



Contemporary cities, Livable spaces



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Registered Capital

TL 2 billion

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

Issued Capital

TL 958,750,000

Tax Office / No

İstanbul - Large-Size 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



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 Turkey (CMB) laws and regulations.

Vision

To set a global corporate example 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 high profitability by utilizing our investments and resources effectively.

Objectives

To closely monitor opportunities for generating the highest possible returns for the shareholders.
To maintain and strengthen the leading position in the market.

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.



Key Financial Highlights

Balance Sheet (TL million)	2017	2018	2019
Current Assets	968.0	752.7	1,249.8
Non-current Assets	4,343.9	4,469.6	4,466.6
Total Assets	5,311.9	5,222.3	5,716.4

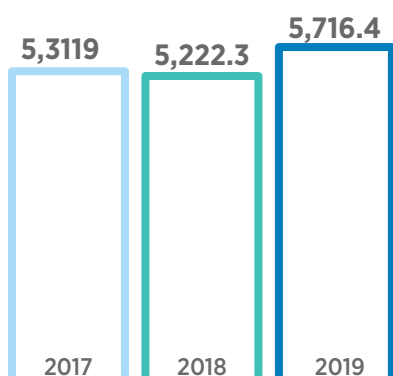
Short-term Liabilities	873.3	1,091.6	1,232.4
Long-term Liabilities	1,158.0	573.8	623.8
Shareholders' Equity	3,280.6	3,556.9	3,860.2

Financial Indicators (TL million)	2017	2018	2019
Sales Revenue	439.6	1,098.3	1,206.5
Cost of Sales	253.6	837.5	956.0
Gross Profit/Loss	186.0	260.8	250.5
Net Period Income	179.9	341.6	297.4
Return on Assets	3.4%	6.5%	5.2%
Return on Equity	5.5%	9.6%	7.7%

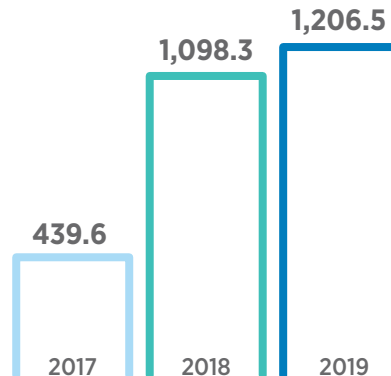
Financial Structure (TL million)	2017	2018	2019
Total Liabilities	2,031.3	1,665.4	1,856.1
Shareholders' Equity	3,280.6	3,556.9	3,860.2
Financial Liabilities	1,185.5	1,314.8	1,438.5
Equity Ratio (%)	62%	68%	68%
Financial Leverage Ratio (%)	38%	32%	32%
Financial Liabilities/Total Assets (%)	22%	25%	25%

Defying the challenging conditions in the sector, İş REIC successfully booked TL 297.4 million in net profit.

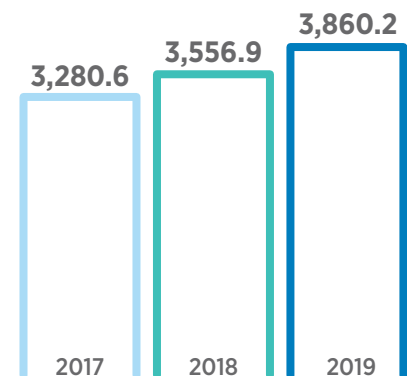
Total Assets
(TL million)



Sales Revenue
(TL million)



Shareholders' Equity
(TL million)



Portfolio Breakdown - 2019	(TL million)	% Share
Office	2,546.4	46.4%
Shopping Mall	1,208.5	22.0%
Project	341.8	6.2%
Inventory ^(*)	371.2	6.8%
Land	233.7	4.3%
Money & Capital Market Instruments	783.1	14.3%
Subsidiaries	3.7	0.1%
Total	5,488.4	100.0%

^(*) Reflects the cost of units on sale in Manzara Adalar and Ege Perla.

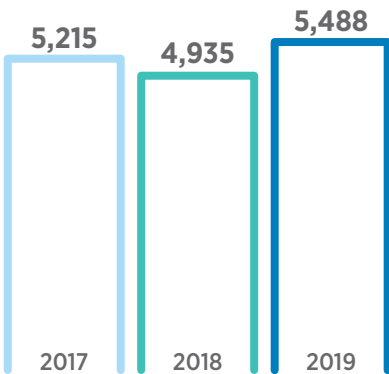
Development of the Portfolio (TL million)	2017	2018	2019
Real Estate Portfolio	5,132	4,877	4,702
Total Portfolio Value	5,215	4,935	5,488

