

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 MARCH 2021**

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2021 AND 31 DECEMBER 2020**

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

	Notes	<i>Not Reviewed</i> 31 March 2021	<i>Audited</i> 31 December 2020
ASSETS			
Current assets		24,416,090	23,964,883
Cash and cash equivalents	4	1,772,350	2,005,246
Financial investments	5	1,161	306,015
Trade receivables	7	2,932,719	2,524,625
<i>Trade receivables due from related parties</i>	21	11,339	52,659
<i>Trade receivables due from third parties</i>		2,921,380	2,471,966
Other receivables	8	950,100	925,593
<i>Other receivables due from related parties</i>	21	499	465
<i>Other receivables due from third parties</i>		949,601	925,128
Inventories	9	16,798,734	16,262,148
Prepaid expenses	14	1,630,923	1,625,385
Other current assets	13	330,103	315,871
Non-current assets		4,294,852	4,679,407
Trade receivables	7	3,292,314	3,736,340
<i>Trade receivables due from third parties</i>		3,292,314	3,736,340
Other receivables	8	23,064	54,508
<i>Other receivables due from third parties</i>		23,064	21,734
<i>Other receivables due from related parties</i>	21	-	32,774
Financial investments		836	836
Investments accounted for using equity method		-	6,387
Investment properties	10	835,301	735,290
Right-of-use assets		69	75
Property, plant and equipment	11	117,374	115,677
Intangible assets		5,267	4,586
Other non-current assets	13	18,882	23,895
Deferred tax assets	20	1,745	1,813
Total assets		28,710,942	28,644,290

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

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AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2021 AND 31 DECEMBER 2020**

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

	Notes	Not Reviewed 31 March 2021	Audited 31 December 2020
LIABILITIES AND EQUITY			
Current liabilities		11,466,175	11,032,208
Short-term borrowings	6	767,791	599,031
Short-term portions of long-term borrowings		1,729,122	1,602,587
<i>Short-term portion of long-term borrowings from related parties</i>			
Lease liabilities	21	3,298	3,399
<i>Short-term portion of long-term borrowings from third parties</i>			
Loans	6	1,725,824	1,599,188
Trade payables	7	2,846,475	2,494,109
Trade payables due to related parties	21	2,010,396	1,286,481
Trade payables due to third parties		836,079	1,207,628
Other payables	8	581,668	590,262
Other payables to related parties		403	403
Other payables to third parties		581,265	589,859
Deferred income	14	5,396,977	5,604,105
Deferred income from third parties		5,396,977	5,604,105
Current tax liabilities	20	7,957	-
Short-term provisions		144,142	142,114
Short-term provisions for employee benefits		14,351	14,957
Other short-term provisions	12	129,791	127,157
Non-current liabilities		2,519,314	3,118,074
Long-term borrowings		2,405,278	2,983,427
<i>Long-term borrowings from related parties</i>		0	-
Lease liabilities	21	2,261	2,333
<i>Long-term borrowings from third parties</i>		0	0
Bank Loans	6	2,403,017	2,981,094
Trade payables		2,147	28
Other payables		57,171	59,985
Deferred income		4,738	4,738
Long-term provisions		16,605	15,804
Long-term provisions for employee benefits		16,605	15,804
Deferred tax liability	20	33,375	54,092
Shareholders' equity		14,717,496	14,494,008
Total equity attributable to equity holders of the Company		14,718,680	14,495,188
Paid-in capital	15	3,800,000	3,800,000
Treasury shares (-)		(296,231)	(296,231)
Share premium (discounts)		2,366,895	2,366,895
Other comprehensive income (expense) not to be reclassified to profit or loss		(42)	(42)
- Gain (loss) on revaluation and remeasurement		(42)	(42)
Restricted reserves appropriated from profit		747,616	747,616
Prior years' profits		7,876,950	7,040,692
Net profit for the year		223,492	836,258
Non-controlling Interests		(1,184)	(1,180)
Total liabilities and equity		28,702,985	28,644,290

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

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
31 MARCH 2021 AND 2020**

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

	Notes	<i>Not Reviewed</i> 1 January- 31 March 2021	<i>Not Reviewed</i> 1 January- 31 March 2020
Revenue	16	1,290,257	696,589
Cost of sales (-)	16	(992,534)	(411,777)
Gross profit		297,723	284,812
General administrative expenses (-)	17	(81,646)	(57,929)
Marketing expenses (-)	17	(14,071)	(12,019)
Other income from operating activities	18	108,113	149,502
Other expenses from operating activities (-)	18	(25,280)	(130,835)
Share of losses from investments accounted for using equity method		-	(949)
Operating profit		284,839	232,582
Income from investing activities		3,979	3
Operating profit before financial income / (expense)		288,818	232,585
Financial income	19	52,709	30,525
Financial expenses (-)	19	(130,471)	(138,401)
Profit from continuing operations, before tax		211,056	124,709
Tax (expense)/income from continuing operations		12,432	647
<i>Current period tax (expense) income</i>	20	(8,217)	-
<i>Deferred tax (expense)/income</i>	20	20,649	647
Net profit for the period		223,488	125,356
Profit for the period is attributable to:			
Non-controlling interests		(4)	1,641
Owners of the Company		223,492	123,715
Total comprehensive income		223,488	125,356
Total comprehensive income is attributable to:			
Non-controlling interests		(4)	1,641
Owners of the Company		223,492	123,715
Earnings per share (in full TL)		0.0006	0.0003

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 31 MARCH 2021 AND 2020

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

	Share capital	Treasury shares (-)	Share premium/discounts	Restricted reserves appropriated from profit	Gain/Loss on remeasurement of defined benefit plans	Retained Earnings		Non-controlling interests	Total equity	
						Prior years' profit	Net profit for the Equity attributable to the parent			
1 January 2020	3,800,000	(284,480)	2,366,895	721,385	(42)	6,362,400	778,369	13,744,527	(1,485)	13,743,042
Transfers	-	-	-	-	-	778,369	(778,369)	-	-	-
Increases/(Decreases) Related to the Acquisition of Treasury Shares	-	(11,751)	-	-	-	-	-	(11,751)	-	(11,751)
Total comprehensive income	-	-	-	-	-	-	123,715	123,715	1,641	125,356
31 March 2020	3,800,000	(296,231)	2,366,895	721,385	(42)	7,140,769	123,715	13,856,491	156	13,856,647
1 January 2021	3,800,000	(296,231)	2,366,895	747,616	(42)	7,040,692	836,258	14,495,188	(1,180)	14,494,008
Transfers	-	-	-	-	-	836,258	(836,258)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	-	223,492	223,492	(4)	223,488
31 March 2021	3,800,000	(296,231)	2,366,895	747,616	(42)	7,876,950	223,492	14,718,680	(1,184)	14,717,496

