

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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 31 MARCH 2021 AND 31 DECEMBER 2020

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

		<i>Not Reviewed</i>	<i>Audited</i>
	Notes	31 March 2021	31 December 2020
ASSETS			
Current assets			
		23,726,492	22,740,934
Cash and cash equivalents	4	1,745,151	1,951,089
Financial investments	5	1,161	306,015
Trade receivables	7	3,014,299	2,483,657
<i>Trade receivables due from related parties</i>	20	8,039	50,509
<i>Trade receivables due from third parties</i>		3,006,260	2,433,148
Other receivables	8	947,175	922,557
<i>Other receivables due from third parties</i>		947,175	922,557
Inventories	9	16,121,608	15,192,343
Prepaid expenses	14	1,639,224	1,632,900
Other current assets	13	257,874	252,373
Non-current assets			
		4,603,177	4,937,659
Trade receivables	7	3,266,978	3,711,004
<i>Trade receivables due from third parties</i>		3,266,978	3,711,004
Other receivables	8	1,014	1,014
Financial investments	5	385,537	373,037
<i>Investments in subsidiaries, joint operations and associates</i>		385,537	373,037
Investment properties	10	871,804	772,076
Property, plant and equipment	11	73,651	72,385
Intangible assets		4,193	3,760
Other non-current assets	13	-	4,383
Total assets			
		28,329,669	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 31 MARCH 2021 VE 31 DECEMBER 2020**

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

		<i>Not Reviewed</i>	<i>Audited</i>
	Notes	31 March 2021	31 December 2020
LIABILITIES AND EQUITY			
Current liabilities		11,140,610	10,152,862
Short-term borrowings	6	612,791	479,031
Short-term portions of long-term borrowings	6	1,725,824	1,599,188
Trade payables	7	2,819,374	2,469,125
<i>Trade payables due to related parties</i>	20	2,004,404	1,280,864
<i>Trade payables due to third parties</i>		814,970	1,188,261
Other payables	8	578,886	586,848
<i>Other payables to third parties</i>		578,886	586,848
Deferred income	14	5,263,485	4,879,623
<i>Deferred income from third parties</i>		5,263,485	4,879,623
Short-term provisions		140,250	139,047
<i>Short-term provisions for employee benefits</i>		12,484	13,090
<i>Other short-term provisions</i>	12	127,766	125,957
Non-current liabilities		2,424,866	3,003,235
Long-term borrowings	6	2,353,017	2,931,094
Trade payables		2,147	28
Other payables		53,071	56,520
Deferred income		4,738	4,738
Long-term provisions		11,893	10,855
<i>Long-term provisions for employee benefits</i>		11,893	10,855
Shareholders' equity		14,764,193	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		753,071	753,071
Prior years' profits		7,898,803	7,039,132
Net profit for the period		241,697	859,671
Total liabilities and equity		28,329,669	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 INTERIM PERIODS ENDED 31 MARCH 2021 AND 2020

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

		<i>Not Reviewed</i> 1 January- 31 March 2021	<i>Not Reviewed</i> 1 January- 31 March 2020
	Notes		
Profit or loss			
Revenue	16	798,184	686,839
Cost of sales (-)	16	(487,967)	(402,738)
Gross profit		310,217	284,101
General administrative expenses (-)	17	(68,455)	(49,223)
Marketing expenses (-)	17	(12,838)	(11,779)
Other income from operating activities	18	106,277	148,917
Other expenses from operating activities (-)	18	(24,538)	(130,543)
Operating profit		310,663	241,473
Income from investing activities		2,624	3
Operating profit before financial income / (expense)		313,287	241,476
Financial income	19	49,022	27,353
Financial expenses (-)	19	(120,612)	(139,005)
Profit / (loss) for the period		241,697	129,824
Total comprehensive income / (expense)		241,697	129,824
Earnings per share (in full TL)		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 INTERIM PERIODS ENDED 31 MARCH 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 Profit or Loss	Retained Earnings		Total equity
						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	-	-	-	-	-	-	129,824	129,824
31 March 2020	3,800,000	(296,231)	2,366,895	721,110	(42)	7,144,939	129,824	13,866,495
1 January 2021	3,800,000	(296,231)	2,366,895	753,071	(42)	7,039,132	859,671	14,522,496
Transfers	-	-	-	-	-	859,671	(859,671)	-
Total comprehensive income	-	-	-	-	-	-	241,697	241,697
31 March 2021	3,800,000	(296,231)	2,366,895	753,071	(42)	7,898,803	241,697	14,764,193

