

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

**CONVENIENCE TRANSLATION OF
THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2019**

(ORIGINALLY ISSUED IN TURKISH)

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019 AND 31 DECEMBER 2018**

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

	Notes	<i>Not Revised</i> 31 March 2019	<i>Audited</i> 31 December 2018
ASSETS			
Current assets		21,164,281	20,695,419
Cash and cash equivalents	4	723,342	674,871
Financial investments	5	42,536	54,442
Trade receivables	7	2,349,505	1,622,995
<i>Trade receivables due from related parties</i>	21	10,557	12,621
<i>Trade receivables due from third parties</i>		2,338,948	1,610,374
Other receivables	8	1,298,612	1,163,367
<i>Other receivables due from related parties</i>	21	9,339	5,754
<i>Other receivables due from third parties</i>		1,289,273	1,157,613
Inventories	9	15,058,652	15,407,484
Prepaid expenses	14	1,465,839	1,467,489
Other current assets	13	225,795	301,719
Current tax assets	20	-	3,052
Non-current assets		2,617,470	2,623,851
Trade receivables	7	1,855,100	1,895,829
<i>Trade receivables due from third parties</i>		1,855,100	1,895,829
Other receivables	8	30,861	28,829
<i>Other receivables due from third parties</i>		9,291	9,027
<i>Other receivables due from related parties</i>	21	21,570	19,802
Financial Investments		836	836
Investments Accounted for Using Equity Method		5,061	7,866
Investment property	10	401,574	390,340
Property, plant and equipment	11	65,082	66,342
Intangible assets		3,937	1,984
Other non-current assets	13	248,277	231,437
Deferred tax assets	20	6,742	388
Total assets		23,781,751	23,319,270

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019 AND 31 DECEMBER 2018**

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

	Notes	Not Revised 31 March 2019	Audited 31 December 2018
LIABILITIES AND EQUITY			
Current liabilities		8,777,479	8,329,651
Short term borrowings	6	967,470	698,663
Current portion of non-current borrowings	6	1,413,869	976,999
Trade payables	7	932,511	978,347
<i>Trade payables due to related parties</i>	21	15,796	69,985
<i>Trade payables due to third parties</i>		916,715	908,362
Other payables	8	525,336	633,686
<i>Other payables to related parties</i>		398	398
<i>Other payables to third parties</i>		524,938	633,288
Deferred income	14	4,821,379	4,904,297
<i>Deferred income from related parties</i>	21	64,732	64,732
<i>Deferred income from third parties</i>		4,756,647	4,839,565
Current provisions		116,914	137,659
<i>Current provisions for employee benefits</i>		6,394	6,125
<i>Other current provisions</i>	12	110,520	131,534
Non-current liabilities		1,866,830	1,906,101
Long term borrowings		1,668,521	1,685,943
Trade payables	6	51,740	77,349
Other payables		68,782	68,792
Deferred income		4,379	3,175
Long term provisions		11,251	8,685
<i>Long term provisions for employee benefits</i>		11,251	8,685
Deferred tax liability		62,157	62,157
Shareholders' equity		13,137,442	13,084,942
Total equity attributable to equity holders of the Company		13,138,922	13,084,984
Paid-in capital	15	3,800,000	3,800,000
Treasury shares (-)		(284,480)	(284,480)
Share premium		2,366,895	2,366,895
Other comprehensive income / expense not to be reclassified to profit or loss		(42)	(42)
- <i>Gain/(loss) on remeasurement of employee benefits</i>		(42)	(42)
Restricted reserves		662,853	662,853
Retained earnings		6,539,758	5,271,709
Net profit for the year		53,938	1,268,049
Non-controlling interests		(1,480)	(1,466)
Total liabilities and equity		23,781,751	23,319,270

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 STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018**

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

	Notes	<i>Not Reviewed</i> 1 January- 31 March 2019	<i>Not Reviewed</i> 1 January- 31 March 2018
Revenue	16	1,240,162	1,435,382
Cost of sales (-)	16	(1,184,639)	(537,046)
Gross profit		55,523	898,336
General administrative expenses (-)	17	(60,083)	(40,415)
Marketing expenses (-)	17	(15,169)	(13,716)
Other income from operating activities	18	181,234	161,965
Other expenses from operating activities (-)	18	(28,562)	(32,717)
Share of profit (loss) from investments accounted for using equity method		(2,805)	-
Operating profit		130,138	973,453
Income from investing activities		165	82
Operating profit before financial income / (expense)		130,303	973,535
Financial income	19	58,236	20,646
Financial expenses (-)	19	(140,969)	(126,922)
Profit from continuing operations, before tax		47,570	867,259
Tax (expense) income, continuing operations		6,354	-
<i>Deferred tax (expense) income</i>	20	6,354	-
Profit for the period		53,924	867,259
Profit (loss), attributable to			
Noncontrolling Interests		(14)	-
Owners of Parent		53,938	867,259
Statement of other comprehensive income			
Toplam kapsamlı gelirin dağılımı:			
Noncontrolling Interests		(14)	-
Owners of Parent		53,938	867,259
Earnings per share (in full TL)		0.0001	0.0024

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 STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

	Paid in capital	Treasury shares (-)	Share premium	Restricted reserves	Other Comprehensive Income and Expense not to be Reclassified to Profit or Loss	Retained Earnings		Total	Non-controlling interests	Total equity
					Gain/Loss on remeasurement of employee benefits	Retained earnings	Net income for the period			
1 January 2018	3.800.000	(284.480)	2.378.513	511.347	(42)	4.304.087	1.756.094	12.465.519	-	12.465.519
Transfers	-	-	-	-	-	1.756.094	(1.756.094)	-	-	-
Total comprehensive income	-	-	-	-	-	-	867.259	867.259	-	867.259
31 March 2018	3.800.000	(284.480)	2.378.513	511.347	(42)	6.060.181	867.259	13.332.778	-	13.332.778
1 January 2019	3.800.000	(284.480)	2.366.895	662.853	(42)	5.271.709	1.268.049	13.084.984	(1.466)	13.083.518
Transfers	-	-	-	-	-	1.268.049	(1.268.049)	-	-	-
Total comprehensive income	-	-	-	-	-	-	53.938	53.938	(14)	53.924
31 March 2019	3.800.000	(284.480)	2.366.895	662.853	(42)	6.539.758	53.938	13.138.922	(1.480)	13.137.442

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 STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

