

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2022
AND AUDITOR’S REVIEW REPORT**

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

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying statement of financial position of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”) and its subsidiaries (together the “Group”) as at 30 June 2022, and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month interim period then ended. The Group management is responsible for the preparation and presentation of this interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Other Matter

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.



Conclusion

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Emrehan Demirel, SMMM
Partner

İstanbul, 17 August 2022

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2022**

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
ASSETS			
Current assets		33,208,294	26,113,218
Cash and cash equivalents	4	6,123,629	3,728,285
Financial investments	5	-	500
Trade receivables	7	2,649,893	2,794,039
<i>Trade receivables due from related parties</i>	22	-	15,261
<i>Trade receivables due from third parties</i>		2,649,893	2,778,778
Other receivables		620,636	554,742
<i>Other receivables due from related parties</i>	22	-	182
<i>Other receivables due from third parties</i>	8	620,636	554,560
Inventories	9	22,253,902	17,853,446
Prepaid expenses		1,362,685	977,233
<i>Prepaid expenses to related parties</i>	22	629,171	-
<i>Prepaid expenses to third parties</i>	14	733,514	977,233
Other current assets	13	197,549	204,973
Non-current assets		5,077,838	4,647,234
Trade receivables	7	4,010,411	3,630,723
<i>Trade receivables due from third parties</i>		4,010,411	3,630,723
Other receivables	8	12,572	11,473
<i>Other receivables due from third parties</i>		12,572	11,473
Financial investments		842	842
Investment properties	10	773,696	843,675
Right-of-use assets		6,849	180
Property, plant and equipment	11	252,367	152,613
Intangible assets		10,736	5,028
Deferred tax assets	21	10,365	2,700
Total assets		38,286,132	30,760,452

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 30 JUNE 2022**

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
LIABILITIES AND EQUITY			
Current liabilities		18,693,631	12,838,385
Short-term borrowings	6	1,863,705	1,580,733
Short-term portions of long-term borrowings	6	1,037,149	1,179,002
<i>Short-term portion of long-term borrowings from related parties</i>			
<i>Lease liabilities</i>	6	1,741	4,508
<i>Short-term portion of long-term borrowings</i>			
<i>Bank Loans</i>	6	1,035,408	1,174,494
Trade payables	7	4,755,153	2,006,203
<i>Trade payables due to related parties</i>	22	3,085,945	503,948
<i>Trade payables due to third parties</i>		1,669,208	1,502,255
Other payables	8	278,325	196,047
<i>Other payables to related parties</i>	22	589	587
<i>Other payables to third parties</i>		277,736	195,460
Deferred income	14	10,487,160	7,695,649
<i>Deferred income from related parties</i>	22	-	255,424
<i>Deferred income from third parties</i>		10,487,160	7,440,225
Current tax liabilities	21	10,095	7,492
Short-term provisions		262,044	173,259
<i>Short-term provisions for employee benefits</i>		20,785	17,109
<i>Other short-term provisions</i>	12	241,259	156,150
Non-current liabilities		2,784,493	2,175,180
Long-term borrowings		2,614,588	2,030,678
<i>Long-term borrowings from related parties</i>			
<i>Lease liabilities</i>	6	14,270	3,358
<i>Long-term borrowings from third parties</i>			
<i>Bank Loans</i>	6	2,600,318	2,027,320
Trade payables	7	77	2,099
<i>Trade payables due to third parties</i>		77	2,099
Other payables	8	106,855	89,537
<i>Other payables to third parties</i>		106,855	89,537
Deferred income	14	8,065	4,738
<i>Deferred income from third parties</i>		8,065	4,738
Long-term provisions		34,954	25,268
<i>Long-term provisions for employee benefits</i>		34,954	25,268
Deferred tax liability	21	19,954	22,860
Shareholders' equity		16,808,008	15,746,887
Total equity attributable to equity holders of the Company		16,808,008	15,746,887
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		879,928	789,174
Retained earnings		8,620,340	7,754,768
Net profit for the year		1,437,118	1,332,323
Total liabilities and equity		38,286,132	30,760,452

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH
INTERIM PERIOD ENDED 30 JUNE 2022**

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

	Notes	Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2022	Reviewed 1 January- 30 June 2021	Not Reviewed 1 April- 30 June 2021
Revenue	16	4,726,660	2,496,077	3,507,256	2,216,999
Cost of sales (-)	16	(2,276,122)	(1,061,379)	(2,620,681)	(1,628,147)
Gross profit		2,450,538	1,434,698	886,575	588,852
General administrative expenses (-)	17	(374,933)	(246,826)	(230,584)	(148,938)
Marketing expenses (-)	17	(63,833)	(35,686)	(34,481)	(20,410)
Other income from operating activities	18	345,272	245,267	339,596	231,483
Other expenses from operating activities (-)	18	(766,127)	(562,535)	(112,820)	(87,540)
Operating profit		1,590,917	834,918	848,286	563,447
Income from investing activities	19	26,202	26,202	3,979	-
Operating profit before financial income / (expense)		1,617,119	861,120	852,265	563,447
Financial income	20	224,733	94,379	73,569	20,860
Financial expenses (-)	20	(405,165)	(261,201)	(248,050)	(117,579)
Profit from continuing operations, before tax		1,436,687	694,298	677,784	466,728
Tax (expense)/income from continuing operations		431	5,023	7,947	(4,485)
<i>Current period tax expense</i>	21	(10,140)	(2,987)	(9,093)	(876)
<i>Deferred tax income</i>	21	10,571	8,010	17,040	(3,609)
Net profit for the period		1,437,118	699,321	685,731	462,243
Profit for the period is attributable to:					
Non-controlling interests		-	-	(6)	(2)
Owners of the Company		1,437,118	699,321	685,737	462,245
Total comprehensive income for the period		1,437,118	699,321	685,731	462,243
Total comprehensive income is attributable to:					
Non-controlling interests		-	-	(6)	(2)
Owners of the Company		1,437,118	699,321	685,737	462,245
Earnings per share (in full TL)		0.0039	0.0019	0.0019	0.0013

