

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY – 31 MARCH 2022**

**(CONVENIENCE TRANSLATION OF THE REPORT  
AND THE FINANCIAL STATEMENTS 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  
AS OF 31 MARCH 2022**

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

	Notes	<i>Not Reviewed 31 March 2022</i>	<i>Audited 31 December 2021</i>
<b>ASSETS</b>			
<b>Current assets</b>		<b>30.425.627</b>	<b>26.113.218</b>
Cash and cash equivalents	4	3.918.944	3.728.285
Financial investments	5	-	500
Trade receivables	7	2.066.062	2.794.039
<i>Trade receivables due from related parties</i>	21	1.343	15.261
<i>Trade receivables due from third parties</i>		2.064.719	2.778.778
Other receivables	8	598.446	554.742
<i>Other receivables due from related parties</i>	21	182	182
<i>Other receivables due from third parties</i>		598.264	554.560
Inventories	9	22.557.826	17.853.446
Prepaid expenses	14	1.122.625	977.233
Other current assets	13	161.724	204.973
<b>Non-current assets</b>		<b>5.039.823</b>	<b>4.647.234</b>
Trade receivables	7	4.006.512	3.630.723
<i>Trade receivables due from third parties</i>		4.006.512	3.630.723
Other receivables	8	12.680	11.473
<i>Other receivables due from third parties</i>		12.680	11.473
Financial investments		842	842
Investment properties	10	805.828	843.675
Right-of-use assets		2.906	180
Property, plant and equipment	11	199.765	152.613
Intangible assets		8.246	5.028
Deferred tax assets	20	3.044	2.700
<b>Total assets</b>		<b>35.465.450</b>	<b>30.760.452</b>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 31 MARCH 2022**

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

	Notes	Not Reviewed 31 March 2022	Audited 31 December 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>		<b>17.216.962</b>	<b>12.838.385</b>
Short-term borrowings	6	1.515.100	1.580.733
Short-term portions of long-term borrowings	6	927.385	1.179.002
<i>Short-term portion of long-term borrowings from related parties</i>			
<i>Lease liabilities</i>	21	1.752	4.508
<i>Short-term portion of long-term borrowings</i>			
<i>Loans</i>	6	925.633	1.174.494
Trade payables	7	6.169.010	2.006.203
<i>Trade payables due to related parties</i>	21	4.755.492	503.948
<i>Trade payables due to third parties</i>		1.413.518	1.502.255
Other payables	8	287.811	196.047
<i>Other payables to related parties</i>	21	587	587
<i>Other payables to third parties</i>		287.224	195.460
Deferred income	14	8.059.671	7.695.649
<i>Deferred income from related parties</i>	27	-	255.424
<i>Deferred income from third parties</i>		8.059.671	7.440.225
Current tax liabilities	20	7.132	7.492
Short-term provisions		250.853	173.259
<i>Short-term provisions for employee benefits</i>		18.820	17.109
<i>Other short-term provisions</i>	12	232.033	156.150
<b>Non-current liabilities</b>		<b>1.763.804</b>	<b>2.175.180</b>
Long-term borrowings		1.617.096	2.030.678
<i>Long-term borrowings from related parties</i>			
<i>Lease liabilities</i>		6.876	3.358
<i>Long-term borrowings from third parties</i>			
<i>Bank Loans</i>	6	1.610.220	2.027.320
Trade payables	7	29	2.099
<i>Trade payables due to third parties</i>		29	2.099
Other payables	8	93.683	89.537
<i>Other payables to third parties</i>		93.683	89.537
Deferred income	14	4.738	4.738
<i>Deferred income from third parties</i>		4.738	4.738
Long-term provisions		27.615	25.268
<i>Long-term provisions for employee benefits</i>		27.615	25.268
Deferred tax liability	20	20.643	22.860
<b>Shareholders' equity</b>		<b>16.484.684</b>	<b>15.746.887</b>
<b>Total equity attributable to equity holders of the Company</b>		<b>16.484.684</b>	<b>15.746.887</b>
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		791.916	789.174
Retained earnings		9.084.349	7.754.768
Net profit for the year		737.797	1.332.323
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total liabilities and equity</b>		<b>35.465.450</b>	<b>30.760.452</b>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM  
PERIOD ENDED 31 MARCH 2022**

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

	Notes	<i>Not Reviewed</i> 1 January- 31 March 2022	<i>Not Reviewed</i> 1 January- 31 March 2021
Revenue	16	2.230.583	1.290.257
Cost of sales (-)	16	(1.214.743)	(992.534)
<b>Gross profit</b>		<b>1.015.840</b>	<b>297.723</b>
General administrative expenses (-)	17	(128.107)	(81.646)
Marketing expenses (-)	17	(28.147)	(14.071)
Other income from operating activities	18	100.005	108.113
Other expenses from operating activities (-)	18	(203.592)	(25.280)
<b>Operating profit</b>		<b>755.999</b>	<b>284.839</b>
Income from investing activities		-	3.979
<b>Operating profit before financial income / (expense)</b>		<b>755.999</b>	<b>288.818</b>
Financial income	19	130.354	52.709
Financial expenses (-)	19	(143.964)	(130.471)
<b>Profit from continuing operations, before tax</b>		<b>742.389</b>	<b>211.056</b>
Tax (expense)/income from continuing operations		(4.592)	12.432
<i>Current period tax expense</i>	20	(7.153)	(8.217)
<i>Deferred tax income</i>	20	2.561	20.649
<b>Net profit for the period</b>		<b>737.797</b>	<b>223.488</b>
<b>Profit for the period is attributable to:</b>			
Non-controlling interests		-	(4)
<b>Owners of the Company</b>		<b>737.797</b>	<b>223.492</b>
<b>Total comprehensive income for the period</b>		<b>737.797</b>	<b>223.488</b>
<b>Total comprehensive income is attributable to:</b>			
Non-controlling interests		-	(4)
<b>Owners of the Company</b>		<b>737.797</b>	<b>223.492</b>
<b>Earnings per share (in full TL)</b>		<b>0,0020</b>	<b>0,0006</b>