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 31 MARCH 2021 AND 2020**

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

Notes	1 January- 31 March 2021	1 January- 31 March 2020
Cash flows from operating activities		
Profit for the period	223,488	125,356
Adjustments related to reconcile of net profit for the period		
Adjustments related to depreciation and amortization expenses	17, 18 10,128	22,179
Adjustments related to tax expense (income)	20 (12,432)	(647)
Adjustments related to undistributed losses of investments accounted for using the equity method	-	949
Adjustments related to (reversal of) impairments	(16,851)	91,104
Adjustments related to (reversal of) impairment of inventories	9 (16,851)	91,104
Adjustments related to provisions	10,821	8,469
Adjustments related to (reversal of) provisions for employee benefits	8,149	(1,362)
Adjustments related to (reversal of) provision for lawsuit and/or penalty	12 2,634	4,124
Adjustments related to (reversal of) provisions for possible risks	18 38	5,707
Adjustments for interest (income) and expenses	4,921	10,888
Adjustments for interest income	18, 19 (125,378)	(125,750)
Adjustments for interest expense	19 130,299	136,638
Net cash from operations before changes in assets and liabilities	220,075	258,298
Changes in net working capital:		
Adjustments related to (increase) / decrease in trade receivable	(82,538)	432,403
Decrease (increase) in trade receivables from related parties	41,320	(1,227)
Decrease (Increase) in trade receivables from third parties	(123,858)	433,630
Adjustments related to decrease/(increase) in inventories	263,924	(396,101)
Adjustments related to increase/(decrease) in trade payables	(477,996)	198,608
Increase (decrease) in trade payables to related parties	(61,089)	(17,940)
Increase (decrease) in trade payables to third parties	(416,907)	216,548
Adjustments related to decrease (increase) in other receivables related to operations	9,032	(113,409)
Adjustments related to increase (decrease) in other payables related to operations	(106,476)	(262,795)
Adjustments related to other increase (decrease) in working capital	205,579	32,604
Net cash flows from operating activities		
Interest received	63,985	19,646
Payments related to provisions for employee benefits	(455)	(75)
Income taxes paid	(52,151)	37,564
Cash flows from operating activities		
42,979		
206,743		
Cash flows from investing activities		
Purchases of investment properties, property, plant and equipment and intangible assets	(3,975)	(2,222)
Interest received	2,624	3
Returns of financial assets	304,764	-
Other cash inflows (outflows)	(9,181)	(3,503)
Cash flows from investing activities		
294,232		
(5,722)		
Payments for acquisition of treasury shares	15 -	(11,751)
Proceeds from Borrowings	623,049	2,073,457
Proceeds from Loans	226,049	1,523,457
Proceeds from Issue of Debt Instruments	397,000	550,000
Repayments of borrowings	(848,281)	(1,427,469)
Loan Repayments	(398,281)	(877,469)
Payments of Issued Debt Instruments	(450,000)	(550,000)
Cash outflow from debt payments for lease contracts	(606)	(219)
Interest paid	(186,298)	(120,324)
Interest received	45,296	30,468
Other cash inflows (outflows)	-	2
Cash flow from financing activities		
(366,840)		
544,164		
Net increase (decrease) in cash and cash equivalents		
(29,629)		
Cash and cash equivalents at the beginning of the period	4 1,121,635	432,038
Cash and cash equivalents at the end of the period		
4		
1,092,006		
1,177,223		

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2020**

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP

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

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

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

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

The registered address of the Group is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 31 March 2021, the number of employees of the Group is 613 (31 December 2020 - 601).

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

The consolidated consolidated financial statements at 31 March 2021 have been approved by the Board of Directors on 10 May 2021.

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

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2021**

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

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

Subsidiaries

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

<u>Subsidiaries</u>	<u>Main Operations</u>
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”)	Real Estate Investments
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.	Production, Sales and Marketing
EPP – Emay Adi Ortaklığı (“EPP-EMAY”)	Construction
EPP – Fideltus – Öztaş Ortak Girişimi	Construction

	<u>31 March 2021</u>		<u>31 December 2020</u>	
	<u>Direct and indirect ownership rate (%)</u>	<u>Effective ownership rate (%)</u>	<u>Direct and indirect ownership rate (%)</u>	<u>Effective ownership rate (%)</u>
EPP (*)	100	100	100	100
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. (**)	100	100	-	-
EPP-EMAY	60	60	60	60
EPP-Fideltus-Öztaş Ortak Girişimi	40	40	40	40

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

(**) By taking into account the needs of the construction and real estate sector, the Group has participated in establishment of a new subsidiary and to participate in this new established subsidiary on 9 February 2021 in order to create a domestic brand, the main activity of which will be elevator systems and which will have the potential to compete with the important actors of the global market

Investments valued by equity method (Affiliates)

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

<u>Investments valued by equity method (Affiliates)</u>	<u>Main Operation</u>
Bio İstanbul Proje Geliştirme ve Yatırım A.Ş. (“Bio”)	Consultancy and Construction Services

	<u>31 March 2021</u>		<u>31 December 2020</u>	
	<u>Direct and indirect ownership rate (%)</u>	<u>Effective ownership rate (%)</u>	<u>Direct and indirect ownership rate (%)</u>	<u>Effective ownership rate (%)</u>
Bio	-	-	32.5	32.5

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2021**

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

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

Shares in Joint Operations

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

Shares in joint operations **Main Operations**

Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş. Ortak Girişimi –
Emlak Konut GYO A.Ş. (“İstmarina AVM Adi Ortaklığı”) Shopping Mall and Office Management

Büyükyalı Tesis Yönetimi A.Ş. Shopping Mall and Office Management

	31 March 2021		31 December 2020	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
İstmarina AVM Adi Ortaklığı (*)	40	40	40	40
Büyükyalı Tesis Yönetimi A.Ş.	37	37	37	37

(*)An "Ordinary Partnership" is formed between Dap Yapı İnşaat San. and Tic. A.Ş., Eltes İnş. Tes. San. Tic. A.Ş. and the Group with the ownership rate of 59.7%, 0.3% and 40%, respectively with the purposes of the sale of one Shopping Mall (AVM) on a land of 51,000 m2 in the Istmarina project and which was constructed under "Istanbul Kartal LSRSA Project" ready to operate after being rented and the financial management of the shopping center.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

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

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

The Group prepared its interim condensed consolidated financial statements for the period ended 31 March 2021 in accordance with the TAS 34 “Interim Financial Reporting Standard” within the framework of the Communiqué Serial: XII No. 14.1 and announcements regarding this Communiqué published by CMB.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2021**

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

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

2.1. Basis of Presentation (Continued)

The Companies are free to prepare their interim financial statements as full or condensed in accordance with TAS 34. In this context, the Group preferred to prepare its interim financial statements as condensed.