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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 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	Net profit for the Equity attributable to the parent	Non-controlling interests	Total equity	
					Gain/Loss on remeasurement of defined benefit plans	Prior years' profit				
1 January 2021	3,800,000	(296,231)	2,366,895	747,616	(42)	7,040,692	836,258	14,495,188	(1,180)	14,494,008
Transfers	-	-	-	41,558	-	794,700	(836,258)	-	-	-
Dividend	-	-	-	-	-	(79,444)	-	(79,444)	-	(79,444)
Total comprehensive income	-	-	-	-	-	-	685,737	685,737	(6)	685,731
30 June 2021	3,800,000	(296,231)	2,366,895	789,174	(42)	7,755,948	685,737	15,101,481	(1,186)	15,100,295
1 January 2022	3,800,000	(296,231)	2,366,895	789,174	(42)	7,754,768	1,332,323	15,746,887	-	15,746,887
Transfers	-	-	-	90,754	-	1,241,569	(1,332,323)	-	-	-
Dividend (Note 15) (*)	-	-	-	-	-	(375,997)	-	(375,997)	-	(375,997)
Total comprehensive income/(expense)	-	-	-	-	-	-	1,437,118	1,437,118	-	1,437,118
30 June 2022	3,800,000	(296,231)	2,366,895	879,928	(42)	8,620,340	1,437,118	16,808,008	-	16,808,008

(*) At the Ordinary General Assembly Meeting held on 7 April 2022, the decision to distribute a cash dividend of TL 375,997 (25 March 2021: TL 79,444) from the profits of 2021 was approved by majority vote. Since the Group owns its own shares with a nominal value of TL 1 at a rate of 3.65% as of 7 April 2022, the date of the profit distribution decision, the dividend related to the shares owned by the Group is netted off from the amount of dividends to be distributed. The dividend payment was made on 27 April 2022.

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

Notes	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021
Cash flows from operating activities		
Profit for the period	1,437,118	685,731
Adjustments related to reconcile of net profit for the period		
Adjustments related to depreciation and amortization expenses	17, 18 21,315	18,731
Adjustments related to tax expense (income)	20 (431)	(7,947)
Adjustments related to (reversal of) impairments (net)	627,593	(123,374)
<i>Adjustments related to (reversal of) impairment of inventories (net)</i>	9 627,593	(123,374)
Adjustments related to provisions	100,624	16,376
<i>Adjustments related to (reversal of) provisions for employee benefits</i>	13,846	10,971
<i>Adjustments related to (reversal of) provision for lawsuit and/or penalty</i>	12 85,109	3,997
<i>Adjustments related to (reversal of) provisions for possible risks</i>	18 1,669	1,408
Adjustments for interest (income) and expenses	(38,977)	65,145
<i>Adjustments for interest income</i>	18, 19 (442,902)	(249,268)
<i>Adjustments for interest expense</i>	18, 19 403,925	314,413
Adjustments related to (gain) loss on disposal of property <i>(Gain)/loss on sale of property, plant and equipment</i>	(25,531) 19 (8,567)	-
Adjustments related to (gain) loss on disposal of investment property	19 (16,964)	-
Net cash from operations before changes in assets and liabilities	2,121,711	654,662
Changes in net working capital:		
Adjustments related to (increase)/decrease in trade receivable <i>Decrease/(increase) in trade receivables from related parties</i>	(438,277) 15,261	(906,256) 33,613
<i>Decrease/(Increase) in trade receivables from third parties</i>	(453,538)	(939,869)
Adjustments related to decrease/(increase) in inventories	(4,865,037)	1,181,757
Adjustments related to increase/(decrease) in trade payables <i>Increase/(decrease) in trade payables to related parties</i>	2,594,082 2,447,027	(1,155,370) (894,380)
<i>Increase/(decrease) in trade payables to third parties</i>	147,055	(260,990)
Adjustments related to decrease/(increase) in other receivables related to operations	(98,398)	359,547
Adjustments related to increase/(decrease) in other payables related to operations	3,410,455	693,505
Adjustments related to other increase/(decrease) in working capital	(1,797,836)	(380,024)
Net cash flows from operating activities		
Interest received	23,290	167,567
Payments related to provisions for employee benefits	(484)	(816)
Income taxes paid	(521,664)	(115,634)
Cash flows from operating activities	427,842	498,938
Purchases of investment properties, property, plant and equipment and intangible assets	(96,166)	(13,027)
Purchases of financial assets	36,887	-
Interest received	-	2,624
Returns of financial assets	500	304,764
Other cash inflows (outflows)	-	8,691
Cash flows from investing activities	(58,779)	303,052
Proceeds from Borrowings <i>Proceeds from Loans</i>	3,066,733 1,814,133	853,827 256,827
<i>Proceeds from Issue of Debt Instruments</i>	1,252,600	597,000
Repayments of borrowings <i>Loan Repayments</i>	(2,292,103) (1,292,103)	(1,860,365) (1,210,365)
<i>Payments of Issued Debt Instruments</i>	(1,000,000)	(650,000)
Cash outflow from debt payments for lease contracts	(3,212)	(1,212)
Interest paid	(375,814)	(260,428)
Dividends paid	15 (375,997)	(79,444)
Interest received	186,387	66,990
Other cash inflows (outflows)	-	(402,713)
Cash flow from financing activities	205,994	(1,683,345)
Net increase (decrease) in cash and cash equivalents	575,057	(881,355)
Cash and cash equivalents at the beginning of the period	4 3,087,548	1,121,635
Cash and cash equivalents at the end of the period	4 3,662,605	240,280

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 SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2022**

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE GROUP

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

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

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

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

The registered address of the Group is Barbaros Mah. Mor Sümül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul. As of 30 June 2022, the number of employees of the Group is 826 (31 December 2021 - 701).

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

The consolidated financial statements at 30 June 2022 have been approved by the Board of Directors on 17 August 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 Urbanisation and Climate Change.

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 SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 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:

Subsidiaries	Main Operations			
	30 June 2022		31 December 2021	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
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
Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş.	100	100	100	100
Emlak Konut Asansör Sistemleri Sanayi ve Ticaret A.Ş. (*)	100	100	100	100

(*) On 4 February 2022, the committed capital of TL 25,000 was paid. Payments of TL 31,250 on 21 April 2022 and TL 93,750 on 30 May 2022 were made in cash and capital increase was made.

