

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**STANDALONE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 MARCH 2020**

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

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EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2020 VE 31 DECEMBER 2019

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

	Notes	Not Reviewed 31 March 2020	Audited 31 December 2019
ASSETS			
Current assets		20,060,578	19,363,644
Cash and cash equivalents	4	1,237,260	510,149
Financial investments	5	15,006	22,370
Trade receivables	7	2,484,098	2,908,714
<i>Trade receivables due from related parties</i>	20	479,018	479,941
<i>Trade receivables due from third parties</i>		2,005,080	2,428,773
Other receivables	8	1,191,068	1,137,921
<i>Other receivables due from third parties</i>		1,191,068	1,137,921
Inventories	9	13,109,522	12,839,594
Prepaid expenses	14	1,780,244	1,748,382
Other current assets	13	243,380	196,514
Non-current assets		4,024,912	4,047,853
Trade receivables	6	2,997,276	3,067,809
<i>Trade receivables due from third parties</i>		2,997,276	3,067,809
Other receivables	8	1,014	1,014
Financial investments	4	373,037	373,037
<i>Investments in subsidiaries, joint operations and associates</i>		373,037	373,037
Investment properties	10	487,991	499,654
Property, plant and equipment	11	65,403	65,370
Intangible assets		3,405	3,771
Other non-current assets	13	96,786	37,198
Total assets		24,085,490	23,411,497

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2020 VE 31 DECEMBER 2019**

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

		<i>Not Reviewed</i>	<i>Audited</i>
	Notes	31 March 2020	31 December 2019
LIABILITIES AND EQUITY			
Current liabilities		6,793,401	8,023,624
Short-term borrowings	5	1,068,427	1,864,938
Short-term portions of long-term borrowings	5	957,814	1,310,695
Trade payables	6	687,004	489,368
<i>Trade payables due to related parties</i>	25	1,334	19,297
<i>Trade payables due to third parties</i>		685,670	470,071
Other payables	7	624,402	569,451
<i>Other payables to third parties</i>		624,402	569,451
Deferred income	15	3,333,813	3,669,456
<i>Deferred income from related parties</i>	25	64,732	64,732
<i>Deferred income from third parties</i>		3,269,081	3,604,724
Short-term provisions		121,941	119,716
<i>Short-term provisions for employee benefits</i>	13	8,776	9,475
<i>Other short-term provisions</i>	12	113,165	110,241
Non-current liabilities		3,425,594	1,639,451
Long-term borrowings	5	3,368,421	1,587,564
Trade payables		8	102
Other payables		42,707	37,045
Deferred income		4,738	4,738
Long-term provisions		9,720	10,002
<i>Long-term provisions for employee benefits</i>	13	9,720	10,002
Shareholders' equity		13,866,495	13,748,422
Paid-in capital	16	3,800,000	3,800,000
Treasury shares (-)		(296,231)	(284,480)
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 remeasurement of employee benefits</i>		(42)	(42)
Restricted reserves appropriated from profit		721,110	721,110
Prior years' profits		7,144,939	6,364,433
Net profit for the period		129,824	780,506
Total liabilities and equity		24,085,490	23,411,497

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

INTERIM CONDENSED STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	<i>Not Reviewed</i> 1 January- 31 March 2020	<i>Not Reviewed</i> 1 January- 31 March 2019
Profit or loss			
Revenue	16	686,839	1,235,029
Cost of sales (-)	16	(402,738)	(1,175,903)
Gross profit		284,101	59,126
General administrative expenses (-)	17	(49,223)	(54,595)
Marketing expenses (-)	17	(11,779)	(14,943)
Other income from operating activities	18	148,917	180,918
Other expenses from operating activities (-)	18	(130,543)	(28,517)
Operating profit		241,473	141,989
Income from investing activities		3	165
Operating profit before financial income / (expense)		241,476	142,154
Financial income	19	27,353	51,713
Financial expenses (-)	19	(139,005)	(145,990)
Profit / (loss) for the period		129,824	47,877
Other comprehensive income			
Total comprehensive income / (expense)		129,824	47,877
Earnings per share (in full TL)		0,0004	0,0001

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Share capital	Treasury shares	Share premium/ discounts	Restricted reserves appropriated from profit	Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss	Retained Earnings		Total equity
						Gain/loss on remeasurement of defined benefit plans	Prior years' profit	
1 January 2019	3,800,000	(284,480)	2,366,895	662,853	(42)	5,271,709	1,269,807	13,086,742
Transfers	-	-	-	-	-	1,269,807	(1,269,807)	-
Total comprehensive income	-	-	-	-	-	-	47,877	47,877
31 March 2019	3,800,000	(284,480)	2,366,895	662,853	(42)	6,541,516	47,877	13,134,619
1 January 2020	3,800,000	(284,480)	2,366,895	721,110	(42)	6,364,433	780,506	13,748,422
Transfers	-	-	-	-	-	780,506	(780,506)	-
Increases/(Decreases) Related to the Acquisition of Treasury Shares	-	(11,751)	-	-	-	-	-	(11,751)
Total comprehensive income	-	-	-	-	-	-	129,824	129,824
31 March 2020	3,800,000	(296,231)	2,366,895	721,110	(42)	7,144,939	129,824	13,866,495