	Notes	1 January- 31 March 2019	1 January- 31 March 2018
Cash flows from operating activities			
Profit for the year		53.924	867.259
Adjustments to reconcile net profit			
Depreciation and amortization expenses	17	1.889	1.790
Adjustments for (reversal of) provisions of tax	20	(6.354)	-
Adjustments for impairments		19.120	30.963
<i>Adjustments for impairment loss (reversal of impairment loss) of inventories</i>	9	19.120	7.630
<i>Adjustments for impairment loss (reversal of impairment loss) of investment properties</i>	18	-	23.333
Changes in provisions		(15.623)	(531)
<i>Adjustments for (reversal of) provisions related with employee benefits</i>		2.835	(607)
<i>Adjustments for (reversal of) lawsuit and/or penalty provisions</i>	12	(21.014)	76
<i>Adjustments for (reversal of) possible risks of cash and cash equivalents</i>		2.556	-
Adjustments for interest (income) expenses		(48.864)	(43.503)
<i>Adjustments for interest income</i>	18, 19	(189.790)	(170.211)
<i>Adjustments for interest expense</i>	19	140.926	126.708
Changes in net working capital		4.092	855.978
Adjustments for decrease (increase) in trade accounts receivable		(534.971)	(137.115)
<i>Decrease (increase) in trade accounts receivables from related parties</i>		2.064	1.254
<i>Decrease (Increase) in trade accounts receivables from third parties</i>		(537.035)	(138.369)
Adjustments for decrease (increase) in inventories		318.478	(457.367)
Adjustments for increase (decrease) in trade accounts payable		(29.947)	586.462
<i>Increase (decrease) in trade payables to related parties</i>		(12.691)	3.297
<i>Increase (decrease) in trade payables to third parties</i>		(17.256)	583.165
Adjustments for (decrease) in other operating receivables		(189.589)	(5.653)
Adjustments for increase (decrease) in other operating payables		(84.112)	(364.945)
Other adjustments for other increase (decrease) in working capital		95.965	(89.776)
Net cash flow from operating activities			
Interest received		29.576	31.734
Income taxes paid		(52.093)	(44.475)
Cash flows from operating activities		(442.601)	374.843
Cash flows from investing activities			
Cash flows used in obtaining control of subsidiaries or other businesses		(47.477)	-
Purchases of investment properties, tangible and intangible assets		(1.971)	(734)
Interest received		165	82
Purchases of financial assets		-	(7.000)
Returns of financial assets		50	7.410
Other inflows (outflows) of cash		14.712	16.986
Cash flow from investing activities		(34.521)	16.744
Cash flow from financing activities			
Proceeds from borrowings		1.420.000	200.000
<i>Proceeds from loans</i>		880.000	200.000
<i>Proceeds From Issue of Debt Instruments</i>		540.000	-
Repayments of borrowings, classified as financing activities		(747.716)	-
<i>Loan repayments</i>		(352.716)	-
<i>Payments of Issued Debt Instruments</i>		(395.000)	-
Interest paid		(86.588)	(47.183)
Interest received		10.203	20.639
Other inflows (outflows) of cash		(38)	(56)
Cash flow from financing activities		595.861	173.400
Net Increase (decrease) in cash and cash equivalents		118.739	564.987
Cash and cash equivalents at the beginning of the year	4	494.226	385.081
Cash and cash equivalents at the end of the year	4	612.965	950.068

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 STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of 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 “Company”) 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 Group was transformed into a Real Estate Investment Group 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 Group into a Real Estate Investment Group 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 Group was submitted for the approval of the Board and the amendment draft was approved at the Ordinary General Shareholders Committee meeting of the Group convened on 22 July 2002, changing the articles of association accordingly.

The articles of association of the Group 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 Group convened on 28 February 2006, the title of the Group 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 Group’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 as follows:

Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul.

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

The condensed consolidated financial statements at 31 March 2019 have been approved by the Board of Directors on 10 May 2019.

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 T.C. Ministry of Environment and Urbanisation.

Emlak Konut GYO, together with its subsidiaries and joint ventures, is referred to as “the Group”

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 STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

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

Subsidiaries

Emlak Konut GYO subsidiaries has been operating in Turkey and the core business lines are listed below:

Subsidiaries

Nature of business

Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”)

Real Estate Investments

EPP – Emay Adi Ortaklığı (“EPP-EMAY”)

Construction Activities

	31 March 2019		31 December 2018	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
EPP (*)	100	100	100	100
EPP-EMAY	60	60	60	60

(*)In parallel with the Company's growing strategy, Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş. All of the Company's shares were purchased from third party contractors and TOKI with the decision of the Board of Directors dated 9 November 2018 and numbered 62/163.

Investments valued by equity method (Affiliates)

Emlak Konut GYO affiliates has been operating in Turkey and the core business lines are listed below:

Investments valued by equity method (Affiliates)

Nature of business

Bio İstanbul Proje Geliştirme ve Yatırım A.Ş. (“Bio”)

Consultancy ve Construction Services

EPP-Cathay Adi Ortaklığı (“EPP-Cathay”)

Construction Activities

	31 March 2019		31 December 2018	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Bio	20	20	20	20
EPP-Cathay	7	7	7	7

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

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

Joint Operations

Emlak Konut GYO joint operation has been operating in Turkey and the core business lines is listed below:

<u>Joint operations</u>	<u>Nature of business</u>			
	<u>31 March 2019</u>		<u>31 December 2018</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>
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
	40	40	40	40

(*)An "Ordinary Partnership" is formed between Dap Yapı İnşaat San. and Tic. Inc. 59,7% - Eltes İnşaat Tes. San. Tic. A.Ş. 0,3% and “the Company” which has 40% shares. Within the scope of "Istanbul Kartal LSRSA Project" structure has been established for the sale of a shopping center with an area of 51.000 m2 in the Istmarina project which is completed and ready to be sold after renting and to manage the financial transactions of the shopping center. The related ordinary partnership is not included in the financial statements as of the reporting period, by reason of the financial statements are not affected significantly.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Basis of Preparation

The condensed interim 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”) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Accounting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Financial Reporting Standards (“TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The Company prepared its condensed interim financial statements for the period ended 31 March 2019 in accordance with the Communiqué and announcements regarding this Communiqué, in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Company has preferred to prepare condensed interim financial statements in the interim periods and prepared the mentioned condensed interim financial statements in compliance with CMB Accounting Standards. The condensed interim financial statements and the related notes to them are presented in accordance with the declaration dated 7 June 2013 and with the formats required by the CMB.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

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

The Companies are free to prepare their interim financial statements as full or condensed in accordance with TAS 34. In this context, the Company choice 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 Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These condensed interim financial statements in Turkish Lira (“TRY”) based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair value. The condensed interim financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA.

