

iş GYO



ANNUAL
REPORT
2023

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WELL-BALANCED PORTFOLIO AND ROBUST FINANCIAL STRUCTURE

İŞ REIC is one of the sector's prominent companies with its diversified and well-balanced portfolio and robust financial structure.



MARKET PRESTIGE AND SECTORAL VISION

Maintaining a healthy growth process since the day it was founded, İŞ REIC consolidates its market prestige backed by the deep-rooted corporate principles and financial strength of its parent İşbank Group with its sectoral vision and distinguished projects.



SUSTAINABLE REVENUES AND SOLID GROWTH TARGET

Realizing its new investments uninterruptedly on the back of sustainable rental income derived on its high quality portfolio, solid shareholders' equity, and funding facilities, İŞ REIC targets to advance its position in the sector by increasing its growth momentum.

İŞ REIC IN BRIEF

İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İŞ REIC) was founded through the takeover of Merkez Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. by İş Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. on 6 August 1999, which was then transformed into a real estate investment trust.

Blending its market prestige backed by the deep-rooted corporate principles and financial strength of its parent İşbank Group with its sectoral experience and

vision, İŞ REIC develops distinguished projects and maintains a healthy growth process since the day it was founded.

One of the sector's prominent companies with its diversified and well-balanced portfolio and robust financial structure, İŞ REIC focuses on providing its investors with an optimal possible risk-return trade-off.

Using its solid shareholders' equity, funding facilities and sustainable sources

generated on regular rental income derived on its high quality portfolio to finance its new investments, İŞ REIC takes sure-footed steps based on its determination to strengthen its position in the sector.

İŞ REIC, which invests in real estate properties and real estate projects, carry out its activities in compliance with the requirements of the Capital Markets Board of Türkiye (CMB) laws and regulations.



REALIZING NEW INVESTMENTS UNINTERRUPTEDLY ON THE BACK OF ITS SUSTAINABLE RENTAL INCOME DERIVED ON ITS HIGH-QUALITY PORTFOLIO, ROBUST SHAREHOLDERS' EQUITY AND FUNDING CAPABILITY, **İŞ REIC TARGETS TO INCREASE ITS GROWTH MOMENTUM AND FURTHER UPGRADE ITS POSITION IN THE SECTOR.**

Registered Capital

TL 7,000,000,000

Date / Price of IPO

1-3 December 1999 - TL 1.4

BIST Trading Symbol

ISGYO

Date of Trading (BIST)

9 December 1999

BIST Indices

BIST 100 / BIST 50 / BIST All Shares /
BIST REIC / BIST Financials / BIST 100-30
BIST Stars

Issued Capital

TL 958,750,000

Tax Office / No

İstanbul - Large Taxpayers 4810137715

Trade Registry Office / No

İstanbul / 402908

Corporate Title

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

Company Headquarters

İş Kuleleri Kule 2 Kat: 10-11

34330 Levent/İstanbul

Registered e-Mail

isgyo@hs02.kep.tr

MERSİS

0481013771500018



VISION

To be an exemplary and reliable company in the global sense not only by the projects it undertakes, but also with the way it conducts business, by its organizational structure, corporate values and management approach.

MISSION

To create desirable spaces for contemporary people and contemporary cities. To maximize the collective value of the portfolio for the shareholders through sustainable growth and profitability by utilizing our investments and resources effectively.

OBJECTIVES

To ensure sustainable profitability and growth with effective portfolio management.

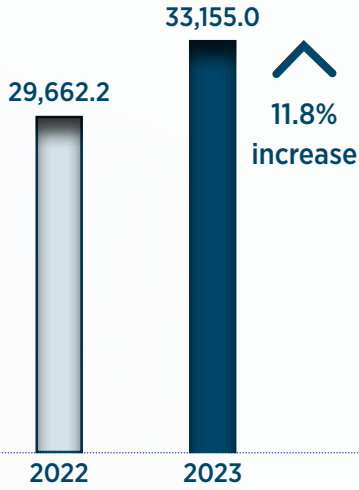
To provide high capital gains and dividend yield to shareholders with stable growth and profitability.

To maintain its leading position in the Turkish real estate sector with its strong capital structure.

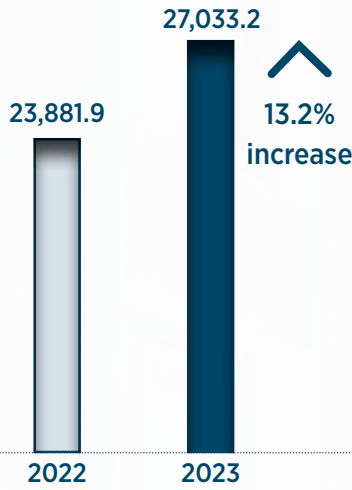
To develop projects that are environmentally friendly, sustainable and focused on customer satisfaction.

KEY FINANCIAL HIGHLIGHTS

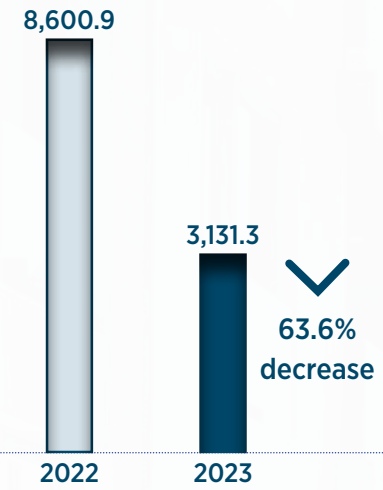
TOTAL ASSETS (TL MILLION)



Shareholders' Equity (TL MILLION)



NET PERIOD INCOME (TL MILLION)

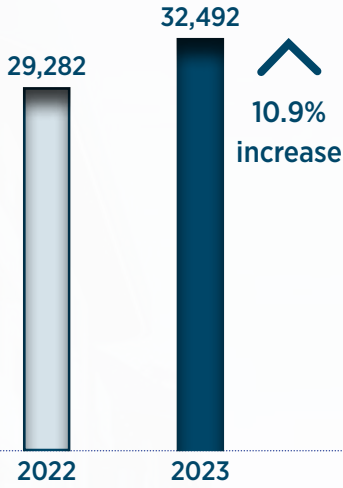


Balance Sheet (TL million)	31.12.2022	31.12.2023
Current Assets	3,320.4	4,150.7
Non-current Assets	26,341.8	29,004.4
Total Assets	29,662.2	33,155.0
Short-term Liabilities	5,766.0	3,681.9
Long-term Liabilities	14.3	2,440.0
Shareholders' Equity	23,881.9	27,033.2
Total Liabilities	29,662.2	33,155.0

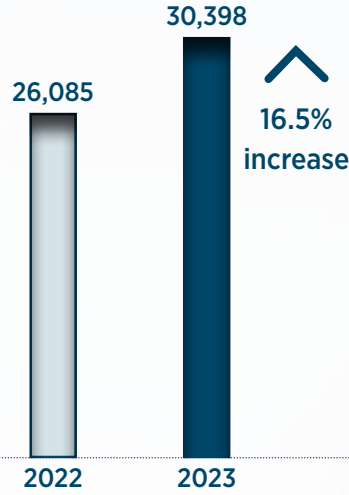
Financial Indicators (TL million)	31.12.2022	31.12.2023
Sales Revenue	1,452.6	1,253.5
Cost of Sales	642.1	320.3
Gross Profit/Loss	810.5	933.2
Net Period Income	8,600.9	3,131.3
Return on Assets (%)	29.0	9.4
Return on Equity (%)	36.0	11.6

Financial Structure (TL million)	31.12.2022	31.12.2023
Total Liabilities	5,780.4	6,121.9
Shareholders' Equity	23,881.9	27,033.2
Financial Liabilities	5,599.8	4,902.2
Equity Ratio (%)	81	82
Financial Leverage Ratio (%)	19	18
Financial Liabilities/Total Assets (%)	19	15

TOTAL PORTFOLIO VALUE (TL MILLION)



REAL ESTATE PORTFOLIO (TL MILLION)



**İŞ REIC BOOKED
TL 3,131.3 MILLION
IN NET PROFIT IN
2023.**

Portfolio Breakdown - 2023	TL million	% Share
Office	15,533.8	47.8
Shopping Mall	5,566.4	17.1
Project	8,966.5	27.6
Inventory (*)	230.6	0.7
Land	101.2	0.3
Money & Capital Market Instruments	2,071.7	6.4
Subsidiaries	22.2	0.1
Total	32,492.4	100.0

(*) Reflects the cost of units on sale in Manzara Adalar, Ege Perla and Topkapı İnistanbul,

Credit Ratings

Saha Kurumsal Yönetim ve Kredi
Derecelendirme Hizmetleri A.Ş.

(TR) A1+

Short-Term National Rating
Outlook: Stable

(TR) AA

Long-Term National Rating
Outlook: Stable

Portfolio Development (TL million)	2022	2023
Real Estate Portfolio	26,085	30,398
Total Portfolio Value	29,282	32,492

REIC Sector

Market Capitalization of the REICs (*)	TL million	% Share
İŞ REIC	14,870	4.5
Other REICs	315,578	95.5
Market Total	330,448	100.0

(*) BIST data

CAPITAL AND SHAREHOLDER STRUCTURE

Capital Structure

İŞ REIC's issued capital amounts to TL 958,750,000 52.06% of which is held by Türkiye İş Bankası A.Ş. (İşbank). İşbank, the Company's shareholder, has management control over the Company; there are no non-corporate shareholders holding directly more than 5% in the capital of the shareholder.

The Company's issued capital is divided into 958,750,000 shares, each with a nominal value of TL 1; out of these shares, the portion corresponding to TL 1,369,642.817 make up Group A shares and the portion corresponding to TL 957,380,357.183 make up Group B shares. Group A shares are entitled to specific preferential rights with respect to their representation on the Company's Board of Directors: only one seat on the board is filled from among candidates designated by Group B shareholders while all the remaining seats are filled from among candidates designated by Group A shareholders.

During the reporting period, the Company did not carry out a capital increase through rights or bonus issues.

Under the existing capital market legislation and the Turkish Commercial Code (TCC), companies are allowed to acquire their own shares. In 2023 activity year, the Board of Directors did not pass any decisions regarding the purchasing of the Company stock, and hence, share buyback did not occur during the reporting period.

Article 14 of the CMB Communiqué (III-48.1) on the Principles Regarding Real Estate Investment Companies sets out that real estate investment trusts may issue shares that incorporate the privilege to nominate candidates for election of board of directors members. REICs are not allowed to issue any instrument that incorporates any preferential right other than shares that allow their holders to designate candidates for seats on their boards of directors. The Company's articles of association contain no provisions pertaining to special voting rights, and each share with a nominal value of TL 1 is entitled to one vote.

There were no significant changes in the Company's shareholder structure during the reporting period.

The nominal value of the Company's shares in free float is TL 357.2 million, which corresponds to 37.25% of the Company's capital.

Subsidiaries

Currently, the Company has only one subsidiary: Kanyon Yönetim İşletim ve Pazarlama A.Ş.

There are no companies with which the Company has cross-shareholding relationship.

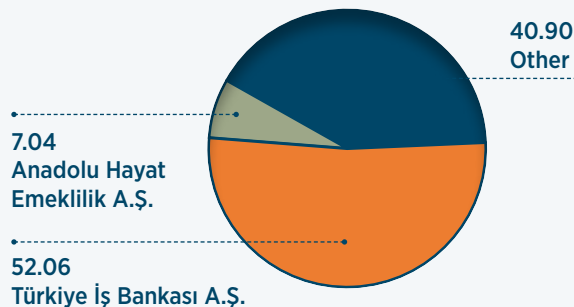
Kanyon Yönetim İşletim ve Pazarlama A.Ş. (Kanyon)

Kanyon, in which İŞ REIC and Eczacıbaşı each holds 50% of the company's common stock, has been established on 6 October 2004 to engage primarily in the management, operation and marketing activities of the residence, store, commercial or office buildings. The capital of Kanyon is TL 1 million, in which İŞ REIC currently controls 50% stake.

Shareholder Structure	TL	Share (%)
Türkiye İş Bankası A.Ş.	499,138,200.41	52.06
Anadolu Hayat Emeklilik A.Ş.	67,476,714.29	7.04
Other	392,135,085.30	40.90
Total	958,750,000.00	100.00

*Source: Public Disclosure Platform

SHAREHOLDER STRUCTURE (%)



STOCK PERFORMANCE

With a market capitalization of approximately TL 14.9 billion as of 31 December 2023, the Company represents approximately 4.5% of the real estate investment trusts sector.

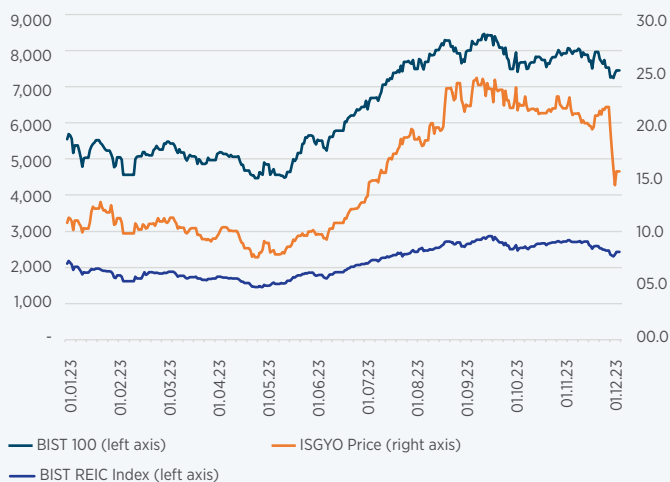
During 2023, BIST 100 Index gained value by 36%, BIST REIC Index by 191% and İŞ REIC stock by nearly 46% in terms of Turkish lira.

The average daily trading volume of the Company stock, which is traded on the BIST Star Market, was worth nearly TL 298.5 million in 2023.

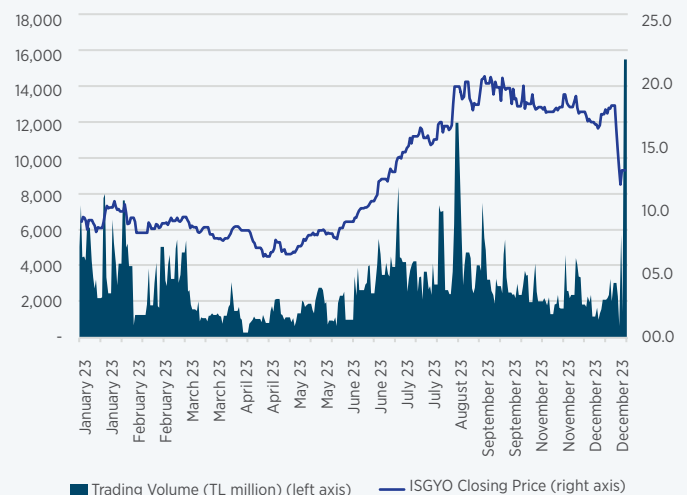
Stock Performance	31.12.2022	31.12.2023
Market Capitalization (TL million)	10,201	14,870
Market Share (%)	4.4	4.5
Earnings per Share (TL)	8.97	3.27
P/E Ratio	1.19	4.75
P/BV	0.43	0.55

**DURING 2023,
BIST REIC INDEX
GAINED VALUE BY
17% AND İŞ REIC
STOCK BY NEARLY
46%.**

BIST 100 INDEX, BIST REIC INDEX AND ISGYO PRICE



ISGYO TRADING VOLUME AND PRICE



MILESTONES IN İŞ REIC'S HISTORY

1999

- The Company went public and its shares began to be traded on the İstanbul Stock Exchange.

2004

- The foundations for Kanyon Mixed-Use Project were laid in the most valuable location in İstanbul.

2005

- The Company was named the “Best Developer in Türkiye” by Euromoney magazine.

2006

- Kanyon, Türkiye's first semi-open air shopping mall, opened its doors.
- Review Architectural Award was presented to Kanyon.

2007

- Esenyurt Hypermarket project developed on a turnkey-delivery basis opened for service.

2009

- Marmara Park investment, a regional shopping center, was initiated upon creation of the superficies right in the name of Ece Türkiye for 72 years.

2010

- Kapadokya Lodge Hotel and Club Magic Life Kemer Imperial Hotel were added to the portfolio, thus giving momentum to tourism investments.

2011

- Sign of the City-award-winner Tuzla Çınarlı Bahçe Residential Project construction and sales began.

2012

- The Marmara Park Shopping Mall was opened.
- The foundation was laid for Ege Perla, the first mixed-use project in İzmir.
- Construction work began for Tuzla Technology and Operation Center Project, which will be developed on turnkey-delivery model for İşbank, and for the Tuzla mixed-use project.

2013

- Taksim Office Lamartine project was completed and opened.

2014

- Property was purchased for the collective housing project to be developed in Topkapı, which marked the first step of İŞ REIC & Nef investment.
- Manzara Adalar project launch took place, which will be built in Kartal, the up-and-coming district of İstanbul.

2015

- İstanbul Project launch took place.
- İstanbul International Financial Center Project construction began.
- Kartal Manzara Adalar project claimed the bronze award at the Crystal Apple Türkiye Advertising Awards with its advertising film.
- Kartal Manzara Adalar Project was elected the “Premium Project” in the “Best Marketing Campaign” category at the Sign of the City Awards.



- İstanbul Project was awarded in the “Best Architectural Design Concept” category at the Sign of the City Awards.
- İşbank Technology and Operation Center Project and Tuzla Mixed-Use Project were awarded in the “Best Office” category at the Sign of the City Awards.

2023

- Construction and sales activities continued for Litus İstanbul Residential project, which is being developed on Altunizade plot in Üsküdar, İstanbul.
- Development of Balmumcu Project was carried on, which is located in Şişli District in İstanbul.
- Project development activities continued for the plot with an approximate area of 53 thousand m² in Tuzla that our Company added to its portfolio.
- Development work continued for the project comprised of 165 villas on the plot that our Company acquired for its Kasaba Evleri Project located in Çekmeköy district in İstanbul.
- Our Company has become a signatory to the United Nations Women's Empowerment Principles (UN WEPs), a joint initiative by UN Global Compact and UN Women.
- Following the addition of Profilo Shopping Mall in Mecidiyeköy in Şişli district in İstanbul to the portfolio, an agreement was signed with Artış İnşaat regarding project development based on revenue sharing for plot interest and construction in return for flat model.
- The construction activities of İstanbul Financial Center Project have been completed to a significant degree.
- Committed to improving its performance in ESG matters and sustainability area, our Company commenced the necessary work during the reporting period in line with its target to be included in Borsa İstanbul's Sustainability Index.

2016

- Tuzla Technology and Operation Center Project and Tuzla Mixed-Use Project were completed and became operational.
- Rental income increased significantly after Tuzla Technology and Operation Center Project and Tuzla Mixed-Use Project became operational.
- A plot was purchased for the planned residential investment development in Tuzla.
- Manzara Adalar Project received the "Best High-Rise Residence" award at the Sign of the City Awards.
- The Company acquired a 45% stake in the hotel investment project, which is planned to be developed in Kadıköy.

2017

- Ege Perla Shopping Mall was opened.
- Ege Perla Project claimed the best office and the best local shopping mall awards at the Sign of the City Awards.

2018

- Deliveries started at Manzara Adalar.
- Deliveries of 1st and 2nd phases started at İnistanbul.

2019

- İŞ REIC was named "The ONE" in 2019 in the Real Estate and Construction Industry category at "The ONE Integrated Marketing Awards".
- Offices and commercial spaces in Manzara Adalar were securitized and transferred to İş Portföy Yönetimi A.Ş. Second Real Estate Investment Fund.
- Kapadokya Lodge Hotel was sold.
- Deliveries of the 3rd phase were completed at İnistanbul.
- The Office building in Tuzla Mixed Use Project and some commercial spaces in Tuzla Meydan Mall were sold to Türkiye Şişe ve Cam Fabrikaları A.Ş.

2020

- Plot entailing a license for villa construction located in Ömerli quarter, Çekmeköy district in İstanbul province was purchased.
- Deliveries in the 4th phase of İnistanbul Project were completed to a large extent.
- 2021
- Development work started for the İŞ REIC-Tecim Yapı joint project planned to be built on the plot in Altunizade quarter, Üsküdar district in İstanbul.
- Construction commenced for the project comprised of 16 villas built on the plot in Çekmeköy district in İstanbul, which will form part of Kasaba Evleri. The sales process of the project is completed.

2022

- Deliveries were completed in the 16-villa project forming part of the Kasaba Evleri Project developed in Çekmeköy district in İstanbul.
- Project plots with an approximate total area of 73 thousand m² were included in the portfolio as part of Kasaba Evleri Project.
- Balmumcu building located in Şişli district in İstanbul was included in the portfolio.
- The construction of Litus İstanbul Residential project continued, which is being developed on Altunizade plot in Üsküdar, İstanbul.
- Decision was made to acquire Profilo Shopping Mall located in Mecidiyeköy in Şişli district in İstanbul for the portfolio.

MESSAGE FROM THE CHAIRMAN



During 2023, we
have realized all our
projects in line with
our targets.

We authored
successful results
on the back of our
strong financial
performance

WE CARRIED ON WITH OUR
ACTIVITIES IN KEEPING WITH
OUR VISION TO ACHIEVE
SUSTAINABLE GROWTH **AND TO
CREATE ADDED VALUE FOR OUR
SHAREHOLDERS, CUSTOMERS,
BUSINESS PARTNERS,
EMPLOYEES, AND MOST
IMPORTANTLY, OUR COUNTRY.**

Dear Stakeholders,

Recovery efforts for global economy are progressing slowly.

In 2023, the world economy was confronted with significant monetary tightening and worldwide ongoing political uncertainties. Despite the regional conflicts and crises resulting from climate change that came on top of the said conjuncture, the world economy displayed a performance that surpassed anticipations in terms of resilience, and carried on with attempts to recover.

Although global recovery is hampered by shrank liquidity and increased interest rates that resulted from tightening monetary policies maintained across the globe for combating inflation, growth rates are expected to exceed the projections. Based on IMF's January 2024 update to the World Economic Outlook, global growth estimation for 2023 was increased to 3.1%, anticipating growth rates of 1.6% for developed economies and 4.1% for developing economies. Global growth for 2024, on the other hand, is projected as 3.1%.

During 2023 when the Turkish economy sustained its growth trend, it was observed that inflationary pressure upped its intensity throughout the year and CPI stood at 64.77% at the end of the reporting period. Consumption, which was brought forward parallel to the surging inflation, has been the driver of the national economy that registered 4.7% growth in the first three quarters of the year. During the rest of the year, we are anticipating domestic consumption to back growth, and the national economy to end the year with positive growth, despite signals of stagnation in global economy. The Medium Term Plan announced in September estimated 2023 growth at 4.4%.

Upon appointment of the new economy administration, more orthodox monetary and fiscal policies were put in place in the second half of the year. Having initiated the simplification process for increased functionality of market mechanisms and stronger macro-financial stability, the CBRT turned towards gradual hikes of the policy rate, which was hiked from 8.5% in June to 42.5% at the end of the year.

While the pandemic-originated destruction in the economies of all countries has yet to be eliminated

fully, exchange rate movements that particularly affected developing countries came on the scene with the effect of the regional wars during the course of the year, along with high inflation rates that reappeared after many years of absence in developed economies. The high interest rate environment and the issues in accessing financing are expected to persist through 2024. On another front, geopolitical risks are escalated to a whole new dimension with the continuance of trade wars especially between the US and China, as well as physical wars.

These unforeseeable developments in recent years demonstrate that the period ahead dominated by challenging circumstances can be handled only by way of rational policies.

The real estate sector is undergoing a relatively sluggish period.

The negative developments in the world and in Turkey are reflected in the real estate markets in our country as well.

From the standpoint of our sector, the housing sector went through one of the most sluggish periods of late. Despite increased need for loans in 2023 that has been the scene to slumped purchasing power, the cautious lending policies of financial institutions followed by increased interest rates made it harder to access housing loans, which decreased the demand therefor, and in turn, led to declined mortgage sales as well. The downturn in sales, coupled with the additional burdens stemming from higher costs, gives rise to loss of appetite for new project development, which reflect negatively on growth figures. Gradual recovery is ongoing, on the other hand, in the office and retail market. As the post-pandemic return-to-office and transitioning to hybrid working format cause a stir, occupancy rates and TL-based rental income go up in the sector, where new office supply is limited. Looking at the retail sector, the rental income in shopping malls rises on TL basis, paralleling the upturn in the footfall and turnovers of shopping malls.

Our Company is moving ahead in line with its targets.

During 2023, as İŞ REIC, we have realized all our projects in line with our targets. As we do each year, we carried on with our activities in the reporting period in keeping with our vision to achieve

sustainable growth and to create added value for our shareholders, customers, business partners, employees, and most importantly, our country.

We carried on with our distinctive and contemporary projects that seek to achieve the balance between price and quality, are aligned with all applicable regulations, and focus on sustainability, and we retained our title as one of the most preferred and trusted companies in the sector.

As we author successful results on the back of our solid balance sheet composition and financial performance, maintaining the healthy structure of our portfolio enabled by accurate investments, increasing its quality and productivity will remain as the main pillar of our strategy in the future as well.

We have total confidence in the future of our country and our Company.

After the local elections that will take place in the first half of 2024, there is not a new election on Turkey's calendar, at least at present, in the next four years. This presents an opportunity that should be taken advantage of to introduce the necessary policies for resolving the fundamental issues of the sector. We will start seeing the implications of the steps that the new economy administration took in the second half of 2023 from the second half of 2024. Thereafter, domestic demand is anticipated to revive with the gradual decline of inflation, and the real estate sector is expected to be positively affected by this moderate atmosphere.

In the coming period, as İŞ REIC, we will continue to fulfill our responsibility for developing projects that are accessible, sustainable, earthquake-resistant and employ new technologies in all segments of the sector, notably in housing investments where the need is more intense.

On behalf of our Board of Directors, I would like to thank all our stakeholders who walk by our side as we march towards a sustainable future.

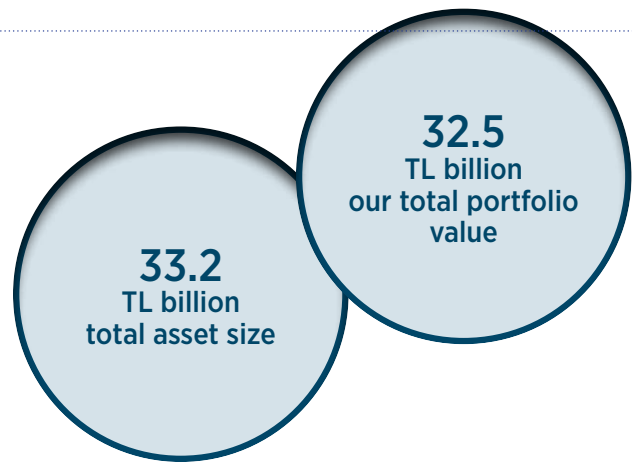
Sincerely,

Can Yücel
Chairman

MESSAGE FROM THE CEO



THE SUCCESSFUL
PERFORMANCE RESULTS WE
RECORDED IN 2023 WERE ONCE
AGAIN UNDERPINNED BY OUR
FINANCIAL CAPABILITIES **AND
INSTITUTIONAL COMPETENCIES**
THAT WE KEEP FURTHERING,
WHILE PRESERVING OUR
ROBUST BALANCE SHEET
COMPOSITION.



Distinguished Stakeholders,

We sustained our growth despite the existing conjuncture.

2023 was marked by geopolitical risks besides global economic turbulences. While this predicament braked global growth, it caused surged funding costs and increased unemployment on a global scale. Led by the central banks of developed countries, numerous central banks transitioned to the tight monetary policy for combating high inflation that has been influential worldwide.

The existing situation harnessed growth of individual sectors as well. Although such challenging periods bear negative impacts on the real estate sector, investing in real estate and homebuying, in particular, has always been the foundation stone of a secure future and an important investment instrument for people living in Turkey. As İŞ REIC, we continued to develop projects that will create value based on our sustainable growth and profitability principle in 2023. Our residential projects made our main focus. We continued to search for plots and real estate for developing projects of a size befitting our scale.

The successful performance results we recorded in 2023 were once again underpinned by our financial capabilities and institutional competencies that we keep furthering, while preserving our robust balance sheet composition.

We quickly adjusted to the tough economic conjuncture of 2023 when accessing financing has become a challenge for project developers and consumers alike, and we focused on cost management. As we successfully managed our borrowing by paying attention to the leverage effect in financing, maturity/funding diversification and matching, we were able to generate different and diversified payment plants for our customers.

We captured a positive momentum by concentrating on the sales target in our projects in development and construction phases. We divided the Ömerli Kasaba Project that we will initiate in 2024 into stages to effectively manage cost and demand. We introduced measures to increase rental income with the goal of improving rental income from office spaces to the extent allowed by market conditions and contractual terms. To this end, we renewed some rental contracts within the frame of market conditions, while we added new tenants to the portfolio at current rental figures. Through all these actions, we attained positive results in rental and sales revenues. We believe that the effects of this momentum will go on in 2024 and will contribute to our results for 2024 and following years. The sales from our residential portfolio outperformed the sector's average particularly in the second half of the year. While we secured high rises in our rental income on the one hand, we introduced solutions that would not overwhelm our tenants on the

other in the rental office and business place market that was reshaped after the pandemic.

In 2023, our total assets amounted to TL 33.2 billion while our total property portfolio was worth TL 32.5 billion, as our shareholders' equity maintained its strong level at TL 27 billion.

As we ended 2023 in line with our targets, we focused on the projects we will carry out in 2024.

In 2024, we will keep growing with four projects.

At present, there are two projects currently in construction, and there are two others we are planning to start in the first quarter of 2024. Our İstanbul Financial Center and Litus İstanbul projects are underway, and we are intending to kickstart Ömerli Kasaba Project and Balmumcu Project soon.

In 2024, we will be carrying on with the development of our Tuzla residential project. For Profilo Shopping Mall project, development work is being carried out by Artaş İnşaat as per the agreement made.

Our İstanbul Financial Center project, which comprises of offices and commercial space, has an approximate leasable/salable area of 33 thousand m². The project's full investment cost excluding the plot price is expected to add up to USD 105 million. We are targeting to commence leasing activities for the project in 2024. We project

MESSAGE FROM THE CEO

an annual rental income of nearly USD 9.5 million. In the same period, we are planning to start the renovation of Maslak Office Building. We are targeting to derive rental income on both properties upon leasing the Maslak Office Building following the completion of the renovation, and upon commencement of operations in the IFC area.

The Litus İstanbul residential project we are co-developing with Tecim in Altunizade comprises of six residential blocks and one office block containing 98 units. With its sales under way, Litus İstanbul is targeted to be completed in 2024.

In 2024, we are intending to introduce the project that will be developed as a continuation of Kasaba Evleri Project we have completed in Ömerli earlier. Located on a plot with a total area of 138 thousand m², Kasaba Project consists of 165 villas. In the project that has an estimated total development cost of USD 200 million, including the plot price, our Company will have an approximate share of 44%. The project is planned to be developed in various phases, with the first phase planned to comprise of 61 villas, and other phases to be undertaken depending on the demand.

The other project we are aiming to introduce in the short term is the Balmumcu Project that can be characterized as a boutique project of approximately 70 high-quality residential units. With an estimated total investment cost of USD 23 million, including the plot price, the construction of the project is targeted to be commenced in 2024 upon completion of the legal permission and licensing procedures.

Regarding our Profilo Shopping Mall Residential Project, Artas İnşaat is carrying on with the work for the residential project it will develop on the shopping mall's plot in line with the Agreement for Revenue Sharing for Plot Interest and Construction in Return for Flat. In this project whose entire cost is borne by Artas İnşaat, our minimum revenue share will be USD 65 million.

We left behind a tough year for the sector with respect to the residential segment.

Having reached high sales figures in 2021 and 2022, the housing sector slackened in 2023. According to the figures released by TurkStat, housing sales across Turkey dropped to the lowest level of the past nine years in 2023.

Housing prices also surged, accompanying the inflation that has been high throughout the year. While mortgage sales was repressed by the restrictions imposed on the housing loan side despite the low interest rate environment in the first half of the year, housing purchases for investment purposes continued. In the second half of the year, on the other hand, rising interest rates reflected negatively on borrowing and added speed to the decline in mortgage sales of housing, while housing purchases for investment purposes also took a downturn with the emergence of alternative returns.

Housing sales to foreigners also slumped by 48% and stood at 35,000.

On the retail front, with the gradual lifting of the pandemic-imposed lockdowns and the normalization kicking in slowly, occupancy rates and TL-based revenues in shopping malls generating rental income based on turnover started to go up.

HAVING REACHED HIGH SALES FIGURES IN 2021 AND 2022, THE HOUSING SECTOR SLACKENED IN 2023. ACCORDING TO THE FIGURES RELEASED BY TURKSTAT, HOUSING SALES ACROSS TURKEY DROPPED TO THE LOWEST LEVEL OF THE PAST NINE YEARS IN 2023.

We are passing
on a legacy
to the future
through reliable
investments.

We are actively
continuing
with project
developments.

THE REAL ESTATE SECTOR WILL PRESERVE ITS IMPORTANCE AND CONTINUE TO ACT AS THE ENGINE OF THE TURKISH ECONOMY IN 2024 AND IN THE YEARS THAT FOLLOW.

Looking at the office market, the demand that diminished upon the transitioning to remote working format during the pandemic picked up once again as hybrid working system started disseminating. Occupancy rates in central locations such as Levent and Maslak are quite high. Rental income also increased above the inflation in terms of Turkish lira. In the office market that saw some increase in supply as part of the İstanbul Financial Center became operational in the second half of the year, further reduction is anticipated in vacancies on the European side where supply is relatively limited along with continued uptrend in revenues.

Real estate is the most reliable investment instrument that is highly demanded in Türkiye.

The main agenda items for the sector in 2024 will be financing of housing sales, purchasing power, incentives, construction of earthquake-resilient buildings, urban transformation and green transformation.

We project that inflation will slide down in line with the monetary policy targets, which will bring about a decrease in financing costs. We believe that home selling and buying prices and rental fees will come to a balance, as inflation declines and purchasing power recovers particularly in the coming period.

Being a country and a sector that experienced similar course of events amid the crises we have been through in the past, we have gained significant experience in this respect. Making an

assessment with a broader perspective and considering that real estate is the most reliable investment instrument that is highly demanded particularly in Turkey, we think that the demand in the sector will be kept alive through various campaigns and payment options to be offered.

We are passing on a legacy to the future through reliable investments.

The real estate sector will preserve its importance and continue to act as the engine of the Turkish economy in 2024 and in the years that follow. Given the fact that Turkey is an earthquake-prone country and the incentives provided, urban transformation will maintain its importance in 2024. As İŞ REIC, we will be focusing mainly on our new projects in the coming period. Green transformation is likely to be another topic that will remain significant with respect to the real estate sector.

At İŞ REIC, we are actively continuing with project developments in line with our mission to ensure permanence of the value we create for our stakeholders on the back of sustainable growth and profitability principles. We are passing on a legacy to the future through reliable investments.

I would like to extend my heartfelt thanks to our principal shareholder İşbank, our Board of Directors, and all our stakeholders, notably our shareholders, employees and business partners, for their unyielding support and trust.

Sincerely,

Ö. Barlas Ülkü
CEO

BOARD OF DIRECTORS



CAN YÜCEL

Chairman

21.03.2023-26.03.2024

Mr. Can Yücel earned his bachelor's degree in economics from the Middle East Technical University, Faculty of Economics and Administrative Sciences in 1999 and started his professional career as an Assistant Inspector Trainee on the Board of Inspectors of İşbank the same year. He worked as Assistant Manager in the SME Loans Allocation Department from 2008, as Assistant Manager in the Corporate Loans Allocation Department from 2009, as Division Manager in the same department from 2011, as Head of Corporate Loans Allocation Department from 2016, and as Başkent Corporate/ Ankara Branch Manager from 2020. Having completed the Harvard Business School – Advanced Management Program, Mr. Yücel was appointed as Assistant General Manager on 26 August 2021. Serving on the Board of Directors of İŞ REIC since 21 March 2023, Mr. Yücel holds in-group positions as the member of the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. and as Chairman of the Board of Directors at Joint Stock Company İşbank in tandem with his position as Chairman of the Board of Directors of İŞ REIC.



KUBILAY AYKOL

Vice Chairman

21.03.2023-26.03.2024

Mr. Kubilay Aykol is a graduate of the Faculty of Economics and Administrative Sciences, Department of Business Administration at the Middle East Technical University. He started his career in 1997 as an Assistant Inspector at İşbank. Mr. Aykol functioned as Merter Branch Manager from 2006, as Assistant Manager in Retail Banking Marketing Department from 2007, and as Unit Manager in the same department from 2009. He then worked as the Head of Retail Banking Product Department from 2011 and assumed the positions of the Head of Retail Loans Department between June 2018 and August 2022, and the Head of Real Estate Business Line at Trakya Yatırım Holding A.Ş. between 2022 and July 2023. Mr. Aykol was a member of the Board of Directors of Anadolu Anonim Türk Sigorta Şirketi between 2010 and 2018, a member of the Milli Re Board of Directors in 2018-2019, Vice Chair of the Milli Re Board of Directors between 2019 and 2021, and a member of the Board of Directors of Birleşik İpotek Finansmanı A.Ş. (Türkiye Securitization Company) from 2020 until March 2022. Serving as a Board of Directors member at İŞ REIC since 01 October 2021, Mr. Aykol is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk. In tandem with his position as the Board of Directors member at İŞ REIC, he holds another in-group position as the General Manager and Member of the Board of Directors at İş Girişim Emeklilik Yatırım Ortaklığı A.Ş.



ÖMER BARLAS ÜLKÜ

Board Member and CEO

31.07.2023-26.03.2024

Ömer Barlas Ülkü received his bachelor's degree in civil engineering from Engineering Faculty, Middle East Technical University in 1995 and his MBA from the Faculty of Economic and Administrative Sciences at the same university. Mr. Ülkü started his business life as a research assistant in the Department of Civil Engineering at METU (1995-1997) in tandem with his graduate studies. He functioned as an inspector on İşbank's Board of Inspectors from 2000 to 2008 and as the Internal Audit and Control Manager of our Company from 2008 to 2012. He was involved in the establishment of the Financial Management Department in 2012. From 2012 to 2021, he served as Group Head responsible for the Business Development Department, Financial Operations and Support Activities Department, Accounting and Finance Department, and Information Technology Department, for which units he remained in charge as Assistant General Manager from 2021. He was named the CEO and Board Member of İŞ REIC on 1 August 2023. Mr. Ülkü is also a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.



ÖZCAL KORKMAZ

Board Member

21.03.2023-26.03.2024

Mr. Özcal Korkmaz graduated from Istanbul University, Department of Economics and he began his career at National Productivity Center in 1970, served as Assistant Account Expert at the Ministry of Finance between 1972-1975, as Account Expert between 1975-1980 and as Senior Account Expert between 1980-1985. Afterwards, he served as Deputy Assistant Treasurer of Ankara between 1985-1987 and as Treasurer of Ankara between 1987-1989. Between 1989-1994, Mr. Korkmaz served as General Manager and Chair of the Board of Directors of T.C. Government Retirement Fund and was retired in 1994. He served as the Chair of the Board of Directors of Bağımsız Denetim ve Danışmanlık A.Ş. between 2009 - 2015. Mr. Korkmaz was elected to İşbank's Board of Directors on 31 March 2017, until March 31, 2020, and served as a Member of the Corporate Governance Committee during his period. He serves as the Chair of Korkmaz Yeminli Mali Müşavirlik A.Ş. since 2016 and Mr. Korkmaz does not hold any in-group positions other than his seat as a member of the Board of Directors at İŞ REIC as of 29 April 2020.



MURAT KARLUK ÇETİNKAYA

Board Member

21.03.2023-26.03.2024

Mr. Murat Karluk Çetinkaya received his BSc and MSc in Civil Engineering from the Middle East Technical University. After Mr. Çetinkaya worked as a Civil Engineer (MSc) in various private firms between 1994 and 2000, he started to work in the Construction and Real Estate Management Department of İşbank in 2000. Mr. Çetinkaya became Assistant Manager in 2011 and Unit Manager in 2017 in the same Department of İşbank and was appointed as the Head of Construction and Real Estate Management on 30 June 2020. Having been a member of the Board of Directors at İŞ REIC since 10 July 2020, Mr. Çetinkaya also holds another in-group position as a member of the Board of Directors at İş Portföy A.Ş. since 2017.