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	1 January- 31 March 2020	1 January- 31 March 2019
Cash flows from operating activities			
Profit for the period		129,824	47,877
Adjustments related to reconcile of profit for the period			
Adjustments related to depreciation and amortization expenses	17,18	15,200	1,889
Adjustments related to impairments (reversal of)		91,104	19,120
<i>Adjustments related to impairment loss (reversal of) of inventories</i>	9	91,104	19,120
Adjustments related to provisions		7,650	(18,004)
<i>Adjustments related to (reversal of) provisions related with employee benefits</i>		(981)	423
<i>Adjustments related to (reversal of) lawsuit and/or penalty provisions</i>	12	2,924	(20,983)
<i>Adjustments related to (reversal of) provisions for possible risks</i>	18	5,707	2,556
Adjustments related to interest (income) expenses		16,421	(37,278)
<i>Adjustments related to interest income</i>	18,19	(122,578)	(183,267)
<i>Adjustments related to interest expense</i>	19	138,999	145,989
Changes in net working capital		260,199	13,604
Adjustments related to (increase) / decrease in trade receivables		569,053	(534,783)
<i>Decrease (increase) in trade receivables from related parties</i>		923	154
<i>Decrease (Increase) in trade receivables from third parties</i>		568,130	(534,937)
Adjustments related to decrease/(increase) in inventories		(361,032)	343,550
Adjustments related to increase/(decrease) in trade payables		197,542	(21,397)
<i>Increase (decrease) in trade payables to related parties</i>		(17,963)	(16,472)
<i>Increase (decrease) in trade payables to third parties</i>		215,505	(4,925)
Adjustments related to (decrease) in other receivables from operating activities		(130,657)	(109,045)
Adjustments related to increase (decrease) in other payables from operating activities		(309,687)	(158,819)
Other adjustments related to other increase in working capital		32,604	66,510
Net cash flows from operating activities			
Interest received		19,646	29,576
Tax payments		(34,657)	(52,093)
Cash flows from operating activities			
		243,011	(422,897)
Cash outflows used in obtaining control of subsidiaries or other businesses		-	(47,477)
Purchases of investment properties, property, plant and equipment and intangible assets		(1,369)	(1,977)
Interest received		3	165
Returns of financial assets		-	50
Other cash inflows (outflows)		5,530	11,033
Cash flows from investing activities			
		4,164	(38,206)
Payments for acquisition of treasury shares	15	(11,751)	-
Proceeds from borrowings		2,048,240	1,420,000
<i>Proceeds from loans</i>		1,498,240	880,000
<i>Proceeds from issue of debt instruments</i>		550,000	540,000
Repayments of borrowings		(1,427,469)	(847,716)
<i>Loan repayments</i>		(877,469)	(352,716)
<i>Payments of issued debt instruments</i>		(550,000)	(495,000)
Interest paid		(121,951)	(93,492)
Interest received		28,312	10,203
Other inflows (outflows) of cash		-	(35)
Cash flow from financing activities			
		515,381	488,960
Net (decrease) increase in cash and cash equivalents		762,556	27,857
Cash and cash equivalents at the beginning of the period	4	395,219	371,894
Cash and cash equivalents at the end of the period	4	1,157,775	399,751

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 1 – ORGANIZATION AND OPERATION OF THE COMPANY

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

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

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

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

The registered address of the Company is Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) Ataşehir – İstanbul.

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

The standalone financial statements at 31 March 2020 have been approved by the Board of Directors on 11 June 2020.

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

The World Health Organization (WHO) has declared an international public health emergency due to the eruption of the coronavirus (COVID-19), which first appeared in Wuhan, China has described COVID-19 as a pandemic as of 11 March 2020. Covid-19 which has rapidly spread across Turkey and the world is considered to have negative economic impact in Turkey and other countries. Since these economic impacts remain uncertain as of the publication date of the financial statements, their impact on the Company’s financial statements has not been reasonably estimated, as well. The details of the measures taken by both the government and the Company’s management concerning COVID-19 are explained in the events after the reporting period (Note 22).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 2 – BASIS OF PRESENTATION OF STANDALONE FINANCIAL STATEMENTS

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

2.1. Basis of Presentation

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TFRS is updated through communiqués in order to comply with the changes in the International Financial Reporting Standards ("IFRS").

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

The Company prepared its interim condensed standalone financial statements for the period ended 31 March 2020 in accordance with the TAS 34 "Interim Financial Reporting Standard" within the framework of the Communiqué Serial: XII No. 14.1 and announcements regarding this Communiqué published by CMB. The condensed standalone financial statements and the related notes to them are presented in accordance with the declaration dated 7 June 2013 and with the formats required by the CMB.

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

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

Preparation of financial statements in hyperinflationary periods

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

Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The standalone financial statements are presented in thousands of TL, which is the Company's functional and presentation currency.

Offsetting

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

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

Going Concern

It remains unclear how the coronavirus pandemic ("COVID-19") will affect the Company's operations in the upcoming period. Despite this uncertainty, the Company's current assets exceed its current liabilities by TL 13,267,177 as of 31 March 2020, it has cash and cash equivalents amounting to TL 1,237,260 and the Company has made a net profit of TL 129,824 in the interim period ended on 31 March 2020. The Company Management believes that the Company has the necessary liquidity and the principle of going concern is appropriate. Therefore, the financial statements have been prepared on the basis of going concern.

2.2. Conformity with the Portfolio Limitations

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

NOTE 3 – ACCOUNTING POLICIES

Interim condensed standalone financial statements as of 31 March 2020 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 2019. 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 Accounting Standards

a) Amendments and interpretations mandatorily effective as of 2020

Amendments to TFRS 3	<i>Definition of Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>

Amendments to TFRS 3 Definition of Business

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 3 – ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Accounting Standards (Continued)

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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

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

TFRS 17

Amendments to TAS 1

Insurance Contracts

Classification of Liabilities as Current or Non-Current

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 2021.

