

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONDENSED STANDALONE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021 WITH
INDEPENDENT AUDITOR’S REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR’S
REPORT AND THE CONDENSED STANDALONE FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REVIEW
REPORT AND THE CONDENSED STANDALONE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM CONDENSED STANDALONE
FINANCIAL STATEMENTS**

**To the Board of Directors of
Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.**

Introduction

We have reviewed the accompanying interim condensed standalone statement of financial position of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") as of 30 June 2021, and the related condensed standalone statement of profit or loss and other comprehensive income, condensed standalone statement of changes in equity and condensed standalone statement of cash flows for the six-month interim period then ended. The Company management is responsible for the preparation and presentation of this interim condensed standalone financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed standalone financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed standalone financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim condensed standalone financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

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



Emrehan Demirel, SMMM
Partner

İstanbul, 17 August 2021

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021 AND 31 DECEMBER 2020

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

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
ASSETS			
Current assets		22,856,341	22,740,934
Cash and cash equivalents	4	1,468,227	1,951,089
Financial investments	5	119	306,015
Trade receivables	7	3,206,827	2,483,657
<i>Trade receivables due from related parties</i>	20	15,746	50,509
<i>Trade receivables due from third parties</i>		3,191,081	2,433,148
Other receivables	8	566,959	922,557
<i>Other receivables due from third parties</i>		566,959	922,557
Inventories	9	15,609,547	15,192,343
Prepaid expenses	14	1,752,415	1,632,900
Other current assets	13	252,247	252,373
Non-current assets		4,996,063	4,937,659
Trade receivables	7	3,618,426	3,711,004
<i>Trade receivables due from third parties</i>		3,618,426	3,711,004
Other receivables	8	1,014	1,014
Financial investments	5	423,037	373,037
<i>Investments in subsidiaries, joint operations and associates</i>		423,037	373,037
Investment properties	10	869,581	772,076
Property, plant and equipment	11	80,296	72,385
Intangible assets		3,709	3,760
Other non-current assets	13	-	4,383
Total assets		27,852,404	27,678,593

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2021 VE 31 DECEMBER 2020**

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

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
LIABILITIES AND EQUITY			
Current liabilities		10,283,547	10,152,862
Short-term borrowings	6	612,791	479,031
Short-term portions of long-term borrowings	6	1,063,626	1,599,188
Trade payables	7	2,297,643	2,469,125
<i>Trade payables due to related parties</i>	20	1,326,317	1,280,864
<i>Trade payables due to third parties</i>		971,326	1,188,261
Other payables	8	144,795	586,848
<i>Other payables to third parties</i>		144,795	586,848
Deferred income	14	6,020,256	4,879,623
<i>Deferred income from related parties</i>	20	137,706	-
<i>Deferred income from third parties</i>		5,882,550	4,879,623
Short-term provisions		144,436	139,047
<i>Short-term provisions for employee benefits</i>		15,307	13,090
<i>Other short-term provisions</i>	12	129,129	125,957
Non-current liabilities		2,365,582	3,003,235
Long-term borrowings	6	2,281,267	2,931,094
Trade payables		2,145	28
Other payables		64,134	56,520
Deferred income		4,738	4,738
Long-term provisions		13,298	10,855
<i>Long-term provisions for employee benefits</i>		13,298	10,855
Shareholders' equity		15,203,275	14,522,496
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)
<i>Gain (loss) on revaluation and remeasurement</i>		(42)	(42)
Restricted reserves appropriated from profit		794,629	753,071
Retained earnings		7,777,801	7,039,132
Net profit for the period		760,223	859,671
Total liabilities and equity		27,852,404	27,678,593

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2021 AND 2020

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

		<i>Reviewed</i>	<i>Not Reviewed</i>	<i>Reviewed</i>	<i>Not Reviewed</i>
	<i>Notes</i>	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Profit or loss					
Revenue	16	2,823,588	2,025,404	1,354,234	667,395
Cost of sales (-)	16	(1,905,454)	(1,417,487)	(852,453)	(449,715)
Gross profit		918,134	607,917	501,781	217,680
General administrative expenses (-)	17	(205,163)	(136,708)	(113,997)	(64,774)
Marketing expenses (-)	17	(31,245)	(18,407)	(22,677)	(10,898)
Other income from operating activities	18	335,152	228,875	233,739	84,822
Other expenses from operating activities (-)	18	(100,015)	(75,477)	(187,877)	(57,334)
Operating profit		916,863	606,200	410,969	169,496
Income from investing activities		2,624	-	599	596
Operating profit before financial income / (expense)		919,487	606,200	411,568	170,092
Financial income	19	68,723	19,701	71,898	44,545
Financial expenses (-)	19	(227,987)	(107,375)	(226,234)	(87,229)
Profit for the period		760,223	518,526	257,232	127,408
Other comprehensive income		-	-	-	-
Items that will be reclassified to profit or loss					
<i>Actuarial losses related to employee benefit liabilities</i>		-	-	-	-
Total comprehensive income		760,223	518,526	257,232	127,408
Earnings per share (in full TL)		0.0021	0.0014	0.0007	0.0004

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED STANDALONE FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2021 AND 2020