Accounting for the effects of hyperinflation

With the decision 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 CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Group did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB 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 consolidated financial statements are presented in thousands of TL, which is the Group’s functional and presentation currency.

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.

Going concern

The Group’s consolidated financial statements are prepared under the going concern assumption.

2.2 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

The accounting policies adopted as of 31 March 2019 are consistent with those prepared as of 31 December 2018. Therefore, condensed interim financial statements have to be considered with year end financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and amended IFRS Standards that are effective for the current year

New and amended IFRS Standards with effect from 2019

IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IAS 19 Employee Benefits	<i>Plan Amendment, Curtailment or Settlement</i>
Annual Improvements to IFRS Standards 2015–2017 Cycle	<i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group is 1 January 2019 retrospectively taking into account the cumulative effect in the financial statements..

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17.

The amendments to IFRS 16 do not have a significant impact on the financial statement of the Group.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and amended IFRS Standards that are effective for the current year (Continued)

New and amended IFRS Standards with effect from 2019 (Continued)

IFRS Interpretation 23 Uncertainty over Income Tax Treatments

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Annual Improvements to IFRS Standards 2015–2017 Cycle

Annual Improvements to IFRS Standards 2015–2017 Cycle include amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, IAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and IAS 23 Borrowing Costs in capitalized borrowing costs.

Other than IFRS 16, these standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash on hand	120	26
Banks	696,511	674,845
- <i>Demand deposit</i>	135,427	132,738
- <i>Time deposits up to 3 months maturity</i>	561,084	542,107
Other cash and cash equivalents	26,711	-
	723,342	674,871

Maturities of cash and cash equivalents are as follows:

	31 March 2019	31 December 2018
Demand	135,427	132,738
Up to 3 month	561,084	542,107
Less: Blocked deposits with maturities less than 3 months	-	-
	(24,400)	(29,990)
	672,111	644,855

Average effective interest rates of in TL time deposits are as follows:

	31 March 2019	31 December 2018
	(%)	(%)
	18,31%	18,47%

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

	31 March 2019	31 December 2018
Cash and cash equivalents	723,342	674,871
Less: Interest accruals	(1,732)	(1,132)
Less: LSRSA project deposits (*)	(103,099)	(169,609)
Less: Blocked deposits	(9,908)	(11,710)
Add: TFRS 9 impact	4,362	1,806
	612,965	494,226

(*) The contractors’ portion of the residential unit sales in accordance with the related agreements, realized from the ongoing LSRSA projects is deposited in time deposit bank accounts that are opened for the related LSRSA projects. The Group has the authority to control these accounts TL 103,099 (31 December 2018: TL 169,609) part of the total project amount deposits TL 14,492 (31 December 2018: TL 18,280) comprises of blocked deposits.

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NOTE 5 - FINANCIAL INVESTMENTS

Financial investments	31 March 2019	31 December 2018
Blocked deposits more than 3 months maturity (**)	30,519	42,375
Special issue government bonds (*)	12,017	12,067
	42,536	54,442

(*) The Republic of Turkey, Undersecretaries of Treasury (“Turkish Treasury”) issues special Domestic Government Debt securities in the name of the Group to make the HAS payments on behalf of Turkish Treasury. In 2010, special Domestic Government Debt securities amounted to TL 429,617 has been issued to the Group. The Bonds are redeemed partially and early readapted and the amount is transferred to the Group’s accounts when the HAS lists are specified (Note 10). These government bonds are non-interest bearing and are not subject to sale on secondary market therefore the fair values are also their nominal values.

(**) In order to provide low interest rate financing to customers who want to buy home from the projects developed by the group, the aim is to keep the loan amounts used by the customers as blocked deposits in the bank. The relevant amounts are ready for the use of the group in the specified period. The contractor portion of blocked deposits in the bank accounts which opened in the name of the related project and more than 3 months maturity, is TL 17,339 (31 December 2018: TL 17,591) while the group portion of the blocked shares is TL 13,180 (31 December 2018: TL 24,784).

As of 31 March 2019, the long-term investments of the Group are as follows: Kazakhstan Ziraat International Bank and Tobaş Toplu Konut Büyükşehir Belediyesi İnşaat Emlak Mümarlık ve Proje A.Ş. The company's investments consist of less than 1% of the capital of the companies.

NOTE 6 - FINANCIAL LIABILITIES

	31 March 2019	31 December 2018
Short-term financial liabilities		
Short-term commercial bill (*)	737,705	587,526
Short-term bank borrowings	229,765	111,137
Short-term portion of long-term borrowings	1,413,869	976,999
	2,381,339	1,675,662

(*) On 11 December 2018, Group had issued a rent certificates amounting TL 172.000 that have maturity date of date of 9 April 2019 with an interest rate of 23,90%, amounting TL 140.000 that have maturity date of date of 7 May 2019 with an interest rate of 22,90% on 8 January 2019 , amounting TL 250.000 that have maturity date of date of 25 June 2019 with an interest rate of 19,00% on 26 February 2019 and amounting TL 150.000 that have maturity date of date of 03 July 2019 with an interest rate of 19,50% on 19 March 2019.

Long-term financial liabilities	31 March 2019	31 December 2018
Long-term borrowings	1,668,521	1,685,943
	1,668,521	1,685,943

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

The all borrowings are received as TL currency and the interest rate of the borrowing as at 31 March 2019 is 17.09% (31 December 2018: 17.62 %).

The redemption schedules of the borrowings at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
2020	924,085	999,507
2021	696,745	638,745
2022	47,691	47,691
	1,668,521	1,685,943

The allocation of interest rate sensitivity of financial liabilities according to their repricing dates is as follows:

	31 March 2019	31 December 2018
Less than 3 months	264,229	202,373
Between 3 - 12 months	1,379,405	885,763
Between 1 - 5 years	1,668,521	1,685,943
	3,312,155	2,774,079

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2019	31 December 2018
Receivables from LSRSA contractors invoiced	964,687	851,820
Receivables from sale of residential and commercial units	1,283,021	651,294
Assigned receivables from sale of residential and commercial units (*)	44,958	44,958
Notes of receivables	20,164	43,668
Receivables from land sales	24,754	24,754
Receivables from related parties (Note 21)	10,557	12,621
Rent receivables	9,340	9,082
Other	5,641	2,369
Unearned finance income	(13,617)	(17,571)
	2,349,505	1,622,995
Doubtful receivables	1,837	1,837
Less: Provision for doubtful receivables	(1,837)	(1,837)
	2,349,505	1,622,995

(*)The Group has assigned a certain portion of its receivables arising from instalment sales that it has realized as "irrevocable". This amount comprises of the receivables from the receivables financing group.