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

Preparation of financial statements in hyperinflationary periods

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

Functional and Presentation Currency

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

Offsetting

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2021**

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

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

2.2. Changes in accounting policies, accounting estimates and errors

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

2.3. Conformity with the Portfolio Limitations

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

NOTE 3 – ACCOUNTING POLICIES

Interim condensed consolidated financial statements as of 31 March 2021 have been prepared by applying accounting policies that are consistent with the accounting policies applied in the preparation of the financial statements for the year ended 31 December 2020. Therefore, interim condensed financial statements should be read together with the end-of-year financial statements in order to create coherence.

3.1 New and Revised Turkish Financial Reporting Standards

a) Amendments and interpretations mandatorily effective as of 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted .

The Group management assessed that the adoption of this amendment does not have any effect on the Group’s consolidated financial statements.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 31 MARCH 2021**

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

TFRS 17 *Insurance Contracts*

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

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

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

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

Amendments to TFRS 3 Reference to the Conceptual Framework (cont’d)

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

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

Amendments to TAS 16 Proceeds before Intended Use

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 Financial Instruments

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

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NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

Annual Improvements to TFRS Standards 2018-2020 Cycle (Continued)

Amendments to TAS 41 Agriculture

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

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

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

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

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

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

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

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

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

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NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash on hand	43	19
Banks	1,723,138	1,953,138
- Demand deposit	20,759	25,509
- Time deposits with maturities less than 3 months	1,702,379	1,927,629
Other cash and cash equivalents	49,169	52,089
	1,772,350	2,005,246

Maturities of cash and cash flows are as follows:

	31 March 2021	31 December 2020
Demand	20,759	25,509
Up to 3 month	1,702,379	1,927,629
Less: Blocked deposits with maturities less than 3 months	(19)	(201)
	1,723,119	1,952,937

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

	31 March 2021	31 December 2020
	(%)	(%)
	17.96%	17.66%

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

	31 March 2021	31 December 2020
Cash and cash equivalents	1,772,350	2,005,246
Less: Interest accruals on deposits	(2,770)	(557)
Less: LSRSA project deposits (*)	(417,113)	(741,280)
Less: T.C. Çevre ve Şehircilik Bakanlığı'na ait hesaplar (**)	(49,820)	(144,625)
Less: T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	(213,393)	-
Less: Blocked deposits with maturities less than 3 months	(19)	(77)
Add: the effect of provisions released under TFRS 9	2,771	2,928
	1,092,006	1,121,635

(*) The contractors’ portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. There is no blocked deposit (31 December 2020: TL 124) for the project accounts amounting to TL 417,113 (31 December 2020: TL 741,280).

(**) Within the scope of the protocols signed with the Republic of Turkey Ministry of Environment and Urbanization regarding the land purchase, the cost of the lands purchased from the Ministry of Environment and Urbanization is evaluated in the term accounts of Emlak Konut on behalf of the Ministry of Environment and Urbanization until the payment date determined by the Ministry of Environment and Urbanization. All of the interest income accumulated in these time deposit accounts will be paid to the Ministry of Environment and Urbanization.

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NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments	31 March 2021	31 December 2020
Special issue government bonds	979	-
Blocked deposits with maturities longer than 3 months (*)	182	272
Lease certificate	-	305,743
	1,161	306,015

(*) The Group keeps the credit amounts used by customers as blocked deposits at the bank in order to provide low interest rate financing to its customers who want to purchase residentials from the projects that the Group has developed. The relevant amounts are ready for the use of the company at the specified terms. While the contractor portion of blocked deposits in the bank accounts which opened in the name of the related project under the control of the Group and which have maturities more than 3 months is TL 123 (31 December 2020: TL 184), the Group portion is TL 59 (31 December 2020: TL 88).

As of 31 March 2020 Group’s long-term investments consist of the investments which are less than 10% in the capitals of Kazakistan Ziraat International Bank, Sınırlı Sorumlu İstanbul Gıda Toptancıları İmalat Sanayi ve Depocuları Toplu İşyeri Yapı Kooperatifi, Cathay-EPP Adi Ortaklığı and Tobaş Toplu Konut Büyükşehir Belediyesi İnşaat Emlak Mimarlık ve Proje A.Ş.

NOTE 6 – FINANCIAL LIABILITIES

	31 March 2021	31 December 2020
Short-term financial liabilities		
Short-term portion of long-term borrowings	1,725,824	1,599,188
Issued debt instruments	412,577	475,531
Short-term bank loans	355,214	123,500
Lease obligation	3,298	3,399
	2,496,913	2,201,618
Long-term financial liabilities	31 March 2021	31 December 2020
Long-term borrowings	2,403,017	2,981,094
Lease obligation	2,261	2,333
	2,405,278	2,983,427

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NOTE 6 – FINANCIAL LIABILITIES (Continued)

Borrowings used as of 31 March 2021 are denominated in TL and the weighted average interest rate is 11.74% (31 December 2020: 10.88%)

The redemption schedules of the borrowings as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
2022	495,697	1,086,705
2023	743,076	735,390
2024	808,538	802,361
2025	355,706	356,638
	2,403,017	2,981,094

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

	31 March 2021	31 December 2020
Less than 3 months	940,084	517,368
Between 3 - 12 months	1,140,954	1,205,320
Between 1 - 5 years	2,403,017	2,981,094
	4,484,055	4,703,782

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2021	31 December 2020
Receivables from contractors of the lands invoiced under LSRSA	1,510,950	1,470,439
Receivables from sale of residential and commercial units	995,266	651,932
Receivables from land sales	399,954	364,721
Receivables from related parties (Note 21)	11,339	52,659
Receivables from lessees	7,060	8,184
Notes of receivables	717	835
Other	59,324	13,879
Unearned finance income	(51,891)	(38,024)
	2,932,719	2,524,625
Doubtful receivables	2,740	2,538
Less: Provision for doubtful receivables	(2,740)	(2,538)
	2,932,719	2,524,625