Shares in Joint Operations

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

Shares in joint operations	Main Operations			
	30 June 2022		31 December 2021	
	Direct and indirect ownership rate (%)	Effective ownership rate (%)	Direct and indirect ownership rate (%)	Effective ownership rate (%)
Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş. Joint Venture – Emlak Konut GYO A.Ş. (“İstmarina AVM Ordinary Partnership”)				Shopping Mall and Office Management
Büyükyalı Tesis Yönetimi A.Ş.				Shopping Mall and Office Management
İstmarina AVM Adi Ortaklığı	40	40	40	40
Büyükyalı Tesis Yönetimi A.Ş.	37	37	37	37

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2022**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

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

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

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

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.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2022**

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

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

2.1. Basis of Presentation (continued)

Basis of Consolidation (continued)

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.

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.

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

2.1. Basis of Presentation (continued)

Basis of Consolidation (continued)

Investments in associates and joint ventures (continued)

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.

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements dated 30 June 2022 in accordance with TAS 29.

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 30 June 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 (continued)

TFRS 17 Insurance Contracts

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

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

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

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

Amendments to TFRS 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 (continued)

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 consolidated financial position and performance are being evaluated.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash on hand	111	16
Banks	5,949,231	3,623,164
- <i>Demand deposit</i>	17,587	42,970
- <i>Time deposits with maturities less than 3 months</i>	5,931,644	3,580,194
Other cash and cash equivalents	174,287	105,105
	6,123,629	3,728,285

Maturities of cash and cash flows are as follows:

	30 June 2022	31 December 2021
Demand	17,587	42,970
Up to 3 month	5,931,644	3,580,194
Less: Blocked deposits with maturities less than 3 months	-	(48)
	5,949,231	3,623,116

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

	30 June 2022	31 December 2021
	(%)	(%)
	19.24%	18.71%

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

	30 June 2022	31 December 2021
Cash and cash equivalents	6,123,629	3,728,285
Less: Interest accruals on deposits	(36,452)	(12,284)
Less: LSRSA project deposits (*)	(1,312,484)	(632,091)
Less: T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (**)	(1,117,443)	-
Less: Blocked deposits with maturities less than 3 months	-	(48)
Add: the effect of provisions released under TFRS 9	5,355	3,686
	3,662,605	3,087,548

(*) 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) project accounts amounting TL 1,312,484 (31 December 2021: TL 632,091).

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

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NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments	30 June 2022	31 December 2021
Bank bonds	-	500
	-	500

As of 30 June 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

	30 June 2022	31 December 2021
Short-term financial liabilities		
Issued debt instruments (*)	758,067	513,580
Short-term bank loans	1,105,638	1,067,153
Short-term portion of long-term borrowings	1,035,408	1,174,494
Lease obligation	1,741	4,508
	2,900,854	2,759,735

(*) The Group issued 4 different lease certificate with a nominal amount of TL 165,500 with a maturity date of 4 August 2022 with 16.50% dividend on 29 April 2022, TL 75,000 with a maturity date of 10 August 2022 with 16.50% dividend on 10 May 2022, TL 151,000 with a maturity date of 7 September 2022 with 21.25% dividend on 14 June 2022, and TL 361,100 with a maturity date of 28 September 2022 with 23.95% dividend on 28 June 2022.

Long-term financial liabilities	30 June 2022	31 December 2021
Long-term borrowings	2,600,318	2,027,320
Lease obligation	14,270	3,358
	2,614,588	2,030,678

Borrowings used as of 30 June 2022 are denominated in TL and the weighted average interest rate is 15.60% (31 December 2021: 11.94%).

The redemption schedules of the borrowings as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
2023	617,155	863,076
2024	1,335,338	808,538
2025	647,825	355,706
	2,600,318	2,027,320

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NOTE 6 – FINANCIAL LIABILITIES (Continued)

The maturity distributions of the borrowings are as follows:

	30 June 2022	31 December 2021
Less than 3 months	500,071	1,282,113
Between 3 - 12 months	1,640,975	959,534
Between 1 - 5 years	2,600,318	2,027,320
	4,741,364	4,268,967

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2022	31 December 2021
Receivables from contractors of the lands invoiced under LSRSA	1,162,911	1,266,849
Receivables from sale of residential and commercial units	1,364,947	1,476,075
Receivables from land sales	237,049	93,361
Receivables from related parties (Note 22)	-	15,261
Receivables from lessees	29,147	18,244
Notes of receivables	769	498
Other	12,222	14,422
Unearned finance income	(157,152)	(90,671)
	2,649,893	2,794,039
Doubtful receivables	4,411	3,202
Less: Provision for doubtful receivables	(4,411)	(3,202)
	2,649,893	2,794,039

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)

	30 June 2022	31 December 2021
Long-term trade receivables		
Receivables from sale of residential and commercial units	4,523,111	4,487,545
Receivables from land sales	338,264	89,162
Unearned finance income	(850,964)	(945,984)
	4,010,411	3,630,723

	30 June 2022	31 December 2021
Short-term trade payables		
Payables to related parties (Note 22)	3,085,945	503,948
Payables to LSRSA contractors invoiced	1,140,628	869,628
Trade payables	477,416	556,781
Interest accruals on time deposits of contractors (*)	51,164	75,846
	4,755,153	2,006,203

(*) 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.

	30 June 2022	31 December 2021
Long-term trade payables		
Trade payables	77	2,099
	77	2,099

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	30 June 2022	31 December 2021
Short-term other receivables		
Advances given to contractor firms	588,367	523,605
Receivables from the authorities	29,536	27,134
Other receivables from related parties (Note 22)	-	182
Other	2,733	3,821
	620,636	554,742

	30 June 2022	31 December 2021
Long-term other receivables		
Other receivables from third parties	11,558	10,459
Deposits and guarantees given	1,014	1,014
	12,572	11,473

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NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)

	30 June 2022	31 December 2021
Short-term other payables		
Taxes and funds payable	102,194	35,179
Payables to contractors (*)	88,752	88,752
Other payables to related parties (Note 22)	589	587
Other	86,790	71,529
	278,325	196,047

(*) 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 30 June 2022, other long-term payables are amount to TL 106,855 and consist of deposits and guarantees received (31 December 2021: TL 89,537).