REIC Sector

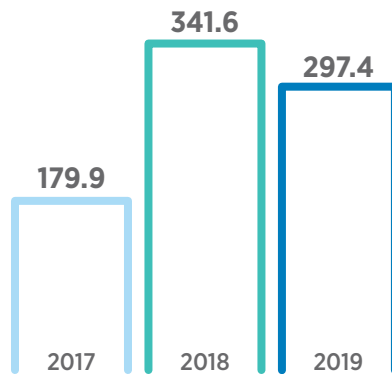
Market Capitalization of the REICs ^(*)	(TL million)	% Share
İş REIC	1,687	6.1
Other REICs	26,090	93.9
Market Total	27,777	100

^(*) BIST data

Total Portfolio Value (TL million)



Net Period Income (TL million)



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

Capital and Shareholder Structure

Capital Structure

İş REIC's issued capital amounts to TL 958,750,000, 47.9% 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 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.

The authorized capital permission given by the Capital Markets Board of Turkey (CMB) is valid for 5 years from 2017 through 2021.

Under the current Turkish Commercial Code (TCC) and Capital Markets Board (CMB) rules and regulations, companies are allowed to acquire shareholding interests in themselves. During the 2019 reporting period, İş REIC did not buy back any of its own shares.

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.

Shareholder Structure

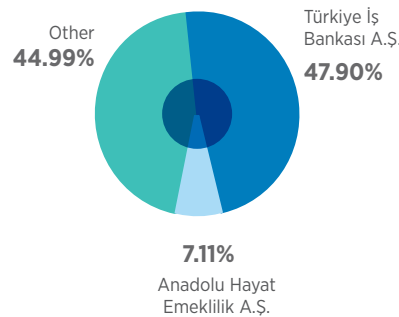
There were no significant changes in the Company's shareholder structure during the reporting period.

Shareholder Structure	TL	Share (%)
Türkiye İş Bankası A.Ş.	459,237,058	47.90
Anadolu Hayat Emeklilik A.Ş.	68,151,714	7.11
Other	431,361,228	44.99
Total	958,750,000	100.00

*Source: Public Disclosure Platform.

The nominal value of the Company's shares in free float is TL 417.5 million, which corresponds to 43.54% of the Company's capital.

Shareholder Structure



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, set up on 6 October 2004 in which İş REIC and Eczacıbaşı Holding each controlled a 50% stake, was created primarily to engage in the management, operation and marketing activities of the residence, store, commercial or office buildings. Kanyon has a capital of TL 1 million, in which the Company holds 50% stake.

Stock Performance

During 2019, BIST 100 Index gained value by 25%, BIST REIC Index by 42% and İş REIC stock by nearly 63% in terms of Turkish lira.

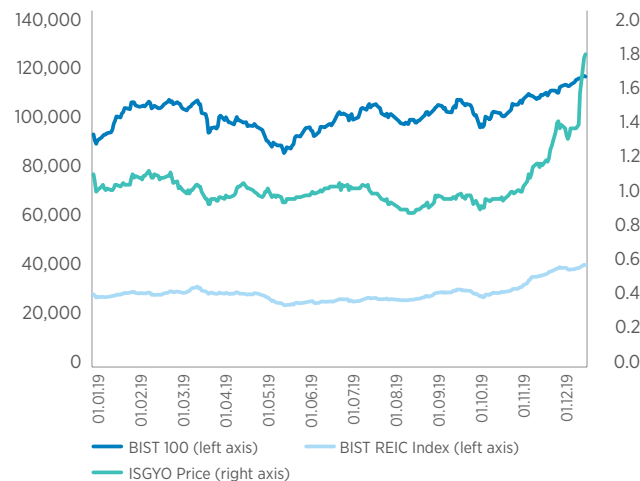
With a market capitalization of TL 1,687 million as of 31 December 2019, the Company represents approximately 6.1% of the real estate investment trusts sector.

During 2019, BIST 100 Index gained value by 25%, BIST REIC Index by 42% and İş REIC stock by nearly 63% in terms of Turkish lira.

The average daily trading volume of the Company stock traded on the BIST Star-Group 2 was worth nearly TL 15.1 million in 2019.

Stock Performance	31.12.2017	31.12.2018	31.12.2019
Market Capitalization (TL million)	1,243	1,035	1,687
Market Share (%)	4.6	5.6	6.1
Earnings per Share (TL)	0.20	0.36	0.31
P/E Ratio	6.9	3.03	5.68
P/BV	0.38	0.29	0.44

BIST 100 Index, BIST REIC Index and ISGYO Price Chart



Milestones in İş REIC's History

In 2019, İş REIC was named "The ONE" in the Real Estate and Construction Industry category at "The ONE Integrated Marketing Awards".



2004



2011



2012

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 Turkey" by Euromoney magazine.