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)

	31 March 2021	31 December 2020
Long-term trade receivables		
Receivables from sale of residential and commercial units	3,735,056	4,057,766
Receivables from land sales	147,615	227,084
Unearned finance income	(590,357)	(548,510)
	3,292,314	3,736,340

	31 March 2021	31 December 2020
Short-term trade payables		
Payables to related parties (Note 21)	2,010,396	1,286,481
Payables to LSRSA contractors invoiced	546,962	857,840
Trade payables	229,605	302,404
Interest accruals on time deposits of contractors (*)	59,512	47,384
	2,846,475	2,494,109

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Short-term other receivables		
Advances given to contractor firms	501,757	496,485
HAS related receivables from Turkish Treasury	402,527	402,527
Receivables from the authorities	43,477	24,274
Other receivables from related parties (Note 21)	499	465
Other	1,840	1,842
	950,100	925,593

	31 March 2021	31 December 2020
Long-term other receivables		
Other receivables from third parties	22,050	20,720
Deposits and guarantees given	1,014	1,014
Other receivables from related parties (Note 21)	-	32,774
	23,064	54,508

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NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 March 2021	31 December 2020
Short-term other payables		
Payables to HAS beneficiaries	402,713	402,713
Payables to contractors (*)	88,752	88,752
Taxes and funds payable	29,076	28,248
Other payables to related parties	403	403
Other	60,724	69,953
	581,668	590,262

(*) The amount includes the unissued invoice by the contractor amount of TL 88,752 regarding to the units received as a result of revenue allocation at İzmir Mavisehir Phase 3 project, where the contractor filed a lawsuit regarding the revenue sharing percentages (31 December 2020: TL 88,752).

As of 31 March 2021 other long-term payables comprise deposits and guarantees received.

The movements of HAS payments transferred from Group’s shareholder’s equity and HAS receivables and payables related to Treasury Support for the periods 31 March 2021 and 2020 are as follows:

	1 January 2021	Additions within the period	Disposals	31 March 2021
Treasury support				
Receivables from Treasury	402,527	-	-	402,527
Cash generated from government bond redemption	186	-	-	186
Total consideration received or receivable from Treasury	402,713			402,713
Payables to HAS beneficiaries	(402,713)			(402,713)

	1 January 2020	Additions within the period	Disposals	31 March 2020
Treasury support				
Receivables from Treasury	402,527	-	-	402,527
Special issue Government Debt Securities	10,054	-	-	10,054
Cash generated from government bond redemption	(9,868)	-	-	(9,868)
Total consideration received or receivable from Treasury	402,713			402,713
Payables to HAS beneficiaries	(402,713)			(402,713)

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NOTE 9 – INVENTORIES

	31 March 2021	31 December 2020
Lands	6,685,169	5,764,103
<i>Cost</i>	6,723,811	5,803,093
<i>Impairment</i>	(38,642)	(38,990)
Planned land by LSRSA	4,359,882	4,423,215
Planned land by turnkey project	4,149,350	4,378,258
Residential and commercial units ready for sale	1,604,333	1,696,572
<i>Cost</i>	1,788,850	1,897,593
<i>Impairment</i>	(184,518)	(201,021)
	16,798,734	16,262,148

As of 31 December 2020, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., Reel Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş. and Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş. have taken into consideration in the valuation of assets classified as “Inventories” and in the calculation on impairment, if any.

The movements of impairment on inventories are as follows:

	2021	2020
Opening balance at 1 January	240,011	182,354
Impairment on inventories within the current period (Note 18)	12,974	185,084
Reversal of impairment on inventories within the current period (Note 18)	(29,825)	(75,551)
Closing balance at 31 March	223,160	291,887

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NOTE 9 – INVENTORIES (Continued)

As of 31 March 2021 and 31 December 2020 the details of land and residential inventories of the Group are as follows:

Lands	31 March 2021	31 December 2020
İstanbul Çekmeköy Lands	1,927,872	990,043
İstanbul Avcılar Lands	1,420,003	1,420,000
İstanbul Küçükçekmece Lands	1,114,208	1,113,989
İstanbul Kartal Lands	549,008	532,565
İstanbul Sarıyer Lands	410,141	410,094
İstanbul Başakşehir Lands	307,813	271,465
İstanbul Beşiktaş Lands	256,965	325,161
İstanbul Arnavutköy Lands	171,408	170,581
İstanbul Eyüp Lands	168,485	168,485
İstanbul Ataşehir Lands	100,642	100,642
İstanbul Resneli Lands	76,797	76,797
İstanbul Zekeriyaköy Lands	52,940	52,940
Ankara Çankaya Lands	51,173	51,173
İstanbul Esenyurt Lands	36,654	39,178
İzmir Konak Umurbey Lands	13,030	13,030
Kocaeli Lands	8,278	8,278
Sakarya-Sapanca Lands	7,096	7,027
Tekirdağ Çorlu Lands	6,153	6,153
Maltepe Küçükyalı Lands	3,010	3,010
İstanbul Umraniye Lands	1,844	1,844
Tekirdağ Kapaklı Lands	1,058	1,058
Tuzla Orhanlı Project	540	540
Other	51	50
	6,685,169	5,764,103

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NOTE 9 – INVENTORIES (Continued)

Planned lands by LSRSA	31 March 2021	31 December 2020
Nidapark İstinye Project	992,600	992,600
Merkez Ankara Project	659,410	659,410
Nişantaşı Project	643,965	643,965
Nidapark Kucukyali Project	564,518	564,518
Beykoz Riva Project	391,284	390,613
İstanbul Çekmeköy Taşdelen Project	348,385	347,731
Başakşehir İkitelli Project	161,578	161,578
Başakşehir Avrasya Konutları Project	133,016	132,745
Avangart İstanbul Project	112,910	111,644
Beşiktaş Dikilitaş Project	68,197	-
Cer İstanbul Project	67,333	67,308
Evora Denizli Project	62,319	62,319
Avrupark Hayat Project	54,057	54,057
Nidapark Kayasehir Project	35,761	35,761
Ebruli İspartakule Project	28,087	28,204
Şile Çavuş Project	10,079	10,079
Köy Project	9,517	9,517
Evora İzmir Project	767	642
Allsancak Project	337	145
Validebağ Konakları Project	-	72,096
İspartakule 6. Etap Project	-	31,288
Ofis Karat Bakırköy Project	-	30,826
Other	15,762	16,169
	4,359,882	4,423,215