Long-term trade receivables	31 March 2019	31 December 2018
Receivables from sale of residential and commercial units	2,121,017	2,178,500
Unearned finance income	(265,917)	(282,671)
	1,855,100	1,895,829

	31 March 2019	31 December 2018
Payables to related parties (Note 21)	15,796	69,985
Payables to LSRSA contractors invoiced	346,419	361,559
Trade payables	549,795	527,061
Time deposit interest accruals from LSRSA contractors invoiced (*)	20,501	19,742
	932,511	978,347

(*) The contractors' portion of the residential unit sales as defined in the agreement which gained from ongoing LSRSA projects is deposited in the time deposit bank accounts under control of the Group within the related LSRSA projects. The Group tracks the contractor's share of the interest earned from the advances accumulated in these short term debts accounts.

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 March 2019	31 December 2018
Short-term other receivables		
Receivables from contractors	833,669	758,851
HAS related receivables from Turkish Treasury	390,768	390,768
Other receivables from related parties (Note 21)	9,339	5,754
Receivables from the authorities	63,413	6,909
Other	1,423	1,085
	1,298,612	1,163,367

	31 March 2019	31 December 2018
Long-term other receivables		
Other receivables from related parties (Note 21)	21,570	19,802
Other receivables	8,277	8,012
Deposits and guarantees given	1,014	1,015
	30,861	28,829

	31 March 2019	31 December 2018
Short term other payables		
Payable to HAS beneficiaries	402,772	402,810
Payable to contractors (*)	88,752	88,752
Note payable	-	47,477
Taxes and funds payable	16,320	23,908
Other	17,492	70,739
	525,336	633,686

(*) 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 2018: TL 88,752).

As of 31 March 2019, other long-term payables comprises of deposits and guarantees received.

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

The movements of the payments either from Group’s shareholder’s equity to HAS beneficiaries and the detail of HAS payments and HAS receivables and payables related to Treasury Support as of for 31 March 2019 and 2018 are shown below:

	1 January 2019	Additions within the period	Disposals	31 March 2019
Treasury support share				
Receivable from Treasury	390.768	-	-	390.768
Special purpose government bond	12.067	-	(50)	12.017
Cash generated from government bond redemption	(25)	12	-	(13)
Total consideration received or receivable from Treasury	402.810			402.772
Payable to HAS beneficiaries	(402.810)			(402.772)

	1 January 2018	Additions within the period	Disposals	31 March 2018
Treasury support share				
Receivable from Treasury	390.771	-	-	390.771
Special purpose government bond	12.267	-	(250)	12.017
Cash generated from government bond redemption	(25)	250	(53)	172
Total consideration received or receivable from Treasury	403.013			402.960
Payable to HAS beneficiaries	(403.013)			(402.960)

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NOTE 9 -INVENTORIES

	31 March 2019	31 December 2018
Lands	3,553,278	3,307,234
<i>Cost</i>	3,689,260	3,455,715
<i>Impairment</i>	(135,982)	(148,481)
Planned land by LSRSA	7,052,902	7,158,373
Planned land by turnkey project	3,041,572	3,689,638
Residential and commercial units ready for sale	1,410,900	1,252,239
<i>Cost</i>	1,476,392	1,286,112
<i>Impairment</i>	(65,492)	(33,873)
	15,058,652	15,407,484

As of 31 December 2018, independent valuation reports prepared by Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. ve Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş. are taken into consideration in order to calculate the fair value and impairment loss, if any, on land units and commercial units ready for sale.

The movement of the impairment on land and residential unit inventories is as follows:

	2019	2018
Balance at 1 January	182,354	18,808
Impairment charge for the period	20,915	8,810
Reversal of impairment	(1,795)	(1,180)
Balance at 31 March	201,474	26,438

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NOTE 9 - INVENTORIES (Continued)

The details of land and residential stocks of the group are shown below as of 31 March 2019 and 31 December 2018:

Lands	31 March 2019	31 December 2018
İstanbul Küçükçekmece Lands	1,420,469	1,420,469
İstanbul Başakşehir Lands	661,684	438,912
İstanbul Beşiktaş Lands	360,002	360,002
İstanbul Bakırköy Lands	350,673	350,673
İstanbul Tuzla Lands	205,917	205,917
İstanbul Arnavutköy Lands	170,189	166,655
İstanbul Kartal Lands	109,183	109,183
Samsun Canik Lands	94,265	94,265
İstanbul Ataşehir Lands	40,536	40,536
İstanbul Esenyurt Lands	59,618	39,178
İstanbul Resneli Lands	20,333	20,333
Ankara Çankaya Lands	17,695	17,695
İzmir Konak Umurbey Lands	12,258	12,258
İstanbul İstinye Lands	7,734	7,734
Sakarya-Sapanca Lands	6,304	6,302
Tekirdağ Çorlu Lands	6,153	6,153
Maltepe Küçükyalı Lands	3,010	3,010
Tekirdağ Kapaklı Lands	1,862	1,862
İstanbul Umraniye Lands	1,844	1,844
Kocaeli Gebze Lands	729	729
İstanbul Zekeriyaköy Lands	677	677
Kocaeli Tütünçiftliği Lands	618	618
Tuzla Orhanlı Project	540	540
İstanbul Kagithane Lands	-	703
Other	985	986
	3,553,278	3,307,234

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NOTE 9 - INVENTORIES (Continued)