MURAT DOĞAN

Board Member

21.03.2023-26.03.2024

Mr. Murat Doğan received his BSc in industrial engineering from İstanbul Technical University in 2000. He joined İşbank as an Assistant Specialist in the Subsidiaries Division the same year, where he became Division Head, a position he currently holds. Having served as a member of the Board of Auditors at İŞ REIC from 2010 to 2012, and a member of İŞ REIC's Board of Directors since 8 December 2014, Mr. Doğan is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk. Besides his member's seat on the Board of Directors at İŞ REIC, Mr. Doğan also holds other in-group positions as member of the Board of Directors at Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., İş Enerji Yatırımları A.Ş. companies; Deputy Chair of the Board of Directors at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. companies; and Chair of the Board of Directors of İş Yenilenebilir Enerji Proje Yönetimi Danışmanlık A.Ş., Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş. and Casaba Yönetim İşletim İm. İth. İhr. Paz. Tem. Güv. Ulaş. Tic. ve San. A.Ş. companies.

BOARD OF DIRECTORS



PROF. DR. ARZU ERDEM

Independent Board Member

21.03.2023-26.03.2024

Prof. Dr. Arzu Erdem received her bachelor's degree at the Faculty of Architecture, Istanbul Technical University as architect in 1983, her MSc at the Graduate School of Social Sciences in 1985, and her PhD at the Graduate School of Natural and Applied Sciences in 1995 at the same University. She started her career as Project Coordinator at STFA Yapı Yatırımları A.Ş. in 1986. Ms. Erdem was a visiting research fellow at the Los Angeles Graduate School of Architecture and Urban Planning, University of California between 1991 and 1992. Ms. Erdem worked as Research Associate, Assistant Professor, Associate Professor and Professor at the Faculty of Architecture, Istanbul Technical University between 1988 and 2009. Ms. Erdem served as Head of the Department of Architecture at the same University between 2012 and 2013. Appointed as Dean of the Faculty of Architecture, Abdullah Gül University between 2015 and 2017, Ms. Erdem retired from the Faculty of Architecture, Istanbul Technical University in 2017. Ms. Erdem served as the Dean of the Faculty of Art and Design and Vice Rector responsible for education at Kadir Has University between 2017 and 2023. She currently works as faculty member in the Department of Architecture at Faculty of Fine Arts, Design and Architecture, İstinye University. Ms. Erdem performed national and international academic and professional studies and tasks; served as contest judge; participated in and was awarded for contest projects, professional architectural projects, applications, and studies; and authored numerous scientific articles and presentations. She was also a member of the Turkish Scientific Committee for the Venice International Architecture Biennale between 2013 and 2018. Serving as a member on the boards of directors of the Netherlands-based Rubicon Foundation that conducts studies and research regarding natural life and biodiversity and SEV Foundation, Ms. Erdem is also a member of the Board of Trustees of the Foundation for the Development of ITU (Istanbul Technical University). Ms. Erdem has been serving as a member of the Board of Directors at İŞ REIC since 21 March 2018, in tandem with which she has been the Head of the Committee for Early Detection of Risk and member of the Committee for Audit. Ms. Erdem does not hold any other in-group positions apart from her roles at İŞ REIC.



PROF. DR. OĞUZ CEM ÇELİK

Independent Board Member

21.03.2023-26.03.2024

Prof. Dr. Oğuz Cem Çelik received his bachelor's degree in civil engineering from the Faculty of Civil Engineering at Istanbul Technical University in 1987, and his master's degree and doctorate degree at the same university in 1990 and 1996, respectively. He worked as a post-doctorate research scientist at the State University of New York (SUNY) at Buffalo in the US between 2001 and 2003. Having worked at Istanbul Technical University as a Research Assistant between 1989 and 1996, as Assistant Professor between 1997 and 2001, and as Associate Professor between 2001 and 2010, Mr. Çelik was also a visiting professor at Bilgi University between 2010 and 2017 and at Beijing University of Technology between 2019 and 2021. Mr. Çelik currently serves as a full-time Professor of Structural and Earthquake Engineering at Istanbul Technical University, Faculty of Architecture. Mr. Çelik has been serving as a member of the "New Structural Technologies Board" within the scope of the Turkish National Risk Shield Model since March 2023. Mr. Çelik has been an independent member of the Board of Directors at İŞ REIC since 21 March 2023 and is also the Head of the Corporate Governance Committee. Mr. Çelik does not hold any other in-group positions apart from his Board member's seat at İŞ REIC.



İLKAN ARIKAN

Independent Board Member

21.03.2023-26.03.2024

Mr. Arıkan graduated from the Public Administration Department at Hacettepe University in 1987 and completed the Executive MBA program at The Wharton School, University of Pennsylvania in 1998. Having worked in the Audit Department of the Capital Markets Board of Türkiye (CMB) between 1989 and 2001 and appointed as an Auditor in 1992 for his dissertation on the establishment of futures exchange in Türkiye, Mr. Arıkan mostly focused on the supervision and regulation of financial institutions during his tenure. Mr. Arıkan worked at the Turkish Capital Markets Association (TCMA) between 2001 and 2021, and served as Manager in the Compliance and Legal Affairs Department (2001-2022), Assistant Secretary General in charge of Compliance and Legal Affairs and Administrative and Financial Affairs departments (2002-2004), and finally as TCMA Secretary General (2004-2021). He handled the TCMA-side coordination of the incorporation of the Vadeli İşlemler ve Opsiyon Borsası A.Ş. (Futures and Options Exchange) in 2004, Gelişen İşletmeler Piyasaları A.Ş. (Emerging Companies Markets) in 2005, Birleşik İpotek Finansmanı A.Ş. (Türkiye Securitization Company) in 2019, and Ulusal Derecelendirme Şirketi in 2019, and of the demutualization of İMKB (İstanbul Stock Exchange) into Borsa İstanbul A.Ş. Mr. Arıkan handled the transformation of the TSPAKB (The Association of Capital Market Intermediary Institutions of Türkiye) to TSPB (Turkish Capital Markets Association) in 2014, and was involved in the tax regime reform of capital market instruments in the Income Tax Law in 2005 and in İstanbul Financial Center project starting from the initial preparatory meetings in 2007. Having served as Member and Deputy Chair of the Board of Directors of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository of Türkiye) between 2004 and 2006 and Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. (Capital Market Licensing, Registry and Training Agency) between 2011 and 2021, Mr. Arıkan was TOBB (The Union of Chambers and Commodity Exchanges of Türkiye) Turkish Capital Market Council Member between 2006 and 2021, and Tax Council Member between 2004 and 2021. From amongst the international organizations that TCMA belongs to, General Meetings of the International Organization of Securities Commissions (IOSCO), International Council of Securities Associations (ICSA) and Asia Securities Forum (ASF) were held in İstanbul in 2012, 2010 and 2019, which were coordinated by Mr. Arıkan. He continues his professional life at Aktio Consulting, in which he is a founding partner. Mr. Arıkan has been holding a member's seat on the Board of Directors of İŞ REIC since 21 March 2023, and is also the head of the Committee for Audit and member of the Corporate Governance Committee. Elected as an Independent Board Member of Global Menkul Değerler A.Ş. on 27 April 2022, Mr. Arıkan does not hold any other in-group positions apart from his roles at İŞ REIC.

BOARD OF DIRECTORS

Changes in Management During the Reporting Period

At the General Assembly Meeting held on 21 March 2023, Mr. Can Yücel was elected to serve until the next General Assembly Meeting as Board members succeeding Board member Mr. Sezgin Yılmaz whose term of office expired.

Under the distribution of tasks within the Board of Directors, Mr. Can Yücel was appointed as the Chair of the Board, and Board member Mr. Kubilay Aykol as the Vice Chair of the Board.

The Company's CEO Hasan K. Bolat left his positions as the Member of the Board of Directors and CEO on 31 July 2023 due to retirement, and he was succeeded by Ömer Barlas Ülkü, who had been serving as Assistant General Manager at the Company.

Also, Gülfem S. Tandoğan who was serving as Assistant General Manager at the Company left her position on 31 July 2023 due to retirement; Gökay Özbek was appointed to succeed her as Assistant General Manager on 01 September 2023.

Duties and Responsibilities of the Board of Directors

The duties and responsibilities of members of the Board of Directors are spelled out in the Company's articles of association. The Board of Directors is ultimately responsible for the management of the Company and for representing the Company before outside parties. The Board of Directors fulfills the duties incumbent upon it in compliance with the requirements of the Turkish Commercial Law, the Capital Markets Law, and other applicable regulations.

The Board consists of nine members, three of whom are independent board members.

Pursuant to the Corporate Governance Communiqué of the Capital Markets Board of Türkiye (CMB), following the General Assembly Meeting, delegation of duties was realized for the Board of Directors, heads and members of the Committees set up under the Board of Directors were elected and publicly disclosed in the reporting period.

Board of Directors Terms of Reference

The Board of Directors conducts its activities within the framework of publicly disclosed terms of reference. The Board convenes on such occasions as deemed to be made necessary by the Company's business and affairs upon an invitation by its chair or deputy chair. Under article 13 of the Company's articles of association, it is possible for other members to summon the Board to convene as well.

Board Meetings

The agendas for Board of Directors meetings are defined by the Chair of the Board. Additionally, the agenda can also be determined based on a decision of the Board of Directors.

During the reporting period, the Board of Directors convened seven times physically and passed 169 decisions. Full attendance was achieved in all but two of the Board of Directors meetings held during the reporting period. No dissenting opinions were expressed in any of the decisions taken during Board meetings. Inasmuch as no votes were cast against any of the decisions that were taken, it was not necessary to

make note of any opposition to them in meetings' minutes. No Board member enjoys any special voting rights or has the power to exercise a veto.

There is a Board of Directors Secretariat at the Company.

External Positions Held by the Members of the Board of Directors

The permission of the General Assembly of Shareholders must be granted in order for the members of the Board of Directors to carry out the transactions specified in "Article 395 - Dealing with the company, borrowing from the company" and "Article 396 - Non-competition" of the TCC. The Board members were granted the said permission to engage in the said transactions falling under the scope of the said articles at the General Assembly meeting held on 21 March 2023.

There are no set rules governing the Board members' undertaking other duties outside the Company; the same are subject to general rules. No restrictions are imposed on outside positions to be held by Board members in view of the contribution of their business experiences and sectoral experiences to the Board of Directors. If the members of the Board of Directors take on an executive role or hold a seat on the board of directors of, or offer consultancy services to, another company, they act with the awareness that such external role must not cause a conflict of interest, and they also act so as to maintain the independence criteria defined in the principles. The in-group/non-group positions held by Board members outside the Company, their years of service in the Company and distribution of positions are provided in the members' résumés.

Within the scope of the Board of Directors structures so far, there were no incidents where Board members skipped their duty as a member of our Company's Board of Directors, failed to exercise the due diligence or to allocate due time because of outside positions held.

The Company's Deputy Chair of the Board Mr. Kubilay Aykol is the Chair of the Board of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.; Board member Mr. Murat Karluk Çetinkaya is Board member at İş Portföy Yönetimi A.Ş., Board Member Mr. Murat Doğan is Deputy Chair of the Board at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. companies, and Board Member and CEO Mr. Ömer Barlas Ülkü is the Chair of the Board of Directors of Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. and Vice Chair of the Board of Directors of Kanyon Yönetim İşletim ve Pazarlama A.Ş. The said situations do not lead to any conflict of interest.

Remuneration of the Members of the Board of Directors

The remuneration of the Board members is determined at the General Assembly meeting as per the relevant provision of the Company's articles of association, and the remuneration principles for all executives and employees are put into writing. The Company's Remuneration Policy has been presented for the information of shareholders at the General Assembly and publicly disclosed.

Remuneration of Board of Directors members are determined by the General Assembly within the frame of the related proposal of the Corporate Governance Committee. At the General Assembly Meeting convened on 21 March 2023, monthly gross remuneration to be paid to each Board member is set as TL 55,750, and all Board members are remunerated equally. The gross value of all remuneration provided to members of the Board of Directors during the reporting period was TL 5,069 thousand.

Besides the remuneration decided upon by the General Assembly of Shareholders, members of the Board of Directors are not granted any rights that will yield financial benefits such as premiums or bonuses. None of the remuneration provided to independent Board members involves any company stock options or any forms of payment linked to the Company's performance.

During the reporting period, the Company did not lend any sums or extend any credit, or made available any loans under the name personal loan through a third party to its Board members, nor did it stand guarantee for them such as providing suretyship in their favor.

Board of Directors Terms of Reference

As required both by the Capital Markets Board's corporate governance principles and by the Company's Board of Directors terms of reference, there are three committees within the Board: a Corporate Governance Committee, a Committee for Early Detection of Risk, and a Committee for Audit.

The Corporate Governance Committee fulfills the functions of the Nomination Committee and Remuneration Committee, which need to be established as per the Corporate Governance Principles. The Committee is also assigned with handling the Company's environmental, social and governance (ESG) matters and sustainability initiatives.

Terms of reference have been defined and publicly disclosed for each committee. Committees perform their functions within the frame of those principles.

Each of these committees is headed by an independent board member. As required by law, all of the members of the Committee for Audit are independent Board members. The names and positions of those who serve as heads and members of these committees are presented below.

BOARD OF DIRECTORS

Corporate Governance Committee

Head	Member	Member	Member	Head
Prof. Dr. Oğuz Cem Çelik	Kubilay Aykol	İlkay Arıkan	Murat Doğan	Ayşegül Şahin Kocameşe
Independent Board Member (non-executive)	Board Member (non-executive)	Independent Board Member (non-executive)	Board Member (non-executive)	(executive*)

(*) Assistant General Manager Responsible for Investor Relations & Sustainability Department

Committee for Early Detection of Risk

Head	Member	Member
Prof. Dr. Arzu Erdem	Kubilay Aykol	Murat Doğan
Independent Board Member (non-executive)	Board Member (non-executive)	Board Member (non-executive)

Committee for Audit

Head	Member
İlkay Arıkan	Prof. Dr. Arzu Erdem
Independent Board Member (non-executive)	Independent Board Member (non-executive)

A member of the Board of Directors can serve on more than one committee in order to be able to form the Board of Directors committees and to make sure that they function effectively. All due consideration is given to the requirements of Corporate Governance Principles when selecting committee members.

All of the independent Board members are serving on committees. Members serving in more than one committee maintain regular communication with committees working in similar topics and increase opportunities to cooperate and improve decision-making processes.

During the reporting period, the Corporate Governance Committee evaluated the nomination proposals for three independent members for Board of Directors membership and submitted its evaluation to the Board of Directors. The Board of Directors finalized the list of independent member nominees in the light of these evaluations and an application has been filed with the CMB for the list in question as per the applicable capital market requirements. Independent Board member nominees, about whom the CMB did not state any negative opinions, have been presented for the information of all stakeholders via the General Assembly Information Document.

During the year, no events took place that prejudiced the independence of independent Board members.

Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems

As required by the capital market legislation and other applicable regulations and laws, there are Corporate Governance Committee, Committee for Early Detection of Risk, and Committee for Audit at İŞ REIC.

CMB's Corporate Governance Principles were adhered to during the election of the heads and members of the committees. Accordingly;

- Committees are headed by independent board members,
- All members of the Committee for Audit consist of independent board members,
- The senior executive in charge of the Investor Relations and Sustainability Department serves as a member on the Corporate Governance Committee.

Under the Board of Directors decision dated 28 March 2023, the Committees set up and Committee members were publicly disclosed.

When the reports submitted by the Committees to the Board of Directors and advisory decisions passed are examined, it is observed that all of the Committees have efficiently carried out their activities in 2023 within the frame of the espoused terms of reference; they have fulfilled their duties and responsibilities set out in the Corporate Governance Principles, and accordingly, the Company's internal systems function efficiently. Through their activities, the committees contributed to the activities of the Board of Directors, and the Company furthered its compliance with corporate governance practices.

Corporate Governance Committee:

Corporate Governance Committee, which regularly reviews the Company's corporate governance practices, paid attention to meet prior to each Board meeting in principle. The Committee met fourteen times during the reporting period. While priority is given to discussing the topics on the agenda in the Committee meetings, the Investor Relations and Sustainability Department's activities during the year, its determinations and evaluations were also addressed, and as such, the Committee fulfilled its function as a bridge between shareholders and the Board of Directors. Decisions adopted in Committee meetings, and the presentations on the topics discussed in meetings were shared with the Board of Directors after the Committee meetings.

The Corporate Governance Committee closely monitors the regulations and requirements regarding corporate governance principles. Within the scope of the activities during the reporting period, in order to oversee the Company's compliance with the principles, the Committee:

- Took the necessary steps to make sure that the Company is in compliance with the applicable requirements, and especially with the Corporate Governance Principles Communiqué,
- Fulfilled the functions of the Nominating Committee and Remuneration Committee,

- Effectively supervised the activities of the Investor Relations and Sustainability Department.
- Reviewed the Company's Sustainability Principles Compliance Framework and Sustainability Report, submitted it for the information of the Board of Directors, and oversaw its public disclosure,
- Reviewed the Company's Corporate Governance Compliance Report and Corporate Governance Information Form, and presented them for the approval of the Board of Directors.
- Managed the sustainability activities within the scope of its duties and responsibilities in relation to sustainability and oversaw the integration of sustainability practices in targets, strategy and business processes.

When carrying out these activities, the Corporate Governance Committee adopted advisory decisions to be presented to the Board of Directors regarding the matters for which the Board of Directors needed to take action.

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk was set up to early detect the risks that may threaten the Company's existence, development and survival, to take necessary action for identified risks, and to manage risks as proactively as possible, in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC. The Committee reports to the Board of Directors and

carries out its activities as per the Committee for Early Detection of Risks Terms of Reference. The Committee held six meetings during the reporting period.

Within the frame of the review of the Company's risk management systems, the Committee submitted the following to the Board of Directors;

- A quarterly Company Risk Report covering basic risk types in relation to the Company's activities with a particular focus on operational risk, liquidity risk, credit risk and market risk, which is prepared by the Risk Management, Internal Control and Compliance Activities Unit within the knowledge of the Committee for Early Detection of Risk,
- Pursuant to Article 378 of the TCC and CMB's regulations concerning corporate governance, "Committee for Early Detection of Risk Assessment Report", which is drawn up to include risk detection and management matters, has been presented for the information of the Board of Directors once in every two months.

Through the reports issued and activities carried out during the reporting period, the Committee played an active role in the identification and analysis of important risks inherent in the Company's operations, ensured that the Board of Directors was briefed as necessary with respect to monitoring the regulatory and internal risk limits, and increased the efficiency of the Company's risk systems, while also overseeing the alignment of risk management activities to the Risk Policy.

BOARD OF DIRECTORS

Committee for Audit:

The Committee for Audit reports to the Board of Directors and carries out its activities in accordance with the Committee for Audit Terms of Reference. The Committee ensures the auditing and supervision of proper execution of financial and operational activities, and carries on with its activities in relation to public disclosure of the Company's financial statements, execution of independent audits, ensuring effective operation of the Company's internal systems, and active supervision of all other aspects of the independent auditors' activities. The Committee held eight meetings during the reporting period.

In parallel with its duties set forth in the Terms of Reference, the Committee for Audit, during the reporting period;

- Oversaw the independent audit process including conformity of all aspects of the independent auditor's activities and of the interim and annual financial statements to be publicly disclosed to the accounting principles pursued by the Company, as well as their accuracy and

fairness, seeking the opinions of the responsible manager at the Company and of independent auditors in the process,

- Monitored the determination of the annual activity plan of the Company's Internal Audit Unit and execution of audit activities in accordance with the plan,
- Followed up the studies, investigations, examinations and similar activities conducted by the Internal Audit Unit although not included in the annual activity plan of the Company's Internal Audit Unit,
- Received information about audit activities and other activities conducted by the Internal Audit Units in periodic meetings,
- Provided the necessary coordination for sharing the findings identified in the audits with the Board of Directors and the Company's senior management, and for ensuring that necessary remedial actions are taken.

Within this scope, the Committee reviewed the operation of the Company's internal audit system, contributed to identification of processes that presented room for improvement, and supervised that audits were carried out effectively.

DECLARATION OF INTEREST BY INDEPENDENT BOARD MEMBERS

To: Chair of the Board of Directors of İş Gayrimenkul Yatırım Ortaklığı A.Ş.

Owing to my candidacy for a seat as an Independent Board Member at your Company's ("the Company") General Assembly Meeting, I hereby declare:

- a) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, collectively or individually held more than 5% of the capital or voting rights or privileged shares in, or established any commercial interest of a significant nature, with the Company, or with any companies in which the Company has management control or material influence, and with any shareholders having management control or material influence over the Company, or with any corporate entity which are controlled by these shareholders;
- b) Within the most recent five years, I have neither been a shareholder controlling 5% or higher share, or an employee in an executive position involving major duties and responsibilities nor a board member, in any company from/to which the Company purchases/sells significant amount of services or products under the agreements made during such time when services or products were purchased or sold, and particularly in companies involved in the Company's auditing, rating, or consulting;
- c) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
- d) If elected, I shall not work on full-time basis at any public institution or organization during my term of office, apart from serving as a faculty member, provided that the same does not contradict with the legislation governing such institution;
- e) I am a resident of Türkiye for the purposes of the Income Tax Law;
- f) I possess the ethical standards and professional reputé and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any conflicts of interest that may arise between the Company and its shareholders, and to come to decisions freely taking into consideration all stakeholders' rights;
- g) I am capable of devoting sufficient amount of time to follow-up the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking;
- h) I have not served as a member on the Company's Board of Directors for more than six years within the most recent ten years;
- i) I am not serving as an independent board member in more than three of the companies in which the Company, or shareholders having management control over the Company, have management control, or in more than five companies, in the aggregate, traded on the stock exchange;
- j) I have not been registered and promulgated on behalf of the corporate entity elected as a member of the Board of Directors.

Prof. Dr. Arzu Erdem
Independent Board Member

Prof. Dr. Oğuz Cem Çelik
Independent Board Member

İlkay Arıkan
Independent Board Member

SENIOR MANAGEMENT



ÖMER BARLAS ÜLKÜ

Board Member and CEO

Ömer Barlas Ülkü received his Bachelor's Degree in civil engineering from Engineering Faculty, Middle East Technical University in 1995 and his MBA from the Faculty of Economic and Administrative Sciences at the same university. Mr. Ülkü started his business life as a research assistant in the Department of Civil Engineering at METU (1995-1997) in tandem with his graduate studies. He functioned as an inspector on İşbank's Board of Inspectors from 2000 to 2008 and as the Internal Audit and Control Manager of our Company from 2008 to 2012. He was involved in the establishment of the Financial Management Department in 2012. From 2012 to 2021, he served as Group Head responsible for the Business Development Department, Financial Operations and Support Activities Department, Accounting and Finance Department, and Information Technology Department, for which units he remained in charge as Assistant General Manager from 2021. He was named the CEO and Board Member of İŞ REIC on 1 August 2023. Mr. Ülkü is also a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.



AYŞEGÜL ŞAHİN KOCAMEŞE

Assistant General Manager

Ayşegül Şahin Kocameşe got her bachelor's degree in political science and public administration from the Middle East Technical University Faculty of Economics and Administrative Sciences in 1998 and got her Executive MBA degree from İstanbul Technical University. She holds Capital Market Activities Level 3 License, Credit Rating License, Corporate Governance Rating License, and Real Estate Appraisal License from the SPL (Capital Markets Licensing Registry and Training Agency) and Sustainability Expertise Certificate from TCMA-SEGM (Sustainable Learning, Development and Excellence Association). She began her career as an assistant investment specialist at İşbank in 1998. She joined İŞ REIC in 1999 and personally worked in the incorporation and IPO of the Company. Upon establishment of the Risk Management and Investor Relations Department in 2005, she was brought to the position of manager in this unit. Having worked in the position of Group Head from 2012, Ms. Kocameşe currently serves as Assistant General Manager in charge of Financial Reporting and Budget Division, Human Resources and Training Division, and Investor Relations & Sustainability Division, Legal Division and Board of Directors Reporting Division. In tandem with this position, she also serves as a member on the Company's Corporate Governance Committee and a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.



KAAN ÖZSOY

Assistant General Manager

Kaan Özsoy received his degree in architecture from the Faculty of Architecture at Yıldız Technical University in 1992. He started his career as an architect in the construction of İşbank Head Office Building in 1994 and functioned as a supervising architect until 2001. Having joined İŞ REIC as an architect in 2001, Kaan Özsoy was later promoted, in chronological order, to Chief Architect, Project Implementation Assistant Manager, and Project Implementation Manager. Holding SPL (Capital Markets Licensing Registry and Training) Real Estate Valuation License, Mr. Özsoy served as Group Head responsible for the Construction and Architecture Division, Business Development Division and Facility Management and Maintenance Division from 2018 and currently holds the position of Assistant General Manager with the same areas of responsibility. Özsoy is also a Member of the Board of Directors of Kanyon Yönetim İşletim ve Pazarlama A.Ş.



GÖKTAY ÖZBEK

Assistant General Manager

Göktay Özbek received his bachelor's degree in international relations from Ankara University, Faculty of Political Sciences in 1996 and started his career in 1997 at İşbank, where he worked as credit specialist, inspector, branch manager and regional manager. Mr. Özbek was appointed as Assistant General Manager of İŞ REIC as of 1 September 2023, in which role he is responsible for the Accounting and Finance Department, Financial Operations and Support Activities Department, Corporate Communication and Marketing Department, Sales and Rentals Department and Information Technologies Department. Göktay Özbek also holds a member's seat on the Board of Directors of Kanyon Yönetim İşletim ve Pazarlama A.Ş.

THE REAL ESTATE SECTOR IN 2023

Following a long-lived contraction, the construction sector has been outgrowing the overall economy for the last four quarters with the additional support of the base effect. Having grown by an annual 4.5%, 6.6% and 8.1% respectively in the first three quarters of 2023 owing to the urban transformation and infrastructure activities that picked up prior to the local elections and due to the construction works in the earthquake-hit region, the sector's growth rate for the first nine months was 6.3%. As of the third quarter of 2023, the sector's share in GDP was 5.3%.

While rate hikes targeted at slowing down the domestic demand in the second half of the year drove financing costs up in economy, selective lending policy coupled with credit limitations started slowing down construction works.

The extraordinary surge in construction input costs, inadequate allowance allocated for public investments, delays in progress payment collections and unavailability of qualified workforce in the sector are the other problems that restrain the construction industry.

Currently, the tight monetary policy and high interest rates that are anticipated to persist until the last quarter of 2024 on the one hand, and very limited growth target in investments in the public sector budget outside the earthquake region on the other hand remain in existence as the factors that will curb the expansion of the construction sector.



FOLLOWING A LONG-LIVED CONTRACTION, THE CONSTRUCTION SECTOR HAS BEEN OUTGROWING THE OVERALL ECONOMY FOR THE LAST FOUR QUARTERS WITH THE ADDITIONAL SUPPORT OF THE BASE EFFECT.



As the real estate sector showed a more limited growth due to declined housing sales in particular, the sector's growth in the first three quarters of the year was registered as 2.7%.

The construction cost index (CCI) went up by 1.52% month-on-month and 66.49% year-on-year in November 2023, whereas materials index and labor index increased by 53.46% and 110.77% respectively on an annual basis.

These cost increases acted as a factor that pushed all prices upwards in the construction sector, with new housing prices taking the lead.

The current level of construction projects and new undertakings declined, with the indices demonstrating decreases by 5.4 and 4.5 points on a monthly basis in December. The continually rising costs and seasonality, to a limited extent, have been influential upon this decline. The new supply-demand balance will be established depending on the economic conjuncture.

In the third quarter of 2023, building permits granted by municipalities increased by 24.9% in terms of the number of buildings, by 35% in terms of the number of apartments and by 21.7% in terms of area on a year-on-year basis.

Having adopted a downtrend after May when the elections were held before taking an upturn in November, the Construction Industry Confidence Index slimmed down by 4.1 points in December on a month-on-month basis. The impacts of the existing economic panorama on construction activities reflect negatively also on the construction industry confidence.

Housing Market

Housing sales across Turkey have declined notably when compared with the previous year. The number of housing units sold in 2023 was down by 17% annually to 1,225,926 , the lowest in the past nine years. According to TurkStat data, 138,577 houses were sold in December across Turkey. Although housing sales augmented by 48% on a

month-on-month basis in December, it was down by 33% on year-on-year basis.

While first-hand housing sales made up 31% of sales, the share of second-hand housing sales accounted for 69%, maintaining a parallel distribution to the previous year.

As housing loan rates reached their highest of the past decade with an annual 41.50% as of December, mortgage sales decreased by 72.3% on an annual basis in December, going down in the data record as the lowest number of mortgage sales with 6,042. Mortgage housing sales decreased by 36% annually to 177,748; accounting for 14.5% of total sales. In 2023, 132,535 houses changed hands as the result of other types of sales.

Housing sales to non-nationals also went down by 48.1% annually and stood at 35,000.

The pursuit for real returns stemming from the inflationist environment considerably increased the demand for

2.7%

AS THE REAL ESTATE SECTOR SHOWED A MORE LIMITED GROWTH DUE TO DECLINED HOUSING SALES IN PARTICULAR, THE SECTOR'S GROWTH IN THE FIRST THREE QUARTERS OF THE YEAR WAS REGISTERED AS 2.7%.

41.50%

HOUSING LOAN RATES REACHED THEIR HIGHEST OF THE PAST DECADE WITH AN ANNUAL 41.50% AS OF DECEMBER.

1.23 MILLION

THE NUMBER OF HOUSING UNITS SOLD IN 2023 WAS DOWN BY 17% ANNUALLY TO 1,225,926 , THE LOWEST IN THE PAST NINE YEARS.

THE REAL ESTATE SECTOR IN 2023

all types of real estate, particularly for homes. However, housing demand was curbed by hyper inflation and surged housing prices, combined with the decelerated credit mechanism, reduced amount of savings to be used for property purchase, and the uncertainty environment resulting from the general and local elections. While interest rates that climbed up in the second half of the year with the anti-inflationary policies introduced after the elections made it even more difficult to access housing finance, the same also accelerated the fall in mortgage housing sales, and savers in pursuit of real return turned towards alternative instruments such as saving deposits, which led to a decline in housing purchases for investment purposes as well.

The CBRT Residential Property Price Index (RPPI) value in November 2023 shot up by 82.8% annually to 1150.4. The CBRT RPPI for New Dwellings Index value in November 2023, on the other hand, increased by 88.2% annually to 1250.2.

Office Market

Total Class-A speculative leasable office stock in İstanbul was determined as 2,566,103 m² in the second half of 2023*.

Vacancy rates, which started falling upon the increased demand triggered by businesses' gradual back-to-office moves after the pandemic, maintained the same trend, and went down from 14.9% in the first half of 2023 across İstanbul to 12.2% in the second half of the year. Vacancy rates were registered as 14.8% on the European side and as 7.8% on the Asian side.

While customers were challenged in finding Class-A offices due to higher demand for quality offices, the demand kept pushing rents up. In this period, existing tenants chose to remain in their current buildings by renewing their contracts; in 2023, 42% of leases were in the form of contract renewals.

Of approximately 26,285 m² of new spaces leased in the second half of 2023, 36.4% was in Kozyatağı/Ataşehir region, 22.3% in CBD, and 20.6% in İstanbul East region.

While average Class-A office rent figures across all regions hiked in the second half of 2023, the rate of increase was 35.4% on Turkish lira basis and 21% on USD basis.

In the second half of 2023, average Class-A office rent figures across İstanbul were 25.5 USD/m²/month in USD terms and 754 TL/m²/month in TL terms. Rents on the European side averaged 868 TL/m²/month in TL terms on the European side and TL 563 TL/m²/month on the Asian side.

NEW ADDITIONS TO THE SHOPPING MALL SUPPLY ACROSS THE COUNTRY IN 2023 WAS REGISTERED AS 153,600 M²; WITH 451 SHOPPING MALLS, THE TOTAL AREA REACHED 14.16 MILLION M².



Besides the slowdown in projects in construction phase, the projects in planning phase also remain restricted. Despite the rapidly declined vacancy rates in the second half of 2023 as was the case in the previous period, there is an unwillingness for new undertakings due to surged costs and nearly 703,000 m² office stock anticipated to be added to supply from the İstanbul Financial Center. On another front, the buildings that are not earthquake-resistant that go into urban transformation and/or are converted from offices to different types of buildings add to the supply problem in the market.

Approximately 886,995 m² office space is envisaged to be added to the Class-A leasable office supply in İstanbul over the next three years. Of the said additional office space, 79% is located in Kozyatağı/ Ataşehir, 15% in CBD and 6% in Maslak regions.

Retail Market

According to Cushman & Wakefield data, new additions to the shopping mall supply across the country in 2023 was registered as 153,600 m²; with 451 shopping malls, the total area reached 14.16 million m².

Currently, 27 shopping malls with a leasable area of 758 thousand m² are in construction phase. Including those projects slated for completion as of year-end 2025, total supply across Turkey is expected to reach 14.6 million m².

While organized retail density is recorded as 165 m² of leasable area per 1,000 people across the country, İstanbul has almost two times the retail density of the country's average, and constitutes nearly 37.5% of total leasable area stock.

In the market where there is limited supply in the face of the growing demand in the retail sector, rents increased significantly both in US dollar and Turkish lira terms. Prime rent figures particularly on main streets of İstanbul increased markedly by 66.67% on a year-over-year basis in USD terms. Similarly, rents in shopping malls also went up remarkably. Prime return rate, on the other hand, is at the order of 7%. Prime return rate is 7% on İstanbul's main streets and 8% for shopping malls countrywide.

In 2023, there was a visible rise in demand in the retail market. Number of foreign visitors that has been increasing by the year in the aftermath of the pandemic is one of the underlying reasons of this increase. Despite the effects of inflation and fluctuating course of exchange rates on the sector, the density in shopping malls and main streets have reached significant levels.

The digital transformation drive in the retail sector continued at full pace in 2023. Besides making use of various technological features including smart changing rooms, easy checkouts, enhanced reality, personalized offers via mobile apps for improved customer experience, firms continued to invest in supply chain automation capabilities such as for stock management and inventory tracking to increase their profitability and optimize operational processes.

Co-created by the Council of Shopping Centers - Turkey (AYD) and Akademetre Research Company, the Shopping Mall Index was nominally up by 92.1% year-over-year to 2,606 points in November 2023. Considering that the annual inflation rate announced for November 2023 was 61.98%, the rise in productivity per square meter index outdid the inflation.

Turnover per leasable area (in square meters) in shopping malls was registered as TL 9,935 in Turkey, TL 11,901 in İstanbul, and TL 8,625 in Anatolia.

A category-based comparison of the index with November 2022 reveals that the highest rise occurred in the technology category with 106.7%. The rise in the other category that covers DIY, furniture, pet shop and jewelry stores was 97.9%, whereas it was 86.1% in the hypermarket category, 85.9% in the clothing category, 83.4% in the footwear category and 81.4% in food and beverage category.

According to a comparison of November 2023 data with November 2022 data, the number of visits index hit 96 points, up by 10.3%. On a monthly basis, the rise in the number of visits index in November 2023 was 3.2%.

BOARD OF DIRECTORS ACTIVITIES IN 2023

2023 has been a year of new problems emerging for the global economy and of deceleration for global growth. Following the pandemic that shocked and jolted the whole world, tightening monetary policies maintained to combat the inflation experienced all around the world, the tension in the Middle East that came on top of the Russia-Ukraine war exposed the global economy to new problems. Despite all these negative developments, worldwide economic growth rate is estimated to have materialized above the projections. On the part of the Turkish economy that maintained its growth trend in 2023, the inflationary pressure continually upped its intensity and CPI ended the year at 64.77%.

Looking at the housing sector, the pursuit for real returns stemming from the inflationist environment considerably increased the demand for all types of real estate, particularly for homes. However, housing demand was curbed by hyper inflation and surged housing prices, combined with the decelerated credit mechanism, reduced amount of savings to be used for property purchase, and the uncertainty environment resulting from the general and local elections. While interest rates that climbed up in the second half of the year with the anti-inflationary policies introduced after the elections made it even more difficult to access housing finance, the same also accelerated the fall in mortgage housing sales, and savers in pursuit of real return turned towards alternative instruments such as saving deposits, which led to a decline in housing purchases for investment purposes as well.

**OUR COMPANY CONTINUED TO
DEVELOP PROJECTS THAT WILL
CREATE VALUE ON THE BACK
OF SUSTAINABLE GROWTH AND
PROFITABILITY PRINCIPLE IN 2023.**



Housing sales across Turkey have declined notably when compared with the previous year. The number of housing units sold in 2023 was down by 17% annually to 1,225,926, the lowest in the past nine years. Mortgage housing sales decreased by 36% annually to 177,748; accounting for 14.5% of total sales.

Our Company continued to develop projects that will create value with its sustainable growth and profitability principle in 2023, placing residential projects in its main focus. The Company continued to search for plots and real estate for developing projects of a size befitting its scale.

The successful performance results we recorded as İŞ REIC in 2023 were once again underpinned by our financial capabilities and institutional competencies that we keep furthering, while preserving our robust balance sheet composition.

The demand for offices picked up once again with the commencement of post-pandemic normalization and the growing prevalence of the hybrid working system. Occupancy rates in central locations such as Levent and Maslak increased considerably, whereas rental income also increased above the inflation on Turkish lira basis. In the office market that saw some increase in supply as part of the İstanbul Financial Center became operational in the second half of the year, further reduction is anticipated in vacancies on the European side where supply is relatively limited along with continued uptrend in revenues.

To this end, our Company introduced measures to increase rental income with the goal of improving rental income from office spaces to the extent allowed by market conditions and contractual terms. Accordingly, some rental contracts were renewed so as to capture current market conditions, while new tenants were added to the portfolio at current

rental figures. Through all these actions, the Company's rental income including income from right of construction grew by 21% annually in 2023. It is anticipated that the effects of these positive results attained will go on in 2024 and will contribute to the Company's financial results for 2024 and following years.

The marketing activities for İstanbul Financial Center project are targeted to be initiated in 2024. The project that has a full investment cost of approximately USD 105 million, excluding the plot price, is anticipated to generate an annual rental income of USD 9.5 million. In the same period, the aim is to derive rental income on two properties with the commencement of the renovation of Maslak Office Building, leasing it following the completion of the renovation, and commencement of operations in the IFC area.

During the reporting period, our sales operations continued at full speed for İzmir Ege Perla Project and Kartal Manzara Adalar Project. In Ege Perla Project where all housing units have been sold, the rate of home-office units sold reached 99%, and the rate of sold units at Manzara Adalar Project reached 97%.

Kasaba Project, which comprises of 165 villas on a plot of 138 thousand m² in total including the parcels our Company added to its portfolio as the continuation of Kasaba Evleri Project located in Ömerli and the parcels owned by Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri Sanayi ve Ticaret Limited Şirketi (TECİM) in the same area, is planned to be put on the market in 2024. Our Company will have approximately 44% share in this project that has a projected total development cost of USD 200 million, including the plot price. The project is planned to be developed in various phases, with the first phase planned to comprise of 61 villas and other phases to be undertaken depending on the demand.

IN 2023, THE
COMPANY'S
RENTAL INCOME
INCLUDING INCOME
FROM RIGHT OF
CONSTRUCTION
GREW BY 21%
ANNUALLY.

BOARD OF DIRECTORS ACTIVITIES IN 2023

Following the Çınarlı Bahçe Project successfully completed in Tuzla, our Company added to its portfolio a plot with an approximate area of 53,000 m² with the target of carrying on with its investments at this location. The development work is in progress on the said plot.

Construction and sales are ongoing for the Litus İstanbul Residential project that is being developed on the plot in Altunizade, Üsküdar, which is included in our portfolio and equally owned by our Company and Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Ltd. Şti. (TECİM). Covering six residential blocks and one office block, the project is planned to be delivered during 2024. The rate of sales in Litus İstanbul Project reached 24%.

The building located in Balmumcu in Şişli district in İstanbul that our Company included in its portfolio in 2022 is planned to be demolished and replaced with a serviced apartment building; upon obtaining the building permit, the project construction and sales are targeted to be initiated in 2024.

In relation to the Profilo Shopping Mall project located in Mecidiyeköy in Şişli district in İstanbul, which was added to our Company's portfolio in 2023, development work is being carried out by Artış İnşaat as per the agreement made.

