

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT FOR THE  
PERIOD 1 JANUARY - 31 DECEMBER 2023**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR’S REPORT**

To the General Assembly of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate 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. Key audit matters were addressed in the context of our independent 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 Matters	How the key audit matter was addressed in the audit
<p><b>TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard Implementation</b></p> <p>Since the Group's functional currency ("Turkish Lira") is considered to be the highinflationary economy currency as of 31 December 2023, the Group has started to apply the "TAS 29 Financial Reporting in Hyperinflationary Economies" ("TAS 29") standard.</p> <p>In accordance with the application of TAS 29, the current period consolidated financial statements and the comparative consolidated financial statements are prepared in terms of the purchasing power index of the Turkish Lira at the end of the reporting period, adjusted for the effect of inflation, using the Turkish Consumer Price Indexes to reflect the changes in the general purchasing power of the Turkish Lira.</p> <p>Considering the significant impact on the Group's consolidated financial information, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> <li>- Understanding the process related to application of TAS 29.</li> <li>- Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29.</li> <li>- Inspecting whether application of TAS 29 were applied consistently in the comparative financial statements of the current period.</li> <li>- Evaluate the completeness and accuracy of the calculations and obtaining detailed lists of non monetary items and testing original entry dates and amounts with supporting documents on a sample basis,</li> <li>- Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute,</li> <li>- Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul>

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Valuation work related to determining the fair value of investment properties</b></p> <p>The Group values its investment properties with the fair value method after the initial recognition, as described in Note 2.</p> <p>As of 31 December 2023, investment properties constitute 80% of the Group's total assets and have a total carrying value of TRY64.747.302.000.</p> <p>As of 31 December 2023, the fair values of investment properties determined independent valuation experts have been evaluated by management and these values were used as the fair values of the investment properties in the consolidated financial statements.</p> <p>“Market approach” and “income approach” methods are used in determining the fair value of investment properties.</p> <p>The valuation of the Group's investment properties involves significant areas of judgment and requires subjective assumptions. Important reasoning and assumptions can be directly affected by factors such as capitalization rate, discount rate, occupancy rates of leasable areas, rental income, and comparable sales prices per square meter.</p> <p>The fair values of investment properties have been determined by using the market value that determined by independent valuation experts with professional qualifications.</p> <p>Valuation of investment properties is determined as a key audit matter, since investment properties constitute a significant portion of consolidated assets and the valuation methods applied include significant estimates and assumptions.</p>	<ul style="list-style-type: none"> <li>- Design and implementation of the controls conducted by the Group management regarding the valuation reports prepared by independent valuation experts, assigned by the Group were understood,</li> <li>- The competence, capability and objectivity of the independent valuation experts assigned by the Group were evaluated,</li> <li>- Valuation methods applied in the valuation reports were evaluated,</li> <li>- Mathematical accuracy of the calculation tables used in the valuation reports were tested,</li> <li>- Consistency of the estimates regarding cash inflows and cash outflows related to the income models in the valuation reports was evaluated by comparing them with the Group's budget projections for the upcoming years. In addition, the estimates for the previous year were checked retrospectively by comparing with the actual results,</li> <li>- Reasonableness of the important judgments and assumptions used in the valuation reports by independent valuation experts assigned by the Group were evaluated together with the independent appraisers assigned by us as the independent auditors by applying the following procedures,</li> <li>- Suitability of comparable benchmarks used in valuation studies was evaluated,</li> <li>- Values determined by the independent valuation experts were evaluated whether if they have been within a reasonable range,</li> <li>- The fair values in the valuation reports were compared to the disclosures, the consistency with the valuation reports and the adequacy in accordance with TFRS were checked with the amounts in the disclosures and financial statements.</li> </ul>



#### **4. Responsibilities of management and those charged with governance for the consolidated financial statements**

The Group 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 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 aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.



- Assess the 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 independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 3 May 2024.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Burak Özpoyraz, SMMM  
Independent Auditor

Istanbul, 3 May 2024

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**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2023 AND 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

		(Audited) Current Period 31 December 2023	(Audited) Previous Period 31 December 2022
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>		<b>7,928,266</b>	<b>6,059,808</b>
Cash and Cash Equivalents	4	2,131,157	1,524,858
Financial Investments	11	1,226,120	-
Trade Receivables		1,393,523	828,909
<i>Trade Receivables from Related Parties</i>	7, 24	685,820	52,457
<i>Trade Receivables from Third Parties</i>	7	707,703	776,452
Other Receivables		15,921	16,734
<i>Other Receivables from Third Parties</i>		15,921	16,734
Inventories	9	2,806,540	3,470,739
Prepaid Expenses	6	311,872	167,972
Other Current Assets	12	43,133	50,596
<b>Non-Current Assets</b>		<b>72,663,489</b>	<b>62,387,693</b>
Trade Receivables		49,928	119,282
<i>Trade Receivables from Third Parties</i>	7	49,928	119,282
Other Receivables		1,183	1,946
<i>Other Receivables from Third Parties</i>		1,183	1,946
Financial Investments	11	195,914	-
Inventories	9	2,338,583	1,681,718
Investments Accounted For Using the Equity Method	14	2,129,768	1,625,594
Investment Properties	8	64,747,302	56,411,716
Property, Plant and Equipment	10	3,190,086	2,540,736
Intangible Assets		2,273	2,613
<i>Other Intangible Assets</i>		2,273	2,613
Prepaid Expenses	6	8,452	4,088
<b>Total Assets</b>		<b>80,591,755</b>	<b>68,447,501</b>

The consolidated financial statements for the accounting period 1 January - 31 December 2023 were examined by the audit committee and approved by the decision of the Board of Directors dated 3 May 2024.

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

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

		(Audited) Current Period 31 December 2023	(Audited) Previous Period 31 December 2022
	Notes		
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>2,382,309</b>	<b>3,661,242</b>
Short-Term Borrowings	5	415,563	1,133,377
Short-Term Portion of Long-Term Borrowings	5	1,245,137	1,844,799
Trade Payables		343,503	193,567
<i>Trade Payables to Related Parties</i>	7, 24	40,760	45,861
<i>Trade Payables to Third Parties</i>	7	302,743	147,706
Payables Related to Employee Benefits		10,487	9,946
Other Payables		45,209	60,417
<i>Other Payables to Third Parties</i>	13	45,209	60,417
Deferred Income	6	208,037	297,144
Short-Term Provisions		46,674	49,090
<i>Other Short Term Provisions</i>	15	46,674	49,090
Period Profit Tax Liability		167	1,599
Other Current Liabilities	12	67,532	71,303
<b>Non-Current Liabilities</b>		<b>5,970,074</b>	<b>5,556,086</b>
Long-Term Borrowings	5	1,983,764	4,279,553
Deferred Income	6	3,955,008	1,266,357
Trade Payables		26,532	-
<i>Trade Payables to Related Parties</i>	7.24	26,532	-
Long-Term Provisions		4,770	10,176
<i>Long-Term Provisions for Employee Benefits</i>	15	4,770	10,176
<b>EQUITY</b>		<b>72,239,372</b>	<b>59,230,173</b>
Share Capital	17	1,000,000	1,000,000
Adjustment to Share Capital		6,920,445	6,920,445
Treasury Shares		(32,971)	(33,215)
Share Premium		255,051	255,051
Accumulated other comprehensive income		1,196,004	526,447
<i>not be reclassified to profit or loss</i>		1,196,004	526,447
Restricted Reserves		599,504	537,650
Retained Earnings		49,662,361	33,657,437
Net Income		12,638,978	16,366,358
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>80,591,755</b>	<b>68,447,501</b>

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

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	(Audited) 1 January - 31 December 2023	(Audited) 1 January - 31 December 2022
Revenue	18	4,970,728	5,286,387
Cost of Sales (-)	18	(1,281,225)	(1,620,356)
<b>GROSS PROFIT</b>		<b>3,689,503</b>	<b>3,666,031</b>
General Administrative Expenses (-)	19	(297,091)	(246,592)
Marketing Expenses (-)	19	(95,970)	(174,324)
Other Operating Income	21	7,878,500	9,923,232
Other Operating Expenses (-)	21	(17,184)	(37,212)
<b>OPERATING PROFIT</b>		<b>11,157,758</b>	<b>13,131,135</b>
Income from Investments Accounted by Equity Method	14	629,757	347,658
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME</b>		<b>11,787,515</b>	<b>13,478,793</b>
Financial Income 177,162	22	674,170	
Financial Expenses (-)	22	(1,075,095)	(2,077,554)
Monetary Gain		1,253,350	4,791,502
<b>PROFIT BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>12,639,940</b>	<b>16,369,903</b>
Tax Expense		(962)	(3,545)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>		<b>12,638,978</b>	<b>16,366,358</b>
Earnings per share from continuing operations	23	12.64	16.37
<b>OTHER COMPREHENSIVE INCOME</b>		<b>669,557</b>	<b>526,447</b>
<u>That will not be reclassified to profit or loss:</u> - Revaluation Increases of Property, Plant And Equipment			669,557
		526,447	
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13,308,535</b>	<b>16,892,805</b>

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

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS OF 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

	Share Capital	Adjustments to Share Capital	Treasury Shares (-)	Share Premium	Accumulated Other Comprehensive Income Not to be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings	Net Income	Total Equity
<b>Opening balance as of 1 January 2022</b>	<b>1,000,000</b>	<b>6,920,445</b>	<b>(33,215)</b>	<b>255,051</b>	<b>-</b>	<b>537,578</b>	<b>19,299,803</b>	<b>14,357,706</b>	<b>42,337,368</b>
Transfers	-	-	-	-	-	72	14,357,634	(14,357,706)	-
Total comprehensive income	-	-	-	-	526,447	-	-	16,366,358	16,892,805
<b>Closing balance as of 31 December 2022</b>	<b>1,000,000</b>	<b>6,920,445</b>	<b>(33,215)</b>	<b>255,051</b>	<b>526,447</b>	<b>537,650</b>	<b>33,657,437</b>	<b>16,366,358</b>	<b>59,230,173</b>
<b>Opening balance as of 1 January 2023</b>	<b>1,000,000</b>	<b>6,920,445</b>	<b>(33,215)</b>	<b>255,051</b>	<b>526,447</b>	<b>537,650</b>	<b>33,657,437</b>	<b>16,366,358</b>	<b>59,230,173</b>
Transfers	-	-	-	-	-	61,854	16,304,504	(16,366,358)	-
Dividends paid	-	-	244	-	-	-	(299,580)	-	(299,336)
Total comprehensive income	-	-	-	-	669,557	-	-	12,638,978	13,308,535
<b>Closing balance as of 31 December 2023</b>	<b>1,000,000</b>	<b>6,920,445</b>	<b>(32,971)</b>	<b>255,051</b>	<b>1,196,004</b>	<b>599,504</b>	<b>49,662,361</b>	<b>12,638,978</b>	<b>72,239,372</b>

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

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
<b>A. İŞLETME FAALİYETLERİNDEN NAKİT AKIŞLARI</b>		<b>3,081,267</b>	<b>3,907,303</b>
<b>Profit for the period</b>		<b>12,638,978</b>	<b>16,366,358</b>
<b>Adjustments for Reconciliation of Profit for the Period</b>		<b>(9,004,076)</b>	<b>(12,652,833)</b>
Adjustments for depreciation and amortization expenses	20	74,514	23,847
Adjustments for trade receivable impairment	7	464	(186)
Adjustments for property, plant, and equipment		19,862	18,214
Adjustments for interest income and expenses	22	473,222	924,085
Adjustments for unrealized foreign exchange differences		309,237	903,368
Adjustments for undistributed profits of investments accounted for by equity method	14	(629,757)	(347,658)
Gain on sales of investment properties	8	(7,739,716)	(9,761,240)
Adjustments for derivative instruments		-	735,955
Adjustments for fair value gain from investment property	21	(70,373)	(139,424)
Monetary Loss		(1,441,529)	(5,009,794)
<b>Changes in working capital</b>		<b>(553,635)</b>	<b>194,244</b>
Adjustments for decrease in trade receivables		(1,110,271)	(837,261)
Adjustments for decrease in other receivables		(7,374)	(18,657)
Adjustments for decrease in financial investment		(1,818,188)	-
Adjustments for decrease in inventories		(505,589)	(247,331)
Adjustments for decrease in prepaid expenses		(238,637)	(94,176)
Adjustments for increase in trade payables		322,919	54,846
Adjustments for increase/(decrease) in other payables		10,922	(27,972)
Adjustments for increase in deferred income		2,777,707	1,317,210
Adjustments for decrease/increase in other current/non-current assets from operations		14,876	47,585
<b>Cash generated from operations</b>		<b>3,081,267</b>	<b>3,907,769</b>
Employment Termination Benefits Payment	15	-	(466)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>169,811</b>	<b>262,353</b>
Cash outflows from purchases of property, plant and equipment		(2,187)	(2,557)
Cash outflows from purchases of investment properties	8	(211,998)	(97,933)
Proceeds from disposal of investment properties		258,413	258,664
Dividends received	14	125,583	104,179
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,054,044)</b>	<b>(3,063,031)</b>
Cash inflows from financial liabilities	5	2,122,828	3,792,814
Cash outflows from financial liabilities	5	(3,684,904)	(6,047,672)
Interest paid		(794,261)	(985,335)
Interest received		601,873	177,162
Dividend paid		(299,580)	-
<b>Monetary loss effect of foreign currency translation differences on cash and cash equivalents</b>		<b>(596,921)</b>	<b>(260,593)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>4</b>	<b>1,197,034</b>	<b>1,106,625</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>1,512,619</b>	<b>666,587</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>2,112,732</b>	<b>1,512,619</b>

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

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ('Torunlar REIC' or the 'Company') and its subsidiary, TRN Otel İşletmeciliği ve Yatırımları A.Ş. ('TRN') referred together as a 'Group'. The Company was incorporated in 1996 with the trade name of Toray İnşaat Sanayi ve Ticaret A.Ş. in İstanbul, Turkey. With a change in the Articles of Association published on Trade Registry Gazette on 25 January 2008, the Company has been registered with the trade name of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. on 21 January 2008. The Company's stocks have been traded at the Borsa İstanbul since 21 October 2010 and registered to Capital Markets Board ('CMB'). The Company operates in Turkey. As of 31 December 2023, the total number of the Company's employees is 189 (31 December 2022: 187) and the main shareholder is the Torun Family (Note 17).

The Company is registered in İstanbul Trade Registry Office in Turkey in the following address: Rüzgarlıbahçe Mahallesi Özalp Çıkmaşı No: 4 Beykoz 34805 İstanbul/Turkey. The Company's principle activity is to engage in the pre-defined objectives and areas stipulated in the Communiqué on real estate investment companies published by the Capital Markets Board of Turkey ('CMB') such as investing in real estate, capital market instruments based on real estate, real estate projects and capital market instruments. Torunlar REIC purchased 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. as of 12 March 2020. Accordingly, the financial statements are prepared as consolidated as of 31 December 2023. The principal activity of TRN, and the Group's participation rates are as follows:

Firm	Operating country	Operating sector	31 December 2023 Participation rate (%)	31 December 2022 Participation rate (%)
TRN Otel İşletmeciliği ve Yatırımları A.Ş.	Turkey	Hotel Management	100	100

### Joint Ventures

The Joint Ventures of Torunlar REIC operate in Turkey and their principal activities and joint venture partners as of 31 December 2023 are as follows (Note 2):

Joint Venture	Principal activity	Joint venture partner
TTA Gayrimenkul Yatırım Geliştirme ve Yönetim A.Ş. ("TTA")	Shopping mall project	Anaterra Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş.