NOTE 9 – INVENTORIES

	30 June 2022	31 December 2021
Lands	9,866,631	5,100,933
<i>Cost</i>	9,931,017	5,139,297
<i>Impairment</i>	(67,412)	(38,364)
Planned land by LSRSA	5,106,987	5,100,959
Planned land by turnkey project	5,592,314	5,112,342
<i>Planned land by turnkey project</i>	6,422,462	5,319,175
<i>Impairment (*)</i>	(830,148)	(206,833)
Residential and commercial units ready for sale	1,687,970	2,539,212
<i>Cost</i>	1,713,173	2,492,072
<i>Impairment</i>	(25,203)	(49,973)
	22,253,902	17,853,446

(*) It is the provision for impairment due to the increase in construction costs in the global and Turkish markets. The mentioned provision belongs to the ongoing Bizim Mahalle and Emlak Konut Vadi Evleri projects.

As of 31 December 2021, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş., and Reel Değerleme Danışmanlık A.Ş. have taken into consideration in the valuation of assets classified as “Inventories” and in the calculation on impairment, if any and for the purchases made during the current period, the valuation reports as of purchase date prepared by Atak Gayrimenkul Değerleme A.Ş., Reel Gayrimenkul Değerleme A.Ş., and Net Kurumsal Değerleme Danışmanlık A.Ş. have taken into consideration.

The movements of impairment on inventories are as follows:

	2022	2021
Opening balance at 1 January	295,170	240,011
Impairment on inventories within the current period (Note 18)	658,498	287,213
Reversal of impairment on inventories within the current period (Note 18)	(30,905)	(232,054)
Closing balance at 30 June	922,763	295,170

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NOTE 9 – INVENTORIES (Continued)

As of 30 June 2022 and 31 December 2021 the details of land and residential inventories of the Group are as follows:

Lands	30 June 2022	31 December 2021
İstanbul Esenler Lands	2,400,885	-
Muğla Bodrum Lands	1,872,909	-
İstanbul Küçükçekmece Lands	1,588,025	1,114,054
İstanbul Avcılar Lands	1,278,487	1,426,897
İstanbul Başakşehir Lands	871,471	407,836
İstanbul Çekmeköy Lands	535,789	544,883
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
Ankara Çankaya Lands	51,295	135,863
Denizli Merkez Efendi Lands	29,781	56,081
Kocaeli Lands	27,073	9,167
İstanbul Esenyurt Lands	26,790	36,654
İstanbul Tuzla Lands	24,261	149,198
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
İstanbul Ataşehir Lands	408	100,659
İstanbul Zekeriyaköy Lands	-	53,918
Maltepe Küçükyalı Lands	-	2,477
Tekirdağ Kapaklı Lands	-	1,058
Other	3,674	166
	9,866,631	5,100,933

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NOTE 9 – INVENTORIES (Continued)

Planned lands by LSRSA	30 June 2022	31 December 2021
Nişantaşı Koru Project	645,250	643,971
Nidapark İstinye Project	567,551	993,030
Yeni Levent Project	435,263	435,048
İstanbul Tuzla Merkez Project	400,150	-
Merkez Ankara Project	374,061	510,432
Nidapark Küçükyalı Project	361,617	361,176
Ormanköy Project	350,791	347,583
Batıyakası 2. Etap Project	324,320	324,320
Düşler Vadisi Project	263,736	293,205
Beşiktaş Ortaköy Project	256,965	257,005
Batıyakası 1. Etap Project	208,931	208,785
Meydan Başakşehir Project	203,623	203,623
İstanbul Kayabaşı 8. Etap Project	202,853	202,853
Avrasya Konutları Project	132,749	132,745
Ankara Çayyolu 2. Etap Project	84,723	-
Beşiktaş Dikilitaş Project	68,414	68,237
İstanbul Ataşehir Küçükbakkalköy Project	62,581	-
Köy 4. Etap Project	54,556	-
Cer İstanbul Project	38,974	47,022
Nidapark Kayaşehir Project	35,761	35,761
Ebruli Ispartakule Project	25,549	28,121
İdealist Cadde Project	6,036	6,322
Allsancak Project	2,469	1,543
Evora İzmir Project	64	177
	5,106,987	5,100,959

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NOTE 9 – INVENTORIES (Continued)

Residential and commercial units completed	30 June 2022	31 December 2021
Merkez Ankara Project	454,542	807,150
Maslak 1453 Project	322,174	311,402
Kuzey Yakası Project	301,974	310,084
Nidapark İstinye Project	133,686	-
Sarphan Finanspark Project	126,392	152,911
Köy Project	66,752	321,622
Validebağ Konakları Project	45,623	122,973
Avangart İstanbul Project	44,988	-
Karat 34 Project	37,230	41,490
Büyükyalı Project	35,789	55,573
IGTOD Rami Gıda Toptancıları Project	29,485	58,219
Denizli Merkez Efendi İkmal İşi Project	18,222	18,222
Kocaeli Körfezkent Emlak Konutları	12,669	17,580
Yalova Armutlu Project	12,531	73,872
Nidakule Ataşehir Project	10,664	10,664
Koordinat Çayyolu Project	7,944	8,889
Evora Denizli Project	7,194	7,194
Semt Bahçekent 1. Etap Project	5,411	7,950
Niğde Emlak Konutları	3,537	3,536
Metropol İstanbul Project	3,448	3,448
Yeniköy Konakları İstanbul Project	2,536	4,957
Başakşehir Ayazma Emlak Konutları	1,102	1,757
Ofis Karat Bakırköy Project	851	31,112
Göl Panorama Project	674	1,138
Temaşehir Project	506	1,541
Tual Bahçekent Project	428	2,105
Gebze Emlak Konutları	-	151,109
Tual Adalar Project	-	2,089
Batışehir Project	-	1,210
Başkent Emlak Konutları Project	-	4,544
Dumankaya Miks Project	-	2,293
Other	1,618	2,578
	1,687,970	2,539,212

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NOTE 9 – INVENTORIES (Continued)

Planned lands by turnkey project	30 June 2022	31 December 2021
Bizim Mahalle Project	1,626,926	1,287,476
Çekmeköy Çınarköy Project	1,476,539	1,448,245
Emlak Konut Florya Evleri Project	783,203	570,191
Köy Project	436,826	313,090
Ankara Saraçoğlu Project	299,317	169,425
Semt Bahçekent Project	239,387	119,414
İstanbul Avcılar Firuzköy Project	213,561	-
Ümraniye Kentsel Dönüşüm Project	183,381	93,150
Denizli Merkez Efendi İkmal İşi Project	162,787	71,297
Emlak Konut Vadi Evleri Project	123,680	77,697
Kayabaşı Emlak Konutları Project	46,707	46,095
Halkalı Emlak Konutları Project	-	704,529
Merkez Ankara Projesi R Blok Yapım İşi	-	211,733
	5,592,314	5,112,342

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 30 June 2022, the Group assessed that there was no impairment in its investment properties within the scope of the COVID-19 pandemic. There was no change in the turnover of the company from rental income within the scope of the Covid-19 pandemic.