2006

Kanyon, Turkey'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 Turkey 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 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 Turkey 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.

The Company was assessed to be in "investment" category, and assigned a long-term national rating of (TR) AA, and a short-term national rating of (TR) A1+.



2015

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.

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 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 opened.

Ege Perla Project claimed the best office and the best local shopping mall awards at the Sign of the City Awards.

2018

Ankara İş Tower was let to Republic of Turkey Ministry of the Interior.

Deliveries started at Manzara Adalar.

Deliveries of 1st and 2nd phases started at İstanbul.

İş REIC’s long and short-term national ratings within



2017

investment category were confirmed as (TR) AA and (TR) A1+, respectively.

“Inspiring Minds”, the Company’s first corporate social responsibility project was launched.

Tuzla Technology & Operation Center and Tuzla Mixed-Use projects were awarded “LEED Gold”, the world’s most prestigious green building endorsement.

Office blocks of Manzara Adalar project were awarded “LEED Platinum”, one of the most eminent green building endorsements in the world, whereas the housing blocks were awarded “LEED Gold”.

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 İstanbul.

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.

İş REIC’s long and short-term national ratings within investment category were confirmed as (TR) AA and (TR) A1+, respectively, and their outlook as “stable”.

The second season of “Inspiring Minds”, the Company’s first corporate social responsibility project, was launched successfully.



2019

Message from the Chairman

Having attained successful business results in a year characterized by efforts to rebalance the Turkish economy, which also proved to be a challenging year also for our sector, İŞ REIC implemented an effective management plan to preserve its valuable portfolio and robust balance sheet structure.

Distinguished Stakeholders,

In 2019, global growth and global trade volume displayed a relatively weak performance.

In 2019, the trade war between the US and China, protectionist economic policies that were gradually felt more strongly and the uncertainties stemming from the Brexit made a negative impact on global economic performance. During the reporting period, it was observed that political tensions and regional geopolitical risks increased, as well as the volatilities in economic conjuncture.

In this period when protectionist measures led to weakened global demand, and in turn, to weakened global trade, industrial manufacturing declined in parallel with contracted demand, and commodity prices took a downturn. While investor confidence relatively diminished, the investor environment stagnated. As this outlook aggravated the concerns over global growth, it also led the central banks of major developed countries to give up rate hikes and turn to expansionary monetary policies. The US Federal Reserve (the Fed) curbed rates three times during the year, while the European Central Bank (ECB)

implemented rate cuts with a new support package.

While the USA had one of its longest-lasting growth periods, the Eurozone failed to attain the expected recovery, and loss of momentum continued in the growth performances of Asian economies, particularly in those of Japanese and Chinese economies.

In the January 2020 update of the IMF World Economic Outlook titled "Tentative Stabilization, Sluggish Recovery?", global economic growth estimate for 2019 was decreased from 3% to 2.9%, while 2020 projection was reduced from 3.4% to 3.3%. It has been stated that the downward revision reflects the adversities in a number of emerging markets, mainly in India.

The World Economic Outlook also stated that the market sentiment was boosted by the agreement reached on the phase one trade deal in the trade war between China and the US, and the elimination of the possibility of a no-deal Brexit, but underlined that the said developments have not yet visibly affected the global macroeconomic data.

The Turkish economy exited technical recession and reentered growth process.

Having embarked upon a new rebalancing process starting from the last quarter of 2018, the Turkish economy returned to growth track after three quarters, and grew by 0.9% in the third quarter of 2019, outperforming the projections.

Dominated by efforts to reestablish the deteriorated macroeconomic balances, weak domestic demand conditions and the relatively stable course of the Turkish currency reflected positively on inflation figures. Annual CPI rate, which was around 20% at the start of 2019, went down to 11.84% at the end of the year. The gradual reduction of the policy rate from 24% to 11.25% by the Central Bank of the Republic of Turkey (CBRT) with the effect of ongoing market dynamics gave a push to economic activity and positively affected growth expectation.



In 2020, the progress to be achieved in the balance of payments, disinflation, budget management and growth indicators in line with the targets in the New Economy Program (NEP) will be the key determinants with respect to economic performance.

A stagnated year for our sector

Amid the conjuncture that spanned from the last quarter of 2018 until the third quarter of 2019, significant rises in construction and financing costs coupled with reduced investment appetite brought along a downsizing in the construction industry and stagnation in the real estate market.

The reductions in housing loan rates led by public banks from August onwards made a positive impact on mortgage sales. The revival in housing sales reflected also on the housing price index and prices adopted a relatively uptrend. A gradual increase is observed also in the construction industry confidence index.