TTA Gayrimenkul Yatırım ve Yönetim A.Ş. has been incorporated on 7 January 2010 after winning the tender related to the old cigarette factory and its auxiliary buildings which are located in Samsun, İlkadım district, 205 lot, 2, 8, 9, 10, 11, 12, 13, 14 parcels and 376 lot, 1 parcel and 377 lot, 5 parcel whose ownership is registered to Samsun Metropolitan Municipality. The project includes, by the approval of Samsun Cultural and Natural Heritage Protection Regional Committee; the renovation as shopping mall and/or hotel; constructing two stores underground car park and facilitating the right of operation to Samsun Metropolitan Municipality; operating for 30 years with a limited incorporeal right (permanent and individual usufruct right) on land registry by the same term and providing a certain share of the revenue of shopping mall and/or hotel to Samsun Metropolitan Municipality; delivering the project to Samsun Metropolitan Municipality at the end of the 30 years term.

As a result of winning the tender and the agreement made with Samsun Metropolitan Municipality, the earned right as part of the financial leasing is classified as investment property within the scope of TAS 40 and is measured at fair value.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

In August 2011, 450,000 shares which were previously owned by Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş. and valued nominally as TRY450,000 and 50,000 shares which were previously owned by Ahmet Demir and valued nominally as TRY50,000 were transferred to Anaterre Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. After the transfer, the shareholding structure of TTA is 40% Torunlar REIC, 8% Torunlar Gıda Sanayi Ticaret A.Ş., 1% Aziz Torun, 1% Mehmet Torun and 50% Anaterre Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş. The construction of the TTA Bulvar Samsun Mall project has been started in 2011 and the Mall started to operate in July 2012.

#### Subsidiary

##### TRN Otel İşletmeciliği A.Ş.

The Group management has decided to purchase that 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. with a nominal value of 500,000 nominal amount and nominal value of TRY0.22 that has been valued at TRY109 as of 12 March 2020. The Group has consolidated TRN Otel İşletmeciliği A.Ş. at the rate of 100% in the consolidated financial statements.

#### Associates

The Associates of Torunlar REIC are incorporated in Turkey and their primary operations and nature of businesses are stated below:

##### Associate

##### Principal Activity

Yeni Gimat GYO A.Ş. ("YeniGimat")

Owner of Ankamall Shopping Mall  
and Crowne Plaza Hotel

Netsel Turizm Yatırımları A.Ş. ("Netsel")

Management of Marmaris Marina

#### Yeni Gimat

Yeni Gimat has been incorporated by participation of 1,050 individual shareholders as founding members on 30 July 1999. The Entity owns Ankamall Shopping Mall since 2006 and Ankara Crowne Plaza Hotel since 2007. While the Group owns 14.83% of Yeni Gimat shares and Torun family members also own another 5% of Yeni Gimat, as a result the Group has significant influence on Yeni Gimat and is also represented in the Board of Directors. The investment in Yeni Gimat is accounted by the equity method in the consolidated financial statements.

#### Netsel

Netsel has been incorporated by Net Turizm Ticaret and Sanayi A.Ş. and Yüksel İnşaat A.Ş. on 6 October 1987. The coastal property operated by Netsel, has been leased from Ministry of Culture and Tourism for 49 years on 22 December 1988. Net Turizm sold its shares to Marmara Bank in 1992 and Yüksel İnşaat sold its shares to Çukurova Group in 1994. Following the liquidation process of Marmara Bank, 44.60% of Netsel was sold to Torunlar REIC in accordance with share transfer agreements on 31 May 2005 and 7 June 2005 respectively and 55% of Netsel was transferred to Tek-Art Kalamış and Fenerbahçe Marmara Turizm Tesisleri A.Ş. (a subsidiary of Koç Holding A.Ş.) in accordance with share transfer agreement on 22 August 2005 as a privatization transaction. It was accounted for by using equity method since the Group has a significant influence in Netsel. The remaining 0.40% belongs to Torun family.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1. Basis of Preparation

##### Preparation of the consolidated financial statements

The Company and its subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code ('TCC'), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The accompanying financial statements are prepared in TRY based on historical cost method, except for investment properties at fair values. These financial statements are restated based on statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS.

The Company maintains its books of account and prepares their statutory financial statements in accordance with the Turkish Commercial Code ('TCC'), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The accompanying financial statements are prepared in Turkish Lira based on historical cost method, except for financial assets and liabilities at fair values. These financial statements are restated based on statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS.

The Group's consolidated financial statements as of 31 December 2023 have been approved by the Board of Directors on 3 May 2024. General assembly has the right to modify the consolidated financial statements.

##### Statement of Compliance in TAS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ('CMB') Communiqué Serial II, No: 14.1 'Basis of Financial Reporting in Capital Markets', which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards ('TAS/IFRS') and their appendices and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ('POA') under Article 5 of the Communiqué. In addition, the consolidated financial statements and disclosures have been prepared in accordance with the formats of CMB dated 7 June 2013.

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ('CPI') of Turkey published by the Turkish Statistical Institute ('TURKSTAT'). As of 31 December 2023, the indices and adjustment of the consolidated financial are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1,859.38	1.000	268%
31 December 2022	1,128.45	1.647	156%
31 December 2021	686.95	2.706	74%



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Preparation (Continued)

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economic are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not restated as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provision of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant conversion coefficients.
- All items included in the income statements and other comprehensive income statements, except the cost of sales (excluding shopping mall costs), fair value increases/decreases of investment properties, depreciation expense, and profit/loss on asset sales, have been adjusted using the relevant monthly conversion factors. Cost of sales, depreciation expense, asset sale profit/loss items, fair value increases/decreases of investment properties have been recalculated on the basis of adjusted balance sheet items using conversion factors.
- All items in the statement of cash flows are expressed in the measurement unit in effect at the end of the reporting period.
- The effect of inflation on the Company's net monetary position is included in the statements of income as monetary gain or loss.

#### *Comparative figures*

The relevant figures for the previous reporting period are restated by applying the general price index so that comparative financial statements are presented in the unit of measurement effective at the end of the reporting period. Information disclosed for previous periods is also presented in the measurement unit effective at the end of the reporting period.

#### **Functional and Presentation Currency**

Items included in the financial statements of the company are presented using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional and presentation currency is Turkish Lira ('TRY').

#### **Basis of the Consolidation**

##### **Subsidiary**

Subsidiaries of the Company as at 31 December 2023 and 2022 are detailed as follows:

Firm	Operating country	Operating sector	2023 Participation rate %	2022 Participation rate %
TRN Otel İşletmeciliği ve Yatırımları A.Ş.	Turkey	Hotel Management	100	100

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

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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

##### **2.1. Basis of Preparation (Continued)**

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

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

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

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

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

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.

##### **Joint Ventures**

###### **Interests in joint ventures**

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.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.1. Basis of Preparation (Continued)

Interests in Joint Ventures on combined basis are as follows:

##### TTA

	31 December 2023	31 December 2022
Current assets	14,738	14,818
Non-current assets	254,589	431,206
<b>Total assets</b>	<b>269,327</b>	<b>446,024</b>
Short-term liabilities	24,198	81,421
Long-term liabilities	15,392	25,360
Equity	229,737	339,243
<b>Total liabilities and equity</b>	<b>269,327</b>	<b>446,024</b>
<b>Net profit for the year</b>	<b>23,852</b>	<b>12,429</b>

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in its consolidated financial statements in proportion to its interest in a joint operation:

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

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

##### Associates

Investments in associates, over which the Group has significant influence, but which it does not control, are accounted for by the equity method of accounting. The Group's share of its associates' post-acquisition profits or losses is recognized under 'profit from investments accounted for by using equity method' in the statement of profit or loss. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. The accounting policies of the associates can be modified if required in order to provide integrity with policies accepted by the Group.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Carrying amount in the date of termination of significant influence, presented with fair value if fair value after this date can be measured securely.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1. Basis of Preparation (Continued)

Torunlar REIC's direct and indirect voting rights in the associates as of 31 December 2023 and 2022 are as follows:

	31 December 2023 (%)	31 December 2022 (%)
Netsel	44.60	44.60
Yeni Gimat	14.83	14.83

#### Interest in associates on combined basis (\*)

	31 December 2023	31 December 2022
Total assets	13,664,742	10,113,743
Total liabilities	300,112	298,748
Net profit for the year	7,683,827	5,166,592

(\*) These combined figures represent amounts presented in the consolidated financial statements of associates which are accounted by the equity method after their classifications and adjustment entries for the equity method. The above-mentioned figures represent the complete result of operations of these companies.

#### Yeni Gimat

	31 December 2023	31 December 2022
Total assets	13,336,040	9,859,052
Total liabilities	159,179	155,007
Net profit for the year	7,516,016	5,086,820

#### Netsel

	31 December 2023	31 December 2022
Total assets	328,702	254,691
Total liabilities	140,933	143,741
Net profit for the year	167,811	79,772

#### Netting/Offset

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

Significant changes in accounting policies have been applied retrospectively and prior period consolidated financial statements are restated.

#### 2.3. Changes in Accounting Policies

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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

**2.4 New and Revised Turkish Accounting Standards**

***a. Standards, amendments and interpretations applicable as at 31 December 2023:***

Effective from annual periods beginning on or after 1 January 2023.

- **Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- **TFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

These standards, amendments and interpretations did not have a significant impact on the financial position or performance of the Group.

***b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:***

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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

**2.4 New and Revised Turkish Accounting Standards (Continued)**

- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **TFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **TFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group will evaluate the effects of the above changes on its operations and implement the necessary ones.

**2.5 Summary of Significant Accounting Policies**

**Related parties**

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity.

If that person,

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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

##### **2.5 Summary of Significant Accounting Policies (Continued)**

- b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In the consolidated financial statements, shareholders, key management personnel and members of Board of Directors and their families, Torun Family and companies under their control and affiliated companies, subsidiaries and partnerships are considered and stated as related parties (Note 23).

##### **Foreign currency transactions**

Transactions in foreign currencies are translated into functional currency at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency TRY at the exchange rate at that date. Gains or losses on translation of foreign currency denominated transactions to functional currency TRY are recognized in statement of comprehensive income.

##### **Financial Instruments**

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on the transaction date.

'Financial assets measured at amortized cost' are non-derivative financial assets that are held within the scope of a business model that aims to collect contractual cash flows and that have cash flows that include only the principal and interest payments arising from the principal balance at certain dates in contract terms. Related assets are recorded in the financial statements with their fair values; In subsequent accounts, they are measured over their discounted values using the effective interest rate method. Gains and losses arising from valuation of non-derivative financial assets measured at amortized cost are accounted in the consolidated income statement.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

If a financial asset is not measured at amortized cost or at FVTPL, the change in fair value is measured at profit or loss.

At the initial recognition, the Group may irrevocably elect to present changes in fair value of an equity investment that is not held for trade, in other comprehensive income.

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. Interest income is recognized in profit or loss and is included in the 'financial income – interest income' line item (Note 22).



## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedging policy).

###### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically,

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss for the period. Other exchange differences are recognized in other comprehensive income; For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income.

###### Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on borrowing instruments (1 short-term), rental receivables, trade receivables, contract assets and expected credit losses related to investments for financial guarantee contracts that are measured at amortized cost and at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Since the Company's trade receivables, which are accounted under amortized cost value in the financial statements, do not include an important financing component, the Company uses the response matrix by selecting the simplified application for the impairment calculations. With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons. In the calculation of the expected credit losses, the Company's future forecasts are taken into consideration along with the past loan loss experiences. There is no material ECL as of 31 December 2023.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss on default (for example, the size of the loss if there is a default) and the amount at risk in the event of default. Assessment of probability of default and loss in case of default is based on historical data corrected with forward looking information. The amount of financial assets subject to risk in case of default is reflected over the gross book value of the related assets at the reporting date.

The expected credit loss of financial assets is the initial effective interest rate of the difference between all of the cash flows that the Group expects to collect as the contractual maturity of the Group and all the cash flows the Group expects to receive (or the initial effective interest rate (or credit-impairment when purchased or generated). is the present value calculated on the basis of the effective interest rate adjusted according to the credit for the financial assets found.

*Derecognition of financial assets*

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Financial liabilities**

The Company classifies its financial liabilities as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

The Company classifies a financial liability subsequently at amortized cost except:

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

A contingent consideration recognized in the consolidated financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

##### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

##### **Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Advances**

Advances received due to preliminary sales contracts related to residence projects are classified as short-term and long-term regarding the estimated delivery date of the residences. Other advances received due to operational reasons are classified as short-term and long-term regarding the acquisition purpose and term of the advance. Advances denominated in foreign currencies given to suppliers and subcontractors in relation to the projects being developed are not subject to exchange rate valuation. Advances denominated in foreign currencies given to legal entities and real persons in relation to residence and office projects are subject to exchange rate valuation if received from real persons with repayment obligations continuing after the delivery of the residences and offices, however exchange rate valuation is not applied if the advances are received from legal entities with no obligation regarding the repayment of the advance.

**Financial liabilities and borrowing cost**

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method in the consolidated financial statements. For the projects starting after the 1 January 2009, the borrowing costs are capitalized as a part of the qualifying assets which are directly attributable with the construction or production of the regarding assets if it takes significant time to be available for use or sale ('qualifying assets'). In the periods prior to 1 January 2009, borrowing costs were recognized as expense in the scope of the option existed TAS 23.

**Current and deferred tax for the period**

The Company is exempt from corporate income taxes in accordance with paragraph d-4 of Article 5 of the Corporate Income Tax Law. In accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, with Council of Ministers decision No, 93/5148, the withholding rate is determined as "0". Therefore, the Company has no tax obligation over its earnings for the related period.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Provision for employment termination benefits**

Provision for the employee termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from retirement of its employees calculated in accordance with Turkish Labor Law. In conformity with the laws regulating the work life in Turkey and the Turkish Labor Law, the Company 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 achieves 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 amount of TRY23,489.83 as of 31 December 2023 (31 December 2022: TRY15,371.40).

**Share capital**

Common shares are classified as equity. Costs related to newly issued shares are recognized in equity less tax effect.

**Provisions, contingent assets and liabilities**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized 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 financial statements and are treated as contingent assets or liabilities.

**Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories consist of the cost of lands which is held for residential construction for sale by the Group and residential construction in process on these lands. Cost of inventories includes all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present state and position. The unit cost of inventories is determined using the lower of cost or net realizable value.

**Property, plant and equipment and related depreciation**

Hotel and dormitory buildings that are kept in use for the delivery of goods or services or for administrative purposes are expressed with their revalued amounts. The Group bears the cost as the sales offices will be sold or rented in the future. If the book value of the asset has increased as a result of revaluation, the increase is recognized as other comprehensive income and is added to revaluation and measurement gains in equity. However, if there is a decrease in value of the same asset that was previously associated with profit or loss as a result of revaluation, this increase is recognized as income to the extent that it reverses the decrease in value. If the book value of the asset has decreased as a result of revaluation, the decrease is recognized as an expense. However, if there is an increase in value of the same asset that was previously recognized as other comprehensive income as a result of revaluation, this decrease is recognized as other comprehensive income to the extent that this decrease reverses the increase in value.

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

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of Significant Accounting Policies (Continued)

The increase resulting from the revaluation of the buildings in question is recorded in the revaluation fund in equity. The increase in value resulting from revaluation is recorded in the consolidated statement of profit or loss in the event of a decrease in the value of the property, plant and equipment previously shown in the consolidated statement of profit or loss, in proportion to the said decrease in value. The decrease in the book value resulting from the revaluation of the mentioned buildings is recorded in the consolidated statement of profit or loss if the asset exceeds the balance in the revaluation fund related to the previous revaluation.

Depreciation of revalued buildings is included in the consolidated statement of profit or loss. When the revalued real estate is sold or withdrawn from service, the remaining balance in the revaluation fund is directly transferred to the undistributed profits. Unless the asset is derecognized, no transfer is made from the revaluation fund to undistributed profits.

Assets under construction for leasing or administrative purposes or for other unspecified purposes are shown by deducting the impairment loss, if any, from their cost values. Legal fees are also included in the cost. For assets that need considerable time to be ready for use and sale, borrowing costs are capitalized. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

The buildings consist of the Hotel and Dorm buildings where the Group carries out tourism hotel management and dormitory services. Property, plant and equipment other than buildings are shown at cost, less accumulated depreciation and accumulated impairment losses.

