,998,569	-	599,350	5,881,812	-
Secured portion of the maximum credit risk by guarantees,etc,	-	6,837,832	-	599,350	5,881,812	-
Net carrying value of financial assets that are neither past due nor impaired	-	6,837,832	-	599,350	5,881,812	-
Secured portion by guarantees etc.	-	6,837,832	-	599,350	-	-
Net carrying value of assets with negotiated terms	-	-	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-
Net carrying value of financial assets that are past due but not impaired	-	160,737	-	-	-	-
Secured portion by guarantees etc.	-	160,737	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-	-
Past due (Gross carrying value)	-	3,835	-	-	-	-
Impairment (-)	-	(3,835)	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-

As of 31 December 2021, details of credit and receivables risk are as follows:

31 December 2020	Trade Receivables		Other Receivables		Deposits at Banks	Blocked deposits with maturities more than 3 months
	Related Party	Other	Related Party	Other		
Maximum credit risks exposed as of reporting date	15,261	6,409,501	182	566,033	3,623,164	-
Secured portion of the maximum credit risk by guarantees,etc,	15,261	6,208,824	182	566,033	3,623,164	-
A. Net carrying value of financial assets that are neither past due nor impaired	15,261	6,208,824	182	566,033	3,623,164	-
Secured portion by guarantees etc.	15,261	6,208,824	182	566,033	-	-
B. Net carrying value of assets with negotiated terms	-	-	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-	200,677	-	-	-	-
Secured portion by guarantees etc.	-	200,677	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
Past due (Gross carrying value)	-	3,202	-	-	-	-
Impairment (-)	-	(3,202)	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-	-	-

Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality. There is no impairment on the Group’s asset that subject to credit risk of financial activities. In addition, the Group does not have any items that include off-balance credit risk and assets that are overdue but not impaired.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign exchange risk

The Group is subject to the foreign currency risk due to the foreign currency deposits in the bank deposit account. Since the Group does not use foreign currency in its main operations, the foreign currency risk is only originated from deposits of the Group.

Foreign currency position

Foreign currency denominated assets, liabilities and effects arising from foreign exchanges arising from having off-balance sheet items constitute exchange rate risk.

As of 31 December 2022, the Group’s foreign currency assets and liabilities did not need to be balanced with any off-balance sheet items.

The table below summarizes the Group’s foreign currency position of the Group as of 31 December 2022 and 2021. TL equivalents of carrying values of assets and liabilities denominated in foreign currencies are as follows:

	31 December 2022		
	TL Equivalent (Functional currency)	US Dollar	EURO
1a. Monetary Financial Assets	147,655	7,845	70
2.CURRENT ASSETS	147,655	7,845	70
3. TOTAL ASSETS	147,655	7,845	70
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6.TOTAL LIABILITIES	-	-	-
7.Net foreign currency asset / liability position	147,655	7,845	70
8. Monetary items net foreign currency asset / liability position (1a-4a)	147,655	7,845	70
	31 December 2021		
	TL Equivalent (Functional currency)	US Dollar	EURO
1a. Monetary Financial Assets	2,098	965	1,133
2.CURRENT ASSETS	2,098	965	1,133
3. TOTAL ASSETS	2,098	965	1,133
4a. Monetary Other Liabilities	-	-	-
5. CURRENT LIABILITIES	-	-	-
6.TOTAL LIABILITIES	-	-	-
7.Net foreign currency asset / liability position	2,098	965	1,133
8. Monetary items net foreign currency asset / liability position (1a-4a)	2,098	965	1,133

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Capital risk management

The Group attempts to manage its capital by minimizing the investment risk with portfolio diversification. The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

While managing the capital, the Group’s objectives are to maintain the Group’s operability in order to maintain the most appropriate capital structure in order to provide benefits to its shareholders, benefit from other stakeholders and reduce the cost of capital.

Gearing ratio as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2020
Financial Liabilities	6,218,058	4,790,413
Less: Cash and cash equivalents	(6,107,609)	(3,728,285)
Net Liability/(Asset)	110,449	1,062,128
Total Shareholder's Equity	18,368,023	15,746,887
Total Capital	18,478,472	16,809,015
Net liability (asset)/Total Capital Ratio	1%	6%