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

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

	Share capital	Treasury shares (-)	Share premium/ discounts	Restricted reserves appropriated from profit	Other Accumulated Comprehensive Income and Expense not to be Reclassified to Profit or Loss	Retained Earnings		Non-controlling interests	Total equity	
					Gain/Loss on remeasurement of defined benefit plans	Prior years' profit	Net profit for the period			Equity attributable to the parent
<b>1 January 2021</b>	<b>3.800.000</b>	<b>(296.231)</b>	<b>2.366.895</b>	<b>747.616</b>	<b>(42)</b>	<b>7.040.692</b>	<b>836.258</b>	<b>14.495.188</b>	<b>(1.180)</b>	<b>14.494.008</b>
Transfers	-	-	-	-	-	836.258	(836.258)	-	-	-
Total comprehensive income	-	-	-	-	-	-	223.492	223.492	(4)	223.488
<b>31 March 2021</b>	<b>3.800.000</b>	<b>(296.231)</b>	<b>2.366.895</b>	<b>747.616</b>	<b>(42)</b>	<b>7.876.950</b>	<b>223.492</b>	<b>14.718.680</b>	<b>(1.184)</b>	<b>14.717.496</b>
<b>1 January 2022</b>	<b>3.800.000</b>	<b>(296.231)</b>	<b>2.366.895</b>	<b>789.174</b>	<b>(42)</b>	<b>7.754.768</b>	<b>1.332.323</b>	<b>15.746.887</b>	<b>-</b>	<b>15.746.887</b>
Transfers	-	-	-	2.742	-	1.329.581	(1.332.323)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	-	737.797	737.797	-	737.797
<b>31 March 2022</b>	<b>3.800.000</b>	<b>(296.231)</b>	<b>2.366.895</b>	<b>791.916</b>	<b>(42)</b>	<b>9.084.349</b>	<b>737.797</b>	<b>16.484.684</b>	<b>-</b>	<b>16.484.684</b>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

	Notes	1 January- 31 March 2022	1 January- 31 March 2021
<b>Cash flows from operating activities</b>			
Profit for the period		737.797	223.488
<b>Adjustments related to reconcile of net profit for the period</b>			
Adjustments related to depreciation and amortization expenses	17, 18	6.180	10.128
Adjustments related to tax expense (income)	20	4.592	(12.432)
Adjustments related to (reversal of) impairments (net)		81.705	(16.851)
<i>Adjustments related to (reversal of) impairment of inventories (net)</i>	9	81.705	(16.851)
Adjustments related to provisions		80.735	10.821
<i>Adjustments related to (reversal of) provisions for employee benefits</i>		4.542	8.149
<i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i>	12	75.883	2.634
<i>Adjustments related to (reversal of) provisions for possible risks</i>	18	310	38
Adjustments for interest (income) and expenses		(46.678)	4.921
<i>Adjustments for interest income</i>	18, 19	(190.544)	(125.378)
<i>Adjustments for interest expense</i>	18, 19	143.866	130.299
<b>Net cash from operations before changes in assets and liabilities</b>		<b>864.331</b>	<b>220.075</b>
<b>Changes in net working capital:</b>			
Adjustments related to (increase)/decrease in trade receivable		282.448	(82.538)
<i>Decrease/(increase) in trade receivables from related parties</i>		13.918	41.320
<i>Decrease/(Increase) in trade receivables from third parties</i>		268.530	(123.858)
Adjustments related to decrease/(increase) in inventories		(4.752.237)	263.924
Adjustments related to increase/(decrease) in trade payables		4.102.933	(477.996)
<i>Increase/(decrease) in trade payables to related parties</i>		4.251.574	(61.089)
<i>Increase/(decrease) in trade payables to third parties</i>		(148.641)	(416.907)
Adjustments related to decrease/(increase) in other receivables related to operations		(21.678)	9.032
Adjustments related to increase/(decrease) in other payables related to operations		751.793	(106.476)
Adjustments related to other increase/(decrease) in working capital		62.349	205.579
<b>Net cash flows from operating activities</b>			
Interest received		13.059	63.985
Payments related to provisions for employee benefits		(484)	(455)
Income taxes paid		(256.291)	(52.151)
<b>Cash flows from operating activities</b>		<b>1.046.223</b>	<b>42.979</b>
Purchases of investment properties, property, plant and equipment and intangible assets		(52.551)	(3.975)
Interest received		-	2.624
Returns of financial assets		500	304.764
Other cash inflows (outflows)		-	(9.181)
<b>Cash flows from investing activities</b>		<b>(52.051)</b>	<b>294.232</b>
Proceeds from Borrowings		695.000	623.049
<i>Proceeds from Loans</i>		195.000	226.049
<i>Proceeds from Issue of Debt Instruments</i>		500.000	397.000
Repayments of borrowings		(1.302.354)	(848.281)
<i>Loan Repayments</i>		(802.354)	(398.281)
<i>Payments of Issued Debt Instruments</i>		(500.000)	(450.000)
Cash outflow from debt payments for lease contracts		(803)	(606)
Interest paid		(253.007)	(186.298)
Interest received		105.181	45.296
<b>Cash flow from financing activities</b>		<b>(755.983)</b>	<b>-366.840</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>238.189</b>	<b>-29.629</b>
Cash and cash equivalents at the beginning of the period	4	3.087.548	1.121.635
<b>Cash and cash equivalents at the end of the period</b>	4	<b>3.325.737</b>	<b>1.092.006</b>

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

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**NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP**

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

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

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

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

The registered address of the Group is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 31 March 2022, the number of employees of the Group is 763 (31 December 2021 - 701).

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 Company cannot be a part of construction business, but only can organize it by auctioning between the contractors.

The consolidated consolidated financial statements at 31 March 2022 have been approved by the Board of Directors on 6 May 2022.

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

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



**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

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

**Subsidiaries**

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

	<u>31 March 2022</u>		<u>31 December 2021</u>	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
EPP (*)	100	100	100	100
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. (**)	100	100	100	100

**Subsidiaries** **Main Operations**

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

Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. Production, Sales and Marketing

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

(\*\*) It is a subsidiary established with the aim of creating a domestic brand with the potential to compete with the important actors of the global market, the main field of activity of which is elevator systems, taking into account the needs of the construction and real estate industry.

**Investments valued by equity method (Affiliates)**

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

	<u>31 March 2022</u>		<u>31 December 2021</u>	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
İstmarina AVM Adi Ortaklığı (*)	40	40	40	40
Büyükyalı Tesis Yönetimi A.Ş.	37	37	37	37

**Investments valued by equity method (Affiliates)** **Main Operation**

Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş. Joint Venture – Mall and Office Management

Emlak Konut GYO A.Ş. (“ İstmarina AVM Ordinary Partnership”) Mall and Office Management

Büyükyalı Tesis Yönetimi A.Ş.