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 INTERIM PERIODS ENDED 31 MARCH 2021 AND 2020

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

	Notes	1 January- 31 March 2021	1 January- 31 March 2020
Cash flows from operating activities			
Profit for the period		241,697	129,824
Adjustments related to reconcile of profit for the period			
Adjustments related to depreciation and amortization expenses	17, 18	8,971	15,200
Adjustments related to (reversal of) impairments		(16,851)	91,104
<i>Adjustments related to impairment loss (reversal of) of inventories</i>	9	(16,851)	91,104
Adjustments related to provisions		6,995	7,650
<i>Adjustments related to (reversal of) provisions related with employee benefits</i>		5,344	(981)
<i>Adjustments related to (reversal of) lawsuit and/or penalty provisions</i>	12	1,809	2,924
<i>Adjustments related to (reversal of) provisions for possible risks</i>	18	(158)	5,707
Adjustments related to interest (income) and expenses		245	16,421
<i>Adjustments related to interest income</i>	18, 19	(120,336)	(122,578)
<i>Adjustments related to interest expense</i>	19	120,581	138,999
Net cash from operations before changes in assets and liabilities		241,057	260,199
Changes in net working capital:			
Adjustments related to (increase) / decrease in trade receivables		(188,332)	569,053
<i>Decrease (increase) in trade receivables from related parties</i>		42,470	923
<i>Decrease (Increase) in trade receivables from third parties</i>		(230,802)	568,130
Adjustments related to decrease/(increase) in inventories		(128,382)	(361,032)
Adjustments related to increase/(decrease) in trade payables		(432,636)	197,542
<i>Increase (decrease) in trade payables to related parties</i>		(61,464)	(17,963)
<i>Increase (decrease) in trade payables to third parties</i>		(371,172)	215,505
Adjustments related to (decrease) in other receivables from operating activities		(32,188)	(130,657)
Adjustments related to increase (decrease) in other payables from operating activities		427,509	(309,687)
Other adjustments related to other increase in working capital		205,579	32,604
Net cash flows from operating activities			
Interest received		63,985	19,646
Payments related with provisions for employee benefits		(455)	-
Tax payments		(55,058)	(34,657)
Cash flows from operating activities		101,079	243,011
Cash flows from investing activities			
Cash outflows used in obtaining control of subsidiaries or other businesses	5	(12,500)	-
Purchases of investment properties, property, plant and equipment and intangible assets		(3,457)	(1,369)
Interest received		2,624	3
Returns of financial assets		304,764	-
Other cash inflows (outflows)		(2,898)	5,530
Cash flows from investing activities		288,533	4,164
Cash flows from financing activities			
Payments for acquisition of treasury shares	15	-	(11,751)
Proceeds from borrowings		597,000	2,048,240
<i>Proceeds from loans</i>		200,000	1,498,240
<i>Proceeds from issue of debt instruments</i>		397,000	550,000
Repayments of borrowings		(848,281)	(1,427,469)
<i>Loan repayments</i>		(398,281)	(877,469)
<i>Payments of issued debt instruments</i>		(450,000)	(550,000)
Interest paid		(186,298)	(121,951)
Interest received		45,296	28,312
Cash flow from financing activities		(392,283)	515,381
Net (decrease) increase in cash and cash equivalents		(2,671)	762,556
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	1,064,807	1,157,775

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 31 MARCH 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 31 March 2021, the number of employees of the Company is 403 (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 31 March 2021 have been approved by the Board of Directors on 10 May 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 31 MARCH 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 accompanying standalone financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) which is published on Official Gazette numbered 28676 dated 13 June 2013 and Turkish Financial Reporting Standards and appendices and interpretations related to them adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) have been taken as basis. TFRS is updated through communiqués in order to comply with the changes in the International Financial Reporting Standards (IFRS).