The movements of investment properties as of 30 June 2022 and 2021 are as follows:

	Lands, residential and commercial units	Atasehir general management building A block	Total
<u>Cost Value</u>			
Opening balance as of 1 January 2022	857,787	40,922	898,709
Transfers to commercial units and land inventories	(80,015)	-	(80,015)
Transfers from residential and commercial unit inventories	21,044	-	21,044
Disposals (-)	(4,669)	-	(4,669)
Closing balance as of 30 June 2022	794,147	40,922	835,069
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January 2022	48,340	6,694	55,034
Charge for the year	7,222	1,022	8,244
Disposals (-)	(1,905)	-	(1,905)
Closing balance as of 30 June 2022	53,657	7,716	61,373
Carrying value as of 30 June 2022	740,490	33,206	773,696

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NOTE 10 – INVESTMENT PROPERTIES (Continued)

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
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	18,952	-	18,952
Closing balance as of 30 June 2021	<u>739,504</u>	<u>40,922</u>	<u>884,158</u>
Accumulated Depreciation			
Opening balance as of 1 January 2021	35,493	3,356	38,849
Charge for the year	11,720	511	12,231
Closing balance as of 30 June 2021	<u>47,213</u>	<u>3,867</u>	<u>51,080</u>
Carrying value as of 30 June 2021	<u><u>796,023</u></u>	<u><u>37,055</u></u>	<u><u>833,078</u></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 2021 – 30 June 2021 under TAS 7.

As of 31 December 2021, the valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş., GEDAŞ Gayrimenkul Değerleme A.Ş., and Reel Değerleme Danışmanlık A.Ş. have taken into consideration when determining the fair values of investment properties. The fair values of the investment property determined by independent valuation experts are as follows:

	30 June 2022	31 December 2021
Lands and completed units	694,960	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
	<u>1,293,959</u>	<u>1,336,538</u>

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

30 June 2022	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2022	104,120	882	-	18,442	29,169	152,613
Additions	-	-	5,267	4,316	77,973	87,556
Transfers from constructions in progress, (net)	-	-	38,788	2,733	(41,521)	-
Disposal, (net) (-)	(6,687)	-	-	-	-	(6,687)
Transfers from investment property (net)	29,054	-	-	-	-	29,054
Depreciation expense(-)	(3,352)	(646)	(4,639)	(1,532)	-	(10,169)
Net carrying value 30 June 2022	123,135	236	39,416	23,959	65,621	252,367
Cost	141,850	4,355	44,055	51,242	65,621	307,123
Accumulated depreciation (-)	(18,715)	(4,119)	(4,639)	(27,283)	-	(54,756)
Net carrying value 30 June 2022	123,135	236	39,416	23,959	65,621	252,367

30 June 2021	Buildings	Motor vehicles	Machinery and equipment	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2021	105,111	815	-	9,654	97	115,677
Additions	2,149	432	-	1,151	-	3,732
Depreciation expense(-)	(735)	(394)	-	(906)	-	(2,035)
Net carrying value 30 June 2021	106,525	853	-	9,899	97	117,374
Cost	119,483	4,355	-	33,321	97	157,256
Accumulated depreciation (-)	(12,958)	(3,502)	-	(23,422)	-	(39,882)
Net carrying value 30 June 2021	106,525	853	-	9,899	97	117,374

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

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

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

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Provisions		
Provision for lawsuits	241,259	156,150
	241,259	156,150

According to the opinions of the Group’s lawyers, provisions amounting to TL 241,259 have been made as of 30 June 2022 (31 December 2021: TL 156,150). As of 30 June 2022, there are 4 cases of defect, 11 cases of loss of rent, 9 cases of cancellation of title deeds and registration, 4 cases of business and 49 other cases. The amount of risk arising from the total possible cash outflow is TL 496,486 (31 December 2021: TL 451,929) and the lawsuits are still pending. The movements of provision for lawsuits as of 30 June 2022 and 2021 are as follows:

	2022	2021
Balance at 1 January	156,150	127,157
Provision added within the current period (Note 18)	85,109	3,997
Closing balance at 30 June	241,259	131,154

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 Group which was assigned in accordance with Public Tender Law. The related units have been completed and are sold by the Group as in Turnkey projects.

The 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 Group and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. As a result of the examination of the additional report at the hearing on 11 June 2014, the second expert committee was examined however, since the expert report was not received, the date of the case was not finalized. In addition, the file was transferred to the delegation, as the Commercial Courts turned into Delegation Judges.