While housing sales showed a limited decline of 1.9% in 2019, housing sales to foreigners maintained its increasing trend due to the advantages granted. In the office and retail market, additions to the stock are ongoing despite the decreased supply of leasable areas. In the sector, prices found a new balance in TL terms.

In 2020, our industry is anticipated to gain a livelier outlook depending on the course of economic recovery.

We aim to add value to the present and the future.

Having attained successful business results in a year characterized by efforts to rebalance the Turkish economy, which proved to be a challenging year also for our industry, İS REIC implemented an effective management plan to preserve its valuable portfolio and robust balance sheet structure.

İS REIC pursues its activities with the objectives of progressing in ongoing investments in line with the projections, and of producing maximum value for its stakeholders by observing income

continuity and profitability both in sales and leases.

Also in the period ahead, when we will be acting in line with our main strategy built around optimally balancing revenues and expenses, and establishing the ideal balance between real estate investments generating regular income and those on which development profit will be derived in parallel with the conjuncture, we will continue to manage our real estate portfolio with a dynamic approach. While optimizing financing costs, sustainable profitability and efficient risk management will be among our priorities.

On behalf of our Board of Directors and myself, I would like to thank all our stakeholders, who, I am confident that, will always be with us as we build a more desirable future.

Sincerely,

Ömer Karakus
Chairman

Message from the CEO

İş REIC achieved significant gains towards increasing its profitability, one of its priority targets, by optimizing its financing costs through a variety of solutions implemented as part of its main strategy.

Esteemed Stakeholders,

Amid the economic environment characterized by high inflation, contracted domestic demand and low investment appetite which dragged on for three quarters after beginning in the last quarter of 2018, our sector was also dominated by conditions that restrained activities. Revival, although limited, began in the economy and in the sector in parallel with the downtrend in inflation and interest rates from the third quarter of 2019.

Against this backdrop, İş REIC gave priority to correct management of risks, and continued to work to achieve the delivery, sales and leasing targets of existing projects, while focusing on the investment activities of its ongoing projects and on making sure that these activities are realized profitably.

In 2019, the Company's rental income increased by approximately 13% to TL 246.6 million. Total sales revenues generated during the year, on the other hand, amounted to TL 1,206 million, and 99% thereof consisted of income derived on real estate. Net profit for the period was registered as TL 297.4 million at year-end. Our shareholders' equity at 2019 year-end remains strong with TL 3,860 million. Total assets of the Company were recorded as TL 5,716 million, and the total portfolio value as TL 5,488 million. As at 31 December 2019, İş REIC represented nearly 6.1% of the real estate investment company sector with a market capitalization of TL 1,687 million.

We have reached completion phase in our ongoing projects.

In 2019, title deeds were delivered to all home buyers for the Manzara Adalar Project in Kartal, where settlement started. Various campaigns were carried for selling the remaining housing units. In İstanbul project realized in Topkapı, İstanbul, residential units in the Hayat phase were delivered following Gala and Lokal phases where settlement started. The ratio of residential unit deliveries across İstanbul including those in the first three phases reached 78%. In the Konsept project that makes the final phase of the project, 90% of construction has been finalized and deliveries are planned to be started by early 2020. 99% of the residential units in İstanbul have been sold.

72% of housing and office sales was completed for Ege Perla that we have developed in Konak, İzmir, where the shopping center remains in operation with the goal of creating a differentiation. It is intended to increase the number of visitors by the day on the basis of new concepts developed by the shopping center in line with the needs and expectations of the area.

İş REIC implemented a "wait-and-see" strategy with respect to the projects it plans to realize in the medium term. Along this line, the Company will adhere to the same strategy for the

planned projects until we embark upon a period of stable and relatively more predictable market conditions. As part of the transition strategy, the housing project targeted to be developed in Tuzla continued to be evaluated, for which the building permit has been received and which was decided to be postponed last year due to the negative marketplace conditions. As a result of these evaluations, it was decided to revisit the project according to the future market conditions. On another hand, the process for obtaining a building permit was carried on for the project planned to be developed on the property located in Üsküdar.

In 2019, İş REIC put into life various solutions as part of active management of its real estate portfolio and its securitization in part. In this context, the Company strengthened its cash position with profit-generating sales of the Kapadokya Lodge Hotel and the adjacent plot with an area of 11,409 m², and part of Tuzla Mixed Use Project Office spaces and commercial areas. In addition, Manzara Adalar Office and commercial spaces were securitized by being transferred to real estate investment fund. As the result of these actions, significant gains were achieved towards our Company's medium- and



long-term priority targets, which are reduction of existing financial liability, maximizing rental and sales income, and ultimately increasing profitability. The main strategy of the Company set for the years ahead will also be shaped within the frame of these priority targets, and focus will be placed on maximizing the value generated.