Planned lands by LSRSA	31 March 2019	31 December 2018
Nidapark İstinye Project	992.898	993.433
Nidapark Kucukyali Project	677.810	677.715
Büyükalyalı Project	656.963	656.805
Merkez Ankara Project	637.619	630.115
Nişantaşı Project	519.267	498.095
Bizim Mahalle 2. Etap Project	490.877	476.638
Zeytinburnu Beştelsiz Project	408.076	408.029
Florya Şenlik Mahallesi Project	373.591	370.512
Beykoz Riva Project	372.447	366.646
İstanbul Çekmeköy Taşdelen Project	279.694	271.109
Nidapark Kayasehir Project	180.297	199.373
Validebağ Konakları Project	153.910	153.764
Köy Project	152.921	153.352
Avangart İstanbul Project	120.077	120.077
Tual Bahçekent Project	120.075	118.929
Koordinat Çayyolu Project	97.164	97.164
Temaşehir Konya Project	97.735	96.074
Tual Adalar Project	90.607	90.842
Evora Denizli Project	77.179	76.256
Cer İstanbul Project	67.520	67.520
Karat 34 Project	68.389	67.480
Ebruli İspartakule Project	58.145	58.105
Ofis Karat Bakırköy Project	30.955	30.605
Avrupark Hayat Project	54.470	54.289
Semt Bahçekent Project	34.240	50.154
İspartakule 6. Etap Project	48.682	48.682
Yeniköy Konakları İstanbul Project	45.485	45.368
Yalova Armutlu Project	59.297	58.276
İstanbul Finans Merkezi Project	23.383	22.444
İstmarina Project	29.262	29.170
Tuzla İçmeler Project	20.016	20.016
Şile Çavuş Project	9.813	9.813
Ankara Saraçoğlu Project	2.703	2.442
Evvel İstanbul Project	623	128
Kocaeli Derince Project	-	70.360
Maslak 1453 Project	-	35.422
Çankaya Oran Project	-	33.079
Other	712	92
	7.052.902	7.158.373

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NOTE 9 - INVENTORIES (Continued)

Planned lands by turnkey project	31 March 2019	31 December 2018
Gebze Emlak Konutları	792,193	618,036
Başkent Emlak Konutları Project	619,264	557,844
IGTOD Rami Gıda Toptancıları Project	596,080	571,009
Kuzey Yakası Project	467,091	349,753
Ankara Başkent Project	295,517	255,532
Niğde Emlak Konutları	173,182	162,387
Kocaeli Körfezkent Commercial Units	50,171	40,918
Ankara Mühye Emlak Konutları Project	33,079	-
Ayazma Emlak Konutları Project	2,233	1,916
Halkalı Emlak Konutları Project	9,412	-
Hoşdere Hayat Parkı Project	3,350	-
Başakşehir Ayazma 2. Etap Project	-	39,623
Ispartakule 1. Etap 1. Kısım Project	-	458,732
Ispartakule 1. Etap 2. Kısım Project	-	408,117
Nevşehir Emlak Konutları Project	-	225,771
	3,041,572	3,689,638

Completed units	31 March 2019	31 December 2018
Maslak 1453 Project	644.875	654.276
Sarphan Finanspark Project	225.534	225.534
Ispartakule Emlak Konutları	145.202	-
Başakşehir Ayazma Emlak Konutları	88.956	115.630
İstmarina Project	64.847	51.728
Kocaeli Körfezkent Emlak Konutları	56.496	57.058
Nevşehir Emlak Konutları	31.506	-
Başakşehir Emlak Konutları	28.316	29.228
Nidakule Ataşehir Project	24.052	24.052
Esenler Emlak Konutları	19.606	6.895
Dumankaya Miks Projesi	19.330	19.330
Batışehir Project	11.730	11.730
Unikonut Project	9.842	9.411
Avrupa Konutları Başakşehir Project	8.553	8.553
Bahçekent Emlak Konutları	8.445	8.445
Metropol İstanbul Project	7.889	7.889
Bulvar İstanbul Project	3.208	3.208
Park Yaşam Mavişehir Evleri	1.739	1.739
Bahçekent Flora Evleri	1.082	1.082
Other	9.692	16.451
	1.410.900	1.252.239

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NOTE 10 –INVESTMENT PROPERTIES

Investment properties are for rent and sales comparison approach and income methods by discounted cash flows are used as fair value in these valuations and impairment calculations.

The movement of investment property at 31 March 2019 and 2018 are as follows:

	Lands and completed units	Atasehir General Management Office A Block	Total
<u>Cost Value</u>			
Opening balance as of 1 January 2019	352,140	40,922	393,062
Transfers from completed units	11,551	-	11,551
Ending balance as of 31 March 2019	363,691	40,922	404,613
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January 2019	-	2,722	2,722
Charge for the year	-	317	317
Ending balance as of 31 March 2019	-	3,039	3,039
Carrying value as of 31 March 2019	363,691	37,883	401,574
<u>Cost Value</u>			
Opening balance as of 1 January 2018	17,608	40,922	58,530
Purchases (*)	273,532	-	273,532
Ending balance as of 31 March 2018	291,140	40,922	332,062
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January 2018	-	1,247	1,247
Charge for the year	-	491	491
Ending balance as of 31 March 2018	-	1,738	1,738
Carrying value as of 31 March 2018	291,140	39,184	330,324

(*)The Group is made up of independent commercial units purchased in 2018 to earn rental income from the Istmarina shopping center, which was completed within the scope of in “Istanbul Kartal Revenue Sharing Business for Land Sale”.

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NOTE 10 - INVESTMENT PROPERTIES (Continued)

Regarding the measurement of fair values of investment properties at 31 March 2019, the valuation reports are taken from independent valuation CMB authorised firms Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. and Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş. As of 31 December 2018. The fair values of the investment property determined by independent valuation experts are as follows:

	31 March 2019	31 December 2018
Lands, residential and commercial units	143.774	69.800
Atasehir General Management Office A Block	83.524	83.524
Commercial units of Istmarina AVM	272.179	272.179
	499.477	425.503

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

31 March 2019	Buildings	Motor vehicles	Furniture, equipment and fix assets	Construction in progress	Total
Net book value as of 1 January 2019	58,803	550	6,892	97	66,342
Additions	-	-	18	-	18
Depreciation expense(-)	(752)	(76)	(450)	-	(1,278)
Net book value 31 March 2019	58,051	474	6,460	97	65,082
Cost	63,426	2,160	20,228	97	85,911
Accumulated depreciation (-)	(5,375)	(1,686)	(13,768)	-	(20,829)
Net book value 31 March 2019	58,051	474	6,460	97	65,082

31 March 2018	Buildings	Motor vehicles	Furniture, equipment and fix assets	Construction in progress	Total
Net book value as of 1 January 2018	58,504	833	7,427	94	66,858
Additions	-	-	210	3	213
Depreciation expense(-)	(165)	(99)	(721)	-	(985)
Net book value 31 March 2018	58,339	734	6,916	97	66,086
Cost	62,129	2,160	18,071	97	82,457
Accumulated depreciation (-)	(3,790)	(1,426)	(11,155)	-	(16,371)
Net book value 31 March 2018	58,339	734	6,916	97	66,086

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NOTE 12 –PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2019	31 December 2018
Provisions		
Provision for lawsuits	110,520	131,503
	110,520	131,503

The movements of provision for lawsuits as of 31 March 2019 and 2018 are as follows:

	2019	2018
Balance at 1 January	131,534	46,916
Provision released within the current period (Note 18)	(21,014)	-
Provision charged for the period (Note 18)	-	76
Balance at 31 March	110,520	46,992

12.1 Continuing Cases and Provisions

12.1.1 The LSRSA Project Agreement dated 21 December 2005 regarding 750 units in İzmir Mavisehir Upper North Area 2. Phase has been 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 has been transferred to the Group and the remaining part of the project has been completed by another construction group which was assigned in accordance with public tender law. The related units have been completed and are sold by the Group as in Turnkey projects.