Except for land and ongoing investments, cost or valued amounts of property, plant and equipment are subjected to depreciation using the straight-line depreciation method according to their expected useful lives. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates and if there is a change in estimates, they are accounted for prospectively.

The gain or loss resulting from the disposal of property, plant and equipment or decommissioning a property, plant and equipment is determined as the difference between the sales revenue and the asset's book value and is included in the consolidated statement of profit or loss.

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

	Years
Motor Vehicles	5
Furniture and Fixtures	4-5
Building	50
Machinery, plant and equipment	5-15
Underground and overland plants	15

#### Intangible Assets

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

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Impairment of assets**

The Group reviews all assets including tangible assets 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 or a cash generating unit including the 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 statement of comprehensive income. 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.

**Investment properties**

Lands, buildings, hotels, congress centers and malls that are held to acquire rent or appreciation purpose instead of the purpose of using in the production of goods and services or selling for management purposes or in the natural course of the business, are classified as investment properties. Investment properties, after initial recognition, are carried at fair value. Gains and losses resulting from changes in fair values of investment property are recognized in the statement of comprehensive income (Note 21).

An investment property can be accounted as an asset, if and only if, it is probable that economic benefits related to real estate would flow to the entity and the cost of the investment property would be measured reliably.

The profit or loss recognized due to condemnation or disposal of an investment property is the difference between net collection obtained from the disposal of the asset and the book value of the real estate, and it is accounted as net profit or loss from appreciation in investment properties when their use is ended or they are disposed.

Investment property is measured initially at cost. These costs comprise of the costs related to the acquisition of investment properties and costs from subsequent additions, adjustments or service costs for investment properties. The transaction cost and borrowing costs are included to the cost. Borrowing costs related to acquisition, construction or production of qualifying assets are capitalized and this capitalization continues until the completion of the asset. The Group does not include the daily service expenses related to real estate in the book value of the investment property. Those costs are recognized in the statement of profit or loss to the extent that they are realized. 'Maintenance and repair' expenses regarding the investment properties are recognized to the income statement in the period they incur.

After initial recognition, investment property is measured at fair value. Fair value is based on active market prices, and it can be adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of Significant Accounting Policies (Continued)

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure.

The Group measures the investment property under construction at fair value. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers factors such as the stage of completion, comparability of the project in market, the level of reliability of cash inflows after completion, the development risk specific to the property, past experiences with similar constructions, status of construction permits, estimated m<sup>2</sup> sales and rental charges and occupancy rates.

The Group transfers its investment properties to inventory or fixed assets if and only if a change occurs in use of the investment property. The aforementioned change in use is to start development for the purpose of sale after the development. If the Group decides on disposal of the investment properties without any development, until the disposal date, it is continued to be classified as investment property. Likewise, if the Company re-develops an existing investment property to be used as an investment property in the future, the classification of the property remained as investment property and cannot be reclassified to fixed assets during the course of development.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors (Note 3).

#### *General expense reflection income (Common area expenses)*

Invoices for common area expenses billed to Torunlar REIC related to the shopping malls the Group owns are charged to managers of malls and/or lessees in accordance with the agreements.

#### *Hotel revenues*

Earnings from room rentals, earnings from food and beverage sales, and earnings from other services provided to in-hotel customers are defined as income. Revenue is recognized when the rooms are kept and the services provided to the rooms are provided.

#### *Sale of residences and offices*

Revenue is recognized in the consolidated financial statements when real estates (residence or office) that are committed in accordance with the contract are transferred to the customer and the contractual performance obligation is realized. When the control is obtained to the customer, the real estate is considered as transferred.



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

**2.5 Summary of Significant Accounting Policies (Continued)**

*Dividend and interest income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Share premiums**

Share premium refers to the difference arising from the sale of the Company's subsidiaries or investments accounted for using equity method, on a price higher than nominal amount, or refers to the difference between nominal amount and fair value of shares issued by the Company in relation to the acquired companies.

**Treasury shares**

The Company's own shares which are purchased by the Company itself from Borsa İstanbul are named as treasury shares and recorded on nominal value in equities. Purchase/sale of treasury stocks is not associated with comprehensive income statement, and recognition is made directly on equity.

**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 or other reserves. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retrospectively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

**Reporting of cash flows**

The statement of cash flows includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits (Note 4).

**Netting/Offset**

Each material class of similar items according to their nature or function is presented separately in the consolidated financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of Significant Accounting Policies (Continued)

##### **Subsequent events**

Subsequent events cover any events which 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 Group adjusts its consolidated financial statements if such subsequent events arise which require an adjustment to the consolidated financial statements (Note 27).

#### 2.6 Critical Accounting Estimates, Assumptions and Judgements

The preparation of consolidated 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 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 management; the actual results might differ from them:

##### **Impairment of trade receivables**

An important part of the doubtful receivables belongs to the tenants, which unexpectedly falls into economic difficulty. Provision for doubtful receivables related to trade receivables is determined based on past default experience. Expected credit loss calculated under TFRS 9 is not a material amount therefore, no provision was made for expected credit losses in the consolidated financial statements.

##### ***Fair values of investment properties***

The fair value of the investment properties has been determined according to valuation carried out by an independent valuation company. The fair value of the investment property is determined according to the income approved and comparable transaction. Estimates and assumptions are determined by comparable or independent valuation experts, based on the income approach using appropriate discount rates, occupancy rates, annual rent increases, terminal value growth rates, etc. Differences between estimates and assumptions and actual results may cause significant impact on the Group's consolidated financial statements.

Principal assumptions found in the income reduction method are disclosed below:

In 2023, fair values of the investment properties are determined by independent valuation expert; Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is licensed by CMB. The Group Management assumes that expenditure amount on investment property has an equivalent effect on fair value of related real estate.

In the consolidated financial statements, the following assumptions used by valuation experts; selection of the valuation method, the discount rate, the rent increase per annum terminal value growth rate, the capitalization rate and determination of the market comparable m<sup>2</sup> values are considered critical and thus disclosed below.

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

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Significant estimates and assumptions disclosed in the financial statements as of 31 December 2023 and 2022 are as follows:

31 December 2023	Valuation report date	Valuation method	Discount rate (*)	Rent increase rate p.a	Capitalization rate	Comparable m <sup>2</sup> prices in full TRY)
Antalya Deepo Shopping Mall	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Mall of Antalya	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Antalya Kepez Lands	8 January 2024	Sale Comparison	-	-	-	11,480
Bursa Korupark Shopping Mall	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Torium Shopping Mall and 2 Student Residences	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Bursa Zafer Plaza Shopping Mall	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Mall of İstanbul Shopping Mall	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Torun Tower	8 January 2024	Sale Comparison	-	-	-	116,700
Paşabahçe project	8 January 2024	Discounted Cash Flow	16-48%	8-40%	8%	-
İstanbul İkitelli						
Kayabaşı Land	8 January 2024	Sale Comparison	-	-	-	16,100
Karaköy Hotel project	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Bursa Korupark						
Independent Areas	8 January 2024	Sale Comparison	-	-	-	29,700
5.Levent Retail	8 January 2024	Sale Comparison	-	-	-	129,320
Mall of İstanbul Residents and Offices	8 January 2024	Sale Comparison	-	-	-	74,470
Mall of İstanbul 2nd. Phase						
High Residence and Hilton Otel	8 January 2024	Discounted Cash Flow	14-46%	8-40%	6%	-
Mall of İstanbul 3rd. Phase	8 January 2024	Sale Comparison	-	-	-	34,700
Torun Center	8 January 2024	Sale Comparison	-	-	-	175,861
31 December 2022	Valuation report date	Valuation method	Discount rate (*)	Rent increase rate p.a	Capitalization rate	Comparable m <sup>2</sup> prices in full TRY)
Antalya Deepo Shopping Mall	6 January 2023	Discounted Cash Flow	22%	10-20%	8%	-
Mall of Antalya	6 January 2023	Discounted Cash Flow	22%	10-20%	8%	-
Antalya Kepez Lands	6 January 2023	Sale Comparison	-	-	6,612	-
Bursa Korupark Shopping Mall	6 January 2023	Discounted Cash Flow	22%	10-20%	7%	-
Torium Shopping Mall and 2 Student Residences	6 January 2023	Discounted Cash Flow	22%	10-15%	8-9%	-
Bursa Zafer Plaza Shopping Mall	6 January 2023	Discounted Cash Flow	22%	10-20%	7%	-
Mall of İstanbul Shopping Mall	6 January 2023	Discounted Cash Flow	22%	10-20%	8%	-
Torun Tower	6 January 2023	Sale Comparison	-	-	-	56,608
Paşabahçe project	6 January 2023	Discounted Cash Flow	22%	10-15%	10%	-
İstanbul İkitelli						
Kayabaşı Land	6 January 2023	Sale Comparison	-	-	-	9,740
Karaköy Hotel project	6 January 2023	Sale Comparison	-	-	-	441,195
Bursa Korupark						
independent areas	6 January 2023	Sale Comparison	-	-	-	23,755
5.Levent Retail	6 January 2023	Sale Comparison	-	-	-	70,600
Mall of İstanbul Residents and Offices	6 January 2023	Sale Comparison	-	-	-	40,358
Mall of İstanbul 2nd. Phase						
High Residence and Hilton Otel	6 January 2023	Discounted Cash Flow	22%	10-20%	7-10%	-
Torun Center	6 January 2023	Sale Comparison	-	-	-	87,905
Mall of İstanbul 3rd Phase	6 January 2023	Sale Comparison	-	-	-	14,620

(\*) In accordance with the decree no. 32 that is effective as of 16 November 2019, monthly rental fees are denominated in Turkish Lira. Accordingly, in future projections, discount rates are calculated in TRY due to from cash flows denominated in TRY as a result of rental income in TRY.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued)

If the equivalent m<sup>2</sup> unit value in the valuations of the real estates with the fair value of TRY23,469,503 (31 December 2022: TRY20,704,714) valued using the market approach as of 31 December 2022 more than %1 and less than %,1 the fair values would have been lower and TRY234,695 (31 December 2022: TRY207,047 lower).

- i. Antalya Deepo Shopping Mall and growth project (Mall of Antalya), which was established on an area of 84,503.61 m<sup>2</sup> on the territory of Antalya Province, Merkez District, Koyunlar Village, and which the Group classified under investment properties as of 31 December 2023 and 2022, was opened in April 2020, respectively. Leasing and management of shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 8 January 2024 with the report number 2023-980 the aforementioned property's fair value is TRY6,385,000 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 6 January 2023 with the report number 2022/4842 the aforementioned property's fair value is TRY6,102,693 as at 31 December 2022).

- ii. The Group has 57,680 m<sup>2</sup> of land in the province of Antalya, Merkez District, Koyunlar Village, which is classified under investment properties as of 31 December 2023 and 2022.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 8 January 2024 with the report number 2023/965 the aforementioned property's fair value is TRY430,335 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, as at 6 January 2023 with the report number 2022-4829 the aforementioned property's fair value is TRY395,224 as at 31 December 2022).

- iii. The Bursa Korupark Shopping Mall, which was established on the area of 53,185.61 m<sup>2</sup> in Bursa Province, Osmangazi District, Emek Village, which is classified under investment properties as of 31 December 2023 and 2022, has been put into service in May 2007. The management of the shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report with the number 2023-969, Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024, as of 31 December 2023, the aforementioned property's fair value is TRY7,665,000 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report with the number 2022-4831, Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023, at 31 December 2022, the aforementioned property's fair value is TRY6,231,052 ).

- iv. The Mall of İstanbul Shopping Mall, which was established on the rentable area of 181,295 m<sup>2</sup> in İstanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which is classified under investment properties as of 31 December 2023 and 2022, has been put into service on 23 May 2014. The management of the shopping mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued)

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-972, the aforementioned property's fair value is TRY18,000,000 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4834, the aforementioned property's fair value is TRY15,019,052 as at 31 December 2022).

- v. As of 31 December 2023 and 2022, the Group has completed the Torium Shopping Mall project on an area of 44,571 m<sup>2</sup> in Istanbul Province, Büyükçekmece District, Esenyurt Village which is classified under investment properties. The Torium AVM project has been completed and the shopping mall was opened on 30 October 2010.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-970, the aforementioned property's fair value is TRY2,470,200 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4832, the aforementioned property's fair value is TRY2,074,705 as at 31 December 2022).

- vi. As of 31 December 2023 and 2022, the Group has an area of 70,644 m<sup>2</sup> in the Istanbul Province, Beykoz District which is classified as investment property and has 49 years of usage rights for a 3,935 m<sup>2</sup> pier and dock. It is planned to make a 5-star Hotel and Apart Hotel project on the land.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-979, the aforementioned property's fair value is TRY4,062,600 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4841, the aforementioned property's fair value is TRY4,448,869 as at 31 December 2022).

- vii. On the 11,099 m<sup>2</sup> land located in İstanbul Şişli 2nd District which is classified under investment property as of 31 December 2023 and 2022, the Group completed Torun Tower Project in 2014. The project has been completed in 2014 and a rent agreement has been signed with Denizbank A.Ş. for 60,023 m<sup>2</sup> of area (30 floors) on 6 February 2014.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2023 with the report number 2023-973, the aforementioned property's fair value is TRY12,400,000 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4835, the aforementioned property's fair value is TRY9,886,375 as at 31 December 2022).

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- viii. Bursa Zafer Plaza located on the 9,622 m<sup>2</sup> land in Bursa Osmangazi Şehreküstü District which is classified under investment property as of 31 December 2023 and 2022 has been opened in October 1999. Rental procedures and management of the Mall is conducted by Zafer Plaza İşletmecilik A.Ş.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-968, the aforementioned property's fair value is TRY940,500 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4830, the aforementioned property's fair value is TRY934,592 as at 31 December 2022).

- ix. The Group owns 60,833 m<sup>2</sup> land located in İstanbul Küçükçekmece Kayabaşı District which is classified under investment property as of 31 December 2023 and 2022. The usage of this land has not been determined by the management as of balance sheet date and the land is retained for capital appreciation.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-964 the aforementioned property's fair value is TRY710,370 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022/4826 the aforementioned property's fair value is TRY750,804 as at 31 December 2022).

- x. The Group owns a building located on 1,501 m<sup>2</sup> land in İstanbul Beyoğlu Kemankeş District which is classified under investment property as of 31 December 2023 and 2022. The building is planned to be renovated as a hotel.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-983 the aforementioned property's fair value is TRY1,187,500 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4845 the aforementioned property's fair value is TRY1,108,724 as at 31 December 2022).

- xi. As at 31 December 2023 and 2022 separate unit of Bursa Korupark Shopping Mall located in Bursa Osmangazi Emek district which is classified under investment properties includes a dolphin pool, social recreation areas, office and stores.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-976 the aforementioned property's fair value is TRY129,240 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4837 the aforementioned property's fair value is TRY170,540 as at 31 December 2022).

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued)

- xii. The Mall of Istanbul Hotel Congress Center and Office Project was completed in 2022 on an area of 18,209 m<sup>2</sup> in Istanbul Province, Başakşehir District, İkitelli 2 Neighborhood, which the Group classified under investment properties as of December 31, 2023 and 2022. The Group classified the hotel and convention center under tangible fixed assets due to operations of Hotel is done by Group's subsidiary.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-982 the aforementioned property's fair value is TRY896,040 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4844 the aforementioned property's fair value is TRY567,000 as at 31 December 2022).

- xiii. The Group has rented 22 units consisting of 20 offices and 2 residents with a rentable area of 2,177 m<sup>2</sup> which is located in Istanbul Province, Başakşehir-İkitelli-2 District and is classified under investment properties as of 31 December 2023 and 2022.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No1 Communiqué, dated 8 January 2024 with the report number 2023/974, the aforementioned property's fair value is TRY194,841 as at 31 December 2023 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No1 Communiqué, dated 6 January 2023 with the report number 2022-4836, the aforementioned property's fair value is TRY216,158 as at 31 December 2022).