Launched in 2018, the project Inspiring Minds, which is an educational program that proved to be a success set to disrupt the patterns in the literature with its demonstrated quality to improve creativity, was brought to a total of 850 students including 2019.

We started 2020 with positive expectations for the sector.

While housing sales lost momentum in keeping with declined demand in 2019, the housing market ended the year with a limited contraction of 1.9%. While there was a marked shrinkage also in the office market, 2019 has seen the lowest average rental fees and the highest vacancy rates of the past decade. A downtrend was observed also in the rental fees in the retail market, which displayed a similar outlook, and the said decline measured approximately 11% in the prime retail

rent figures according to September 2019 data.

Having revived particularly from the second half of 2019 with the effect of interest rates and incentives, the housing sector holds a positive expectation for 2020. We project that the period ahead will be dominated by increased demand and flat supply, and sales from the stock will gain weight. The office and retail market that expands on the basis of a sustainable supply is anticipated to see additions to the supply through ongoing investments in the period ahead.

Having adopted an uptrend in the last quarter of the year, the housing prices index is expected to maintain this tendency, and that the rise in rental figures in the office and retail market will be gradual and span over the medium term.

Overcoming the stagnation in the sector with respect to the investment environment depends on the sustainability of economic and financial stability and the increase in confidence indices.

Our strategy is built on efficient management of our high-quality real estate portfolio

Carrying out its activities with a focus on sustainability, our Company implements its strategies so as to preserve its solid balance sheet structure and efficiently manage its high-quality real estate portfolio.

In 2020, our Company will be closely monitoring the changes in the world and in our country, and will continue to convert its projects into investments in line with the sector's dynamics drawing on its financial capabilities, and to optimally utilize its market experience and innovative approach in a bid to contribute added value to its sector and stakeholders.

I would like to extend my heartfelt thanks to our principal shareholder İsbank, to our Board of Directors, all our business partners, employees and investors, for their continued support and confidence in our Company.

Sincerely,

Hasan K. Bolat
CEO

Board of Directors



Ömer Karakuş
Chairman



Süleyman H. Özcan
Vice Chairman



Aysel Tacer
Board Member



Prof. Dr. Arzu Erdem
Independent Board Member



Haluk Büyükbaş
Independent Board Member



Nihat Uzunoğlu
Independent Board Member



İ. Hakkı Akşener
Board Member



Mehmet Türk
Board Member



Murat Doğan
Board Member

Ömer Karakuş

Chairman

26.03.2019-25.03.2020

Mr. Ömer Karakuş received his bachelor's degree at the Department of Public Administration, Faculty of Economics and Administrative Sciences, Gazi University. Starting his career as an Assistant Inspector at the Board of Inspectors of İşbank in 1989, Mr. Karakuş was appointed as Assistant Manager at the Accounting Department in 1998, and worked as Unit Manager in the same Department. Mr. Karakuş was appointed as the Head of Accounting Department in 2005, as Manager of Yenışehir, Ankara Branch in 2007, as Head of Human Resources Management in 2008, and as the Chairman of the Board of Inspectors on 15.1.2016 in the same organization. Mr. Karakuş served as Deputy Chief Executive at İşbank between 2017 and 2019. As of 26 August 2019 Mr. Karakuş started to work as General Manager of İş Faktoring A.Ş. Mr. Karakuş served as member of the Board of Directors at Nemtaş Nemrut Liman İşletmeleri A.Ş. between 2005 and 2006, Anadolu Anonim Türk Sigorta A.Ş. between 2006 and 2010, Anadolu Hayat Emeklilik A.Ş. between 2010 and 2012, Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. between 2012 and 2013 and İşbank AG between 2013 and 2016. Mr. Karakuş does not hold any in-group company positions other than his position at İş Faktoring A.Ş. and seat as a member of the Board of Directors at İş REIC. Mr. Karakuş is a Board member at İş REIC since 16 May 2017.

Süleyman H. Özcan

Vice Chairman

26.03.2019-25.03.2020

Mr. Süleyman H. Özcan received his bachelor's degree at the Department of Economics, Boğaziçi University, and started his career as Assistant Inspector at the Board of Inspectors of İşbank in 1993. Mr. Özcan was appointed as Assistant Manager of Accounting Department of the same organization in 2001, and then worked as Group Manager of Accounting Department, Unit Manager of Project and Change Management Department, and Strategy and Corporate Performance Management Department, respectively and served in various positions at some İşbank subsidiary companies. Holding a position within the Group in addition to serving as member of the Board of İş REIC, Mr. Özcan has been acting as the Head of Investor Relations Department of İşbank since 26 March 2009 and also a member of the Corporate Governance Committee at İşbank. Mr. Özcan is a member of the Board of Directors at İş REIC since 8 December 2014 and a member of the Corporate Governance Committee.