The prior 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. The Group and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. The additional report is completed. The court decided to apply secondary expert report as a result of additional report examination on 11 June 2014. The Group filed a lawsuit as well for collecting amount of TL 34,100 without prejudice to further claims as of 7 July 2011.

According to the plaintiff's assertion, the contract of the related project has been terminated unjustly by the Emlak Konut. The contractor firm is subject to compensation case. The claimant increased the value of the case according to the various expert reports and the related case amount increased to TL 65,597. The Group made provision amounting to TL 75,840 from the related case as of 31 March 2019.

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

12.1 Continuing Cases and Provisions (Continued)

12.1.2 Contractor firm filed a lawsuit against the Group claiming compensation because of damage caused by our group in the agreement of The LSRSA Project regarding İstanbul Bakırköy, 51/4 section 257 zone 33 & 38 parcels. the requested case has been concluding against the Group by the local court and the judgment of the Court of Cassation is dismissed in favor of the Group and the decision of the local court is expected. The Group made provision amounting to TL 20,521 from the related case as of 31 March 2019.

12.1.3 Plaintiff contractor firm filed a lawsuit against the Group claiming compensation because of receivables, cancellation of title deed, registration. The decision of the contractor to unjustly terminate the contract has been finalized. Lawsuits filed by the group, amounting to TL 6.681, have been partially accepted and the trial has been appealed The Group made provision amounting to TL 6,860 from the related case as of 31 March 2019.

12.2 Contingent Liabilities of Group

In the financial statements prepared as of 31 March 2019, 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 2019 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 The LSRSA project agreement regarding İzmir Mavisehir Upper North Area 3. Phase has been signed on 19 December 2005 and following almost all the contractual obligations have been performed by the parties, the Contractor filed a lawsuit against the Group claiming that the agreement conditions should be revised considering the changing conditions. The Contractor wants all the agreement provisions to be cancelled except for the provisions where the Group's revenue portion is TL 67,515 plus VAT calculated as TL 175,000 plus VAT total project revenue times 38.58% Group's revenue portion. The Contractor wants all the properties and related land portion to be valued by an independent valuation group as of the date of the lawsuit and that 38.58% of the total value to be appropriated to the Group and the remaining 61.42% of the total value to be appropriated to the Contractor.

The court rejected the case on 5 March 2015. The claimant has filed an appeal. The result of appeal is being waited. As a result of the appeal the court's verdict was approved from the supreme court.

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

12.2 Contingent Liabilities of Emlak Konut GYO (Continued)

12.2.2 Contractor firm filed a lawsuit against the Group claiming compensation amounting to 21.690 TL. The court decided to accept the case. The decision of the local court was corrupted by the Court of Cassation in favor of Emlak Konut GYO. The correctness of the decision is expected. According to comments received from the Group’s lawyer, it is not expected to arise any liability that put the Group under obligation as a result of related case as of 31 March 2019.

12.2.3 Contractor of İzmir Mavisehir Upper North Area 2. Phase LSRSA Project, the contractor was filed a lawsuit for assignment that the claimant has given. The case is proceeding and According to comments received from the Group’s lawyer, it is not expected to arise any liability that put the Group under obligation as a result of related case.

12.2.4 In terms of the assignment given by the Istanbul Ümraniye Phase 1 LSRSA contractor, ordinary partnership received amount of TL 46,000 from Şekerbank T.A.Ş. according to the contract with Emlak Konut GYO. Şekerbank T.A.Ş. claiming that the amount of TL 34,134 has not been paid unjustly to the transferring entity. The plaintiff requested that the mortgage be put on a part of the immovable subject matter in order to constitute the guarantee of taking the case. The trial is ongoing.

12.3 Contingent Assets of Group

12.3.1 As of 31 March 2019 and 31 December 2018, the breakdown of nominal trade receivables resulted from the residential and commercial unit sales and the expected timing of the nominal installments not due or not collected that are not included in the balance sheet as TFRS 15 criteria has not been met since the construction is still ongoing or the construction has been completed but the units have not been delivered in accordance with pre-sales contract:

31 March 2019	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,283,021	676,544	1,959,565
2 year	397,839	402,125	799,964
3 year	354,604	257,921	612,525
4 year	318,761	163,150	481,911
5 year and above	1,049,813	1,337,772	2,387,585
	3,404,038	2,837,512	6,241,550

31 December 2018	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	649,874	1,078,613	1,728,487
2 year	397,839	873,235	1,271,074
3 year	354,604	494,918	849,522
4 year	318,761	381,373	700,134
5 year and above	1,107,296	1,576,903	2,684,199
	2,828,374	4,405,042	7,233,416

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NOTE 13 - OTHER ASSETS AND LIABILITIES

	31 March 2019	31 December 2018
Other current assets		
Progress payments given to contractors	183.650	160.128
Accrued income	8.261	114.049
Receivables from tax office	19.191	17.703
Deferred VAT	551	9.219
Deposits and guarantees	13.762	130
Other	380	490
	225.795	301.719

	31 March 2019	31 December 2018
Other non-current assets		
Deferred VAT	248.277	231.222
Deposits and guarantees	-	215
	248.277	231.437

NOTE 14 - DEFERRED INCOME AND PREPAID EXPENSES

	31 March 2019	31 December 2018
Short-term deferred income		
Deferred income from LSRSA projects (*)	2,186,289	2,142,368
Advances taken from LSRSA contractors (**)	1,161,133	688,925
Advances taken from turnkey project sales	103,870	1,074,907
Alienable deferred incomes (***)	280,143	336,000
Deferred income from sales of completed units	1,025,212	597,365
Advances taken from related parties (Note 21)	64,732	64,732
	4,821,379	4,904,297

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

(**) In certain LSRSA projects, the Group collects a certain portion of the total Group revenue from the project before signing the agreement with the contractor

(***)The Group is obliged to collect cash by assigning a certain portion of its receivables arising from term sales that it has realized as "irrevocable recourse".