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NOTE 9 – INVENTORIES (Continued)

Residential and commercial units completed	31 March 2021	31 December 2020
Maslak 1453 Project	433,880	462,675
Kuzey Yakası Project	288,532	290,132
Gebze Emlak Konutları	178,767	192,509
Sarphan Finanspark Project	156,525	185,738
Başkent Emlak Konutları Project	135,158	187,425
Büyükyalı Project	89,945	56,241
Karat 34 Project	78,592	78,592
Semt Bahçekent Project	31,998	-
Kocaeli Körfezkent Emlak Konutları	25,391	28,604
Koordinat Çayyolu Project	24,774	19,352
Niğde Emlak Konutları	20,799	21,230
İstmarina Project	20,181	47,327
Tual Bahçekent Project	19,967	19,967
Evora Denizli Project	17,770	17,770
Unikonut Project	17,382	4,838
Nidakule Ataşehir Project	16,597	16,597
Dumankaya Miks Project	12,052	12,209
Göl Panorama Project	7,832	7,832
Ispartakule Emlak Konutları	5,452	9,477
Tual Adalar Project	4,633	6,958
Temaşehir Project	3,512	3,512
Metropol İstanbul Project	3,448	3,448
Nevşehir Emlak Konutları	2,972	2,972
Başakşehir Ayazma Emlak Konutları	2,299	2,299
Esenler Emlak Konutları	1,488	1,999
Bulvar İstanbul Project	723	1,383
Bahçekent Emlak Konutları	213	584
Batışehir Project	-	8,282
Bahçekent Flora Evleri	-	2,553
Other	3,451	4,067
	1,604,333	1,696,572

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NOTE 9 – INVENTORIES (Continued)

Planned lands by turnkey project	31 March 2021	31 December 2020
Küçükçekmece Bizim Mahalle Project	957,530	926,609
Zekeriyaköy Emlak Konutları Project	674,618	586,733
Halkalı Emlak Konutları Project	594,719	544,523
Florya Evleri Project	439,173	416,258
Hoşdere 6.Etap Project	375,829	497,253
Yeniköy Konakları	387,782	352,370
Yalova Armutlu Project	387,352	139,421
IGTOD Rami Gıda Toptancıları Project	129,070	838,486
Hoşdere Toplu Konut 2. Etap Project	83,005	-
Ankara Saraçoğlu Project	52,617	27,806
Ümraniye Kentsel Dönüşüm Project	43,406	39,261
Merkez Ankara Project	17,107	-
Tariş Kooperatifleri Project	7,142	7,142
Hoşdere Hayat Parkı Project	-	2,396
	4,149,350	4,378,258

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NOTE 10 – INVESTMENT PROPERTIES

Lease income is generated from investment properties, and the expertise used in the calculation of impairment is made through peer comparison and income reduction. As of 31 March 2021, the Group assessed that there was no impairment in its investment properties within the scope of the COVID-19 pandemic. Although there has been a decrease in the rental income of the Group from investment properties due to the COVID-19, there has not been a significant change in the total rental income due to the new rental income increase arising from transfers to investment properties.

The movements of investment properties as of 31 March 2021 and 2020 are as follows:

Cost Value	Lands, residential and commercial units	Atasehir general management building A block	Total
Opening balance as of 1 January 2021	733,217	40,922	774,139
Purchases (*)	103,732	-	103,732
Transfers to commercial units and land inventories	(12,665)	-	(12,665)
Transfers from residential and commercial unit inventories	15,090	-	15,090
Closing balance as of 31 March 2021	839,374	40,922	880,296

Accumulated Depreciation

Opening balance as of 1 January 2021	35,493	3,356	38,849
Charge for the year	5,829	317	6,146
Closing balance as of 31 March 2021	41,322	3,673	44,995
Carrying value as of 31 March 2021	798,052	37,249	835,301

Cost Value	Lands, residential and commercial units	Atasehir general management building A block	Total
Opening balance as of 1 January 2020	461,551	40,922	502,473
Closing balance as of 31 March 2020	461,551	40,922	502,473

Accumulated Depreciation

Opening balance as of 1 January 2020	19,289	3,039	22,328
Charge for the year	15,160	317	15,477
Closing balance as of 31 March 2020	34,449	3,356	37,805
Carrying value as of 31 March 2020	427,102	37,566	464,668

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

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NOTE 10 – INVESTMENT PROPERTIES (Continued)

Reports prepared by Atak Gayrimenkul Değerleme A.Ş. ve Reel Gayrimenkul Değerleme A.Ş., valuation firms authorized by CMB, have been taken into consideration when determining the fair values of investment properties as of 31 December 2020. The fair values of the investment property determined by independent valuation experts are as follows:

	31 March 2021	31 December 2020
Lands and completed units	574,373	588,147
Atasehir General Management Office A Block	126,478	126,478
Independent commercial units of Istmarina AVM	286,143	286,143
Independent commercial units of Büyükyalı AVM	103,732	-
	1,090,726	1,000,768

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

31 March 2021	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2021	105,111	815	9,654	97	115,677
Additions	2,149	432	1,151	-	3,732
Depreciation expense(-)	(735)	(394)	(906)	-	(2,035)
Net carrying value 31 March 2021	106,525	853	9,899	97	117,374
Cost	119,483	4,355	33,321	97	157,256
Accumulated depreciation (-)	(12,958)	(3,502)	(23,422)	-	(39,882)
Net carrying value 31 March 2021	106,525	853	9,899	97	117,374

31 March 2020	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2020	100,597	192	5,027	97	105,913
Additions	-	-	2,421	-	2,421
Depreciation expense(-)	(779)	(127)	(878)	-	(1,784)
Net carrying value 31 March 2020	99,818	65	6,570	97	106,550
Cost	109,880	2,160	24,920	97	137,057
Accumulated depreciation (-)	(10,062)	(2,095)	(18,350)	-	(30,507)
Net carrying value 31 March 2020	99,818	65	6,570	97	106,550

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

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

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

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Provisions		
Provision for lawsuits	129,791	127,157
	129,791	127,157

According to the opinions of the Group’s lawyers, provisions amounting to TL 129,791 have been made as of 31 March 2021 (31 December 2020: TL 127,157). As of 31 December 2020, there are 37 cases of defect, 13 cases of loss of rent, 13 cases of cancellation of title deeds and registration, 5 cases of business and 56 other cases. The amount of risk arising from the total possible cash outflow is TL 272,055 (31 December 2020: TL 266,590) and the lawsuits are still pending. The movements of provision for lawsuits as of 31 March 2021 and 2020 are as follows:

	2021	2020
Balance at 1 January	127,157	110,241
Provision added within the current period (Note 18)	2,634	4,124
Closing balance at 31 March	129,791	114,365

12.1 Continuing Lawsuits and Provisions

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

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

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

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.1 Continuing Lawsuits and Provisions (Continued)

12.1.1 According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 65,596 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. The Group made provision amounting to TL 93,608 as of 31 March 2021.