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

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 31 MARCH 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.

2.3. Conformity with the Portfolio Limitations

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

NOTE 3 – ACCOUNTING POLICIES

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

3.1 New and Revised Turkish Financial Reporting Standards

- a) Amendments and interpretations mandatorily effective as of 2021

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

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

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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

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>

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 .

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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 3 *Reference to the Conceptual Framework* (Continued)

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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)

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

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.

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

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

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

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

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

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

The 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 31 MARCH 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash on hand	33	-
Banks	1,696,318	1,899,956
- Demand deposit	4,213	22,033
- Time deposits with maturities less than 3 months	1,692,105	1,877,923
Other cash and cash equivalents	48,800	51,133
	1,745,151	1,951,089

Maturities of cash and cash flows are as follows:

	31 March 2021	31 December 2020
Demand	4,213	22,033
Up to 3 month	1,692,105	1,877,923
Less: Blocked deposits with maturities less than 3 months	(19)	(201)
	1,696,299	1,899,755

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

	31 March 2021	31 December 2020
	(%)	(%)
	17.96%	17.62%

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

	31 March 2021	31 December 2020
Cash and cash equivalents	1,745,151	1,951,089
Less: Interest accruals on deposits	(2,770)	(557)
Less: LSRSA project deposits (*)	(417,113)	(741,280)
Less: T.C. Çevre ve Şehircilik Bakanlığı deposits (**)	(49,820)	(144,625)
Less: T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	(213,393)	-
Less: Blocked deposits with maturities less than 3 months	(19)	(77)
Add: the effect of provisions released under TFRS 9	2,771	2,928
	1,064,807	1,067,478

(*) 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. There is no blocked deposit (31 December 2020: TL 124) of the deposits of the project accounts amounting TL 417,113 (31 December 2020: TL 741,280) consists of blocked deposits of the projects.

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 5 – FINANCIAL INVESTMENTS

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

(*) The Company 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 123 (31 December 2020: TL 184), the Company portion is TL 59 (31 December 2020: TL 88).

Subsidiaries

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

	31 March 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	12,500	-	-
Total		385,500		373,000

Interests in joint ventures

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

	31 March 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
İstmarina AVM Adi Ortaklığı	40	-	40	-
Büyükyalı 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 31 MARCH 2021

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

NOTE 6 – FINANCIAL LIABILITIES

	31 March 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	1,725,824	1,599,188
	2,338,615	2,078,219

	31 March 2021	31 December 2020
Long-term financial liabilities		
Long-term borrowings	2,353,017	2,931,094
	2,353,017	2,931,094

Borrowings used as of 31 March 2021 are denominated in TL and the weighted average interest rate is 11.42% (31 December 2020: 10.66%).

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

	31 March 2021	31 December 2020
2022	445,697	1,036,705
2023	743,076	735,390
2024	808,538	802,361
2025	355,706	356,638
	2,353,017	2,931,094

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

	31 March 2021	31 December 2020
Less than 3 months	785,084	397,368
Between 3 - 12 months	1,140,954	1,205,320
Between 1 - 5 years	2,353,017	2,931,094
	4,279,055	4,533,782

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

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Short-term trade receivables		
Receivables from contractors of the lands invoiced under LSRSA	1,510,950	1,470,439
Receivables from sale of residential and commercial units	1,130,539	618,468
Receivables from land sales	399,954	364,721
Receivables from related parties (Note 20)	8,039	50,509
Receivables from lessees	4,736	5,113
Other	11,972	12,431
Unearned finance income	(51,891)	(38,024)
	3,014,299	2,483,657
Doubtful receivables	1,837	1,837
Less: Provision for doubtful receivables	(1,837)	(1,837)
	3,014,299	2,483,657