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

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1. Basis of Presentation**

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

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

**2.1. Basis of Presentation (Continued)**

**Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements

Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

***Changes in the Group’s ownership interests in existing subsidiaries***

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

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

**2.1. Basis of Presentation (continued)**

**Basis of Consolidation (continued)**

*Changes in the Group’s ownership interests in existing subsidiaries (continued)*

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognized. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Gains and losses arising from transactions between the Group and an associate of the Group are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

**2.1. Basis of Presentation (continued)**

**Preparation of financial statements in hyperinflationary periods**

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

**Functional and Presentation Currency**

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

**Offsetting**

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

**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”.

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**NOTE 3 – ACCOUNTING POLICIES**

Interim condensed consolidated financial statements as of 31 March 2022 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 2021. 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 2022

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 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

**Amendments to TFRS 3 *Reference to the Conceptual Framework***

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

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

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

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

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**NOTE 3 – ACCOUNTING POLICIES (Continued)**

**3.1 New and Revised Turkish Financial Reporting Standards (Continued)**

a) Amendments and interpretations mandatorily effective as of 2022 (Continued)

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

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

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

**Annual Improvements to TFRS Standards 2018-2020 Cycle**

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

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

*Amendments to TFRS 9 Financial Instruments*

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

*Amendments to TAS 41 Agriculture*

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

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

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**NOTE 3 – ACCOUNTING POLICIES (Continued)**

**3.1 New and Revised Turkish Financial Reporting Standards (Continued)**

a) Amendments and interpretations mandatorily effective as of 2022 (Continued)

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

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

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

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

The Group management evaluates the effects of these standards, amendments and improvements on the financial position and performance as of 2022.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Accounting Estimates Definition</i>
Amendments to TAS 12	<i>Asset Arising from a Single Transaction and Deferred Tax on Liabilities</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>



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**NOTE 3 – ACCOUNTING POLICIES (Continued)**

**3.1 New and Revised Turkish Financial Reporting Standards (Continued)**

b) New and revised TFRSs in issue but not yet effective (cont’d)

***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 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 TAS 1 Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

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

***Amendments to TAS 8 Definition of Accounting Estimates***

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and corrections of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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**NOTE 3 – ACCOUNTING POLICIES (Continued)**

**3.1 New and Revised Turkish Financial Reporting Standards (Continued)**

b) New and revised TFRSs in issue but not yet effective (cont’d)

***Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

This amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

***Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information***

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The possible effects of these standards, amendments and improvements on the Group's summary financial position and performance are being evaluated.

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**NOTE 4 – CASH AND CASH EQUIVALENTS**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Cash on hand	105	16
Banks	3,801,509	3,623,164
- Demand deposit	21,303	42,970
- Time deposits with maturities less than 3 months	3,780,205	3,580,194
Other cash and cash equivalents	117,331	105,105
	<b>3,918,944</b>	<b>3,728,285</b>

Maturities of cash and cash flows are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Demand	21,303	42,970
Up to 3 month	3,780,205	3,580,194
Less: Blocked deposits with maturities less than 3 months	(48)	(48)
	<b>3,801,460</b>	<b>3,623,116</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
	(%)	(%)
	16.98%	18.71%

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Cash and cash equivalents	3.918.944	3.728.285
Less: Interest accruals on deposits	(27.413)	(12.284)
Less: LSRSA project deposits (*)	(469.733)	(632.091)
Less: T.C. Çevre ve Şehircilik(**)	(9)	-
Less: T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (**)	(100.000)	-
Less: Blocked deposits with maturities less than 3 months	(48)	(48)
Add: the effect of provisions released under TFRS 9	3.996	3.686
	<b>3.325.737</b>	<b>3.087.548</b>

(\*) The contractors’ portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Group is kept in deposits accounts in the name of the related projects under the control of the Group as stated in the agreement. There is no blocked deposit (31 December 2021: None) for the project accounts amounting to TL 469,733 (31 December 2021: TL 632,091).

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

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**NOTE 5 – FINANCIAL INVESTMENTS**

<b>Short-term financial investments</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Bank bonds	-	500
	-	<b>500</b>

As of 31 March 2022 Group’s long-term investments consist of the investments which are less than 10% in the capitals of Kazakistan Ziraat International Bank, Sınırlı Sorumlu İstanbul Gıda Toptancıları İmalat Sanayi ve Depocuları Toplu İşyeri Yapı Kooperatifi, Cathay-EPP Adi Ortaklığı and Tobaş Toplu Konut Büyükşehir Belediyesi İnşaat Emlak Mimarlık ve Proje A.Ş.

**NOTE 6 – FINANCIAL LIABILITIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Short-term financial liabilities</b>		
Issued debt instruments (*)	514,114	513,580
Short-term bank loans	1,000,986	1,067,153
Short-term portion of long-term borrowings	925,633	1,174,494
Lease obligation	1,752	4,508
	<b>2,442,485</b>	<b>2,759,735</b>

(\*) The Company made 3 different lease certificate issuance transactions; on 5 October 2021, TL 200,000 with a maturity date of 11 January 2022 and 17.85% profit share; on 4 February 2021, TL 100,000 with a maturity date of 1 February 2022 and a profit share of 16.20%; on 1 December 2021, a nominal amount of TL 200,000 with 15.40% profit share and with a maturity date of 8 March 2022.

<b>Long-term financial liabilities</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Long-term borrowings	1,610,220	2,027,320
Lease obligation	6,876	3,358
	<b>1,617,096</b>	<b>2,030,678</b>

Borrowings used as of 31 March 2022 are denominated in TL and the weighted average interest rate is 13.37% (31 December 2021: 11.94%)

The redemption schedules of the borrowings as of 31 March 2022 and 31 December 2021 are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
2023	445,976	863,076
2024	808,538	808,538
2025	355,706	355,706
	<b>1,610,220</b>	<b>2,027,320</b>

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**NOTE 6 – FINANCIAL LIABILITIES (Continued)**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Less than 3 months	656.749	1.282.113
Between 3 - 12 months	1.269.870	959.534
Between 1 - 5 years	1.610.220	2.027.320
	<b>3.536.839</b>	<b>4.268.967</b>

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

<b>Short-term trade receivables</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Receivables from contractors of the lands invoiced under LSRSA	838.860	1.266.849
Receivables from sale of residential and commercial units	1.206.020	1.476.075
Receivables from land sales	142.360	93.361
Receivables from related parties (Note 21)	1.343	15.261
Receivables from lessees	24.862	18.244
Notes of receivables	758	498
Other	10.130	14.422
Unearned finance income	(158.271)	(90.671)
	<b>2.066.062</b>	<b>2.794.039</b>
Doubtful receivables	3.518	3.202
Less: Provision for doubtful receivables	(3.518)	(3.202)
	<b>2.066.062</b>	<b>2.794.039</b>

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**NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)**