Financial strength, consistency and correct partnerships become more important than ever before for the sustainability of businesses' operations in our day, when environmental and economic variables change tracks quickly. Our Company adjusts to the current necessities, and will actively continue with leasing, sales and project development activities in line with its mission to ensure permanence of the value created for its stakeholders on the back of sustainable growth and profitability principles.

In the period ahead, İŞ REIC will mainly focus on new projects, and keep contributing to the flourishing of its sector and creating value for all its stakeholders by developing ecological, sustainable projects pursuing customer satisfaction and having high investment values.

Rate of sales in Litus İstanbul Project reached 24%.

A 53 thousand m² plot in Tuzla has been included in the Company's portfolio.

IN THE PERIOD AHEAD, İŞ REIC WILL KEEP CONTRIBUTING TO THE FLOURISHING OF ITS SECTOR AND CREATING VALUE FOR ALL ITS STAKEHOLDERS.



STRATEGY

İŞ REIC's main strategy is to diversify its portfolio by investing in viable projects by closely monitoring the sector dynamics, increase the Company's profitability through effective and dynamic management of its real estate portfolio and thus, generate maximum possible benefit for its shareholders. Accordingly, in 2023, our Company kept developing earthquake-resilient and robust projects that will create value based on its sustainable growth and profitability principle by placing residential projects in its main focus.

Moreover, in line with this main strategy, the successful performance results attained in 2023 were underpinned once again by the financial capabilities and institutional competencies that the Company continually takes further, while preserving its robust balance sheet composition.

Our Company quickly adjusted to the changes occurring in 2023, during which accessing financing has become difficult amid the overall economic conjuncture, and focused on cost management. As the Company successfully managed its borrowing by paying attention to the leverage effect in financing, maturity/funding diversification and matching, it was also able to generate different and diversified payment plants for the customers.

In projects in development and construction phase, our Company concentrated on sales target. Hence, sales from the housing portfolio outperformed the sector's average particularly in the second half of the year. Arising as important catalyzers for achieving these goals are Ömerli project that is planned to be put on the market in 2024 and Litus İstanbul Project, the sales of which is currently in progress. Moreover, upon completion of the investment in the İstanbul Financial Center Project that is targeted to go live in 2024 and leasing of Maslak Office Building following its renovation, the Company will take advantage of the growing demand for rental offices, and generation of income on these properties will contribute positively to results.

In the post-pandemic redesigned rental office market, İŞ REIC secured high rises in rental income on the one hand, and was able to devise optimum solutions that would not overwhelm the tenants on the other.

As a result of all these actions taken in line with this main strategy, the Company's long-term targets were defined as maximizing the Company's rental and sales revenues on existing and newly acquired properties; developing earthquake-resistant, disaster-resilient projects that deliver optimum benefits

in line with the best usage on properties existing in the portfolio, and ultimately, offering high returns for shareholders by continuing to create livable, modern, safe and top-line venues.

Once more, our Company's top priority in 2024 will be to bring all of its ongoing investments to completion at reasonable costs and within the projected timelines while also capturing high profitability, to achieve lease and sales targets, and to carry on with the development of contemporary, robust, ethical and sustainable projects that are aligned with the current demand conditions and that will result in optimum use and benefits on properties included in its portfolio, and do so at the right time.

In addition to all of the above, the search continues for plots that will secure growth and income increase, and current trends and investment opportunities for new projects are closely monitored. Necessary actions are taken and maintaining the solid financial composition is prioritized on the back of regular risk management, by taking the potential risks stemming from the operating environment into consideration. The achievement status of strategic goals is monitored by the Board of Directors, and the goals are revised as and when needed due to developing circumstances.

ACTIVITIES OF THE INVESTOR RELATIONS AND SUSTAINABILITY DEPARTMENT

Since the “Investor Relations Department” set up at the Company in 2005 as per the related requirements of the Capital Markets Board of Türkiye (CMB) is also responsible for coordinating the Company’s sustainability activities, it carries on with its activities as the “Investor Relations and Sustainability Department”. The Department reports to the Assistant General Manager in charge of “Financial Reporting and Budget Unit”, “Human Resources and Education Unit” and “Legal Unit” and the Board of Directors Reporter.

The Department efficiently manages all investor relations activities, with a particular focus on the exercise of shareholder rights, public disclosure, information sharing activities, and the general assembly process.

Prior to each Board meeting, the Department prepares a report to be submitted to the Board of Directors about the Department’s activities during the period. The Department manager physically participates in the Board of Directors meetings.

The Department takes on an active role for establishing the communication between shareholders and the Company, whereas the Corporate Governance Committee, which serves as a bridge between the Department and the Board of Directors, actively oversees the Department’s activities during the year, and meets regularly.

The senior manager responsible for the Department, being a member of the Corporate Governance Committee, participated in the Committee meetings held during the year, and provided information to the Committee about the Department’s activities, material developments that took place during the reporting period, and the assessments and analyses of shareholders in particular, and investment companies in general. The documents prepared in relation to the decisions passed in Committee meetings and the topics discussed were shared with the Board of Directors following the meetings.

THE INVESTOR RELATIONS AND SUSTAINABILITY DEPARTMENT EFFICIENTLY MANAGES ALL INVESTOR RELATIONS ACTIVITIES, WITH A PARTICULAR FOCUS ON THE EXERCISE OF SHAREHOLDER RIGHTS, PUBLIC DISCLOSURE, INFORMATION SHARING ACTIVITIES, AND THE GENERAL ASSEMBLY PROCESS.



Besides the regular reports presented to the Board of Directors, the Department draws up the “Annual Investor Relations and Sustainability Department Activity Report”, which is then submitted for the information of the Board of Directors.

Additionally, the Department also handles the secretarial tasks of the Corporate Governance Committee as indicated in the Committee terms of reference.

Public Disclosure and Provision of Information

During 2023, the Department responded to all queries falling under the investor relations domain, which were received from stakeholders such as analysts, portfolio managers and public institutions, in addition to those received from shareholders.

During the year, the Department responded to nearly 120 verbal and written queries. Information requests from local and foreign shareholders or investment companies were responded to with careful observation of all matters with respect to public disclosure, and particularly the legislation and the Company’s Information Policy. The Department kept records of verbal and written queries received and the answers given thereto as necessary.

Shareholders request information by directly contacting the Department employees, or by sending an e-mail either to the Department’s e-mail address or using the communication form available on the website. Shareholders usually contact the Department employees directly or via the Department’s e-mail account, and rarely use the contact form on the website.

All information requests and queries related to the scope of investor relations, which are received from stakeholders such as analysts, portfolio managers, and public & private sector institutions, as well as from shareholders, are responded

and support is given for questionnaires and academic studies as much as possible.

Besides the information requests received by the Company, the Department also regularly monitors the reports and bulletins published by brokerages in which any mention of the Company is made, while providing the necessary support to brokerages for their reporting or model updating processes.

The Company website is actively used to facilitate public disclosure and exercise of shareholder rights. Quarterly investor presentations in Turkish and English, as well as balance sheets, income statements and other financial tables prepared within the scope of financial statements, along with material event disclosures made through the Public Disclosure Platform (PDP) are posted on the corporate website within the same day. Moreover, those sections of the Company’s corporate website that are subject to updates, particularly the information with a potential impact on the exercise of shareholder rights, are regularly updated. Thereby, access to accurate and up-to-date information is made available especially to shareholders and investment companies in addition to various individuals or institutions that require information about the Company and its activities.

Shareholders can access the Central Securities Depository of Türkiye (MKK) portal via the “Information Society Services Section” on the website where they can get basic information about the Company; the currency of the information posted on the Information Society Services Section is followed up and updated as necessary.

Additionally, regular messages concerning public disclosures made, financial results and so on were sent to shareholders or investment company employees who are registered in the “Distribution List” of the Department.

General Assembly Process

The Company’s 2022 Ordinary General Assembly Meeting was carried out in accordance with the provisions of Corporate Governance Principles and TCC, and the meeting took place on 21 March 2023 with 70.8% attendance representing TL 678.6 million in capital.

The documents related to the General Assembly were made available for review by shareholders 21 days in advance of the meeting date on PDP (Public Disclosure Platform), e-GKS (Electronic General Meeting System of the Central Registry Agency - MKK), and the Company’s website. The “General Assembly Information Document” has been prepared so that shareholders can have prior information about the topics to be discussed in the general assembly meeting and all General Assembly documents were posted on the Company website. Furthermore, all General Assembly documents except for the list of attendants were prepared also in English language and made available for the information of all foreign shareholders via the Company’s website.

After the General Assembly Meeting, the meeting minutes and the list of meeting attendants were publicly disclosed on PDP and Company websites, and the meeting minutes were also uploaded to the Companies Information Portal. Material event disclosures and notifications made during the general assembly process were also shared with the domestic and foreign shareholders or investment companies included in the Department’s Public Disclosure Distribution List.

The questions asked by the shareholders and the answers given during the General Assembly meeting were published on the Company website within due time as per principle no. 1.3.5 of the Corporate Governance Principles.

ACTIVITIES OF THE INTERNAL SYSTEMS DEPARTMENT

The establishment and operation of the Company's Internal Systems Department, its administrative organization, scope of activities, roles and responsibilities of its employees are set out in "İŞ REIC Internal Systems Department Terms of Reference" that stipulates the Department's operating procedures and principles. Established in November 2008, the Internal Systems Department is structured separately from and independent of other Company units. The Department has been reporting directly to, and responsible towards, the Board of Directors since June 2012. All activities falling under the scope of the duties and responsibilities of the Internal Systems Department are handled by Risk Management, Internal Control and Compliance Activities Unit and the Internal Audit Unit organized under the Department.

Internal Audit Activities

Audit and control systems at the Company have been organized in accordance with international practices, principles and organization framework. The Internal Audit Unit monitors, examines and reviews all of the business processes and activities of Company

departments, conducts various analyses depending on the outcomes of its reviews, and makes preventive, corrective and/or improvement suggestions in areas it deems necessary according to its risk-focused audits.

The activities of the Internal Audit Unit during a given year are carried out in accordance with the "Annual Audit Schedule" approved by the Audit Committee and enforced upon approval by the Board of Directors.

Internal audit activities that are carried out independently and impartially are targeted at keeping under control the risks associated with the Company's operations; establishing and fostering an audit culture across the Company; and additionally providing assurance to the Board of Directors through evaluating the effectiveness and adequacy of the internal control, risk management and corporate governance systems.

On the other hand, the Internal Audit Unit also offers consultancy such as making recommendations and providing guidance without undertaking any administrative responsibility with the aim of improving and adding value to the Company's operations, as and when needed and as an extension of audit activities.

Periodic and risk-based internal audits are run so as to contribute to the efficiency and productivity of risk management and corporate governance systems and processes, and to effective, economic and productive use of the Company's resources.

Risk Management, Internal Control and Compliance Activities

Risk management functions and activities at İŞ REIC have been placed under the responsibility of Risk Management, Internal Control and Compliance Activities Unit. As part of its risk management function, the Unit identifies, monitors and measures the risks inherent in the Company's operations and reports them to the Company's senior management within the frame of the Company's Risk Policy and associated internal guidelines. In addition, documents related to the company's risk management are reviewed in line with the Company's altered needs and updated as needed. The Board of Directors and the Committee for Early Detection of Risk are kept informed about the Company's risk exposure by means of a comprehensive "Company Risk Report" that is prepared and submitted every three months. This report includes, among other things, information about the Company's business sector, key financial indicators, and the results of the unit's analysis and assessment of the risks which are inherent in the Company's activities. Detailed information is provided about business environment risk, a category of operational risk that the Company is particularly exposed to. In this context, it is ensured that the Board of Directors is informed about current risk assessments related to the Company's activities.

Furthermore, within the risk detection and management duties and responsibilities charged to the Committee for Early Detection of Risk and the Board of Directors under Article 378 of the Turkish Commercial Code no. 6102 and the CMB's regulations concerning corporate governance, an "Assessment Report of the Committee for Early Detection of Risk" is prepared on a bimonthly basis and submitted to the Board of Directors for its information.

AUDIT AND CONTROL SYSTEMS AT İŞ REIC HAVE BEEN ORGANIZED IN ACCORDANCE WITH INTERNATIONAL PRACTICES, PRINCIPLES AND ORGANIZATION FRAMEWORK.

The internal control system is run to make the maximum contribution towards the achievement of the Company's targets that are aligned with its vision, mission and strategies. Internal control activities are conducted within the frame of generally accepted COSO (Committee of Sponsoring Organizations) internal control practices, and the results are reported to the Board of Directors.

Compliance activities are carried out to ensure that the compliance risk is managed and kept under control duly and effectively at the Company within the frame of the severity- and risk-based approach, and to make the maximum contribution for handling of the Company's operations at all times in conformity to the applicable legislation, regulations and standards. Working also on Regulatory Compliance, Financial Crimes, Sanctions and International Obligations, the function also handles the necessary research, review, monitoring, assessment, briefing, guidance, coordination and reporting activities for compliance-related matters. Quarterly "Compliance Reports" are prepared and submitted to the Board of Directors.

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk was set up to early detect the risks that may threaten the Company's existence, development and survival, to take necessary action for identified risks, and to manage risks as proactively as possible, in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC. The Committee reports to the Board of Directors and carries out its activities as per the Committee for Early Detection of Risks Terms of Reference. The Committee held six meetings during the reporting period.

Within the frame of the review of the Company's risk management systems, the Committee submitted the following to the Board of Directors;

- A quarterly Company Risk Report covering basic risk types in relation to the Company's activities with a particular focus on operational risk, liquidity risk, credit risk and market risk, which is prepared by the Risk Management, Internal Control and Compliance Activities Unit within the knowledge of the Committee for Early Detection of Risk,
- Pursuant to Article 378 of the TCC and CMB's regulations concerning corporate governance, "Committee for Early Detection of Risk Assessment Report", which is drawn up to include risk detection and management matters, has been presented for the information of the Board of Directors once in every two months.

Through the reports issued and activities carried out during the reporting period, the Committee played an active role in the identification and analysis of important risks inherent in the Company's operations, ensured that the Board of Directors was briefed as necessary with respect to monitoring the regulatory and internal risk limits, and increased the efficiency of the Company's risk systems, while also overseeing the alignment of risk management activities to the Risk Policy.

Committee for Audit:

The Committee for Audit reports to the Board of Directors and carries out its activities in accordance with the Committee for Audit Terms of Reference. The Committee ensures the auditing and supervision of proper execution of financial and operational activities, and carries on with its activities in relation to public disclosure of the Company's financial statements, execution of independent audits, ensuring effective operation of the Company's internal systems, and active supervision of all other aspects of the independent auditors' activities. The Committee held eight meetings during the reporting period.

In parallel with its duties set forth in the Terms of Reference, the Committee for Audit, during the reporting period;

- Oversaw the independent audit process including conformity of all aspects of the independent auditor's activities and of the interim and annual financial statements to be publicly disclosed to the accounting principles pursued by the Company, as well as their accuracy and fairness, seeking the opinions of the responsible manager at the Company and of independent auditors in the process,
- Monitored the determination of the annual activity plan of the Company's Internal Audit Unit and execution of audit activities in accordance with the plan,
- Followed up the studies, investigations, examinations and similar activities conducted by the Internal Audit Unit although not included in the annual activity plan of the Company's Internal Systems Unit,
- Received information about audit activities and other activities conducted by the Internal Audit Unit in periodic meetings,
- Provided the necessary coordination for sharing the findings identified in the audits with the Board of Directors and the Company's senior management, and for ensuring that necessary remedial actions are taken.

Within this scope, the Committee reviewed the operation of the Company's internal audit system, contributed to identification of processes that presented room for improvement, and supervised that audits were carried out effectively.

HUMAN RESOURCES

İŞ REIC recognizes the participation of human resources who share common values in the Company and providing such human resources with training and progression opportunities that will support their personal and professional development as essential elements of its corporate culture.

İŞ REIC's Human Resources & Education Unit that takes a proactive, innovative, systematic, and open-communication approach, is aware of its impact on the Company's strategic decisions, and cooperates with all related parties. Human resources functions at İŞ REIC consist primarily of employee recruitment, performance management, career planning, compensation and benefits management, training, development, and communication. The Company's human resources practices are carried out with the aims of increasing employee performance and productivity and of improving the quality of the workplace environment. Its recruitment and placement activities are informed by the principle of choosing the best people from among candidates who are compatible with İŞ REIC's corporate culture and values, who are professionally competent, who are open to development, and who have strong potential. Having identified such individuals, the Company then recruits them in positions that best suit their abilities.

With the support of the Human Resources & Education Unit, employees who are interested in their own

professional progression take part in discussions about how their own career paths are to be managed. This approach is embodied in İŞ REIC's belief that every employee should be a potential leader.

During 2023, when talent acquisition and matters associated with supporting the financial and emotional wellbeing of employees made the highlights with respect to HR management, Human Resources and Education Unit correctly analyzed the needs and expectations, responding to them with the necessary actions and implementations.

Human Resources Policy

The main objective of İŞ REIC is to recruit qualified personnel in order to carry out Company activities in the most effective manner and to ensure employee motivation so as to maintain constant success, as well as improve financial and social rights of employees, create a fair and professional work environment and determine the training needs of personnel.

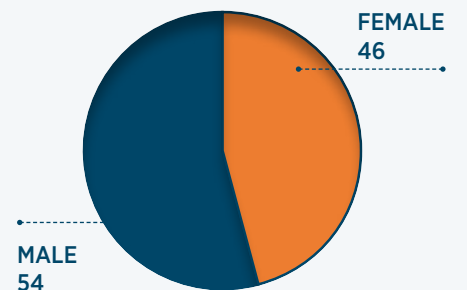
In line with the goals and strategies set out in the Human Resources Policy, the human resource that embraces the same shared values with the Company are selected, necessary training, and development and education activities aimed at creating a competitive advantage are carried out, with the ultimate goal of creating a shared corporate culture. Carrying out all its activities in conformity with the United Nations Global Compact principles, the Company exercises due care to fulfill

the requirements of the UN Universal Declaration of Human Rights and those of international covenants to which our country is a party, notably the basic tenets of the International Labor Organization such as employee rights, human rights and social justice. Respectful of human rights and employee rights and embracing equal opportunities, the Company aims to maintain long-lived cooperation with employees and pursues employee satisfaction.

İŞ REIC aims to incorporate every segment of the society in working life with the target of ensuring a fair, egalitarian and contemporary working environment and decent working rights. Possessing women labor-intensive work force, the Company provided equal opportunities for increasing women's participation in professional life. In terms of talent acquisition, the Company hired six new employees in 2023, half of them women. In 2023, 13 people were promoted at the Company; six of these 13 people are women employees.

Employees are informed about decisions and developments that concern them. When making any decisions concerning its employees, İŞ REIC does so without discriminating on the basis of race, religion, language, ethnicity or any faith, gender, age, marital status, orientation, affinity or difference. There is not a trade union set up under the Company organization. Supporting the recognition of the right to association and the right to collective bargaining, the Company

GENDER BREAKDOWN (%)



İŞ REIC'S RECRUITMENT AND PLACEMENT ACTIVITIES ARE INFORMED BY THE PRINCIPLE OF CHOOSING THE BEST PEOPLE FROM AMONG CANDIDATES WHO ARE COMPATIBLE WITH THE COMPANY'S CORPORATE CULTURE AND VALUES, WHO ARE PROFESSIONALLY COMPETENT, WHO ARE OPEN TO DEVELOPMENT, AND WHO HAVE STRONG POTENTIAL.

does not have in place any rules hampering the said rights; the Company management did not receive any such demands from the employees to date.

Employees' job descriptions were developed based on business analyses. Employees are expected to embrace the performance-driven management concept and recognize that their individual involvement will contribute to customers and shareholders. Evaluation criteria and their results are shared with the employees within the frame of transparency principle. During 2023, employees who participated in the performance evaluation process and their line managers held "feedback interviews".

The personal dignity of each employee and all of their legally recognized rights are protected within the framework of the Company's Code of Ethics. All necessary measures have been taken to ensure a safe and healthy working environment. During the reporting period, the Human Resources and Education Unit received no complaints on account of discrimination.

İŞ REIC adopts equal pay for equal work principle without discriminating on the basis of sex. All employees of İŞ REIC are compensated above the minimum wage. Employees are informed of recruitment, career guidance and promotion requirements, compensation and fringe benefits.

Advocating a proactive and innovative perspective in human resources management, the Company strives for employee satisfaction. To this end, the Company provides institutional health insurance for its employees and their dependent spouses and children, purchases life insurance policies for all employees, and offers employer contribution for employees participating

in the private pension system. In addition, all employees receive daily meal benefits, have access to Company-supplied transportation means or commuting benefit.

To maintain and improve employees' emotional wellbeing, the Company offers the "Employee Support Program", which can be benefited by the employees and their family members sharing the same house with them. The Employee Support Program covers dietitian support, psychological consultancy and other areas that employees can seek advice from in any topic they may need. The Company also offers free gym membership at two different locations on the Asian and European sides of the city, which they can use any day of the week.

During the reporting period, the Company transitioned to the "Hybrid Working Format" that covers remote working model to help its employees build the work-life balance and to enhance employee satisfaction.

The Company grants all paid/unpaid maternity, paternity and breastfeeding leaves in full as legally stipulated by the Turkish Labor Law, and also offers leave of absence in addition to legally permitted ones for various situations that may come up in the natural flow of life. It is important to ensure the wellbeing, safety and welfare of all employees without discriminating on the basis of sex, and women employees' diverse demands and needs are taken into consideration. In this framework, a nursing room at the Company has been allocated for use by women employees returning from maternity leave.

Targeting to maintain long-lived cooperation with its employees and seeking to ensure employee satisfaction, the Company had an employee engagement survey conducted

during the reporting period with the aim of identifying the strengths and improvement areas. The Company will be steering its HR practices taking the results of the said survey into account as well, and will continue to work without compromising from business continuity and employee health and welfare in the light of its corporate culture and values.

Training at İŞ REIC

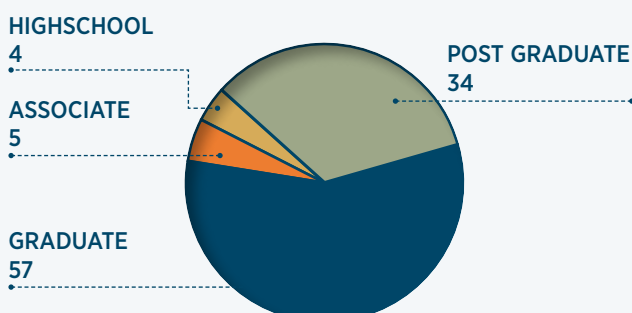
The training programs designed according to employees' needs are intended to bring about changes in their knowledge, skills and attitudes, to drive their advancement in their careers, to increase their motivation and job satisfaction, and to align corporate goals and personal targets. İŞ REIC's priority is to make training programs available for all Company employees within the frame of equality of opportunity.

In 2023, awareness training covering all employees was organized in relation to "Sustainability", "Gender Equality" and "Anti-Bribery and Anti-Corruption". Furthermore, employees attended technical and professional training programs that deal with various topics specific to their respective fields in parallel with the Company's administrative strategies.

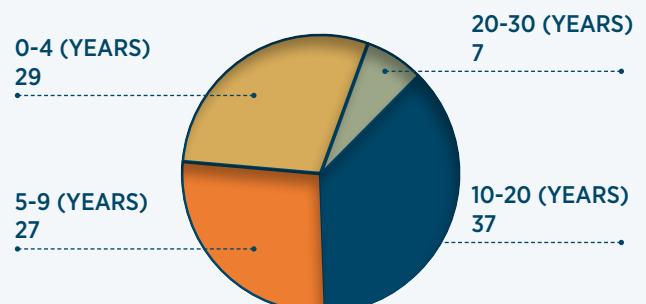
Organizational Structure

In the reporting period, changes occurred in the Company's general manager and assistant general manager positions due to retirement of individuals, and new appointments were made to the relevant roles. The Company's organization scheme has been revised to capture the assistant general manager roles updated in this framework.

EDUCATIONAL STATUS BREAKDOWN (%)



COMPANY TENURE BREAKDOWN (%)



ADDITIONAL INFORMATION REQUIRED BY CMB REGULATIONS

İŞ REIC regularly engages in related-party transactions with its principal shareholder İşbank and with other members of the İşbank Group. These are ordinary transactions carried out as part of the Company's normal business activities. They consist primarily of:

Letting, purchasing and selling transactions of properties, and accounting for revenues, expenditures, and receivables associated therewith;

Borrowings, mortgagings, and collateralizations related to the conduct of the Company's ordinary business activities;

Insurance, banking, and non-banking services procured in the conduct of the Company's ordinary operations;

Other goods and services procurements.

Rental income makes up a substantial part of İŞ REIC's business revenues. In 2023, the Company received a total of TL 383,961,799 as rental income from related parties. In 2023, the company purchased real estate from its related parties Türkiye İş Bankası A.Ş. in the amount of TL 1,528,007,794, Kasaba Gayrimenkul İnşaat Taahhüt ve Tic. A.Ş. in the amount of TL 49,742,447 and BAYEK Tedavi Sağlık Hizm.ve İşlet. A.Ş. in the amount of TL 8,678,944. As of the end of the reporting period (31 December 2023), total cash and cash equivalents belonging to İŞ REIC and held in accounts with İşbank amounted to TL 638,676,322 in value. As of the same date, İŞ REIC had received, from İşbank, a letter of guarantee worth TL 37,007,943. İşbank also holds prior and second

liens over some of İŞ REIC's real estate properties amounting in total to USD 136,000,000 and TL 5,250,000,000. At the end of the reporting period, İŞ REIC's accounts showed a financial of TL 1,385,180,460 to İşbank on account of the loan taken out from that bank. Furthermore, out of the bonds İŞ REIC issued, the portion corresponding to TL 153,092,438 was held by group companies as at 31 December 2023.

More detailed information about related party transactions, which İŞ REIC was involved in during 2023, is provided in footnote 25 ("Related Party Disclosures") to the Company's financial statements provided elsewhere in this annual report.

In the "Conclusions" section of the "Affiliated Companies Report" published in compliance with the requirements of article 199 of the Turkish Commercial Code no. 6102, which went into effect on 1 July 2012, the following statement is made:

"All of the Company's dealings with its principal shareholder İşbank and with other members of the İşbank Group in 2023 are in the nature of ordinary transactions which are carried out on an arm's-length basis as part of the Company's normal business activities. The Company was adequately and appropriately compensated for each and every such transaction that it entered into at the time the transaction occurred. The conclusion reached is that there were no measures taken or refrained from which might have caused the Company to suffer a loss."

Lawsuits Initiated Against the Company during the Reporting Period

There were no lawsuits brought against the Company during the reporting period, which were of a nature to affect the Company's financial position and operations.

Administrative or Judicial Sanctions Imposed against the Company and the Members of the Governing Body

During the reporting period, no administrative or judicial sanctions were imposed against the Company and the members of the governing body, which were of a nature to affect the Company's financial position and operations.

Legal Proceedings Concerning the Group of Companies

İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İŞ REIC) is a company affiliated to the Türkiye İş Bankası A.Ş. (İşbank) group of companies. Both companies are publicly-floated and traded on the stock exchange, and as such, both are subject to auditing. İşbank is audited both by the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board of Türkiye (CMB). Similarly, İŞ REIC is audited by the CMB. Therefore, the actions and activities of both companies are legitimate. At present, laws preclude any decisions to be taken to the benefit of the controlling company or its affiliated company. For this reason, there has been no need to adopt an additional measure apart from the existing rules in place. The Company did not suffer any loss for not having adopted additional measures.

Disclosure under Principles 1.3.6 and 1.3.7 of Corporate Governance Principles

Neither shareholders having management control, nor the Board Members, nor executives with administrative responsibility or their spouses or relatives by marriage unto the second degree engaged in any transaction that our Company became aware of and needs to be reported under principle 1.3.6 of the Corporate Governance Principles.

The Company's Deputy Chair Mr. Kubilay Aykol serves as CEO at İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., Board member Mr. Karluk Çetinkaya serves as a board member at İş Portföy Yönetimi A.Ş., and Board member Mr. Murat Doğan serves as Vice Chair at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., whereas the Company's CEO Mr. Ömer Barlas Ülkü serves as the Chair of the Board of Directors at Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., the Vice-Chair at Kanyon Yönetim İşletim ve Pazarlama A.Ş. The external positions held by these individuals do not lead to any conflicts of interest.

Some of the Company executives with administrative responsibility serve on the Board of Directors of Kanyon Yönetim İşletim ve Pazarlama A.Ş., a subsidiary of the Company. The said situation is specified in the resumés of these executives. These roles undertaken by the said executives with administrative responsibility do not lead to any conflict of interest.

No shareholder having management control over the Company, nor any Member of the Company's Board or of its senior management with administrative responsibility, nor any other person with privileged access to Company information save for any of their spouses or their relatives by blood or by marriage unto the second degree informed the Board of Directors on any matter for incorporation in the agenda for provision of information at the General Assembly about transactions they were engaged in on their own behalf, which fall within the Company's object and scope.

Financial Benefits Provided to Board Members and Senior Management

Financial benefits provided to the members of the Board of Directors consist of their salaries, and added up to TL 5,069 thousand gross in 2023.

The financial benefits provided to the senior management consist of salaries and bonuses. The financial rights provided to the senior management during the reporting period amounted to TL 16,097 thousand gross.

During the reporting period, the total amount of allowances, travel, accommodation and representation expenses, facilities in kind and in cash, insurance and similar guarantees made available to Board of Directors members and senior executives was TL 1,714 thousand.

During the reporting period, the Company did not lend any sums or extend any credit, or made available any loans under the name personal loan through a third party to its board members and senior managers, nor did it stand guarantee for them such as providing suretyship in their favor.

Changes in Legislation during the Reporting Period

The following regulations were published during the reporting period, which may have potential implications with respect to the Company's activities:

- "Regulation Amending the Regulation for the Preparation of Spatial Plans" published in the Official Gazette issue 32187 dated 11 May 2023
- "Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 32188 dated 12 May 2023
- "İstanbul Financial Center Regulation (Decree No: 7364)" published in the Official Gazette issue 32241 dated 07 July 2023
- "Decree Amending the Decree Establishing the Value Added Tax Ratios to be Applied to Goods and Services (Decree No: 7346)" published in the Official Gazette issue 32241 dated 07 July 2023
- "Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 32277 dated 12 August 2023
- "Regulation Amending the Parking Lot Regulation" published in the Official Gazette issue 32277 dated 12 August 2023
- "Law no. 7491 Amending Certain Laws and Statutory Decrees" published in the Official Gazette 32413 dated 28 December 2023.
- The said changes to the regulatory framework are being assessed with respect to the operations of İŞ REIC and all necessary work for achieving compliance with the legislation has been, or is being, undertaken.

MAIN SERVICE PROVIDERS

Tax consultant

PwC Yeminli Mali Müşavirlik A.Ş.

Independent auditor

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited)

Credit rating agency

Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

Asset Management Companies

İş Portföy Yönetimi A.Ş.

Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.

Brokerage house

İş Yatırım Menkul Değerler A.Ş.

Real estate appraisal firms from which services were procured in 2023

Reel Gayrimenkul Değerleme A.Ş.

Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Management companies from which services were procured in 2023

İş Merkezleri Yönetim ve İşletim A.Ş. (İŞMER)

Kanyon Yönetim İşletim ve Pazarlama A.Ş.

Tepe Emlak Yatırım İnş. ve Tic. A.Ş.

Disclosure of any Conflicts of Interest Between the Company and Its Service Providers

In the selection of its service providers, the Company complies with applicable capital market regulations and takes all necessary measures to prevent potential conflicts of interest.

There were no conflicts of interest between the Company and the service providers identified above either during the course of service procurement or subsequently.

CORPORATE SOCIAL RESPONSIBILITY

As it progresses towards generating high returns for its shareholders that represents one of its main goals, the Company carries out various activities within the frame of its corporate social responsibility understanding in order to contribute to social life and the environment. In line with our policy to realize social investments that will serve as an example for all the segments of the society, the sector and the business world and will create concrete benefits, our Corporate Social Responsibility Policy has been established, which places children's equal access to educational, cultural, environmental and social means in our focal point and targets to better equip the children within the scope of our material issues. The said Policy was disclosed on the Public Disclosure Platform (PDP) and on the Company website. Our Corporate Social Responsibility Policy is erected upon our influence and power to change and transform our circle as a result of our efforts carried out in keeping with our mission to create desirable spaces for contemporary people and cities. When fulfilling our responsibility to the world we live in, to our society we live within, and our people, we make use of our solution generation competencies in line with our priority to create value before all our stakeholders and with our employees' sensitivity regarding social problems; along this line, we embrace it as a principle to generate social value that will create change in the areas we focus and have influence on.

DONATION POLICY

The Company may make charitable donations that are in line with its sense of social responsibility and that comply with applicable principles and procedures laid down by the Capital Markets Board.

The Company may make charitable donations related to the matters listed below with the aim of contributing favorably towards public perception of its sensitivity about the fulfillment of its social responsibilities and on condition that it shall do so without seeking any financial or commercial benefit therefrom.

Education, health, culture, law, art, scientific and scholarly research, environmental protection, sport, and similar social endeavors; or natural disasters that have occurred in Türkiye or elsewhere.

Donations in the Reporting Period

The Company's donation budget for 2023 set by the General Assembly of Shareholders is TL 8,850,000.

With the aim of extending support to our fellow citizens who were harmed in the Kahramanmaraş-epicentered devastating earthquakes that destroyed 10 provinces in our country, a cash donation in the amount of TL 8,000,000 was made to the Republic of Türkiye Ministry of Interior Disaster and Emergency Management Presidency (AFAD) that coordinates the disaster relief efforts across the region, as a contribution to the support to be given to the disaster victims for the procurement of the needs arising on location, as part of the donation to be made by İşbank Group. Information about the donations will be provided to shareholders at the General Assembly Meeting.

PORTFOLIO INFORMATION

REAL ESTATE PORTFOLIO



OFFICES

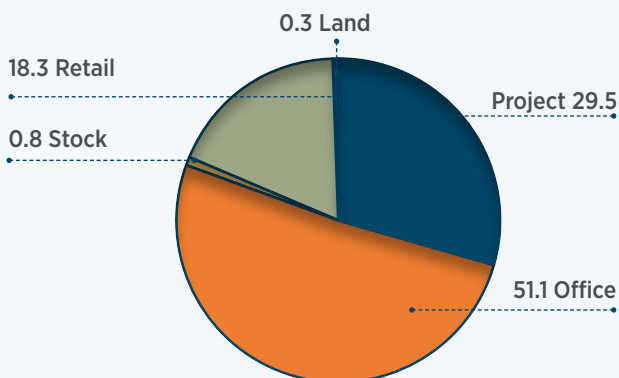
- İstanbul İş Towers Complex (Tower 2 - Tower 3)
- İstanbul Tuzla Technology & Operation Center
- Ankara İş Tower
- İstanbul Maslak Office Building
- İstanbul Taksim Office Lamartine



SHOPPING MALLS

- İstanbul Kanyon Shopping Mall
- İzmir Ege Perla Shopping Mall
- İstanbul Marmara Park Shopping Mall
- İstanbul İş Towers Shopping Mall
- Muğla Marmaris Mallmarine Shopping Mall
- İstanbul Tuzla Meydan Shopping Mall

VALUE OF THE PORTFOLIO - BREAKDOWN BY TYPE (%)





INVENTORY

- Kartal Manzara Adalar (31 residential units)
- Ege Perla (1 office unit)

REAL ESTATE PROJECTS

- İstanbul Financial Center Project
- Litus İstanbul Altunizade Residential Project
- Ömerli Kasaba Evleri Project
- Balmumcu Project
- İstanbul Tuzla Residential Project
- Profilo Shopping Mall Project



LANDS

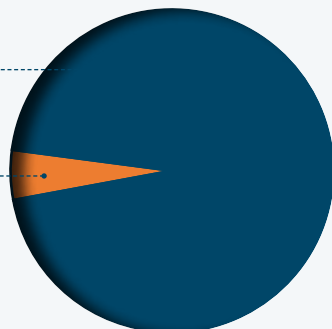
- İstanbul Levent İş Towers lands (7,613 m²)
- İstanbul Çekmeköy lands (65,302.65* m²)

* The net area of the plot remaining after the allotments and renouncements made for obtaining a building permit.

VALUE OF THE PORTFOLIO - BREAKDOWN BY REGION (%)

95 İstanbul

5 Other
(Ankara, İzmir,
Muğla)



İSTANBUL İŞ TOWERS COMPLEX

(Tower 2 - Tower 3 - Kule Çarşı Shopping Mall)



Location:

İstanbul-Beşiktaş, Levent

Acquisition Date:

1999

Gross Leasable Area (m²):

59,827

Appraisal Value (TL):

7,007,250,000

İSTANBUL TUZLA TECHNOLOGY AND OPERATION CENTER



Location:

İstanbul-Tuzla

Completion Date:

2015

Gross Construction Area (m²):

184,653

Appraisal Value (TL):

6,587,130,000



İSTANBUL KANYON SHOPPING MALL



Location:

İstanbul-Şişli, Levent

Opening Date:

2006

Gross Leasable Area (m²):

47,132*

Appraisal Value (TL):

2,450,000,000**

BREEAM®

* Total gross leasable area in the shopping mall.

** İŞ REIC has 50% share in the entire shopping mall, and the value of İŞ REIC's share has been received.

İZMİR EGE PERLA

(Shopping Mall and Office Units)



Location:

İzmir-Konak

Opening Date:

2017

Gross Area (m²):

23,096 (Shopping Mall) / 88 (1 office)

Appraisal Value (TL):

672,000,000 (Shopping Mall)

5,960,000 (offices)



İSTANBUL MARMARA PARK SHOPPING MALL ANKARA İŞ TOWER



Location:

İstanbul-Esenyurt

Opening Date:

1999

Appraisal Value (TL):

1,750,000,000*



Location:

Ankara-Çankaya

Acquisition Date:

1999

Gross Area (m²):

28,998

Appraisal Value (TL):

676,550,000

* Valued together with parcels no. 102 and 103 adjacent to Marmara Park located on parcel no. 110.

İSTANBUL MASLAK OFFICE BUILDING



Location:

İstanbul-Sarıyer, Maslak Ayazağa

Acquisition Date:

2001

Gross Area (m²):

13,559

Appraisal Value (TL):

1,106,750,000

İSTANBUL TAKSİM OFFICE LAMARTINE

*ofis
Lamartine*



Location:

İstanbul-Beyoğlu

Completion Date:

2013

Gross Area (m²):

4,624

Appraisal Value (TL):

598,350,000

İSTANBUL FINANCIAL CENTER PROJECT

LİTUS İSTANBUL RESIDENTIAL PROJECT



Location:

İstanbul-Ümraniye

Investment Value (USD):

105,000,000*

Appraisal Value (TL):

3,568,000,000

Total Salable / Leasable Area (m²):

33,000



* Excluding financing and VAT, including land. Investment period: 2012-2024



Location:

İstanbul-Üsküdar, Altunizade

Investment Value (USD):

75,000,000*

Appraisal Value (TL):

1,199,403,000**

Total Salable / Leasable Area (m²):

30,135 (98 residential units)

* The investment value is the full investment cost excluding financing and plot price. The investment period is 2021-2024.

** İŞ REIC has 50% ownership and the appraisal value represents İŞ REIC's share. The value is inclusive of the value of parcel no 212 located adjacent to Litus Istanbul Project situated on parcel no. 213.

ÖMERLİ KASABA PROJECT

**Location:**

Çekmeköy/ Ömerli

Investment Value (USD):

200,000,000*

Appraisal Value (TL):

925,791,100

*The cost of the entire investment, including the land, excluding financing and VAT.

BALMUMCU PROJECT

**Location:**

Beşiktaş

Investment Value (USD):

23,000,000*

Appraisal Value (TL):

342,980,000

* Excluding financing costs and VAT, and including land.

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

1) Opinion

We have audited the annual report of İş Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") for the period of January 1, 2023 - December 31, 2023.