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 2022 and earlier application is permitted.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2020	31 December 2019
Cash on hand	53	3
Banks	1,212,453	477,922
- Demand deposit	90,116	140,049
- Time deposits with maturities less than 3 months	1,122,337	337,873
Other cash and cash equivalents	24,754	32,224
	1,237,260	510,149

Maturities of cash and cash flows are as follows:

	31 March 2020	31 December 2019
Demand	90,116	140,049
Up to 3 month	1,122,337	337,873
Less: Blocked deposits with maturities less than 3 months	(3,323)	(2,880)
	1,209,130	475,042

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

	31 March 2020	31 December 2019
	(%)	(%)
	9,78%	9,16%

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

	31 March 2020	31 December 2019
Cash and cash equivalents	1,237,260	510,149
Less: Interest accruals on deposits	(3,469)	(758)
Less: LSRSA project deposits (*)	(84,885)	(117,489)
Less: Blocked deposits with maturities less than 3 months	(1,084)	(929)
Add: the effect of provisions released under TFRS 9	9,953	4,246
	1,157,775	395,219

(*) The contractors' portion of the residential unit sales from the LSRSA projects under construction and which accumulated in the bank accounts opened under the control of the Company is kept in deposits accounts in the name of the related projects under the control of the Company as stated in the agreement. TL 2,239 (31 December 2019: TL 1,951) of the deposits of the project accounts amounting TL 84,885 (31 December 2019: TL 117,489) consists of blocked deposits of the projects.

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments	31 March 2020	31 December 2019
Blocked deposits with maturities longer than 3 months (**)	4,952	12,316
Special issue government bonds (*)	10,054	10,054
	15,006	22,370

(*) Under the Lar No. 5664, the Company received special issued Government Debt Securities amounting to TL 429,617 on behalf of Republic of Turkey Ministry Undersecretariat of Treasury ("Treasury") for the payments to Housing Acquisition Support ("HAS") beneficiaries in 2010. As HAS beneficiaries are determined, the Company amortizes a certain part of GDS early and transfers to the Company accounts for payment (Note: 7). Since GDS received in 2010 were issued by Treasury, and since they are interest-free and not subject to trading in the secondary market, their fair values are their nominal values.

(**) The company keeps the credit amounts used by customers as blocked deposits at the bank in order to provide low interest rate financing to its customers who want to purchase residentials from the projects that the Company has developed. The relevant amounts are ready for the use of the company at the specified terms. While the contractor portion of blocked deposits in the bank accounts which opened in the name of the related project under the control of the Company and which have maturities more than 3 months is TL 3,355 (31 December 2019: TL 8,331), the Company portion is TL 1,597 (31 December 2019: TL 3,985).

Subsidiaries

As of 31 March 2020 and 31 December 2019 the carrying values of the subsidiaries of the Company on the balance sheet are as follows:

	31 March 2020		31 December 2019	
	Share (%)	TL	Share (%)	TL
Emlak Planlama İnşaat Proje Yönetimi ve Ticaret A.Ş.	100	373,000	100	373,000
Total		373,000		373,000

Interests in joint ventures

As of 31 March 2020 and 31 December 2019, the carrying value of the Company's interest in joint ventures in the balance sheet is as follows:

	31 March 2020		31 December 2019	
	Share (%)	TL	Share (%)	TL
İstmarina AVM Adi Ortaklığı	40	-	40	-
Büyükyalı Tesis Yönetim A.Ş.	37	37	37	37
Total		37		37

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 6 – FINANCIAL LIABILITIES

	31 March 2020	31 December 2019
Short-term financial liabilities		
Issued debt instruments	1,068,427	1,065,414
Short-term bank borrowings	-	799,524
Short-term portion of long-term borrowings	957,814	1,310,695
	2,026,241	3,175,633

	31 March 2020	31 December 2019
Long-term financial liabilities		
Long-term borrowings	3,368,421	1,587,564
	3,368,421	1,587,564

Borrowings used as of 31 March 2020 are denominated in TL and the weighted average interest rate is 11.23% (31 December 2019: 17.62%).

The redemption schedules of the borrowings as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
2021	514,542	1,344,827
2022	1,030,671	131,092
2023	707,126	51,759
2024	771,560	59,886
2025	344,522	-
	3,368,421	1,587,564

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

	31 March 2020	31 December 2019
Less than 3 months	107,673	790,900
Between 3 - 12 months	850,141	1,319,319
Between 1 - 5 years	3,368,421	1,587,564
	4,326,235	3,697,783

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	31 March 2020	31 December 2019
Short-term trade receivables		
Receivables from contractors of the lands invoiced under LSRSA	1,091,098	1,473,299
Receivables from sale of residential and commercial units	597,049	666,513
Receivables from the sale of transferred residential and commercial units (*)	44,958	44,958
Receivables from land sales	280,214	258,411
Receivables from related parties (Note 20)	479,018	479,941
Receivables from lessees	7,336	7,243
Other	10,582	5,571
Unearned finance income	(26,157)	(27,222)
	2,484,098	2,908,714
Doubtful receivables	1,837	1,837
Less: Provision for doubtful receivables	(1,837)	(1,837)
	2,484,098	2,908,714

(*) The Company has transferred a certain portion of its receivables arising from forward sales as "irrevocable". This amount comprises of the receivables from the receivable financing company.

	31 March 2020	31 December 2019
Long-term trade receivables		
Receivables from sale of residential and commercial units	3,295,364	3,323,401
Receivables from land sales	131,134	177,940
Unearned finance income	(429,222)	(433,532)
	2,997,276	3,067,809

	31 March 2020	31 December 2019
Short-term trade payables		
Payables to related parties (Note 20)	1,334	19,297
Payables to contractors according to revenue sharing basis	199,159	191,691
Trade payables	471,315	263,636
Interest accruals on time deposits of contractors (*)	15,196	14,744
	687,004	489,368

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

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	31 March 2020	31 December 2019
Short-term other receivables		
Advances given to contractor firms	763,936	720,661
Housing Acquisition Support ("HAS") receivables from the Turkish Treasury	402,527	402,527
Receivables from the authorities	24,375	14,507
Other	230	226
	1,191,068	1,137,921
	31 March 2020	31 December 2019
Long-term other receivables		
Deposits and guarantees given	1,014	1,014
	1,014	1,014
	31 March 2020	31 December 2019
Short-term other payables		
Payables to HAS beneficiaries	402,713	402,713
Payables to contractors (*)	88,752	88,752
Taxes and funds payable	36,290	23,077
Other	96,647	54,909
	624,402	569,451

(*) 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 2019: TL 88,752).