Aysel Tacer

Board Member

26.03.2019-25.03.2020

Ms. Aysel Tacer received her bachelor's degree at the Department of Business Administration, Faculty of Economics and Administrative Sciences, Marmara University, and started her career as an officer at the Taksim Branch of İşbank in 1980. Ms. Tacer served as Assistant Service Officer and Financial Analyst at the Department of Information and Financial Analysis between 1983 and 1989. She started working as Credit Assistant Associate at Şişli Branch in 1989 and as Assistant Manager at the

same branch in 1993. She worked as manager at Akatlar, Çarşı-Bakırköy, Bakırköy, Güneşli and Güneşli Corporate Branches between 1996 and 2011. Ms. Tacer worked as member of the Audit Committee at Tuba-Sim İnş. Konsorsiyumu A.Ş. between 1994 and 1996, as member of the Audit Committee at İş Faktoring A.Ş. between 1999 and 2001, and as member of the Board of Directors at Camış Madencilik A.Ş. between 2001 and 2005, at Anadolu Anonim Türk Sigorta A.Ş. between 2005 and 2009, and İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. between 2009 and 2011. Ms. Tacer was as member of the Board of Directors of İşbank on 31 March 2011 and 28 March 2014. She served as member of the Board until 21 March 2016, acting as member of the Corporate Social Responsibility Committee and as substitute member of the Credit Committee during her term. Ms. Tacer retired from İşbank on 30 June 2015. Ms. Tacer does not hold any in-group positions other than her seat as a member of the Board of Directors at İş REIC as of 11 April 2016.

Board of Directors

Prof. Dr. Arzu Erdem Independent Board Member 26.03.2019-25.03.2020

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. She is currently the Dean of the Faculty of Art and Design, Kadir Has 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. Ms. Erdem also serves as member of the Board of Rubicon Foundation (The Netherlands), which carries out studies and researches on natural life and bio-diversity, and as Turkish Science

Committee of the International Venice Architecture Biennale. Having been appointed as member of the Board of Directors of İş REIC since 21 March 2018, Ms. Erdem does not hold any in-group position. She is also the Head of Corporate Governance Committee, as well as the Member of the Committee for Early Detection of Risk in İş REIC.

Haluk Büyükbaş Independent Board Member 26.03.2019-25.03.2020

Mr. Haluk Büyükbaş received his BSc and MSc in electrical engineering from the Middle East Technical University in 1980, and 1983, respectively. Starting his career as an engineer at the Department of Research and Planning, Turkish Power Authority in 1980, Mr. Büyükbaş worked as engineer, chief engineer and project manager at the Project Department of Transmission Lines and Transformer Centers, Turkish Power Authority between 1981 and 1989. Mr. Büyükbaş served as Head of Division at the Turkish Public Enterprise Administration between 1989 and 1995, and as Assistant General Manager Public Finance General Directorate, Turkish Undersecretariat of Treasury between 1995 and 1997. Serving as Deputy Chairman of the Privatization Board of Turkey between 1997 and 2003, Mr. Büyükbaş's tasks during this period included the privatization of oil and energy companies. After working as Advisor to the Chairman at the Privatization Board of Turkey between 2003 and 2005, he retired from the public service in 2005. Mr. Büyükbaş served as member of Board of Directors and Board of Auditors at various companies, mainly including Tüpraş, Petkim, Erdemir and ÇEAŞ during his public service career.

Mr. Büyükbaş served in managerial positions as the Secretary General of the Turkish Contractors Association (TCA) between August 2005-January 2019. In connection with this post, he represented TCA before the European Construction Industry Federation (FIEC) and he has been a Governor at the World Water Council based in Marseille from March 2006 until November 2018. Having been appointed as member of the Board of Directors of İş REIC since 24 March 2016, Mr. Büyükbaş does not hold any in-group position. He is also the Head of Committee for Early Detection of Risk, as well as the Member of the Committee for Audit in İş REIC.