In our opinion, the financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Company are presented fairly and consistent, in all material respects, with the audited full set financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 23, 2024 on the full set financial statements of the Company for the period of January,1 2023 - December 31,2023.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Company is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Company for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Company,

- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Company's audited financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions on the Board of Directors are free from material misstatement and consistent with the financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

March 4, 2024
Istanbul, Turkey

2023 ORDINARY GENERAL ASSEMBLY MEETING OF SHAREHOLDERS AGENDA

1. Opening, establishment of the Presiding Council,
2. The reading and discussion of the Annual Report of the Board of Directors on the Company's activities in 2023 and the reading of the Auditor's Report,
3. The reading, discussion and approval of the financial statements of the year 2023,
4. Submitting the appointment made to the member's seat on the Board of Directors during the reporting period for the approval of the General Assembly,
5. Acquittal of the members of the Board of Directors of their activities in 2023,
6. Discussion and decision of the Board of Directors' proposal on the distribution of the profit in 2023,
7. Discussion and approval of the amendments made to Articles 3, 5, 6, 7, 9, 11, 14, 24 and 31 of the Company's Articles of Association, provided that the necessary permissions have been received from the Capital Markets Board of Türkiye (CMB) and Republic of Türkiye Ministry of Trade,
8. Determining the number and the term of duty of the Board members and election of the members base on the determined number,
9. Determining the remuneration of the Board Members,
10. Election of the Auditor,
11. Authorization of the Board Members to conduct the transactions provided under the Articles 395 and 396 of the Turkish Commercial Law,
12. Providing information to shareholders about the donations and grants made in 2023, determining the limit for 2024 donations,
13. Informing the General Assembly within the frame of principle numbered 1.3.6. of the Corporate Governance Principles,
14. Informing the shareholders pursuant to Article 37 of the CMB Communiqué No. III-48.1.
15. Wishes and closing.

SUMMARY BOARD OF DIRECTORS' REPORT

Dear Shareholders,

In 2023, the world economy was confronted with significant monetary tightening and worldwide ongoing political uncertainties. Despite the regional conflicts and crises resulting from climate change that came on top of the said conjuncture, the world economy displayed a performance that surpassed anticipations in terms of resilience, and carried on with attempts to recover.

Although global recovery is hampered by shrank liquidity and increased interest rates that resulted from tightening monetary policies maintained across the globe for combating inflation, growth rates are expected to exceed the projections. Based on IMF's January 2024 update to the World Economic Outlook, global growth estimation for 2023 was increased to 3.1%, anticipating growth rates of 1.6% for developed economies and 4.1% for developing economies. Global growth for 2024, on the other hand, is projected as 3.1%.

During 2023 when the Turkish economy sustained its growth trend, it was observed that inflationary pressure upped its intensity throughout the year and CPI stood at 64.77% at the end of the reporting period.

Consumption, which was brought forward parallel to the surging inflation, has been the driver of the national economy that registered 4.7%

Looking at the housing sector, the pursuit for real returns stemming from the inflationist environment considerably increased the demand for all types of real estate, particularly for homes. However, housing demand was curbed by hyper inflation and surged housing prices, combined with the decelerated credit mechanism, reduced amount of savings to be used for property purchase, and the uncertainty environment resulting from the general and local elections. While interest rates that climbed up in the second half of the year with the anti-inflationary policies introduced after the elections made it even more difficult to access housing finance, the same also accelerated the fall in mortgage housing sales, and savers in pursuit of real return turned towards alternative instruments such as saving deposits, which led to a decline in housing purchases for investment purposes as well. Housing sales across Turkey have declined notably when compared with the previous year. The number of housing units sold in 2023 was down by 17% annually to 1,225,926, the lowest in the past nine years. Mortgage housing sales decreased by 36% annually to 177,748; accounting for 14.5% of total sales.

Our Company continued to develop projects that will create value with its sustainable growth and profitability principle in 2023, placing residential projects in its main focus. The Company continued to search for plots and real estate for developing projects of a size befitting its scale.

The successful performance results we recorded as İŞ REIC in 2023 were once again underpinned by our financial capabilities and institutional competencies that we keep furthering, while preserving our robust balance sheet composition.

As at 31 December 2023, İŞ REIC registered;

- TL 33,155.0 million in total assets,
- TL 27,033.2 million in shareholders' equity,
- TL 32,492 million in total portfolio value and
- TL 30,398 million in total real estate portfolio.
- Our Company's net profit for the period was TL 3,131.3 million.

We would like to thank all our shareholders for their support and confidence.

Sincerely,

İŞ Gayrimenkul Yatırım Ortaklığı A.Ş.
Board of Directors

DIVIDEND POLICY

The dividend distribution proposal of the Board of Directors is discussed at the General Assembly and it is decided whether to pay out dividends, as well as its manner and timing. The Company's articles of association stipulate that first dividends in the rate and amount determined by the CMB are to be distributed from the distributable profit.

The Board of Directors adopted a dividend distribution policy based on the principle of proposing to distribute at least 30% of the distributable profit in bonus shares or in cash to the General Assembly, giving due consideration to:

maintaining the delicate balance between shareholders' expectations and the Company's need to grow, and the Company's profitability.

There are no privileges regarding distribution of profit, and dividend distribution is carried out within the legally prescribed period of time. In the event that the Board of Directors proposes against distribution of profit to the General Assembly, information on the reasons therefor and the usage manner of retained earnings will be presented to the shareholders at the General Assembly, incorporated in the annual report, and disclosed publicly. The Company's articles of association address distribution of advances on profit share, and advances on dividends may be distributed to shareholders subject to capital market requirements and regulations.

Information about the Profit for the Period in 2022

In the Company's General Assembly Meeting held on 21 March 2023, the Board of Directors' proposal for the distribution of the profit for the period in 2022 that suggests retaining the profit instead of distributing dividends in order to optimize the cash flows of the Company which is in the process of making investments and transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations, was approved.

PROFIT DISTRIBUTION PROPOSAL BY THE BOARD OF DIRECTORS FOR 2023

In accordance with the CMB regulations, Company's Profit Distribution Policy and Company's Articles of Association, the Board of Directors' Proposal suggests;

- retaining the profit instead of distributing dividends in order to optimize the cash flows of the Company which is in the process of making investments
- transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. Profit Distribution Table for the Year 2023 (TL)

1.	Paid-in/Issued Capital		958,750,000
2.	General Legal Reserve (based on legal records)		104,082,759.28
	Information regarding privileges in profit distribution according to the Articles of Association, if any, information on such privileges	There are no privileges in profit distribution	
		Based on CMB	Based on Legal Records
3.	Profit for the Period	3,131,266,812.00	645,721,312.90
4.	Taxes (-)	0.00	0.00
5.	Net Profit for the Period (=)	3,131,266,812.00	645,721,312.90
6.	Prior Period Losses (-)	0.00	0.00
7.	Primary Legal Reserve (-)	32,286,065.65	32,286,065.65
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	3,098,980,746.36	613,435,247.26
9.	Donations Made within the Year (+)	8,000,000.00	
	Net Distributable Current-Year Profit Including	3,106,980,746.36	
10.	Donations		
11.	First Dividend to Shareholders	0.00	
	- Cash	0.00	
	- Bonus	0.00	
	- Total	0.00	
12.	Dividends for Preferred Shareholders	0.00	
13.	Dividends for Others	0.00	
	- Board Members	0.00	
	- Employees	0.00	
	- Other than Shareholders	0.00	
14.	Dividend to Owner of Redeemed Shares	0.00	
15.	Second Dividend to Shareholders	0.00	
16.	Secondary Legal Reserves	0.00	
17.	Statutory Reserves	0.00	
18.	Special Reserves	0.00	
19.	EXTRAORDINARY RESERVES	3,098,980,746.36	613,435,247.26
20.	Other Distributable Sources	0.00	0.00

İş Gayrimenkul Yatırım Ortaklığı A.Ş. Dividend Ratio Table for 2023

	GROUP	TOTAL DIVIDENDS		TOTAL DIVIDENDS/NET DISTRIBUTABLE PERIOD PROFIT	OF TL 1 NOMINAL VALUE DISTRIBUTED PROFIT	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	0.00	0.00	0.0%	0.00	0.0%
	B	0.00	0.00	0.0%	0.00	0.0%
	TOTAL	0.00	0.00	0.0%	0.00	0.0%

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Believing in the importance of Corporate Governance Principles and observing compliance with them, the Company espouses the four main elements of Corporate Governance Principles, which are equality, transparency, accountability and responsibility, in its activities.

In this context, the Company acts in line with the applicable regulations with respect to exercising of shareholding rights and public disclosure, makes sure that its relations with all stakeholders are carried out within the frame of publicly disclosed “Code of Ethics”, and the Company’s Board of Directors carries out its activities in compliance with the principles through the Committees and mechanisms set up.

The Company’s Investor Relations and Sustainability Department efficiently managed the processes associated with the exercising of shareholder rights, public disclosure and information sharing activities in particular, as well as General Assembly formalities. The Department actively took part in the public disclosure of the matters related to the said processes, ensured that the sections of the Company website that concerns shareholders are kept up-to-date, and oversaw the exercising of shareholder rights.

The Company’s Board of Directors is formed of 9 members, 3 of which are independent members and 1 is an executive director. Board members are elected for a one year term-of-office, and a new member was elected to succeed a member whose term of office expired at the General Assembly meeting convened during the reporting period while the other 8 members whose terms expired were re-elected and carried on in their respective positions. Information such as the number of years Board of Directors members have been serving on the Company’s Board, and the external positions they hold is provided in their resumé.

Carrying out its activities as per the terms of reference that have been made public, the Board of Directors met regularly during the year. All but 4 of the board meetings were held with the full participation of Board members, and decisions were passed unanimously.

The Committee for Audit, the Committee for Early Detection of Risk and the Corporate Governance Committee have been set up under the Board of Directors, and the Committees efficiently carried out their activities according to the accepted terms of reference and within the scope of their duties and responsibilities defined in the Corporate Governance Principles. The Committees contributed to the activities of the Board of Directors with the reports produced and advisory decisions taken.

The Company displays the required sensitivity for compliance with Corporate Governance Principles; the Corporate Governance Committee was set up at the Company in 2007, and as part of its principal duties, the Committee follows up corporate governance activities, monitors the Company’s compliance with the principles, identifies improvement areas, takes necessary actions and makes proposals to the Board of Directors, thus playing an active role in continuously improving the corporate governance system.

Also functioning as the Nomination Committee and the Remuneration Committee, the Corporate Governance Committee has evaluated proposed independent membership nominees for seats on the Board of Directors taking into consideration whether they satisfy the independence criteria, presented them in a report, and submitted it to the Board of Directors. Moreover, the Committee passed advisory decisions for determining the remuneration to be paid to Board of Directors members and managers with administrative responsibility, and made suggestions to the Board of Directors.

The Corporate Governance Committee is also assigned with handling the Company’s environmental, social and governance (ESG) matters and sustainability initiatives. To this end, the Committee managed the sustainability activities, oversaw the integration of sustainability practices in targets, strategy and business processes, and reported the ESG-related activities it has carried out during the reporting period to the Board of Directors.

The Board of Directors reviewed the effectiveness of the risk management and internal control systems, and produced a report on the operation and efficiency of the Company’s internal systems during the reporting period.

The Company implements all of the compulsory Corporate Governance Principles, takes care to maximize its compliance with optional principles that are not compulsory to be implemented, and complies with the majority of optional principles.

From out of the non-compulsory principles, the Company partially complies with the principles numbered 3.2.2, 3.3.5., 4.2.8., 4.4.2., 4.4.7., 4.6.1., 4.6.5 whereas it does not comply with the principles numbered 1.5.2., 3.2.1., 4.3.9. and 4.5.5. During the year, no conflicts of interest arose due to optional principles that it has achieved partial or no compliance with.

Explanations about the Company’s compliance level with the principles and partially complied or non-complied optional principles are provided in detail in the Corporate Governance Principles Compliance Report. Partially complied or non-complied optional principles mostly relate to matters that necessitate extensive arrangements, that are not widely implemented in our country, or not subjected to additional arrangements given the Company’s existing scale or Board of Directors organization. The Company does not have any short-term plans to achieve compliance with the relevant principles.

Publicly disclosed on the Public Disclosure Platform (www.kap.org.tr), the Corporate Governance Compliance Report and the Corporate Governance Information Form for 2023 are also posted under the Corporate Governance Heading of the Investor Relations tab on the Company website for the information of all stakeholders.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	The Board of Directors was not informed regarding Principle 1.3.7
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There are no companies with which the Company has cross-shareholding relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Other than the current legal arrangements, as it is the case across the country, Articles of Association provide no additional arrangements regarding the minority rights. On the other hand, our Company's Codes of Ethic stipulates that each shareholder is given the same value and treated equally regardless of their share. All relevant regulations governing the use of the shareholders' rights are observed. There are no plans for amending the Articles of Association so that it covers the minority rights in greater detail.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			Participation of employees in management has not been regulated by the Articles of Association or the internal regulations. Under the present organization of the Company, the executives of the Company participate in the meetings of the Board of Directors. Other than that, the Company keeps all channels of communication open for the participation of the employees in management, and it establishes platforms and mechanisms for the employees' communication of their opinions and suggestions. Adoption of additional regulations is not considered on this subject, because the present practices of the Company under its organizational structure are believed to satisfy the needs.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				Decisions and regulations that may affect employees are informed to them. There are no employee representatives or an assigned union, and no communication has been established with other unions.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIER						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Our Company’s Board Members are insured within the scope of the umbrella liability insurance policy, which includes the companies in our group as insured, against the risk of loss caused by their faults during their duties, but the insurance cost is not determined as an amount exceeding 25% of the capital.

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			Although the Company has so far not set a certain target ratio and timeframe for the number of female directors in the board of directors and so no policy has been adopted to this end, the Company cares to include people with sufficient competence to the Company's executive positions and the Board without any discrimination, and shows maximum efforts to have women take active roles in the board of directors. On the other hand, while selecting the board members, priority is given to the selection of candidates with due quality and experience as required by the Company's activity area, and we do not prefer to adopt a binding policy that sets a certain number for female directors. There have been female directors in the Company's board of directors since 2012, while there is one female director in the current board of directors (female directors ratio 11%). There are no immediate plans to take action for adopting a target or setting a policy regarding the number of the female directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.		X				Board meetings are held in accordance with the Company's Articles of Association and working principles of the Board of Directors, and none of these regulations set a minimum time by which information and documents relevant to the board meetings should be delivered to the board members. There is a Board of Directors Secretariat in the Company responsible for preparing and delivering the information and documents related with the board meetings to the Board of Directors; and as a rule under the general practices of the Company, care is taken to send the information and documents relevant to the agenda of the board meetings to all board members at least one week in advance. We are planning to insert a minimum time to the working principles on this subject, when updating the Board of Directors' Working Principles comes to the agenda.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	No written opinions received from the board members that could not attend the board meetings.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Assumption of external commitments by the Board members has been subject to the general provisions and the board members are required to get the permission of the General Assembly for having transactions with the Company and borrowing from the Company under the Article 395 of Turkish Code of Commerce (TTK) and noncompetition with the Company under the Article 396 of TTK. Assumption of external commitments by the Board members hasn't been limited given the contribution of the work experiences and industry experiences of the Board members. Board Members are required to consider during their appointment as an executive or a Board member or a consultant for another company that this appointment should not lead to conflicts of interest, while Independent Board Members - in addition to this fact - should further consider that their such assignments should not violate the independence criteria as provided under the working principles. Furthermore, relevant regulations are observed in assessment of the candidates for Board memberships. The résumés of the board members include their external commitments and information about Board Members is submitted to the shareholders at the General Shareholders' meeting. There are no intentions to restrict the external commitments of the Board members, because until now there has been no case in our Company where a Board member neglected his/her duty as a Board member in our Company or failed to show the due diligence and time for the Company due to an assumption of an external commitment.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members may serve in more than one Board committee to enable the establishment of Board committees and their functioning efficiently. All of our independent Board members have a role in our Board committees. The Board members who serve in more than one committee both help increase the possibilities of cooperation between the committees having similar work areas and improve the decision-making processes as they ensure a good communication between these committees.

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No external consultancy services are used by the Committees in 2023.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				No Board performance evaluation is conducted in our Company. However, Board members participate actively in the negotiation and decision-making processes of both the Board of Directors and the Committees established under it by joining in person to the meetings of both the Board of Directors and the Committees, and also identify the strategic targets of the Company by preparing the Company's strategy paper. Board of Directors reviews and reports the efficiency of the Committees on an annual basis. There is no need for another separate application for the Board performance evaluation, given the scale of the Company and the functioning of its Board of Directors.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The benefits offered to the Board members and the top management are collectively disclosed to the public via Financial Statements issued every three months, and in the Annual Report the benefits are disclosed separately for the Board of Directors and the top management. The remuneration of the Board members are decided at the General Shareholders' meetings, so the salary of the Board members are known by the public because all Board members are paid equal salaries. The remunerations paid to the executives with administrative responsibility are preferred not to be disclosed given the current general practice in the country and the competitive conditions in the labor market.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

The Company did not organize or attend any investor conference.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

0

The number of special audit requests that were accepted at the General Shareholders' Meeting

0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/1116839>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

All General Assembly Documents (invitation, agenda, power of attorney, informative document, profit distribution proposal, board members nominees and resolutions of the general assembly), except list of attendants are disclosed at the same time.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

-

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/1093990> <https://www.kap.org.tr/tr/Bildirim/1095363> <https://www.kap.org.tr/tr/Bildirim/1115537> <https://www.kap.org.tr/tr/Bildirim/1157655>

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/1115591>

The name of the section on the corporate website that demonstrates the donation policy of the company

Investor Relations/Corporate Governance/Policies

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/192006>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 22

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Besides shareholders and their representatives, Board Members and the representative of the independent audit firm attended the 2021 General Assembly Meeting. Also, by informing the Company, Company employees participated in the General Assembly Meeting without the right to take the floor.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

No.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.

Our Company Articles of Association contains no privileges with regard to use of votes. But, the Group A shareholders have the privilege to nominate candidates to become members of the Board of Directors. One of the Board of Directors members is elected among the nominees of Group B shareholders and the remaining members are elected from the nominees of Group A shareholders.

The percentage of ownership of the largest shareholder

52.06%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association

No.

If yes, specify the relevant provision of the articles of association.

-

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations/Corporate Governance/Policies

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

Board of Directors' proposal concerning the distribution of 2021 net period income were approved exactly as it was. The proposal suggests; not distributing dividends aiming to optimize the cash flows since the Company is in investment period and transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

<https://www.kap.org.tr/tr/Bildirim/1126763>

General Assembly Meetings								
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors
					Investor Relations/ General Assembly/ Resolutions Made In The Annual General Assembly	Investor Relations/ General Assembly/ Resolutions Made In The Annual General Assembly		
21/03/23	0	70.77%	0.24%	70.53%			-	222
								https://www.kap.org.tr/tr/Bildirim/1126763

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

"Corporate" and "Investor Relations" sections.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

We have no real person shareholder who directly own more than 5% of the shares. Shareholder structure of the Company is provided in "Corporate>Shareholder Structure" section of the website.

List of languages for which the website is available

Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

"Board of Directors", "Senior Management" and "Declaration of Interest by Independent Board Members"

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Board of Directors/Working Principles of Board of Directors Committees

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Boards of Directors/Board Meetings

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Changes in Legislation during the Reporting Period

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Additional Information Required by CMB Regulations / Lawsuits Initiated Against the Company during the Reporting Period

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

Main Service Providers/Disclosure of Any Conflicts of Interest Between the Company and Its Service Providers

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

There is no cross ownership subsidiaries.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

"Human Resources" and "Corporate Social Responsibility"

CORPORATE GOVERNANCE INFORMATION FORM

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations/Corporate Governance/Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Committee for Audit
The contact detail of the company alert mechanism	https://www.isgyo.com.tr/contact/ethic-line-contact-form/

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	-

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a	Company's organizational chart and the current promotion application require that employees are placed under each management who are trained and regarded as the manager candidates while promotions to key positions are under the authority of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	"Human Resources" and "Corporate/Sustainability"
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	"Human Resources" and "Corporate/Sustainability"
The number of definitive convictions the company is subject to in relation to health and safety measures	-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/Corporate Governance/Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	The Company does not have Corporate Social Responsibility Report. The Company has formed environmental, social and corporate governance policies and disclosed them. The ESG Policies and Company's Sustainability Principles Compliance Report are available in "Corporate>Sustainability" section of the Corporate web site
Any measures combating any kind of corruption including embezzlement and bribery	An Ethical Hotline has been established for the stakeholders to report the transactions considered to be contradictory to the laws and the Company's ethical values. The Company's Code of Ethics regulates this subject. Internal regulations of the Company also stipulates a ban to offer benefits regarding the employees. All of these factors are scrutinized by the current supervision activities of the Company. The Company's Gifts & Hospitality Policy and Anti-Bribery and Anti-Corruption Policy are submitted to the information of all stakeholders.

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	-
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	According to the assignation of duties and responsibilities; Board Members Mr. Can Yücel and Mr. Kubilay Aykol were elected as the Chairman of the Board of Directors and as the Vice Chairman, respectively. Also, elections to committee seats were held as required by CMB Corporate Governance Communiqué and working principles of the Committees. Independent Board Member Ms. Prof. Arzu Erdem was elected as the Head of the Committee for Early Detection of Risk and the member of the Committee for Audit; Independent Board Member Prof. Oğuz Cem Çelik was elected as the Head of the Corporate Governance Committee; Independent Board Member Mr. İlkey Arıkan was elected as the Head of the Committee for Audit and the member of the Corporate Governance Committee; Board Members Mr. Kubilay Aykol and Mr. Murat Doğan were elected as members of the Corporate Governance Committee and Committee for Early Recognition of Risk. There is no delegation of authority other than the distribution of tasks. Neither a Nominating Committee nor a Remuneration Committee has been set up. The functions of these committees are performed by the Corporate Governance Committee. The Corporate Governance Committee is also appointed within the scope of the Company's Environmental, Social and Corporate Governance issues and sustainability practices
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal System Unit
Name of the Chair	Can Yücel
Name of the CEO	Ömer Barlas Ülkü
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	The Company has insurance for any damage that may be caused by the members of the board of directors during the discharge of their duties but the amount of the insurance does not exceed 25% of the capital. No PDP notification is made regarding this issue.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	There is 1 female Board Member in the Board. The ratio is 11%.

Board Members							
Name-Surname	Whether Executive Director or Not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Can Yücel	Non-executive	Not Independent	21/03/23	-	-	-	Yes
Kubilay Aykol	Non-executive	Not Independent	01/10/21	-	-	-	Yes
Ömer Barlas Ülkü	Executive	Not Independent	31/07/23	-	-	-	Yes
Özcal Korkmaz	Non-executive	Not Independent	29/04/20	-	-	-	Yes
Murat Karluk Çetinkaya	Non-executive	Not Independent	10/07/20	-	-	-	Yes
Murat Doğan	Non-executive	Not Independent	08/12/14	-	-	-	Yes
Prof. Dr. Arzu Erdem	Non-executive	Independent Director	21/03/18	https://www.kap.org.tr/tr/Bildirim/1116839	Considered.	No	No
Prof. Dr. Oğuz Cem Çelik	Non-executive	Independent Director	23/03/22	https://www.kap.org.tr/tr/Bildirim/1116839	Considered.	No	No
İlkey Arıkan	Non-executive	Independent Director	23/03/22	https://www.kap.org.tr/tr/Bildirim/1116839	Considered.	No	Yes

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	The Board of Directors convened 7 times during this year.
Director average attendance rate at board meetings	89%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	As a rule under the general practices of the Company, care is taken to send the information and documents relevant to the agenda of the board meetings to all board members at least one week in advance.
The name of the section on the corporate website that demonstrates information about the board charter	"Investor Relations/Corporate Governance/Articles of Association" and "Corporate/Board of Directors/Board of Directors Working Principles"
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy covering the number of external duties held by directors. Assumption of external commitments by the Board members has been subject to the general provisions and the board members are required to get the permission of the General Assembly for having transactions with the Company and borrowing from the Company under the Article 395 of Turkish Code of Commerce (TTK) and noncompetition with the Company under the Article 396 of TTK.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors/Operating Principles of the Board of Directors and Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems sections and "Committee for Audit Report" section.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/363253 https://www.kap.org.tr/tr/Bildirim/1074633

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not
Corporate Governance Committee	Prof. Dr. Oğuz Cem Çelik	Yes	Member of the Board of Directors
	Kubilay Aykol	No	Member of the Board of Directors
	İlkay Arıkan	No	Member of the Board of Directors
	Murat Doğan	No	Member of the Board of Directors
	Ayşegül Şahin Kocameşe	No	Not Member of the Board of Directors
Committee of Early Detection of Risk	Prof. Dr. Arzu Erdem	Yes	Member of the Board of Directors
	Kubilay Aykol	No	Member of the Board of Directors
	Murat Doğan	No	Member of the Board of Directors
Committee for Audit	İlkay Arıkan	Yes	Member of the Board of Directors
	Prof. Dr. Arzu Erdem	No	Member of the Board of Directors

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections and "Committee for Audit Report" section.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Board of Directors Activities in 2023
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	The remuneration of Board of Directors is regulated in the Article 15 of Company's Article of Association. The remunerations of the Members of the Board of Directors are proposed by the Corporate Governance Committee and the remuneration to be paid is determined by the General Assembly. Company's Remuneration Policy comprising all executives and employees of the Company at every levels, is disclosed in the Company's web site in "Investor Relations/Corporate Governance/Policies" section.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	"Board of Directors/Remuneration of the Members of the Board of Directors" and "Additional Information Required by CMB Regulations/Remuneration of the Board of Directors and Senior Management"

Composition of Board Committees-II				
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person
Corporate Governance Committee	80%	40%	The Committee held 14 meetings during the reporting period; no meetings were held physically.	10
Committee of Early Detection of Risk	100%	33%	The Committee held 6 meetings during the reporting period; no meetings were held physically.	7
Committee for Audit	100%	100%	The Committee held 8 meetings during the reporting period; no meetings were held physically.	7

STATEMENT OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

Environmental, Social and Governance (ESG) Policies and guidelines describing the Company's approach to sustainability have been established based on the Board of Directors decision and made available for the information of all stakeholders via the Company website. The Company's ESG issues, risks, opportunities and targets have been set out in respective policies and publicly disclosed.

The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities.

The Company's 2023 activities within the frame of ESG policies have been presented to the Board of Directors in a report drawn up by the Corporate Governance Committee as stipulated in the Committee's terms of reference. The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2023 Annual Report.

From out of optional sustainability principles, the Company achieves partial compliance with the principles numbered B13, B14, B15, B20, C1.9, D1, D2; however, the Company does not comply with the principles no. A2.3, and B4.

"Sustainability Compliance Report" describing the Company's compliance status with optional sustainability principles is publicly disclosed via the Public Disclosure Platform – PDP (www.kap.org.tr). The said report provides detailed explanations about the principles that the Company achieves partial and no compliance with in the "Sustainability Principles Compliance Framework".

The "Sustainability Compliance Report" and "Sustainability Principles Compliance Framework" for 2023 are made available for the information of shareholders and all stakeholders in the Annual Report and under the "Corporate/Sustainability" tab on the Company website.

SUSTAINABILITY REPORT

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
A. General Principles							
A1. Strategy, Policy and Goals							
A1.1	ESG priority issues, risks and opportunities have been determined by the Corporation's Board of Directors.	X				The Company's material ESG issues, risks and opportunities have been set out specifically in the "Sustainability Policies" and Environmental and Social Impact Policy" approved by the Board of Directors and publicly disclosed, and in other guidelines that are made public.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
	ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been prepared and disclosed to the public by the Corporation's Board of Directors.	X				The Company has in place a Sustainability Policy, Environmental and Social Impact Policy, Human Rights and Human Resources Policy, Anti-Bribery Policy, Gifts and Entertainment Policy, Supplier Management Principles, Gender Equality Policy, Occupational Health and Safety Policy, and Customer Satisfaction Policy, which have been approved by the Board of Directors decision and publicly disclosed.	https://www.isgyo.com.tr/corporate/sustainability/
A1.2	Corporation Strategy in compliance with ESG policies has been determined and publicly disclosed.	X				The Company's ESG targets have been set out under the related Policies and publicly disclosed.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A2. Implementation/Monitoring							
A2.1	Committees/units in charge of implementation of ESG policies and the highest-level officials in the corporation related to ESG issues and their duties have been identified and disclosed to the public.	X				The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities. This point has been announced by way of a PDP (Public Disclosure Platform) disclosure.	https://www.kap.org.tr/tr/Bildirim/1074632
	Activities carried out under the policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X				The Corporate Governance Committee presented 2023 activities in a report it has drawn up to the Board of Directors.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A2.2	In line with the ESG goals; implementation and action plans have been prepared and disclosed to the public.	X				The Company developed implementation and action plans in line with ESG targets and publicly disclosed the same.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A2.3	The ESG Key Performance Indicators (KPI) and the level of achieving these indicators on a yearly basis have been disclosed to the public.			X		Determination of ESG key performance indicators will be considered in the future.	

SUSTAINABILITY REPORT

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
A2.4	Activities aimed to improve the sustainability performance in relation with business processes or products and services have been disclosed to the public	X				The Company publicly disclosed its efforts for improving its sustainability performance associated with its business processes or products and services.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A3. Reporting							
A3.1	In the annual reports, information regarding the sustainability performance, targets and actions of the Corporation has provided in an understandable, accurate and sufficient manner.	X				The Company provided intelligible, accurate and adequate information regarding its sustainability performance, goals and actions in its 2023 Annual Report.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/
A3.2	The Corporation has provided information as to with which of the United Nations (UN) 2030 Sustainability Development Goals, its activities are related.	X				With the activities it undertakes, the Company supports the following UN 2030 Sustainable Development Goals: Good Health and Well-Being; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Production and Consumption; Climate Action; Peace, Justice and Strong Institutions.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A3.3	Lawsuits filed and/or completed against ESG issues and cases that are significant in terms of ESG policies and/ or that will significantly affect activities have been disclosed to the public.				X	There are no lawsuits in relation to ESG matters which are filed or concluded against the Company, or are material with respect to ESG policies or may have a material impact on operations.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
A4. Verification							
A4.1	The Corporation's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party.				X	Verification service is not applicable since the Company's ESG Key Performance criteria have not been determined yet.	
B. Environmental Principles							
B1	The Corporation has declared its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	X				Adhering to the principles set out in the "Environmental and Social Impacts Policy" and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned implementations in this respect.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	X				These matters have been disclosed in the “GHG Report” for the period 1 January – 31 December 2023, and posted on the Company website.	https://www.isgyo.com.tr/corporate/sustainability/
B4	Environmental goals included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.			X		Environmental targets are not included in rewarding criteria under the performance incentive systems.	-
B5	The Corporation has disclosed to the public how the priority environmental issues are integrated into business objectives and strategies.	X				The Company reviews its business targets within the frame of the “Environmental and Social Impacts Policy” principles and environmental issues prioritized accordingly, and takes into account these matters when devising its investment strategies.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B7	The Corporation has publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the corporation value chain, including the operational process, including suppliers and customers.	X				Targeting to develop environment-friendly, sustainable projects that focus on customer satisfaction within the frame of its publicly disclosed strategic goals, the Company has developed the “Customer Satisfaction Policy” and “Supplier Management Principles” in relation to its customers and suppliers that make two of the most important stakeholders of its value chain based on the Board of Directors decision when developing its ESG policies, and made them available for the information of all stakeholders on its Company website. If/when deemed necessary, the Company will carry out initiatives to raise further awareness of environmental and social issues of its customers and suppliers, and thus make sure its customers and suppliers are involved in the Company’s Environmental and Social Impacts Policy.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B8	The Corporation has disclosed to the public whether the corporate is involved in the policy-making processes of organizations on the environment and non-governmental organizations and collaborations with these institutions and organizations.	X				In the reporting period, the Company was not involved in environment-related policy making processes of concerned organizations and NGOs engaged in environmental issues.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

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		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
B9	In the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)}], air quality, energy management, water and waste water management, waste management, biodiversity effects], information on environmental impacts has periodically disclosed to the public in a comparable manner.	X				The Company is aware of the impacts of climate change on our daily lives, takes responsibility in this respect, and reports its GHG inventory. 2023 GHG Report commissioned in this scope has been publicly disclosed, and presents GHG emissions in comparison with previous periods.	https://www.isgyo.com.tr/corporate/sustainability/
B10	Details of the standards, protocols, methodologies, and base year employed for collection and calculation of its data have been disclosed to the public.	X				2023 GHG Report incorporates such information as the standard, protocol, methodology and so on employed for collecting and calculating data. The report has been publicly disclosed.	https://www.isgyo.com.tr/corporate/sustainability/
B11	The Corporation has disclosed to the public the increase or decrease in environmental indicators for the report year comparison with past years.	X				Environmental indicators have been disclosed comparatively for the years 2022 and 2023.	https://www.isgyo.com.tr/corporate/sustainability/
B12	Short and long-term targets have been determined to reduce the corporate's environmental impacts, and the improvement of these targets and the targets determined in previous years has been disclosed to the public.	X				The Company has set its short- and long-term goals under the main targets defined in its policies to mitigate its environmental impact.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B13	The Corporation has prepared its strategy and actions for fight against climate crisis and the planned actions have been disclosed to the public.		X			Work is being carried out to include the risk of climate crisis in the Company Risk Policy adopted by the Board of Directors and to define it in the Company Risk Catalog.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B14	Programs or procedures have been established and disclosed to the public aiming to prevent or minimize the potential negative effects of its products and/or services on the environment.	X				The Company has publicly disclosed the fundamental practices put in place or planned to avoid or minimize the potential negative effects of its property portfolio on the environment.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
	The Corporation has taken actions to reduce greenhouse gas emissions of third parties (e.g., suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.		X			The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency on the back of green building certification processes for its existing properties and those under development.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
B15	The Corporation has disclosed to the public the projects implemented and the initiatives entered for reduction of its environmental impact, as well as their environmental benefits and cost savings.		X			The Company publicly disclosed environmental benefits/gains and cost savings secured by the equipment used within the scope of IT employed for environmental impact mitigation purposes.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B16	The Corporation's energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2.	X				Energy consumption data have been disclosed within the GHG Report.	https://www.isgyo.com.tr/corporate/sustainability/
B17	Public disclosure has been made about the electricity, heat, steam, and cooling produced in the reporting year.				X	There was no such generation during the reporting period.	
B18	Energy projects has been carried out and works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity have been disclosed to public.	X				The company has been receiving I-REC certification since 2021 within the scope of increasing the use of renewable energy and contributing to the transition to zero or low-carbon electricity, and has received I-REC certification in 2023 for the electricity consumption of the Company Headquarters.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B19	Renewable energy generation and consumption data have been disclosed to public.	X				The Company's I-REC-certified green electricity consumption figures at the Head Office is 3,765.51 in 2023.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B20	The Corporation has conducted energy efficiency projects, and has disclosed the resulting reduction in energy consumption and emission due to its projects.		X			The Company takes care to use environment-friendly energy consuming systems for increased energy efficiency, and plans buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission levels.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
B21	Water consumption, if any, amounts of water drawn, recycled, and discharged from underground or above ground, its sources and procedures have been disclosed to the public.	X				The Company's total water consumption in 2023 was 33,846.42 cubic meters and it was disclosed in the GHG Report. The Company uses the mains water supplied by local administrations for its water consumption. Water waste is discharged into treatment facilities and similar infrastructures as defined by local administrations.	https://www.isgyo.com.tr/corporate/sustainability/
B22	The Corporation has disclosed whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).				X	The Company is not included in any carbon pricing system by reason of its operations or activities.	

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		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
B23	Carbon credit data accumulated or bought in the reporting period has been disclosed.				X	No carbon credits were saved or purchased in the reporting period.	
B24	If carbon pricing is applied in the corporation, the details regarding carbon pricing has been disclosed to the public.				X	The Company does not implement carbon pricing.	
B25	The platforms where environmental information are shared, have been disclosed to the public.	X				The Company discloses its environmental data in the Annual Reports and under the “Corporate/ Sustainability” tab on its Company website. Additionally, in the case of EIA report or similar applications for the projects developed, the related reports are publicly disclosed by the relevant regulatory authorities.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	The Corporate Human Rights and Employee Rights Policy has been established covering the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the aforesaid policy have been determined and the policy and those responsible have been disclosed to the public.	X				The Company has devised its “Human Rights and Human Resources Policy” that incorporates the Universal Declaration of Human Rights, the International Labor Organization (ILO) covenants that Türkiye ratified, and other applicable legislation, which was approved by the Board of Directors, and the Assistant General Manager to whom the HR function reports is responsible for the implementation of the said Policy. The Human Rights and Human Resources Policy and the people in charge of them are made available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.2	Considering the supply and value chain effects, fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.) has included in corporation’s policy on employee rights.	X				The Human Rights and Human Resources Policy covers various principles including non-discrimination between employees on any basis including race, religion, language, sect or any faith, gender, age, cultural or social class; respecting human rights, ensuring equal opportunities in all kinds of HR management processes, protecting employees from internal physical, mental and/or emotional abuse, implementation of a fair and competitive remuneration policy, establishment of necessary mechanisms for employee feedbacks and complaints; and the importance attached to training, development and talent management, as well as occupational health and safety.	https://www.isgyo.com.tr/corporate/sustainability/

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
C1.3	The corporation has disclosed measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to economic, environmental and social factors (low-income segments, women, etc.).	X				Looking out for certain economically, environmentally and socially-vulnerable segments, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of “equal pay for equal work” without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the engagement of employees with disabilities, provision of equal promotion opportunities to women employees, etc	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.4	Developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights, forced and child labor have been disclosed to the public.	X				Adhering to the principle of respecting human rights and employee rights in its operations, the Company takes necessary measures against any indecent violation of rights. Forced labor, child labor, hazardous labor, etc. are out of the question at İŞ REİC. The Company employs people above the age of 18 and the said age limit is also incorporated in the Company’s internal guidelines as a criterion for hiring. Suppliers are also expected to act accordingly pursuant to the Company’s Human Rights and Human Resources Policy.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.5	The corporate has disclosed its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management in the employee rights policy.	X				Fringe benefits and/or rights the Company provides to employees are determined in internal regulations; employees are familiar with salary and fringe benefits management. The Company’s Compensation Policy is publicly disclosed and can be accessed on the Company website, under the “Investor Relations/Corporate Governance/Policies” tab.	https://www.isgyo.com.tr/corporate/sustainability/
	The corporate has determined dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes.	X				The Company employs open, transparent and cordial communication channels for employees to convey their opinions, suggestions, complaints and feedbacks, and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company’s implementations and employees have been informed on the same.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

SUSTAINABILITY REPORT

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
C1.5	The corporation has disclosed to the public the activities aimed at employee satisfaction within the reporting period.	X				The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. During the 2023 reporting period, the Company organized events for employees such as breakfast organization, New Year's dinner, service commemoration ceremony, birthday celebrations and waffle day. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service. Supporting a proactive and innovative perspective in the management of human resources and considering employee satisfaction, the Company implemented the "Hybrid Working Model", including the remote working model, during the year. A survey was conducted to measure employee loyalty within the 2023 reporting period in order for employees to evaluate the Company in terms of corporate culture and values, management practices, communication environment and similar areas, as well as to identify strong areas of Company policies and practices that are open to improvement.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.6	Occupational health and safety policies have been established and disclosed to the public.	X				The Company established its "Occupational Health and Safety Policy" which has been made available for the information of all stakeholders.	https://www.isgyo.com.tr/corporate/sustainability/
	The corporation has disclosed actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	X				The Company discloses the mentioned data in the Annual Reports and Sustainability Principles Compliance Framework.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.7	Personal data protection and data security policies are established and disclosed to the public.	X				The Company established its Personal Data Protection and Privacy Policy.	https://www.isgyo.com.tr/corporate/protection-of-personal-data/
C1.8	Ethics policy is formulated and disclosed to the public.	X				The Company established and disclosed its Code of Ethics.	https://www.isgyo.com.tr/investor-relations/corporate-governance/code-of-ethics/

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
C1.9			X			The Company monitors the supply of products/services from women entrepreneurs, and the contents of the gifts given to Company employees on special days throughout the year were created by giving priority to the products produced and/or supplied by women entrepreneurs.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C1.10	Information meetings and training programs have been organized for employees on ESG policies and practices.	X				Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. In this context, Sustainability Training, Gender Equality Training and Anti-Bribery and Anti-Corruption Training were provided to employees during the year in order to increase their awareness of sustainability.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C2. Stakeholders, International Standards and Initiatives							
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.	X				The Company established its "Customer Satisfaction Policy" for customer complaints handling and resolution, and made it available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/corporate/sustainability/
C2.2	Information about the communication with the Stakeholders (which stakeholder, subject and frequency) has been disclosed to the public.	X				The Company takes care to effectively maintain its communication with all stakeholders that are directly or indirectly affected by its activities in keeping with accountability and transparency concepts. The Company's main stakeholders that it is in contact with include employees, customers, suppliers and shareholders; the manner in which communication with these stakeholders is maintained has been publicly disclosed.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C2.3	The corporation has disclosed the international reporting standards it has adopted.				X	There is not an international reporting standard that the Company espoused in relation to sustainability.	
C2.4	The corporation has disclosed to the public the principles adopted, international organizations it has signed or enrolled in, committees and principles regarding sustainability.	X				The company has become a signatory of the United Nations Women's Empowerment Principles (WEPs) in order to contribute to increasing studies and awareness on gender equality as of the reporting period.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
C2.5	The corporation has made improvements and conducted studies to be included in the sustainability indexes of Borsa Istanbul and/or international index providers.	X				Aiming to improve its performance in ESG issues and sustainability, the Company started the necessary work within the year in line with its goal of being included in the Sustainability Index of Borsa Istanbul, and it is aimed to be included in the said index in 2024.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

SUSTAINABILITY REPORT

		Status of Compliance				Explanation	Link
		Yes	Partially	No	Irrelevant		
D. Corporate Governance Principles							
D1	The corporation has consulted with the stakeholders in the determination of measures and strategies in the sustainability field.		X			The structure of the “Sustainability Working Group” set up for effective and inclusive execution of sustainability activities that represents customers and suppliers, e.g. other important stakeholders of the Company, as well as employees allows being informed about the stakeholders’ opinions about the sustainability issues being discussed, and hence, stakeholders’ opinions are taken into consideration in determining the sustainability measures and strategies. Furthermore, the Company pays regard to the rights and interests of customers, suppliers or business partners and the public interest when adopting medium- and long-term strategies, as set out also in its Sustainability Policy.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/
D2	Social responsibility projects, awareness activities, and training to raise awareness about sustainability and its importance have been carried out.		X			Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. In this context, Sustainability Training, Gender Equality Training and Anti-Bribery and Anti-Corruption Training were provided to employees during the year in order to increase their awareness of sustainability.	https://www.isgyo.com.tr/investor-relations/financial-data/annual-reports/ https://www.isgyo.com.tr/corporate/sustainability/

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

A. GENERAL PRINCIPLES

The Company's priority Environmental, Social and Governance (ESG) issues, risks and opportunities are determined particularly in the "Sustainability Policy" and "Environmental and Social Impacts Policy" that have been approved by the Board of Directors and publicly disclosed, and in other applicable and publicly disclosed guidelines. The risks associated with these issues are regularly monitored and analyzed by the Committee for Early Detection of Risk. Furthermore, ESG processes and associated risks are assessed as part of the Company's risk management, internal control and audit activities.