- xiv. In 2020, The Group leased out the rentable area of 68,673 m<sup>2</sup> which consists of workplaces, offices and commercial units within the Torun Center project and in the address of Istanbul Province, Şişli-Dikilitaş District, as of 31 December 2023 and 2022.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-978 the aforementioned property's fair value is TRY8,765,627 as at 31 December 2022 (Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4840 the aforementioned property's fair value is TRY7,158,155 as at 31 December 2022).

- xv. The Group has 50 workplaces, offices and commercial units with leasable areas in the 5. Levent project in Istanbul Province, Eyüpsultan District, Güzeltepe Mahallesi, classified under investment property as of 31 December 2023 and 2022.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-981, the aforementioned property's fair value is TRY566,124 as at 31 December 2023 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4843 the aforementioned property's fair value is TRY727,085 as at 31 December 2022).

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.6 Critical Accounting Estimates, Assumptions and Judgements (Continued))

- xvi. The Group has a 12.132 m<sup>2</sup> land in Istanbul Province, Başakşehir District, Ziya Gökalp District, which is classified under investment properties as of 31 December 2023 and 2022. The Company has not yet made a decision regarding the use of the land, and it is currently holding for value increase.

Based on Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 8 January 2024 with the report number 2023-966, the aforementioned property's fair value is TRY272,965 as at 31 December 2023 Based on Invest Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 6 January 2023 with the report number 2022-4828 the aforementioned property's fair value is TRY291,648 as at 31 December 2022).

##### 2.7 Compliance with the portfolio limitations

Information included in the footnote titled 'Control of Compliance with Portfolio Limitations' as of 31 December 2023 CMB Serial: II, No: 14.1 'The Communiqué on Principles Regarding Financial Reporting in the Capital Markets' is a summary information derived from the financial statements and published in the Official Gazette numbered 28660 on 28 May 2013, Serial: III, No: 48.1. 'Communiqué on Principles Regarding Investment Trusts', 'Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts', Serial: III, No: 48.1a, published in the Official Gazette No. 28891 on 23 January 2014, and the Official Gazette No. 31269 on 9 October 2022. It has been prepared in accordance with the provisions of the Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts, Serial: III, No: 48.1.e, on the control of compliance with portfolio limitations.

#### NOTE 3 - SEGMENT REPORTING

The reportable segments of Torunlar REIC have been organized by the management as a portfolio on a project-by-project basis and makes decisions about resources to be allocated to the properties on the same basis. Accounting policies applied by each operational segment of Torunlar REIC are the same as those are applied in Torunlar REIC's financial statements which are prepared in accordance with TFRS. The information about each segment is presented below. Management follows and evaluates the performance of its segments in the statement of profit or loss until the operating profit before the financing income/expense. Since all of the loans and deposits which are constituted the financing activities of the Group cannot be matched with the projects and are generally related to mixed projects, the Management does not make an assessment by distributing the financing activities according to the departments. In addition, the Management does not make an assessment by distributing its total assets and liabilities according to the divisions.



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 3 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 31 December 2023 is as follows:

	Total revenue from departments	Gross profit	Increase/ (Decrease) in fair value of investment properties (*)	Operating profit/ (loss)	Income/ (expense) from subsidiaries	Finance Incomes/ expenses, net	Profit/(loss) from operations before tax	Investment expenditures (**)
<b>Offices and Shopping Malls for Rent</b>								
Mall of İstanbul Shopping Mall	1,782,015	1,416,654	2,914,239	4,291,254	-	-	4,291,254	66,709
Korupark Shopping Mall	808,414	638,686	1,423,597	2,054,009	-	-	2,054,009	10,351
Mall of Antalya	399,859	294,788	68,242	474,210	-	-	474,210	25,872
Torium Shopping Mall	370,787	197,731	264,439	454,551	-	-	454,551	40,672
Torun Tower	354,730	349,955	2,513,625	2,855,007	-	-	2,855,007	-
Antalya Deepo Shopping Mall	287,604	224,975	185,205	293,202	-	-	293,202	2,988
Zafer Plaza Shopping Mall	151,893	128,632	5,908	133,863	-	-	133,863	-
Torun Center	109,729	97,575	1,223,600	1,231,190	-	-	1,231,190	-
5. Levent Retail	15,873	13,410	(161,005)	(166,002)	-	-	(166,002)	44
Torium Student Residences	13,666	9,975	90,384	100,358	-	-	100,358	-
Mall of İstanbul Residents and Offices	3,173	2,494	(39,569)	(37,075)	-	-	(37,075)	18,252
Mall of İstanbul 2nd. Phase High Residence and Hilton Otel	8,013	5,997	(329,040)	(380,278)	-	-	(380,278)	-
Korupark Independent Areas	1,607	1,017	(41,300)	(42,253)	-	-	(42,253)	-
<b>Tourism Income</b>								
Hilton Hotel	212,627	104,615	-	104,615	-	-	104,615	-
<b>Subtotal</b>	<b>4,519,990</b>	<b>3,486,504</b>	<b>8,118,325</b>	<b>11,366,651</b>	<b>-</b>	<b>-</b>	<b>11,366,651</b>	<b>164,888</b>
<b>Residences and Office Projects</b>								
Torun Center	389,468	175,721	-	175,721	-	-	175,721	-
Korupark 3rd Phase Residences	12,259	5,611	-	5,611	-	-	5,611	-
Mall of İstanbul High Residence	46,524	20,479	-	20,479	-	-	20,479	-
MOI Horizontal Office	696	332	-	332	-	-	332	-
5. Levent Project	1,791	856	-	856	-	-	856	-
<b>Subtotal</b>	<b>450,738</b>	<b>202,999</b>	<b>-</b>	<b>202,999</b>	<b>-</b>	<b>-</b>	<b>202,999</b>	<b>-</b>
<b>Projects Under Construction</b>								
5. Levent Project 2nd Phase	-	-	-	-	-	-	-	656,865
Paşabahçe Project	-	-	(408,255)	(408,255)	-	-	(408,255)	21,986
Karaköy Hotel	-	-	53,652	53,652	-	-	53,652	25,124
<b>Real Estates Held to Develop Projects</b>								
Antalya Kepez Lands	-	-	35,111	35,111	-	-	35,111	-
Kayabaşı Land	-	-	(40,434)	(40,434)	-	-	(40,434)	-
Mall of İstanbul 3rd Phase	-	-	(18,683)	(18,683)	-	-	(18,683)	-
<b>Associates</b>								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	545,372	-	545,372	-
Netsel	-	-	-	-	74,844	-	74,844	-
TTA	-	-	-	-	9,541	-	9,541	-
Unallocated	-	-	-	(33,283)	-	852,425	819,142	-
<b>Total</b>	<b>4,970,728</b>	<b>3,689,503</b>	<b>7,739,716</b>	<b>11,157,758</b>	<b>629,757</b>	<b>852,425</b>	<b>12,639,940</b>	<b>868,863</b>

(\*) It comprises of fair value increases/decreases arising from investment properties.

(\*\*) Investment expenditures include investments for items classified as inventory in financial statements and shopping malls classified as investment properties.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 3 - SEGMENT REPORTING (Continued)

The segment information for the reportable segments as of and for the period ended 31 December 2022 is as follows:

	Total revenue from departments	Gross profit	Increase/ (Decrease) in fair value of investment properties (*)	Operating profit/ (loss)	Income/ (expense) from subsidiaries	Finance Incomes/ expenses, net	Profit/(loss) from operations before tax	Investment expenditures (**)
<b>Offices and Shopping Malls for Rent</b>								
Mall of Istanbul Shopping Mall	1,668,418	1,295,422	2,018,749	3,264,977	-	-	3,264,977	8,056
Korupark Shopping Mall	710,633	527,334	407,598	930,427	-	-	930,427	4,010
Mall of Antalya	385,153	266,013	637,701	1,047,890	-	-	1,047,890	878
Torium Shopping Mall	312,255	134,712	(172,463)	(44,986)	-	-	(44,986)	37,313
Torun Tower	295,903	297,201	2,578,236	2,866,808	-	-	2,866,808	-
Antalya Deepo Shopping Mall	281,701	213,875	783,766	839,904	-	-	839,904	1,556
Mall of Istanbul 2nd. Phase High Residence and Hilton Otel	2,783	2,254	(119,147)	(105,813)	-	-	(105,813)	8,965
Zafer Plaza Shopping Mall	104,364	88,987	(302,378)	(214,007)	-	-	(214,007)	-
Torun Center	59,911	46,463	1,467,398	1,348,623	-	-	1,348,623	-
5. Levent Retail	15,087	15,004	130,186	145,190	-	-	145,190	-
Torium Yurtlar	12,373	12,508	44,113	56,621	-	-	56,621	367
Mall of Istanbul Residents and Offices	2,885	2,879	(4,467)	(4,467)	-	-	(4,467)	-
Korupark Independent Areas	1,208	1,086	11,068	12,025	-	-	12,025	-
<b>Tourism Income</b>								
Hilton Hotel	272,145	161,902	-	161,902	-	-	161,902	-
<b>Subtotal</b>	<b>4,124,819</b>	<b>3,065,640</b>	<b>7,480,360</b>	<b>10,305,094</b>	<b>-</b>	<b>-</b>	<b>10,305,094</b>	<b>61,145</b>
<b>Residences and Office Projects</b>								
Torun Center	896,365	476,739	-	476,739	-	-	476,739	-
Mall of Istanbul High Residence	117,686	61,053	-	61,053	-	-	61,053	-
MOI Horizontal Office	96,710	50,117	-	50,117	-	-	50,117	-
5. Levent Project	50,766	18,634	-	18,634	-	-	18,634	-
<b>Subtotal</b>	<b>1,161,527</b>	<b>606,543</b>	<b>-</b>	<b>606,543</b>	<b>-</b>	<b>-</b>	<b>606,543</b>	<b>-</b>
<b>Projects Under Construction</b>								
5. Levent Project 2nd Phase	-	-	-	-	-	-	-	385,926
Paşabahçe Project	-	-	1,504,518	1,496,216	-	-	1,496,216	929
Karaköy Hotel	-	-	592,857	591,831	-	-	591,831	35,858
<b>Real Estates Held to Develop Projects</b>								
Antalya Kepez Lands	-	-	129,966	129,912	-	-	129,912	-
Kayabaşı Land	-	-	77,359	77,017	-	-	77,017	-
Mall of Istanbul 3rd Phase	-	-	(23,820)	(23,820)	-	-	(23,820)	-
<b>Associates</b>								
ANKA mall and Hotel (Yeni Gimat)	-	-	-	-	314,293	-	314,293	-
Netsel	-	-	-	-	28,394	-	28,394	-
TTA	-	-	-	-	4,971	-	4,971	-
Unallocated	41	(6,152)	-	(51,658)	-	2,891,110	2,839,452	-
<b>Total</b>	<b>5,286,387</b>	<b>3,666,031</b>	<b>9,761,240</b>	<b>13,131,135</b>	<b>347,658</b>	<b>2,891,110</b>	<b>16,369,903</b>	<b>483,858</b>

(\*) It comprises of fair value increases/decreases arising from investment properties.

(\*\*) Investment expenditures include investments for items classified as inventory in financial statements and shopping malls classified as investment properties.

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash	316	135
Banks	2,125,319	1,519,921
<i>Demand deposits</i>	34,650	12,811
<i>Time deposits</i>	2,090,669	1,507,110
Other cash equivalents	5,522	4,802
	<b>2,131,157</b>	<b>1,524,858</b>

As of 31 December 2023, and 31 December 2022, cash and cash equivalents in the statements of cash flows are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash and cash equivalents	2,131,157	1,524,858
Less: Interest accrual of time deposits	(18,425)	(12,239)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>2,112,732</b>	<b>1,512,619</b>

Maturities of cash and cash equivalents are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Up to 30 days	94,991	1,507,110
30 - 90 days	1,995,678	-
	<b>2,090,669</b>	<b>1,507,110</b>

The breakdown of foreign currency denominated cash and cash equivalents in terms of TRY is as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Original Amount</b>	<b>TRY Equivalent</b>	<b>Original Amount</b>	<b>TRY Equivalent</b>
US Dollar	51,644	1,520,306	2,272	70,000
Euro	2,694	87,754	2,173	71,377
Sterlin	18	674	11	408
		<b>1,608,734</b>		<b>141,785</b>

Average effective annual interest rates for time deposits are as follows:

	<b>31 December 2023 (%)</b>	<b>31 December 2022 (%)</b>
US Dollar	3.75%	3.75%
Euro	3.00%	3.00%
Turkish Lira	40.25%	24.00%

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 5 - FINANCIAL LIABILITIES

	31 December 2023	31 December 2022
<b>Financial Liabilities</b>		
Bank borrowings	415,563	1,133,377
<b><i>Short-term financial borrowings</i></b>	<b>415,563</b>	<b>1,133,377</b>
Short-term portions of long-term borrowings	1,245,137	1,834,328
Finance leases	-	10,471
<b><i>Short-term portions of long-term borrowings</i></b>	<b>1,245,137</b>	<b>1,844,799</b>
Bank borrowings	1,983,764	4,279,553
<b><i>Long-term borrowings</i></b>	<b>1,983,764</b>	<b>4,279,553</b>
<b>Total borrowings</b>	<b>3,644,464</b>	<b>7,257,729</b>

As of 31 December 2023, there are mortgages amounting to given to the banks regarding the financial liabilities amounting to TRY9,242,238 (31 December 2022: TRY12,516,487) on the investment properties.

<b>Bank borrowings</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term bank borrowings	415,563	1,133,377
Short-term portions of long-term borrowings	1,245,137	1,834,328
Long-term bank borrowings	1,983,764	4,279,553
<b>Total borrowings</b>	<b>3,644,464</b>	<b>7,247,258</b>

<b>31 December 2023</b>	<b>Weighted avg. effective interest (%) (*)</b>	<b>Currency</b>	<b>Original amount</b>	<b>TRY equivalent</b>
Short-term bank borrowings	44.03	TRY	415,563	415,563
Short-term portion of long-term borrowings	30.68	TRY	1,227,710	1,227,710
	8.39	Euro	535	17,427
Long-term bank borrowings	33.26	TRY	1,769,591	1,769,591
	8.39	Euro	6,575	214,173
<b>Total bank borrowings</b>				<b>3,644,464</b>

(\*) Weighted average effective interest rates consists of weighted average rate of fixed and floating loans.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 5 - FINANCIAL LIABILITIES (Continued)

31 December 2022	Weighted avg. effective interest (%) (*)	Currency	Original amount	TRY equivalent
Short-term bank borrowings	16.30	TRY	1,133,377	1,133,377
Short-term portion of long-term borrowings	14.37	TRY	1,728,435	1,728,435
	4.84	Euro	3,218	105,893
Long-term bank borrowings	14.94	TRY	3,008,706	3,008,706
	4.84	Euro	38,620	1,270,847
<b>Total bank borrowings</b>				<b>7,247,258</b>

(\*) Weighted average effective interest rates consists of weighted average rate of fixed and floating loans.

The repayment schedule for long-term bank borrowings as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
2024	-	1,530,243
2025	756,729	1,260,486
2026	795,071	1,043,139
2027 and beyond	431,964	445,685
	<b>1,983,764</b>	<b>4,279,553</b>

#### Obligations under finance lease

The maturities of obligations under finance lease is as follows:

	31 December 2023	31 December 2022
Up to 1 year	-	10,471
	-	<b>10,471</b>

The Group has no finance leases obligation as of 31 December 2023. The Group has a finance leases obligation of 3.56% interest rate with original currency of EUR367 as of 31 December 2022.