	31 March 2021	31 December 2020
Long-term trade receivables		
Receivables from sale of residential and commercial units	3,709,720	4,032,430
Receivables from land sales	147,615	227,084
Unearned finance income	(590,357)	(548,510)
	3,266,978	3,711,004

	31 March 2021	31 December 2020
Short-term trade payables		
Payables to related parties (Note 20)	2,004,404	1,280,864
Payables to contractors according to revenue sharing basis	546,962	857,840
Trade payables	208,496	283,037
Interest accruals on time deposits of contractors (*)	59,512	47,384
	2,819,374	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 31 MARCH 2021

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	31 March 2021	31 December 2020
Short-term other receivables		
Advances given to contractor firms	500,916	495,498
Housing Acquisition Support (“HAS”) receivables from the Turkish Treasury	402,527	402,527
Receivables from the authorities	43,477	24,274
Other	255	258
	947,175	922,557

	31 March 2021	31 December 2020
Long-term other receivables		
Deposits and guarantees given	1,014	1,014
	1,014	1,014

	31 March 2021	31 December 2020
Short-term other payables		
Payables to HAS beneficiaries	402,713	402,713
Payables to contractors (*)	88,752	88,752
Taxes and funds payable	28,603	26,434
Other	58,818	68,949
	578,886	586,848

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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 31 March 2021 and 2020 are as follows:

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 9 – INVENTORIES

	31 March 2021	31 December 2020
Lands	6,531,608	5,679,347
<i>Cost</i>	6,570,250	5,718,337
<i>Impairment</i>	(38,642)	(38,990)
Planned land by LSRSA	4,359,882	4,423,215
Planned land by turnkey project	3,625,786	3,393,209
Residential and commercial units ready for sale	1,604,332	1,696,572
<i>Cost</i>	1,788,850	1,897,593
<i>Impairment</i>	(184,518)	(201,021)
	16,121,608	15,192,343

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

The movements of impairment on inventories are as follows:

	2021	2020
Opening balance at 1 January	240,011	291,887
Impairment on inventories within the current period (Note 18)	12,974	108,671
Reversal of impairment on inventories within the current period (Note 18)	(29,825)	(17,567)
Closing balance at 31 March	223,160	382,991

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 9 – INVENTORIES (Continued)

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

Lands	31 March 2021	31 December 2020
İstanbul Çekmeköy Lands	1,927,872	990,043
İstanbul Avcılar Lands	1,420,003	1,420,000
İstanbul Küçükçekmece Lands	1,114,208	1,113,989
İstanbul Kartal Lands	549,008	532,565
İstanbul Sarıyer Lands	410,141	410,094
İstanbul Beşiktaş Lands	256,965	325,161
İstanbul Başakşehir Lands	239,077	271,465
İstanbul Arnavutköy Lands	171,408	170,581
İstanbul Eyüp Lands	168,485	168,485
İstanbul Ataşehir Lands	100,238	100,238
İstanbul Zekeriyaköy Lands	52,940	52,940
Ankara Çankaya Lands	51,173	51,173
İstanbul Esenyurt Lands	36,654	39,178
İzmir Konak Umurbey Lands	13,030	13,030
Kocaeli Lands	8,278	8,278
Tekirdağ Çorlu Lands	6,153	6,153
Maltepe Küçükyalı Lands	3,010	3,010
İstanbul Umraniye Lands	1,844	1,844
Tekirdağ Kapaklı Lands	1,058	1,058
Other	63	62
	6,531,608	5,679,347

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 9 - INVENTORIES (Continued)