ESG factors make the focal point of the Company's activities; combating climate change, employee and customer satisfaction, supplier relationship management, occupational health and safety, stakeholder communication, gender equality, compliance with the code of conduct and transparent corporate governance practices and so on take to the forefront. ESG policies and related guidelines that represent the Company's approach to sustainability are provided below:

- Sustainability Policy
- Environmental and Social Impact Policy
- Human Rights and Human Resources Policy
- Anti-Bribery and Anti-Corruption Policy
- Gifts and Entertainment Policy
- Supplier Management Principles
- Gender Equality Policy
- Occupational Health and Safety Policy
- Customer Satisfaction Policy

The said guidelines have been established based on Board of Directors decisions and made available for the information of all stakeholders via the Company website. The guidelines can be found on the company website, under the tab Corporate/Sustainability/Policies. The Company's ESG targets are determined within the scope of relevant policies and disclosed publicly.

The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities.

The Corporate Governance Committee is formed of four Board members two of whom are independent members, and the Assistant General Manager responsible for Investor Relations and Sustainability function; the Committee's terms of reference were updated to incorporate environmental, social and governance management and sustainability practices. The afore mentioned have been made available to all stakeholders via the PDP and Company websites.

A "Sustainability Working Group" was set up which is led by the Assistant General Manager to whom Investor Relations and Sustainability Department reports and in which the Company's all key functions are represented for ensuring effective and inclusive execution of the Company's sustainability efforts.

Activities carried out under the Company's ESG policies are reported at least annually to the Board of Directors, as stated also in the terms of reference of the Corporate Governance Committee. The Corporate Governance Committee presented its 2023 activities in its report to the Board of Directors.

The Company has created implementation and action plans for the ESG targets it has set. Basic steps implemented or planned for preventing or minimizing potential negative impact of the Company's property portfolio on the environment are described in the "Environmental Principles" section, and its plans concerning other matters in the "Social Principles" section.

Determination of ESG key performance indicators will be considered in the future.

The Company conducts activities for improving its sustainability performance associated with its business processes and products and services. Implementations realized for preventing or minimizing potential negative impacts of the Company's property portfolio on the environment are described in the "Environmental Principles" section, and its HR practices in the "Social Principles" section.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2023 Annual Report and under the “Corporate/Sustainability” tab on its Company website.

With the activities it undertakes, the Company supports the UN 2030 Sustainable Development Goals (SDGs). The SDGs that are associated with the Company activities are addressed in the “Environmental Principles” and “Social Principles” sections.

There are no lawsuits in relation to ESG matters which are filed or concluded against the Company, or are material with respect to ESG policies or may have a material impact on operations.

Verification service is not applicable since the Company’s ESG Key Performance criteria are not yet determined.

B. ENVIRONMENTAL PRINCIPLES

Adhering to the principles set out in the “Environmental and Social Impacts Policy” and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned actions in this respect.

In keeping with these goals and implementations, actions that can be taken in the short- and long-term both for the existing properties in the Company’s portfolio and for projects that are being or will be developed by the Company are evaluated with respect to their qualifications for each property and project, and are implemented in view of the fitness of the property or development phases of projects.

Described below are the basic steps taken or planned for preventing or minimizing the potential negative environmental impact of the property portfolio of the Company that pursues -activities in a manner to support the UN SDGs titled “Sustainable Cities and Communities”, “Responsible Consumption and Production”, “Clean Water and Sanitation” and “Climate Action”.

- Care is taken to align the properties in the portfolio with the criteria of worldwide-accepted green building certifications such as LEED and BREEAM, and necessary work is undertaken accordingly on the basis of each property. LEED-EBOM application process for İş Towers Complex Tower 2 where the Company is headquartered, is envisaged to be completed in 2024.
- Zero Waste Management process work is initiated for the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) where the Company is headquartered; the Zero Waste Certification was obtained for the Shopping Mall as of the date of this writing.
- Zero Waste Certificate was obtained for Kule Çarşı located in the İş Towers Complex (Tower 2, Tower 3 and Kule Çarşı Shopping Mall) where the Company is headquartered.
- For instance, central automation system is employed in the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall), Tuzla Technology and Operations Center (TUTOM), Ege Perla Shopping Mall and Ankara İş Tower.
- The water collected by the rainwater harvesting system is used across the İş Towers Complex and for irrigation of green areas in TUTOM.
- Necessary work is in progress for the target of gradually replacing the common area lighting in the properties in the portfolio with LED fixtures for energy efficiency purposes. Implementations securing energy efficiency are targeted to be spread across the entire portfolio.
- Project design discussions are held for solar power generation for self-consumption at each property within the scope of renewable energy generation.

Below are examples of the Company’s actions for assessing the environmental impact of the projects that are being developed.

- Below are examples of the Company’s actions for assessing the environmental impact of the projects that are being developed. An energy identification document has been obtained for each project developed since 2011 for measurement and documentation of energy consumption in an effort to ensure efficient energy consumption. With respect to planned projects, the Company designs buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission levels for the purposes of reducing wasted energy and preserving the nature, correct and beneficial use of energy and energy resources.

The following measures are taken to reduce electricity consumption in developed projects:

- Equipment and devices in A energy class are envisaged to be used.
- Care is taken to select energy-saving LED bulbs for lighting and solar-powered luminaires for outdoor lighting.
- Care is taken to use energy-saving EC-class motors in HVAC equipment.
- Lighting automation and movement sensors are installed in buildings to contribute to reduced electricity consumption and preclude unnecessary lighting.

In addition;

- Green building certification is targeted to be obtained in projects under development to devise and spread environmentally-sensitive design, implementation and operation standards.
- Importance is attached to systems that ensure environment-friendly energy consumption for increasing energy efficiency and reducing air pollution and carbon emissions. Accordingly, care is taken to using photovoltaic systems, a renewable energy source, for common area energy consumption. For instance, photovoltaic panels were used in Manzara Adalar Project. Project work is being carried out for the use of photovoltaic systems also in Ömerli, Balmumcu and Tuzla projects the Company will develop.
- Care is taken to allocate indoor and outdoor spaces for as many electric vehicles and bicycles as possible, and specific access is provided in related spots in the project to encourage the residents of the project to use mass transportation.
- Care is taken to keep driving routes under the ground and to increase green spaces depending on the size of the projects. Çınarlı Bahçe Project developed in Tuzla has such a design, and a similar course is followed for Litus İstanbul Residential Project in development phase.
- EV charging stations are included in projects for reducing carbon emissions. For instance, such stations are included in the İstanbul Financial Center Project and Litus İstanbul Residential Project that are in development phase. Installation of EV charging stations is being planned in Ömerli, Tuzla and Balmumcu projects as well.
- Rainwater harvesting system is employed in projects in development phase. Additionally, care is taken to using greywater treatment system that contribute significantly to environmental protection by reducing unnecessary depletion of natural water resources, and also supports reducing wastewater generation and mains water consumption. For instance, both systems were used in Litus İstanbul Residential Project. Thus, treated greywater and rainwater are used for garden irrigation and/or flush tanks.
- Care is taken to using oil-water separator systems in projects to prevent water pollution. For instance, these systems were used in the Manzara Adalar Project and İstanbul Residential Project that were developed.
- Attention is paid to selecting locally-sourced and natural and/or recyclable materials and care is taken to procure the materials from points of extraction/purchase that are near the project site.
- Drought-resistant plants that require minimum watering are included in projects' landscaping; the ecosystem is supported by choosing species that break solar radiation and develop the green texture quickly, and whose leaves, flowers and seeds can be used. Rooftop gardens are created to minimize environmental impact.
 - Solutions for reducing water consumption are preferred in the projects for conserving water resources, and increasing and improving the use of these solutions are promoted.
 - It is aimed to help conserve water resources by adding technologies that reduce water consumption such as water efficiency, wastewater treatment, water recycling and reuse technologies, and additionally, developing projects that embody these technologies.
 - Attention is paid to engaging management companies that adopt technologies and methods that reduce wastewater ratio by reducing pollution and increase the safety of recycling.

The Company reviews its business goals within the frame of “Environmental and Social Impacts Policy” principles and of environmental matters prioritized accordingly, and pays regard also to these points when formulating its investment strategies.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Targeting to develop environment-friendly, sustainable projects that focus on customer satisfaction within the frame of its publicly disclosed strategic goals, the Company has developed the “Customer Satisfaction Policy” and “Supplier Management Principles” in relation to its customers and suppliers that make two of the most important stakeholders of its value chain based on the Board of Directors decision, and made them available for the information of all stakeholders on its Company website.

If/when deemed necessary, the Company will carry out initiatives to raise further awareness of environmental and social issues of its customers and suppliers, and thus make sure its customers and suppliers are involved in the Company’s Environmental and Social Impacts Policy.

Achieving alignment with the criteria of globally-recognized green building certifications such as LEED, BREEAM takes place among the Company’s existing targets. The Company devised a strategy for obtaining LEED certification during the development phase of its future property projects and in renovations of its existing properties or within the scope of additional investments. During the execution of these certification processes, carbon footprint reduction, ensuring water and energy efficiency, waste management and recycling requirements are fulfilled.

The majority of the Company’s property portfolio consist of properties that have received or applied for a certificate. LEED Gold certification has been obtained for the IFC Project in the reporting period in accordance with the targeted timeline.

Certified properties:

Tuzla Technology and Operation Center - LEED Gold

Tuzla Mixed-Use Project - LEED Gold

Manzara Adalar (Residential) - LEED Gold

Kanyon Shopping Mall - BREEAM Outstanding

İstanbul Financial Center Project – LEED Gold

Work in relation to LEED certification for TUTOM, an important property in the Company’s portfolio, is detailed under the “Corporate/Sustainability” tab on the Company website.

Properties for which approval process is in progress:

İş Towers Tower -2 - LEED - EBOM

İş Towers Tower -3 - LEED - CS

Ankara İş Tower - LEED - CS

53% of the Company’s leasable portfolio is comprised of investments with green building certification. This ratio will surpass 80% as and when the properties, for which application process is underway, are granted certification.

Furthermore, the Company targets to get LEED certification for the office section of Litus İstanbul project that is being developed and for Balmumcu Project and Tuzla Project.

Recognizing the effects of climate change on our daily life, the Company takes responsibility in this respect and reports its GHG inventory. The “GHG Report” for 2023 is posted on the Company’s website, under the “Corporate/Sustainability” tab.

The said report’s scope covered the Company Head Office, Kanyon Yön. İşl. ve Paz. A.Ş. (Kanyon A.Ş.) owned by 50%, and Kanyon Shopping Mall managed by Kanyon A.Ş. and Office Lamartine, and the reporting scope, period, data, limitations and other information including the standard, protocol, methodology etc. employed in reporting are described within the GHG Report.

Covering the period from 1 January 2023 through 31 December 2023, the report includes energy and water consumption data and GHG emissions also for the years 2022 and 2023, and increases or decreases in these environmental indicators as compared to previous years are made available for the information of all stakeholders.

The report presents the Company’s total energy consumption in 2022 and 2023 in MWh and GJ units. Total energy consumption in 2023 is 5,842.55 MWh (21,033.24 GJ).

In 2023, total GHG emission was 639.54 tCO₂e. In 2023, Scope 1 emissions accounted for 61.24% of total GHG emissions, whereas Scope 2 and Scope 3 emissions made up 19.44% and 19.32% thereof respectively.

Scope 2 emissions calculation took into account I-REC renewable energy procurement certifications; I-REC certifications obtained in 2023 for the Company Head Office, Kanyon Shopping Mall and Kanyon A.Ş. certified that electricity consumption at these locations are totally supplied from renewables.

The Company's total water consumption in 2023 is 33,846.42 cubic meters. The Company uses the mains water supplied by local administrations for its water consumption. Wastewater is discharged into treatment facilities and similar infrastructures as defined by local administrations.

For water efficiency purposes, tap aerators in all common area washrooms at İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) were replaced with water-saving types. Solutions that serve to water efficiency are intended to be spread across the entire portfolio.

Maximum compliance with specifications, regulations, protocols and standards applicable in Türkiye and in the world is sought to be attained in projects in development phase and in existing properties. Accordingly, the aim is to conserve natural resources, establish structures and systems that support sustainability through reduced energy use and emissions, and create value for the end users of projects and for future generations.

The Company does not directly undertake the construction works in its development projects or existing properties, but procures the construction service from construction companies that operate within certain quality standards and are capable of satisfying the Company's expectations in relation to quality standards. When selecting these companies, the Company takes into account the service criteria that will ensure qualification as a "green building" and/or similar quality in development projects and properties subject to renovation. In addition, the Company oversees the interaction of the companies that will offer construction service with all the stakeholders that might be potentially impacted by the project or property with the aim of avoiding or minimizing potential environmental impacts of existing projects or those in development phase. Relationships with all suppliers and particularly with companies offering construction service are handled in accordance with the publicly disclosed "Supplier Management Principles" and "Code of Ethics".

The Company targets to develop projects that will be eligible for "Environmental Impact Assessment (EIA) Not Required" certificate. The Company gets EIA introductory files prepared for assessing the environmental impacts of its planned projects of a specific scale as per the "Environmental Impact Assessment (EIA) Regulation" of the Ministry of Environment, Urbanization and Climate Change. In the EIA introductory files, the Company undertakes to abide by the applicable regulations in relation to the quantity of wastewater, solid waste, excavation waste, construction waste, packaging waste, hazardous waste, medical waste, gas waste generation quantity; waste batteries and accumulators, waste mineral oil, vegetable oil waste, exhaust emissions, noise generation quantity; environmental impacts of dust emissions from vegetal soil and excavation waste, and soil pollution, and the measures to be adopted therefor. Projects are evaluated by the related Ministry within this context, and projects, which are concluded to not have significant impacts upon the environment as a result of this assessment, receive an "Environmental Impact Assessment Not Required" certificate.

The Company also follows up the policies and regulations (e.g. ISO 14001) that management companies abide by within the framework of sustainability principles during the operation of the buildings in its portfolio, and encourages management companies to align themselves with new standards. Hence, the tenants in the properties serviced by management companies are prompted with regard to fundamental environmental issues such as carbon footprint reduction, and ensuring energy and water efficiency.

Major properties in the Company's portfolio such as İş Towers Complex, TUTOM, Kanyon Shopping Mall and Marmara Park Shopping Mall are operated by management companies holding ISO 14001 certification, and related environmental management system standards are observed in matters such as energy and water management, waste management and so on. In this context, approximately 75% of the Company's properties generating rental income are operated by management companies possessing ISO 14001 certification.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Zero Waste Certificate was obtained for Kule Çarşı Shopping Mall located in the İş Towers Complex (Tower 2, Tower 3 and Kule Çarşı Shopping Mall) where the Company is headquartered, and the Zero Waste Management process is ongoing for Tower 2 and Tower 3. The total quantity of waste from the Company's Headquarters in 2023 was 7.7 tonnes, all of which is being sent for recycling. The ratio of recycled waste is 5%.

Zero waste management system was established at TUTOM, Kanyon Shopping Mall and Ege Perla Shopping Mall covered in the Company's portfolio and that fall under the scope of the "Zero Waste Regulation", and "Zero Waste Certificates" were obtained.

As part of its long-term goals, the Company will consider obtaining a Zero Waste Certificate and ISO 14001 Certification for the Company Head Office in the coming period.

As stated in its Sustainability Policy approved by the Board of Directors and publicly disclosed, the Company assesses risks and opportunities within the scope of the combat against climate change, strives to minimize its impacts resulting from its operations, and determines the actions that need to be taken therefor. The Company attaches the necessary importance to combating climate change, and carries out work for inclusion of climate crisis risk within the Company Risk Policy approved by the Board of Directors, and for its description in the Company Risk Catalogue.

The Company spends efforts to regularly measure GHG emissions that act as the main cause of climate change and to conduct mitigation activities. The measures adopted for reducing carbon footprint, and the steps taken at the Head Office and existing properties and those under development have been defined together with the Company's environmental targets. Furthermore, the target of obtaining green building certification for existing projects and those under development takes place among the actions for reduction of GHG emissions. The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency as well as green building certification processes. In 2022, the Company started reporting on environmental factors including carbon footprint, water and energy consumption, and publicly disclosed its practices and plans for reduction of those factors. The Company plans to continue measuring the said environmental indicators and to set and disclose numeric targets for the reduction of measurement results in the future. The Company also targets to gradually replace the vehicles in its fleet with hybrid vehicles. At present, 40% of the vehicles in the Company's fleet are hybrid cars; in the future, it is targeted to gradually replace the vehicles in the fleet with hybrid cars. Furthermore, the employees are offered the chance to use Company-provided service bus for commuting to minimize the potential environmental impact stemming from employee commuting. The cost arising for the employees due to this service is borne entirely by the Company for incentivization purposes. The Company provides commuting benefit to employees who do not use the Company-provided transformation means for commuting to/from work.

Supporting the UN SDG no. 7 "Affordable and Clean Energy", the Company aims to qualify for I-REC and eco-energy labelling to help with increasing its renewable energy consumption and its transition to zero- or low-carbon electricity. I-REC certification is being obtained at the Company Head Office since 2021. In this framework, the Company consumed 3,765.51 MW/h of I-REC certified green electricity in 2023 at its Head Office. I-REC certification is intended to be obtained also in 2024 for the electricity consumed at the Company's Head Office.

Kanyon Shopping Mall and TUTOM, two of the Company's major properties that represent approximately 40% of the leasable portfolio in terms of value, also consume I-REC certified green electricity. In addition, some of the tenants in İş Towers Tower 2 & 3 also get I-REC certification.

The Company promotes environment-friendly technologies, and strives to minimize the harmful effects any IT equipment has on the environment throughout their lifecycles. The work undertaken in this respect is described below:

- The number of physical servers existing at the Company was decreased from 20 to 3 within the scope of virtualization initiatives, and the annual energy consumption was reduced from 172,800 KW/h to 45,360 KW/h.
- Conference rooms were set up in each construction site and sales office to enable online meetings instead of physical ones in view of the fact that the Company's construction sites and sales offices can be located in different places. Thus, 404 gram CO₂ emission per kilometer was avoided, enabled by the elimination of vehicle use for transportation.

- Paper consumption was minimized thanks to “Incoming and Outgoing Invoices” and “Incoming Documents” processes developed within the scope of digital transformation.
- Card readers are used for printing out documents at the Company, which prevents unnecessary printing. Reduced quantity of print-outs and the Ysoft software on printers saved 2,616 liters of water, 405 KW/h of energy and 26KG CO2 in 2022.
- All scrap electrical devices are dispatched for being melted on condition of planting trees on behalf of the Company via TEMA Foundation (Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats), thus supporting the protection of land ecosystem.

The Company started taking steps to encourage its employees to delete large-capacity email that are not necessary to be kept on Outlook and online archives, with the aim of reducing the database disk dimension on its email server. The said digital cleaning is intended to eradicate the need for replacing the data storage devices and to limit the Company's energy consumption. In addition, elimination of a new purchase will also contribute to offsetting the energy items spent for the production of the relevant device.

To reduce its environmental impact, the Company has set its short- and long-term targets within the scope of the main targets set out in the Company's policies and the progress achieved towards the targets is made available for the information of all stakeholders via this report.

The Company is not included in any carbon pricing system by reason of its operations or activities, and does not implement carbon pricing. Additionally, the Company is not currently using carbon credits; the Company firstly targets to reduce its direct and indirect emissions (Scope 1 and Scope 2) and carbon credit purchasing might be considered in the future.

The Company takes pains to follow-up the latest developments in Türkiye and in the world in contact and cooperation with various stakeholders, particularly NGOs, universities and public agencies. In the reporting period, the Company was not involved in environment-related policy making processes of concerned organizations and NGOs engaged in environmental issues, nor engaged in any cooperation with such organizations and agencies.

The Company discloses its environmental data in the Annual Reports and under the “Corporate/Sustainability” tab on its Company website. Additionally, in the case of EIA report or similar applications for the projects developed, the related reports are publicly disclosed by the relevant regulatory authorities.

C. SOCIAL PRINCIPLES

The Company has devised its “Human Rights and Human Resources Policy” that incorporates the Universal Declaration of Human Rights, the International Labor Organization (ILO) covenants that Türkiye ratified, and other applicable legislation, which was approved by the Board of Directors, and the Assistant General Manager to whom the HR function reports is responsible for the implementation of the said Policy. The Human Rights and Human Resources Policy and the people in charge of them are made available for the information of all stakeholders on the Company website. The Company complies with the principles of United Nations Global Compact in the performance of all its activities.

The “Human Rights and Human Resources Policy” that is created in a complementary nature and an integral part of the Company's Sustainability Policy are regularly reviewed by the Corporate Governance Committee in line with the necessities and the changes in operating conditions, and updated and revised as necessary upon the suggestion of the Committee, which are enforced following the approval of the Board of Directors. The Internal Systems Unit audits compliance with the provisions of the Human Rights and Human Resources Policy.

Erected on various principles including non-discrimination between employees on any basis including race, religion, language, sect or any faith, gender, age, cultural or social class; respecting human rights, ensuring equal opportunities in all HR management processes, protecting employees from internal physical, mental and/or emotional abuse, implementation of a fair and competitive remuneration policy, establishment of necessary mechanisms for employee feedbacks and complaints; and the importance attached to training, development and talent management, as well as occupational health and safety, the Human Rights and Human Resources Policy can be accessed on the Company website under the “Corporate/Sustainability/Policies” tab. Suppliers from which the Company purchases goods or services are also anticipated to abide by the Policy principles in their business dealings.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Adhering to the said Policy principles in HR management, the Company strives to provide the necessary support to keep employees motivated, to constantly improve financial and social rights offered to employees, to create a fair, egalitarian and modern working environment, and to identify and satisfy training needs of employees in a bid to recruit the qualified human resource that will enable maximum efficiency in the conduct of the Company's activities and to maintain its success. Human Resources management activities are described in the "Human Resources Section" of the Annual Report.

Looking out for certain economically, environmentally and socially-vulnerable segments or minority rights, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of "equal pay for equal work" without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the participation of employees with disabilities, provision of equal promotion opportunities to women employees, and so on. Requirements for promotion for all employees are set forth in documented internal rules. Decisions concerning the promotion of an employee is made by the Personnel Committee taking into consideration permanent staffing, seniority and performance results.

The Company established and disclosed its "Gender Equality Policy", which supports the UN SDG no. 5 "Gender Equality" in line with the principles of equal opportunity and diversity set out in its Human Rights and Human Resources Policy. The Company aims to become a signatory to the statements of initiatives championing gender equality on national and international platforms, that are aligned with the Company's purpose and strategies, have a large sphere of influence and offer opportunities for development, and has taken action to become a signatory to the WEPs (Women's Empowerment Principles) in the reporting period. The Company is a signatory of WEPs as of the date of this writing. The Company organized gender equality awareness training during the year for raising increased awareness of its employees about the matter. In addition, the Company seeks to procure products/services from women entrepreneurs, and prioritized products produced and/or supplied by women entrepreneurs in selecting the gifts it distributes to Company employees on special occasions.

Relying on a female labor-intensive workforce since its inception, the Company assigns women to managerial positions. The ratio of women employees is 46% at the Company that has 70 employees on its payroll as of 2023 year-end. While the ratio of women in senior executive positions is 36% and in middle-level managers is 50%, the ratio of women in all the managers of the Company is 42%. The distribution of employees by gender, age and educational background is provided in the "Human Resources" section of the Annual Report.

Pursuant to the governing legislation, the Company attaches priority to selecting nominees possessing the necessary qualifications and experience associated with the field of activity when selecting the Board of Directors members, and also pursues diversity in the composition of the Board of Directors. The existing Board of Directors is composed of members having competence and experience in finance, banking, construction, architecture and accounting and finance. The Company accords importance to making sure that individuals with the necessary competencies take place in the execution and on the Board of Directors of the Company, without discriminating on the basis of gender; accordingly, maximum care is taken to ensure that women actively take place on the Board of Directors. There is one woman member on the Board of Directors.

The ratio of women in new hires in 2023 is 50%, and the average age of new recruits is 27. The turnover rate, on the other hand, is 11%¹ in 2023. 62% of the employees who left the Company in 2023 are women with an average age of 54.

At the Company that offers equal promotion opportunities to women employees, the ratio of female employees promoted to all promoted employees during the reporting period was 55%, and an expectant woman employee was promoted to managerial level. The Company also briefs women employees about all their rights available under the law prior to and after childbirth and looks out for employees' rights. There is a nursery room at the Company Head Office which can be used by women employees returning to active work after childbirth. Return-to-work and retention ratio after childbirth among women employees is 100%.

All maternity and paternity leaves granted to employees are arranged in parallel with the regulatory framework, and made available for the information of all employees within the Company's Human Resources Bylaws. Women employees are regularly notified of the 16-week paid maternity leave granted in case of maternity, along with other available leaves including part-time maternity leave, part-time working, 6-month unpaid leave and breastfeeding leave. The Company grants 5 days of paternity leave.

¹ Leave Rate: (Total Leavers/Average Number of Employees)*100

The Company takes necessary measures for respecting human rights and for protecting Company employees from any internal physical, psychological and emotional abuse. Employees refrain from any abuse, discrimination or abusive acts at the work place. In such cases, employees are obliged to report the incident through the communication channels made available, notably the Human Resources Portal Suggestion and Complaint section and the Whistleblowing Line. In 2023, employees did not report any complaints regarding discrimination or abuse.

Adhering to the principle of respecting human rights and employee rights in its activities, the Company takes necessary measures against any indecent violation of rights. Forced labor, child labor, hazardous labor, etc. are out of the question at İŞ REIC in support of the UN SDG no. 8 “Decent Work and Economic Growth”. The Company employs people above the age of 18 and the said age limit is also incorporated in the Company’s internal guidelines as a criterion for hiring. Suppliers are also expected to act accordingly pursuant to the Company’s Human Rights and Human Resources Policy.

The Company employs open, transparent and cordial communication channels for employees to convey their opinions, suggestions, complaints and feedback, and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company’s implementations and employees have been informed on the same.

All employees can convey their opinions, suggestions, complaints and feedback either via their line managers or the Human Resources and Education Unit. Also, the Company created a channel on the Human Resources Portal for the employees to convey their opinions, suggestions and satisfaction, and express themselves for the resolution of their complaints and disputes. In addition, methods including questionnaires/consultation are employed regarding decisions that produce a result affecting the Company employees.

In 2023 reporting period, an employee engagement questionnaire was administered to seek employees’ assessment of the Company with respect to corporate culture and values, management actions, communication environment and similar areas, and to identify the weaknesses and improvement areas of the Company policies and practices.

Fundamental HR processes such as recruitment, career planning, salary and fringe benefits management, performance management and rewarding, resignation and compensation, etc. are shared with all employees; briefing meetings are held upon demand by the employee or as and when the need arises.

Targeting increased productivity in the Company’s activities and enhancing the quality of work life, the human resources management conducts recruitment and placement activities informed by the principle of “placing the right individual in the right position” from among candidates who are compatible with İŞ REIC’s corporate culture and values, are professionally competent, are open to development, and have strong potential without discriminating on whatsoever basis including race, religion, language, gender, disability etc. Conducting a fair recruitment process offering equal opportunities, the stages of recruitment and all the tools used in talent acquisition are made known to candidates.

İŞ REIC adopts the principle of offering equal opportunities for training and development of the qualified workforce needed for all managerial and specialist positions in different levels. In case of a vacant position at the Company, such position is firstly attempted to be filled from internal sources depending on the relevant position, by pursuing equal opportunities.

İŞ REIC adopts a fair and competitive remuneration and rewarding concept aligned with its ethical values and strategic goals, and embraces the principle of “equal pay for equal work” without any discrimination including gender. The Company employs a salary cascade system based on employees’ job and position-based weight in determining the remunerations. Job descriptions for the position and title, and implementation principles for the performance have been documented and announced to employees.

The Remuneration Policy in place was approved by the Board of Directors and presented for the information of shareholders in the first General Assembly convened. Refusing all sorts of discrimination in processes and practices encompassing its employees within the frame of the Human Rights and Human Resources Policy, İŞ REIC compensates all employees in accordance with the principles of the Remuneration Policy, Human Rights and Human Resources Policy, and Human Resources Bylaws. All employees on the Company’s payroll are compensated above the minimum wage.

The Company’s publicly disclosed Remuneration Policy applies to managers and employees working at any level; the basic principle is to ensure alignment of the remuneration to be paid to managers and employees at any level are in harmony with the Company’s ethical values, internal balances and strategic goals, and not linked solely to the Company’s short-term

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

performance. Performance-based incentive payments are determined depending on objective conditions and in a manner to positively influence the Company's corporate values, taking into account the maturity of the risks taken and without guaranteeing the amounts in advance. Performance-based incentive payments criteria are determined and communicated to employees; the set criteria are regularly reviewed. Full wording of the Company Remuneration Policy can be accessed on the website, under the "Investor Relations/Corporate Governance/Policies" tab.

The Corporate Governance Committee is charged with and responsible for determining the principles, criteria and practices to be employed in the remuneration of executives with administrative responsibility and to present suggestions to the Board of Directors on these matters.

Fringe benefits and/or rights the Company provides to employees are determined in internal regulations; employees are familiar with salary and fringe benefits management. The Company's Compensation Policy is publicly disclosed and can be accessed on the Company website, under the "Investor Relations/Corporate Governance/Policies" tab.

Company health insurance is provided to company employees and their dependent spouses and children in a manner that supports UN SDG no. 3 "Good Health and Well-Being"; all employees have life insurance, and employer contribution is granted for employees participating in the private pension system. The Company offers "Employee Support Program" that can be used by employees and family members residing in the same household with the purpose of helping them establish the work-life balance and enhancing employee satisfaction. The Employee Support Program covers dietitian support, psychological consultancy and other areas that employees can seek advice from in any topic they may need. The Company also offers free gym membership at two different locations on the Asian and European sides of the city, which they can use any day of the week.

In addition, practices providing income support for a fixed period of time were introduced in 2023 with the aim of supporting employees' purchasing power.

The Company grants a paid leave of absence for the first day of school to all employees who have children at preschool and primary school age. Additionally, all employees who have children attending preschool, primary school, middle school or high school are entitled to half-day paid leave of absence on report card days.

The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. In 2023 reporting period, the Company organized a number of events for employees, including breakfast, New Year's Eve dinner party, memento of service ceremony, birthday celebrations and waffle day. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service.

Championing a proactive and innovative perspective to HR management and seeking to ensure employee satisfaction, the Company transitioned to the "Hybrid Working Model" during the reporting period, which incorporates the remote working format in response to the employees' expectations in this regard.

The Company bases employee training and development on "Performance and Competence Building System". This competence-based system clarifies the attitudes and behaviors expected of employees for achievement of targets in their respective areas of responsibility, lets them see their contribution to the Company as a whole, and aims to reinforce job satisfaction and motivation. The outputs of this system in which all employees actively take part and which is regarded as kind of a development journey for employees are used as an instrument in revealing employee potential. Furthermore, training programs supporting employees' improvement areas are organized based on the system's outputs. In 2023 reporting period, feedback meetings were held with all employees subject to performance evaluation (64 people), which were attended by the relevant senior manager that they report to.

Within the scope of learning and development activities carried out based on lifelong learning notion, it is aimed to align training programs planned according to employee needs with the Company goals and to let employees reflect the outcomes of the training in their business and personal lives. The Company strives to ensure that all employees participate in training within the frame of equal opportunities.

In keeping with this approach, the Company continued to facilitate employee participation in training programs in parallel with its governance strategies. Training activities in the reporting period were in the form of technical and professional training programs, extramural training for individual participation, seminars, e-learning platform and compulsory protective training sessions. In 2023, 11 hours of training per employee were provided on average. During the reporting period, the employees participated in training programs on various topics for their professional development and career progress including inflation accounting, CPA license eligibility, urban transformation, financial structure, transfer pricing, borrowing instruments, advanced Excel and human resources analytics; they also attended investor meetings organized by the Turkish Capital Markets Association (TCMA). In addition, the “Sustainability” and “Gender Equality” training programs organized for all employees of the Company were intended to raise awareness of the entire employee body for a livable future.

Having a proactive and innovative perspective to HR management, İŞ REIC adopts a fair working manner erected on employee participation and entailing cooperation with all units. The Company promotes innovation and creativity in all HR processes.

Giving importance to digital transformation, İŞ REIC uses an HR portal which all HR functions can be run on, provides ease of use to employees, and is flexible and adaptable to needs. Through this portal, employees can transparently reach HR processes, and access the cloud-based application from anywhere with an Internet connection. Furthermore, it is aimed to execute existing HR practices in a manner to leave as much digital trail as possible and conservation of nature is pursued by reducing the number of hard-copies.

Employees are informed of the decisions made in relation to them or of developments that concern them. There is not an employee representative, nor is there a trade union due to the scale of the Company; the employees did not so far submit such a demand to the Company management. Similarly, collective bargaining agreement is not needed, given the Company's scale. In 2023 reporting period, there were no employees represented by trade union organizations or covered by a collective bargaining agreement. On the other hand, the Company respects the right to unionization and collective bargaining. All employees are free to unionize and act of their own free will.

The Company does not have any regulations prohibiting the freedom of association and the right to collective bargaining.

Pursuing a healthy and peaceful working environment for employees, the Company took the necessary measures against the Covid-19 pandemic, and did not make any deductions from employees' financial and social rights in the process. Furthermore, İŞ Towers Complex where the Company Head Office is located, there are physicians and healthcare personnel that employees can refer to for a medical examination when they need it.

Occupational health and safety is an important element of HR policies and practices.

Under the applicable legislation and practices associated with occupational health and safety, the Company provides a healthy and safe working environment to its employees and constantly improves its related processes with preventive, corrective and protective approaches. The Company offers regular occupational health and safety training to employees, provides necessary information and raises awareness of the topic. Within this scope, refresher training on Occupational Health and Safety is given to employees once in every three years in accordance with the regulatory requirements. Since the refresher training date did not coincide with the reporting period, a refresher training was not organized. On the other hand, new employees hired during the reporting period received 64 hours of occupational health and safety training. The Company's Human Resources and Education Unit periodically sends awareness e-mails to employees in relation to occupational health and safety, emergencies, earthquake, first aid and so on.

The Company devised its “Occupational Health and Safety Policy” and made it available for the information of all stakeholders. The said Policy can be accessed on the Company website, under the “Corporate/Sustainability/Policies” tab.

Encompassing all employees, customers, visitors and service providers of İŞ REIC, the Policy has been created to establish a safe and healthy working environment and to promote protective healthcare practices. The Policy sets out the Company's implementation principles, structuring and obligations on the basis of each responsible party in relation to occupational health and safety.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

The Policy is implemented by the Occupational Health and Safety Board in charge of coordinating internal occupational health and safety practices under the supervision of the Corporate Governance Committee. The Occupational Health and Safety Board comprises of the Company's various employees, workplace physician and OHS expert and regularly holds quarterly meetings.

The Policy is reviewed in view of needs, changes in operating conditions and legal regulations at least once a year. It is updated and modified as necessary upon the suggestion of the Corporate Governance Committee and enforced following the approval of the Board of Directors.

To prevent workplace accidents and to protect health:

- Employee training and briefing activities are carried out;
- Workplace physicians perform initiation and periodic health examinations of employees as part of health supervision; risk analyses and field observation are regularly conducted and renewed, led by the occupational safety expert and workplace physician at the workplace;
- Emergency action plans are created;
- Occupational Health and Safety Board meetings are held regularly;
- Accident analysis is performed in case of incidents such as workplace accidents and professional diseases, and related improvement procedures are devised;
- Regulatory and preventive activities are organized with the relevant business units in line with the data and findings from field observations, near-misses and accident analyses at the Company.

The Company reports the measures adopted for workplace accidents and for protecting health, workplace accidents, and accident statistics to the Joint Health and Safety Unit (OSGB) from which service is provided, workplace physician and related authorities. In 2023, no employees suffered an injury or a condition leading to a graver result such as death by reason of a workplace accident in terms of 1 million hours. On the other hand, 2 workdays were lost due to the activities carried out.

Under the existing regulatory framework, all employees bound by a labor contract must receive occupational health and safety training, and employers must report workplace accidents, accident statistics and the measures adopted to related authorities. Accordingly, all suppliers from which the Company procures goods or services are expected to adhere to the principles set out in the Company's publicly disclosed "Human Rights and Human Resources Policy", specifically with those related to respecting human rights and occupational health and safety matters, as stipulated in the "Supplier Management Principles".

The Company established its Personal Data Protection and Privacy Policy, which can be accessed on the Company website under the "Corporate/Personal Data Protection" tab. The Company also established and disclosed its Code of Ethics, which can be accessed on the Company website under the "Investor Relations/Corporate Governance/Code of Ethics" tab.

Conducting its activities in a manner to support UN SDG no. 16 "Peace, Justice and Strong Institutions", the Company set up a Whistleblowing Line for the so-called stakeholders consisting of shareholders, customers, creditors, suppliers and personnel to report any deeds they consider to be illegal or unethical to the Audit Committee composed of Independent Board Members. Whistleblowing Contact Form can be accessed on the Company Website.

Furthermore, employees acting within the frame of integrity and transparency principles and reporting in good faith deeds or attempts in violation of the Anti-Bribery and Anti-Corruption Policy posted on the Company website do not face a penalty and/or retribution for doing so. The Company's Anti-Bribery and Anti-Corruption Policy can be accessed on the Company website, under the "Corporate/Sustainability/Policies" tab. . During the reporting period, employees were given "Anti-Bribery and Anti-Corruption" training to further increase their awareness of the issue.