As of 31 December 2022, a significant part of the finance leases consists of financial lease obligations related to the shopping malls which are sold to Ak Finansal Kiralama A.Ş. regarding the sell and leaseback agreement that was made on 27 May 2017 and which are represented as the investment properties.

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

**NOTE 5 - FINANCIAL LIABILITIES (Continued)**

The movements of the Group's financial liabilities during the year are as follows:

	<b>2023</b>	<b>2022</b>
<b>Total financial liabilities as of 1 January</b>	<b>7,257,729</b>	<b>13,636,482</b>
Cash inflows from borrowing	2,122,828	3,792,814
Cash outflows from repayment	(3,684,904)	(6,047,672)
Foreign currency losses	309,237	903,368
Monetary loss/(gain), net	(2,641,260)	(5,143,174)
Change in interest accruals	280,834	115,911
<b>Total financial liabilities as of 31 December</b>	<b>3,644,464</b>	<b>7,257,729</b>

**NOTE 6 PREPAID EXPENSES AND DEFERRED INCOME****Short-Term Prepaid Expenses**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances given	195,099	134,447
Prepaid expenses	116,773	33,525
	<b>311,872</b>	<b>167,972</b>

**Long-Term Prepaid Expenses**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses	4,429	65
Order advances given	4,023	4,023
	<b>8,452</b>	<b>4,088</b>

**Short-Term Deferred Income**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances received (*)	128,736	270,797
Deferred income	79,301	26,347
	<b>208,037</b>	<b>297,144</b>

(\*) As of 31 December 2023, from the sales commitments regarding the offices and residential units that are not delivered consist of advances received amounting to TRY69,564 for Torun Center Project, TRY37,447, Mall of Istanbul 2nd Stage project, TRY9,817 part, for 5. Levent Project, TRY3,341 for Mall of Istanbul project and remaining TRY8,567 for other advanced received.

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

**NOTE 6 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)****Long Term Deferred Income**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances received (*)	3,954,802	1,266,357
Deferred income	206	-
	<b>3,955,008</b>	<b>1,266,357</b>

(\*) As of 31 December 2023, all of the long-term sales commitments regarding the residences and offices that were sold but not delivered yet consists of the 2<sup>nd</sup> Stage of the 5<sup>th</sup> Levent Project. Of the related advance amount, TRY 2,254,237 has been received in cash, TRY1,700,565 as notes receivable.

**NOTE 7 TRADE RECEIVABLES AND PAYABLES****Current trade receivables**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables from related parties (Not 24)	685,820	52,457
Notes receivables (*)	397,981	506,871
Trade receivables	331,219	306,324
Less: Provisions for expected credit losses	(23,122)	(37,501)
Other	1,625	758
	<b>1,393,523</b>	<b>828,909</b>

**Non-current trade receivables**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Notes receivables (*)	49,928	119,282
	<b>49,928</b>	<b>119,282</b>

(\*) As of 31 December 2022, TRY358,292 of the short and long-term notes receivable consisted of the 5<sup>th</sup> Levent project 2<sup>nd</sup> Stage Project, TRY26,874 from Mall of Istanbul Project, TRY61,792 from Torun Center project, TRY732 from 5<sup>th</sup> Levent Project, TRY39 from shopping malls tenants.

Movement of the provision for the doubtful receivables is as follows:

**Doubtful trade receivable provision movements**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Opening balance</b>	<b>(37,501)</b>	<b>(61,908)</b>
Provision provided during the year	(1,491)	(2,083)
Provisions no longer required	1,027	2,269
Monetary gain	14,843	24,221
<b>Closing balance</b>	<b>(23,122)</b>	<b>(37,501)</b>

Aging of provision for doubtful receivables is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
3 to 6 months	(1,212)	(2,159)
Over 6 months	(21,910)	(35,342)
	<b>(23,122)</b>	<b>(37,501)</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

#### Short-term trade payables

	31 December 2023	31 December 2022
Trade payables	268,115	147,706
Trade payables to related parties (Not 24)	40,760	45,861
Notes payable	34,628	-
	<b>343,503</b>	<b>193,567</b>

As of 31 December 2023 and 2022, majority of trade payables consist of payables to subcontractors relating to projects in progress.

#### Long-term trade payables

	31 December 2023	31 December 2022
Trade payables to related parties (Not 24)	26,532	-
	<b>26,532</b>	<b>-</b>

As of 31 December 2023 and 2022, majority of trade payables consist of payables to subcontractors relating to projects in progress.

### NOTE 8 INVESTMENT PROPERTIES

Movement schedule of investment properties as of 31 December 2023 and 31 December 2022:

	1 January 2023	Additions	Disposals	Transfers	Change in fair value	31 December 2023
<b>Shopping Malls and Offices</b>						
Mall of Istanbul Shopping Mall	15,019,052	66,709	-	-	2,914,239	18,000,000
Torun Tower	9,886,375	-	-	-	2,513,625	12,400,000
Torun Center (***)	7,158,155	-	(188,040)	571,912	1,223,600	8,765,627
Bursa Korupark Shopping Mall	6,231,052	10,351	-	-	1,423,597	7,665,000
Mall of Antalya	3,440,886	25,872	-	-	68,242	3,535,000
Antalya Deepo Shopping Mall	2,661,807	2,988	-	-	185,205	2,850,000
Torium Shopping Mall	1,894,889	40,672	-	-	264,439	2,200,000
Mall of Istanbul 2nd Phase						
High Residence and Hilton						
Hotel (**)	896,040	-	-	-	(329,040)	567,000
Bursa Zafer Plaza Shopping Mall	934,592	-	-	-	5,908	940,500
5. Levent Retail 1	727,085	44	-	-	(161,005)	566,124
Mall of Istanbul Residences and Offices	216,158	18,252	-	-	(39,569)	194,841
Korupark Independent Areas	170,540	-	-	-	(41,300)	129,240
Torium Student Residence 1	63,322	-	-	-	44,178	107,500
Torium Student Residence 2	116,494	-	-	-	46,206	162,700
<b>Investment properties under construction</b>						
Paşabahçe Land (*)	4,448,869	21,986	-	-	(408,255)	4,062,600
Karaköy Hotel	1,108,724	25,124	-	-	53,652	1,187,500
<b>Properties held for new projects</b>						
Kayabaşı Land	750,804	-	-	-	(40,434)	710,370
Mall of Istanbul 3rd Phase	291,648	-	-	-	(18,683)	272,965
Antalya Kepez Lands	395,224	-	-	-	35,111	430,335
	<b>56,411,716</b>	<b>211,998</b>	<b>(188,040)</b>	<b>571,912</b>	<b>7,739,716</b>	<b>64,747,302</b>

(\*) The Group has purchased a real estate after a successful tender at a price of TRY355 million from R.T. Prime Ministry Privatization Administration. The aforementioned purchase contains real estates as follows: Block 195, Lot 7 as 54,870 m<sup>2</sup>; Block 209, Lot 3 as 16,212 m<sup>2</sup>; Block 200, lot 3 in Paşabahçe neighbourhood, Beykoz district and İstanbul city as 827 m<sup>2</sup> and buildings on these real estates. Title deed processes of real estates have been completed as of 20 September 2012. A project, which will include a five-star hotel and apart hotel on the land purchased, is planned. The building license for the project was received on 7 September 2019.

(\*\*) The residences completed within the scope of the Mall of Istanbul 2nd Stage project have been transferred to inventories and the Hotel operated by TRN Hotel has been transferred to tangible fixed assets.

(\*\*\*) An agreement was signed with the Embassy Suites by Hilton brand on 25 July 2023 for the hotel part of Torun Center. "Embassy Suites by Hilton", which is planned to start hosting its guests in the summer of 2024, will have a total of 110 rooms, 33 of which are studios and 77 of which are one-bedroom suites. The hotel has a total of 3 meeting rooms, 1 of which is large, and a restaurant and 24-hour service. Embassy Suites by Hilton will also include social facilities such as an open fitness center and spa, and will be operated by TRN Hotel Management under a franchise agreement model. It has been classified from inventories to investment properties as of 31 December 2023, and the difference between its fair values and cost values on the date of classification is shown in the income statement.



# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 8 - INVESTMENT PROPERTIES (Continued)

	1 January 2022	Additions	Disposals	Transfers	Change in fair value	31 December 2022
<b>Shopping Malls and Offices</b>						
Mall of İstanbul Shopping Mall	12,992,247	8,056	-	-	2,018,749	15,019,052
Torun Tower	7,308,139	-	-	-	2,578,236	9,886,375
Torun Center	5,809,997	-	(119,240)	-	1,467,398	7,158,155
Bursa Korupark Shopping Mall	5,819,444	4,010	-	-	407,598	6,231,052
Mall of Antalya	2,801,629	1,556	-	-	637,701	3,440,886
Antalya Deepo Shopping Mall	1,877,163	878	-	-	783,766	2,661,807
Torium Shopping Mall	2,030,039	37,313	-	-	(172,463)	1,894,889
Bursa Zafer Plaza Shopping Mall	1,236,970	-	-	-	(302,378)	934,592
Mall of İstanbul 2nd Phase						
High Residence and Hilton Hotel (**)	1,006,222	8,965	-	-	(119,147)	896,040
5. Levent Retail	596,899	-	-	-	130,186	727,085
Mall of İstanbul Residences and Offices	220,625	-	-	-	(4,467)	216,158
Korupark Independent Areas	159,472	-	-	-	11,068	170,540
Torium Student Residence 1	70,375	367	-	-	(7,420)	63,322
Torium Student Residence 2	64,961	-	-	-	51,533	116,494
<b>Investment properties under construction</b>						
Paşabahçe Land (*)	2,943,421	930	-	-	1,504,518	4,448,869
Karaköy Hotel	480,009	35,858	-	-	592,857	1,108,724
<b>Properties held for new Projects</b>						
Kayabaşı Land	673,445	-	-	-	77,359	750,804
Mall of İstanbul 3rd Phase	315,468	-	-	-	(23,820)	291,648
Antalya Kepez Lands	265,258	-	-	-	129,966	395,224
	<b>46,671,783</b>	<b>97,933</b>	<b>(119,240)</b>	<b>-</b>	<b>9,761,240</b>	<b>56,411,716</b>

(\*) The Group has purchased a real estate after a successful tender at a price of TRY355 million from R.T. Prime Ministry Privatization Administration. The aforementioned purchase contains real estates as follows: Block 195, Lot 7 as 54,870 m<sup>2</sup>; Block 209, Lot 3 as 16,212 m<sup>2</sup>; Block 200, lot 3 in Paşabahçe neighbourhood, Beykoz district and İstanbul city as 827 m<sup>2</sup> and buildings on these real estates. Title deed processes of real estates have been completed as of 20 September 2012. A project, which will include a five-star hotel and apart hotel on the land purchased, is planned. The building license for the project was received on 7 September 2019.

(\*\*) The residences completed within the scope of the Mall of İstanbul 2nd Stage project have been transferred to inventories and the Hotel operated by TRN Hotel has been transferred to tangible fixed assets.

As of 31 December 2023 and 31 December 2022, the mortgages on investment properties arising from loans are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>		<u>31 December</u>	<u>31 December</u>
	<u>Original</u>	<u>Original</u>	<u>Currency</u>	<u>2023</u>	<u>2022</u>
	<u>Amount</u>	<u>Amount</u>			
Torun Tower	2,000,000	3,295,458	TRY	2,000,000	3,295,458
Mall of İstanbul	1,500,000	2,471,594	TRY	1,500,000	2,471,594
Bursa Korupark Shopping Mall	1,500,000	2,471,594	TRY	1,500,000	2,471,594
Mall of Antalya - Deepo	130,000	130,000	Euro	4,242,238	4,277,841
				<b>9,242,238</b>	<b>12,516,487</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 9 - INVENTORIES

#### Residences and office projects

	31 December 2023	31 December 2022
<b>Residences and office projects (short term)</b>		
- Torun Center Project (1)	2,109,441	2,644,122
- Mall of İstanbul 2nd Phase (High Residence) (2)	599,010	724,755
- 5th Levent Project (3)	50,028	50,028
- Mall of İstanbul Project (4)	25,790	25,790
- Korupark 3rd Phase (5)	14,702	17,174
- Torium (6)	4,153	4,153
	<b>2,803,124</b>	<b>3,466,022</b>

#### Other Inventories

- Inventories related with tourism activities	3,416	4,717
<b>Total inventories</b>	<b>2,806,540</b>	<b>3,470,739</b>

	31 December 2023	31 December 2022
<b>Residences and office projects (long term)</b>		
- 5th Levent Project 2nd Phase (7)	2,338,583	1,681,718
	<b>2,338,583</b>	<b>1,681,718</b>

- (1) The Torun Center Project consists of sellable area with a total of 175,408 m<sup>2</sup>, segregated as 45,776 m<sup>2</sup> Office Tower, 36,382 m<sup>2</sup> Flat Office, 77,988 m<sup>2</sup> Residence and 15,312 m<sup>2</sup> Commercial Area. As of 31 December 2023, 13 residences have been delivered. As of 31 December 2023, the Group did not capitalize any financial expense during Torun Center Project (31 December 2022: None).

An agreement was signed with the Embassy Suites by Hilton brand for the hotel part of Torun Center on July 25, 2023. "Embassy Suites by Hilton", which is planned to start welcoming its guests in the summer of 2024, will have a total of 110 rooms, 33 of which are studios and 77 of which are one-bedroom suites. The hotel has a total of 3 meeting rooms, 1 of which is large, and a restaurant and 24-hour service. It will also include social facilities such as an open fitness center and spa. Embassy Suites by Hilton will be operated by TRN Otel İşletmecilik with a franchise agreement model. It will be classified from stocks to investment properties as of December 31, 2023, and the difference between its fair values and cost values on the date of classification will be shown in the income statement.

- (2) The Mall of İstanbul 2nd Stage project (High Residence) consists of 100 residences of 18,780 m<sup>2</sup>. As of 31 December 2023, 66 residences of 13,700 m<sup>2</sup> remained,
- (3) As of 31 December 2023, 9 residences of 1,275 m<sup>2</sup> remained.
- (4) In the Mall of İstanbul project, 2 residences with 116.44 m<sup>2</sup>, 12 flat offices with 2,480.88 m<sup>2</sup> remain in the inventories.
- (5) In the context of 3rd phase of the Korupark project, 6 residences with 980m<sup>2</sup> remain in the inventories
- (6) In Torium project, 2 residences with 189 m<sup>2</sup> remain in the inventories.
- (7) Although the construction works have started in the 5th Levent 2nd Phase project, it is estimated that it will take more than 1 year to complete all the costs of the project, so it has been accounted as long-term inventories

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movements in tangible fixed assets and related accumulated depreciation for the period ending on 31 December 2023 and 31 December 2022 are as follows

	1 January 2023	Additions	Transfers	Revaluation Fund	31 December 2023
Underground and overland plants	1,435	-	-	-	1,435
Buildings	2,485,434	-	-	721,337	3,206,771
Machinery, plant and equipment	1,780	-	-	-	1,780
Vehicles	12,006	-	-	-	12,006
Fixtures	146,850	1,833	-	-	148,683
<b>Cost Value</b>	<b>2,647,505</b>	<b>1,833</b>	<b>-</b>	<b>721,337</b>	<b>3,370,675</b>
Underground and overland plants	(331)	(27)	-	-	(358)
Buildings	-	(51,780)	-	-	(51,780)
Machinery, plant and equipment	(964)	(156)	-	-	(1,120)
Vehicles	(11,885)	(80)	-	-	(11,965)
Fixtures	(93,589)	(21,777)	-	-	(115,366)
<b>Accumulated Depreciation (-)</b>	<b>(106,769)</b>	<b>(73,820)</b>	<b>-</b>	<b>-</b>	<b>(180,589)</b>
<b>Net Book Value</b>	<b>2,540,736</b>				<b>3,190,086</b>
	1 January 2022	Additions	Transfers	Revaluation Fund	31 December 2022
Underground and overland plants	1,435	-	-	-	1,435
Buildings	1,958,987	-	-	526,447	2,485,434
Machinery, plant and equipment	1,780	-	-	-	1,780
Vehicles	12,006	-	-	-	12,006
Fixtures	145,649	1,201	-	-	146,850
<b>Cost Value</b>	<b>2,119,857</b>	<b>1,201</b>	<b>-</b>	<b>526,447</b>	<b>2,647,505</b>
Underground and overland plants i	(287)	(44)	-	-	(331)
Buildings	-	-	-	-	-
Machinery, plant and equipment	(801)	(163)	-	-	(964)
Vehicles	(11,805)	(80)	-	-	(11,885)
Fixtures	(70,306)	(23,283)	-	-	(93,589)
<b>Accumulated Depreciation (-)</b>	<b>(83,199)</b>	<b>(23,570)</b>	<b>-</b>	<b>-</b>	<b>(106,769)</b>
<b>Net Book Value</b>	<b>2,036,658</b>				<b>2,540,736</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 11 - FINANCIAL INVESTMENTS

The Group's short-term financial investments are as follows:

	31 December 2023	31 December 2022
Deposits with a maturity of more than 3 months	1,226,120	-
	<b>1,226,120</b>	<b>-</b>

The Group's long-term financial investments are as follows:

	31 December 2023	31 December 2022
Measured at amortized cost	195,914	-
	<b>195,914</b>	<b>-</b>

#### a) Measured at amortized cost

##### Debt securities:

	31 December 2023	31 December 2022
Eurobond (*)	195,914	-
	<b>195,914</b>	<b>-</b>

(\*) It consists of Akbank T.A.Ş. debt securities with a nominal value of USD4,500 with a 7.17% coupon rate on 24 May 2027 and Türk Eximbank debt securities with a nominal value of USD2,000 with a 9% coupon rate on 28 January 2027.