12.1.2 The lawsuit filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TL 7,141 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 31 March 2021 a provision amounting to TL 7,644 has been made.

12.1.3 Within the scope of Revenue Sharing in Return for Riva Land Sale Tender for immovables parcel numbered 3201, 3202, 3203 located in Istanbul Province, Beykoz/Riva District as per the Article 14 of Bidding Specification of the aforementioned tender, bid bonds have been submitted to the client company by the Joint Venture, in the second session of the tender held on 15 June 2017, it was decided to leave the tender under the responsibility of the Joint Venture, which gave the most economically advantageous bid however, companies that have applied to the client company and invited for signature were requested to revise the terms and criteria of the tender, with the justification that the Planned Areas Type Zoning Regulation by the Ministry of Environment and Urbanization published on Official Gazette No. 30113 dated 3 July 2017 contains regulations that cause a significant reduction in the construction area subject to the tender, with the entry into force of the provisions of the said Regulation, the revision requests of the plaintiff companies were rejected on the grounds that there would be no change in the construction field based on the precedent and the Company gave a deadline until 15 August 2017 for the signing of the contract, as the client company did not come to sign the contract at the end of the period, the bid bonds submitted by the plaintiff companies within the scope of the Revenue Sharing in Return for Riva Land Sale Tender were registered as revenue and the tender was awarded to the non-litigated contractor who submitted the second most appropriate bid for the subject matter and there are pecuniary and non-pecuniary damages lawsuits filed on the grounds that the claimant's revision requests regarding the conditions and criteria of the aforementioned tender were rejected and that the recognition of the letters of guarantee as revenue was unfair. Provision amounting to TL 10,473 has been made as of 31 March 2021.

12.2 Contingent Liabilities of the Group

In the financial statements prepared as of 31 March 2021, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Group Management and its lawyers, no provision has been made in the financial statements prepared as of 31 March 2021 on the grounds that it is not probable that the outflow of resources with economic benefits will be realized in cases filed against the Group in order to fulfill its obligation.

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

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.3 Contingent Assets of the Group

12.3.1 As of 31 March 2021 and 31 December 2020, breakdown of nominal commercial receivables from residential and commercial unit sales by maturities and based on the residential and commercial units that are under construction or completed but not yet delivered within the scope of the sales promise contract that is not yet included in the balance sheet as it does not meet the TFRS 15 criteria, expected collection times of nominal installments that are not due or collected by maturities are as follows:

31 March 2021	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,395,220	1,459,976	2,855,196
2 year	919,185	1,431,907	2,351,092
3 year	633,965	737,357	1,371,322
4 year	505,344	398,138	903,482
5 year and above	1,824,177	958,468	2,782,645
	5,277,891	4,985,846	10,263,737

31 December 2020	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,016,653	1,539,172	2,555,825
2 year	845,871	1,395,083	2,240,954
3 year	629,810	722,777	1,352,587
4 year	445,942	362,763	808,705
5 year and above	2,363,227	979,553	3,342,780
	5,301,503	4,999,348	10,300,851

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NOTE 13 – OTHER ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Other current assets		
Progress payments to contractors	157,194	156,643
Deferred VAT	161,344	111,784
Income accruals	8,837	27,577
Receivables from tax office	2,705	19,576
Other	23	291
	330,103	315,871

	31 March 2021	31 December 2020
Other non-current assets		
Deferred VAT	18,882	23,895
	18,882	23,895

NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES

Short-term deferred income	31 March 2021	31 December 2020
Deferred income from LSRSA projects (*)	2,564,233	2,485,417
Advances taken from turnkey project sales	1,742,832	2,117,317
Advances taken from LSRSA contractors (**)	668,937	600,182
Deferred income related to sales of independent units	420,975	401,189
	5,396,977	5,604,105

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

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

	31 March 2021	31 December 2020
Prepaid expenses		
Advances given for inventory (*)	1,627,309	1,619,676
Prepaid expenses	3,614	5,709
	1,630,923	1,625,385

(*) A protocol has been signed between the Group and the Tariş Cooperatives Union to develop revenue sharing project on a land, which belongs to the Tariş Cooperatives Union, located within the borders of Kuruçay/Umurbey, Konak district of İzmir and an inventory advance amounting to TL 410,796 has been made. The Group has also provided an inventory advance amounting to TL 1,207,551 to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yenimahalle Station, Nidapark Küçükalyalı and Büyükalyalı projects.

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NOTE 15 – SHAREHOLDERS’ EQUITY

The Group’s authorized capital amount is TL 3,800,000 (31 December 2020: TL 3,800,000) and consists of 380,000,000,000 (31 December 2020: 380,000,000,000) authorized number of shares with a nominal value of TL 0.01 each.

The Group’s shareholders and their shareholding percentages as of 31 March 2021 and 31 December 2020 is as follows:

Shareholders	31 March 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
Public offering portion	50.66	1,925,119	50.66	1,925,119
T.C. Toplu Konut İdaresi Başkanlığı "TOKİ"	49.34	1,874,831	49.34	1,874,831
HAS beneficiaries	0.00	48	0.00	48
Other	0.00	2	0.00	2
Total paid-in capital	100	3,800,000	100	3,800,000

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

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

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

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

On 22 July 2020, the General Assembly decided to distribute dividends amounting to TL 76,646. This dividend amounting to TL 2,800 is related to repurchased shares and net off under equity.

On 20 March 2020, The Company repurchased 10,500,000 numbers of shares with nominal value between full TL 1.11 and full TL 1.12 (full TL) and with the transaction cost amounting to thousand TL 11,751. The ratio of total shares acquired as a result of the purchase transactions to total number was 3.65%.