Established by the Corporate Governance Committee within the frame of ESG factors and enforced based on the Board of Directors decision, ESG Policies were shared with the employees in writing; additionally, briefing meetings were held with the employees regarding ESG policies and practices. In line with short-term targets, Company employees were given training related to sustainability with the aim of supporting their development in ESG matters.

The Company established its "Customer Satisfaction Policy" for customer complaints handling and resolution, and made it available for the information of all stakeholders on the Company website. The said Policy can be accessed on the Company website, under the "Corporate/Sustainability/Policies" tab.

The Company takes care to effectively maintain its communication with all stakeholders that are directly or indirectly affected by its activities in keeping with accountability and transparency concepts. The Company's main stakeholders that it is in contact with include employees, customers, suppliers and shareholders.

The Company maintains a communication that employs open, transparent and cordial communication channels with its employees that represent its most important stakeholder group. Furthermore, various socialization opportunities are taken advantage of to get together with the employees including annual performance feedback assessments and motivational events, mementos of service and monthly birthday celebrations.

The Company is in contact with tenants, home buyers and real estate agents within the scope of its rental and sales activities. Regular contact is maintained with these stakeholders in the form of face-to-face contacts, emails, telephone and video calls and digital platforms (website, social network accounts, complaint websites etc.).

The Company is in constant communication with suppliers within the frame of its project development activity; although it varies on project basis, regular supplier contacts happen mostly in the form of face-to-face contacts, as well as by email, telephone and video calls.

Oral and written contact is established with stakeholders requesting information about the Company's operations such as shareholders, analysts, portfolio managers etc., and sometimes meetings are organized with the said parties upon demand. These stakeholders can contact the Company's Investor Relations and Sustainability Department any time. Stakeholder queries increase at times that coincide with the general assembly meetings, announcement of financial results and so on.

Maintaining contact also with stakeholders such as public and private sector institutions as called for by its operations or in response to the requests from the related parties, the Company provides feedback on draft regulations concerning capital markets and the sector, and extends support to questionnaires and academic studies to the extent possible.

The Company did not embrace any sustainability reporting standard; the Company is a signatory to the Women's Empowerment Principles (WEPs). Adoption of international reporting standards and/or affiliating to other international principles or initiatives will be considered in the future.

Seeking to improve its ESG and sustainability performance, the Company commenced the necessary work in the reporting period towards its goal of qualifying for İstanbul Sustainability Index and targets to be included in the said index in 2024.

D. Corporate Governance Principles

Set up in a manner to encompass all key functions in the Company so that sustainability activities can be carried out effectively and inclusively, the "Sustainability Working Group" represents mainly employees, and customers and suppliers that make up two other important stakeholder groups of the Company. Its structure enabling representation of different types of stakeholder groups allows being informed about the stakeholders' opinions about the sustainability issues being discussed, and hence, stakeholders' opinions are taken into consideration in determining the sustainability measures and strategies. Furthermore, the Company pays regard to the rights and interests of customers, suppliers or business partners and the public interest when adopting medium- and long-term strategies, as set out also in its Sustainability Policy.

At present, the Company does not have an active social responsibility project running. However, the Company prioritizes creating stakeholder value while fulfilling its responsibility to our world, society and our people. Within the scope of the Company's publicly disclosed Corporate Social Responsibility Policy, education, environment and nature, culture & arts, and gender equality are the topics that are given priority. The Company's Corporate Social Responsibility Policy can be accessed on the Company website, under the "Corporate/Corporate Social Responsibility and Donations Policy" tab.

Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. To this end, Sustainability Training, Gender Equality Training and Anti-Bribery & Anti-Corruption Training were given to employees in alignment with the short-term targets during the reporting period, with the aim of increased sustainability awareness.

Believing in the vitality of increasing the awareness of customers and suppliers in relation to environmental and social issues, the Company will be considering the potential actions to be taken for raising increased awareness of stakeholders other than employees.

REPORT BY THE COMMITTEE FOR AUDIT

Report by the Committee for Audit has been drawn up to disclose our commitment to our responsibilities as the Committee for Audit and how we have performed our duty throughout the year.

Main Purpose:

The main purpose of the Committee for Audit is to oversee that the Company's financial reports are drawn up in accordance with the applicable legislation, regulations and standards, and to supervise the effectiveness and adequacy of the Company's internal systems in accordance with the applicable legislation and the Company's policies.

Committee Members

As set out in the CMB's Corporate Governance Communiqué, the members of the Committee for Audit are independent Board members and the Committee is composed of two members. The Committee for Audit is constituted by İlkey Arıkan and Prof. Arzu Erdem who have been elected according to the criteria set out in the Working Guidelines of the Committee for Audit, and it is headed by İlkey Arıkan. The Committee members have been designated to secure their contribution to the Committee with their rich commercial and financial experiences acquired within the frame of their other professional activities.

Responsibilities:

The duties and responsibilities of the Committee for Audit have been set out in the Committee's Working Guidelines, and are summarized below:

The Committee for Audit oversees the operation and efficiency of the Company's accounting system, public disclosure of financial information, independent audit and internal control and internal audit system;

Designation of the independent audit firm, preparation of the independent audit contracts and inception of the independent audit process, and the activities of the independent audit firm at every stage are carried out under the supervision of the Committee for Audit;

The independent audit firm from which the Company will procure service and the services to be procured from these entities are determined by the Committee for Audit and submitted for the approval of the Board of Directors;

The Committee for Audit establishes the methods and criteria applicable to the handling and concluding of complaints received by the Company in relation to the Company's accounting, internal control and internal audit systems, as well as their independent auditing, and to the assessment of the Company's accounting and independent audit-related issues reported by the employees within the confidentiality principle;

The Committee for Audit presents its assessments regarding the conformity of the annual and interim financial statements to be publicly disclosed with the accounting principles pursued by the Company, as well as their accuracy and fairness, by also incorporating the opinions of the Company's responsible managers and independent auditors in writing to the Board of Directors;

The Committee for Audit fulfills the other duties and responsibilities to be assigned by the Board of Directors.

The Committee for Audit Terms of Reference can be found on the Company website at the address www.isgyo.com.tr.

Assessment of the Committee Performance:

As part of the review of the operation and efficiency of the Company's internal systems, the Board of Directors also evaluated the performance of the Committee for Audit. Accordingly, it has been concluded that the Committee worked effectively with respect to public disclosure of the Company's financial data, conduct of independent audit, ensuring efficient operation of internal systems, and actively overseeing the works of the independent auditor through every step.

Meetings:

During the reporting period, the Committee met eight times and made eight written notifications to the Board of Directors. The meetings were held prior to the Board of Directors meetings so that information could be presented to the Board about the Committee's activities and the Company's financial statements.

One more Committee meeting was held after the end of the calendar year and before the date of this writing.

Activities:

During the reporting period, the Committee worked in relation to financial reporting, internal audit, internal control and external audit.

The activities of the Committee are summarized below:

Oversaw the works of the independent audit firm through every step and the independent audit process through to the evaluation of the annual and interim financial statements to be made public with respect to their fairness, accuracy and conformity to the accounting principles adopted by the Company.

Approved the annual audit plan of the Company's Internal Audit Unit, oversaw that audits are conducted in accordance with the plan, and received information about audits and other activities carried out by the Internal Audit Unit in regularly held meetings.

Provided the necessary coordination for the submission of the findings from the audit activities to the Board of Directors and the Company's Senior Management, and for ensuring that actions are taken for remedying the findings.

Auditor's Efficiency:

The efficiency of the independent audit process relies on the accurate determination of the key audit topics at the start of the audit cycle. Every year, independent auditors present the detailed audit plan covering an assessment of the key audit topics to the Committee.

Every year, the Committee holds private meetings with the independent auditors in the absence of the executive level, thus offering an additional opportunity for feedback. In general, the topics discussed include the auditor's assessment of business risk and the efficiency of the management, transparency and openness of the mutual communications with the management, whether there exists any restriction imposed by the management, and how they practice professional skepticism.

The Company's independent audit activities has been conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for 2017, 2018, 2019, 2020, 2021, 2022 and 2023 reporting periods in accordance with the CMB legislation.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi'nin (Şirket), which comprise the statement of the financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant account policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for the Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Presentation of investment properties in the financial statements and significant information disclosed</p> <p>As explained in note 2 and note 10, the company recognizes investment properties at their fair values, after initial recognition.</p> <p>As of December 31, 2023, fair value amount of the investment properties disclosed in the financial statements has been valued in TL 24.441.021.000 TL by independent appraisal firms and details of the valuation have been disclosed in note 10. Due to fact that investment properties are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.</p>	<p>We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying investment property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 10. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents.</p> <p>Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures.</p> <p>Due to the high level of judgment in the valuation of investment property and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range.</p> <p>We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

Inventories	
<p>As of December 31, 2023, in the financial statements of the Company there has been inventories amounting to TL 2.494.606.831 in the current assets and TL 3.193.814.087 in the non-current assets. Inventories comprise of cost of land that is held to build housing projects for sale in the short-term and construction costs of housing units. Accounting policy regarding to inventories is disclosed in note 11. Due to the fact that inventories are significant part of the Company's assets and matters such as according of purchase, conversion - capitalization and other necessary costs which are included to inventories, housing inventories to be sold are considered as key audit matter to our audit.</p>	<p>Within the scope of our audit procedures performed regarding to the subject stated above, it has been focused on the followings;</p> <ul style="list-style-type: none"> - Testing cost of development additions in the current year by comparing with documents such as invoice and progress payment - Review of borrowing costs capitalized to inventories in the current year and review the capitalization ceiling test - Testing of foreign currency differences capitalized and its verification with borrowing costs - Controlling of net realizable value of the inventories with valuation report and realized sales
Key audit matter	
Application of the hyperinflationary accounting	How our audit adressed the key audit matter
<p>As stated in note 2.1 to the financial statements, the Company has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Company (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2023.</p> <p>In accordance with TAS 29, financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Company utilized the Türkiye consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Company, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included in following;</p> <ul style="list-style-type: none"> - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed, - We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations, - We have audited the restatements of corresponding figures as required by TAS 29, - We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

INDEPENDENT AUDITOR’S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors’ report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code (“TCC”) 6102 is submitted to the Board of Directors of the Company on February 23, 2024.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company’s bookkeeping activities for the period 1 January - 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company’s articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

February 23, 2024
Istanbul, Turkey

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İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

**AS OF DECEMBER 31, 2023 STATEMENT OF
FINANCIAL POSITION (BALANCE SHEET)**

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

		Audited	Audited
	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current assets		4.150.677.643	3.320.400.440
Cash and cash equivalents	5	638.676.694	2.053.268.101
Financial investments	6	403.324.400	212.463.706
Trade receivables	8	234.815.905	238.171.624
<i>Trade receivables from related parties</i>	25	6.323.568	16.795.304
<i>Trade receivables from third parties</i>		228.492.337	221.376.320
Other receivables	9	17.849.017	14.875.762
<i>Other receivables from related parties</i>		17.849.017	14.875.762
Inventories	11	2.494.606.831	324.882.647
Prepaid expenses	16	260.945.649	383.875.270
<i>Prepaid expenses to related parties</i>	25	127.470.986	664.770
<i>Prepaid expenses to third parties</i>		133.474.663	383.210.500
Other current assets	16	100.459.147	92.863.330
Non-current assets		29.004.366.552	26.341.837.437
Financial investments	6	1.029.724.012	915.040.587
Trade receivables	8	1.510.200	193.530
<i>Other trade receivables from third parties</i>		1.510.200	193.530
Inventories	11	3.193.814.087	2.353.865.672
Equity accounted investees	3	22.187.597	15.964.212
Investment properties	10	20.873.021.000	19.900.967.834
Investment properties under development	10	3.568.000.000	2.859.867.980
Tangible assets	12	256.323.753	239.750.433
Intangible assets	13	7.370.372	5.687.277
Prepaid expenses	16	52.415.531	50.499.912
<i>Prepaid expenses to third parties</i>		52.415.531	50.499.912
TOTAL ASSETS		33.155.044.195	29.662.237.877

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2023 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

		Audited	Audited
	Notes	December 31, 2023	December 31, 2022
LIABILITIES			
Short-Term Obligations		3.681.882.954	5.766.030.615
Short term loans and borrowings	7	2.356.830.460	4.585.725.710
<i>Loans and borrowings to related parties</i>	25	1.385.180.460	1.499.263.829
<i>Loans and borrowings to third parties</i>		971.650.000	3.086.461.881
Current portion of long term loans and borrowings	7	119.354.925	1.014.061.297
<i>Loans and borrowings to related parties</i>	25	--	202.086.831
<i>Loans and borrowings to third parties</i>		119.354.925	811.974.466
Trade payables	8	241.564.174	30.372.721
<i>Trade payables to related parties</i>	25	36.148.362	12.302.520
<i>Trade payables to third parties</i>		205.415.812	18.070.201
Other payables	9	41.198.322	39.897.706
<i>Other payables to third parties</i>		41.198.322	39.897.706
Liabilities from contracts with customers	17	857.561.573	43.540.349
<i>Contractual obligations from sales of goods and services</i>		857.561.573	43.540.349
Deferred income (Excluding liabilities from contracts with customers)	16	1.417.718	3.333.228
<i>Deferred income from related parties</i>	25	464.600	172.384
<i>Deferred income from third parties</i>		953.118	3.160.844
Short-term provisions		23.951.036	10.503.752
<i>Provisions for employee benefits</i>	15	2.196.660	1.579.891
<i>Other short-term provisions</i>	14	21.754.376	8.923.861
Other short-term liabilities	16	40.004.746	15.180.469
Derivatives	6	--	23.415.383
Long-term liabilities		2.440.000.895	14.335.307
Long term loans and borrowings	7	2.425.965.414	--
<i>Loans and borrowings to related parties</i>	25	153.092.438	--
<i>Loans and borrowings to third parties</i>		2.272.872.976	--
Long term provisions		14.035.481	14.335.307
<i>Provisions for employee benefits</i>	15	14.035.481	14.335.307
EQUITY		27.033.160.346	23.881.871.955
Share capital	18	958.750.000	958.750.000
Inflation restatement difference on share capital	18	13.826.149.090	13.826.149.090
Share premium	18	6.757.466	6.757.466
Other comprehensive income that will never be reclassified to profit or loss		95.205.572	75.183.993
<i>Revaluation and classification of gains/losses</i>		105.742.676	83.179.256
<i>Other earnings/losses</i>		(10.537.104)	(7.995.263)
Legal reserves	18	567.393.032	535.917.950
Prior years' profits	18	8.447.638.374	(121.791.396)
Net profit for the period		3.131.266.812	8.600.904.852
TOTAL EQUITY AND LIABILITIES		33.155.044.195	29.662.237.877

The accompanying notes are an integral part of these financial statements.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

		Audited	Audited
	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	19	1.253.517.625	1.452.555.820
Cost of sales (-)	19	(320.284.895)	(642.065.852)
Gross Profit		933.232.730	810.489.968
General administrative expenses (-)	20	(139.230.270)	(97.469.100)
Marketing expenses (-)	20	(41.480.323)	(36.251.354)
Other operating income	22	2.039.943.625	7.566.820.620
Other operating expenses (-)	22	(106.480.258)	(479.815)
Operating profit		2.685.985.504	8.243.110.319
Income from investment activities	22	42.168.852	33.929.363
Expense from investment activities (-)	22	(11.321.090)	-
Share of profit of equity-accounted investees	3	4.591.328	1.278.649
Operating Profit Before Financing Expense		2.721.424.594	8.278.318.331
Financing expenses (-)	23	(1.490.855.180)	(690.390.753)
Monetary position gain/(loss)		1.900.697.398	1.012.977.274
Operating Profit before Tax From Continuing Operations		3.131.266.812	8.600.904.852
Tax Expense From Continuing Operations			
- Corporate tax charge		--	--
- Deferred tax benefit		--	--
Period Profit		3.131.266.812	8.600.904.852
Earnings per share	24	0,0327	0,0897

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period		3.131.266.812	8.600.904.852
Other comprehensive income			
Other comprehensive income that will never be reclassified to profit or loss		20.021.579	75.183.993
Revaluation and classification of gains/losses	12	22.563.420	83.179.256
Actuarial gain/(loss) arising from defined benefit plans	15	(2.541.841)	(7.995.263)
Other comprehensive revenue		20.021.579	75.183.993
TOTAL COMPREHENSIVE REVENUE		3.151.288.391	8.676.088.845

The accompanying notes are an integral part of these financial statements.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

	Notes	Share capital	Inflation restatement difference on share capital	Share premium
Balances as of January 1, 2022		958.750.000	13.826.149.090	6.757.466
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances as of December 31, 2022	18	958.750.000	13.826.149.090	6.757.466
Balances as of January 1, 2023		958.750.000	13.826.149.090	6.757.466
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances as of December 31, 2023	18	958.750.000	13.826.149.090	6.757.466

Other comprehensive income that will never be reclassified to profit or loss						
Other earnings/losses	Revaluation and classification of gains/losses	Legal reserves	Prior years' profits	Net profit for the period	Equity	
-	-	521.366.636	(3.706.958.257)	3.599.718.175	15.205.783.110	
-	-	14.551.314	3.585.166.861	(3.599.718.175)	-	
(7.995.263)	83.179.256	-	-	8.600.904.852	8.676.088.845	
(7.995.263)	83.179.256	535.917.950	(121.791.396)	8.600.904.852	23.881.871.955	
(7.995.263)	83.179.256	535.917.950	(121.791.396)	8.600.904.852	23.881.871.955	
-	-	31.475.082	8.569.429.770	(8.600.904.852)	--	
(2.541.841)	22.563.420	--	--	3.131.266.812	3.151.288.391	
(10.537.104)	105.742.676	567.393.032	8.447.638.374	3.131.266.812	27.033.160.346	

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

		Independently Audited 1 January - 31 December 2023	Independently Audited 1 January - 31 December 2022
	Notes		
A. Cash flows from operating activities		(988.472.998)	(1.852.238.003)
Net profit for the period		3.131.266.812	8.600.904.852
Profit adjustments for:			
Adjustments to depreciation and amortization	12, 13	9.291.344	8.237.929
Adjustments to impairment or cancelation		105.862.551	75.653.704
- Adjustments to impairment of receivables	8	(617.707)	32.722
- Adjustments to impairment of inventories	11	106.480.258	75.620.982
Adjustments for provisions		6.464.253	2.039.123
- Adjustments to provision for employee severance indemnity	15	6.464.253	2.039.123
Adjustments for (gain)/losses on fair value		(1.816.814.996)	(7.368.352.694)
- Adjustments to (gain)/losses on fair value of investment property	10	(1.766.573.064)	(7.228.631.175)
- Adjustments to (gain)/losses on fair value of financial assets	6	(54.250.419)	(168.442.569)
- Adjustments to (gain)/losses on fair value of derivatives	23	4.008.487	28.721.050
Adjustments for retained earnings of investments valued by equity method		(4.591.328)	(1.278.649)
- Adjustments for retained earnings of subsidiaries	3	(4.591.328)	(1.278.649)
Adjustments to interest income and expense		1.360.276.889	568.072.994
- Adjustments to interest income	19,22	(87.970.874)	(65.403.264)
- Adjustments to interest expense		1.448.247.763	633.476.258
Adjustments to foreign exchange differences		(159.758.517)	(79.515.682)
Adjustments to monetary Gain/(loss)		(2.043.803.334)	(2.243.891.021)
Operating profit from before the changes in working capital		588.193.675	(438.129.445)
Changes in working capital			
Changes in trade receivables		8.224.029	66.358.341
- Changes in trade receivables from related parties		10.471.736	(10.381.283)
- Changes in trade receivables from third parties		(2.247.707)	76.739.624
Changes in other receivables		(2.973.255)	175.621
- Changes in other receivables from third parties		(2.973.255)	175.621
Changes in inventories		(2.814.675.331)	(943.190.716)
Changes in prepaid expenses		121.014.002	(164.862.859)
Changes in trade payables		211.191.453	1.816.766
- Changes in trade payables from related parties		23.845.842	634.307
- Changes in trade payables from third parties		187.345.611	1.182.459
Changes in other payables		1.300.616	(3.782.577)
- Changes in other payables from third parties		1.300.616	(3.782.577)
Changes in liabilities from contracts with customers		814.021.224	(287.020.479)
- Changes in contractual obligations from sales of goods and services		814.021.224	(287.020.479)
Changes in deferred income (Excluding liabilities from contracts with customers)		(1.915.510)	(47.210.703)
Other changes in working capital		30.058.972	(88.950.772)
- Changes in other assets		(7.595.817)	(85.724.546)
- Changes in other liabilities		37.654.789	(3.226.226)
		(1.045.560.126)	(1.904.796.822)
Cash generated from operating activities			
Employee termination benefits paid	15	(2.909.182)	(894.186)
Interest received	5, 19	59.996.310	53.453.005
Net cash provided by/(used in) operating activities		(988.472.998)	(1.852.238.003)
B. Cash flows from investment activities			
Cash outflows for the acquisition of shares of other entities or funds or debt instruments		148.706.300	(206.985.996)
Cash outflows from the purchase of financial assets		(400.000.000)	(13.722.285)
Cash outflows arising from purchase of investment properties	10	(215.089.649)	(769.463.606)
Cash outflows arising from purchases of tangible and intangible assets	12, 13	(4.984.334)	(14.302.566)
- Cash outflows arising from purchases of tangible assets		(1.461.325)	(10.243.731)
- Cash outflows arising from purchases of intangible assets		(3.523.009)	(4.058.835)
Dividends received		2.000.000	823.865
Net cash used in investing activities		(469.367.683)	(1.003.650.588)
C. Cash flows from financing activities		272.426.845	3.588.657.962
Cash inflows arising from derivatives		-	70.616.426
Cash outflows arising from derivatives		(27.423.870)	-
Borrowings received	7	14.980.939.554	6.036.081.749
Borrowings paid	7	(13.425.406.597)	(1.946.617.529)
Interest paid	7	(1.255.682.242)	(571.422.684)
Net cash provided by financing activities		272.426.845	3.588.657.962
Increase/(decrease) in cash and cash equivalents before effect of changes in foreign currency rates		(1.185.413.836)	732.769.371
Effect of changes in foreign currency rates over cash and cash equivalents		159.758.517	79.515.682
Net increase/(decrease) in cash and cash equivalents		(1.025.655.319)	812.285.053
Net monetary gain/(loss) in cash and cash equivalents		(416.910.652)	853.981.931
Cash and cash equivalents at the beginning of the period	5	2.041.317.843	375.050.859
Cash and cash equivalents at the end of the period	5	598.751.872	2.041.317.843

The accompanying notes are an integral part of these financial statements.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

1. Organization and operations of the Company

İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company") was established on August 6, 1999 by İş Gayrimenkul Yatırım ve Proje Değerlendirme Anonim Şirketi taking over all assets and liabilities of İş Gayrimenkul Yatırım ve Proje Değerlendirme Anonim Şirketi and Merkez Gayrimenkul Yatırım ve Proje Değerlendirme Anonim Şirketi, both of which operated separately and were established in 1998. The Company is a subsidiary of Türkiye İş Bankası Anonim Şirketi ("İş Bankası"). The Company's registered address is at İş Kuleleri Kule 2 Kat 10, 11 Levent İstanbul/Turkey.

The main objective and operations of the Company are to engage in activities regulated by the Capital Markets Board of Turkey ("CMB") related with the Real Estate Investment Corporations such as; properties, property oriented capital market instruments, real estate projects and investing in capital market instruments. Compliance to the CMB's regulations and related legislation are taken as a basis for the Company's operations, portfolio investment policies and management limitations.

The company's shares have been traded on the Borsa İstanbul Anonim Şirketi (formerly known as the Istanbul Stock Exchange) ("BİST") since 1999.

As of December 31, 2023, the Company has 70 employees (December 31, 2022: 72).

Kanyon Yönetim İşletim ve Pazarlama Limited Şirketi ("Kanyon") was established on October 6, 2004 by both 50% equal participations of the Company and Eczacıbaşı Holding Anonim Şirketi ("Eczacıbaşı Holding"). However, Kanyon is converted to Joint Stock Company status as at June 5, 2015. The main objective and operations of the jointly controlled entity are the management of the residences, offices and shops; providing cleaning, maintenance, security, basic environmental set up and similar activities as well as acting as an agent in the introduction and marketing of the projects of the complexes, including property letting and sale.

2. Basis of presentation of financial statements

2.1 Basis of presentation

Statement of compliance

The accompanying financial statements and explanatory notes have been prepared in accordance with Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Markets Board of Turkey ("CMB"), which is published on June 13, 2013 at the Official Gazette numbered 28676. TAS include Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The financial statements as of December 31, 2023 were approved by the Board of Directors on February 23, 2024 and signed on behalf of the Board of Directors. The General Assembly and the legal authorities have the authority to amend the statutory financial statements and these financial statements.

Additional paragraph for convenience translation into English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries.

Preparation of financial statements

The accompanying financial statements have been presented in accordance with the TAS taxonomy announced by POA as of October 4, 2022.

Functional and presentation currency

The financial position and the results of the Company's operations have been expressed in Turkish Lira ("TL") which is the functional currency of the Company and which is the presentation currency of the financial statements.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Preparation of financial statements in Hyperinflationary Periods

With the statement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23 2023, entities who applies TFRS on their financial statements will be subject to inflation accounting accordance with TMS 29 Financial Reporting Standard in High Inflation Economies, starting from the annual reporting period ending on or after December 31 2023. IAS 29 applies to the financial statements of entities whose functional currency is the currency of a hyperinflationary economy.

The accompanying financial statements are prepared on the historical cost basis, except for financial investments measured at fair value and investment properties measured at revalued amounts. The previously mentioned financial statements and all comparative amounts from previous periods have been adjusted according to the changes in the general purchasing power of the Turkish lira in accordance with TMS 29 and are finally expressed in terms of the purchasing power of the Turkish lira as of December 31, 2023.

In the application of TMS 29, the entity used the correction coefficients obtained according to the Consumer Price Indexes (CPI) published by the Turkish Statistical Institute in accordance with the guidance given by the KGK. Since January 1, 2005, when the Turkish lira was no longer defined as the currency of a hyperinflationary economy, the CPI and corresponding adjustment coefficients for the current and previous periods are as follows:

Year End	Index	Index %	Adjustment coefficient
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1128,45	64,27	1,64773
2023	1859,38	64,77	1,00000

In order to make the necessary adjustments in the financial statements in accordance with TAS 29, assets and liabilities were first separated into monetary and non-monetary, and non-monetary assets and liabilities were further separated into those measured at current value and those measured at cost.

Monetary items (except those linked to an index) and non-monetary items measured at their current value at the end of the reporting period are not subject to inflation adjustment as they are currently expressed in the current measurement unit at December 31 2023. Non-monetary items that are not expressed in the measurement unit as of December 31, 2023 are subject to inflation adjustment using the relevant coefficient. In cases where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or net realizable value, the book value is reduced by applying the relevant TFRS. In addition, inflation adjustments were made for equity and all items in the statement of profit or loss and other comprehensive income.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Non-monetary items acquired before January 1, 2005, when the Turkish lira ceased to be defined as the currency of a hyperinflationary economy, and equity capital put into operation or formed before this date, has been corrected according to the change in the CPI from January 1, 2005 to December 31, 2023.

The implementation of TAS 29 necessitated adjustments arising from the decrease in the purchasing power of the Turkish lira and presented in the Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and other comprehensive income. As long as the value of monetary assets or liabilities does not depend on changes in the index, during the inflation period, the purchasing power of entities carrying monetary assets in higher amounts than monetary liabilities will weaken, while the purchasing power of entities carrying monetary liabilities in higher amounts than monetary assets will increase. The net monetary position gain or loss is derived from the adjustment differences of non-monetary items, shareholders' equity, items in the statement of profit or loss and other comprehensive income, and index-linked monetary assets and liabilities.

In addition, in the reporting period when TAS 29 is first applied, the provisions of the Standard are applied assuming that there is always high inflation in the relevant economy. Therefore, the statement of financial position dated 1 January 2022 for the beginning of the earliest comparative period has been adjusted for inflation in order to serve as a basis for subsequent reporting periods. The inflation-adjusted amount of the profit/loss item of previous years in the financial status report dated January 1, 2022, was obtained from the balance equality that should be present after adjusting the other items of that table for inflation.

Interest in Joint Arrangements

Jointly controlled entities are those entities over whose activities one or more entities has joint control, established by contractual agreement and requiring unanimous consent for economic benefits.

Jointly controlled entity which is constituted as Kanyon is accounted for using the equity method in the accompanying financial statements. Under the equity method, investments in the jointly controlled entities are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the jointly controlled entity and the comprehensive income reflects the share of the results of operations of the jointly controlled entities. Where there has been a change recognised directly in the equity of the jointly controlled entities, the Company recognises its share of any changes and discloses this based on IAS 28 "Investment in Associate and Joint Ventures", when applicable, in the statement of changes in equity.

The financial statements of jointly controlled entity were prepared by using same accounting policies and periods to confirm with the Company's financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation and gains and losses from foreign currency transactions are recognized in profit or loss.

The valuation principles applied, and the presentation of accounting policies have been consistently applied in all period information. Significant changes in accounting policies and significant accounting errors identified are applied retrospectively and the prior period financial statements are restated.

2.2 Changes in accounting policies and estimates

The changes in estimates of accounting are about only one period, when the change is made, are about future, prospectively applied by including future periods. There is no change in accounting estimates in the current period. Determined significant accounting estimates errors are applied retrospectively and restated prior financial statements.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on The Company's financial position and performance have been disclosed in the related paragraphs.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

i) The new standard, amendments and interpretations which are effective as of 1 January 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

Such change did not have a material impact on the Company's financial position or performance.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Such change did not have a material impact on the Company's financial position or performance.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Such change did not have a material impact on the Company's financial position or performance.

Amendments to TAS 12 - International Tax Reform - Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company/the Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will assess the effects of such changes after the aforementioned standards have been finalized.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

Such change does not apply to the Company and has no effect on its financial position or performance.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

Overall, the Company expects no significant impact on its balance sheet and equity.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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2.4 Summary of significant accounting policies

Significant accounting policies applied for the preparation of the accompanying financial statements are as follows:

2.4.1 Accounting for income and expenses

Revenue

Revenue include rent income, revenue from sale of investment properties and income from expenses made for investment properties invoiced to tenants, interests received from banks, income from capital market instruments.

Rent income from investment properties under operating leases

Rent income generated during the period from investment properties is recognized on an accrual basis. Revenue can only be realized if the amount is reliably measured and the inflow of the economic benefits related with the transaction to the Company is probable. Revenue is recognized as the fair value of the consideration amount received or receivable.

Income from expenses made for investment properties invoiced to tenants is recognized in the period when the service is provided by the Company.

Revenue from sale of investment property

Revenue is recognized when the significant risks and rewards of ownership of the investment property are transferred to the buyer and the amount is reliably measured. Revenue is recognized when and only when the Company transfers the significant risks and rewards of ownership of the goods to the buyer, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue and cost of sales are recognized once the sales contracts of the projects are in line with the above stated criteria.

Interest income and expenses

Interest income is recognized through profit or loss on accrual basis by using the effective interest method.

If borrowing costs are totally related with an investment property in progress, these borrowing costs are included in the cost of mentioned investment property. Other borrowing costs are recognized through profit or loss by using the effective interest rate.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

2.4.2 Investment property

The investment properties that the Company owns are measured by fair value in accordance with TMS 40 "Investment Property".

Terrains and buildings which hired to use for production of goods and services or administrative use or to be sold or rented in the ordinary course of business or in the purpose of appreciation, or for both are classified as investment properties and are evaluated by fair value measurement. Profit or loss that inflicting by a change in the fair value of an investment property, is included to the comprehensive income statement in its consisting time. (Note 22)

Investment properties are registered as asset if and only the economic benefits in the future are likely to enter the firm and the cost of investment properties are dependably measurable.

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Management considers level of completion of construction, comparability of constructional project in market, identifiability of cash flows credibly which are following completion of construction, risks of real estate property, backgrounds and reconstruction permits of other construction which has same qualifications for faithfully evaluation of fair value of real estate properties which are under construction.

2.4.3 Tangible assets

As of December, 31 2004 the Company were reflecting tangible assets purchased before January 1 2005 on cost restated for the effects of inflation. In the following period were reflecting purchase cost, after allocating accumulated depreciation and permanent impairment provisions to the financial statements. Due to the changes in accounting policies since September 30, 2015, valuation of real estate in use recorded under tangible fixed assets was amended from cost model to the revaluation model in accordance with "TAS 16- Tangible Assets".

Cost of a tangible asset represents all cash outflows directly attributable to purchase of an asset and includes capitalized borrowing costs if any.

If the components of a tangible asset have different useful lives, these components (essential parts) must be recognized separately.

Gains and losses of sale of a tangible asset is determined by offsetting the carrying value with recovered amount and recognized through profit or loss in the other operating income/loss account.

Depreciation

Tangible assets are depreciated principally on a straight-line basis considering estimated useful lives, acquisition and assembly dates. Estimated useful lives are summarized below:

Buildings	50 years
Machinery and equipment	4-5 years
Vehicles	4-5 years
Assets	3-5 years

Subsequent costs

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

2.4.4 Intangible assets

Intangible assets acquired before 1 January 2005 are carried at restated cost; and subsequent purchases are carried at cost, less accumulated amortization and impairment.

Amortization

Intangible assets are amortized principally on a straight-line basis considering the estimated useful lives. Related intangible assets are amortized when they are ready to use. The expected useful lives of intangible assets are 3-5 years.

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2.4.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If an asset's or cash generating unit's recoverable amount is less than its carrying value, the value of this asset or cash generating unit is discounted to recoverable amount. Impairments are recognized through profit or loss.

2.4.6 Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories comprise of construction costs of housing units (completed and in-progress) and the costs of land used for these housing projects. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Unit costs of the inventories are valued at the lower of cost or net realizable value. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year are classified as short term inventories, and which will not be completed within a year are classified as long term inventories in the financial statements.

2.4.7 Financial instruments

i) Financial assets

Classification

The Company classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Company's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "other receivables". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of nonderivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

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"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company was recognized as a separate asset or liability.

Impairment

- Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below;
- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing

Trade Receivables

Trade receivables are carried at amortized rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the writedown, the release of the provision is credited to general administrative expenses.

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the statement of income or loss.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank deposits with maturity periods of less than three-months and other highly liquid short-term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The carrying values of these assets are close to their fair values.

Reverse repurchase agreements

Marketable securities held as part of resale agreement commitments ("reverse repo") are accounted for under cash and cash equivalents in the statement of financial position. The difference between purchase and resale prices is accounted for as interest and amortized during the period of the agreement.

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ii) Financial liabilities

Financial liabilities are recognized with fair values in initial registration date. Financial liabilities are recognized with their acquisition costs including transaction costs and evaluated through amortized costs depending on the method of active interest rate. In case of enforcing, cancelling or abolishing the obligations based on the agreement; the Company deducts aforesaid financial obligations from registrations.

iii) Non-derivative financial obligations

Trade and other payables

Trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Short-term debts that do not have a set interest rate are shown at cost values, if the effect of the original effective interest rate is not too large.

iv) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. If these derivatives do not qualify for hedge accounting and are accounted for as trading instruments, changes in their fair value are accounted in profit or loss.

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted in profit or loss.

v) Paid-in capital

Ordinary shares

Ordinary shares are classified as paid in capital. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.4.8 Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to set off, and when the Company has the intention of collecting or paying the net amount of related assets and liabilities or when the Company has the right to offset the assets and liabilities simultaneously.

2.4.9 Effects of foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates on the dates of the transactions. The Company's financial statements and operation results are presented in TL which is effective currency and presentation currency of the Company.

Monetary assets and liabilities based on foreign currency included in the statement of financial position have been converted to TL using spot exchange rates at the end of the reporting period. Foreign exchange income or expenses arising from the translation of transactions denominated in foreign currencies into TL or the expression of monetary items are reflected in the profit or loss statement for the relevant period.

2.4.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as investment property, are capitalized as part of the cost of that asset.

All other borrowing costs are recorded in the profit or loss in the period in which they are incurred.

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2.4.11 Earnings per share

Earnings per share is calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (Note 24).

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.4.12 Events after the reporting period

Events after the reporting period represent the events that occur against or on behalf of the Company between the reporting date and the date when statement of financial position was authorized for the issue. There are two types of events after the reporting period:

- those that provide evidence of conditions that existed as of the reporting period (adjusting events after the reporting date) and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting date).

If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.4.13 Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. If the related criteria not met, obligations must be disclosed in the notes to the financial statements.

If there is a probable cash inflow for an economic benefit, contingent asset must be disclosed in the notes to the financial statements. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably

2.4.14 Taxes calculated on the basis of the company's earnings

The Company

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

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Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the New Corporate Tax Law, real estate investment company earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognized.

2.4.15 Employee benefits/Retirement pay provisions

In accordance with TAS 19 all actuarial gains and losses are recognized in other comprehensive income. The most important change in new TAS 19 is related to the accounting for the defined benefit obligations effective from 31 December 2012.

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 Employee Benefits.

The retirement benefit obligation recognized in the financial statements represents the present value of the defined benefit obligation. All actuarial gains and losses have been recognized in the statement of other comprehensive income.

2.4.16 Share capital and dividends

Common shares are classified as equity. Expenses directly attributable to the issuance of common shares and share options are recognized in equity with net of tax. Dividends on common shares are recognized in equity in the period in which they are approved and announced.

2.4.17 Related parties

For the purpose of the accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. Shareholders and the Company's management are also included in the related parties. Related party transactions include the transfer of the assets and liabilities between institutions with or without a charge.

2.4.18 Leasing

Finance leasing is a leasing method which most of the risks and rewards transferred to lessee. All other leasing activities are classified as operational leasing.

The Company, as lessor in the operational lease transactions

Operational lease income is recognized in the profit or loss on a straight-line basis for the whole lease period in the agreement.

The Company, as lessee in the operational lease transactions

Operating lease expenses are recorded in the profit or loss statement by linear method during the lease period. The direct initial costs incurred in the realization and negotiation of the lease are likewise included in the cost of the leased asset and are amortized for the duration of the lease by the linear method.

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The Company, as lessee in the finance lease transactions

Tangible assets acquired by finance leasing are recognized both as an asset and liability in the statement of financial position of the Company. The value of these assets is determined as lower of fair value or present value of future lease payments. Financial costs arising from leasing transactions are distributed in a fixed rate through the lease agreement period.

2.4.19 Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. Cash and cash equivalents are comprised of cash, receivables from reverse repos and time deposits with maturity shorter than three months.

2.4.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.5 Restrictions on the investment portfolio of real estate investment trusts

The information included in the footnote titled "Control of Compliance with Portfolio Limitations" is in the nature of summary information derived from financial statements in accordance with the CMB's Communiqué Serial: II No: 14.1 "Principles of Financial Reporting in the Capital Markets". This information was published in the Official Gazette numbered 28660 on May 28, 2013, Serial: III, No: 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts"; The Communiqué on the Amendment of the Communiqué, Serial: III, No: 48.1a, published in the Official Gazette No. 28891 on January 23, 2014, and published in the Official Gazette No. 31269 on October 9, 2020, Serial: III No: Amendments to the Communiqué No. 48.1.e on "Principles Regarding Real Estate Investment Trusts". It has been prepared within the framework of the provisions of the Communiqué on the control of compliance with portfolio limitations.

2.6 Accounting estimates

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions. The main notes on which estimates are used are as follows:

- Note 10 Investment property
- Note 11 Inventories
- Note 14 Provision for litigation
- Note 15 Provisions for employee benefits

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Current account balance

As of 31 December 2023, current assets of the Company are amount to TL 4.150.677.643 and short term liabilities of the Company are amount to TL 3.681.882.953 short term liabilities exceeded current assets TL 468.794.690. In addition, there are advances received are amount to TL 857.561.573 arising from house sales are included to short term liabilities.

The Company does not foresee any shortcomings regarding the fulfilment of these short term liabilities.

The Company anticipates that approximately 1.2 billion TL of rental income will be collected from the investment properties in the following year.