	31 March 2022	31 December 2021
<b>Long-term trade receivables</b>		
Receivables from sale of residential and commercial units	4,485,937	4,487,545
Receivables from land sales	393,456	89,162
Unearned finance income	(872,881)	(945,984)
	<b>4,006,512</b>	<b>3,630,723</b>

	31 March 2022	31 December 2021
<b>Short-term trade payables</b>		
Payables to related parties (Note 21)	4.755.492	503.948
Payables to LSRSA contractors invoiced	783.720	869.628
Trade payables	545.805	556.781
Interest accruals on time deposits of contractors (*)	83.993	75.846
	<b>6.169.010</b>	<b>2.006.203</b>

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

	31 March 2022	31 December 2021
<b>Long-term trade payables</b>		
Payables to land owners	29	2,099
	<b>29</b>	<b>2,099</b>

**NOTE 8 – OTHER RECEIVABLES AND PAYABLES**

	31 March 2022	31 December 2021
<b>Short-term other receivables</b>		
Advances given to contractor firms	566,811	523,605
Receivables from the authorities	29,455	27,134
Other receivables from related parties (Note 21)	182	182
Other	1,998	3,821
	<b>598,446</b>	<b>554,742</b>

	31 March 2022	31 December 2021
<b>Long-term other receivables</b>		
Other receivables from third parties	11.666	10.459
Deposits and guarantees given	1.014	1.014
	<b>12.680</b>	<b>11.473</b>

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**NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Short-term other payables</b>		
Payables to contractors (*)	88,752	88,752
Taxes and funds payable	120,199	35,179
Other payables to related parties (Note 21)	587	587
Other	78,273	71,529
	<b>287,811</b>	<b>196,047</b>

(\*) 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 2021: TL 88,752).

As of 31 December 2022, long-term other payables are TL 93,683 and consist of deposits and guarantees received (31 December 2020: TL 89,537).

**NOTE 9 – INVENTORIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Lands	10,141,175	5,100,933
<i>Cost</i>	10,175,186	5,139,297
<i>Impairment</i>	(34,011)	(38,364)
Planned land by LSRSA	5,005,814	5,100,959
Planned land by turnkey project	5,467,760	5,112,342
<i>Planned land by turnkey project</i>	5,781,080	5,319,175
<i>Impairment</i>	(313,320)	(206,833)
Residential and commercial units ready for sale	1,943,077	2,539,212
<i>Cost</i>	1,972,621	2,492,072
<i>Impairment</i>	(29,544)	(49,973)
	<b>22,557,826</b>	<b>17,853,446</b>

As of 31 March 2022, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., Reel Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş. and Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş. have taken into consideration in the valuation of assets classified as “Inventories” and in the calculation on impairment, if any.

The movements of impairment on inventories are as follows:

	<b>2022</b>	<b>2021</b>
<b>Opening balance at 1 January</b>	<b>295,170</b>	<b>240,011</b>
Impairment on inventories within the current period (Note 18)	102,671	287,213
Reversal of impairment on inventories within the current period (Note 18)	(20,966)	(232,054)
<b>Closing balance at 31 March</b>	<b>376,875</b>	<b>295,170</b>

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**NOTE 9 – INVENTORIES (Continued)**

As of 31 March 2022 and 31 December 2021 the details of land and residential inventories of the Group are as follows:

<b>Lands</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
İstanbul Esenler Lands	2.400.885	-
Muğla Bodrum Lands	1.872.899	-
İstanbul Avcılar Lands	1.468.705	1.426.897
İstanbul Küçükçekmece Lands	1.114.483	1.114.054
İstanbul Başakşehir Lands	870.640	407.836
İstanbul Çekmeköy Lands	545.907	544.883
İstanbul Tuzla Lands	424.198	149.198
İstanbul Ümraniye Lands	300.000	301.844
Antalya Aksu Altıntaş Lands	178.502	280.423
İstanbul Arnavutköy Lands	171.408	171.408
Balıkesir Lands	170.044	-
İstanbul Eyüp Lands	169.441	169.441
İstanbul Resneli Lands	112.229	78.938
İstanbul Esenyurt Lands	63.444	36.654
İstanbul Ataşehir Lands	60.508	100.659
Denizli Merkez Efendi Lands	56.081	56.081
İstanbul Zekeriyaköy Lands	53.635	53.918
Ankara Çankaya Lands	51.295	135.863
İstanbul Kartal Lands	21.771	24.338
İzmir Konak Umurbey Lands	13.051	13.051
Tekirdağ Çorlu Lands	6.153	6.153
Sakarya Sapanca Lands	5.345	7.108
Yalova Lands	3.985	3.986
İstanbul Sarıyer Lands	3.854	5.332
Kocaeli Lands	2.088	9.167
Maltepe Küçükyalı Lands	-	2.477
Tekirdağ Kapaklı Lands	-	1.058
Other	624	166
	<b>10.141.175</b>	<b>5.100.933</b>



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**NOTE 9 – INVENTORIES (Continued)**

<b>Planned lands by LSRSA</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Nidapark İstinye Project	857,752	993,030
Nişantaşı Koru Project	644,080	643,971
Merkez Ankara Project	493,019	510,432
Yeni Levent Project	435,887	435,048
Nidapark Küçükyalı Project	361,175	361,176
Ormanköy Project	350,707	347,583
Batıyakası 2. Etap Project	324,320	324,320
Düşler Vadisi Project	263,139	293,205
Beşiktaş Ortaköy Project	257,005	257,005
Batıyakası 1. Etap Project	208,785	208,785
Meydan Başakşehir Project	203,623	203,623
İstanbul Kayabaşı 8. Etap Project	202,853	202,853
Avrasya Konutları Project	134,261	132,745
Ankara Çayyolu 2. Etap Project	84,723	-
Beşiktaş Dikilitaş Project	68,237	68,237
Cer İstanbul Project	43,939	47,022
Nidapark Kayaşehir Project	35,331	35,761
Ebruli Ispartakule Project	28,121	28,121
İdealist Cadde Project	6,322	6,322
Allsancak Project	2,170	1,543
Evora İzmir Project	365	177
	<b>5,005,814</b>	<b>5,100,959</b>

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**NOTE 9 – INVENTORIES (Continued)**