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

Planned lands by turnkey project	31 March 2021	31 December 2020
Küçükçekmece Bizim Mahalle Project	957,530	926,609
Zekeriyaköy Emlak Konutları Project	674,618	586,733
Halkalı Emlak Konutları Project	594,719	544,523
Florya Evleri Project	439,173	416,258
Yeniköy Konakları	387,782	352,370
Hoşdere 6.Etap Projesi	375,829	497,253
Hoşdere Toplu Konut 2. Etap Project	83,005	-
Ankara Saraçoğlu Project	52,617	27,806
Ümraniye Kentsel Dönüşüm Project	43,406	39,261
Merkez Ankara Project	17,107	-
Hoşdere Hayat Parkı Project	-	2,396
	3,625,786	3,393,209

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 9 - INVENTORIES (Continued)

Residential and commercial units completed	31 March 2021	31 December 2020
Maslak 1453 Project	433,880	462,675
Kuzey Yakası Project	288,532	290,132
Gebze Emlak Konutları	178,767	192,509
Sarphan Finanspark Project	156,525	185,738
Başkent Emlak Konutları Project	135,158	187,425
Büyükyalı Project	89,945	56,241
Karat 34 Project	78,592	78,592
Semt Bahçekent Project	31,998	-
Kocaeli Körfezkent Emlak Konutları	25,391	28,604
Koordinat Çayyolu Project	24,774	19,352
Niğde Emlak Konutları	20,799	21,230
İstmarina Project	20,181	47,327
Tual Bahçekent Project	19,967	19,967
Evora Denizli Project	17,770	17,770
Unikonut Project	17,382	4,838
Nidakule Ataşehir Project	16,597	16,597
Dumankaya Miks Project	12,052	12,209
Göl Panorama Project	7,832	7,832
Ispartakule Emlak Konutları	5,452	9,477
Tual Adalar Project	4,633	6,958
Temaşehir Project	3,512	3,512
Metropol İstanbul Project	3,448	3,448
Nevşehir Emlak Konutları	2,972	2,972
Başakşehir Ayazma Emlak Konutları	2,299	2,299
Esenler Emlak Konutları	1,488	1,999
Bulvar İstanbul Project	723	1,383
Bahçekent Emlak Konutları 1.Etap 3.Kısım	213	584
Batışehir Project	-	8,282
Bahçekent Flora Evleri	-	2,553
Other	3,450	4,067
	1,604,332	1,696,572

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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 peer comparison and income reduction. As of 31 March 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 31 December 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	14,717	-	14,717
Closing balance as of 31 March 2021	879,953	40,922	920,875

Accumulated Depreciation

Opening balance as of 1 January 2021	37,343	5,672	43,015
Charge for the period	5,739	317	6,056
Closing balance as of 31 March 2021	43,082	5,989	49,071
Carrying value as of 31 March 2021	836,871	34,933	871,804

	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
Closing balance as of 31 March 2020	482,218	40,922	523,140

Accumulated Depreciation

Opening balance as of 1 January 2020	19,289	4,197	23,486
Charge for the period	11,346	317	11,663
Closing balance as of 31 March 2020	30,635	4,514	35,149
Carrying value as of 31 March 2020	451,583	36,408	487,991

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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., valuation firms authorized by CMB, have been taken into consideration when determining the fair values of investment properties as of 31 December 2020. The fair values of the investment property determined by independent valuation experts are as follows:

	31 March 2021	31 December 2020
Lands, residential and commercial units	611,898	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	-
	1,128,251	1,038,293

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

31 March 2021	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2021	65,299	1,218	5,771	97	72,385
Additions	2,149	432	343	-	2,924
Depreciation expense (-)	(615)	(308)	(735)	-	(1,658)
Net carrying value 31 March 2021	66,833	1,342	5,379	97	73,651
Cost	77,265	4,355	25,214	97	106,931
Accumulated depreciation (-)	(10,432)	(3,013)	(19,835)	-	(33,280)
Net carrying value 31 March 2021	66,833	1,342	5,379	97	73,651

31 March 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	-	-	1,369	-	1,369
Depreciation expense (-)	(539)	(77)	(720)	-	(1,336)
Net carrying value 31 March 2020	59,766	165	5,375	97	65,403
Cost	67,662	2,160	21,495	97	91,414
Accumulated depreciation (-)	(7,896)	(1,995)	(16,120)	-	(26,011)
Net carrying value 31 March 2020	59,766	165	5,375	97	65,403