	31 March 2019	31 December 2018
Prepaid expenses		
Advances given for inventory (*)	1,465,057	1,466,470
Prepaid expenses	782	1,019
	1,465,839	1,467,489

(*) A protocol has been signed between the Group and the Tariş Cooperative Associations to develop revenue sharing project on a total of 143,366-m2 land, which is belonging to the Tariş Cooperative Unions, located within the boundaries of Kurukay / Umurbey, Konak district of İzmir. The Group has provided an advance of stock amounting to TL 453,023. The Group has also provided a stock advance of 612,711 TL to the contractors for the houses and commercial units they have received from Ankara Yeninahalle Station and Büyükyalı projects.

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NOTE 15 - SHAREHOLDERS’ EQUITY

The Group’s authorized capital amount is TL 3,800,000 (31 December 2018: TL 3,800,000) and consists of 380,000,000,000 (31 December 2018: 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 2019 and 31 December 2018 is as follows:

Shareholders	31 March 2019		31 December 2018	
	Share (%)	TL	Share (%)	TL
Public offering portion	50,66	1,925,111	50,66	1,925,111
T.C. Toplu Konut İdaresi Başkanlığı "TOKİ"	49,34	1,874,831	49,34	1,874,831
HAS beneficiaries	0,00	56	0,00	56
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 Allocated 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” 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 line 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.

Between 1 November 2017 and 17 November 2017, The Group has repurchased 8,309,000 numbers of shares with nominal value between full TL 2.55 and full TL 2.70 and total amounting to full TL 21,623,770). Shares average purchase price is TL 2.60 and as a result of the purchases, between 23 December 2013 and 17 November 2017 the ratio of the shares that have been bought back to the total shares lot is 3.38%.

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NOTE 16 - REVENUE AND COST OF SALES

	1 January- 31 March 2019	1 January- 31 March 2018
Sales income		
Land sales	209.150	1.277.923
<i>Income from sale of land and plots by way of LSRSA</i>	<i>66.777</i>	<i>1.277.923</i>
<i>Land sales income</i>	<i>142.373</i>	-
Residential and commercial units sales	1.026.445	158.034
Other Income	5.050	1.084
	1.240.645	1.437.041
Sales returns	(483)	(926)
Sales discounts	-	(733)
Net satış gelirleri	1.240.162	1.435.382
Cost of sales		
Cost of land sales	(200.653)	(415.411)
<i>Cost of land and plots sold by way of LSRSA</i>	<i>(59.665)</i>	<i>(415.411)</i>
<i>Cost of land sales</i>	<i>(140.988)</i>	-
Cost of residential and commercial units sales	(983.986)	(121.635)
	(1.184.639)	(537.046)
Gross profit	55.523	898.336

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 March 2019	1 January- 31 March 2018
General administrative expenses		
Personnel expenses	(26.010)	(15.251)
Taxes, duties and fees	(11.032)	(9.091)
Consultancy expenses	(4.373)	(3.100)
Information technology expenses	(3.064)	(3.375)
Depreciation and amortisation	(1.889)	(1.790)
Travel expenses	(1.851)	(1.739)
Due and contribution expenses	(3.731)	(547)
Lawsuit and notary expenses	(228)	(117)
Maintenance	(508)	(702)
Insurance expenses	(204)	(117)
Communication	(170)	(91)
Donations	-	(155)
Other	(7.023)	(4.340)
	(60.083)	(40.415)

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**NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES
(Continued)**

	1 January- 31 March 2019	1 January- 31 March 2018
Marketing, sales and distribution expenses		
Advertising expenses	(11.037)	(11.444)
Personnel expenses	(2.011)	(947)
Office expenses	(1)	(120)
Notary expenses	(26)	(17)
Other	(2.094)	(1.188)
	(15.169)	(13.716)

NOTE 18- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 March 2019	1 January- 31 March 2018
Other income from operating activities		
Finance income from credit sales	91.815	110.309
Released lawsuit provisions (Note 12)	21.014	-
Not realized finance income	20.709	-
Delay penalty interest from project contractors	19.042	39.180
Recirculate commission income	8.983	6.628
Income from gas and dues	3.548	514
Impairment provision reversals (Note 9)	1.795	1.180
Income from tender contract sales	-	125
Other	14.328	4.029
	181.234	161.965

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**NOTE 18 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES
(Continued)**

	1 January- 31 March 2019	1 January- 31 March 2018
Other expenses from operating activities		
Home and land inventories impairment provision expenses (Note 9)	(20,915)	(8,810)
Cash and cash equivalents impairment provision expenses	(2,556)	-
Lawsuit provision charge for the period (Note 12)	-	(76)
Investment properties impairment provision expenses	-	(23,333)
Other	(5,091)	(498)
	(28,562)	(32,717)

NOTE 19 - FINANCIAL INCOME / EXPENSES

	1 January- 31 March 2019	1 January- 31 March 2018
Financial income		
Interest income from time deposits	16,726	20,639
Interest income from TOKI	41,498	-
Foreign exchange income	12	7
	58,236	20,646

	1 January- 31 March 2019	1 January- 31 March 2018
Financial expenses		
Loan interest expense	(102,559)	(58,460)
Assigned receivables and commission expense	(2,941)	(44,438)
Interest discount on pay off debt	(35,426)	(745)
Interest expense on payable to TOKI	-	(23,065)
Foreign exchange loss	(43)	(214)
	(140,969)	(126,922)

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NOTE 20 – TAXATION ON INCOME (DEFERRED TAX AND LIABILITIES INCLUDED)

	31 March	31 December
	2019	2018
Current tax assets		
Prepaid taxes and funds	-	3,052
	-	-

Corporate Tax

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law after the Real Estate Investment Group (“REIC”) conversion on 22 June 2002 and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the REICs are subject to withholding taxes. According to the Council of Ministers Decision, No: 93/5148, the withholding tax rate is determined as "0". The Company’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 investment incentives utilized.

The effective tax rate in 2019 is 22% (2018: 22%) for the Group.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 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 between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2018: 22%).