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

	Share capital	Treasury shares	Share premium/ discounts	Restricted reserves appropriated from profit	Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified to	Retained Earnings		Total equity
					Profit or Loss	Prior years' profit	Net profit for the period	
1 January 2020	3,800,000	(284,480)	2,366,895	721,110	(42)	6,364,433	780,506	13,748,422
Transfers	-	-	-	-	-	780,506	(780,506)	-
Increases/(Decreases) Related to the Acquisition of Treasury Shares	-	(11,751)	-	-	-	-	-	(11,751)
Total comprehensive income	-	-	-	-	-	-	257,232	257,232
30 June 2020	3,800,000	(296,231)	2,366,895	721,110	(42)	7,144,939	257,232	13,993,903
1 January 2021	3,800,000	(296,231)	2,366,895	753,071	(42)	7,039,132	859,671	14,522,496
Transfers	-	-	-	41,558	-	818,113	(859,671)	-
Dividend (Note 15) (*)	-	-	-	-	-	(79,444)	-	(79,444)
Total comprehensive income	-	-	-	-	-	-	760,223	760,223
30 June 2021	3,800,000	(296,231)	2,366,895	794,629	(42)	7,777,801	760,223	15,203,275

(*) At the Ordinary General Assembly Meeting held on 25 March 2021, the decision to distribute a cash dividend of TL 79,444 (22 July 2020: TL 76,646) from the profits of 2020 was approved by majority vote. Since the Group owns its own shares with a nominal value of TL 1 at a rate of 3.38% as of 25 March 2021, the date of the profit distribution decision, the dividend related to the shares owned by the Group is netted off from the amount of dividends to be distributed. The dividend payment was made on 7 May 2021.

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED STANDALONE FINANCIAL STATEMENT OF CASH FLOWS FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2021 AND 2020

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

	Notes	1 January- 30 June 2021	1 January- 30 June 2020
Cash flows from operating activities			
Profit for the period		760,223	257,232
Adjustments related to reconcile of profit for the period			
Adjustments related to depreciation and amortization expenses	17, 18	17,574	16,123
Adjustments related to (reversal of) impairments (net)		(123,374)	147,822
Adjustments related to impairment loss (reversal of) of inventories (net)	9	(123,374)	147,822
Adjustments related to provisions		9,970	4,386
Adjustments related to (reversal of) provisions related with employee benefits		8,167	1,352
Adjustments related to (reversal of) lawsuit and/or penalty provisions	12	3,172	4,023
Adjustments related to (reversal of) provisions for possible risks	18	(1,369)	(989)
Adjustments related to interest (income) and expenses		51,834	(21,230)
Adjustments related to interest income		(243,619)	(247,454)
Adjustments related to interest expense	18, 19	295,453	226,224
Net cash from operations before changes in assets and liabilities		716,227	404,333
Changes in net working capital:			
Adjustments related to (increase) / decrease in trade receivables		(799,805)	369,159
Decrease (increase) in trade receivables from related parties		34,763	152,369
Decrease (Increase) in trade receivables from third parties		(834,568)	216,790
Adjustments related to decrease/(increase) in inventories		637,545	(673,045)
Adjustments related to increase/(decrease) in trade payables		(1,105,574)	276,440
Increase (decrease) in trade payables to related parties		(890,756)	1,046
Increase (decrease) in trade payables to third parties		(214,818)	275,394
Adjustments related to (decrease) in other receivables from operating activities		(170,040)	(73,101)
Adjustments related to increase (decrease) in other payables from operating activities		1,227,448	418,252
Other adjustments related to other increase in working capital		(380,024)	(310,764)
Net cash flows from operating activities			
Interest received		167,567	31,270
Payments related with provisions for employee benefits		(816)	-
Tax payments		(118,541)	(66,955)
Cash flows from operating activities		173,987	375,589
Cash outflows used in obtaining control of subsidiaries or other businesses	5	(50,000)	-
Purchases of investment properties, property, plant and equipment and intangible assets		(12,138)	(1,392)
Interest received		2,624	599
Purchases of financial assets		-	(38,021)
Returns of financial assets		304,764	10,000
Other cash inflows (outflows)		(90)	8,719
Cash flows from investing activities		245,160	(20,095)
Payments for acquisition of treasury shares	15	-	(11,751)
Proceeds from borrowings		797,000	3,272,471
Proceeds from loans		200,000	2,217,471
Proceeds from issue of debt instruments		597,000	1,055,000
Repayments of borrowings		(1,833,365)	(2,294,750)
Loan repayments		(1,183,365)	(1,051,852)
Payments of issued debt instruments		(650,000)	(1,242,898)
Interest paid		(242,407)	(163,057)
Dividends paid	15	(79,444)	-
Interest received		64,997	53,840
Other cash inflows (outflows)		-	(39,229)
Cash flow from financing activities		(1,293,219)	817,524
Net (decrease) increase in cash and cash equivalents		(874,072)	1,173,018
Cash and cash equivalents at the beginning of the period	4	1,067,478	395,219
Cash and cash equivalents at the end of the period	4	193,406	1,568,237

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE COMPANY

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (“Emlak Konut GYO” or the “Company”) was established on 26 December 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Company 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 Company has been registered and started its activities on 6 March 1991. The Company’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 Company is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 30 June 2021, the number of employees of the Company is 404 (31 December 2020 - 392).

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 standalone financial statements at 30 June 2021 have been approved by the Board of Directors on 17 August 2021.

The ultimate parent of the company 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 GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of Presentation

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

The Company prepared its interim condensed standalone financial statements for the interim period ended 30 June 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.

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

The Company 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 standalone 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 Company 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 standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the company 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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE 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.

A new type of coronavirus (COVID-19), which first appeared in China, was classified as an epidemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remains uncertain about the future. While many countries have announced financial and financial support programs in order to limit the damage caused by the virus in the economies, Turkey has implemented regulatory financial and monetary actions to support companies and households in these difficult conditions. Additional regulatory measures continue to be announced to combat adverse impacts on companies and certain industries.