As of 31 March 2020 other long-term payables comprises of deposits and guarantees received.

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Continued)

The movements of HAS payments transferred from Company's shareholder's equity and HAS receivables and payables related to Treasury Support for the periods 31 March 2020 and 2019 are as follows:

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

	1 January 2019	Additions within the period	Disposals	31 March 2019
Treasury support				
Receivables from Treasury	390,768	-	-	390,768
Special issue Government Debt Securities	12,067	-	(50)	12,017
Cash generated from government bond redemption	(25)	12	-	(13)
Total consideration received or receivable from Treasury	402,810			402,772
Payables to HAS beneficiaries	(402,810)			(402,772)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 9 – INVENTORIES

	31 March 2020	31 December 2019
Lands	4,127,988	4,057,042
<i>Cost</i>	4,222,521	4,139,098
<i>Impairment</i>	(94,533)	(82,056)
Planned land by LSRSA	4,627,353	4,778,010
Planned land by turnkey project	2,313,428	2,319,305
Residential and commercial units ready for sale	2,040,753	1,685,237
<i>Cost</i>	2,329,211	1,895,068
<i>Impairment</i>	(288,458)	(209,831)
	13,109,522	12,839,594

As of 31 December 2019, the valuation reports prepared by Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. and Reel Gayrimenkul Değerleme A.Ş. have taken into consideration in the valuation of assets classified as “Inventories” and in the calculation on impairment, if any.

The movements of impairment on inventories are as follows:

	2020	2019
Opening balance at 1 January	291,887	182,354
Impairment charge for the period	108,671	20,915
Reversal of impairment	(17,567)	(1,795)
Closing balance at 31 March	382,991	201,474

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 9 – INVENTORIES (Continued)

As of 31 March 2020 and 31 December 2019 the details of land and residential inventories of the Company are as follows:

Lands	31 March 2020	31 December 2019
İstanbul Küçükçekmece Lands	1,912,109	1,942,494
İstanbul Başakşehir Lands	624,837	627,674
İstanbul Bakırköy Lands	330,000	364,227
İstanbul Florya Lands	262,556	262,556
İstanbul Beşiktaş Lands	256,965	256,965
İstanbul Arnavutköy Lands	170,581	170,581
İstanbul Zekeriyaköy Lands	146,527	677
Samsun Canik Lands	111,916	111,916
İstanbul Kartal Lands	97,061	109,183
Ankara Çankaya Lands	51,098	45,644
İstanbul Esenyurt Lands	50,577	50,577
İstanbul Ataşehir Lands	40,138	40,238
İstanbul Tuzla Lands	20,016	20,016
İstanbul Avcılar Lands	19,307	19,307
İzmir Konak Umurbey Lands	12,258	12,258
İstanbul İstinye Lands	7,004	7,734
Tekirdağ Çorlu Lands	6,153	6,153
Maltepe Küçükyalı Lands	3,010	3,010
Tekirdağ Kapaklı Lands	1,665	1,665
İstanbul Umraniye Lands	1,844	1,844
Kocaeli Gebze Lands	1,347	729
Other	976	1,594
	4,127,988	4,057,042

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 9 - INVENTORIES (Continued)

Planned lands by LSRSA	31 March 2020	31 December 2019
Nidapark İstinye Project	993,433	993,780
Nidapark Kucukyali Project	677,661	678,852
Merkez Ankara Project	642,054	642,054
Nişantaşı Project	589,483	571,037
Beykoz Riva Project	386,397	386,193
İstanbul Çekmeköy Taşdelen Project	317,914	312,972
Büyükyalı Project	264,197	263,492
Validebağ Konakları Project	153,682	154,929
Avangart İstanbul Project	124,836	120,391
Cer İstanbul Project	67,403	67,403
Evora Denizli Project	63,628	63,618
Ebruli İspartakule Project	57,640	58,200
Avrupark Hayat Project	54,057	54,057
Temaşehir Konya Project	39,022	87,489
Tual Bahçekent Project	38,954	39,779
Nidapark Kayasehir Project	35,761	35,367
Ofis Karat Bakırköy Project	30,826	30,955
İspartakule 6. Etap Project	31,288	31,641
Tual Adalar Project	12,330	11,828
Köy Project	11,387	153,054
Şile Çavuş Project	9,839	9,813
Ankara Saraçoğlu Project	7,187	-
Karat 34 Project	5,673	5,673
İstanbul Finans Merkezi Project	3,356	-
Koordinat Çayyolu Project	2,194	2,257
Evvel İstanbul Project	612	612
Semt Bahçekent Project	341	341
Zeytinburnu Beştelsiz Project	107	107
Other	6,091	2,116
	4,627,353	4,778,010

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 9 - INVENTORIES (Continued)

Planned lands by turnkey project	31 March 2020	31 December 2019
Başkent Emlak Konutları Project	991,087	922,882
Ankara Başkent Project	363,950	358,729
Halkalı Emlak Konutları Project	341,689	259,306
Zekeriya köy Emlak Konutları Project	238,403	-
Yeniköy Konakları	174,108	114,735
Hoşdere 6.Etap Projesi	151,751	101,355
Hoşdere Hayat Parkı Project	36,342	30,059
Gebze Emlak Konutları	10,415	10,415
Ankara Saraçoğlu Project	5,194	5,194
Ispartakule 1. Etap 2. Kısım Project	489	-
Kuzey Yakası Project	-	516,630
	2,313,428	2,319,305