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NOTE 16 – REVENUE AND COST OF SALES

	1 January- 31 March 2021	1 January- 31 March 2020
Sales income		
Land sales	505,718	338,358
<i>Sales of planned lands by way of LSRSA</i>	<i>447,020</i>	<i>107,789</i>
<i>Land sales income</i>	<i>58,698</i>	<i>230,569</i>
Residential and commercial units sales	747,230	340,318
Rent income	39,995	18,474
	1,292,943	697,150
Sales returns	-	(463)
Sales discounts	(2,686)	(98)
Net sales income	1,290,257	696,589
Cost of sales		
Cost of lands	(182,512)	(103,687)
<i>Cost of lands planned by way of LSRSA</i>	<i>(149,181)</i>	<i>(49,211)</i>
<i>Cost of lands sold</i>	<i>(33,331)</i>	<i>(54,476)</i>
Cost of residential and commercial units sold	(810,022)	(308,090)
	(992,534)	(411,777)
Gross Profit	297,723	284,812

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 March 2021	1 January- 31 March 2020
General administrative expenses		
Personnel expenses	(36,891)	(28,560)
Consultancy expenses	(9,373)	(3,304)
Taxes, duties and fees	(6,275)	(5,502)
Due and contribution expenses	(5,889)	(2,809)
Depreciation and amortisation	(3,982)	(6,702)
Travel expenses	(2,271)	(1,911)
Information technologies expenses	(1,680)	(1,568)
Maintenance and repair expenses	(964)	(674)
Lawsuit and notary expenses	(802)	(1,754)
Insurance expenses	(636)	(509)
Communication expenses	(395)	(650)
Other	(12,488)	(3,986)
	(81,646)	(57,929)

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NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES (Cont’d)

	1 January- 31 March 2021	1 January- 31 March 2020
Marketing and sales expenses		
Advertising expenses	(7,908)	(10,182)
Consultancy expenses	(2,577)	-
Personnel expenses	(2,448)	(580)
Office expenses	(3)	(10)
Lawsuit and notary expenses	(2)	(6)
Other	(1,133)	(1,241)
	(14,071)	(12,019)

NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 March 2021	1 January- 31 March 2020
Other income from operating activities		
Default interest income from projects	66,609	19,649
Impairment provisions released (Note 9)	29,825	17,567
Financial income from forward sales	2,115	75,588
Income from transfer commissions	1,083	4,435
Income from tender contract sales	337	-
Provisions for possible risks	158	-
Income from natural gas and contribution expenses	-	3,751
Other	7,986	28,512
	108,113	149,502

	1 January- 31 March 2021	1 January- 31 March 2020
Other expenses from operating activities		
Provision for impairment of land and residential inventories (Note 9)	(12,974)	(108,671)
Investment properties amortisation expenses (Note 10)	(6,146)	(15,477)
Provision for lawsuits (Note 12)	(2,634)	(4,124)
Provisions for possible risks	(196)	(2,412)
Other	(3,330)	(151)
	(25,280)	(130,835)

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NOTE 19 – FINANCIAL INCOME / EXPENSES

Financial expenses	1 January- 31 March 2021	1 January- 31 March 2020
Borrowings interest and sukuk expenses	(128,676)	(131,018)
Interest expense on lease liabilities	(939)	(950)
Interest discount on pay off debt	(585)	(4,670)
Assigned receivables and commission expense	(99)	(1,684)
Foreign exchange losses	(172)	(79)
	(130,471)	(138,401)
Financial income	1 January- 31 March 2021	1 January- 31 March 2020
Interest income from time deposits	47,908	29,494
Interest income from land acquisition	3,751	-
Foreign exchange gains	34	15
Interest income related to leases	1,016	1,016
	52,709	30,525

NOTE 20 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 March 2021	31 December 2020
<i>Current tax liability</i>		
Current corporate tax provision	8,217	-
Less: prepaid taxes and funds	(260)	-
	7,957	-
Tax (expense) / income comprises:	1 January- 31 March 2021	1 January- 31 March 2020
Current tax (expense)	(8,217)	-
Deferred tax income	20,649	647
	12,432	647

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**NOTE 20 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Corporate Tax

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

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

The effective tax rate in 2021 is 20% (2020: 22%).

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

Deferred Tax:

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

Tax rate used in the calculation of deferred tax assets and liabilities is 20% over temporary timing differences expected to be reversed in 2021 and the following years.

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

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**NOTE 20 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)**

Deferred Tax (Continued):

<u>Deferred tax (assets)/liabilities:</u>	31 March 2021	31 December 2020
Fair value adjustment to inventories due to purchase accounting	33,375	54,092
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(408)	(401)
Provision for employment termination benefits	(1,337)	(1,412)
	<u>31,630</u>	<u>52,279</u>

The movements of deferred tax (asses)/ liabilities for the periods ended 31 March 2021 and 2020 are as follows:

<u>Movement of deferred tax (assets)/liabilities:</u>	1 January- 31 March 2021	1 January- 31 March 2020
Opening balance as of 1 January	(52,279)	(54,703)
Charged to profit or loss	20,649	647
Closing balance at 31 March	<u>(31,630)</u>	<u>(54,056)</u>

Total charge for the period can be reconciled to the accounting profit as follows:

<u>Reconciliation of tax provision:</u>	1 January- 31 March 2021	1 January- 31 March 2020
Profit from continuing operations	211,056	124,709
Profit from operations before tax	<u>211,056</u>	<u>124,709</u>
Tax at the domestic income tax rate 2021: 20% (2020: 20%)	(42,211)	(27,436)
Tax effects of:		
- revenue that is exempt from taxation	48,339	28,561
- other	6,304	(1,772)
Income tax expense recognised in profit	<u>12,432</u>	<u>(647)</u>

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NOTE 21 – RELATED PARTY DISCLOSURES

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

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
3. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
4. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
5. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
6. Emlak-Toplu Konut İdaresi Spor Kulübü
7. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
8. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş.- Fideltus İnş. - Öztaş İnş. Ortak Girişimi
9. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi
10. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi
11. Emlak Konut Spor Kulübü Derneği
12. Bio İstanbul Proje Geliştirme ve Yatırım A.Ş.
13. Emlak Pazarlama Fideltus Öztaş Adi Ortaklığı
14. Türkiye Emlak Katılım Bankası A.Ş.
15. T.C. Çevre ve Şehircilik Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü
16. İller Bankası A.Ş.
17. Emlak Basın Yayın A.Ş.

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

- Balances and transactions with respect to the Treasury are detailed in Note 4, 5 and 8.
- The Group keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 March 2021, the Group has deposits amounting to TL 1,697,493 in state banks (31 December 2020: TL 1,866,582). Average effective interest rates of time deposits of the Group as of 31 March 2021 are explained in Note 4.