<b>Residential and commercial units completed</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Merkez Ankara Project	454.542	807.150
Maslak 1453 Project	359.902	311.402
Kuzey Yakası Project	309.530	310.084
Köy Project	306.091	321.622
Sarphan Finanspark Project	129.048	152.911
Validebağ Konakları Project	89.364	122.973
Büyükyalı Project	54.106	55.573
Yalova Armutlu Project	48.107	73.872
Karat 34 Project	41.490	41.490
IGTOD Rami Gıda Toptancıları Project	28.983	58.219
Ofis Karat Bakırköy Project	24.059	31.112
Denizli Merkez Efendi İkmal İşi Project	18.222	18.222
Kocaeli Körfezkent Emlak Konutları	17.580	17.580
Nidakule Ataşehir Project	10.664	10.664
Koordinat Çayyolu Project	8.889	8.889
Evora Denizli Project	7.194	7.194
Semt Bahçekent 1. Etap Project	6.899	7.950
Başkent Emlak Konutları Project	3.684	4.544
Niğde Emlak Konutları	3.536	3.536
Metropol İstanbul Project	3.448	3.448
Yeniköy Konakları İstanbul Project	3.443	4.957
Dumankaya Miks Project	2.293	2.293
Tual Bahçekent Project	2.105	2.105
Temaşehir Project	1.541	1.541
Gebze Emlak Konutları	1.414	151.109
Tual Adalar Project	1.371	2.089
Batışehir Project	1.210	1.210
Göl Panorama Project	1.138	1.138
Başakşehir Ayazma Emlak Konutları	1.102	1.757
Other	2.122	2.578
	<b>1.943.077</b>	<b>2.539.212</b>

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**NOTE 9 – INVENTORIES (Continued)**

<b>Planned lands by turnkey project</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Bizim Mahalle Project	1,471,403	1,287,476
Çekmeköy Çınarköy Project	1,462,052	1,448,245
Halkalı Emlak Konutları Project	716,727	704,529
Emlak Konut Florya Evleri Project	647,392	570,191
Köy Project	367,502	313,090
Ankara Saraçoğlu Project	218,672	169,425
Semt Bahçekent Project	183,902	119,414
Ümraniye Kentsel Dönüşüm Project	131,890	93,150
Emlak Konut Vadi Evleri Project	121,359	77,697
Denizli Merkez Efendi İkmal İşİ Project	100,154	71,297
Kayabaşı Emlak Konutları Project	46,707	46,095
Merkez Ankara Projesi R Blok Yapım İşİ	-	211,733
	<b>5,467,760</b>	<b>5,112,342</b>

**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 2022, the Group assessed that there was no impairment in its investment properties within the scope of the COVID-19 pandemic. Although there has been a decrease in the rental income of the Group from investment properties due to the COVID-19, there has not been a significant change in the total rental income due to the new rental income increase arising from transfers to investment properties.

The movements of investment properties as of 31 March 2022 and 2021 are as follows:

	<b>Lands, residential and commercial units</b>	<b>Atasehir general management building A block</b>	<b>Total</b>
<b>Cost Value</b>			
Opening balance as of 1 January 2022	857,787	40,922	898,709
Transfers to commercial units and land inventories	(55,014)	-	(55,014)
Transfers from residential and commercial unit inventories	21,166	-	21,166
Closing balance as of 31 March 2022	823,939	40,922	864,861
<b>Accumulated Depreciation</b>			
Opening balance as of 1 January 2022	48,340	6,694	55,034
Charge for the year	3,682	317	3,999
Closing balance as of 31 March 2022	52,022	7,011	59,033
Carrying value as of 31 March 2022	<b>771,917</b>	<b>33,911</b>	<b>805,828</b>

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**NOTE 10 – INVESTMENT PROPERTIES (Continued)**

	<b>Lands, residential and commercial units</b>	<b>Atasehir general management building A block</b>	<b>Total</b>
<b>Cost Value</b>			
Opening balance as of 1 January 2021	733.217	40.922	774.139
Purchases (*)	103.732	-	103.732
Transfers from commercial units and land inventories	(12.665)	-	(12.665)
Transfers to residential and commercial unit inventories	15.090	-	15.090
Closing balance as of 31 March 2021	<u>735.642</u>	<u>40.922</u>	<u>880.296</u>
<b>Accumulated Depreciation</b>			
Opening balance as of 1 January 2021	35.493	3.356	38.849
Charge for the year	5.829	317	6.146
Closing balance as of 31 March 2021	<u>41.322</u>	<u>3.673</u>	<u>44.995</u>
Carrying value as of 31 March 2021	<u>798.052</u>	<u>37.249</u>	<u>835.301</u>

(\*) The amount consists of the independent commercial units purchased by the Group 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 Group’s consolidated statement of cash flows for the period 1 January 2022 – 31 December 2022 under TAS 7.

Reports prepared by Atak Gayrimenkul Değerleme A.Ş. ve Reel Gayrimenkul Değerleme A.Ş., valuation firms authorized by CMB, have been taken into consideration when determining the fair values of investment properties as of 31 March 2022. The fair values of the investment property determined by independent valuation experts are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Lands and completed units	714,944	737,539
Atasehir General Management Office A Block	137,217	137,217
Independent commercial units of Istmarina AVM	323,341	323,341
Independent commercial units of Büyükyalı AVM	138,441	138,441
	<b><u>1,313,943</u></b>	<b><u>1,336,538</u></b>

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**NOTE 11 – PROPERTY, PLANT AND EQUIPMENT**

<b>31 March 2022</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture, equipment and fixtures</b>	<b>Construction in progress</b>	<b>Total</b>
Net carrying value as of 1 January 2022	104,120	882	18,442	29,169	152,613
Additions	-	-	2,636	45,843	48,479
Depreciation expense(-)	(600)	(323)	(404)	-	(1,327)
<b>Net carrying value 31 March 2022</b>	<b>103,520</b>	<b>559</b>	<b>20,674</b>	<b>75,012</b>	<b>199,765</b>
Cost	119,483	4,793	50,005	75,012	249,293
Accumulated depreciation (-)	(15,963)	(4,234)	(29,331)	-	(49,528)
<b>Net carrying value 31 March 2022</b>	<b>103,520</b>	<b>559</b>	<b>20,674</b>	<b>75,012</b>	<b>199,765</b>

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

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

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

	<b>Years</b>
Buildings	50
Motor vehicles	5
Furniture, equipment and fixtures	4-5

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**NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

	31 March 2022	31 December 2021
<b>Provisions</b>		
Provision for lawsuits	232,033	156,150
	<b>232,033</b>	<b>156,150</b>

According to the opinions of the Group’s lawyers, provisions amounting to TL 232,033 have been made as of 31 March 2022 (31 December 2021: TL 156,150). As of 31 March 2022 there are 4 cases of defect, 14 cases of loss of rent, 13 cases of cancellation of title deeds and registration, 4 cases of business and 50 other cases. The amount of risk arising from the total possible cash outflow is TL 480,476 (31 December 2021: TL 451,929) and the lawsuits are still pending. The movements of provision for lawsuits as of 31 March 2022 and 2021 are as follows:

	2022	2021
<b>Balance at 1 January</b>	<b>156,150</b>	<b>156,150</b>
Provision added within the current period (Note 18)	75,883	28,993
<b>Closing balance at 31 December</b>	<b>232,033</b>	<b>185,143</b>

**12.1 Continuing Lawsuits and Provisions**

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

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

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

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

**12.1.1** According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 65,596 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. As of 31 March 2022, a provision has been made in the amount of TL 117,991 including interest and litigation costs.