The effects of this global epidemic on the Company's financial statements are regularly monitored by the Company Management. While preparing its interim financial statements as of 30 June 2021, the Company has reflected the possible effects of the COVID-19 outbreak on the important estimates and assumptions used in the preparation of the financial statements. The Company Management takes the necessary measures to keep the negative effects under control and to live at a minimum level. This approach, which was preferred for the period of 30 June 2021, will be reviewed in the following reporting periods, taking into account the impact of the epidemic and future expectations. Due to the fact that the density of the company's stocks consists of residential-type independent sections, there is no negative impact on sales on demand during the COVID-19 outbreak.

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

Entities have permission to choose preparing their interim financial statements as a full set or as a condensed in accordance with TAS 34 standard. In addition, the Company has preferred to prepare condensed consolidated financial statements in the interim periods. The Company’s interim condensed consolidated financial statements do not consist all the explanations and notes that are required to be included in the consolidated financial statements for the end of the year and should be read together with the Company’s financial statements as of 31 December 2020.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

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 Company management assessed that the adoption of this amendment does not have any effect on the Company’s financial statements. As of 30 June 2021, the relevant standard amendments do not have a material effect on the Company's individual financial statements.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to 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>

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

TFRS 17 Insurance Contracts

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

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

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

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

Amendments to TFRS 3 Reference to the Conceptual Framework

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

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

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

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Financial Reporting Standards (Continued)

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

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

With the postponement of the effective date of TFRS 17 to 1 January 2023, the expiry date of the temporary exemption period for the application of TFRS 9 provided to insurers has also been revised to 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 Company evaluates the effects of these standards, amendments and improvements on the financial position and performance.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash on hand	34	-
Banks	1,411,579	1,899,956
- Demand deposit	5,577	22,033
- Time deposits with maturities less than 3 months	1,406,002	1,877,923
Other cash and cash equivalents	56,614	51,133
	1,468,227	1,951,089

Maturities of cash and cash flows are as follows:

	30 June 2021	31 December 2020
Demand	5,577	22,033
Up to 3 month	1,406,002	1,877,923
Less: Blocked deposits with maturities less than 3 months	(19)	(201)
	1,411,560	1,899,755

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

	30 June 2021	31 December 2020
	(%)	(%)
	19.00%	17.62%

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

	30 June 2021	31 December 2020
Cash and cash equivalents	1,468,227	1,951,089
Less: Interest accruals on deposits	(10,432)	(557)
Less: LSRSA project deposits (*)	(435,582)	(741,280)
Less: T.C. Çevre ve Şehircilik Bakanlığı deposits (**)	(348,430)	(144,625)
Less: T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (**)	(481,917)	-
Less: Blocked deposits with maturities less than 3 months	(19)	(77)
Add: the effect of provisions released under TFRS 9	1,559	2,928
	193,406	1,067,478

(*) The contractors’ portion of the residential unit sales from the Land Subject to Revenue Sharing Agreements (“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. There is no blocked deposit (31 December 2020: TL 124) for the project accounts amounting to TL 435,582 (31 December 2020: TL 741,280)

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments	30 June 2021	31 December 2020
Blocked deposits with maturities longer than 3 months (*)	119	272
Lease certificate (**)	-	305,743
	119	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 Company 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 Company and which have maturities more than 3 months is TL 81 (31 December 2020: TL 184), the Company portion is TL 38 (31 December 2020: TL 88).

(**) The Group purchased a lease certificate with a nominal amount of TL 200,000, a maturity date of 16 February 2021 and an interest rate of 8% on 19 August 2020 and another one with a nominal amount of TL 100,000, a maturity date of 3 February 2021 and an interest rate of 8.25% on 6 August 2020. Both of the relevant lease certificates was purchased from Türkiye Emlak Katılım Bankası A.Ş. which is one of the related parties of the Company (Note: 20).

Subsidiaries

As of 30 June 2021 and 31 December 2020, the carrying values of the subsidiaries of the Company on the balance sheet are as follows:

	30 June 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş.	100	373,000	100	373,000
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. (*)	100	50,000	-	-
Total		423,000		373,000

(*) By taking into account the needs of the construction and real estate sector, the Company has decided to establish a new subsidiary and to participate in this new established subsidiary 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.

Interests in joint ventures

As of 30 June 2021 and 31 December 2020, the carrying value of the Company's interest in joint ventures in the balance sheet is as follows:

	30 June 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
İstmarina AVM Adı Ortaklığı	40	-	40	-
Büyükaly Tesis Yönetim A.Ş.	37	37	37	37
Total		37		37

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 6 – FINANCIAL LIABILITIES

	30 June 2021	31 December 2020
Short-term financial liabilities		
Issued debt instruments (*)	412,577	475,531
Short-term bank borrowings	200,214	3,500
Short-term portion of long-term borrowings	1,063,626	1,599,188
	1,676,417	2,078,219

(*) The Company issued 4 different lease certificate with a nominal amount of TL 47,000 with a maturity date of 7 July 2021 with 17.50% dividend on 3 March 2021, TL 150,000 with a maturity date of 4 August 2021 with 19.25% dividend on 31 March 2021, TL 100,000 with a maturity date of 7 September 2021 with 18.95% dividend on 28 April 2021, and TL 100,000 with a maturity date of 5 October 2021 with 18.80% dividend on 26 May 2020.

	30 June 2021	31 December 2020
Long-term financial liabilities		
Long-term borrowings	2,281,267	2,931,094
	2,281,267	2,931,094

Borrowings used as of 30 June 2021 are denominated in TL and the weighted average interest rate is 11.05% (31 December 2020: 10.66%).