3. Equity accounted investees

The investments that are valued using equity method are shown in the financial statements of the Company by using equity method. Company's business partnerships that valued according to equity method are listed below:

	Ownership rate (%)	December 31, 2023	Ownership rate (%)	December 31, 2022
Kanyon	50	22.187.597	50	15.964.212
		22.187.597		15.964.212

The summarized financial statements information of the jointly control entities under the equity method are listed below:

Kanyon	December 31, 2023	December 31, 2022
Current assets	130.175.380	110.470.160
Non-current assets	8.000.039	7.870.667
Short-term liabilities	(87.048.608)	(80.666.389)
Long-term liabilities	(6.751.617)	(5.746.014)
Net assets	44.375.194	31.928.424

Kanyon	2023	2022
Income for the period	371.359.192	296.740.154
Expense for the period (-)	(362.176.536)	(294.182.856)

The Company recognized profit amounting to TL 4.591.328 resulting from consolidation of Kanyon with equity method for the year ended December 31, 2023 (December 31, 2022: TL 1.278.649) in the accompanying statement of profit and loss.

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4. Operating segments

Each segment of the Company is managed by the Company's management on project basis. Allocation of the resources to the segments is also managed on project basis.

	Ankara İş Kule Building	Istanbul İş Kuleleri Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	Istanbul Kanyon Shopping Mall	Istanbul Marmara Park Shopping Mall	Taksim Office Lamartine	Tuzla Technology and Operation Center
December 31, 2022								
<u>Sales revenue</u>								
Income from sales of residential units	-	-	-	-	-	-	-	-
Rent income	16.167.054	147.798.783	1.223.477	4.266.967	186.185.834	-	10.164.934	301.331.963
Income from right of construction	-	-	-	-	-	174.201.500	-	-
Income fees and service	-	-	283.670	-	427.462	-	-	-
Other income	-	385.906	-	-	1.079.868	-	-	-
Real estate revenue	16.167.054	148.184.689	1.507.147	4.266.967	187.693.164	174.201.500	10.164.934	301.331.963
<u>Cost of sales of residential units</u>								
Administrative expense	-	36.098.653	1.316.692	-	38.023.592	-	506.663	-
Tax and duty and other charges	1.080.190	8.260.281	707.101	129.446	5.792.593	3.449.350	494.326	4.079.094
Insurance expense	319.517	2.506.916	215.478	109.457	636.727	-	23.429	5.263.685
Other	31.367	47.094	42.575	-	158.806	112.395	-	-
Cost of Sales	1.431.074	46.912.944	2.281.847	238.903	44.611.718	3.561.745	1.024.418	9.342.779
Gross Profit	14.735.980	101.271.750	(774.700)	4.028.064	143.081.446	170.639.755	9.140.516	291.989.184
Capital investments	164.333	16.574.475	-	-	9.456.174	-	256.629	-

Istanbul Tuzla Square Bazaar	Izmir Ege Perla Shopping Mall	Izmir Ege Perla Residence/ Office	Eagle Landscape Islands	Topkapi Inistanbul	Litus İstanbul Altunizade	Other Real Estate	Total
-	-	53.027.208	125.693.250	768.627	85.061.414	-	264.550.499
4.879.114	24.623.213	1.273.733	88.860	-	-	-	698.003.931
-	-	-	-	-	-	-	174.201.500
-	3.814.079	-	-	-	-	-	4.525.212
5.055	511.101	31.989	11.342	-	-	-	2.025.261
4.884.169	28.948.392	54.332.930	125.793.452	768.627	85.061.414	-	1.143.306.403
-	-	23.080.875	64.487.648	1.883.990	58.180.505	-	147.633.018
4.343.044	37.462.232	281	2.734.367	-	-	508.170	120.993.695
255.249	2.470.486	308.812	189.672	90.442	-	12.671	27.319.715
401.236	1.859.623	709.752	189.856	-	-	388.189	12.623.865
-	143.731	534.107	6.731	10.357.554	-	280.242	11.714.602
4.999.529	41.936.072	24.633.827	67.608.274	12.331.986	58.180.505	1.189.273	320.284.895
(115.360)	(12.987.680)	29.699.103	58.185.177	(11.563.359)	26.880.909	(1.189.273)	823.021.512
85.460	16.304.480	-	195.221	-	1.296.106.093	4.120.715.058	5.459.857.923

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

	Ankara Business Tower Building	Istanbul Business Towers Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	Istanbul Kanyon Shopping Center	Istanbul Marmara Park AVM	Taksim Office Lamartine	Tuzla Technology and Operation Center
December 31, 2022								
<u>Sales revenue</u>								
Income from sales of residential units	--	--	--	--	--	--	--	--
Rent income	14.783.992	104.312.749	1.019.466	3.512.869	146.705.412	--	6.446.065	266.837.948
Income from right of construction	--	--	--	--	--	155.990.370	--	--
Income fees and service	--	32.534	273.098	--	274.108	--	--	--
Other income	--	151.038	--	--	1.164.166	--	--	--
Real Estate Revenues	14.783.992	104.496.321	1.292.564	3.512.869	148.143.686	155.990.370	6.446.065	266.837.948
<u>Cost of sales of residential units</u>	--	--	--	--	--	--	--	--
Administrative expense	--	57.458.453	1.238.765	--	33.775.402	--	1.424.960	--
Tax and duty and other charges	1.022.163	8.181.365	669.288	116.825	5.452.387	3.261.928	462.993	3.864.322
Insurance expense	207.442	2.146.934	145.428	78.964	1.139.287	--	59.140	4.117.124
Other	1.901	146.745	11.020	--	150.222	--	--	--
Cost of Sales	1.231.506	67.933.497	2.064.501	195.789	40.517.298	3.261.928	1.947.093	7.981.446
Gross Profit	13.552.486	36.562.824	(771.937)	3.317.080	107.626.388	152.728.442	4.498.972	258.856.502
Capital investments	6.669	3.726.141	--	--	6.636.884	--	115.401	18.266

Istanbul Tuzla Square Bazaar	Izmir Ege Perla Shopping Mall	Izmir Ege Perla Residence/ Office	Eagle Landscape Islands	Topkapi Inistanbul	Kasaba Houses	Other Real Estate	Total
--	--	77.327.549	306.430.159	2.420.898	267.669.299	--	653.847.905
4.405.111	15.641.773	1.265.589	26.922	--	--	--	564.957.896
--	--	--	--	--	--	--	155.990.370
127.792	4.254.848	--	--	--	--	--	4.962.380
--	24.626	--	--	--	--	--	1.339.830
4.532.903	19.921.247	78.593.138	306.457.081	2.420.898	267.669.299	--	1.381.098.381
--	--	44.088.567	180.512.609	3.207.589	229.993.053	--	457.801.818
6.138.528	39.012.542	505.618	2.525.994	--	--	--	142.080.262
241.074	456.249	2.248.191	337.470	385.939	--	24.881	26.725.075
304.589	2.138.937	697.875	147.324	--	--	680.431	11.863.475
--	503.771	--	140.441	2.563.122	--	78.000	3.595.222
6.684.191	42.111.499	47.540.251	183.663.838	6.156.650	229.993.053	783.312	642.065.852
(2.151.288)	(22.190.252)	31.052.887	122.793.243	(3.735.752)	37.676.246	(783.312)	739.032.529
--	14.222.794	--	733.148	293.932	174.242.133	1.972.615.140	2.172.610.508

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Reconciliations on revenues, assets and liabilities

	1 January - 31 December 2023	1 January - 31 December 2022
Sales Revenue		
Segment revenue	1.143.306.403	1.381.098.381
Undistributed revenue	110.211.222	71.457.439
Total Revenue	1.253.517.625	1.452.555.820
	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales		
Segment Costs	(320.284.895)	(642.065.852)
Total cost of sales	(320.284.895)	(642.065.852)
	December 31, 2023	December 31, 2022
Assets		
Segment assets	30.100.732.133	25.439.584.133
Other assets	236.326.105	238.365.154
Non-segment related assets	2.789.276.172	3.984.288.590
Total assets	33.126.334.410	29.662.237.877
	December 31, 2023	December 31, 2022
Liabilities		
Segment liabilities	5.801.134.835	5.661.841.054
Other liabilities	320.749.013	118.524.868
Total liabilities	6.121.883.848	5.780.365.922

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

5. Cash and cash equivalents

	December 31, 2023	December 31, 2022	
Time deposits	3.195.339	350.862.740	
Demand deposits	635.431.355	1.691.510.777	
Mutual funds	-	10.883.049	
Other cash equivalents	50.000	11.535	
	638.676.694	2.053.268.101	
Interest accrued on cash and cash equivalents	(39.924.822)	(11.950.258)	
Total cash and cash equivalents in the statement of cash flows	598.751.872	2.041.317.843	
Time Deposits:			
Currency	Interest rate	Maturity	December 31, 2023
TL	38,50 - 43	January 2024	635.431.355
			635.431.355
Time Deposits:			
Currency	Interest rate	Maturity	December 31, 2022
Euro	0,01	January 2023	111.308.251
US Dollar	0,40-0,60	January 2023	375.498.341
TL	17,00-22,00	January-February 2023	1.204.704.185
			1.691.510.777
December 31, 2022	Cost	Fair value	
Mutual funds	10.847.830	10.883.048	
		10.847.830	10.883.048

6. Financial investments/Derivatives

Short-term financial investments

Short-term financial investments	December 31, 2023	December 31, 2022
Currency-protected deposits	-	212.463.706
100. Yıl Girişim Sermayesi Yatırım Fonu	403.324.400	-
Total	403.324.400	212.463.706

Long-term financial investments

Long-term financial investments	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
İş Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu	1.029.724.012	915.040.587
Total	1.029.724.012	915.040.587

As of 31 December 2023, the Company is kept the held of financial investments with 245.035.164 shares from İş Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu (December 31 2022: 227.034.685 shares)

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

The movement of 100. Yıl Girişim Sermayesi Yatırım Fonu is follow;

	December 31, 2023	December 31, 2022
Opening balance, January 1	212.463.706	-
Additions	400.000.000	206.985.996
Fair value difference (Note 22)	3.324.400	5.477.710
Disposals (-)	(212.463.706)	-
December 31 balance	403.324.400	212.463.706

The movement of İş Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu is follow;

	December 31, 2023	December 31, 2022
Opening balance, January 1	915.040.587	738.353.443
Additions	63.757.406	13.722.285
Fair value difference (Note 22)	50.926.019	162.964.859
December 31 balance	1.029.724.012	915.040.587

Derivatives

	December 31, 2023	December 31, 2022
Financial liabilities held for trading		
Derivative instruments	-	23.415.383
Total	-	23.415.383

7. Loans and borrowings

As of December 31, 2023 and 2022, the details of financial borrowings are as follows:

	December 31, 2023	December 31, 2022
Short-term borrowings		
Short-term bank borrowings	2.356.830.460	3.084.748.048
Issued commercial papers	-	1.500.977.662
Total	2.356.830.460	4.585.725.710

	December 31, 2023	December 31, 2022
Short-term portions of long-term financial borrowings:		
Short-term portions of long-term loans	119.354.925	202.086.831
Issued bonds	-	811.974.466
Total	119.354.925	1.014.061.297

	December 31, 2023	December 31, 2022
Long-term financial borrowings:		
Long-term bank loans	426.230.182	-
Issued bonds	1.999.735.232	-
Total	2.425.965.414	-

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

As of December 31, 2023 and 2022, the details of bank loans are as follows:

December 31, 2023				
Currency	Interest rate (%)	Original currency amount	Short term (TL)	Long term (TL)
TL	46,50 - 49,50	2.902.415.567	2.476.185.385	426.230.182
Total		2.902.415.567	2.476.185.385	426.230.182

December 31, 2022				
Currency	Interest rate (%)	Original currency amount	Short term (TL)	Long term (TL)
TL	13,50-33,00	3.286.834.879	3.286.834.879	-
Total		3.286.834.879	3.286.834.879	-

As of December 31 2023, the Company borrowed cash loans amounting to TL 12.629.153.470, some of which expire within the maturity period, with maturities ranging from 6 months to 1 year, with an interest rate of 18,60%-53%.(As of December 31 2022, the Company borrowed cash loans amounting to TL 3.439.896.456, some of which expire within the maturity period, with maturities ranging from 6 months to 1 year, with an interest rate of 13,50% to 33,00%.

The details of the securities issued as of December 31, 2023 and 2022 are as follows:

December 31, 2023					
ISIN CODE	Interest rate (%)	Nominal amount issued (TL)	Date of issuance	Amortization date	Registered value
TRISGY12519	39,00	500.000.000	Aug.1.2023	Jan.22.2025	580.897.338
TRISGYK2519	48,00	500.000.000	Nov.14.2023	Nov.3.2025	527.696.815
TRISGY82512	47,00	850.000.000	Nov.22.2023	Aug.13.2025	891.141.079
		1.850.000.000			1.999.735.232

December 31, 2022					
ISIN CODE	Interest rate (%)	Nominal amount issued (TL)	Date of issuance	Amortization date	Registered value
TRISGY32319	21,20	148.295.627	Feb.25.2022	Mar.2.2023	174.753.666
TRISGY82314	34,50	166.420.648	Aug.15.2022	Aug.17.2023	185.903.594
TRISGY82322	34,50	247.159.378	Aug.18.2022	Aug.21.2023	275.391.471
TRISGYE2319	30,00	164.772.919	Sep.28.2022	Oct.3.2023	175.925.734
TRFISGY22317	30,50	329.545.837	Jun.22.2022	Feb.17.2023	349.069.853
TRFISGY52314	25,00	659.091.674	Oct.19.2022	Apr.17.2023	685.707.600
TRFISGY42315	27,00	444.886.880	Nov.3.2022	May.3.2023	466.200.210
		2.160.172.963			2.312.952.128

The statement of movement of financial borrowings for the years ended December 31 is as follows:

	December 31, 2023	December 31, 2022
Opening balance, January 1	5.599.787.007	2.823.743.982
Borrowings received	14.980.939.554	6.036.081.749
Borrowings paid	(13.425.406.597)	(1.946.617.529)
Interest paid	(1.255.682.242)	(571.422.684)
Interest accrual	1.486.816.960	774.204.020
Monetary Gain/(Loss)	(2.484.303.882)	(1.516.202.531)
December 31 balance	4.902.150.799	5.599.787.007

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

8. Trade receivables and liabilities

Short-term trade receivables and liabilities

	December 31, 2023	December 31, 2022
Trade receivables		
Receivables from customers	67.908.558	56.597.398
Income accruals	133.012.061	162.955.606
Notes receivable	27.596.358	1.843.830
Rediscount of notes receivables (-)	(24.640)	(20.514)
Doubtful receivables	8.073.093	14.258.073
Provision for doubtful receivables (-)	(8.073.093)	(14.258.073)
Due from related parties (Note 25)	6.323.568	16.795.304
	234.815.905	238.171.624
Trade payables		
Payables to suppliers	205.415.812	18.070.201
Due to related parties (Note 25)	36.148.362	12.302.520
	241.564.174	30.372.721

^(*) It consists of tenant income accruals.

As of December 31, 2023, the provision for doubtful trade receivables is TL 8.073.093 TL (December 31, 2022: TL 14.258.073). Provision for doubtful receivables is determined based on the historical collection performance.

Movement of provision for doubtful receivables for the year is as follows:

	December 31, 2023	December 31, 2022
Opening balance, 1 January	(14.258.073)	(23.241.993)
Charge for the period	(1.460.190)	(1.979.937)
Provisions released	2.077.897	1.947.215
Monetary Gain/(Loss)	5.567.273	9.016.642
December 31 balance	(8.073.093)	(14.258.073)

Long-term trade receivables

	December 31, 2023	December 31, 2022
Trade receivables		
Receivables from customers	1.510.200	78.481
Income accruals	-	115.049
	1.510.200	193.530

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

9. Other receivables and payables

	December 31, 2023	December 31, 2022
Other short-term receivables ^(*)	17.849.017	14.875.762
	17.849.017	14.875.762

^(*) TL 3.500.000 of the amount consists of tax office receivables (31 December 2022: TL 5.767.052).

	December 31, 2023	December 31, 2022
Other debts - short-term		
Deposits and guarantees given	39.375.453	37.504.908
Other short-term payables ^(*)	1.822.869	2.392.798
	41.198.322	39.897.706

^(*) The amount is consisting of title deed fees which will be repaid to the customers of İnistanbul Project.

10. Investment properties

As of December 31, 2023 and 2022, the details of investment properties are as follows:

	December 31, 2023	December 31, 2022
Investment property that are active	20.873.021.000	19.900.967.834
Investment property under construction	3.568.000.000	2.859.867.980
Sum	24.441.021.000	22.760.835.814

As of 31 December 2023, total insurance amount on investment properties is TL 5.584.940.663 (31 December 2022: TL 4.377.535.996).

	1 January 2023 opening balance	Purchases	Tranfers	Fair value difference	31 December 2023 closing Balance
Investment properties					
Tuzla Technology and Operation Centre	6.456.363.179	-	-	130.766.821	6.587.130.000
Istanbul İş Kuleleri Complex	6.385.263.664	16.312.339	-	360.343.997	6.761.920.000
Kanyon Shopping Mall	2.306.820.860	8.955.193	-	134.223.946	2.450.000.000
Istanbul Marmarapark Shopping Mall	1.507.672.205	-	-	242.327.795	1.750.000.000
Izmir Ege Perla Shopping Mall	611.843.040	13.844.485	-	46.312.475	672.000.000
Ankara İş Kule Building	627.784.820	164.333	-	48.600.848	676.550.000
Maslak Office Building	848.580.531	-	-	258.169.469	1.106.750.000
Taksim Office Lamartine	614.602.986	150.608	-	(16.403.595)	598.350.000
Tuzla Meydan Bazaar	137.750.160	-	-	(5.925.160)	131.825.000
Mugla Marmaris Mallmarine Shopping Mall	105.141.599	-	-	15.189.401	120.331.000
Levent Land	18.536.510	538.996	-	(910.505)	18.165.000
Balmumcu Project	280.608.280	20.869.246	(301.477.526)	-	-
	19.900.967.834	60.835.200	(301.477.526)	1.212.695.492	20.873.021.000
Investment property under construction					
Istanbul Finance Center Project	2.859.867.980	154.254.448	-	553.877.572	3.568.000.000
	2.859.867.980	154.254.448	-	553.877.572	3.568.000.000
Total	22.760.835.814	215.089.648	(301.477.526)	1.766.573.064	24.441.021.000

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

As of December 31, 2023, the Company has 1st and 2nd-degree mortgages on the investment properties amounting to USD 136.000.000 and TL 5.250.000.000 which are established in favor of İş Bank. In the current period, the Company obtained rent income amounting to TL 872.205.431 TL (31 December 2022: 616.788.147 TL) from its investment property. Total direct operating expenses related to these properties amount to TL 172.651.877 (December 31, 2022: TL 157.590.322).

The fair values of the Company's investment properties on December 31, 2023, have been arrived at on the basis of valuations carried out in November and December 2023 by four independent appraiser firms which are not related parties of the Company. Appraisal firms are accredited independent firms licensed by the Capital Markets Board of Turkey and have appropriate qualifications and recent experience in appraising properties in the relevant locations. According to the appraisal reports, the valuations made in accordance with the International Valuation Standards have been performed according to the methods specified in the table below.

	2023	2022
Investment properties that are active		
Tuzla Technology and Operation Center	Sales comparison approach	Sales comparison approach
Istanbul Business Towers Complex	Sales comparison approach	Sales comparison approach
Kanyon Shopping Center	Discounted cash flow approach	Discounted cash flow approach- Sales comparison approach
Izmir Ege Perla Shopping Mall	Discounted cash flow approach	Discounted cash flow approach
İstanbul Marmara Park AVM	Sales comparison approach	Sales comparison approach
Ankara Business Tower Building	Sales comparison approach	Sales comparison approach
Maslak Office Building	Sales comparison approach	Sales comparison approach
Taksim Office Lamartine	Sales comparison approach	Sales comparison approach
Tuzla Square Bazaar	Sales comparison approach	Sales comparison approach
Mugla Marmaris Mallmarine Shopping Mall	Sales comparison approach	Sales comparison approach
Levent Land	Fair value based on estate tax	Fair value based on estate tax
Dikilitaş Building	Sales comparison approach	Sales comparison approach
Investment property under construction		
İstanbul Finance Centre Project	Reconstruction (Replacement) Cost Approach	Reconstruction (Replacement) Cost Approach

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

	1 January 2022 opening balance	Purchases	Fair value difference	31 December 2022 closing balance
Investment property that are active				
Tuzla Technology and Operation Centre	4.473.249.551	18.310	1.983.095.318	6.456.363.179
Istanbul İş Kuleleri Complex	4.044.524.350	3.726.312	2.337.013.002	6.385.263.664
Kanyon Shopping Mall	1.872.872.990	5.117.829	428.830.041	2.306.820.860
Istanbul Marmarapark Shopping Mall	946.693.603	-	560.978.602	1.507.672.205
Izmir Ege Perla Shopping Mall	764.458.393	14.226.200	(166.841.554)	611.843.040
Ankara İş Kule Building	482.296.565	6.669	145.481.586	627.784.820
Maslak Office Building	441.601.058	-	406.979.473	848.580.531
Taksim Office Lamartine	284.530.207	115.401	329.957.378	614.602.986
Tuzla Meydan Bazaar	85.735.296	-	52.014.864	137.750.160
Mugla Marmaris Mallmarine Shopping Mall	59.980.873	-	45.160.726	105.141.599
Levent Land	22.555.142	207.702	(4.226.334)	18.536.510
Balmumcu Projesi	-	308.307.423	(27.699.142)	280.608.280
	13.478.498.028	331.725.846	6.090.743.960	19.900.967.834
Investment property under construction				
Istanbul Finance Centre Project	1.284.243.004	437.737.761	1.137.887.215	2.859.867.980
	1.284.243.004	437.737.761	1.137.887.215	2.859.867.980
Total	14.762.741.032	769.463.607	7.228.631.175	22.760.835.814

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

11. Inventories

Short-term stocks	December 31, 2023	December 31, 2022
Litus İstanbul Altunizade Project ^(****)	2.264.050.173	-
Kartal Manzara Adalar ^(*)	231.298.465	295.786.112
İzmir Ege Perla ^(**)	3.251.242	26.332.119
Topkapı İnistanbul ^(***)	2.764.416	2.764.416
Provision for impairment (-)	(6.757.465)	-
Total	2.494.606.831	324.882.647
Long-term inventories	December 31, 2023	December 31, 2022
Land of Tuzla	949.674.868	862.431.725
Profilo Mall ^(*****)	1.579.936.682	-
Litus İstanbul Altunizade Project ^(****)	-	1.219.325.235
Balmumcu Project ^(*****)	315.088.096	-
Kasaba Modern Project	448.816.577	331.432.600
Land of Çekmeköy Ömerli ^(*****)	59.344.546	-
Provision for impairment (-)	(159.046.682)	(59.323.889)
Total	3.193.814.087	2.353.865.672

^(*) There are 975 residential units in Kartal Manzara Adalar Project, as of December 31, 2023, 945 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 82.895 (December 31, 2022: TL 36.284.125) (Note 17).

^(**) There are 243 residential units in İzmir Ege Perla Project, as of December 31, 2023, 242 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to none.

^(***) There are 2.741 residential units in Topkapı İnistanbul Project, as of December 31, 2023, 2.740 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 4.403.544 (December 31, 2022: 27.760 TL) (Note 17).

^(****) There are 6 residential units and 1 office units in Litus İstanbul Altunizade project. Balance of advances given related with the Project is amounting to TL 853.075.134 (December 31, 2022: 7.228.464 TL) (Note 17)

^(*****) Regarding Profil Shopping Mall, which was included in the company portfolio in 2023, a housing project will be developed by Artas İnşaat on the land where the said shopping center is located, in accordance with the contract signed with Artas İnşaat.

^(*****) The Balmumcu Building, which was included in the company portfolio on September 1, 2022, is planned to be demolished and replaced with a residence project.

^(*****) It is planned to develop a project consisting of approximately 165 villas/residences on parcels with a total area of 72,609 m2 located in Çekmeköy-Ömerli.

The Company's transaction table for inventory impairment provision is as follows:

	December 31, 2023	December 31, 2022
Opening balance, January 1	(59.323.889)	(134.944.870)
Charge for the period (-)	(165.804.147)	(18.718.444)
Provisions released	59.323.889	94.339.425
December 31 balance	(165.804.147)	(59.323.889)

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(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

12. Tangible assets

	Buildings ^(*)	Machinery and Equipment	Vehicles	Fixtures	Total
Costs					
1 January 2023 opening balance	247.288.817	1.403.887	8.315.694	38.556.523	295.564.922
Purchases	-	-	-	1.461.325	1.461.325
Fair value difference	22.563.424	-	-	-	22.563.424
Closing balance as of December 31, 2023	269.852.241	1.403.887	8.315.694	40.017.848	319.589.671
Accumulated depreciation					
Opening balance as of January 1, 2023	20.923.782	1.403.887	1.339.832	32.146.986	55.814.488
Current year charge	3.598.460	-	1.663.139	2.189.832	7.451.430
31 December 2023 closing balance	24.522.242	1.403.887	3.002.971	34.336.818	63.265.918
Net book value as of January 1, 2023	226.365.035	-	6.975.862	6.409.537	239.750.434
Net book value as of December 31, 2023	245.330.000	-	5.312.723	5.681.030	256.323.753
	Buildings ^(*)	Machinery and Equipment	Vehicles	Fixtures	Total
Cost value					
1 January 2022 opening balance	164.109.566	1.403.887	4.251.974	34.634.239	204.399.666
Purchases	-	-	5.958.438	4.285.293	10.243.731
Disposals	-	-	(1.894.718)	(363.009)	(2.257.727)
Fair value difference	83.179.251	-	-	-	83.179.251
Closing balance as of December 31, 2022	247.288.817	1.403.887	8.315.694	38.556.523	295.564.921
Accumulated depreciation					
1 January 2022 opening balance	17.738.372	1.403.887	2.366.169	30.778.127	52.286.555
Period expense	3.185.410	-	868.382	1.731.868	5.785.660
Disposals	-	-	(1.894.718)	(363.009)	(2.257.727)
Closing balance as of December 31, 2022	20.923.782	1.403.887	1.339.833	32.146.986	55.814.488
Net book value as of January 1, 2022	146.371.195	-	1.885.805	3.856.112	94.846.168
Net book value as of December 31, 2022	245.329.999	-	6.975.861	6.409.537	239.750.433

^(*) As of December 31, 2023, İş Kuleleri Kule:2 10th and 11th floor offices are the most important tangible assets item of the Company which are currently used for registered address with amounting to TL 245.330.000. These areas get share from the mortgages amounting to USD 136 million and TL 2.5 billion established in İş Kuleleri and Kule Çarşı (December 31, 2022: USD 136 million and TL 4.2 billion).

As of December 31, 2023, the Company has tangible assets which is fully depreciated amounting to TL 30.019.550.

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(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

13. Intangible assets

	Computer Programs	Total
Cost value		
Opening balance as of January 1, 2023	47.105.046	47.105.046
Addition	3.523.009	3.523.009
Closing balance as of December 31, 2023	50.628.055	50.628.055
Accumulated amortization shares		
Opening balance as of January 1, 2023	41.417.769	41.417.769
Current year charge	1.839.914	1.839.914
Closing balance as of December 31, 2023	43.257.683	43.257.683
Net book value as of January 1, 2023	5.687.277	5.687.277
Net book value as of December 31, 2023	7.370.372	7.370.372
	Computer Programs	Total
Cost value		
Opening balance as of January 1, 2022	43.046.212	43.046.212
Additions	4.058.834	4.058.834
Closing balance as of December 31, 2022	47.105.046	47.105.046
Accumulated amortization shares		
Opening balance as of January 1, 2022	38.965.500	38.965.500
Purchases	2.452.269	2.452.269
Opening balance as of January 1, 2022	41.417.769	41.417.769
Net book value as of January 1, 2022	4.080.712	4.080.712
Net book value as of December 31, 2022	5.687.277	5.687.277

As at December 31, 2023 and 2022, the Company has no intangible assets which is capitalized in the business area.

The Company has intangible assets with a cost value of TL 38.193.909 that have expired but have been used as of December 31, 2023.

14. Provisions, contingent assets and liabilities

	December 31, 2023	December 31, 2022
Debt provisions ^(*)	20.361.945	6.380.227
Litigation provisions	1.392.431	2.543.634
Total	21.754.376	8.923.861
	December 31, 2023	December 31, 2022
Letters of guarantee received ^(**)	566.369.146	813.638.515
Mortgages received	2.697.040	7.842.629
Sum	569.066.186	821.481.145

^(*) As of December 31, 2023, debt provisions consists of title deed fee accruals of delivered residential units and accrued residential unit taxes to be paid to T. İş Bankası A.Ş. related with Ege Perla project home and office sales.

^(**) Letters of guarantee consist of the letters received from tenants and suppliers of the Company.

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Details of collaterals, pledges and mortgages ("CPM") given by the Company as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
A. CPM given for companies own legal personality ^(*)	9.290.603.143	12.911.564.150
B. CPM given in behalf of fully consolidated companies	--	--
C. CPM given for continuation of its economic activities on behalf of third parties ^(**)	13.127.260	23.987.182
D. Total amount of other CPM's	--	--
- Total amount of CPM's given on behalf of majority shareholder	--	--
- Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	--	--
- Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total	9.303.730.403	12.935.551.332

^(*) CPM given for the Company's own legal personality consists of letters of guarantee amounting to TL 37.007.943 and pledge amounting to USD 136.000.000 and TL 5.250.000.000. As of December 31, 2023, the investment properties are pledged in favour of İş Bankası amounting to 1st degree USD 136.000.000 and TL 2.500.000.000 and 2nd degree TL 2.500.000.000. (Mortgage was constituted in favour of İş Bankası from investment properties portfolio of the Company, Kule-2 and Kule Çarşı amounting to USD 136.000.000 as 1st degree mortgage, Kule-3 amounting to TL 2.500.000.000 1st degree mortgage, Kule-2 and Kule Çarşı amounting to TL 2.500.000.000 as 2nd degree mortgage.). 1st degree mortgage is constituted in favour of İş Bankası in order to finance Tuzla Land of the Company, amounting to TL 250.000.000.

^(**) Represents the cost of guarantors given to the related banks in return for the loan amount in case the buyers of the Company's ongoing residential and office projects use mortgage/business loan from contracted banks. In this respect, as of December 31, 2023, the ratio of CPM given by the Company to the Company's shareholders' equity is 0,049% (December 31, 2022: 0,010%).

As of December 31, 2023, TL 1.392.431 legal case provision is accrued and there are 129 legal cases and 102 enforcement proceedings of the Company is a party. The lawsuit in question are ongoing, and as of 31 December 2023, there is provision for lawsuits amounting to TL 1.207.997 within the scope of the lawsuit filed regarding the ÇED process of the Ege Perla Project. Lawsuits are not of a nature to affect the financial situation and activities of the Company.

Operating leases

The Company, as the lessor in the operating lease transactions

The Company signed operating lease agreements as lessor for the investment properties in its portfolio with tenants which are shopping mall tenants, hotel operators and other third parties. The future minimum lease receivables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	753.501.194	453.861.622
Between 1-5 years	2.196.775.055	1.357.962.755
More than 5 years	12.956.407.996	8.568.180.804
Total	15.906.684.245	10.380.005.181

15. Provisions for employee benefits

	December 31, 2023	December 31, 2022
Unused vacation provisions	2.196.660	1.579.891
Total	2.196.660	1.579.891

	December 31, 2023	December 31, 2022
Severance pay indemnity	14.035.481	14.335.307
Total	14.035.481	14.335.307

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There is an obligation to pay the severance indemnities to those employees are terminated with employment contract to be entitled to severance pay in accordance with Labour Law No. 4857 and Social Security Law No. 5510.

The amount payable consists of one month's salary limited to a maximum of TL 35.058,58 for each period of service as of January 1, 2024 (December 31, 2022: TL 32.926,29).

TAS 19- Employee Benefits requires the development of actuarial methods for the determination of the retirement pay liability.

Actuarial assumptions used to calculate the total liability is given below:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of December 31, 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting dates have been calculated assuming an annual inflation rate of 19,65% (estimated salary increase rate) and a discount rate of 23,58%, resulting in a real discount rate of approximately 3,28% (December 31, 2022: the provisions have been calculated assuming an annual inflation rate of 19,80% (estimated salary increase rate) and discount rate of 22,45%, resulting in a real discount rate of approximately 2,21% discount rate). The anticipated rate of for features is considered. As the maximum liability is revised semi-annually, the maximum amount of TL 35.058,58 effective from January 1, 2024 has been taken into consideration in calculation of provision from employment termination benefits.

	December 31, 2023	December 31, 2022
Opening balance at January 1	14.335.307	8.533.982
Service cost	3.942.260	1.613.916
Interest cost	2.526.285	1.555.107
Retirement pay provisions (-)	(2.909.182)	(1.047.210)
Actuarial differences	2.541.841	7.995.263
Monetary Gain/(Loss)	(6.401.031)	(4.315.751)
As of December 31	14.035.481	14.335.307

16. Prepaid expenses, other assets, deferred revenue (excluding liabilities from contracts with customers) and other liabilities

Prepaid expenses - short term	December 31, 2023	December 31, 2022
Job advances ^(*)	131.308.492	382.250.472
Prepaid expenses	2.166.171	960.028
Related party prepaid expenses (Note 25)	127.470.986	664.770
Total	260.945.649	383.875.270

^(*) The amount generally consists of advances given to the contractors of the projects..

Prepaid expenses - long term	December 31, 2023	December 31, 2022
Job advances ^(*)	52.415.531	50.134.527
Prepaid expenses	-	365.386
Total	52.415.531	50.499.912

^(*) An agreement has signed in order to bought 45% shares of the land registered in Kadikoy, İstanbul, has 9.043 m2 of floor space which is ownership of the land is belong to Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Limited Şirketi (TECİM). In this context, the expenses incurred until the price of the land is reached in accordance with the terms of the agreement will be accounted in this account.

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Other current assets	December 31, 2023	December 31, 2022
VAT transferred	97.360.487	89.698.554
Prepaid taxes and dues payable	2.879.584	2.820.977
Deposits and guarantees given	219.076	343.799
Total	100.459.147	92.863.330
Other short-term liabilities	December 31, 2023	December 31, 2022
Taxes and funds payable	37.403.291	13.141.716
Payable social security cuts	2.601.454	2.038.753
Total	40.004.745	15.180.469
Deferred revenues	December 31, 2023	December 31, 2022
Deferred revenue	953.118	3.160.844
Short-term deferred revenue from related parties (Note 25)	464.600	172.384
Total	1.417.718	3.333.228

17. Liabilities from contracts with customers

Obligations arising from customer contracts	December 31, 2023	December 31, 2022
Contractual liabilities from sales of goods and services ^(*)	857.561.573	43.540.349
Total	857.561.573	43.540.349

(*) The amount consists of advances received from the owners of the residential units sold by Kartal Manzara Adalar Project and Litus İstanbul Altunizade Project (Note 11).

18. Shareholder's equity

Share capital

The composition of the paid-in share capital as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
İş Gayrimenkul Yat. Ort. A.Ş.	(%)		(%)	
Türkiye İş Bankası A.Ş.	52,06%	499.138.200	52,06	499.138.183
Anadolu Hayat Emeklilik A.Ş.	7,04%	67.476.714	7,04	67.476.714
Other	40,90%	392.135.086	40,90	392.135.103
Total	100	958.750.000	100	958.750.000

The total number of ordinary shares consists of TL 958.750.000 (December 31, 2022: TL 958.750.000) shares with a par value of TL 1 per share. All of the shares are issued to name and TL 1.369.642.817 (December 31, 2022: TL 1.369.642.817) of the total amount is Group A and TL 957.380.357.183 (December 31, 2022: TL 957.380.357.183) of the total amount is Group B shares. Group A shareholders have the privilege to nominate candidates during the Board of Directors member elections. One member of Board of Directors is selected among the candidates nominated by Group B shareholders while the rest is selected among the candidates nominated by Group A shareholders. There is no other privilege given to the Group A shares.

There was no capital increase with or without price during the period.

Adjustment to share capital

Adjustment to share capital amount is TL 13.826.149.090 as of December 31, 2023 and 2022. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL.

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Share premium

As of December 31, 2023 and 2022, share premiums amounting TL 6.757.466 represent excess amount of selling price and nominal value for each share during initial public offering of the Company's shares.

Restricted reserves

	December 31, 2023	December 31, 2022
Legal reserves	567.393.032	535.917.950
Total	567.393.032	535.917.950

Legal reserves consist of first and second legal reserves. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is calculated as the 10% of dividend distributions, in excess of 5% of paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

Prior Years Profits

	December 31, 2023	December 31, 2022
Prior years' profits	8.447.638.374	(121.791.396)
Total	8.447.638.374	(121.791.396)

Dividend distribution

At the Ordinary General Assembly Meeting held on March 21, 2023; After the Board of Directors' Profit Share Distribution Proposal for the distribution of 2022 profit was accepted and the dividend was not distributed, and after the legal reserves required to be set aside in accordance with the legislation on the financial statements and the statutory records prepared in accordance with the capital market legislation; It has been decided to transfer the remaining profit from the profit to the previous year's profits according to the financial statements prepared in accordance with the capital market legislation.

In the Ordinary General Shareholders' Meeting held on March 21, 2023, the distribution of 2022 net profit was determined as follows:

	Amount
1. Primary reserve 5%	31.475.082
Dividend	--
2. Secondary reserve	--
Capital increase through bonus shares	--
Transferred to prior years' profits	8.569.429.770
Total	8.600.904.852

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19. Revenue and cost of sales

	1 January - 31 December 2023	1 January - 31 December 2022
Rent Income	698.003.931	564.957.896
Income from sales of residential units	264.550.499	653.847.905
Income from right of construction	174.201.500	155.990.370
Income fees and service	4.525.212	4.962.380
Other revenue	2.025.261	1.339.830
Total real estate revenues	1.143.306.403	1.381.098.381
Interest income on bank deposits	87.970.875	65.403.264
Gain on buy/sell of marketable securities	22.240.348	6.054.175
Total debt instruments revenue	110.211.222	71.457.439
Total revenue	1.253.517.625	1.452.555.820
	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales of residential units	(147.633.018)	(457.801.818)
Cost of administrative expenses	(120.993.695)	(142.080.262)
Taxes and dues	(27.319.715)	(26.725.075)
Insurance expenses	(12.623.865)	(11.863.475)
Other	(11.714.602)	(3.595.222)
Total	(320.284.895)	(642.065.852)

20. Administrative expenses/Marketing, selling and distribution expenses

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses		
Personnel expenses	(84.975.081)	(63.935.715)
Outsourced service expenses	(22.895.264)	(16.150.938)
Depreciation and amortization	(9.291.344)	(8.237.929)
Board of Directors fees and expenses	(6.286.547)	(4.266.908)
Provision for doubtful receivables (Note 8)	-	(109.385)
Donations	(11.983.147)	-
Taxes and dues	(846.873)	(2.384.109)
Other	(2.952.014)	(2.384.116)
Total	(139.230.270)	(97.469.100)
	1 January - 31 December 2023	1 January - 31 December 2022
Marketing sales and distribution expenses		
Advertising expenses	(28.323.427)	(15.798.843)
Sales commission expenses	(11.660.121)	(16.164.073)
Consultancy expenses	-	(3.169.723)
Sales office expenses	(621.411)	-
Other	(875.364)	(1.118.715)
Total	(41.480.323)	(36.251.354)

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21. Expenses by nature

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses		
Administrative expenses (Note 20)	(84.975.081)	(63.935.715)
Total	(84.975.081)	(63.935.715)

	1 January - 31 December 2023	1 January - 31 December 2022
Depreciation and amortization		
Administrative expenses (Note 20)	(9.291.344)	(8.237.929)
Total	(9.291.344)	(8.237.929)

22. Other income/expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Other income from core activities		
Revaluation income of investment property (Note 10)	1.766.573.064	7.228.631.176
Gain on real estate investment fund (Note 6)	54.250.419	162.964.859
Gain on inventories (Note 11)	-	75.620.980
Foreign exchange gains	210.508.922	94.941.120
Other	8.611.220	4.662.485
Total	2.039.943.625	7.566.820.620

	1 January - 31 December 2023	1 January - 31 December 2022
Other operating expense		
Provision for impairment of inventories (-) (Note 11)	(106.480.258)	-
Other	-	(479.815)
Total	(106.480.258)	(479.815)

	1 January - 31 December 2023	1 January - 31 December 2022
Income from investment activities		
Currency-protected deposits fair value difference	42.168.852	33.929.363
Total	42.168.852	33.929.363

	1 January - 31 December 2023	1 January - 31 December 2022
Expense from investment activities		
Currency-protected deposits fair value difference	(11.321.090)	-
Total	(11.321.090)	-

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23. Financeman income/expenses

Finance income and expenses as of December 31, 2023 and 2022 are as follows:

Finance expense	1 January - 31 December 2023	1 January - 31 December 2022
Interest expense	(1.448.247.763)	(633.476.258)
Derivative transaction loss	(4.008.487)	(28.721.050)
Commission expenses	(38.569.197)	(28.152.710)
Other	(29.733)	(40.735)
Total	(1.490.855.180)	(690.390.753)

24. Earnings per share

As of December 31, 2022 capital of the Company consists of 95.875.000.000 shares that are valued TL 0,01 for each one.