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

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

12.1 Continuing Lawsuits and Provisions (Continued)

- 12.1.1** According to the various expert reports submitted to the file, the complainant increased the lawsuit cost to TL 76,161 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. The Group made provision amounting to TL 133,490 as of 30 June 2022.
- 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 30 June 2022 a provision amounting to TL 7,889 has been made.
- 12.1.3** Within the scope of Revenue Sharing in Return for Riva Land Sale Tender for immovables parcel numbered 3201, 3202, 3203 located in Istanbul Province, Beykoz/Riva District as per the Article 14 of Bidding Specification of the aforementioned tender, bid bonds have been submitted to the client company by the Joint Venture, in the second session of the tender held on 15 June 2017, it was decided to leave the tender under the responsibility of the Joint Venture, which gave the most economically advantageous bid however, companies that have applied to the client company and invited for signature were requested to revise the terms and criteria of the tender, with the justification that the Planned Areas Type Zoning Regulation by the Ministry of Environment and Urbanization published on Official Gazette No. 30113 dated 3 July 2017 contains regulations that cause a significant reduction in the construction area subject to the tender, with the entry into force of the provisions of the said Regulation, the revision requests of the plaintiff companies were rejected on the grounds that there would be no change in the construction field based on the precedent and the Company gave a deadline until 15 August 2017 for the signing of the contract, as the client company did not come to sign the contract at the end of the period, the bid bonds submitted by the plaintiff companies within the scope of the Revenue Sharing in Return for Riva Land Sale Tender were registered as revenue and the tender was awarded to the non-litigated contractor who submitted the second most appropriate bid for the subject matter and there are pecuniary and non-pecuniary damages lawsuits filed on the grounds that the claimant's revision requests regarding the conditions and criteria of the aforementioned tender were rejected and that the recognition of the letters of guarantee as revenue was unfair. Provision amounting to TL 11,415 has been made as of 30 June 2022.
- 12.1.4** This is a lawsuit filed by Şekerbank T.A.Ş. who has been assigned a receivable of TL 46,000, which has arisen and will arise from the Istanbul Ümraniye 1st Stage Revenue Sharing Work contractor Yeni Sarp-Özarak Ordinary Partnership's Emlak Konut GYO A.Ş. alleging that TL 34,135 of the assignment receivable remaining from the assignment has not been unfairly paid to him. At the same time with this lawsuit, the plaintiff requested to place a mortgage equal to the amount of the lawsuit to some of the immovables within the scope of the project in order to constitute the guarantee of the receivable subject to the lawsuit. On 15 October 2020, the court decided to reject the case. The plaintiff requested an appeal and the appeal court overturned the decision. As of 30 June 2022, a provision has been made in the amount of TL 65,931 including interest and litigation costs.

12.2 Contingent Liabilities of the Group

In the financial statements prepared as of 30 June 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 30 June 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 30 June 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:

30 June 2022	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	1,601,996	4,566,942	6,168,938
2 year	1,325,031	3,572,311	4,897,342
3 year	1,046,189	2,025,159	3,071,348
4 year	800,464	823,930	1,624,394
5 year and above	1,689,691	889,000	2,578,691
	6,463,371	11,877,342	18,340,713

31 December 2021	Trade Receivables	Off-balance sheet deferred revenue	Total
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
	6,146,143	8,557,565	14,703,708

NOTE 13 – OTHER ASSETS

	30 June 2022	31 December 2021
Other current assets		
Progress payments to contractors	126,696	132,332
Deferred VAT	50,743	47,135
Receivables from tax office	13,604	10,935
Income accruals	3,072	13,561
Other	3,405	1,010
	197,549	204,973

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NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES

Short-term deferred income	30 June 2022	31 December 2021
Deferred income from LSRSA projects (*)	2,554,277	2,479,097
Advances taken from turnkey project sales	5,070,852	2,833,875
Advances taken from LSRSA contractors (**)	2,256,715	1,480,532
Deferred income related to sales of independent units	605,316	646,721
Advances received from related parties (Note 22)	-	255,424
	10,487,160	7,695,649

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

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

	30 June 2022	31 December 2021
Long-term deferred income		
Other advances received	4,738	4,738
	4,738	4,738

	30 June 2022	31 December 2021
Prepaid expenses		
Advances given for inventory (*)	726,152	953,810
Prepaid expenses to related parties (Note 22)	629,171	-
Advances given (**)	4,130	17,450
Prepaid expenses	3,232	5,973
	1,362,685	977,233

(*) 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 330,816 (31 December 2021: TL 395,960) has been made. The Group has also provided an inventory advance amounting to TL 391,337 (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 Büyükalyalı projects.

(**) Order advances given as of 30 June 2022 consist 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 30 June 2022 and 31 December 2021 is as follows:

Shareholders	30 June 2022		31 December 2021	
	Share (%)	TL	Share (%)	TL
Public offering portion	50.66	1,925,119	50.66	1,925,119
T.C. Toplu Konut İdaresi Başkanlığı "TOKİ"	49.34	1,874,831	49.34	1,874,831
HAS beneficiaries	0.00	48	0.00	48
Other	0.00	2	0.00	2
Total paid-in capital	100	3,800,000	100	3,800,000

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

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

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

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

On 7 April 2022, the General Assembly decided to distribute dividends amounting to TL 390,260. This dividend amounting to TL 14,263 is related to repurchased shares and net off under equity.

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NOTE 16 – REVENUE AND COST OF SALES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Sales income				
Land sales	2,765,590	1,501,044	1,217,178	711,460
<i>Sales of planned lands by way of</i>				
<i>LSRSA</i>	2,025,930	1,364,033	1,158,480	711,460
<i>Land sales income</i>	739,660	137,011	58,698	-
Residential and commercial units sales	1,751,095	847,169	2,209,220	1,461,990
Consultancy income	166,115	-	-	-
Rent income	49,806	29,944	88,142	48,147
	4,732,606	2,378,157	3,514,540	2,221,597
Sales returns	(5,667)	(4,032)	-	(6,609)
Sales discounts	(279)	-	(675)	2,011
Net sales income	4,726,660	2,374,125	3,507,256	2,216,999
Cost of sales				
Cost of lands	(810,487)	(469,198)	(418,154)	(235,642)
<i>Cost of lands planned by way of</i>				
<i>LSRSA</i>	(602,839)	(429,317)	(384,823)	(235,642)
<i>Cost of lands sold</i>	(207,648)	(39,881)	(33,331)	-
Cost of residential and commercial units sold	(1,465,635)	(592,181)	(2,202,527)	(1,392,505)
	(2,276,122)	(1,061,379)	(2,620,681)	(1,628,147)
Gross Profit	2,450,538	1,312,746	886,575	588,852

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
General administrative expenses				
Personnel expenses	(133,191)	(77,143)	(80,284)	(43,393)
Taxes, duties and fees	(68,326)	(61,594)	(32,635)	(26,360)
Consultancy expenses	(64,488)	(38,564)	(34,471)	(25,098)
Security and cleaning expenses	(30,560)	(19,518)	(13,198)	-6,837.00
Depreciation and amortization	(13,071)	(10,890)	(6,500)	(2,518)
Travel expenses	(9,589)	(5,099)	(4,916)	(2,645)
Due and contribution expenses	(7,697)	(4,819)	(9,126)	(3,237)
Maintenance and repair expenses	(7,022)	(3,116)	(2,412)	(1,448)
Donations	(4,750)	(4,750)	(30,000)	(30,000)
Information technologies expenses	(3,222)	(1,669)	(3,061)	(1,381)
Lawsuit and notary expenses	(2,701)	(1,762)	(1,233)	(431)
Insurance expenses	(2,680)	(2,656)	(1,112)	(476)
Communication expenses	(1,271)	(1,048)	(730)	(335)
Other	(26,365)	(14,198)	(10,906)	(4,779)
	(374,933)	(246,826)	(230,584)	(148,938)