NOTE 29 – FINANCIAL INSTRUMENTS

	Financial assets at amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Note
31 December 2022					
Financial assets					
Cash and cash equivalents	6,107,609	-	-	6,107,609	4
Trade receivables	6,998,569	-	-	6,998,569	7
Other financial assets	599,350	-	-	599,350	8
Borrowings	-	-	6,218,058	6,218,058	6
Trade payables	-	-	2,956,858	2,956,858	7
Due to related parties	-	-	1,774,954	1,774,954	27
Other financial liabilities	-	-	632,958	632,958	8
31 December 2021					
Financial assets					
Cash and cash equivalents	3,728,285	-	-	3,728,285	4
Short term financial investments	-	500	-	500	5
Long term financial investments	-	842	-	842	5
Trade receivables	6,409,501	-	-	6,409,501	7
Trade receivables due from related parties	15,261	-	-	15,261	27
Other financial assets	566,033	-	-	566,033	8
Other receivables due from related parties	182	-	-	182	27
Borrowings	-	-	4,790,413	4,790,413	6
Trade payables	-	-	3,004,510	3,004,510	7
Due to related parties	-	-	503,948	503,948	27
Other financial liabilities	-	-	284,997	284,997	8

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgment. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets:

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade and other receivables are expected to reflect the fair value along with the relevant impairment provisions.

It is estimated that the fair values of the foreign currency balances converted with the exchange rates at the end of the period are close to their carrying values.

Special issue Government Debt Securities issued by the Treasury and given to the Group for the payments to be made to the HAS beneficiaries are not subject to trading in the secondary market and do not contain interest. They are recognized with their carrying value which is their fair value by the Group and they can be amortised at carrying value by the Group against the Treasury.

Bonds are kept at their fair values in the financial statements of the Company. Fair values of the bonds are calculated quarterly using effective interest rates.

Financial liabilities:

The Group’s borrowing from the Treasury in order to finance HAS payments are calculated at each interest payment period based on the weighted average compound interest rate of the Government Debt Securities. Therefore, the carrying value of this financial borrowing of the Group approximate their fair value.

Short-term trade payables and other liabilities with no stated interest rate are measured at original invoice amount. Since, these trade payables and other liabilities will be paid when requested they are considered as short-term.

It is anticipated that there is no significant difference between the cost values and fair values of the borrowings with floating interest rates including its accruals for the regarding period.

Financial liabilities (Continued):

Fair Value of Financial Instruments

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

- Level 1: Financial assets and financial liabilities with standard terms and conditions are valued with quoted market prices which are determined on active liquid markets.
- Level 2: Financial assets and financial liabilities are valued by directly or indirectly observable market prices rather than the quoted market prices mentioned in first level of the regarding assets or liabilities.
- Level 3: Financial assets and financial liabilities are valued by inputs where there is no observable market data of the fair value of the regarding assets and liabilities

The fair value classification of financial assets and liabilities measured at fair value is as follows:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value levels as of 31 December 2022		
	Level 1 TL	Level 2 TL	Level 3 TL
Special issue government bonds	-	-	-
Long term financial investments	-	-	-

Financial assets	Fair value levels as of 31 December 2021		
	Level 1 TL	Level 2 TL	Level 3 TL
Bond	-	-	-
Special issue government bonds	-	-	842

NOTE 30 – COMMITMENTS

The Group’s mortgage and guarantees received as of 31 December 2022 and 31 December 2021 are as follows :

	31 December 2022	31 December 2021
Guarantees received (*)	9,927,314	4,432,492
Mortgages received (**)	330,977	171,426
	10,258,291	4,603,918

(*) 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 30 – COMMITMENTS (Continued)

The collaterals, pledges and mortgages (“CPM”) of the Group as of 31 December 2022 and 31 December 2021 are as follows :

	31 December 2022	31 December 2021
A. CPM given on behalf of the Company's legal personality	413,684	120,845
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	-	-
	413,684	120,845

NOTE 31 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

	2022			2021		
	BDK	Other BDK	Total	BDK	Other BDK	Total
Independent audit fee for the reporting period	1,263	-	1,263	516	-	516
Fees for tax advisory services	-	798	798	150	622	772
	1,263	798	2,061	666	622	1,288

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

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

NOTE 32 - EVENTS AFTER THE REPORTING PERIOD

Due to the earthquakes that took place in Kahramanmaraş Pazarcık district on 06.02.2023 and in Kahramanmaraş Elbistan district on the same day, losses occurred in 10 provinces in the region that deeply upset our country. There is no project carried out by the Company in the region where the aforementioned earthquakes occurred and due to the extraordinary urgent need in the region, 300 construction machines, 400 personnel, 978 thousand equipment and humanitarian aid materials used in the construction sites related to the Company and its subsidiaries EPP and EKA have been dispatched to the earthquake-affected regions from the first day to support search and rescue, debris removal and temporary shelter. In addition to these studies, within the framework of the aid campaign launched by the TR Ministry of Interior Disaster and Emergency Management Presidency (AFAD) with the decision of the Board of Directors dated 15.02.2023 and numbered 9-018, it has been decided to make a cash donation amounting to TL 1,000,000,000 and this donation will be made from the donation budget of 2023. TL 700,000,000 of this donation amount was paid in cash.