Nihat Uzunoğlu Independent Board Member 26.03.2019-25.03.2020

Mr. Nihat Uzunoğlu received his degree in political sciences from Ankara University in 1981 and started to work as Junior Accountant at the Ministry of Finance the same year. He was appointed to the position of Accountant in 1984, ranking first in his term, and to the position of Chief Accountant in 1991. Mr. Uzunoğlu conducted studies and research on "Self-Regulation Organization in the British Tax System" for one year in the UK, between 1989-1990. On 13 March 1994, he was assigned as the first Director of the Foreign Trade Tax Administration that was just established, in which post he served for 3.5 years. He then served as the Assistant Head of Provincial Treasury of İstanbul from July 1997 to August 2004. Mr. Uzunoğlu was re-appointed to the Tax Inspectors Board as Chief Tax Inspector in August 2004, where he served in various functions including member of the Reading Commission and member of

the Advisory Commission. Mr. Uzunoğlu served as the President of the Finance Tax Inspectors Association for four terms between 2005 and 2009, and retired from civil service in January 2014. He currently offers advisory in tax, insurance and other financial legislation at RSM TR Yeminli Mali Müşavirlik A.Ş. and also provides training activities on tax implementations at the “HUZ ACADEMY”, which is a joint institution of the Tax Inspectors Association and Tax Inspectors Foundation. Mr. Uzunoğlu is the author of a two-volume book set titled Herkes İçin Katma Değer Vergisi Kanunu Yorum ve Açıklamaları (Value Added Tax Law Interpreted and Explained for the Layman) published by the Finance Tax Inspectors Association. Mr. Uzunoğlu has been a Member of İş REIC’s Board of Directors since 24 March 2016 and he is also the head of the Committee for Audit. Mr. Uzunoğlu does not hold any other in-group position apart from his roles at İş REIC.

İ. Hakkı Akşener

Board Member

26.03.2019-25.03.2020

Mr. İ. Hakkı Akşener received his bachelor’s degree in electrical and electronics engineering at the Middle East Technical University, and started his career as Electrical Engineer at the Property Development Department of İşbank in 1985. He served as Assistant Manager at the IT Department in 1993, and as Group Manager at the same Department in 1998. Mr. Akşener worked as General Manager of İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., a subsidiary of İşbank between 2003 and 2010. Starting to work as Counselor to General Manager of İşbank as the General Coordinator of TUTOM on 25 February 2010, Mr. Akşener was appointed as the Head of the Construction and Property Management on 27 April 2017. Holding a position within the Group in addition to serving as member of the Board of

İş REIC, Mr. Akşener has been acting as Head of the Construction and Property Management of İşbank and also a member of the Board of Directors at İş-Altınhas İnşaat Taahhüt ve Tic. A.Ş. Mr. Akşener has been serving as member of the Board of Directors at İş REIC since 21 March 2018.

Mehmet Türk

Board Member

26.03.2019-25.03.2020

Mr. Mehmet Türk received his bachelor’s degree in civil engineering at the Middle East Technical University, and his MSc in “Advanced Investment Management” program at the Department of Business Administration, Virginia Polytechnic Institute and State University, and his PhD in contemporary business management at the Graduate School of Social Sciences, Işık University. Mr. Türk has published research articles in international journals on finance and economy. Starting to work as Associate Expert at the Treasury Department of İşbank in 2000, Mr. Türk was promoted as Assistant Manager and Unit Manager in 2009 and 2016, respectively, at the same Department. As of 28 November 2017, Mr. Türk continues to serve as Treasury Manager at the Treasury Department of İşbank. Mr. Türk does not hold any in-group positions other than his position in İşbank and seat as a member of the Board of Directors at İş REIC. Mr. Türk is a Board member at İş REIC since 21 March 2018.

Murat Doğan

Board Member

26.03.2019-25.03.2020

Mr. Murat Doğan received his BSc in industrial engineering from Istanbul Technical University in 2000, and joined İşbank as an assistant specialist in İşbank’s Subsidiaries Division. He currently serves as Unit Manager in the same division. Mr. Doğan is also holding in-group positions in addition to his seat on the Board of Directors of İş REIC, Mr. Doğan is a Board member at subsidiaries of İşbank; Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş., Trakya Yatırım Holding A.Ş. and İş-Altınhas İnşaat Taahhüt ve Tic. A.Ş. Having served as a member of the Company’s Board of Auditors at İş REIC from 2010 to 2012, Mr. Doğan has been holding a seat on İş REIC’s Board of Directors since 8 December 2014. He is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk.

Board of Directors

Changes in Management During the Reporting Period

At the General Assembly Meeting held on 26 March 2019, all nine members of the Board of Directors who had served previously have been re-elected.

No changes occurred in the seats on the Board of Directors during the reporting period.

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 Turkey (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.

Operating Principles of the Board of Directors

The Board of Directors conducts its activities within the framework of publicly disclosed operating principles. The Board convenes on such occasions as deemed to be made necessary by the Company's business and affairs upon an invitation by its chairman or his deputy. 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 Chairman

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 eight times and passed ninety decisions. Full attendance was achieved in six of the Board of Directors meetings held during the reporting period, whereas two meetings were held with the absence of one member in each. 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 26 March 2019.

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 Board members Mr. Murat Doğan and Mr. İ. Hakkı Akşener serve as board members at İş-Altınhas İnşaat Taahhüt ve Tic. A.Ş., and the said situation does not lead 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.