The redemption schedules of the borrowings as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
2022	373,948	1,036,705
2023	743,076	735,390
2024	808,538	802,361
2025	355,705	356,638
	2,281,267	2,931,094

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

	30 June 2021	31 December 2020
Less than 3 months	120,740	397,368
Between 3 - 12 months	1,143,100	1,205,320
Between 1 - 5 years	2,281,267	2,931,094
	3,545,107	4,533,782

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2021	31 December 2020
Short-term trade receivables		
Receivables from contractors of the lands invoiced under LSRSA	1,504,973	1,470,439
Receivables from sale of residential and commercial units	1,387,835	618,468
Receivables from land sales	340,408	364,721
Receivables from related parties (Note 20)	15,746	50,509
Receivables from lessees	5,952	5,113
Other	12,670	12,431
Unearned finance income	(60,757)	(38,024)
	3,206,827	2,483,657
Doubtful receivables	1,837	1,837
Less: Provision for doubtful receivables	(1,837)	(1,837)
	3,206,827	2,483,657
	30 June 2021	31 December 2020
Long-term trade receivables		
Receivables from sale of residential and commercial units	4,216,435	4,032,430
Receivables from land sales	124,768	227,084
Unearned finance income	(722,777)	(548,510)
	3,618,426	3,711,004
	30 June 2021	31 December 2020
Short-term trade payables		
Payables to related parties (Note 20)	1,326,317	1,280,864
Payables to contractors according to revenue sharing basis	631,341	857,840
Trade payables	288,241	283,037
Interest accruals on time deposits of contractors (*)	51,744	47,384
	2,297,643	2,469,125

(*) 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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	30 June 2021	31 December 2020
Short-term other receivables		
Advances given to contractor firms	543,040	495,498
Housing Acquisition Support (“HAS”) receivables from the Turkish Treasury (*)	-	402,527
Receivables from the authorities	23,657	24,274
Other	262	258
	566,959	922,557
	30 June 2021	31 December 2020
Long-term other receivables		
Deposits and guarantees given	1,014	1,014
	1,014	1,014
	30 June 2021	31 December 2020
Short-term other payables		
Payables to HAS beneficiaries (*)	-	402,713
Payables to contractors (**)	88,752	88,752
Taxes and funds payable	30,247	26,434
Other	25,796	68,949
	144,795	586,848

(*) Group has received a special issue Government Domestic Borrowing Note (“DIBS”) amounting to TL 429,617 from the Treasury in 2010 for the payments to be made to the rightsholders of the Housing Support (“KEY”) with the Law No. 5664 on behalf of the Undersecretariat of Treasury (“Treasury”). As the KEY rightsholders are determined as a result of the determinations made, the Group amortizes a certain part of this Government Debt Security early and transfers it to the Group accounts for payment.

In accordance with the relevant articles of the Law No. 5564 on Payments to Rightsholders of Housing Support Owners, the receivables that are not requested within five years from the announcement date are recorded as appropriation reimbursement. Due to the expiration of the payment request period of the rightsholders in the current period, the Group's receivables and payables within the scope of Housing Support have expired.

(**) 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).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)

The movements of HAS payments transferred from Company’s shareholder’s equity and HAS receivables and payables related to Treasury Support for the periods 30 June 2021 and 2020 are as follows:

	1 January 2021	Additions within the period	Disposals	30 June 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			-
Payables to HAS beneficiaries	(402,713)			-

	1 January 2020	Additions within the period	Disposals	30 June 2020
Treasury support				
Receivables from Treasury	402,527	-	-	402,527
Special issue Government Debt Securities	10,054	38,021	(10,000)	38,075
Cash generated from government bond redemption	(9,868)	-	(28,021)	(37,889)
Total consideration received or receivable from Treasury	402,713			402,713
Payables to HAS beneficiaries	(402,713)			(402,713)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 9 – INVENTORIES

	30 June 2021	31 December 2020
Lands	5,870,657	5,679,347
<i>Cost</i>	5,910,122	5,718,337
<i>Impairment</i>	(39,465)	(38,990)
Planned land by LS RSA	4,874,578	4,423,215
Planned land by turnkey project	2,751,799	3,393,209
Residential and commercial units ready for sale	2,112,513	1,696,572
<i>Cost</i>	2,189,685	1,897,593
<i>Impairment</i>	(77,172)	(201,021)
	15,609,547	15,192,343

As of 31 December 2020, the appraisal reports prepared by Atak Gayrimenkul Değerleme A.Ş. and Reel Gayrimenkul Değerleme A.Ş. have taken into consideration in the appraisal 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	291,887
Impairment on inventories within the current period (Note 18)	12,974	158,508
Reversal of impairment on inventories within the current period (Note 18)	(136,348)	(10,686)
Closing balance at 30 June	116,637	439,709

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 9 – INVENTORIES (Continued)

As of 30 June 2021 and 31 December 2020 the details of land and residential inventories of the Company are as follows:

Lands	30 June 2021	31 December 2020
İstanbul Çekmeköy Lands	1,929,022	990,043
İstanbul Avcılar Lands	1,420,003	1,420,000
İstanbul Küçükçekmece Lands	1,114,054	1,113,989
İstanbul Kartal Lands	548,907	532,565
İstanbul Başakşehir Lands	239,180	271,465
İstanbul Arnavutköy Lands	171,408	170,581
İstanbul Eyüp Lands	168,485	168,485
İstanbul Ataşehir Lands	100,267	100,238
İstanbul Zekeriyaköy Lands	52,963	52,940
Ankara Çankaya Lands	51,183	51,173
İstanbul Esenyurt Lands	36,654	39,178
İzmir Konak Umurbey Lands	13,030	13,030
Kocaeli Lands	8,278	8,278
Tekirdağ Çorlu Lands	6,153	6,153
İstanbul Sarıyer Lands	5,094	410,094
Maltepe Küçükyalı Lands	3,010	3,010
İstanbul Umraniye Lands	1,844	1,844
Tekirdağ Kapaklı Lands	1,058	1,058
İstanbul Beşiktaş Lands	-	325,161
Other	64	62
	5,870,657	5,679,347