**12.1.2** The lawsuit filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TL 2,071 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the Istanbul 16th Commercial Court of First Instance. As of 31 March 2022, a provision has been made in the amount of TL 7,833, including interest and litigation costs.

**12.1.3** Within the scope of Revenue Sharing in Return for Riva Land Sale Tender for immovables parcel numbered 3201, 3202, 3203 located in Istanbul Province, Beykoz/Riva District as per the Article 14 of Bidding Specification of the aforementioned tender, bid bonds have been submitted to the client company by the Joint Venture, in the second session of the tender held on 15 June 2017, it was decided to leave the tender under the responsibility of the Joint Venture, which gave the most economically advantageous bid however, companies that have applied to the client company and invited for signature were requested to revise the terms and criteria of the tender, with the justification that the Planned Areas Type Zoning Regulation by the Ministry of Environment and Urbanization published on Official Gazette No. 30113 dated 3 July 2017 contains regulations that cause a significant reduction in the construction area subject to the tender, with the entry into force of the provisions of the said Regulation, the revision requests of the plaintiff companies were rejected on the grounds that there would be no change in the construction field based on the precedent and the Company gave a deadline until 15 August 2017 for the signing of the contract, as the client company did not come to sign the contract at the end of the period, the bid bonds submitted by the plaintiff companies within the scope of the Revenue Sharing in Return for Riva Land Sale Tender were registered as revenue and the tender was awarded to the non-litigated contractor who submitted the second most appropriate bid for the subject matter and there are pecuniary and non-pecuniary damages lawsuits filed on the grounds that the claimant's revision requests regarding the conditions and criteria of the aforementioned tender were rejected and that the recognition of the letters of guarantee as revenue was unfair. As of 31 March 2022, a provision has been made in the amount of TL 11,204, including interest and litigation costs.

**12.2 Contingent Liabilities of the Group**

In the financial statements prepared as of 31 March 2022, 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 2022 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.

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

**12.2 Contingent Liabilities of the Group (Continued)**

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

**12.3 Contingent Assets of the Group**

**12.3.1** As of 31 March 2022 and 31 December 2021, 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:

<b>31 March 2022</b>	<b>Trade Receivables</b>	<b>Off-balance sheet deferred revenue</b>	<b>Total</b>
1 year	1.348.380	3.677.071	5.025.451
2 year	1.310.773	3.061.197	4.371.970
3 year	1.014.299	2.081.676	3.095.975
4 year	802.063	791.671	1.593.734
5 year and above	1.752.258	958.895	2.711.153
	<b>6.227.773</b>	<b>10.570.510</b>	<b>16.798.283</b>

<b>31 December 2021</b>	<b>Trade Receivables</b>	<b>Off-balance sheet deferred revenue</b>	<b>Total</b>
1 year	1,569,436	2,831,544	4,400,980
2 year	1,189,170	2,327,166	3,516,336
3 year	887,106	1,650,255	2,537,361
4 year	665,831	742,166	1,407,997
5 year and above	1,834,600	1,006,434	2,841,034
	<b>6,146,143</b>	<b>8,557,565</b>	<b>14,703,708</b>

**NOTE 13 – OTHER ASSETS AND LIABILITIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Other current assets</b>		
Progress payments to contractors	132,318	132,332
Deferred VAT	9,356	47,135
Income accruals	482	13,561
Receivables from tax office	16,721	10,935
Other	2,847	1,010
	<b>161,724</b>	<b>204,973</b>



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**NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES**

<b>Short-term deferred income</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Deferred income from LSRSA projects (*)	2,173,262	2,479,097
Advances taken from turnkey project sales	3,630,499	2,833,875
Advances taken from LSRSA contractors (**)	1,622,158	1,480,532
Deferred income related to sales of independent units	633,752	646,721
Advances received from related parties (Note 21)	-	255,424
	<b>8,059,671</b>	<b>7,695,649</b>

(\*) 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.

<b>Long-term deferred income</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Other advances received	4,738	4,738
	<b>4,738</b>	<b>4,738</b>

<b>Prepaid expenses</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Advances given for inventory (*)	1,116,796	953,810
Advances given (**)	4,103	17,450
Prepaid expenses	1,726	5,973
	<b>1,122,625</b>	<b>977,233</b>

(\*) A protocol has been signed between the Group and the Tariş Cooperatives Union to develop revenue sharing project on a land, which belongs to the Tariş Cooperatives Union, located within the borders of Kuruçay/Umurbey, Konak district of İzmir and an inventory advance amounting to TL 386,040 (31 December 2021: TL 395,960) has been made. The Group has also provided an inventory advance amounting to TL 514,286 (31 December 2021: TL 531,276) to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yenimahalle Station, Nidapark Küçükalyalı and Büyükyalı projects.

(\*\*) Order advances given as of 31 March 2022 consist of order advances of Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş.

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**NOTE 15 – SHAREHOLDERS' EQUITY**

The Group's authorized capital amount is TL 3,800,000 (31 December 2021: TL 3,800,000) and consists of 380,000,000,000 (31 December 2021: 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 2022 and 31 December 2021 is as follows:

<b>Shareholders</b>	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>Share (%)</b>	<b>TL</b>	<b>Share (%)</b>	<b>TL</b>
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
<b>Total paid-in capital</b>	<b>100</b>	<b>3,800,000</b>	<b>100</b>	<b>3,800,000</b>

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

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

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

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

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**NOTE 16 – REVENUE AND COST OF SALES**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Sales income</b>		
Land sales	1,264,546	505,718
<i>Sales of planned lands by way of         LSRSA</i>	<i>661,897</i>	<i>447,020</i>
<i>Land sales income</i>	<i>602,649</i>	<i>58,698</i>
Residential and commercial units sales	903,926	747,230
Consultancy income	44,163	26,392
Rent income	19,862	13,603
	<b>2,232,497</b>	<b>1,292,943</b>
Sales returns	(1,635)	-
Sales discounts	(279)	(2,686)
<b>Net sales income</b>	<b>2,230,583</b>	<b>1,290,257</b>
<b>Cost of sales</b>		
Cost of lands	(341,289)	(182,512)
<i>Cost of lands planned by way of         LSRSA</i>	<i>(173,522)</i>	<i>(149,181)</i>
<i>Cost of lands sold</i>	<i>(167,767)</i>	<i>(33,331)</i>
Cost of residential and commercial units sold	(873,454)	(810,022)
	<b>(1,214,743)</b>	<b>(992,534)</b>
<b>Gross Profit</b>	<b>1,015,840</b>	<b>297,723</b>

**NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>General administrative expenses</b>		
Personnel expenses	(56.048)	(36.891)
Consultancy expenses	(25.924)	(9.373)
Security and cleaning expenses	(11.042)	(4.365)
Taxes, duties and fees	(6.732)	(6.275)
Travel expenses	(4.490)	(2.271)
Maintenance and repair expenses	(3.906)	(964)
Due and contribution expenses	(2.878)	(5.889)
Depreciation and amortization	(2.181)	(3.982)
Information technologies expenses	(1.553)	(1.680)
Lawsuit and notary expenses	(939)	(802)
Communication expenses	(223)	(395)
Insurance expenses	(24)	(636)
Other	(12.167)	(8.123)
	<b>(128.107)</b>	<b>(81.646)</b>

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

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Marketing and sales expenses</b>		
Advertising expenses	(20,529)	(7,908)
Personnel expenses	(4,807)	(2,448)
Consultancy expenses	(2,387)	(2,577)
Office expenses	(106)	(3)
Lawsuit and notary expenses	-	(2)
Other	(318)	(1,133)
	<b>(28,147)</b>	<b>(14,071)</b>

**NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Other income from operating activities</b>		
Default interest income from projects	13,059	66,609
Impairment provisions released (Note 9)	20,966	29,825
Income from transfer commissions	14,666	1,083
Financial income from forward sales	47,631	2,115
Income from tender contract sales	139	337
Provisions for possible risks	-	158
Other	3,544	7,986
	<b>100,005</b>	<b>108,113</b>

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Other expenses from operating activities</b>		
Provision for impairment of land and residential inventories (Note 9)	(102.671)	(12.974)
Provision for lawsuits (Note 12)	(75.883)	(2.634)
Investment properties amortisation expenses (Note 10)	(3.999)	(6.146)
Provisions for possible risks	(310)	(196)
Other	(20.729)	(3.330)
	<b>(203.592)</b>	<b>(25.280)</b>

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**NOTE 19 – FINANCIAL INCOME / EXPENSES**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Financial expenses</b>		
Borrowings interest and lease certificate expenses	(129,527)	(128,676)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*)	(10,357)	-
Interest expense on lease liabilities	(2,817)	(939)
Interest discount on pay off debt	(1,066)	(585)
Foreign exchange losses	(98)	(172)
Assigned receivables and commission expense	(99)	(99)
	<b>(143,964)</b>	<b>(130,471)</b>
<b>Financial income</b>		
Interest income from time deposits	129,824	47,908
Foreign exchange gains	298	34
Interest income related to leases	202	1,016
Interest income from land acquisition	30	3,751
	<b>130,354</b>	<b>52,709</b>

(\*) This amount consists of the interest expense accrued as of 31 March 2022 for the Company's debt arising from the land purchased from T.C. Ministry of Environment, Urbanization and Climate Change.

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

Corporate Tax

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

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

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

*Corporate Tax (continued)*

Pursuant to the temporary article added to the Corporate Tax Law with Article 11 of the Law No. 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462; the corporate tax rate for corporate earnings for the 2022 taxation period is 23% (31 December 2021: 25%).

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

The current tax liability of the Group as of 31 March 2022 is as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
<i>Current tax liability</i>		
Current corporate tax provision	7,153	16,056
Less: prepaid taxes and funds	(21)	(8,564)
	<u>7,132</u>	<u>7,492</u>

*Deferred Tax:*

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

The tax rate used in the calculation of deferred tax assets and liabilities is 23% over the temporary timing differences that are expected to reverse in 2022, and 20% over the temporary timing differences that are expected to reverse after 2022 (2021: 25%)

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

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

*Deferred Tax (Continued):*

<u>Deferred tax (assets)/liabilities:</u>	<b>31 March 2022</b>	<b>31 December 2021</b>
Fair value adjustment to inventories due to purchase accounting	20,643	22,860
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(1,716)	(1,302)
Provision for employment termination benefits	(1,328)	(1,398)
	<u>17,599</u>	<u>20,160</u>

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

<u>Movement of deferred tax (assets)/liabilities:</u>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Opening balance as of 1 January	(20,160)	(52,279)
Charged to profit or loss	2,561	20,649
Closing balance at 31 December	<u>(17,599)</u>	<u>(31,630)</u>

<u>Tax (expense) / income comprises:</u>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Current tax expense	(7,153)	(8,217)
Deferred tax income	2,561	20,649
Total tax income	<u>(4,592)</u>	<u>12,432</u>

*The reconciliation of the period tax expense with the profit for the period is as follows:*

<u>Reconciliation of tax provision:</u>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Profit from continuing operations	742.389	211.056
Profit from operations before tax	<u>742.389</u>	<u>211.056</u>
Tax at the domestic income tax rate 2022: 23% (2021: 25%)	(170.749)	(42.211)
Tax effects of:		
- revenue that is exempt from taxation	177.365	48.339
- the effect of tax rate change from 25% to 23%	(2.217)	-
- other	(8.991)	6.304
Income tax expense recognised in profit	<u>(4.592)</u>	<u>12.432</u>

**NOTE 21 – RELATED PARTY DISCLOSURES**

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

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (TOKİ affiliate)
3. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (TOKİ affiliate)
4. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (TOKİ affiliate)
5. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (TOKİ affiliate)
6. Emlak-Toplu Konut İdaresi Spor Kulübü
7. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Joint Venture
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Joint Venture
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Joint Venture
10. Emlak Konut Spor Kulübü Derneği
11. Türkiye Emlak Katılım Bankası A.Ş.
12. T.C. Ministry of Environment, Urbanization and Climate Change, General Directorate of Urban Transformation Services
13. İller Bankası A.Ş.
14. Emlak Basın Yayın A.Ş.

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

- The Group keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 March 2022, the Group has deposits amounting to TL 3,151,465 in state banks (31 December 2021: TL 2,946,789). Average effective interest rates of time deposits of the Group as of 31 March 2022 are explained in Note 4.