### NOTE 12 - OTHER ASSETS AND LIABILITIES

#### Other current assets

	31 December 2023	31 December 2022
Prepaid taxes and funds	20,858	3,319
Value added tax ('VAT') receivables	17,271	28,298
Income accruals	762	2,299
Personnel advances	295	1,300
Other	3,947	15,380
	<b>43,133</b>	<b>50,596</b>

#### Other short-term liabilities

	31 December 2023	31 December 2022
Prepaid taxes and funds	65,947	58,689
Other	1,585	12,614
	<b>67,532</b>	<b>71,303</b>

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

**NOTE 13 - OTHER RECEIVABLES AND PAYABLES**

	31 December 2023	31 December 2022
<b>Other short-term receivables</b>		
Deposits and guarantees given	14	-
Other miscellaneous receivables	15,907	16,734
	<b>15,921</b>	<b>16,734</b>

	31 December 2023	31 December 2022
<b>Other long-term receivables</b>		
Deposits and guarantees given	1,183	1,946
	<b>1,183</b>	<b>1,946</b>

	31 December 2023	31 December 2022
<b>Other short-term payables</b>		
Deposits and guarantees received	44,994	60,371
Other	215	46
	<b>45,209</b>	<b>60,417</b>

**NOTE 14 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	(%)	TRY	(%)	TRY
Yeni Gimat	14.83	1,954,128	14.83	1,440,412
TTA	40.00	91,895	40.00	135,697
Netsel	44.60	83,745	44.60	49,485
		<b>2,129,768</b>		<b>1,625,594</b>

	31 December 2023	31 December 2022
<b>Opening balance</b>	<b>1,625,594</b>	<b>1,382,115</b>
Income and expenses from associates, (net)	620,216	342,687
Income and expenses from joint ventures, (net)	9,541	4,971
Dividends received from associates	(125,583)	(104,179)
<b>Closing balance</b>	<b>2,129,768</b>	<b>1,625,594</b>

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 14 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Profit or losses from investments accounted for by the equity method:

	31 December 2023	31 December 2022
Yeni Gimat	545,372	314,294
Netsel	74,844	28,393
TTA	9,541	4,971
<b>Total</b>	<b>629,757</b>	<b>347,658</b>

#### NOTE 15 - PROVISIONS

##### Short-term provisions

	31 December 2023	31 December 2022
Provisions for legal cases	46,674	49,090
	<b>46,674</b>	<b>49,090</b>

(\*) According to the opinions received from the lawyers of the Group, provision for lawsuits amounted to TRY46,674 as of 31 December 2023 (31 December 2022: TRY49,090). As of 31 December 2023, there are 73 pecuniary and non-pecuniary damages, 80 business lawsuits, 31 claims for receivables, 39 title deed registrations and 20 other miscellaneous lawsuits against the Group. The risk amount arising from the total possible cash outflow is TRY46,674, and the lawsuits are pending. (31 December 2022 66 pecuniary and non-pecuniary damages, 82 business lawsuits, 29 claims for receivables, 7 title deed registrations and 23 other miscellaneous lawsuits). Based on the opinions received from the group lawyers, it is not expected that there will be any liability other than the provision allocated. There are no lawsuits in which the group partners are a party.

##### Short-term provisions

*Provisions for employment termination benefits*

	31 December 2023	31 December 2022
Provisions for legal cases	4,770	10,176
	<b>4,770</b>	<b>10,176</b>

Provisions for severance pay consist the present value of the future possible liabilities, which occurs from the employees retirements and it is calculated according to the Turkish Labor Law and accounted accrual basis. The calculation of severance payment provision is according to the price ceiling which is determined by the government. As of 1 January 2023, the effective price ceiling is TRY35,058.58 (1January 2022: TRY19,982.83).

TAS 19 Employee Benefits standard requires actuarial valuation methods on determining the severance payment liability. The company has classified the actuarial (loss)/gain effect in profit or loss in the financial statements since it does not reach a significant amount.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 15 - PROVISIONS (Continued)

##### Movements of provision for employment termination benefits:

	1 January - 31 December 2023	1 January - 31 December 2022
Provision as of 1 January	10,176	6,025
Service cost	1,588	6,897
Interest cost	1,708	1,276
Employment termination benefits paid	-	(466)
Monetary loss	(8,702)	(3,556)
<b>Provision as of 31 December</b>	<b>4,770</b>	<b>10,176</b>

#### NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

##### Contingent assets and liabilities

	31 December 2023	31 December 2022
Collaterals received	688,197	892,061

Collaterals received usually consist of letters of guarantee received from subcontractors for projects which are developed by the Group.

In consideration with the present contract terms, the totals of expected minimum operational lease revenues as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Between 0 - 1 years	4,602,733	4,117,035
Between 1 - 5 years	27,254,740	23,746,239
Between 5 – 10 years	39,821,841	34,829,092

The minimum operational lease revenue represents lease revenue from Mall of İstanbul Shopping Mall, Korupark Shopping Mall, Torium Shopping Mall, Zafer Plaza Shopping Mall and Deepo Shopping Mall and the lease revenues from Ankamall and Crowne Plaza Otel that are owned by Yeni Gimat-associate of the Group and Bulvar Samsun shopping mall that is owned by joint ventures are not included in minimum operational lease revenue.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Collaterals, Pledges and Mortgages ('CPM')

Below are the amounts of collaterals, pledges and mortgages of the Group as of 31 December 2023 and 31 December 2022:

CPM's given by the Company Collaterals, Pledges, Mortgages ('GPM')	31 December 2023	31 December 2022
A. CPM's Given for Its Own Legal Personality	9,325,876	12,633,275
B. CPM's Given on Behalf of Fully Consolidated Companies	-	-
C. CPM's Given for Continuation of its Economic Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM's		
i. Total Amount of CPM's Given on Behalf of the Majority Shareholder	-	-
ii. Total Amount of CPM's Given to Behalf of Other Group Companies which are not in Scope of B and C	-	-
iii. Total Amount of CPM's Given on Behalf of Third Parties which are not in Scope of C	-	-
	<b>9,325,876</b>	<b>12,633,275</b>

The ratio of other CPM's given by the Group to the Group's equity is 13% as of 31 December 2023 (31 December 2022: 21%).

	31 December 2023		31 December 2022	
	Foreign currency	TRY equivalent	Foreign currency	TRY equivalent
Euro	130,000	4,242,238	130,000	4,277,841
TRY	5,000,000	5,000,000	8,238,646	8,238,646
		<b>9,242,238</b>		<b>12,516,487</b>

As of 31 December 2023 mortgages on investment properties of the Group is TRY9,242,238 (31 December 2022: TRY12,516,487). Lease income from Korupark Shopping Mall, Mall of Istanbul Shopping Mall, Mall of Antalya, Antalya Deepo Shopping Mall and Torun Tower is alienated regarding the loans used.

The Group also stands as the guarantor of the borrowings that will be used by the buyers of the residences until the completion of residences and transfer of deeds to the contracting parties in relation to sale of residences through loans.



## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 17 - EQUITY

The Group increased its issued capital from TRY176,100,000 to TRY224,000,000 through public offering. A total TRY56,352,942 nominal value of shares were offered to the public, consisting of TRY47,900,000 to be issued from the capital increase and additional shares TRY8,452,942 owned by current shareholders. The compulsory prospectus of the public offering was registered by the İstanbul Trade Registry Office on 7 October 2010 and announced in the Trade Registry no: 7669 on 14 October 2010 pages between 641-735 totally 95 pages. The Group's quoted shares are traded in the İstanbul Stock Exchange as from 21 October 2010.

The board of directors decided in its meeting dated 10 May 2012 to increase its paid-up capital of TRY224,000,000 to TRY500,000,000 within the cap of TRY1,000,000,000 registered capital, through a bonus issue by adding TRY276,000,000 out of a total of TRY301,770,000 share premium, transactions related to capital increase was completed on 16 August 2012.

The Group has increased its capital that is increased to TRY500,004, to TRY1,000,000 by providing all of it from the Extraordinary Shares within TRY1,000,000 registered equity ceiling, with capital increase through bonus issues by TRY499,996 on 22 December 2019.

Group's shareholders and capital structure as of 31 December 2023 and 2022 is as follows:

Shareholders	(%)	Group A (thousand)	Group B (thousand)	Group C (thousand)	31 December 2023	31 December 2022
Aziz Torun	37.41	200,328	-	173,740	374,068	374,068
Mehmet Torun	37.41	-	200,312	173,740	374,052	374,052
Torunlar Gıda San. Ve Tic. A.Ş.	0.03	142	142	-	284	284
Mahmut Karabıyık	Less than 0.01	-	16	-	16	16
Other shareholders	Less than 0.01	-	-	8	8	8
Other (Public quotation)	25.16	-	-	251,572	251,572	251,572
<b>Nominal capital</b>		<b>200,470</b>	<b>200,470</b>	<b>599,060</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Adjustment to capital share</b>		<b>1,474,155</b>	<b>1,389,400</b>	<b>4,056,890</b>	<b>6,920,445</b>	<b>6,920,445</b>
<b>Adjusted capital</b>		<b>1,674,625</b>	<b>1,589,870</b>	<b>4,655,950</b>	<b>7,920,445</b>	<b>7,920,445</b>

The A and B group shares have nomination privilege to the Board of Directors according to Article 13 of association. The members of the Board of Directors are elected by the General Assembly among the two candidates nominated by the shareholders of Group B, two candidates nominated by the shareholders of the Group A and the other three members among the candidates nominated by the general assembly. The nomination and election of the independent board members, the regulations regarding the independent members of the Capital Markets Board are taken as basis

Dividend is distributed according to Communiqué Serial: IV, No: 27 on 'Principles Regarding Distribution of Dividends for the quoted entities subjected to Capital Market Board Law', principles determined in the Articles of Association and dividend distribution policy which is declared by the Companies to the market.

In addition, the decision also allows companies to compute their distributable profit amounts by considering the net profit for the period presented in the publicly disclosed consolidated financial statements prepared in accordance with the Communiqué Serial: XI, No: 29, if such distributable profits could be fully recovered from resources subject to profit distribution in the statutory records.

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 17 - EQUITY (Continued)

The explanation regarding the adjusted equity capital accounts in accordance with TAS 29 prepared by the Group based on the Capital Markets Board Bulletin published on 7 March 2024 is as follows:

	<b>Producer Price Index (PPI) indexed legal adjustments</b>	<b>Consumer Price Index (CPI) indexed amounts</b>	<b>Differences to be followed in retain earnings</b>
Treasury Shares	12,377,052	6,920,445	(5,456,607)
Premiums/discounts for shares	977,591	255,051	(722,540)
Restricted Reserves	3,553,201	599,504	(2,953,854)

#### Prior Years Profits

The explanation regarding the adjusted retained earnings accounts in accordance with TAS 29, prepared by the Company based on the Capital Markets Board Bulletin published on 7 March 2024, is as follows:

<b>Prior Years Profits</b>	<b>Amount before inflation accounting</b>	<b>Amount after inflation accounting</b>
31 December 2022 (*)	12,982,423	33,657,437
1 January 2022	7,750,077,077	19,837,381

(\*) Excluding net profit for the period

*Resources that may be Involved in the Profit Distribution:*

As of the balance sheet date, there is no profit for the period less accumulated losses in the Group's legal records and the total amount of the other resources that may be involved in the profit distribution is TRY917,134 (31 December 2022: TRY527,810)

#### NOTE 18 - REVENUE AND COST OF SALES

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Rent income from shopping malls and offices	3,523,674	3,005,700
Common area income	783,684	846,596
Residence and office sales income	450,738	1,161,527
Hotel revenue	212,627	272,145
Other	5	419
<b>Sales income</b>	<b>4,970,728</b>	<b>5,286,387</b>
Common area expenses	(863,627)	(914,004)
Cost of residence and office sales	(247,738)	(554,985)
Hotel service costs	(108,012)	(110,243)
Rent expenses and management fees of shopping malls	(61,751)	(40,186)
Other	(97)	(938)
<b>Cost of sales</b>	<b>(1,281,225)</b>	<b>(1,620,356)</b>
<b>Gross profit</b>	<b>3,689,503</b>	<b>3,666,031</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 18 - REVENUE AND COST OF SALES (Continued)

Operational lease revenues mainly consist of rent income from shopping malls and Torun Tower office building. Shopping malls in operation are Mall of İstanbul, Ankara ANKAmall, Bursa Korupark, Bursa Zafer Plaza, Antalya Deepo, İstanbul Torium and Samsun Bulvar Shopping Mall. Bulvar Samsun Shopping Mall started to operate on July 2012. Ankamall is owned by the Group's associate Yeni Gimat; Samsun Bulvar Shopping Mall, is owned by the Group's joint venture TTA. Mall of İstanbul, İstanbul Torium, Bursa Korupark and Antalya Deepo is managed by the related party Torun AVM Yatırım ve Yönetim A.Ş. ('Torun Shopping Mall'), the management of Bursa Zafer Plaza is conducted by Zafer Plaza İşletmeciliği A.Ş. Otel gelirleri, oda kiralamalarından elde edilen kazançlar, yiyecek ve içecek satışlarından gelen kazançlar ve otel içi müşterilere sağlanan diğer hizmetlerden elde edilen geliri ifade etmektedir.

Common area expenses consist of electricity, water, security, cleaning, advertising and other common area expenses of the shopping malls. Common area income consists of expenses charged to tenants related to common areas.

### NOTE 19- MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
<b>General administrative expenses</b>		
Taxes, due and fees(*)	(87,895)	(69,192)
Depreciation expenses	(61,570)	(19,077)
Property expenses	(61,306)	(43,266)
Personnel expenses	(43,983)	(37,678)
Provisions for legal cases and doubtful receivables	(27,150)	(1,127)
Transportation and travel expenses	(6,146)	(4,371)
Consultancy expenses	(4,871)	(3,335)
Borsa İstanbul, CMB and CRA expenses	(1,222)	(843)
Donations	(759)	(64,939)
Other	(2,189)	(2,764)
	<b>(297,091)</b>	<b>(246,592)</b>

(\*) A substantial part of the taxes and duties consist of estate taxes, and the estate tax is TRY87,895 for 2023 and TRY69,192 for 2022.