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 9 - INVENTORIES (Continued)

Planned lands by LSRSA	30 June 2021	31 December 2020
Nidapark Istinye Project	992,600	992,600
Merkez Ankara Project	666,252	659,410
Nişantaşı Koru Project	643,815	643,965
Nidapark Kucukyali Project	503,623	564,518
Sarıyer Huzur Mahallesi Project	405,047	-
Düşler Vadisi Project	391,326	390,613
Ormanköy Project	351,513	347,731
Beşiktaş Ortaköy Project	256,965	-
Meydan Başakşehir Project	203,503	161,578
Avrasya Konutları Project	133,016	132,745
Beşiktaş Dikilitaş Project	68,197	-
Cer İstanbul Project	67,333	67,308
Evora Denizli Project	62,443	62,319
Avrupark Hayat Project	54,057	54,057
Nidapark Kayasehir Project	35,372	35,761
Ebruli Ispartakule Project	28,309	28,204
İdealist Cadde Project	10,100	10,079
Allsancak Project	1,005	145
Evora İzmir Project	102	642
Avangart İstanbul Project	-	111,644
Validebağ Konakları Project	-	72,096
Ispartakule 6. Etap Project	-	31,288
Ofis Karat Bakırköy Project	-	30,826
Köy Project	-	9,517
Other	-	16,169
	4,874,578	4,423,215

Planned lands by turnkey project	30 June 2021	31 December 2020
Bizim Mahalle Project	1,060,159	926,609
Köy Project	256,940	586,733
Halkalı Emlak Konutları Project	629,003	544,523
Emlak Konut Florya Evleri Project	467,681	416,258
Emlak Konut Vadi Evleri Project	84,042	-
Ankara Saraçoğlu Project	82,757	27,806
Merkez Ankara Project	77,991	-
Ümraniye Kentsel Dönüşüm Project	56,789	39,261
Semt Bahçekent 2. Etap Project	36,437	23,476
Semt Bahçekent 1. Etap Project	-	473,777
Yeniköy Konakları	-	352,370
Hoşdere Hayat Parkı Project	-	2,396
	2,751,799	3,393,209

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 9 - INVENTORIES (Continued)

Residential and commercial units completed	30 June 2021	31 December 2020
Semt Bahçekent 1. Etap Project	429,499	-
Maslak 1453 Project	397,277	462,675
Kuzey Yakası Project	286,667	290,132
Köy Project	180,674	-
Validebağ Konakları Project	149,453	-
Gebze Emlak Konutları	155,229	192,509
Sarphan Finanspark Project	156,448	185,738
Büyükyalı Project	72,266	56,241
Karat 34 Project	67,637	78,592
Yeniköy Konakları İstanbul Project	51,768	-
Başkent Emlak Konutları Project	42,471	187,425
Kocaeli Körfezkent Emlak Konutları	17,395	28,604
Koordinat Çayyolu Project	17,470	19,352
Evora Denizli Project	17,770	17,770
İstmarina Project	12,541	47,327
Nidakule Ataşehir Project	10,664	16,597
Tual Bahçekent Project	7,826	19,967
Dumankaya Miks Project	6,977	12,209
Niğde Emlak Konutları	5,630	21,230
Göl Panorama Project	5,828	7,832
Ispartakule Emlak Konutları	4,772	9,477
Tual Adalar Project	4,265	6,958
Metropol İstanbul Project	3,448	3,448
Temaşehir Project	2,146	3,512
Başakşehir Ayazma Emlak Konutları	1,757	2,299
Batışehir Project	-	8,282
Unikonut Project	-	4,838
Nevşehir Emlak Konutları	-	2,972
Bahçekent Flora Evleri	-	2,553
Esenler Emlak Konutları	-	1,999
Bulvar İstanbul Project	-	1,383
Bahçekent Emlak Konutları 1.Etap 3.Kısım	-	584
Other	4,635	4,067
	2,112,513	1,696,572

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 10 – INVESTMENT PROPERTIES

Lease income is generated from investment properties, and the expertise used in the calculation of impairment is made through market comparison and discounted cash flow. As of 30 June 2021, the Company assessed that there was no impairment in its investment properties within the scope of the Covid-19 pandemic. There was no change in the turnover of the company from rental income within the scope of the Covid-19 pandemic.

The movements of investment properties as of 30 June 2021 and 2020 are as follows :

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2021	774,169	40,922	815,091
Purchases (*)	103,732	-	103,732
Transfers to commercial units and land inventories	(12,665)	-	(12,665)
Transfers from residential and commercial unit inventories	18,579	-	18,579
Closing balance as of 30 June 2021	883,815	40,922	924,737

Accumulated Depreciation

Opening balance as of 1 January 2021	37,343	5,672	43,015
Charge for the period	11,630	511	12,141
Closing balance as of 30 June 2021	48,973	6,183	55,156
Carrying value as of 30 June 2021	834,842	34,739	869,581

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2020	482,218	40,922	523,140
Transfers to residential and commercial unit inventories	(30,874)	-	(30,874)
Closing balance as of 30 June 2020	451,344	40,922	492,266

Accumulated Depreciation

Opening balance as of 1 January 2020	19,289	4,197	23,486
Charge for the period	9,027	511	9,538
Closing balance as of 30 June 2020	28,316	4,708	33,024
Carrying value as of 30 June 2020	423,028	36,214	459,242

(*) The amount consists of independent units that has been received in return for the receivable for the sale of land 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 standalone statement of cash flows for the period 1 January 2021 – 30 June 2021 under TAS 7.