Residential and commercial units completed	31 March 2020	31 December 2019
Gebze Emlak Konutları	515,342	590,245
Maslak 1453 Project	474,710	491,323
Kuzey Yakası Project	460,216	-
Sarphan Finanspark Project	178,507	179,190
Büyükyalı Project	74,606	74,606
Tual Adalar Project	57,243	-
İstmarina Project	52,831	52,831
Niğde Emlak Konutları	39,544	57,351
Koordinat Çayyolu Project	34,138	35,410
Göl Panorama Project	23,726	33,478
Nidakule Ataşehir Project	24,052	24,052
Evora Denizli Project	17,472	-
Dumankaya Miks Project	16,686	16,686
Ispartakule Emlak Konutları	14,822	19,919
Unikonut Project	13,878	6,890
Kocaeli Körfezkent Emlak Konutları	4,176	14,268
Batışehir Project	1,817	11,730
Bulvar İstanbul Project	1,704	2,424
Bahçekent Flora Evleri	1,777	1,777
Bahçekent Emlak Konutları	818	3,578
Metropol İstanbul Project	736	3,444
Başakşehir Emlak Konutları	-	9,123
Başakşehir Ayazma Emlak Konutları	-	8,745
Nevşehir Emlak Konutları	-	3,459
Avrupa Konutları Başakşehir Project	-	1,178
Esenler Emlak Konutları	-	1,096
Other	31,952	42,434
	2,040,753	1,685,237

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 10 – INVESTMENT PROPERTIES

Lease income is obtained from investment properties and the expertise used in the calculation of impairment is made through sample comparison and income deduction methods.

The movements of investment properties as of 31 March 2020 and 2019 are as follows:

	Lands, residential and commercial units	Atasehir general management building A block	Total
Cost Value			
Opening balance as of 1 January 2020	482,218	40,922	523,140
Closing balance as of 31 March 2020	482,218	40,922	523,140
Accumulated Depreciation			
Opening balance as of 1 January 2020	19,289	4,197	23,486
Charge for the period	11,346	317	11,663
Closing balance as of 31 March 2020	30,635	4,514	35,149
Carrying value as of 31 March 2020	451,583	36,408	487,991
Cost Value			
Opening balance as of 1 January 2019	329,182	40,922	370,104
Transfers from residential and commercial unit inventories	11,551	-	11,551
Closing balance as of 31 March 2019	340,733	40,922	381,655
Accumulated Depreciation			
Opening balance as of 1 January 2019	-	2,722	2,722
Charge for the period	-	317	317
Closing balance as of 31 March 2019	-	3,039	3,039
Carrying value as of 31 March 2019	340,733	37,883	378,616

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 10 – INVESTMENT PROPERTIES (Continued)

Reports prepared by Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş. and Reel Gayrimenkul Değerleme A.Ş., valuation firms authorized by CMB, have been taken into consideration when determining the fair values of investment properties as of 31 December 2019. The fair values of the investment property determined by independent valuation experts are as follows:

	31 March 2020	31 December 2019
Lands, residential and commercial units	218,291	218,291
Atasehir general management building A block	98,000	98,000
Independent commercial units of Istmarina AVM	272,515	272,515
	588,806	588,806

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

31 March 2020	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2020	60,305	242	4,726	97	65,370
Additions	-	-	1,369	-	1,369
Depreciation expense (-)	(539)	(77)	(720)	-	(1,336)
Net carrying value 31 March 2020	59,766	165	5,375	97	65,403
Cost	67,662	2,160	21,495	97	91,414
Accumulated depreciation (-)	(7,896)	(1,995)	(16,120)	-	(26,011)
Net carrying value 31 March 2020	59,766	165	5,375	97	65,403

31 March 2019	Buildings	Motor vehicles	Furniture, equipment and fixtures	Construction in progress	Total
Net carrying value as of 1 January 2019	56,884	550	5,963	97	63,494
Additions	-	-	18	-	18
Depreciation expense (-)	(508)	(76)	(335)	-	(919)
Net carrying value 31 March 2019	56,376	474	5,646	97	62,593
Cost	61,751	2,160	19,261	97	83,269
Accumulated depreciation (-)	(5,375)	(1,686)	(13,615)	-	(20,676)
Net carrying value 31 March 2019	56,376	474	5,646	97	62,593

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

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

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

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2020	31 December 2019
Provisions		
Provision for lawsuits	113,165	110,241
	113,165	110,241

According to the opinions of the Company's lawyers, provisions amounting to TL 113,165 have been made as of 31 March 2020 (31 December 2019: TL 110,241). As of 31 March 2020, there are 37 cases of defect, 5 cases of loss of rent, 14 cases of cancellation of title deeds and registration, 2 cases of business and 29 other cases. The amount of risk arising from the total possible cash outflow is TL 113,165 and the lawsuits are still pending. The movements of provision for lawsuits as of 31 March 2020 and 2019 are as follows:

	2020	2019
Opening balance at 1 January	110,241	131,503
Provision released within the current period (Note 18)	-	(20,983)
Provision added within the current period (Note 18)	2,924	-
Closing balance at 31 March	113,165	110,520

12.1 Continuing Lawsuits and Provisions

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

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

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

According to the various expert reports submitted to the file, the complainant increased the lawsuit cost by TL 65,596 with the claim that the lawsuit was terminated unfairly by Emlak Konut during the prosecution process of the compensation lawsuit filed by the contractor for the detection of invalidity of termination on condition that the surplus rights are reserved. The Company made provision amounting to TL 75,840 as of 31 March 2020.