Within the framework of share repurchase, the Company carried out a total of 29,400,429 share buyback transactions on 16.01.2023, 17.02.2023, 23.02.2023 and 03.03.2023. The total number of the Company's repurchased shares reached 156,280,291 shares and the ratio of the repurchased shares in the Company's capital reached 4.11%.

The highest bid in the Istanbul Başakşehir Kayabaşı 9th Stage Revenue Sharing for Land Sales tender held on 01.03.2023 was given by BİNBAY YAPI İNŞ. SAN. VE TİC. LTD. ŞTİ. & SOM GROUP İNŞ. LTD. ŞTİ. & İSTANBUL HAS YAPI İNŞ. LTD. ŞTİ. İŞ ORTAKLIĞI with a Total Sales Revenue of 6,427,500,000, a Company Share income of TL 2,571,000,000 and a Company Share Revenue Ratio of 40%.

The real estate numbered 292/220 Island/Parcel located in Istanbul province, Bakırköy district, Florya Mahallesi, owned by the company, was sold for TL 1,171,800,000 including VAT.

The Law No. 7438 on Social Insurance and General Health Insurance and the Law No. 375 on the Amendment to the Decree Law No. 375, which includes the regulation on Persons Aged at Retirement (EYT), entered into force after being published in the Official Gazette dated 3 March 2023 and numbered 32121. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the Group's operations and financial condition are ongoing.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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		31 December 2022	31 December 2021
	Main Account Items	Related Regulation	(TL)	(TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	5,183,773	3,002,793
	Properties, Projects based on Properties and			
B	Rights based on Properties	Series:III-No:48, Art,24/(a)	32,063,076	18,761,345
C	Affiliates	Series:III-No:48, Art,24/(b)	648,037	498,037
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		8,863,013	8,366,943
D	Total Assets	Series:III-No:48, Art,3/(k)	46,757,899	30,629,118
E	Financial Liabilities	Series:III-No:48, Art,31	6,000,956	4,617,547
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	18,542,635	15,877,239
	Other Resources		22,214,308	10,134,332
D	Total Resources	Series:III-No:48, Art,3/(k)	46,757,899	30,629,118
	Non-Consolidated (Standalone) Financial Statements		31 December 2022	31 December 2021
	Other Account Items	Related Regulation	(TL)	(TL)
	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years			
A1		Series:III-No:48, Art,24/(b)	5,183,773	2,099,032
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	6,006,675	3,531,620
A3	Foreign Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-
	Foreign Properties, Projects based on			
B1	properties and Rights based on Properties	Series:III-No:48, Art,24/(d)	-	-
B2	Idle Lands	Series:III-No:48, Art,24/(c)	2,604,293	2,124,409
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	648,000	34,395
J	Non-cash Loans	Series:III-No:48, Art,31	384,502	45,597
	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-
K				

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

(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	31 December 2022 (%)	31 December 2021 (%)	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)	79.66	68	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1.39	4.58	<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)	5.57	7	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	1.390	0.001	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	34.44	29	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	1.79	0.05	<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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LEGAL NOTICE

This interim report includes information about the Company's operations and accounts for the period from January 1 to December 31, 2022.

It was prepared in accordance with legal regulations and based on the Board of Directors Report, and Financial Statements. The report was prepared to inform shareholders and does not constitute the basis for any investment decision.

The views and estimated figures in the report reflect the Company management's opinions about the future; however, they may take place differently depending on the variables and estimates that constitute such prospective and estimated figures. Accordingly, Emlak Konut GYO A.Ş. (Emlak Konut REIC) or members of the Board of Directors, its advisors or employees shall not be responsible for any direct or indirect losses or damages suffered by any person due to any information or communication conducted through this report or any when such results are based on any information covered in this report or deemed to have resulted from the lack of thereof.

All the information provided in this report is considered to be correct as of its publication date; Emlak Konut GYO A.Ş. shall not assume any responsibility for any errors that may occur in writing and printing stages.



EMLAK KONUT

GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

T.C. ÇEVRE, ŞEHİRCİLİK VE İKLİM DEĞİŞİKLİĞİ BAKANLIĞI TOKİ İŞTİRAKİDİR