As of 30 June 2021, rental income from investment properties is TL 11,204 (1 January – 30 June 2020: TL 6,820).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 10 – INVESTMENT PROPERTIES (Continued)

Reports prepared by Atak Gayrimenkul Değerleme A.Ş. and Reel Gayrimenkul Değerleme A.Ş., appraisal 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 appraisal experts are as follows:

	30 June 2021	31 December 2020
Lands, residential and commercial units	615,600	625,672
Atasehir general management building A block	126,478	126,478
Independent commercial units of Istmarina AVM	286,143	286,143
Independent commercial units of Büyükyalı AVM	103,732	-
	1,131,953	1,038,293

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

30 June 2021	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2021	65,299	1,218	5,771	97	72,385
Additions	2,149	432	9,024	-	11,605
Depreciation expense (-)	(1,230)	(616)	(1,848)	-	(3,694)
Net carrying value 30 June 2021	66,218	1,034	12,947	97	80,296
Cost	77,265	4,355	33,895	97	115,612
Accumulated depreciation (-)	(11,047)	(3,321)	(20,948)	-	(35,316)
Net carrying value 30 June 2021	66,218	1,034	12,947	97	80,296

30 June 2020	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2020	60,305	242	4,726	97	65,370
Additions	-	-	1,392	-	1,392
Depreciation expense (-)	(1,077)	(154)	(1,440)	-	(2,671)
Net carrying value 30 June 2020	59,228	88	4,678	97	64,091
Cost	67,662	2,160	21,518	97	91,437
Accumulated depreciation (-)	(8,434)	(2,072)	(16,840)	-	(27,346)
Net carrying value 30 June 2020	59,228	88	4,678	97	64,091

Total depreciation expenses are presented in the general administrative expenses.

The expencted useful lives of property, plant and equipment are as follows:

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

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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2021	31 December 2020
Provisions		
Provision for lawsuits	129,129	125,957
	129,129	125,957

According to the opinions of the Company's lawyers, provisions amounting to TL 129,129 have been made as of 30 June 2021 (31 December 2020: TL 125,957). As of 30 June 2021, there are 3 cases of defect, 11 cases of loss of rent, 13 cases of cancellation of title deeds and registration, 5 cases of business and 39 other cases. The amount of risk arising from the total possible cash outflow is TL 270,841 and the lawsuits are still pending (31 December 2020: TL 262,945). The movements of provision for lawsuits as of 30 June 2021 and 2020 are as follows:

	2021	2020
Opening balance at 1 January	125,957	110,241
Provision added within the current period (Note 18)	3,172	4,023
Closing balance at 30 June	129,129	114,264

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 Company 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 Company as in Turnkey projects.

The contractor filed a lawsuit against the Company 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 Company filed an extra lawsuit of TL 34,100 on 7 July 2011, requesting the collection, without prejudice to surplus rights.

According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 65,596 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. As of 30 June 2021 the Company made provision amounting to TL 95,204 as of 30 June 2021 including interest and lawsuit costs.

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

12.1 Continuing Lawsuits and Provisions (Continued)

12.1.2 The filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TL 2,071 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 30 June 2021 a provision amounting to TL 7,695 has been made including interest and lawsuit costs.

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. As of 30 June 2021 provision amounting to TL 10,668 has been made including interest and lawsuit costs.

12.2 Contingent Liabilities of Emlak Konut

In the financial statements prepared as of 30 June 2021, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Company Management and its lawyers, no provision has been made in the financial statements prepared as of 30 June 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 Company 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 company lawyer, no liability is expected to arise as a result of the related lawsuit.

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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

12.3 Contingent Assets of Emlak Konut

12.3.1 As of 30 June 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:

30 June 2021	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,728,243	1,930,864	3,659,107
2 year	926,825	1,702,646	2,629,471
3 year	727,340	1,090,033	1,817,373
4 year	582,976	485,709	1,068,685
5 year and above	2,104,062	941,223	3,045,285
	6,069,446	6,150,475	12,219,921

31 December 2020	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	983,189	1,521,480	2,504,669
2 year	824,069	1,382,746	2,206,815
3 year	626,557	721,250	1,347,807
4 year	445,660	362,614	808,274
5 year and above	2,363,228	979,553	3,342,781
	5,242,703	4,967,643	10,210,346

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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 13 – OTHER ASSETS

	30 June 2021	31 December 2020
Other current assets		
Progress payments to contractors	148,225	156,642
Income accruals	7,975	25,764
Receivables from tax office	5,481	19,576
Deferred VAT	90,566	50,391
	252,247	252,373
	30 June 2021	31 December 2020
Other non-current assets		
Deferred VAT	-	4,383
	-	4,383

NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES

	30 June 2021	31 December 2020
Short-term deferred income		
Deferred income from LSRSA projects (*)	2,610,549	2,485,417
Advances taken from turnkey project sales	1,625,574	1,526,188
Advances taken from LSRSA contractors (**)	1,183,485	466,829
Deferred income related to sales of independent units	462,942	401,189
Advances received from related parties (Note 20)	137,706	-
	6,020,256	4,879,623

(*) 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.