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

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

12.1 Continuing Lawsuits and Provisions (Continued)

12.1.2 Contractor firm filed a lawsuit against the Company claiming compensation because of damage caused by the company in the agreement of The LSRSA Project regarding İstanbul Bakırköy, 51/4 section 257 zone 33 & 38 parcels. In the related case, Bakırköy 2nd Commercial Court of First Instance decided against the Company and the Supreme Court of Appeals overturned the decision in favor of the Company. The decision of the local court is expected. As of 31 March 2020, a provision amounting to TL 20,521 has been made.

12.1.3 The filed by the contractor firm is action of debt, deed cancellation and registration case. The decision of the contractor's contract was terminated unfairly, passing through degrees. Lawsuits filed by the company and amounting to TL 6,681 have been partially accepted and the decision was appealed by the parties, the trial is ongoing at the İstanbul 16th Commercial Court of First Instance. As of 31 March 2020 a provision amounting to TL 6,860 has been made.

12.2 Contingent Liabilities of Emlak Konuta GYO

In the financial statements prepared as of 31 December 2019, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Company Management and its lawyers, no provision has been made in the financial statements prepared as of 31 March 2020 on the grounds that it is not probable that the outflow of resources with economic benefits will be realized in cases filed against the Company in order to fulfill its obligation.

12.2.1 The LSRSA project agreement regarding İzmir Mavisehir Upper North Area 3. Phase was signed on 19 December 2005 and following almost all the contractual obligations have been performed by the parties, the Contractor filed a lawsuit against the Company claiming that the agreement conditions should be revised considering the changing conditions. The contractor firm filed the case for the stay of definition of the provision concerning the income rate of Company share amounting to “TL 67,515 + VAT” which corresponds to 38.58% of total sales amounting to “TL 175,000 + VAT” and the cancellation of provisions except for “Income Rate of Company Share corresponding to 38.58% of total income” to be paid to the other party, determining the value of the immovable as a result of the appraisal assessment of all immovable properties including the land share as of the lawsuit date, distribution of 38.58% and 61.42% of the determined value to the Company and the contractor, respectively. Although the relationship between the parties was described as “ordinary partnership” in the expert report, the Company objected to the report by suggesting the existence of opposite views in the doctrine and presenting the source. In the expert report, the idea of presence of the mortgage crisis requires adaptation to changing conditions was graded.

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

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

12.2 Contingent Liabilities of Emlak Konut GYO (Continued)

The court rejected the case on 5 March 2015. The complainant filed an appeal. As a result of the appeal investigation, the court order was upheld by the Supreme Court. According to the opinion of the company lawyer, no liability is expected to be born as a result of the related lawsuit.

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

12.2.3 İstanbul Ümraniye 1.Phase is the action of debt filed by the contractor with the claim that TL 34,134 remaining from the transfer of the receivable amounting to TL 46,000 which derived or will be derived before the contractor of LSRA to the bank, has not been paid unfairly to him by the bank. At the same time, the complainant requested to put as much mortgage as the amount of the lawsuit on a part of the immovable within the scope of the project in order to guarantee the receivable subject to the case. The case is proceeding. According to the opinion of the company lawyer, no liability is expected to be born as a result of the related lawsuit.

12.3 Contingent Assets of Emlak Konut GYO

12.3.1 31 March 2020 and 31 December 2019 breakdown of nominal commercial receivables from residential and commercial unit sales by maturities and based on the residential and commercial units that are under construction or completed but not yet delivered within the scope of the sales promise contract that is not yet included in the balance sheet as it does not meet the TFRS 15 criteria, expected collection times of nominal installments that are not due or collected by maturities are as follows:

31 March 2020	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	877,263	716,973	1,594,236
2 year	593,431	352,295	945,726
3 year	521,643	318,912	840,555
4 year	438,214	213,435	651,649
5 year and above	1,873,210	442,931	2,316,141
	4,303,761	2,044,546	6,348,307

31 December 2019	Trade Receivables	Off-balance sheet deferred revenue	Total
1 year	924,924	814,257	1,739,181
2 year	527,251	451,078	978,329
3 year	467,415	316,116	783,531
4 year	395,261	207,783	603,044
5 year and above	2,111,414	415,923	2,527,337
	4,426,265	2,205,157	6,631,422

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 13 – OTHER ASSETS AND LIABILITIES

	31 March 2020	31 December 2019
Other current assets		
Progress payments to contractors	140,926	115,894
Income accruals	89,082	69,912
Receivables from tax office	13,372	10,708
	243,380	196,514
	31 March 2020	31 December 2019
Other non-current assets		
Deferred VAT	96,786	37,198
	96,786	37,198

NOTE 14 – DEFERRED INCOME AND PREPAID EXPENSES

	31 March 2020	31 December 2019
Short-term deferred income		
Deferred income from LSRSA projects (*)	1,710,893	1,698,186
Advances taken from LSRSA contractors (**)	397,868	570,237
Advances taken from turnkey project sales	651,885	704,576
Transferred deferred incomes (***)	138,942	239,333
Deferred income related to sales of completed units	369,493	392,392
Advances received from related parties (Note 20)	64,732	64,732
	3,333,813	3,669,456

(*) 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.

(***) The balance is comprised of cash collected by the Company as “irrevocable” by transferring a portion of off-balance sheet receivables arising from forward sales.

	31 March 2020	31 December 2019
Prepaid expenses		
Advances given for inventory (*)	1,780,125	1,747,074
Prepaid expenses	119	1,308
	1,780,244	1,748,382

(*) A protocol has been signed between the Company and the Tariş Cooperatives Union to develop revenue sharing project on a total of 143,366-m2 land, which belongs to the Tariş Cooperatives Union, located within the borders of Kuruçay/Umurbey, Konak district of İzmir and an inventory advance amounting to TL 498,580 has been made. The Company has also provided an inventory advance amounting to TL 1,106,238 to the contractors for the residential and commercial units which it will acquire based on preliminary sales contract from ongoing Ankara Yeninahalle Station, Nidapark Küçükyaalı and Büyükyaalı projects.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 15 – SHAREHOLDERS' EQUITY

The Company's authorized capital amount is TL 3,800,000 (31 December 2019: TL 3,800,000) and consists of 380,000,000,000 (31 December 2019: 380,000,000,000) authorized number of shares with a nominal value of TL 0,01 each.