	1 January - 31 December 2023	1 January - 31 December 2022
Period opening of number of shares in circulation	95.875.000.000	95.875.000.000
Bonus shares due to capital increase	--	--
Number of shares in circulation as of year end	95.875.000.000	95.875.000.000
Weighted average number of shares in circulation	95.875.000.000	95.875.000.000
Net period profit	3.131.266.812	8.600.904.852
Earnings per share	0,0327	0,0897
Earnings per diluted share	0,0327	0,0897

25. Related party disclosures

Related parties of the Company are direct or indirect subsidiaries of İş Bankası and the executives and personnel of the Company.

Receivables from related parties are mainly due to sales transactions and the average payment term is one month. By nature no interest is calculated on these receivables and no guarantees have been received.

Payables due to related parties are mainly due to purchase transactions and the average credit payment term is one month. No interest is calculated on these payables.

Details of related party balances are as follows:

Balances at T. İş Bankası	December 31, 2023	December 31, 2022
Time deposits	635.431.355	486.806.594
Demand deposits	3.194.967	202.694
Other literal values	50.000	11.534
Total	638.676.322	487.020.822

The Company has letters of guarantee amounting TL 37.007.943 (December 31, 2022: TL 70.862.012) from İş Bankası. In addition, 1st and 2nd degree mortgage is instituted by the Company in favour İş Bankası amounting to USD 136.000.000 and TL 5.250.000.000 TL on some investment properties.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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	December 31, 2023			
	Short Term Trade Receivables	Short Term Prepaid Expenses	Short Term Trade Payables	Deferred Income
Balances with related parties				
İş Merkezleri Yönetim ve İşletim A.Ş.	-	34.387	2.922.986	-
Türkiye İş Bankası A.Ş.	-	-	1.114	48.410
İş Yatırım Menkul Değerler A.Ş.	2.310	-	-	37.042
İş Girişim Sermayesi Yatırım Ortaklığı	-	-	-	66.000
Kanyon Yönetim İşl. Paz. Ltd. Şti.	3.294.999	-	11.102.804	313.148
Anadolu Anonim Türk Sigorta A.Ş.	-	21.436.209	20.355.428	-
İş Net Elektronik Hizmetler A.Ş.	-	-	35.756	-
Paşabahçe Mağazacılık A.Ş.	1.024.912	-	17.118	-
Tecim Yapı Elemanları A.Ş.	1.968.593	106.000.390	618.000	-
Topkapı Danışmanlık Elektrik Hizmetleri Paz. ve Tic. A.Ş.	-	-	86.057	-
İş Enerji Yatırımları A.Ş.	32.754	-	-	-
Due to shareholders (dividends)	-	-	705	-
Other	-	-	1.008.394	-
Total	6.323.568	127.470.986	36.148.362	464.600

	December 31, 2023	
	Financial Borrowings	Interest and Commission Fee
Balances with related parties		
T. İş Bankası A.Ş.	1.385.180.460	699.758.390

During the year, The company accounted TL 4.008.487 Derivative transaction loss in financial statements from forward transaction which is carried out with Türkiye İş Bankası A.Ş.

Fair value difference of TL 11.321.090 (2022: TL 21.930.892) arising from the Exchange Protected Deposit account held with Türkiye İş Bankası A.Ş. Which was closed as of Feb 14 2023 was accounted in expenses from investment activities. In addition, 42.168.852 TL which was held with Türkiye İş Bankası A.Ş. was shown in income from investment activities for the Exchange Rate Protected Deposits that continued during the period.

	December 31, 2022			
	Trade Receivables Short-term	Prepaid Expenses Short-term	Commercial Debts Short-term	Deferred Revenues
Balances with related parties				
Anadolu Anonim Türk Sigorta A.Ş.	-	664.770	1.965.306	-
İş Merkezleri Yönetim ve İşletim A.Ş.	160.326	-	3.330.059	-
İş Net Elektronik Hizmetler A.Ş.	-	-	388.406	-
Kanyon Yönetim İşl. Paz. A.Ş.	-	-	4.829.326	125.954
Paşabahçe Mağazaları A.Ş.	882.263	-	24.820	-
Milli Reasürans Türk A.Ş.	37.407	-	-	-
Tecim Yapı Elemanları Ltd. Şti.	15.715.308	-	-	-
Türkiye İş Bankası A.Ş.	-	-	-	46.430
Due to shareholders (dividend)	-	-	1.161	-
Other	-	-	1.763.443	-
Total	16.795.304	664.770	12.302.520	172.384

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Balances with related parties	December 31, 2022	
	Financial Borrowings	Interest and Commission Fee
T. Isbank A.S.	1.614.083.197	359.573.171

The Company has no forward transactions realized during the period by T. İş Bankası A.Ş. as of December 31, 2022. Derivative loss amounting to TL 28.721.049 accounted in the financial statements of the Company.

Transactions with related parties	1 January - 31 December 2023				
	Purchases	Interest received	Rental income	Other income	Other expenses
Türkiye İş Bankası A.Ş.	1.541.572.307	83.912.811	301.360.266	283.670	840.835
Anadolu Anonim Türk Sigorta A.Ş. ^(*)	16.596.184	-	-	1.805.496	-
Anadolu Hayat Emeklilik A.Ş.	1.325.987	-	17.989.414	-	122.071
İş Finansal Kiralama A.Ş.	-	-	122.567	-	-
İş Merkezleri Yönetim ve İşletim A.Ş. ^(**)	46.077.831	-	5.767.663	-	-
İş Yatırım Menkul Değerler A.Ş.	8.927.469	-	14.493.983	-	-
İş Portföy Yönetimi A.Ş.	-	-	8.756	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	898.106	-	-
İş Net Elektronik Hizmetler A.Ş.	1.053.947	-	1.706.205	-	4.261
Paşabahçe Mağazacılık A.Ş.	32.071	-	6.224.248	-	-
Softtech Yazılım Teknolojileri A.Ş.	34.398	-	23.677.368	-	-
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	-	-	2.227.541	-	-
İş Enerji Yatırımları A.Ş.	-	-	1.262.971	395	-
Tecim Yapı Elemanları A.Ş.	822.660	-	-	-	-
BAYEK Ağız Ve Diş Sağlığı Hizm. ve İşl. A.Ş.	-	-	469.924	-	-
BAYEK Tedavi Sağlık Hizm.ve İşlet.A.Ş.	8.679.917	-	-	-	-
Topkapı Danışmanlık Elektrik Hizmetleri Paz. ve Tic. A.Ş.	-	-	2.857.101	16.156	-
Penta Tıp Sağlık Hizmetleri	11.742	-	-	-	-
Moka Ödeme Kuruluşu A.Ş.	-	-	1.301.160	-	-
Maksmarket Danışmanlık Elektronik Hizm. Tic. A.Ş.	-	-	718.931	1.078	-
Trakya Yatırım Holding	-	-	1.295.023	385	-
Kasaba Gayrimenkul İnşaat Taahhüt ve Tic. A.Ş.	49.863.138	-	-	-	-
Milli Reasürans Türk A.Ş.	-	-	1.512.640	440	-
Toksöz Spor Malzemeleri	-	-	67.932	-	-
Total	1.674.997.651	83.912.811	383.961.799	2.107.621	967.167

^(*) The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to the insurance of the Company's real estates.

^(**) The amount of purchases from the İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the operation of the Company's investment properties İş Kuleleri and İstanbul Tuzla Combined.

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In 2023, revenue share compensation is amounting to TL 5.246.576 (2022: 19.848.243 TL) has been paid to Türkiye İş Bankası A.Ş. within the scope of Ege Perla project. Additionally, as of December 31, 2023, there is unpaid revenue share compensation is amounting to TL 19.307.152 TL (31 December 2022: 3.476.070 TL) at debt provisions. As of December 31 2023, a revenue share of TL 203.400.048 was paid to Tecim A.Ş. within the scope of the Altunizade Litus project. (2022: None)

<i>Transactions with related parties</i>	1 January - 31 December 2022				
	Purchases	Interest received	Rental income	Other income	Other expenses
Anadolu Anonim Türk Sigorta A.Ş. ^(*)	16.629.382	--	--	1.549.676	--
Anadolu Hayat Emeklilik A.Ş.	574.020.732	--	17.278.654	--	--
BAYEK Ağız ve Diş Sağlığı Hizmetleri ve İşletmeciliği A.Ş.	--	--	390.435	--	--
BAYEK Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	17.333	--	--	--	--
İş Faktoring A.Ş.	--	--	--	--	--
İş Finansal Kiralama A.Ş.	--	--	108.537	--	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	848.045	--	--
İş Merkezleri Yönetim ve İşletim A.Ş.	68.565.058	--	3.728.273	160.326	--
İş Net Elektronik Hizmetler A.Ş.	1.143.525	--	1.393.735	--	8.079
İş Portföy Yönetimi A.Ş.	--	--	76.999	--	--
İş Yatırım Menkul Değerler A.Ş.	5.514.763	--	14.171.276	--	--
Kasaba Gayrimenkul İnş. Taah. Ve Tic. A.Ş.	54.392	--	--	--	22.564
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	1.900.367	--	--
Moka Ödeme Kuruluşu A.Ş.	--	--	694.251	--	--
Paşabahçe Mağazacılık A.Ş.	59.677	--	4.461.365	41.701	94.005
Maksmarket Danışmanlık Elektronik Hizm. Tic. A.Ş.	--	--	74.672	--	--
Trakya Yatırım Holding	--	--	134.399	--	--
Softtech Yazılım Teknolojileri A.Ş.	--	--	21.066.220	--	--
Tecim Yapı Elemanları A.Ş.	--	--	--	23.800.383	--
Topkapı Danışmanlık Elek. Hiz.Paz. ve Tic A.Ş.	--	--	2.393.654	--	--
Türkiye İş Bankası A.Ş.	--	44.504.490	266.122.221	272.314	1.873.952
Total	666.004.863	44.504.490	334.843.102	25.824.399	1.998.601

^(*) The purchase amount with Anadolu Anonim Türk Sigorta Şirketi is related to the insurance of the Company's immovable properties. The amount of purchases from İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the management of İş Kuleleri ve Mallarına Alışveriş Merkezi, which are investment properties of the Company.

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As of December 31, 2023 and 2022, related party balances of issued bonds and commercial papers are as follows:

Related-party balances	December 31, 2023	December 31, 2022
Anadolu Hayat Emeklilik A.Ş.	115.926.613	87.016.995
İş Yatırım ortaklığı A.Ş.	37.165.825	-
Total	153.092.438	87.016.995

As of December 31, 2023 and 2022, coupon payments of issued bonds and commercial papers are as follows:

Transactions with related parties	December 31, 2023	December 31, 2022
Anadolu Hayat Emeklilik A.Ş.	28.281.184	8.261.220
Milli Reasurans A.Ş.	-	1.835.296
İş Girişim Sermayesi A.Ş.	-	127.265
İş Yatırım Ortaklığı A.Ş.	-	256.490
İş Yatırım Menkul Değerler A.Ş.	1.724.651	-
	30.005.835	10.480.270

Benefits provided to key management personnel:

Benefits provided to board of directors, general manager and assistant general managers are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Salaries and other short term benefits	22.880.621	19.014.231
Employee termination benefits	1.509.721	2.124.770
Total	24.390.342	21.139.001

26. Nature and level of risks arising from financial instruments

a) Capital risk management

The Company's purpose in capital management is; to ensure the continuity of the group as an income-generating enterprise, to observe the benefit of shareholders and corporate partners, and at the same time to ensure the continuity of the most efficient capital structure in order to reduce the cost of capital.

The Company's capital and funding structure consists of cash and cash equivalents, share capital and retained earnings.

The Company management evaluates the cost of capital and the risk associated with each class of equity.

b) Financial risk factors

The risks of the Company, resulting from operations, include market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial markets on the financial performance of the Company.

Risk management is implemented according to the policies approved by the Board of Directors. According to the policy, once a risk is identified, it has been evaluated by each operating unit which is responsible to coordinate the work to minimize the exposure to that risk. The Board of Directors is in charge of forming written procedures in order to manage the foreign currency risk, interest risk, credit risk, and use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

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b.1) Credit risk management

Exposure to maximum credit risk as of reporting date	Receivables						
	Trade Receivables		Other Receivables				
	Related Party	Other Parties	Related Party	Other Parties	Deposits in Banks	Derivative instruments	Other ^(***)
December 31, 2023							
Maximum net credit risk as of the reporting date (A+B+C+D+E) ^(*)	6.323.568	230.002.537	--	17.849.017	638.626.694	--	50.000
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	42.036.172	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	6.323.568	190.249.321	--	17.849.017	638.626.694	--	50.000
B. Net book value of financial assets which are overdue but not impaired	--	39.753.216	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	8.073.093	--	--	--	--	--
- Impairment (-)	--	(8.073.093)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

(") In determining the amount, factors that provide an increase in credit reliability, such as the guarantees taken, were not taken into account.

(""') The guarantees consist of collateral bonds received from customers, collateral checks and mortgages.

(""') Mutual funds shown in cash and cash equivalents, receivables from government bond reverse repo transactions with a maturity of less than 3 months, other ready values and currency-protected deposits in financial investments are included.

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Exposure to maximum credit risk as of reporting date							
December 31, 2022	Receivables				Deposits in Banks	Derivative instruments	Other ^(**)
	Trade Receivables		Other Receivables				
	Related Party	Other Side	Related Party	Other Side			
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) ^(*)	16.795.304	221.569.849	--	14.875.762	2.042.373.518	--	223.358.291
- Guarantee of maximum risk. The part secured by vs ^(**)	--	154.288.848	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	16.795.304	183.401.064	--	14.875.762	2.042.373.518	--	223.358.291
B. Net book value of financial assets which are overdue but not impaired	--	38.168.785	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	14.258.073	--	--	--	--	--
- Impairment (-)	--	(14.258.073)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

^(*) In determining the amount, factors that provide an increase in credit reliability, such as the guarantees taken, were not taken into account.^(**) The guarantees consist of collateral bonds received from customers, collateral checks and mortgages.^(***) Mutual funds shown in cash and cash equivalents, receivables from government bond reverse repo transactions with a maturity of less than 3 months, and other ready values are included.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risks is monitored on a continuous basis.

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The aging of the overdue but not impaired receivables are as follows:

December 31, 2023	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	14.075.195	--	14.075.195
Past due 1-3 months	12.002.975	--	12.002.975
Past due 3-12 months	13.455.684	--	13.455.684
Past due 1-5 years	219.362	--	219.362
Total overdue receivables	39.753.216	--	39.753.216
Total collateralized portion	23.962.275	--	23.962.275

December 31, 2022	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	14.687.837	--	14.687.837
Past due 1-3 months	12.435.844	--	12.435.844
Past due 3-12 months	10.775.478	--	10.775.478
Past due 1-5 years	269.626	--	269.626
Total overdue receivables	38.168.785	--	38.168.785
Total collateralized portion	38.050.971	--	38.050.971

Collaterals held for trade receivables that are past due but not impaired as of the reporting date are as follows:

	December 31, 2023		December 31, 2022	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letter of guarantee	23.393.328	23.393.328	37.236.096	37.236.096
Cash deposit	508.947	508.947	709.203	709.203
Notes payable	60.000	60.000	105.672	105.672
Total	23.962.275	23.962.275	38.050.971	38.050.971

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b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. On the other hand, derivative financial liabilities are presented based on their gross cash inflows and outflows which have not been discounted. Derivative instruments are settled and realized on a net basis based on their respective gross cash inflows and outflows which have not been discounted. When the receivables and payables are not fixed, the amount disclosed is calculated via an interest rate derived from yield curves as of the reporting date.

December 31, 2023					
	Book Value	Total cash outflows under the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Contractual maturities					
Non derivative financial liabilities					
Loans and borrowings	4.902.150.799	7.315.080.699	1.149.656.500	3.015.248.144	3.150.176.055
Trade payables	241.564.174	241.564.174	241.564.174	--	--
Other payables	41.198.322	41.198.322	41.198.322	--	--
Total liabilities	5.184.913.295	7.597.843.195	1.432.418.996	3.015.248.144	3.150.176.055
December 31, 2022					
	Book Value	Total cash outflows under the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Contractual maturities					
Non-derivative financial obligations					
Loans and borrowings	5.599.787.007	6.084.638.068	1.403.121.455	4.681.516.613	--
Trade payables	30.372.720	30.372.721	30.372.721	--	--
Other payables	39.897.706	39.897.709	39.897.709	--	--
Total liabilities	5.670.057.433	6.154.908.498	1.473.391.885	4.681.516.613	--

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b.3) Market risk management

b.3.1) Foreign currency risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures of the Company are measured using sensitivity analysis and stress scenarios.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency transactions lead to currency risks

The exchange rates applied as of December 31, 2023 and 2022 are as follows:

Currency	December 31, 2023		December 31, 2022	
	Buying	Sale	Buying	Sale
US Dollar	29,4382	29,4313	30,8097	30,8653
Euro	32,5739	32,6326	32,8473	32,9065

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The foreign currency denominated monetary and non-monetary assets and liabilities of the Company as of the reporting date are as follows:

December 31, 2023				
	TL Equivalent (Functional currency)	US Dollar	Avro	
1. Trade Receivables	--	--	--	
2a. Monetary Financial Assets	3.118.539	59.750	41.739	
2b. Non-Monetary Financial Assets	3.288.241	--	100.947	
3. Other	--	--	--	
4. CURRENT ASSETS	6.406.780	59.750	142.686	
5. Trade Receivables	--	--	--	
6a. Monetary Financial Assets	--	--	--	
6b. Non-Monetary Financial Assets	--	--	--	
7. Other	--	--	--	
8. NON CURRENT ASSETS	--	--	--	
9. TOTAL ASSETS	6.406.780	59.750	142.686	
10. Commercial Liabilities	--	--	--	
11. Financial Obligations	--	--	--	
12a. Other Monetary Liabilities	--	--	--	
12b. Other Non-Monetary Liabilities	17.709.702	223.221	340.966	
13. SHORT TERM LIABILITIES	17.709.702	223.221	340.966	
14. Commercial Liabilities	--	--	--	
15. Financial Obligations	--	--	--	
16a. Other Monetary Obligations	--	--	--	
16b. Other Non-Monetary Obligations	--	--	--	
17. LONG TERM LIABILITIES	-	-	--	
18. TOTAL LIABILITIES	17.709.702	223.221	340.966	
19. Net asset/liability position of off balance sheet derivatives (19a-19b)	--	--	--	
19.a. Off-balance sheet foreign currency derivative assets	--	--	--	
19.b. Off-balance sheet foreign currency derivative liabilities	--	--	--	
20. Net foreign currency asset/liability position	(11.302.922)	(163.471)	(198.280)	
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10-11-12a-14-15-16a)	3.118.539	59.750	41.739	
22. Fair Value of foreign currency hedged Financial asset	--	--	--	
23. Hedged foreign currency assets	--	--	--	
24. Hedged foreign currency liabilities	--	--	--	

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

December 31, 2022				
	TL Equivalent (Functional currency)	US Dollar	Avro	
1. Trade Receivables	--	--	--	
2a. Monetary Financial Assets	502.211.461	12.687.653	3.388.656	
2b. Non-Monetary Financial Assets	12.668.302	--	385.672	
3. Other	--	--	--	
4. CURRENT ASSETS	514.879.763	12.687.653	3.774.328	
5. Trade Receivables	--	--	--	
6a. Monetary Financial Assets	--	--	--	
6b. Non-Monetary Financial Assets	--	--	--	
7. Other	--	--	--	
8. NON CURRENT ASSETS	--	--	--	
9. TOTAL ASSET	514.879.763	12.687.653	3.774.328	
10. Trade Payables	21.925	--	666	
11. Financial Liabilities	--	--	--	
12a. Other Monetary Liabilities	--	--	--	
12b. Other Non-Monetary Liabilities	33.705.691	760.531	310.933	
13. SHORT TERM LIABILITIES	33.727.616	760.531	311.599	
14. Trade Payables	--	--	--	
15. Financial Liabilities	--	--	--	
16a. Other Monetary Liabilities	--	--	--	
16b. Other Non-Monetary Liabilities	--	--	--	
17. LONG TERM LIABILITIES	--	--	--	
18. TOTAL LIABILITIES	33.727.616	760.531	311.599	
19. Net asset/Liability position of off-balance sheet derivative instruments (19a-19b)	--	--	--	
19a. Amount of derivatives denominated in off-balance sheet currencies of an active character	--	--	--	
19b. Amount of derivatives denominated in off-balance sheet currencies with passive character	--	--	--	
20. Net foreign currency asset liability position	481.152.147	11.927.122	3.462.729	
21. Monetary items net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	502.189.536	12.687.653	3.387.990	
22. Total fair value of financial instruments used for currency hedge	--	--	--	
23. Amount of the hedged portion of foreign exchange assets	--	--	--	
24. Amount of the hedged part of foreign exchange liabilities	--	--	--	

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Foreign currency sensitivity

The Company is mainly exposed to foreign currency risk on Euro and US Dollar.

The following table details the Company's sensitivity to 10% increase in the currency of Euro and US Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The positive amount indicates the increase in profit/loss and equity.

December 31, 2023		
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
If US Dollar changes against TL by 10%		
US Dollar net asset/liability	175.891	(175.891)
Portion hedged against US Dollar risk (-)	--	--
US Dollar net effect	175.891	(175.891)
If the Euro Changes 10% Against the TL:		
Euro net asset/liability	135.960	(135.960)
Portion hedged against Euro risk (-)	--	--
Euro net effect	135.960	(135.960)
December 31, 2022		
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
If US Dollar changes against TL by 10%		
US Dollar net asset/liability	39.090.319	(39.090.319)
Portion hedged against US Dollar risk (-)	--	--
US Dollar net effect	39.090.319	(39.090.319)
If Euro changes against TL by 10%		
Euro net asset/liability	11.128.634	(11.128.634)
Portion hedged against Euro risk (-)	--	--
Euro net effect	11.128.634	(11.128.634)

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

b.3.2) Interest rate risk management

Interest rate risk represents the risk of fair value decrease in the Company's interest rate sensitive assets due to market fluctuations.

Mutual funds classified as financial asset at fair value through profit or loss in accompanying financial statements is subject to price risk depending on price changes.

There are no debt securities of the Company classified as financial asset at fair value through profit or loss in accompanying financial statements as of December 31, 2023 and 2022.

As of 31 December 2023 and 2022, the Company has no financial liabilities with variable interest rates.

Interest Rate Table		
	December 31, 2023	December 31, 2022
Fixed Rate Financial Instruments		
Financial Assets		
<i>Financial assets classified at fair value through profit or loss</i>	--	212.463.708
<i>Time deposits at banks</i>	635.431.355	1.691.510.777
Financial Liabilities	4.902.150.799	5.599.787.007
Floating Interest Rate Financial Instruments		
Investment Funds	--	10.883.049

b.3.3) Equity price risk

As of December 31, 2023, company has no equity in their portfolio. Therefore, there is no equity price risk. (December 31, 2022: None)

27. Fair value of financial assets and liabilities

Financial assets

Financial investments recognized in financial statements are reflected at fair values. The Company assumes that the carrying values of the cash and cash equivalents are close to their fair value because of their short-term nature.

Financial liabilities

The Company assumes that the carrying values of the floating interest rate banks loans are close to their fair value, since floating interest rate banks loans are re-priced recently. The Company assumes that the carrying values of the fixed interest rate banks loans are close to their fair value, since the opening date of the bank loan is close to the reporting period and there is no significant change in the market interest rates. The estimated fair value of fixed rate financial liabilities is calculated by using discounted cash flows using current market interest rates. As of December 31, 2023, the net book value is TL 4.902.150.799 and its fair value is close to its net book value.(December 31 2022: 5.599.787.008 TL)

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

December 31, 2023	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Carrying value	Not
<u>Financial assets</u>						
Cash and cash equivalents	638.676.694	--	--	--	638.676.694	5
Financial investments	--	1.433.048.412	--	--	1.433.048.412	6
Trade receivables	230.002.537	--	--	--	230.002.537	8
Due from related parties	6.323.568	--	--	--	6.323.568	25
Other financial assets	17.849.017	--	--	--	17.849.017	9
<u>Financial Liabilities</u>						
Loans and borrowings	--	--	4.902.150.799	--	4.902.150.799	7
Trade payables	--	--	205.415.812	--	205.415.812	8
Trade payables to related parties	--	--	36.148.362	--	36.148.362	25
Other payables	--	--	41.198.322	--	41.198.322	9
Derivative instruments	--	--	--	--	--	6
December 31, 2022						
<u>Financial assets</u>						
Cash and cash equivalents	2.042.385.051	10.883.049	--	--	2.053.268.100	5
Financial investments	--	1.127.504.293	--	--	1.127.504.293	6
Trade receivables	221.569.850	--	--	--	221.569.850	8
Due from related parties	16.795.304	--	--	--	16.795.304	25
Other financial assets	14.875.762	--	--	--	14.875.762	9
Derivative instruments	--	--	--	--	--	6
<u>Financial Liabilities</u>						
Loans and borrowings	--	--	5.599.787.006	--	5.599.787.006	7
Trade payables	--	--	18.070.201	--	18.070.201	8
Loans and borrowings from related parties	--	--	12.302.520	--	12.302.520	25
Other payables	--	--	39.897.706	--	39.897.706	9
Derivative instruments	--	--	23.415.383	--	23.415.383	6

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as below:

Level I: Financial assets and liabilities are carried at quoted prices in an active market which are used for similar financial assets and liabilities.

Level II: Other than quoted prices specified in Level I, financial assets and liabilities are carried at inputs used to determine direct or indirect observable market prices.

Level III: Financial assets and liabilities are carried at inputs which are used in determining fair value of financial assets and liabilities but not based on any observable market data.

The levels of the financial assets and liabilities presented in fair values are as follows:

Assets at fair value	December 31, 2023	Level 1	Level 2	Level 3
Investment properties	24.441.021.000	--	24.441.021.000	--
Tangible assets	256.323.753	--	256.323.753	--
Financial assets held for trading	1.433.048.412	--	1.433.048.412	--
	26.130.393.165	--	26.130.393.165	--
Assets at fair value	December 31, 2022	Level 1	Level 2	Level 3
Investment properties	22.760.835.814	--	22.760.835.814	--
Tangible assets	239.750.433	--	239.750.433	--
Financial assets held for trading	925.923.635	--	925.923.635	--
	23.926.509.883	--	23.926.509.883	--
Liabilities at fair value	December 31, 2022	Level 1	Level 2	Level 3
Derivative instruments	23.415.383	--	23.415.383	--
	23.415.383	--	23.415.383	--

28. Fees for services received from independent auditor/independent audit firm

As of December 31, 2023, the services and related fees received by the Company from the independent audit company are as follows:

	December 31, 2023	December 31, 2022
Independent audit fee for the reporting period	664.000	346.023
Fees for tax attestation consultancy services	120.000	228.540
Fee for other non-audit services	-	138.409
	784.000	712.972

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

29. Events after the reporting period

The company issued financial bonds with a total nominal value of 650.000.000 TL in January and February.

Additional Note: Control of compliance with restrictions on the investment portfolio

Unconsolidated (individual) financial statement main account items		Related regulation	December 31, 2023	December 31, 2022
A	Capital and money market instruments	III-48.1. Md. 24/(b)	1.042.001.094	2.265.731.807
B	Real estates, rights supported by real estates and real estate projects. Real estate investment fund of the first paragraph of article 28, in which they have 100% participation in their participation shares and capital	III-48.1. Md. 24/(a)	31.415.489.683	26.594.375.153
C	Affiliates ^(*)	III-48.1. Md. 24/(b)	22.187.597	15.964.212
	Due from related parties (other receivables)	III-48.1. Md. 23/(f)	--	--
	Other assets		675.365.821	786.166.705
D	Total assets (Total assets)	III-48.1. Md. 3/(p)	33.155.044.195	29.662.237.877
E	Loans and borrowings	III-48.1. Md. 31	4.902.150.798	5.599.787.008
F	Other financial liabilities	III-48.1. Md. 31	21.754.376	8.923.811
G	Leasing obligations	III-48.1. Md. 31	--	--
H	Due to related parties (other payables)	III-48.1. Md. 23/(f)	--	--
I	Equity	III-48.1. Md. 31	27.033.160.346	23.881.871.955
	Other resources		1.197.978.675	171.655.103
D	Total liabilities and equity	III-48.1. Md. 3/(k)	33.155.044.195	29.662.237.877
Other separate financial information		Related regulation	December 31, 2023	December 31, 2022
A1	Capital and money market instruments amount held for 3-year real estate payments	III-48.1. Md. 24/(b)	--	--
A2	Foreign Currency Time Deposit/Special Current-Participation Account and TL Time Deposit/Participation Account	III-48.1. Md. 24/(b)	638.626.694	2.022.725.273
A3	Foreign capital market instruments	III-48.1. Md. 24/(d)	--	--
B1	Foreign real estates, rights supported by real estates and real estate projects	III-48.1. Md. 24/(d)	--	--
B2	Inactive land	III-48.1. Md. 24/(c)	18.165.000	18.536.508
C1	Foreign affiliates	III-48.1. Md. 24/(d)	--	--
C2	Participating to operating company	III-48.1. Md. 28	22.187.597	15.964.212
J	Non-cash loans	III-48.1. Md. 31	37.007.943	70.862.012
K	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	III-48.1. Md. 22/(e)	--	--
L	The sum of investments in money and capital market instruments in a single company	III-48.1 Md. 22/(1)	638.676.323	699.484.528

^(*)From the associates disclosed in Note 3, Kanyon is in the scope of the Company under the scope of Article 28 paragraph 1 of the "Communiqué on Principles Regarding Real Estate Investment Trusts" No: 48.1 of the CMB, III. The Company accounts for this associate according to the equity method in the accompanying financial statements. As of December 31, 2023, the Company's participation in Kanyon is TL 500.000 and does not exceed 10% of the total assets.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of December 31, 2023 unless otherwise indicated.)

Portfolio limitations	Related edit	December 31, 2023	December 31, 2022	Minimum/ Maximum rate
1 Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	III-48.1. Md. 22/(e)	0%	0%	Maximum 10%
2 Real estates, rights supported by real estates and real estate projects. Real estate investment fund of the first paragraph of article 28, in which they have 100% participation in their participation shares and capital.	III-48.1. Md. 24/(a). (b)	95%	90%	Minimum 51%
3 Capital and money market instruments and subsidiaries	III-48.1. Md. 24/(b)	3%	8%	Maximum 49%
4 Foreign real estates, rights supported by real estates and real estate projects, affiliates and capital market instruments	III-48.1. Md. 24/(d)	0%	0%	Maximum 49%
5 Inactive land	III-48.1. Md. 24/(c)	0%	0%	Maximum 20%
6 Participating to operating company	III-48.1. Md. 28/1 (a)	0%	0%	Maximum 10%
7 Borrowings limits	III-48.1. Md. 31	18%	24%	Maximum 500%
8 Foreign Currency Time Deposit/ Special Current-Participation Account and TL Time Deposit/ Participation Account	III-48.1. Md. 24/(b)	2%	7%	Maximum 10%
9 The sum of investments in money and capital market instruments in a single company	III-48.1 Md. 22/(1)	2%	2%	Maximum 10%

APPENDIX 1:

SUMMARY APPRAISAL REPORTS

Subject of Appraisal	İstanbul İş Towers Complex
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2023/ 23_400_494
Appraisal Date	26.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete business center of with an area of 25,909 m2 registered at İstanbul Province, Beşiktaş District, Rumelihisarı Neighborhood, Sheet No: 81, Block No: 1420, Parcel No: 1
Appraisal Value	TL 7,007,250,000 (excluding VAT)
Subject of Appraisal	Ankara İş Tower
Application Date	20.09.2023
Report Prepared by	Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ 2023_ÖZ_2623
Appraisal Date	27.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 6,287 m2 and reinforced concrete building on it registered at Ankara Province, Çankaya District, Kavaklıdere Neighborhood, Block No: 5708, Parcel No: 63
Appraisal Value	TL 676,550,000 (excluding VAT)
Subject of Appraisal	Maslak Office Building
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ Özel 2023-1158
Appraisal Date	26.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete business center with an area of 4,469.5 m2 registered at İstanbul Province, Sarıyer District, M. Ayazağa Neighborhood, Sheet No: 2, Parcel No: 10, Block No: 10
Appraisal Value	TL 1,106,750,000 (excluding VAT)
Subject of Appraisal	Kanyon Shopping Mall
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2023/ 23_400_492
Appraisal Date	26.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete building with an area of 29,427.34 m2 registered at İstanbul Province, Şişli District, Mecidiyeköy Neighborhood, Sheet No: 303, Block No: 1946, Parcel No: 136. İş REIC's share is 50%.
Appraisal Value	TL 2,450,000,000 (excluding VAT)
Subject of Appraisal	Mallmarine Shopping Mall
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	19.12.2023/ ISGY-2310031
Appraisal Date	18.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	6-storeyed building located in Muğla Province, Marmaris District, Kemeraltı Neighborhood, Atatürk Boulevard, on a land with an area of 1,143.55 m2 registered at Parcel No: 7
Appraisal Value	TL 120,331,000 (excluding VAT)

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	İstanbul Marmara Park Shopping Mall
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2023/ Özel 2023-1159
Appraisal Date	29.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land and reinforced concrete shopping mall with a total area of 63,090.99 m2 İstanbul Province, Esenyurt District, Yakuplu Neighborhood, Sheet No: 24d-4b, Block No: 21, Parcel No: 102-103-110
Appraisal Value	TL 1,750,000,000 (excluding VAT)
Subject of Appraisal	Tuzla Technology & Operation Center
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ Özel 2023-1161
Appraisal Date	28.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Building and office with an area of 44,395.35 m2 registered at İstanbul Province, Tuzla District, Merkez Neighborhood, Sheet No: G22B17A1C, Block No: 7301, Parcel No: 1
Appraisal Value	TL 6,587,130,000 (excluding VAT)
Subject of Appraisal	Tuzla Meydan Shopping Mall
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	22.12.2023/ Özel 2023-1162
Appraisal Date	22.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	A total of 39 independent units in İstanbul Province, Tuzla District, Merkez Neighborhood, Block No: 7301, Parcel No: 2
Appraisal Value	TL 131,825,000 (excluding VAT)
Subject of Appraisal	İzmir Ege Perla
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ 23_400_495
Appraisal Date	25.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete office with an area of 18,392 m2 registered at İzmir Province, Konak District, Mersinli Neighborhood, Sheet No: 296, Block No: 3324, Parcel No: 106
Appraisal Value	TL 677,960,000 (excluding VAT)
Subject of Appraisal	Taksim Office Lamartine
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	22.12.2023/ Özel 2023-1160
Appraisal Date	22.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Building with an area of 578.72 m2 registered at İstanbul Province, Beyoğlu District, Şehitmuhtar Neighborhood, Lamartin and Cumhuriyet Avenue, Sheet No: 11, Block No: 408, Parcel No: 24
Appraisal Value	TL 598,350,000 (excluding VAT)
Subject of Appraisal	Litus İstanbul Project
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	25.12.2023/ ISGY-2310033
Appraisal Date	22.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 17,122 m2 registered at İstanbul Province, Üsküdar District, Burhaniye Neighborhood, Block No: 725, Parcel No: 212 and 213 . İş REIC's share is 50%.
Appraisal Value	TL 1,199,403,000 (excluding VAT)

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	Kartal Manzara Adalar
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	22.12.2023/ ISGY-2310035
Appraisal Date	21.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	31 residential independent units registered at İstanbul Province, Kartal District, Yukarı Neighborhood, Sheet No: G22A14B2B, Block No: 10047, Parcel No: 6
Appraisal Value	TL 378,551,000 (excluding VAT)
Subject of Appraisal	Levent Lands
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2023/ 23_400_493
Appraisal Date	26.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 7,613 m2 registered at İstanbul Province, Beşiktaş District, Levent Neighborhood, Sheet No: 81, Block No: 916, Parcel No: 572, Rumelihisarı Neighborhood, Block No: 916, Parcel No: 630, 631 and Block No: 1779, Parcel No: 629
Appraisal Value	TL 18,165,000 (excluding VAT)
Subject of Appraisal	İstanbul Financial Center Project
Application Date	25.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	28.12.2023/ ISGY-2310034
Appraisal Date	28.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Real estate in İstanbul Province, Ümraniye District, Küçükbakkalköy Neighborhood, Sheet No: F22D23D4D, Block No: 3328, Parcel No: 9
Appraisal Value	TL 3,568,000,000 (excluding VAT)
Subject of Appraisal	Topkapı İnistanbul Project
Application Date	20.09.2023
Report Prepared by	Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	19.12.2023/ 2023_ÖZ_2624
Appraisal Date	18.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	1 independent unit of 80,239.89 m2 registered at İstanbul Province, Zeytinburnu District, Merkezefendi Neighborhood, Sheet No: 490-491, Block No: 2905, Parcel No: 17. İş REİC's share is 50%.
Appraisal Value	TL 1,395,000 (excluding VAT)
Subject of Appraisal	Tuzla Residential Project
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2023/ Özel 2023-1157
Appraisal Date	27.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 53,459.93 m2 registered at İstanbul Province, Tuzla District, Merkez Neighborhood, Parcel No: 6408
Appraisal Value	TL 1,222,630,000 (excluding VAT)
Subject of Appraisal	Kadıköy Land
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ 23_400_497
Appraisal Date	25.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 8,292.72 m2 registered at İstanbul Province, Kadıköy District, İbrahimağa Neighborhood, Block No: 1421 Parcel No: 4
Appraisal Value	TL 177,600,000 (excluding VAT)

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	Çekmeköy/ Ömerli Lands
Application Date	05.10.2023
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	26.12.2023/ 23_400_496
Appraisal Date	21.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	65,416.60 m2 land located in Istanbul Province, at Çekmeköy District, Ömerli Neighborhood, Block No: 1, Parcel No: 65, 75, 78, 79, 80, 81, 82
Appraisal Value	TL 925,791,100 (excluding VAT)
Subject of Appraisal	Çekmeköy/ Ömerli Store
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	26.12.2023/ ISGY-2310037
Appraisal Date	25.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Store with land located in Istanbul Province, Çekmeköy District, Ömerli Neighborhood, Block No: 1, Parcel No: 71
Appraisal Value	TL 37,459 (excluding VAT)
Subject of Appraisal	Beşiktaş/ Balmumcu Building
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	22.12.2023/ ISGY-2310038
Appraisal Date	21.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete building located in Istanbul Province, Beşiktaş District, Dikilitaş Neighborhood, Block No: 1342, Parcel No: 8
Appraisal Value	TL 342,980,000 (excluding VAT)
Subject of Appraisal	Çekmeköy/ Ömerli Lands
Application Date	20.10.2023
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	22.12.2023/ ISGY-2310030
Appraisal Date	20.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land registered in İstanbul Province, Çekmeköy District, Ömerli Neighborhood, Block No: 56 Parcel No: 5 and Block No: 110 Parcel No: 2 and 3
Appraisal Value	TL 83,049,000 (excluding VAT)
Subject of Appraisal	Profilo Shopping Mall
Application Date	05.10.2023
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2023/ Özel 2023-1163
Appraisal Date	28.12.2023
Appraisal Method Used	Market Value Method
Registry of Deeds	Land registered in İstanbul Province, Şişli District, Mecidiyeköy Neighborhood, Block No: 2410 Parcel No: 246 and Block No: 9221 Parcel No: 1
Appraisal Value	TL 1,420,890,000 (excluding VAT)

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