	30 June 2021	31 December 2020
Prepaid expenses		
Advances given for inventory (*)	1,751,931	1,630,305
Prepaid expenses	484	2,595
	1,752,415	1,632,900

(*) A protocol has been signed between the Company and the Tariş Cooperatives Union to develop revenue sharing project on a total of 143,366-m2 land, which belongs to the Tariş Cooperatives Union, located within the borders of Kuruçay/Umurbey, Konak district of İzmir and an inventory advance amounting to TL 414,602 has been made. The Company has also provided an inventory advance amounting to TL 1,289,457 to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yenimahalle Station, Nidapark Küçükyalı, Nidapark İstinye and Nidapark Kayaşehir projects.

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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 15 – SHAREHOLDERS' EQUITY

The Company'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 Company's shareholders and their shareholding percentages as of 30 June 2021 and 31 December 2020 is as follows:

Shareholders	30 June 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 Company'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 "Prior Years' Profit/Loss". 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 25 March 2021, the General Assembly decided to distribute dividends amounting to TL 82,460. This dividend amounting to TL 3,016 is related to repurchased shares and offsetted 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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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 16 – REVENUE AND COST OF SALES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Sales income				
Land sales	1,217,178	711,460	767,963	429,992
<i>Sales of planned lands by way of LSRSA</i>	<i>1,158,480</i>	<i>711,460</i>	<i>415,388</i>	<i>307,986</i>
<i>Land sales income</i>	<i>58,698</i>	-	<i>352,575</i>	<i>122,006</i>
Residential and commercial units sales	1,544,211	1,281,395	560,533	223,354
Rent income	64,182	34,327	25,860	14,073
	2,825,571	2,027,182	1,354,356	667,419
Sales returns	(1,451)	(1,451)	-	-
Sales discounts	(532)	(327)	(122)	(24)
Net sales income	2,823,588	2,025,404	1,354,234	667,395
Cost of sales				
Cost of lands	(418,154)	(235,642)	(306,467)	(205,628)
<i>Cost of lands planned by way of LSRSA</i>	<i>(384,823)</i>	<i>(235,642)</i>	<i>(157,423)</i>	<i>(108,212)</i>
<i>Cost of lands sold</i>	<i>(33,331)</i>	-	<i>(149,044)</i>	<i>(97,416)</i>
Cost of residential and commercial units sold	(1,487,300)	(1,181,845)	(545,986)	(244,087)
	(1,905,454)	(1,417,487)	(852,453)	(449,715)
Gross Profit	918,134	607,917	501,781	217,680

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NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
General administrative expenses				
Personnel expenses	(65,200)	(34,785)	(49,310)	(26,702)
Consultancy expenses	(33,118)	(24,087)	(6,938)	(4,009)
Donations	(30,000)	(30,000)	-	-
Taxes, duties and fees	(30,580)	(25,797)	(23,608)	(18,347)
Due and contribution expenses	(8,595)	(2,952)	(5,903)	(3,293)
Depreciation and amortisation	(5,433)	(2,518)	(7,096)	(3,242)
Travel expenses	(4,450)	(2,283)	(3,503)	(1,676)
Information technologies expenses	(3,061)	(1,381)	(2,544)	(976)
Maintenance and repair expenses	(2,351)	(1,401)	(1,534)	(874)
Lawsuit and notary expenses	(1,173)	(422)	(2,399)	(681)
Insurance expenses	(1,057)	(450)	(1,110)	(617)
Communication expenses	(716)	(333)	(928)	(289)
Other	(19,429)	(10,299)	(9,124)	(4,068)
	(205,163)	(136,708)	(113,997)	(64,774)

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Marketing and sales expenses				
Advertising expenses	(22,704)	(14,796)	(19,071)	(8,889)
Consultancy expenses	(3,800)	(1,223)	-	-
Personnel expenses	(4,033)	(2,256)	(3,269)	(1,857)
Office expenses	(5)	(2)	(23)	(13)
Lawsuit and notary expenses	(2)	-	(7)	(1)
Other	(701)	(130)	(307)	(138)
	(31,245)	(18,407)	(22,677)	(10,898)

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NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Other income from operating activities				
Default interest income from projects	170,191	103,582	31,869	12,220
Impairment provisions released (Note 9)	136,348	106,523	10,686	(6,881)
Financial income from forward sales	2,115	-	143,111	67,523
Income from transfer commissions	5,028	3,945	5,808	1,373
Income from tender contract sales	371	34	-	-
Provisions for possible risks	1,369	1,211	989	989
Other	19,730	13,580	41,276	9,598
	335,152	228,875	233,739	84,822
	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Other expenses from operating activities				
Reversal of unaccrued financial expense, net	(67,497)	(67,497)	-	-
Provision for impairment of land and residential inventories (Note 9)	(12,974)	-	(158,508)	(49,837)
Investment properties amortisation expenses (Note 10)	(12,141)	(5,891)	(9,027)	(1,031)
Provision for lawsuits (Note 12)	(3,172)	(1,363)	(4,023)	(1,099)
Provisions for possible risks	-	-	-	5,707
Other	(4,231)	(726)	(16,319)	(11,074)
	(100,015)	(75,477)	(187,877)	(56,235)

NOTE 19 – FINANCIAL INCOME / EXPENSES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Financial income				
Interest income from time deposits	67,609	19,701	52,866	25,528
Interest income from land acquisition	1,080	-	19,009	19,009
Foreign exchange gains	34	-	23	8
	68,723	19,701	71,898	44,545
	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Financial expenses				
Borrowings interest and sukuk expenses	(227,143)	(107,246)	(213,019)	(80,374)
Interest discount on pay off debt	(714)	(129)	(9,753)	(5,083)
Assigned receivables and commission expenses	(99)	-	(3,452)	(1,768)
Foreign exchange losses	(31)	-	(10)	(4)
	(227,987)	(107,375)	(226,234)	(87,229)

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NOTE 20 – RELATED PARTY DISCLOSURES

The main shareholder of the Company 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 Company are as listed below.