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

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

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Provisions		
Provision for lawsuits	127,766	125,957
	127,766	125,957

According to the opinions of the Company's lawyers, provisions amounting to TL 127,766 have been made as of 31 March 2021 (31 December 2020: TL 125,957). As of 31 March 2021, there are 37 cases of defect, 13 cases of loss of rent, 13 cases of cancellation of title deeds and registration, 5 cases of business and 40 other cases. The amount of risk arising from the total possible cash outflow is TL 268,410 and the lawsuits are still pending (31 December 2020: TL 262,945). The movements of provision for lawsuits as of 31 March 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)	1,809	2,924
Closing balance at 31 March	127,766	113,165

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. The Company made provision amounting to TL 93,608 as of 31 March 2021.

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

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

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 7,141 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 31 March 2021 a provision amounting to TL 7,644 has been made.

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

12.2 Contingent Liabilities of Emlak Konut

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

12.3 Contingent Assets of Emlak Konut

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

31 March 2021	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,530,493	1,442,284	2,972,777
2 year	897,383	1,419,570	2,316,953
3 year	630,712	735,830	1,366,542
4 year	505,062	397,989	903,051
5 year and above	1,824,178	958,468	2,782,646
	5,387,828	4,954,141	10,341,969

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	2,363,227	979,553	3,342,780
	5,242,702	4,967,643	10,210,345

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 13 – OTHER ASSETS

	31 March 2021	31 December 2020
Other current assets		
Progress payments to contractors	157,194	156,642
Income accruals	7,975	25,764
Receivables from tax office	2,705	19,576
Deferred VAT	90,000	50,391
	257,874	252,373

	31 March 2021	31 December 2020
Other non-current assets		
Deferred VAT	-	4,383
	-	4,383

NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES

	31 March 2021	31 December 2020
Short-term deferred income		
Deferred income from LSRSA projects (*)	2,564,233	2,485,417
Advances taken from turnkey project sales	1,740,254	1,526,188
Advances taken from LSRSA contractors (**)	538,023	466,829
Deferred income related to sales of independent units	420,975	401,189
	5,263,485	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.

	31 March 2021	31 December 2020
Prepaid expenses		
Advances given for inventory (*)	1,638,206	1,630,305
Prepaid expenses	1,018	2,595
	1,639,224	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 410,796 has been made. The Company has also provided an inventory advance amounting to TL 1,207,551 to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yenimahalle Station, Nidapark Küçükalyalı, Nidapark İstinye and Nidapark Kayaşehir projects.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 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 31 March 2021 and 31 December 2020 is as follows:

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the 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 22 July 2020, the General Assembly decided to distribute dividends amounting to TL 76,646. This dividend amounting to TL 2,800 is related to repurchased shares and 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%.

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

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

NOTE 16 – REVENUE AND COST OF SALES

	1 January- 31 March 2021	1 January- 31 March 2020
Sales income		
Land sales	505,718	337,971
<i>Sales of planned lands by way of LSRSA</i>	<i>447,020</i>	<i>107,402</i>
<i>Land sales income</i>	<i>58,698</i>	<i>230,569</i>
Residential and commercial units sales	262,816	337,179
Rent income	29,855	11,787
	798,389	686,937
Sales discounts	(205)	(98)
Net sales income	798,184	686,839
Cost of sales		
Cost of lands	(182,512)	(100,839)
<i>Cost of lands planned by way of LSRSA</i>	<i>(149,181)</i>	<i>(49,211)</i>
<i>Cost of lands sold</i>	<i>(33,331)</i>	<i>(51,628)</i>
Cost of residential and commercial units sold	(305,455)	(301,899)
	(487,967)	(402,738)
Gross Profit	310,217	284,101