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

	31 March 2021	31 December 2020
Trade receivables from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	280	42,616
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G.	7,157	6,006
Bio İstanbul Prj. Geliştirme ve Yatırım A.Ş.	1,769	1,769
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	1,338	1,338
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	795	930
	11,339	52,659
	31 March 2021	31 December 2020
Borrowings to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	5,559	5,732
	5,559	5,732

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NOTE 21 – RELATED PARTY DISCLOSURES (Continued)

	31 March 2021	31 December 2020
Short-term other receivables from related parties		
Emlak Pazarlama Fideltus Öztaş Adi Ortaklığı	139	119
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	100	95
Gedaş Gayrimenkul Değerleme A.Ş.	260	251
	499	465

	31 March 2021	31 December 2020
Long-term other receivables from related parties		
Bio İstanbul Prj. Geliştirme ve Yatırım A.Ş.	-	32,774
	-	32,774

	31 March 2021	31 December 2020
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	615,443	207,085
İller Bankası A.Ş. (**)	520,183	465,100
T.C. Çevre ve Şehircilik Bakanlığı (*)	867,311	607,204
Fideltus İnşaat Taahhüt San. ve Tic. A.Ş.	5,992	5,617
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	1,324	1,324
Emlak Basın Yayın A.Ş.	98	106
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	45	45
	2,010,396	214,177

(*) Represents the amount of payable arising from the transfer of 2 partial parcels and 1 parcel in accordance with the protocol signed with Republic of Turkey Ministry of Environment and Urbanization General Directorate of Urban Transformation Services on 22 March 2021.

	31 March 2021	31 December 2020
Financial investments from related parties		
Türkiye Emlak Katılım Bankası A.Ş.	-	305,732
	-	305,732

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NOTE 21 – RELATED PARTY DISCLOSURES (Continued)

Finance expense from related parties	1 January- 31 March 2021	1 January- 31 March 2020
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	50	648
	50	648

According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. Interest amounts on time deposits of TOKİ arising from these transactions are netted off from time deposit interest income in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

Purchases from related parties	1 January- 31 March 2021	1 January- 31 March 2020
T.C. Çevre ve Şehircilik Bakanlığı	937,289	-
Emlak Basın Yayın A.Ş.	245	-
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	317
	937,534	317

Sales to related parties	1 January- 31 March 2021	1 January- 31 March 2020
T.C. Çevre ve Şehircilik Bakanlığı	151,205	-
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	3,697	1,027
Gedaş Gayrimenkul Değerleme A.Ş.	27	-
	154,929	1,027

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

Compensation to key management	1 January- 31 March 2021	1 January- 31 March 2020
Salaries and other short-term benefits	3,476	2,474
	3,476	2,474

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NOTE 22 – COMMITMENTS

The Group’s mortgage and guarantees received as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Guarantees received (*)	3,227,014	3,106,877
Mortgages received (**)	230,760	230,760
	3,457,774	3,337,637

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

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

The collaterals, pledges and mortgages (“CPM”) of the Group as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
A. CPM given on behalf of the Company's legal personality	38,630	37,087
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM	-	-
i) Total amount of CPM given on behalf of majority shareholder	-	-
ii) Total amount of CPM given on behalf of other companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
	38,630	37,087

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

“The Bill Regarding the Amendment to the Law Regarding the Procedure of Collection of Public Receivables and Certain Laws” submitted to the Turkish Grand National Assembly on 2 April 2021 was accepted on 8 April 2021. In accordance with the article 14 of this bill, it was decided to apply the corporate tax rate, which is 20%, as 25% for corporate income of 2021, and 23% for corporate income for 2020. In accordance with the amendment, it was stipulated to become effective for the tax returns from 1 July 2021 onwards.

The contract of the Revenue Share from the Sale of İstanbul Sarıyer Ayazağa Land Sale was signed with Eltes İnş. Tes. San. ve Tic. A.Ş., the Contractor Company, on 8 April 2021. The contract of the Revenue Share from the Sale of İstanbul Beşiktaş Ortaköy Land Sale was signed with Pasifik Grup Gayr. Yat. A.Ş. & Pasifik Gayr. Yat. İnş. A.Ş. İş Ortaklığı (Pasifik- Levent Adi Ortaklığı), the Contractor Company, on 29 April 2021. The downpayments were collected subsequent to the relevant period.

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

	Non-Consolidated (Standalone) Financial Statements		Current Period	Prior Period
	Main Account Items	Related Regulation	31 March 2021	31 December 2020
			(TL)	(TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	1,329,199	1,515,824
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	17,308,410	16,258,736
C	Affiliates	Series:III-No:48, Art,24/(b)	385,537	373,037
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		9,306,523	9,530,996
D	Total Assets	Series:III-No:48, Art,3/(k)	28,329,669	27,678,593
E	Financial Liabilities	Series:III-No:48, Art,31	4,691,632	5,009,313
F	Other Financial Liabilities	Series:III-No:48, Art,31	-	-
G	Due from Financial Leases	Series:III-No:48, Art,31	-	-
H	Due to Related Parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
I	Shareholders' equity	Series:III-No:48, Art,31	14,764,193	14,522,496
	Other Resources		8,873,844	8,146,784
D	Total Resources	Series:III-No:48, Art,3/(k)	28,329,669	27,678,593
	Non-Consolidated (Standalone) Financial Statements		Current Period	Prior Period
	Other Account Items	Related Regulation	31 March 2021	31 December 2020
			(TL)	(TL)
A1	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years	Series:III-No:48, Art,24/(b)	1,329,199	1,392,027
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	1,696,299	1,899,755
A3	Foreign Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-
B1	Foreign Properties, Projects based on properties and Rights based on Properties	Series:III-No:48, Art,24/(d)	-	-
B2	Idle Lands	Series:III-No:48, Art,24/(c)	711,466	732,991
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	385,500	373,000
J	Non-cash Loans	Series:III-No:48, Art,31	28,837	7,161
K	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-

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

	Portfolio restrictions	Related regulation	31 March 2021 (%)	31 December 2020 (%)	Minimum/ Maximum Rate
1	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-	<10%
2	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)(b)	66	64	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1.36	1.80	<50%
4	Foreign Properties, Projects based on Properties, Rights based on Properties, Affiliates, Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-	<49%
5	Idle Lands	Series:III-No:48, Art,24/(c)	3	3	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	0.01	0.01	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	32	35	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	0.01	-	<10%

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

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