The Company's shareholders and their shareholding percentages as of 31 March 2020 and 31 December 2019 is as follows:

Shareholders	31 March 2020		31 December 2019	
	Share (%)	TL	Share (%)	TL
Public offering portion	50,66	1,925,111	50,66	1,925,111
T.C. Toplu Konut İdaresi Başkanlığı "TOKİ"	49,34	1,874,831	49,34	1,874,831
HAS beneficiaries	0,00	56	0,00	56
Other	0,00	2	0,00	2
Total paid-in capital	100	3,800,000	100	3,800,000

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

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

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

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

The Company repurchased 10,500,000 of shares with nominal value between full TL 1.11 and full TL 1.12 (full TL) and with the transaction cost amounting to TL 11,751 thousand on 20 March 2020. The ratio of total shares acquired as a result of the purchase transactions was 3.65%.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 16 – REVENUE AND COST OF SALES

	1 January- 31 March 2020	1 January- 31 March 2019
Sales income		
Land sales	337,971	207,086
<i>Sales of planned lands by way of LSRSA</i>	107,402	64,713
<i>Land sales income</i>	230,569	142,373
Residential and commercial units sales	337,179	1,026,445
Other income	11,787	1,870
	686,937	1,235,401
Sales returns	-	(372)
Sales discounts	(98)	-
Net sales income	686,839	1,235,029
Cost of sales		
Cost of lands	(100,839)	(195,427)
<i>Cost of lands planned by way of LSRSA</i>	(49,211)	(54,439)
<i>Cost of lands sold</i>	(51,628)	(140,988)
Cost of residential and commercial units sold	(301,899)	(980,476)
	(402,738)	(1,175,903)
Gross Profit	284,101	59,126

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 March 2020	1 January- 31 March 2019
General administrative expenses		
Personnel expenses	(22,608)	(20,497)
Taxes, duties and fees	(5,261)	(11,032)
Depreciation and amortisation	(3,854)	(1,889)
Consultancy expenses	(2,929)	(4,373)
Due and contribution expenses	(2,610)	(3,731)
Travel expenses	(1,827)	(1,851)
Lawsuit and notary expenses	(1,718)	(228)
Information technologies expenses	(1,568)	(3,064)
Maintenance and repair expenses	(660)	(508)
Insurance expenses	(493)	(204)
Communication expenses	(639)	(170)
Other	(5,056)	(7,048)
	(49,223)	(54,595)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

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

	1 January- 31 March 2020	1 January- 31 March 2019
Marketing and sales expenses		
Advertising expenses	(10,182)	(11,037)
Personnel expenses	(1,412)	(2,011)
Lawsuit and notary expenses	(6)	(26)
Office expenses	(10)	(1)
Other	(169)	(1,868)
	(11,779)	(14,943)

NOTE 18 – OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 March 2020	1 January- 31 March 2019
Other income from operating activities		
Financial income from forward sales	75,588	91,815
Default interest income from projects	19,649	19,042
Impairment provisions released (Note 8)	17,567	1,795
Income from transfer commissions	4,435	8,983
Lawsuit provisions released (Note 12)	-	20,983
Income from natural gas and contribution expenses	3,751	3,548
Other	27,927	34,752
	148,917	180,918

	1 January- 31 March 2020	1 January- 31 March 2019
Other expenses from operating activities		
Provision for impairment of land and residential inventories (Note 8)	(108,671)	(20,915)
Investment properties amortisation expenses	(11,346)	-
Provisions released reversed for possible risks	(5,707)	2,556
Provision for lawsuits (Note 12)	(2,924)	-
Other	(1,895)	(5,046)
	(130,543)	(25,961)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 19 – FINANCIAL INCOME / EXPENSES

	1 January- 31 March 2020	1 January- 31 March 2019
Financial income		
Interest income from time deposits	27,338	10,203
Interest income from TOKİ	-	41,498
Foreign exchange gains	15	12
	27,353	51,713
	1 January- 31 March 2020	1 January- 31 March 2019
Financial expenses		
Borrowings and sukuk interest expense	(132,645)	(107,622)
Interest discount on pay off debt	(4,670)	(35,426)
Assigned receivables and commission expense	(1,684)	(2,941)
Foreign exchange losses	(6)	(1)
	(139,005)	(145,990)

NOTE 20 – RELATED PARTY DISCLOSURES

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

1. T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)
2. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. (“EPP”)
3. GEDAŞ (Gayrimenkul Değerleme A.Ş.) (an affiliate of TOKİ)
4. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
5. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
6. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
7. Emlak-Toplu Konut İdaresi Spor Kulübü
8. Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. Ortak Girişimi
9. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi
10. Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş Ortak Girişimi
11. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş. - Emlak Basın Yayın A.Ş. Ortak Girişimi
12. Emlak Konut Spor Kulübü Derneği
13. Dap Yapı İnşaat Sanayi ve Ticaret A.Ş. ve Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş. Ortak Girişimi – Emlak Konut GYO A.Ş. (“İstmarina AVM Adi Ortaklığı”)
14. Türkiye Emlak Katılım Bankası A.Ş.
15. T.C. Çevre ve Şehircilik Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü
16. İller Bankası A.Ş.