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 March 2021	1 January- 31 March 2020
General administrative expenses		
Personnel expenses	(30,415)	(22,608)
Consultancy expenses	(9,031)	(2,929)
Due and contribution expenses	(5,643)	(2,610)
Taxes, duties and fees	(4,783)	(5,261)
Depreciation and amortisation	(2,915)	(3,854)
Travel expenses	(2,167)	(1,827)
Information technologies expenses	(1,680)	(1,568)
Maintenance and repair expenses	(950)	(660)
Lawsuit and notary expenses	(751)	(1,718)
Insurance expenses	(607)	(493)
Communication expenses	(383)	(639)
Other	(9,130)	(5,056)
	(68,455)	(49,223)

	1 January- 31 March 2021	1 January- 31 March 2020
Marketing and sales expenses		
Advertising expenses	(7,908)	(10,182)
Consultancy expenses	(2,577)	-
Personnel expenses	(1,777)	(1,412)
Office expenses	(3)	(10)
Lawsuit and notary expenses	(2)	(6)
Other	(571)	(169)
	(12,838)	(11,779)

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

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

NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 March 2021	1 January- 31 March 2020
Other income from operating activities		
Default interest income from projects	66,609	19,649
Impairment provisions released (Note 9)	29,825	17,567
Financial income from forward sales	2,115	75,588
Income from transfer commissions	1,083	4,435
Income from tender contract sales	337	-
Provisions for possible risks	158	-
Income from natural gas and contribution expenses	-	3,751
Other	6,150	27,927
	106,277	148,917
Other expenses from operating activities		
Provision for impairment of land and residential inventories (Note 9)	(12,974)	(108,671)
Investment properties amortisation expenses (Note 10)	(6,056)	(11,346)
Provision for lawsuits (Note 12)	(1,809)	(2,924)
Provisions for possible risks	-	(5,707)
Other	(3,699)	(1,895)
	(24,538)	(130,543)

NOTE 19 – FINANCIAL INCOME / EXPENSES

	1 January- 31 March 2021	1 January- 31 March 2020
Financial income		
Interest income from time deposits	47,908	27,338
Interest income from land acquisition	1,080	-
Foreign exchange gains	34	15
	49,022	27,353
Financial expenses		
Borrowings interest and sukuk expenses	(119,897)	(132,645)
Interest discount on pay off debt	(585)	(4,670)
Assigned receivables and commission expenses	(99)	(1,684)
Foreign exchange losses	(31)	(6)
	(120,612)	(139,005)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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.

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.

- Balances and transactions with respect to the Treasury are detailed in Note 4, 5 and 8.
- The Company keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 March 2021, the Company has deposits amounting to TL 1,597,219 in state banks (31 December 2020: TL 1,815,344). Average effective interest rates of time deposits of the Company as of 31 March 2021 are explained in Note 4.

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

	31 March 2021	31 December 2020
Trade receivables from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G.	5,626	5,625
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	1,338	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.	795	930
	8,039	50,509

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

Trade payables to related parties	31 March 2021	31 December 2020
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	615,443	207,085
İller Bankası A.Ş.	520,183	465,100
T.C. Çevre ve Şehircilik Bakanlığı (*)	867,311	607,204
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	1,324	-
Emlak Basın Yayın A.Ş.	98	106
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	45	45
	2,004,404	1,280,864

(*) 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.

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

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

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

Sales to related parties	1 January- 31 March 2021	1 January- 31 March 2020
T.C. Çevre ve Şehircilik Bakanlığı	151,205	-
	151,205	-

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- 31 March 2021	1 January- 31 March 2020
Salaries and other short-term benefits	2,593	1,974
	2,593	1,974

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

NOTE 21 - COMMITMENTS

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

	31 March 2021	31 December 2020
Guarantees received (*)	3,131,927	3,059,238
Mortgages received (**)	186,639	186,639
	3,318,566	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.

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

	31 March 2021	31 December 2020
A. Total amount of CPM given on behalf of the Company's own legal entity	28,837	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	-	-
	28,837	27,455

NOTE 22 – EVENTS AFTER THE REPORTING PERIOD

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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