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”)
3. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
4. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
5. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
6. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
7. Emlak-Toplu Konut İdaresi Spor Kulübü
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi
10. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş Ortak Girişimi
11. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
12. Emlak Konut Spor Kulübü Derneği
13. 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”)
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 Konut Asansör Sistemleri Sanayi ve Ticaret 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 Company has transactions with state banks (T.C. Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş.) and Republic of Turkey Undersecretariat of Treasury.

- The Company keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 30 June 2021, the Company has deposits amounting to TL 1,353,800 in state banks (31 December 2020: TL 1,815,344). Average effective interest rates of time deposits of the Company as of 30 June 2021 are explained in Note 4.

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

	30 June 2021	31 December 2020
Trade receivables from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G.	13,346	5,625
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	1,339	1,338
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	280	42,616
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	781	930
	15,746	50,509

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NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

	30 June 2021	31 December 2020
Trade payables to related parties		
İller Bankası A.Ş. (*)	465,100	465,100
T.C. Toplu Konut İdaresi Başkanlığı ("TOKİ") (**)	481,917	207,085
T.C. Çevre ve Şehircilik Bakanlığı (***)	377,794	607,204
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	1,324	1,324
Emlak Basın Yayın A.Ş.	137	106
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	45	45
	1,326,317	1,280,864

(*) According to the protocol signed with İller Bankası A.Ş. on 14 December 2020, the Company's debt and deferred income balance arising from the transfer of the lands owned by İlbank and the real estate owned by Emlak Konut. According to the relevant protocol, the lands under the ownership of İlbank have passed into the ownership of Emlak Konut, and the immovables under the ownership of Emlak Konut will be transferred to İlbank ownership after the deficiencies are completed.

(**) It is the amount of the Company's debt resulting from the settlements detailed in the protocols dated 20 November 2020 and 22 March 2021 signed with the TR Ministry of Environment and Urbanization General Directorate of Urban Transformation Services and T.C. Toplu Konut İdaresi Başkanlığı.

(***) 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.

	30 June 2021	31 December 2020
Deferred income from related parties		
İller Bankası A.Ş. (*)	137,706	-
	137,706	-

	30 June 2021	31 December 2020
Financial investments from related parties		
Türkiye Emlak Katılım Bankası A.Ş.	-	305,743
	-	305,743

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.

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Purchases from related parties				
T.C. Çevre ve Şehircilik Bakanlığı	937,289	-	316,745	316,745
Emlak Basın Yayın A.Ş.	612	367	634	317
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	-	-	-
	937,901	367	317,379	317,062

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Sales to related parties				
T.C. Çevre ve Şehircilik Bakanlığı	151,205	-	143,967	143,967
	151,205	-	143,967	143,967

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

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 Company 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- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Salaries and other short-term benefits	5,703	3,110	4,310	2,336
	5,703	3,110	4,310	2,336

NOTE 21 - COMMITMENTS

Company's mortgage and guarantees received as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Guarantees received (*)	3,232,993	3,059,238
Mortgages received (**)	233,406	186,639
	3,466,399	3,245,877

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

NOTE 21 – COMMITMENTS (Continued)

The collaterals, pledges and mortgages (“CPM”) of the Company as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
A. Total amount of CPM given on behalf of the Company's own legal entity	44,770	27,455
B. Total amount of CPM given against the subsidiaries included in full consolidation	-	-
C. Total amount of CPM given to maintain operations and collect payables from third parties	-	-
D. Total amount of other CPM given	-	-
i) In the name of the parent Company	-	-
ii) In the name of other group companies that are not included in the scope of item B and C	-	-
iii) In the name of third parties that are not included in the scope of item C	-	-
	44,770	27,455

NOTE 22 – EVENTS AFTER THE REPORTING PERIOD

The 2nd Session of the Istanbul Kartal Esentepe 1st Stage Revenue Sharing Business Against Land Sale tender was held on 09 July 2021. Yıldızlar İnşaat ve Tic. A.Ş. firm gave the highest bid in the tender with TL 1,150,000 Project Total Revenue and TL 403,650 Project Company Income. Company Share Revenue Ratio for Land Sales of the Offer is 35.10%.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

	Non-Consolidated (Standalone) Financial Statements Main Account Items	Related Regulation	Current Period 30 June 2021 (TL)	Prior Period 31 December 2020 (TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	1,032,764	1,515,824
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	16,794,126	16,258,736
C	Affiliates	Series:III-No:48, Art,24/(b)	423,037	373,037
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		9,602,477	9,530,996
D	Total Assets	Series:III-No:48, Art,3/(k)	27,852,404	27,678,593
E	Financial Liabilities	Series:III-No:48, Art,31	3,957,684	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	15,203,275	14,522,496
	Other Resources		8,691,445	8,146,784
D	Total Resources	Series:III-No:48, Art,3/(k)	27,852,404	27,678,593
	Non-Consolidated (Standalone) Financial Statements Other Account Items	Related Regulation	Current Period 30 June 2021 (TL)	Prior Period 31 December 2020 (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)	1,032,764	1,392,027
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	1,411,560	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)	2,135,376	732,991
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	423,000	373,000
J	Non-cash Loans	Series:III-No:48, Art,31	44,770	7,161
K	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

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

	Portfolio restrictions	Related regulation	30 June 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)	64	64	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1.52	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)	8	3	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	0.02	0.01	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	26	35	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	0.01	0.02	<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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