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NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

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

- Balances and transactions with respect to the Treasury are detailed in Note 4, 5 and 8.
- The Company keeps its deposits predominantly in state banks in accordance with the relevant provisions. As of 31 March 2020, the Company has deposits amounting to TL 687,420 in state banks (31 December 2019: TL 454,016). Average effective interest rates of time deposits of the Company as of 31 March 2020 are explained in Note 4.

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

	31 March 2020	31 December 2019
Trade receivables from related parties		
T.C. Çevre ve Şehircilik Bakanlığı Kentsel Dönüşüm Hizmetleri Genel Müdürlüğü (*)	470,866	470,866
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	1,237	2,160
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G.	5,577	5,577
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Cathay Ortak Girişimi	1,338	1,338
	479,018	9,075

(*) Represents the amount of receivables arising from the transfer of 3 lands according to the protocol signed with General Directorate of Republic of Turkey Ministry of Environment and Urbanization on 28 June 2019.

	31 March 2020	31 December 2019
Trade payables to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	10	17,974
Ege Yapı – Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. O.G.	1,324	1,323
	1,334	19,297

	31 March 2020	31 December 2019
Advances received from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Tic. A.Ş. – Fideltus İnş-Öztaş O.G. (*)	64,732	64,732
	64,732	64,732

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

	1 January- 31 March 2020	1 January- 31 March 2019
Purchases from related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	280,902
Emlak Planlama İnş. Prj. Yön. A.Ş. - Emlak Basın Yayın A.Ş. O.G.	317	-
	317	280,902

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 20 – RELATED PARTY DISCLOSURES (Continued)

	1 January- 31 March 2020	1 January- 31 March 2019
Finance expense from related parties		
Emlak Planlama, İnşaat, Proje Yönetimi ve Ticaret A.Ş.	-	5,063
	-	5,063

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

	1 January- 31 March 2020	1 January- 31 March 2019
Sales to related parties		
T.C. Toplu Konut İdaresi Başkanlığı (“TOKİ”)	-	70,360
	-	70,360

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

	1 January- 31 March 2020	1 January- 31 March 2019
Compensation to key management		
Salaries and other short-term benefits	1,974	1,436
	1,974	1,436

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

NOTE 21 - COMMITMENTS

Company’s mortgage and guarantees received as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Guarantees received (*)	2,685,394	3,323,564
Mortgages received (**)	58,564	58,564
	2,743,958	3,382,128

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

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

The collaterals, pledges and mortgages (“CPM”) of the Company as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
A. Total amount of CPM given on behalf of the Company's own legal entity	83,187	83,041
B. Total amount of CPM given against the subsidiaries included in full consolidation	-	-
C. Total amount of CPM given to maintain operations and collect payables from third parties	-	-
D. Total amount of other CPM given	-	-
i) In the name of the parent Company	-	-
ii) In the name of other group companies that are not included in the scope of item B and C	-	-
iii) In the name of third parties that are not included in the scope of item C	-	-
	83,187	83,041

NOTE 22 – EVENTS AFTER THE REPORTING PERIOD

Concerning the government statements and measures for Covid-19 which has rapidly spread across Turkey and the world, Republic of Turkey Ministry of Health has declared a curfew for citizens under 20 and over 65, as well as those with chronic illness. Public announcements has made in order for the remaining population to remain at home, except in compulsory situations. In addition, many prohibitions and travel restrictions have been implemented across the country. As a result of the measures taken, a decrease in daily deaths and new cases has been observed and these positive developments have led to the normalization process throughout the country. During the normalization process, the citizens under the age of 20 and over 65 have been able to go out at certain times of the week, shopping malls and barber shops have opened and travel restrictions have been removed for some cities. Although this situation is expected to be temporary, there is uncertainty about the duration and possible impacts will be carefully evaluated through an increasing number of economic and sectoral measures as stated by the government and the institutions it is affiliated with. Considering the problems that may be experienced in the cash flow of customers purchasing independent units during this period, the Company has decided to postpone the April and May installments until 30 April 2020 and add the deferred installments to the installments starting from July until the end of the year. Although developments in the global and local markets may differ from expectations due to this pandemic, the possible monetary effects of the pandemic on the Company cannot be measured as of the reporting date.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

ADDITIONAL NOTE – CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

	Non-Consolidated (Individual) Financial Statements Main Account Items	Related Regulation	Current Period 31 March 2020 (TL)	Prior Period 31 December 2019 (TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	1,167,381	415,030
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	13,695,513	13,437,248
C	Affiliates	Series:III-No:48, Art,24/(b)	373,037	-
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		8,849,559	9,186,182
D	Total Assets	Series:III-No:48, Art,3/(k)	24,085,490	23,411,497
E	Financial Liabilities	Series:III-No:48, Art,31	5,394,662	4,763,197
F	Other Financial Liabilities	Series:III-No:48, Art,31	-	-
G	Due from Financial Leases	Series:III-No:48, Art,31	-	-
H	Due to Related Parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
I	Shareholders’ equity	Series:III-No:48, Art,31	13,866,495	13,748,422
	Other Resources		4,824,333	4,899,878
D	Total Resources	Series:III-No:48, Art,3/(k)	24,085,490	23,411,497
	Non-Consolidated (Individual) Financial Statements Other Account Items	Related Regulation	Current Period 31 March 2020 (TL)	Prior Period 31 December 2019 (TL)
A1	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years	Series:III-No:48, Art,24/(b)	1,167,381	415,030
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	1,209,130	475,042
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)	1,126,802	929,935
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	373,000	-
J	Non-cash Loans	Series:III-No:48, Art,31	53,011	56,397
K	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

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

	Portfolio restrictions	Related regulation	31 March 2020 (%)	31 December 2019 (%)	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)	62	69	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	1,55	1,27	<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)	5	3	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	0,02	0,01	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	39	27	<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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