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

	31 March 2022	31 March 2021
<b>Trade receivables from related parties</b>		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G.	-	13.638
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	1.343	1.343
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	280
	<b>1.343</b>	<b>15.261</b>
<b>Borrowings to related parties</b>		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	8,628	7,866
	<b>8,628</b>	<b>7,866</b>
<b>Short-term other receivables from related parties</b>		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	182	182
	<b>182</b>	<b>182</b>



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**NOTE 21 – RELATED PARTY DISCLOSURES (Continued)**

	31 March 2022	31 March 2021
<b>Trade payables to related parties</b>		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	3.909.788	-
T.C. Çevre ve Şehircilik Bakanlığı (**)	845.600	14.692
Emlak Basın Yayın A.Ş.	104	100
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	1.324
İller Bankası A.Ş. (***)	-	487.832
	<b>4.755.492</b>	<b>503.948</b>

(\*) Represents the payable amount regarding the acquisition of 22 parcels purchased by the Company in the protocol signed with T.C. Toplu Konut İdaresi Başkanlığı on 9 March 2022.

(\*\*) Represents the payable amount arising from the transfer of 32 parcels in accordance with the additional protocol signed with T.C. The Ministry Environment, Urbanization and Climate Change General Directorate of Urban Transformation Services on 3 January 2022 and 8 March 2022.

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

	31 March 2022	31 March 2021
<b>Deferred revenue from related parties</b>		
İller Bankası A.Ş. (***)	-	255,424
	-	<b>255,424</b>

	31 March 2022	31 March 2021
<b>Short-term other payables from related parties</b>		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	587	587
	<b>587</b>	<b>587</b>

	31 March 2022	31 December 2021
<b>Deposits at related parties</b>		
Türkiye Emlak Katılım Bankası A.Ş.	156,926	247,672
	<b>156,926</b>	<b>247,672</b>

	1 January- 31 March 2022	1 January- 31 March 2021
<b>Finance expense from related parties</b>		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	63	50
	<b>63</b>	<b>50</b>

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**NOTE 21 – RELATED PARTY DISCLOSURES (Continued)**

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.

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Purchases from related parties</b>		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	3,910,323	-
T.C. Çevre ve Şehircilik Bakanlığı	1,297,744	937,289
Emlak Basın Yayın A.Ş.	309	245
	<b>5,208,376</b>	<b>937,534</b>

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
<b>Sales to related parties</b>		
İller Bankası A.Ş.	743,256	-
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	5,834	3,697
T.C. Çevre ve Şehircilik Bakanlığı	-	151,205
Gedaş Gayrimenkul Değerleme A.Ş.	-	27
	<b>749,090</b>	<b>3,724</b>

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

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 December 2020</b>
<b>Compensation to key management</b>		
Salaries and other short-term benefits	4,171	3,476
	<b>4,171</b>	<b>3,476</b>

**NOTE 22 – COMMITMENTS**

The Group’s mortgage and guarantees received as of 31 March 2022 and 31 December 2021 are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Guarantees received (*)	5,256,003	4,432,492
Mortgages received (**)	171,425	171,426
	<b>5,427,428</b>	<b>4,603,918</b>

(\*) 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.

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**NOTE 22 – COMMITMENTS (Continued)**

The collaterals, pledges and mortgages (“CPM”) of the Group as of 31 March 2022 and 31 December 2021 are as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
A. CPM given on behalf of the Company's legal personality	196.324	120.845
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	-	-
	<b>196.324</b>	<b>120.845</b>

**NOTE 23 - EVENTS AFTER THE REPORTING PERIOD**

The 2nd Session of the Revenue Sharing Business Against the Land Sale in Istanbul Tuzla Center was held on 22 April 2022. In the tender, the highest bid given by Cevahir Yapı San. Tur. Tic. A.Ş. & HB Grup İnş.Tic. Ltd. Şti. Business Partnership with TL 6,174,286 Project Total Income and TL 2,161,000 Project Company Income and the Company's Share Revenue Ratio for the Land Sale of the proposal was 35.00%.

On 27 April 2022, the Company paid a dividend of TL 390,360.

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

	<b>Non-Consolidated (Standalone) Financial Statements</b>		<b>Current Period 31 March 2022 (TL)</b>	<b>Prior Period 31 December 2021 (TL)</b>
	<b>Main Account Items</b>	<b>Related Regulation</b>		
<b>A</b>	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	3,373,459	3,002,793
<b>B</b>	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	23,449,595	18,761,345
<b>C</b>	Affiliates	Series:III-No:48, Art,24/(b)	523,037	498,037
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		7,998,202	8,366,943
<b>D</b>	<b>Total Assets</b>	<b>Series:III-No:48, Art,3/(k)</b>	<b>35,344,293</b>	<b>30,629,118</b>
<b>E</b>	Financial Liabilities	Series:III-No:48, Art,31	3,883,953	4,617,547
<b>F</b>	Other Financial Liabilities	Series:III-No:48, Art,31	-	-
<b>G</b>	Due from Financial Leases	Series:III-No:48, Art,31	-	-
<b>H</b>	Due to Related Parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
<b>I</b>	Shareholders' equity	Series:III-No:48, Art,31	16,648,392	15,877,239
	Other Resources		14,811,948	10,134,332
<b>D</b>	<b>Total Resources</b>	<b>Series:III-No:48, Art,3/(k)</b>	<b>35,344,293</b>	<b>30,629,118</b>
	<b>Non-Consolidated (Standalone) Financial Statements</b>		<b>Current Period 31 March 2022 (TL)</b>	<b>Prior Period 31 December 2021 (TL)</b>
	<b>Other Account Items</b>	<b>Related Regulation</b>		
<b>A1</b>	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)	2,601,988	2,099,032
<b>A2</b>	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	3,726,921	3,531,620
<b>A3</b>	Foreign Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-
<b>B1</b>	Foreign Properties, Projects based on properties and Rights based on Properties	Series:III-No:48, Art,24/(d)	-	-
<b>B2</b>	Idle Lands	Series:III-No:48, Art,24/(c)	2,085,245	2,124,409
<b>C1</b>	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
<b>C2</b>	Affiliates for Operating Company	Series:III-No:48, Art,28	523,000	34,395
<b>J</b>	Non-cash Loans	Series:III-No:48, Art,31	115,858	45,597
<b>K</b>	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.  
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

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

	<b>Portfolio restrictions</b>	<b>Related regulation</b>	<b>31 March 2022 (%)</b>	<b>31 December 2021 (%)</b>	<b>Minimum/ Maximum Rate</b>
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)	74	68	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	3.66	4.58	<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)	6	7	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	1	0.00	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	24	29	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	3	0.05	<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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