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

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Marketing and sales expenses				
Advertising expenses	(43,375)	(22,846)	(22,704)	(14,796)
Personnel expenses	(13,776)	(8,969)	(6,707)	(4,259)
Consultancy expenses	(5,100)	(2,713)	(3,800)	(1,223)
Office expenses	(106)	-	(5)	(2)
Lawsuit and notary expenses	-	-	(2)	-
Other	(1,476)	(1,158)	(1,263)	(130)
	(63,833)	(35,686)	(34,481)	(20,410)

NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Other income from operating activities				
Financial income from forward sales	199,512	151,881	125,601	88,450
Income from transfer commissions	48,402	33,736	5,028	3,945
Impairment provisions released (Note 9)	30,905	9,939	136,348	106,523
Reversal of unaccrued financial income, net	24,849	24,849	-	-
Default interest income from projects	23,290	10,231	46,705	15,132
Income from tender contract sales	1,953	1,814	371	34
Provisions for possible risks	-	-	1,369	1,211
Other	16,361	12,817	24,174	16,188
	345,272	245,267	339,596	231,483

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Other expenses from operating activities				
Provision for impairment of land and residential inventories (Note 9)	(658,498)	(555,827)	(12,974)	-
Provision for lawsuits (Note 12)	(85,109)	(9,226)	(3,997)	(1,363)
Investment properties amortisation expenses (Note 10)	(8,244)	(4,245)	(12,231)	(6,085)
Provisions for possible risks	(1,669)	(1,359)	(2,973)	(2,777)
Reversal of unaccrued financial expense, net	-	-	(67,497)	(67,497)
Other	(12,607)	8,122	(13,148)	(9,818)
	(766,127)	(562,535) #	(112,820)	(87,540)

NOTE 19 – INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Revenue from investment activities				
Investment property sales profit	16,964	16,964	-	-
Fixed asset sales profit	8,567	8,567	-	-
Interest income from sales of investment property	671	671	-	-
Lease certificate income	-	-	3,979	-
	26,202	26,202	3,979	-

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NOTE 20 – FINANCIAL INCOME / EXPENSES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Financial expenses				
Borrowings interest and lease certificate expenses	(326,213)	(196,686)	(245,164)	(116,488)
Interest discount on pay off debt	(54,572)	(53,506)	(714)	(129)
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı interest expenses (*)	(17,876)	(7,519)	-	-
Interest expense on lease liabilities	(5,165)	(2,348)	(1,878)	(939)
Foreign exchange losses	(1,240)	(1,142)	(195)	(23)
Assigned receivables and commission expense	(99)	-	(99)	-
	(405,165)	(261,201)	(248,050)	(117,579)
Financial income				
Interest income from time deposits	220,070	90,246	69,602	19,023
Foreign exchange gains	324	26	586	552
Interest income related to leases	702	500	2,301	1,285
Interest income from land acquisition	3,638	3,608	1,080	-
	224,733	94,379	73,569	20,860

(*) This amount consists of interest expense accrued as of 30 June 2022 for the Company's debt in return for the land purchased from The Ministry of Environment, Urbanisation and Climate Change.

NOTE 21 – 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 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 21 – 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 the corporate earnings of the 2022 taxation period is 23% (2021: 23% for the year 2022, 20% for the year 2023).

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 30 June 2022 is as follows:

	30 June 2022	31 December 2021
<i><u>Current tax liability</u></i>		
Current corporate tax provision	10,140	16,056
Less: prepaid taxes and funds	(45)	(8,564)
	<u>10,095</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 expected to reverse in 2022, and 20% over the temporary timing differences that are expected to reverse after 2022. (2021: 23% for 2022, 20% for 2023).

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

Deferred Tax (Continued):

	30 June 2022	31 December 2021
<u>Deferred tax (assets)/liabilities:</u>		
Fair value adjustment to inventories	19,954	22,860
Effect of amortized cost method on receivables	(8,022)	-
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(1,107)	(1,302)
Provision for employment termination benefits	(1,236)	(1,398)
	<u>9,589</u>	<u>20,160</u>

The movements of deferred tax (asses)/ liabilities for the periods ended 30 June 2022 and 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021
<u>Movement of deferred tax (assets)/liabilities:</u>		
Opening balance as of 1 January	(20,160)	(52,279)
Charged to profit or loss	10,571	17,040
Closing balance at 31 December	<u>(9,589)</u>	<u>(35,239)</u>
	1 January- 30 June 2022	1 January- 30 June 2021
<u>Tax (expense) / income comprises:</u>		
Current tax expense	(10,140)	(9,093)
Deferred tax income	10,571	17,040
Total tax income	<u>431</u>	<u>7,947</u>

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

	1 January- 30 June 2022	1 January- 30 June 2021
<u>Reconciliation of tax provision:</u>		
Profit from continuing operations	1,436,687	677,784
Profit from operations before tax	<u>1,436,687</u>	<u>677,784</u>
Tax at the domestic income tax rate 2022: 23% (2021: 25%)	(330,438)	(169,446)
Tax effects of:		
- revenue that is exempt from taxation	333,318	190,056
- the effect of tax rate change from 25% to 23%	-	(9,891)
- other	(2,449)	(2,772)
Income tax expense recognised in profit	<u>431</u>	<u>7,947</u>

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NOTE 22 – RELATED PARTY DISCLOSURES

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

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
3. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
4. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
5. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
6. Emlak-Toplu Konut İdaresi Spor Kulübü
7. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi
10. Emlak Konut Spor Kulübü Derneği
11. Türkiye Emlak Katılım Bankası A.Ş.
12. T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü
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., Türkiye Emlak Katılım 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 30 June 2022, the Group has deposits amounting to TL 5,552,476 in state banks (31 December 2021: TL 2,946,789). Average effective interest rates of time deposits of the Group as of 30 June 2022 are explained in Note 4.