In Turkey, the companies cannot declare a consolidated 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 – TAXATION ON INCOME (DEFERRED TAX AND LIABILITIES INCLUDED)
(Continued)**

<u>Deferred tax (assets)/liabilities:</u>	31 March 2019	31 December 2018
Fair value adjustment to inventories due to purchase accounting	62,157	62,157
Carry forward tax loss effect	(5,864)	-
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(191)	(160)
Provision for employment termination benefits	(687)	(222)
Provision for lawsuits	-	(6)
	<u>55,415</u>	<u>(388)</u>

Movement of deferred tax (assets)/liabilities for years ended 31 March 2019 and 2018 are as follows:

<u>Movement of deferred tax (assets)/liabilities:</u>	1 January- 31 March 2019	1 January- 31 March 2018
Opening balance as of 1 January	(61,769)	-
Charged to income	6,354	-
Closing balance at 31 March	<u>(55,415)</u>	<u>-</u>

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

<u>Reconciliation of tax provision</u>	1 January- 31 December 2019	1 January- 31 December 2018
Profit from continuing operations	47,570	867,259
Profit from operations before tax	<u>47,570</u>	<u>867,259</u>
Tax at the domestic income tax rate 2019: %22 (2018: %22)	10,465	190,797
Tax effects of:		
- revenue that is exempt from taxation	(10,533)	(190,797)
- previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	5,984	-
- other	438	-
Income tax expense recognised in profit or loss	<u>6,354</u>	<u>-</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 control of T.C. 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 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

According to the revised TAS 24 – “Related Parties Transactions Standard”, exemptions have been brought to the disclosure requirements of balances. 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 Turkish Treasury.

- Balances and transactions with respect to Turkish Treasury are detailed in Note 4, 5 and 8.
- The Group mostly deposits its cash in State Banks in compliance with its related statute. The bank balances with state banks amounted to TL 358,405 as of 31 March 2019 (31 December 2018: TL 219,689) Average effective interest rates of time deposits of the Group as of 31 March 2019 are explained in Note 4.

	31 March 2019	31 December 2018
Trade receivables from related parties		
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	3,644	3,797
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş	5,577	5,577
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	1,336	1,337
Bio İstanbul Prj. Geliştirme ve Yatırım A.Ş.	-	1,002
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	805
Gedaş Gayrimenkul Değerleme A.Ş.	-	103
	10,557	12,621

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NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

	31 March 2019	31 December 2018
Short-term other receivables from related parties		
Emlak Pazarlama Fideltus Öztaş Adi Ortaklığı	8,746	5,161
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	145	145
Gedaş Gayrimenkul Değerleme A.Ş.	448	448
	9,339	5,754

	31 March 2019	31 December 2018
Long-term other receivables from related parties		
Bio İstanbul Prj. Geliştirme ve Yatırım A.Ş.	21,570	19,802
	21,570	19,802

	31 March 2019	31 December 2018
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	14,473	68,661
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	1,323	1,324
	15,796	69,985

(*) The Group has purchased various lands from its ultimate parent group (TOKİ). The remaining payable from this purchases to TOKİ is amounting to TL 14,473 (31 December 2018: TL 68,661).

	31 March 2019	31 December 2018
Advances received from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G. (*)	64,732	64,732
	64,732	64,732

(*) Represents the initial collections made from LSRSA projects, where the Group collects a predetermined portion of the total sales amount in line with the agreements.

	1 January- 31 March 2019	1 January- 31 March 2018
Purchases from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	280,902	12,058
Emlak Planlama İnş. Prj. Yön. A.Ş. - Emlak Basın Yayın A.Ş.	-	286
	280,902	12,344

	1 January- 31 March 2019	1 January- 31 March 2018
Finance expense from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	23,065
	-	23,065

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 income from time deposit of Emlak Konut in the name of TOKİ are net off from Interest income from time deposits in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

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

NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

	1 January- 31 March 2019	1 January- 31 March 2018
Sales to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	70,360	-
	70,360	-

In the Group, the chair of the Board of Directors, members of Board of Directors, Audit Committee members, General Manager, Assistant General Managers and General Manager consultant and other decision makers who are in charge to manage the operations are assumed as key management. Short-term benefits given to Key management are stated below:

	1 January- 31 March 2019	1 January- 31 March 2018
Remuneration of key management		
Salaries and other short-term employee benefits	1,436	1,296
	1,436	1,296

NOTE 22 - COMMITMENTS

The mortgage and guarantees received of the Group as of 31 March 2019 and 31 December 2018 are explained below;

	31 March 2019	31 December 2018
Guarantees received (*)	2,442,769	3,086,456
Mortgages received (**)	78,342	78,342
	2,521,111	3,164,798

(*) Guarantees received consist of accurate and temporary guarantees given by contractors for construction projects during the tendering process.

(**) Mortgages taken consist of mortgaged independent sections and land which sold but not yet collected.

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NOTE 22 - COMMITMENTS (Continued)

The collaterals, pledges and mortgages (“CPM”) of the Group as of 31 March 2019 and 31 December 2018 are explained below;

	31 March 2019	31 December 2018
A. CPM given on behalf of the Company's legal personality	60,191	61,802
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	-	-
	60,191	61,802

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

On 9 April 2019, the Company issued lease certificates TL 150,000 worth and maturity date of 6 August 2019 TL 150,000 worth maturity date of 30 July 2019 on 30 April 2019 and maturity dated 3 September 2019 on 7 May 2019.

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

	Non-Consolidated (Individual) Financial Statements		Current Period	Prior Period
	Main Account Items	Related Regulation	31 March 2019	31 December 2018
			(TL)	(TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	448,965	591,401
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	14,803,634	13,802,092
C	Affiliates	Series:III-No:48, Art,24/(b)	288,000.00	-
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		7,411,204	5,835,971
D	Total Assets	Series:III-No:48, Art,3/(k)	22,951,803	20,229,464
E	Financial Liabilities	Series:III-No:48, Art,31	4,049,860	2,414,672
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	13,134,619	12,465,519
	Other Resources		5,767,324	5,743,469
D	Total Resources	Series:III-No:48, Art,3/(k)	22,951,803	20,623,660
	Non-Consolidated (Individual) Financial Statements		Current Period	Prior Period
	Other Account Items	Related Regulation	31 March 2019	31 December 2018
			(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)	448,965	0
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	403,485	385,081
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)	654,626	330,670
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	288,000	-
J	Non-cash Loans	Series:III-No:48, Art,31	53,011	56,397
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 2019 (%)	31 December 2018 (%)	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	70	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1.25	8	<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	2	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	0.01	-	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	31	3	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	-	-	<10%

The information in the table of control of compliance with the portfolio limitations', in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Group" published in official gazette no 28660 on 28 May 2013.

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