	1 January- 31 December 2023	1 January- 31 December 2022
<b>Marketing expenses</b>		
Residence sales marketing expenses (*)	(35,655)	(132,324)
Advertising and promotion expenses	(34,286)	(22,624)
Depreciation expenses	(12,944)	(4,770)
Personnel expenses	(11,752)	(11,583)
Consultancy expenses	(500)	(798)
Other	(833)	(2,225)
	<b>(95,970)</b>	<b>(174,324)</b>

(\*) As of 31 December 2023, a significant portion of housing sales marketing expenses consists of commissions paid to intermediary real estate companies for sales to non-residents.

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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**NOTE 20 - EXPENSES BY NATURE**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Common area expenses	(863,627)	(914,004)
Cost of residence sales	(247,738)	(554,985)
Cost of services sold	(108,012)	(110,243)
Taxes, due and fees	(87,895)	(69,192)
Depreciation expenses	(74,514)	(23,847)
Rent expenses and management fees of shopping malls	(61,751)	(40,186)
Property expenses	(61,306)	(43,266)
Personnel expenses	(55,735)	(49,261)
Residence sales marketing expenses	(35,655)	(132,324)
Advertising expenses	(34,286)	(22,624)
Provision for litigation and doubtful receivable expenses	(27,150)	(1,127)
Transportation and travel expenses	(6,146)	(4,371)
Consultancy expenses	(5,371)	(4,133)
Borsa İstanbul expenses	(1,222)	(843)
Donations	(759)	(64,939)
Other	(3,119)	(5,927)
	<b>(1,674,286)</b>	<b>(2,041,272)</b>

**NOTE 21 - OTHER OPERATING INCOME/EXPENSES****Other operating income**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Net gain from fair value adjustments, on investment properties (Not 8)	7,739,716	9,761,240
Investment property sales revenues	70,373	139,424
Foreign exchange income, net	33,788	-
Fixed asset sales revenues	10,265	2,037
Provisions no longer required	964	2,260
Other	23,394	18,271
	<b>7,878,500</b>	<b>9,923,232</b>

**Other operating expenses**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Foreign exchange expenses, net	-	(29,473)
Other	(17,184)	(7,739)
	<b>(17,184)</b>	<b>(37,212)</b>

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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**NOTE 22 - FINANCIAL INCOME/EXPENSES**

<b>Financial income</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Interest income on time deposits	601,873	177,162
Foreign exchange gains	72,297	-
	<b>674,170</b>	<b>177,162</b>
<b>Financial expense</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Interest expense	(1,075,095)	(1,101,247)
Foreign exchange losses	-	(625,846)
Loss from derivative financial transactions	-	(350,461)
	<b>(1,075,095)</b>	<b>(2,077,554)</b>

**NOTE 23 - 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 and revaluation surplus. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share.

Earnings per share disclosed in the income statement is determined by dividing net income attributable to ordinary shareholders by the weighted average number of shares existing during the period concerned.

	<b>31 December 2023</b>	<b>31 December 2022</b>
Net profit/(loss) of shareholders	12,638,978	16,366,358
Weighted average number of ordinary shares (Thousand in TRY)	1,000,000	1,000,000
<b>Profit/(Loss) per share (Thousand in TRY)</b>	<b>12.64</b>	<b>16.37</b>

**NOTE 24 - RELATED PARTY DISCLOSURES**

As of 31 December 2023 and 31 December 2022, the balances with related parties are as follows:

<b>Trade payables to related parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Torun Yapı San. ve Tic. A.Ş. (**)	678,839	52,429
Other	6,981	28
	<b>685,820</b>	<b>52,457</b>

**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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**NOTE 24 - RELATED PARTY DISCLOSURES (Continued)****Other payables to related parties**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Torun AVM (*)	37,185	34,026
Torun Center	2,759	3,228
Torunlar Gıda	816	1,832
Zafer Plaza İşletmeciliği A.Ş.	-	5,469
Torun Yapı San. ve Tic. A.Ş. (**)	-	1,237
Other	-	69
	<b>40,760</b>	<b>45,861</b>

(\*) Torun Shopping Mall provides management and administration services to Mall of İstanbul, Mall of Antalya, Deepo Shopping Mall, İstanbul Torium Shopping Mall and Bursa Korupark Shopping Mall which are owned by the Company. In accordance with the management agreement signed for the malls, management fee is paid for malls which is 2% (VAT excluding) of the sum of monthly TRY rent bills charged to tenants. The payable and receivable balances of Torun Shopping Mall are recognized as offset. The transactions with Torun AVM have been conducted through normal market conditions and market prices.

(\*\*) Torun Yapı undertakes the construction works of the Company.

As of 31 December 2023 and 2022, related to sales to related parties and commission paid, service expenses are as follows:

<b>Trade payables to related parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Mehmet Torun	26,532	-
	<b>26,532</b>	<b>-</b>

<b>Sales of goods and services to related parties</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Torun AVM (*)	169,285	18,652
Zafer Plaza İşletmeciliği A.Ş. (**)	145,399	33,084
Other	7,189	15,124
	<b>321,873</b>	<b>66,860</b>

(\*) Torun Shopping Mall provides management and administration services to Mall of İstanbul, Mall of Antalya, Deepo Shopping Mall, İstanbul Torium Shopping Mall and Bursa Korupark Shopping Mall which are owned by the Company. In accordance with the management agreement signed for the malls, management fee is paid for malls which is 2% (VAT excluding) of the sum of monthly TRY rent bills charged to tenants. The payable and receivable balances of Torun Shopping Mall are recognized as offset. The transactions with Torun AVM have been conducted through normal market conditions and market prices.

(\*\*) Zafer Plaza İşletmeciliği A.Ş. is providing management and administration services to Zafer Plaza Shopping Mall which is owned by the Company. In accordance with the management agreement signed for Zafer Plaza Shopping Mall, Torunlar REIC has a rent income amounting to TRY118,275 for the period ended 31 December 2023 and TRY85,682 for the period ended 31 December 2022. The transactions with Zafer Plaza İşletmeciliği A.S. have been conducted through normal conditions and market prices.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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### NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

#### Purchases of goods and services from related parties

	1 January- 31 December 2023	1 January- 31 December 2022
Torun AVM	404,545	86,407
Torun Yapı (***)	84,671	234,949
Torunlar Gıda	7,734	1,749
Other	3,139	16
	<b>500,089</b>	<b>323,121</b>

(\*\*\*) Torun Yapı undertakes the Group's construction works.

As of 31 December 2023 and 2022, the interest income from and interest expenses to the related parties are as follows:

#### Interest income from related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Torun AVM	3,661	-
Torun Yapı	2,199	-
Torunlar Gıda	1,885	407
Other	368	821
	<b>8,113</b>	<b>1,228</b>

#### Finance expense from related parties

	1 January- 31 December 2023	1 January- 31 December 2022
Zafer Plaza	1,526	710
Torun Yapı	1,303	583
Torunlar Gıda	521	1,960
Torun AVM	101	-
Other	84	-
	<b>3,535</b>	<b>3,253</b>

#### Benefits Provided to Management

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and premiums	16,472	8,806

All of the benefits provided to the senior management consist of short-term remuneration and similar benefits and do not include long-term benefits

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 25 - FAIR VALUE DISCLOSURES ON FINANCIAL INSTRUMENTS

##### Financial assets

It is assumed that the carrying values of the cash and cash equivalents approximate their fair values since classified under short term.

Appraiser report values are used to determine the fair values of the investment properties, which are recognized at their fair values in the balance sheet (Note 8).

It is assumed that the registered values of trade receivables reflect the fair value since the receivables are short term.

##### Financial liabilities

It is assumed that the carrying values of trade payables approximate their fair values since they are classified under short term.

It is assumed that the fair values of liabilities from finance leases approximate their fair values since classified under short term.

Derivative financial instruments are carried at their fair values.

##### Fair Value of Financial Instruments

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

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

Classifications of the assets and liabilities which are measured at fair values are as follows:

Financial assets measured at the fair value	Fair Value as of 31 December 2023		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Investment properties	-	23,469,503	41,277,799

Financial assets measured at the fair value	Fair Value as of 31 December 2022		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Investment properties	-	20,704,714	35,707,000



**TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

**NOTE 25 - FAIR VALUE DISCLOSURES ON FINANCIAL INSTRUMENTS (Continued)*****Investment Properties***

If there was an increase/decrease of 0.5% in the discount rates of investment properties, the fair value of which was calculated using the income approach method, and all other variables remained constant, the profit would be TRY3,054,060 less and TRY3,640,870 more, respectively (31 December 2022 TRY1,798,122 less and TRY1,798,122 more). The sensitivity analysis of investment properties calculated using the revenue discount approach as of 31 December 2023 and 2022 is as follows:

<b>31 December 2023</b>	<b>Discount Rate</b>	<b>Sensitivity Analysis</b>	<b>Profit effect On the Fair value</b>	<b>Loss effect On the Fair value</b>
Mall of Shopping Mall	%22	%0,5	1,500,000	(1,200,000)
Korupark Shopping Mall	%22	%0,5	640,000	(545,000)
Paşabahçe	%23	%0,5	260,600	(231,400)
Mall of Antalya Shopping Mall	%22	%0,5	295,000	(245,000)
Mall of İstanbul 2nd Phase Offices	%22	%0,5	324,000	(274,000)
Deepo Shopping Mall	%22	%0,5	235,000	(200,000)
Torium Shopping Mall	%22	%0,5	180,000	(155,000)
Kemankeş	%21	%0,5	130,540	(110,290)
Zafer Plaza Shopping Mall	%22	%0,5	75,730	(64,170)

<b>31 December 2022</b>	<b>Discount Rate</b>	<b>Sensitivity Analysis</b>	<b>Profit effect On the Fair value</b>	<b>Loss effect On the Fair value</b>
Mall of İstanbul Shopping Mall	%22	%0,5	750,953	(750,953)
Korupark Shopping Mall	%22	%0,5	311,553	(311,553)
Paşabahçe	%22	%0,5	119,935	(119,935)
Mall of Antalya Shopping Mall	%22	%0,5	172,044	(172,044)
Mall of İstanbul 2nd Phase Offices	%22	%0,5	169,073	(169,073)
Deepo Shopping Mall	%22	%0,5	133,090	(133,090)
Torium Shopping Mall	%22	%0,5	94,744	(94,744)
Zafer Plaza Shopping Mall	%22	%0,5	46,730	(46,730)

**NOTE 26 - 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 Group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Liquidity risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. The Group management tries to avoid liquidity risk from daily operations by trying to keep sufficient levels of cash and to have open credit lines with creditors. Management also tries to align the repayment of borrowings obtained for the construction and acquisition of investment properties with the rental revenue streams from such properties to the extent possible. For the construction of residential units the Group obtains cash advances from customers by engaging in pre-sales agreements to minimize the funding requirement in such projects.

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2023 and 2022 is as follows:

31 December 2023	Carrying value	Contractual Cash Flow	Up to 3 months	3 months to 1 year	1 year to- 5 years	Over 5 years
<b>Short-term financial liabilities (non-derivative):</b>						
Short-term liabilities	415,563	466,553	75,000	391,553	-	-
Short-term portion of long-term liabilities	1,245,137	1,378,350	356,468	1,021,882	-	-
Other payables	45,209	45,209	45,209	-	-	-
Trade payables	343,503	343,503	343,503	-	-	-
	<b>2,049,412</b>	<b>2,233,615</b>	<b>820,180</b>	<b>1,413,435</b>	-	-
<b>Long-term financial liabilities (Non-derivative):</b>						
Long-term liabilities	1,983,764	2,227,171	-	-	2,227,171	-
Trade payables	67,532	67,532	-	-	-	-
	<b>2,051,296</b>	<b>2,294,703</b>	-	-	<b>2,227,171</b>	-
<b>Non-derivative financial liabilities, total</b>	<b>4,100,708</b>	<b>4,528,318</b>	<b>820,180</b>	<b>1,413,435</b>	<b>2,227,171</b>	-

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

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Carrying value	Contractual Cash Flow	Up to 3 months	3 months to 1 year	1 year to- 5 years	Over 5 years
<b>Short-term financial liabilities (non-derivative):</b>						
Short-term liabilities	1,133,377	1,272,443	525,545	746,898	-	-
Short-term portion of long-term liabilities	1,844,799	1,940,515	1,108,485	832,029	-	-
Other payables	60,417	60,417	5,784	54,633	-	-
Trade payables	193,567	193,567	193,567	-	-	-
	<b>3,232,160</b>	<b>3,466,942</b>	<b>1,833,381</b>	<b>1,633,560</b>	<b>-</b>	<b>-</b>
<b>Long-term financial liabilities (Non-derivative):</b>						
Long-term liabilities	4,279,553	4,445,378	-	-	4,445,378	-
	<b>4,279,553</b>	<b>4,445,378</b>	<b>-</b>	<b>-</b>	<b>4,445,378</b>	<b>-</b>
<b>Non-derivative financial liabilities, total</b>	<b>7,511,713</b>	<b>7,912,320</b>	<b>1,833,381</b>	<b>1,633,560</b>	<b>4,445,378</b>	<b>-</b>

The analysis of the Group's assets and liabilities with respect to their maturities as of 31 December 2023 and 2022 is as follows:

	31 December 2023				Total
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	
Cash and cash equivalents	2,090,669	-	-	40,488	2,131,157
Trade receivables from non-related parties	-	707,703	49,928	-	757,631
Trade receivables					
Due from related parties	685,820	-	-	-	685,820
Other financial assets	-	1,422,034	-	-	1,422,034
<b>Total assets</b>	<b>2,776,489</b>	<b>2,129,737</b>	<b>49,928</b>	<b>40,488</b>	<b>4,996,642</b>
Financial liabilities	672,398	988,302	1,983,764	-	3,644,464
Trade payables from non-related parties	302,743	-	-	-	302,743
Trade payables					
Due from related parties	40,760	-	-	-	40,760
<b>Total liabilities and equity</b>	<b>1,015,901</b>	<b>988,302</b>	<b>1,983,764</b>	<b>-</b>	<b>3,987,967</b>
<b>Net repricing position</b>	<b>1,760,588</b>	<b>1,141,435</b>	<b>(1,933,836)</b>	<b>40,488</b>	<b>1,008,675</b>

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

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2022				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	1,507,110	-	-	17,748	1,524,858
Trade receivables from non-related parties	-	776,452	119,282	-	895,734
Trade receivables Due from related parties	52,457	-	-	-	52,457
<b>Total assets</b>	<b>1,559,567</b>	<b>776,452</b>	<b>119,282</b>	<b>17,748</b>	<b>2,473,049</b>
Financial liabilities	1,107,931	1,870,245	4,279,553	-	7,257,729
Trade payables from non-related parties	147,706	-	-	-	147,706
Trade payables Due from related parties	45,861	-	-	-	45,861
<b>Total liabilities and equity</b>	<b>1,301,498</b>	<b>1,870,245</b>	<b>4,279,553</b>	<b>-</b>	<b>7,451,296</b>
<b>Net repricing position</b>	<b>258,069</b>	<b>(1,093,793)</b>	<b>(4,160,271)</b>	<b>17,748</b>	<b>(4,978,247)</b>

#### Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary. In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, 'fixed interest/floating interest', 'short-term/long-term', 'TRY/foreign currency' balance should be structured consistent within and with assets in the balance sheet.

Borrowings with floating interest rate which have been classified as financial liabilities in the Group's balance sheet have been exposed to the interest risk as a result of change in interest rates. As of 31 December 2023, if the interest denominated in US Dollar and Euro is 1% higher/lower while all other variables were held constant, profit before tax would decrease/increase by TRY27,607 (31 December 2022: TRY52,634).