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

	30 June 2022	31 December 2021
Trade receivables from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	280
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
	-	15,261

	30 June 2022	31 December 2021
Short-term other receivables from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay O.G.	-	182
	-	182

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NOTE 22 – RELATED PARTY DISCLOSURES (Continued)

	30 June 2022	31 December 2021
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	3,085,833	-
Emlak Basın Yayın A.Ş.	112	100
T.C. Çevre ve Şehircilik Bakanlığı Altyapı ve Kentsel Dönüşüm Hiz. Gen. Müd.	-	14,692
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	1,324
İller Bankası A.Ş. (**)	-	487,832
	3,085,945	503,948

(*) Remaining debt amount related to the acquisition of 22 parcels purchased by the company in the protocol signed with TOKİ on 9 March 2022.

(**) According to the protocol signed with İller Bankası A.Ş. on 14 December 2020, the Company's debt and deferred income balance arising from the transfer of the lands owned by İlbank and the real estate owned by Emlak Konut. Ownership of the real estate was transferred to Ilkbank in 2022 and there was no debt or deferred income on 30 June 2022.

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.

	30 June 2022	31 December 2021
Deferred income from related parties		
İller Bankası A.Ş. (**)	-	255,424
	-	255,424
Short-term other payables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	589	587
	589	587
Prepaid expenses to related parties		
T.C. Çevre, Şehircilik ve İklim Değişikliği Bakanlığı (***)	590,669	-
İller Bankası A.Ş.	38,502	-
	629,171	-

(***) It is the advance given for the lands to be purchased by the Company pursuant to the protocol after the relevant period.

	30 June 2022	31 December 2021
Deposits at related parties		
Türkiye Emlak Katılım Bankası A.Ş.	140,923	247,672
	140,923	247,672

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NOTE 22 – RELATED PARTY DISCLOSURES (Continued)

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Purchases from related parties				
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	3,910,323	-	-	1,421,660
T.C. Çevre ve Şehircilik Bakanlığı	1,297,744	-	937,289	-
Emlak Basın Yayın A.Ş.	638	329	245	-
	5,208,705	329	937,534	1,422,108

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2021
Sales to related parties				
İller Bankası A.Ş.	743,256	135,000	-	-
T.C. Çevre ve Şehircilik Bakanlığı	135,000	-	151,205	-
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	5,834	-	3,697	6,038
Gedaş Gayrimenkul Değerleme A.Ş.	-	135,000	27	-
	884,090	270,000	154,929	6,038

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:

	1 January- 30 June 2022	1 July- 30 June 2021	1 January- 31 December 2020	1 July- 30 September 2020
Compensation to key management				
Salaries and other short-term benefits	9,334	5,163	3,476	2,834
	9,334	5,163	3,476	2,834

NOTE 23 – COMMITMENTS

The Group’s mortgage and guarantees received as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Guarantees received (*)	7,115,036	4,432,492
Mortgages received (**)	380,343	171,426
	7,495,379	4,603,918

(*) 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 23 – COMMITMENTS (Continued)

The collaterals, pledges and mortgages (“CPM”) of the Group as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
A. CPM given on behalf of the Company's legal personality	127,872	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	-	-
	127,872	120,845

NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

The Company has reached an agreement to take over 89 parcels for a price of TL 1,746,729 within the scope of the additional protocol signed with Republic of Türkiye Ministry of Environment, Urbanization and Climate Change on 7 June 2022. The Company held the second session of 4 Land Sales Revenue Sharing Tenders in the post-balance sheet period and received the offers detailed below. Contracts have not yet been signed with the contractor companies that bid on the related projects.

Project Name	Contractor Company	Auction Date	Total Project Income	Income Rate of Company	Total Income of Company
İstanbul Küçükçekmece Bizim Mahalle 2. Etap 1. Kısım	Özak GYO A.Ş.	6.07.2022	7,800,000	30%	2,340,000
İstanbul Küçükçekmece Bizim Mahalle 2. Etap 2. Kısım	Özak GYO A.Ş.	20.07.2022	9,540,000	30%	2,862,000
İstanbul Ümraniye İnkilap	Kiler GYO A.Ş. & Biskon Yapı A.Ş. İş Ortaklığı	21.07.2022	3,562,000	50%	1,781,000
İstanbul Başakşehir Hoşdere 7. Etap	Aydur Yapı A.Ş.	11.08.2022	2,870,000	30%	861,000

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

	Non-Consolidated (Standalone) Financial Statements Main Account Items	Related Regulation	30 June 2022 (TL)	31 December 2021 (TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	3,515,380	2,993,647
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	23,174,791	18,761,345
C	Affiliates	Series:III-No:48, Art,24/(b)	648,037	498,037
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		10,835,000	8,376,089
D	Total Assets	Series:III-No:48, Art,3/(k)	38,173,208	30,629,118
E	Financial Liabilities	Series:III-No:48, Art,31	5,348,931	4,617,547
F	Other Financial Liabilities	Series:III-No:48, Art,31	-	-
G	Due from Financial Leases	Series:III-No:48, Art,31	-	-
H	Due to Related Parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
I	Shareholders’ equity	Series:III-No:48, Art,31	16,950,451	15,877,239
	Other Resources		15,873,826	10,134,332
D	Total Resources	Series:III-No:48, Art,3/(k)	38,173,208	30,629,118
	Non-Consolidated (Standalone) Financial Statements Other Account Items	Related Regulation	30 June 2022 (TL)	31 Aralık 2021 (TL)
A1	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years	Series:III-No:48, Art,24/(b)	3,515,380	2,993,647
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	3,515,380	2,993,647
A3	Foreign Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-
B1	Foreign Properties, Projects based on properties and Rights based on Properties	Series:III-No:48, Art,24/(d)	-	-
B2	Idle Lands	Series:III-No:48, Art,24/(c)	2,477,258	2,124,409
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	648,000	34,395
J	Non-cash Loans	Series:III-No:48, Art,31	103,400	45,597
K	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2022**

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

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

	Portfolio restrictions	Related regulation	30 June 2022 (%)	31 December 2021 (%)	Minimum/ Maximum Rate
1	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-	<10%
2	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)(b)	69.92	71.03	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1.70	1.63	<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)	6.49	6.94	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	1.70	0.11	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	32.17	29.37	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	-	-	<10%

The information in the table of Control of Compliance with the Portfolio Limitations 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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