#### Interest Position Table

	31 December 2023	31 December 2022
<b>Fixed Interest Rate Instruments</b>		
Financial Liabilities	883,750	1,983,894
<b>Variable Interest Rate Instruments</b>		
Financial Liabilities	2,760,714	5,263,364
<b>Total financial liabilities</b>	<b>3,644,464</b>	<b>7,247,258</b>

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2023 and 2022, the repricing details of variable rate financial instruments are as follows:

	31 December 2023	31 December 2022
0-6 month	1,452,502	1,371,649
6-12 month	622,831	940,235
Over 1 year	685,381	2,951,480
<b>Total</b>	<b>2,760,714</b>	<b>5,263,364</b>

### Credit risk disclosures

The Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Group keeps majority of its deposits with top 10 retail banks established in Turkey, with which the Group had standing relations.

Credit risk mainly consists of receivables from related parties. 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, letter of credit, etc.)
- Mortgage on real estate
- Cheques and notes

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 utilization of credit limits is regularly monitored.

Credit risk details as of 31 December 2023 are as follows:

31 December 2023	Trade receivables		Other Receivables	Deposit in banks
	Related party	Other party		
<b>Maximum exposed credit risk as of reporting date</b>	<b>699,827</b>	<b>749,371</b>	<b>17,104</b>	<b>2,125,319</b>
Secured portion of the maximum credit risk by guarantees, etc.	-	686,544	-	-
A. Net book value of financial assets that are either not due or not impaired	699,827	772,447	17,104	2,125,319
B. Net book value of the expired but not impaired financial assets	-	-	-	-
C. Net book value of impaired assets	-	(23,076)	-	-
- Overdue (Gross book value)	-	(23,076)	-	-
- Impairment (-)	-	-	-	-
- Not overdue (Gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Trade receivables		Other Receivables	Deposit in banks
	Related party	Other party		
<b>Maximum exposed credit risk as of reporting date</b>	<b>52,457</b>	<b>892,211</b>	<b>18,680</b>	<b>1,519,921</b>
Secured portion of the maximum credit risk by guarantees, etc.	-	889,337	-	-
A. Net book value of financial assets that are either not due or not impaired	52,457	620,456	18,680	1,519,921
B. Net book value of the expired but not impaired financial assets	-	309,180	-	-
C. Net book value of impaired assets	-	-	-	-
- Overdue (Gross book value)	-	(37,425)	-	-
- Impairment (-)	-	(37,425)	-	-
- Not overdue (Gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-

While determining the above-mentioned amounts, the factors that increase the credibility such as guarantees received are not considered. In the financial assets of the Group which are subject to credit risk, no impairment risk has been identified. Additionally, Group does not have off balance sheet items which are subject to credit risk and assets overdue but not impaired assets.

#### Foreign exchange risk

The Group is exposed to foreign exchange rate risk through operations it has made in multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against Turkish Lira to total equity amount is aimed to be controlled under certain limits. The Group is exposed to foreign exchange rate risk mainly for EUR and USD.

#### Foreign currency position

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure.

The Group does not have any export or import activity in 31 December 2023 and 2022.

# TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency denominated assets and liabilities held by the Group are as follows:

	31 December 2023	31 December 2022
Assets	1,714,715	285,749
Liabilities	(361,460)	(1,458,690)
<b>Net balance sheet position</b>	<b>1,353,255</b>	<b>(1,172,741)</b>

The table below summaries foreign currency position risk of the Group as of 31 December 2023. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

31 December 2023	Total TRY Amount	Euro	US Dollar	Sterlin
1. Trade receivables	105,177	815	2,671	-
2.a Monetary financial assets	1,608,734	2,694	51,644	18
2.b Non-Monetary financial assets	-	-	-	-
3. Other assets	804	3	24	-
<b>4. Current Assets</b>	<b>1,714,715</b>	<b>3,512</b>	<b>54,339</b>	<b>18</b>
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-Monetary financial assets	-	-	-	-
7. Other assets	-	-	-	-
<b>8. Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets</b>	<b>1,714,715</b>	<b>3,512</b>	<b>54,339</b>	<b>18</b>
10. Trade payables	(129,442)	(978)	(3,307)	-
11. Financial liabilities	-	-	-	-
12.a Other monetary obligations	(28,064)	(860)	-	-
12.b Other non-monetary liabilities	-	-	-	-
<b>13. Short-term liabilities</b>	<b>(157,506)</b>	<b>(1,838)</b>	<b>(3,307)</b>	<b>-</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	(203,954)	(6,250)	-	-
16.a Other monetary obligations	-	-	-	-
16.b Other non-monetary liabilities	-	-	-	-
<b>17. Long-term liabilities</b>	<b>(203,954)</b>	<b>(6,250)</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities</b>	<b>(361,460)</b>	<b>(8,088)</b>	<b>(3,307)</b>	<b>-</b>
<b>Net foreign currency assets/liabilities position (9-18)</b>	<b>1,353,255</b>	<b>(4,576)</b>	<b>51,032</b>	<b>18</b>
<b>21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>1,353,255</b>	<b>(4,576)</b>	<b>51,032</b>	<b>18</b>

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

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The table below summaries foreign currency position risk of the Group as of 31 December 2023. The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent are as follows:

31 December 2022		Total TRY Amount	Euro	US Dollar	Sterlin
1.	Trade receivables	143,964	1,365	3,209	-
2.a	Monetary financial assets	141,785	2,173	2,272	11
2.b	Non-Monetary financial assets	-	-	-	-
3.	Other assets	-	-	-	-
4.	<b>Current Assets</b>	<b>285,749</b>	<b>3,538</b>	<b>5,481</b>	<b>11</b>
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-Monetary financial assets	-	-	-	-
7.	Other assets	-	-	-	-
8.	<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets</b>	<b>285,749</b>	<b>3,538</b>	<b>5,481</b>	<b>11</b>
10.	Trade payables	(64,673)	(398)	(1,671)	-
11.	Financial liabilities	(113,329)	(3,444)	-	-
12.a	Other monetary obligations	(46,695)	(1,419)	-	-
12.b	Other non-monetary liabilities	-	-	-	-
13.	<b>Short-term liabilities</b>	<b>(224,697)</b>	<b>(5,261)</b>	<b>(1,671)</b>	<b>-</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(1,233,993)	(37,500)	-	-
16.a	Other monetary obligations	-	-	-	-
16.b	Other non-monetary liabilities	-	-	-	-
17.	<b>Long-term liabilities</b>	<b>(1,233,993)</b>	<b>(37,500)</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities</b>	<b>(1,458,690)</b>	<b>(42,761)</b>	<b>(1,671)</b>	<b>-</b>
<b>Net foreign currency asset liability position</b>					
<b>20.</b>	<b>(9-18)</b>	<b>(1,172,739)</b>	<b>(39,223)</b>	<b>3,810</b>	<b>11</b>
<b>Net foreign currency asset/liability position of monetary items</b>					
<b>21.</b>	<b>(1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,172,739)</b>	<b>(39,223)</b>	<b>3,810</b>	<b>11</b>

The table below shows the Group's sensitivity for 10% fluctuation of USD and EUR. These amounts represent the effect on the statement of comprehensive income of 10% fluctuation of USD and EUR against TRY. During this analysis all other variables especially interest rate are assumed to remain constant.



## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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#### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis as of 31 December 2023 and 2022 are as follows:

	Gain/Loss		Equity	
	Appreciation	Depreciation	Appreciation	Depreciation
<b>31 December 2023</b>				
<b>10% fluctuation in USD rate</b>				
USD net asset/liability	150,229	(150,229)	150,229	(150,229)
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>150,229</b>	<b>(150,229)</b>	<b>150,229</b>	<b>(150,229)</b>
<b>10% fluctuation in EUR rate</b>				
EUR net asset/liability	(14,933)	14,933	(14,933)	14,933
Secured portion from EUR risk	-	-	-	-
<b>EUR net effect</b>	<b>(14,933)</b>	<b>14,933</b>	<b>(14,933)</b>	<b>14,933</b>
	Gain/Loss		Equity	
	Appreciation	Depreciation	Appreciation	Depreciation
<b>31 December 2022</b>				
<b>10% fluctuation in USD rate</b>				
USD net asset/liability	12,418	(12,418)	12,418	(12,418)
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>12,418</b>	<b>(12,418)</b>	<b>12,418</b>	<b>(12,418)</b>
<b>10% fluctuation in EUR rate</b>				
EUR net asset/liability	(133,692)	133,692	(133,692)	133,692
Secured portion from EUR risk	-	-	-	-
<b>EUR net effect</b>	<b>(133,692)</b>	<b>133,692</b>	<b>(133,692)</b>	<b>133,692</b>

#### Capital management

The Group attempts to manage its capital by minimizing the investment risk with portfolio diversification. The Group's objectives are to safeguard the Group's sustainability as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to keep a gearing ratio that is in-line with industry averages.

When the Group manages the capital, it aims to provide returns to shareholders and to reduce cost of capital, to maintain optimal capital structure by protecting the Group's operation ability.

In order to maintain or adjust the capital structure, Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

## TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

#### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Gearing ratios as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Total liabilities	8,352,383	9,217,328
Cash and cash equivalents	(3,553,191)	(1,524,858)
Net liabilities	4,799,192	7,692,470
Equity	72,239,372	59,230,173
Invested capital	1,000,000	1,000,000
<b>Gearing ratio</b>	<b>7%</b>	<b>13%</b>

#### NOTE 27 - SUBSEQUENT EVENTS

Torun Tower Office building belonging to Torunlar GYO, located at Büyükdere Caddesi 141 Esentepe, Şişli, Istanbul, with a total of 39 floors and a usable area of 106,080 m<sup>2</sup> and currently used as the Head Office building by Denizbank, was purchased by Denizbank A.Ş. for 11,584,751,750 TL + VAT. On 31 December 2023, a value of 12,400,000,000 TL + VAT was assessed for the real estate in question by the valuation company. The title deed transfer was completed on April 17, 2024. This transaction will be recognized as a loss on sale of investment properties of 815,248,250 TL in the financial statements as of the relevant date.

#### NOTE 28 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ AUDITOR'S FIRM

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on 30 March 2022, and the preparation principles of which are based on the KGK letter dated 19 August 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period	1,600	1,434
<b>Total</b>	<b>1,600</b>	<b>1,434</b>

The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures.

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

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### NOTE 29 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

The information contained herein is in nature of summary information derived from the financial statements in accordance with Article 16 of the CMB Serial: II, No: 14.1 'Communiqué on Principles Regarding Financial Reporting in the Capital Markets'; 'Communiqué on Principles Regarding Real Estate Investment Trusts' with Serial: III, No: 48.1, published in the Official Gazette No. 28660 on 28 May 2013, and Series III, published in the Official Gazette No. 28891 on 23 January 2014 and No. 31269 on 9 October 2022. No: 48.1.e 'Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Trusts' has been prepared in accordance with the provisions regarding the control of compliance with portfolio limitations.

Financial Statements Main Account Items	Related Regulations	31 December 2023	31 December 2022
A Money and capital markets instruments Series:III, No:48.1, Art.24/(b)	Series:III, No:48.1, Art.24/(b)	3,543,358	1,517,089
B Properties, projects based on properties and rights based on properties	Series:III, No:48.1, Art.24/(a)	73,044,000	64,044,889
C Subsidiaries	Series:III, No:48.1, Art.24/(b)	2,130,566	1,626,392
Due to related parties (non-trade)	Series:III, No:48.1, Art.23/(f)	-	-
<b>Other Assets</b>		1,858,107	1,231,930
<b>D Total assets</b>	Series:III, No:48.1, Art.3/(p)	<b>80,576,031</b>	<b>68,420,300</b>
E Financial liabilities	Series:III, No:48.1, Art.31	3,644,464	7,247,258
F Other financial liabilities	Series:III, No:48.1, Art.31	710,381	-
G Finance leases	Series:III, No:48.1, Art.31	-	10,471
H Due from related parties (non-trade)	Series:III, No:48.1, Art.23(f)	-	-
I Shareholders Equity	Series:III, No:48.1, Art.31	72,254,671	59,233,725
<b>Other liabilities</b>		3,966,515	1,928,846
<b>D Total liabilities</b>	Series:III, No:48.1, Art.3/(p)	<b>80,576,031</b>	<b>68,420,300</b>

  

Financial Information	Related Regulations	31 December 2023	31 December 2022
A1 The portion of money and capital market instruments held for payment of properties for the following 3 years	Series:III, No:48.1, Art.24/(b)	2,131,157	1,524,858
A2 TRY and foreign currency time and demand deposits	Series:III, No:48.1, Art.24/(b)	2,131,157	1,524,858
A3 Foreign capital market instruments	Series:III, No:48.1, Art.24/(d)	-	-
B1 Foreign properties, projects based on properties and rights based on properties	Series:III, No:48.1, Art.24/(d)	-	-
B2 Idle lands	Series:III, No:48.1, Art.24/(c)	-	-
C1 Foreign affiliates	Series:III, No:48.1, Art.24/(d)	-	-
C2 Investments in affiliated operating companies	Series:III, No:48.1, Art.28/1(a)	-	-
J Non-cash loans	Series:III, No:48.1, Art.31	83,638	116,778
K Mortgage amount on non-owned land to be developed	Series:III, No:48.1, Art.28(e)	-	-
L Total investments for money and capital market instruments in a single entity	Series:III, No:48.1, Art.22(I)	1,414,279	1,062,871

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

(Amounts expressed in thousands of Turkish Lira ('TRY') unless otherwise stated.)

### NOT 29 - ADDITIONAL NOTES: CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)

Portfolio Restrictions		Related Regulations	31 December 2023	31 December 2022	Maximum/ Minimum Rate
1	Mortgage amount on non-owed land to be developed (K/D)	Series:III, No:48.1a, Art.22/(e)	0%	0%	<10%
2	Properties, projects based on properties and rights based on properties (B+A1)/D)	Series:III, No:48.1, Art.24/(a),(b)	89%	92%	>50%
3	Money and capital market instruments and affiliates (A+C-A1)/D)	Series:III, No:48.1, Art.24/(b)	4%	2%	<50%
4	Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments (A3+B1+C1/D)	Series:III, No:48.1, Art.24/(d)	0%	0%	<49%
5	Idle lands(B2/D)	Series:III, No:48.1, Art.24/(c)	0%	0%	<20%
6	Investment in affiliated operating companies (C2/D)	Series:III, No:48.1, Art.28/1(a)	0%	0%	<10%
7	Borrowing limit (E+F+G+H+J)/I	Series:III, No:48.1, Art.31	5%	12%	<500%
8	TRYand foreign currency time and demand deposits (A2-A1)/D)	Series:III, No:48.1, Art.24/(b)	0%	0%	<10%
9	Total investments for money and capital market instruments in a single entity	Series:III, No:48.1, Art.22(I)	2%	2%	<10%

  

Associate	Participation rate (%)	Participation amount	
		31 December 2023	31 December 2022
Yeni Gimat	14.83	1,954,128	1,440,412
TTA	40.00	91,895	135,697
Netsel	44.60	83,745	49,485
TRN	99.99	798	798
		<b>2,130,566</b>	<b>1,626,392</b>

Yeni Gimat, Netsel and TTA which are associates and joint ventures of the Company (all together 'Subsidiaries') do not have valuation reports as at 31 December 2023. For the purposes of the control of compliance with the portfolio limitations, net asset values of associates are used. In this respect, Yeni Gimat and TTA's stand-alone financial statements, which are prepared in accordance with financial reporting standards of the Company, are multiplied with the Company's ownership rate in the related subsidiary. Thus, it is assumed that net values which are determined by adding and deducting net receivables/liabilities as of balance sheet date from the investment properties that are owned by associates and followed in stand-alone financial statements with fair values, approximate to the fair value of the associates. Investment properties which are owned by associates are explained in Note 1 in detail. Since, there are no valuation reports of Netsel, net asset values of the subsidiaries based on their stand-alone financial statements are taken into account and they are multiplied with Company's share in these subsidiaries.

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