The Corporate Governance Committee makes recommendations regarding remuneration of the members of the Board of Directors, which is then determined by the General Assembly of Shareholders. At the General Assembly Meeting convened on 26 March 2019, monthly gross remuneration to be paid to each Board member is set as TL 11,250, 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 1,168 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.

Operating Principles of the Board of Directors

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

Operating principles 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.

Corporate Governance Committee

Head	Member	Member	Member
Prof. Dr. Arzu Erdem	Süleyman H. Özcan	Murat Doğan	Ayşegül Şahin
Independent Board Member (non-executive)	Board Member (non-executive)	Board Member (non-executive)	Kocameşe (executive) (*)

(*) Group Head Responsible for Investor Relations

Committee for Early Detection of Risk

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

Committee for Audit

Head	Member
Nihat Uzunoğlu	Haluk Büyükbaş
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.

Neither a Nominating Committee nor a Remuneration Committee has been set up under the Board of Directors. The functions of these committees are performed by the Corporate Governance Committee.

During the reporting period, the Corporate Governance Committee considered the candidacy of four independent Board member nominees and presented its assessment to the Board of Directors. In the light of these assessments, the Board of Directors finalized the list of independent member nominees, which was publicly disclosed.

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

The Committees did not receive consultancy for their activities during the reporting period.

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 three committees at İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İŞ REİC): Corporate Governance Committee, Committee for Early Detection of Risk, and Committee for Audit. The Corporate Governance Committee fulfills the functions of the Nominating Committee and Remuneration Committee, which need to be set up under Corporate

Governance Principles.

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 Department serves as a member on the Corporate Governance Committee.

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 2019 within the frame of the espoused operating principles; 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 9 times during the reporting period. While priority is given to discussing the topics on the agenda in the Committee meetings, the Investor Relations 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 Department.
- Reviewed the Company's Corporate Governance Compliance Report and Corporate Governance Information Form, and presented them for the approval of the Board of Directors.

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, which has been 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 in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC, held 8 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 Internal Systems Unit within the knowledge of the Committee for Early Detection of Risk,
- A bimonthly Committee for Early Detection of Risk Report, which is prepared by the Committee for Early Detection of Risk so as to cover risk management and early detection of risk pursuant to article 378 of the TCC.

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 necessary information was provided to the Board of Directors with respect to monitoring the risk limits, and increased the efficiency of the Company's risk systems.

Committee for Audit:

The Committee for Audit reports to the Board of Directors and carries out its activities in accordance with the "Operating Principles of the Committee for Audit". 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 4 meetings during the reporting period.

In parallel with its duties set forth in the operating principles, 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 reports to be publicly disclosed to the accounting principles pursued by the Company, as well as their accuracy and fairness,
- Monitored the determination of the annual activity plan of the Company's Internal Systems Unit and execution of audit activities in accordance with the plan, and received information about audit activities in periodic meetings,
- Provided the necessary coordination for sharing the findings identified within the scope of audit activities with the Board of Directors and the Company's senior management, and for ensuring that necessary measures are adopted.

Within this scope, the Committee for Audit reviewed the operation of the Company's internal systems, contributed to the betterment of processes that presented room for improvement, and effectively carried out audit activities.

Declaration of Interest by Independent Board Members

To: Chairman 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 Turkey for the purposes of the Income Tax Law;
- f) I possess the ethical standards and professional repute 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



Haluk Büyükbaş
Independent Board Member



Nihat Uzunoğlu
Independent Board Member

Senior Management



Hasan Kimya Bolat
CEO



Ayşegül Şahin Kocameşe
Group Head



Av. Pınar Ersin, LL.M
Group Head



Kaan Özsoy
Group Head



Gülfem Sena Tandoğan
Group Head



Ömer Barlas Ülkü
Group Head



K. Sertaç Seviner
Group Head

Hasan K. Bolat CEO

Born in 1966, Mr. Bolat is graduated from Ankara University, Faculty of Political Sciences, Division of International Relations. He began his career as an auditor in İşbank in 1988. After serving in numerous branches as Branch Manager, Mr. Bolat served as Regional Director of the Department of Commercial Loans from 2003 to 2007 and Director of the Department of Credit Allocation for SME customers in İş Bank from 2007 to 2013. Mr. Bolat served as General Manager and member of the Board at İş Leasing between 2013-2017. During this assignment Mr. Bolat was also a board member at Association of Financial Institutions of Turkey. As of 11 June 2018 Mr. Bolat has been appointed as General Manager at İş REIC. Currently he is also Board Member both in TİBAŞ Foundation and GulssEye A.Ş. and Vice Chairman of the Board in Kanyon Yönetim, İşletim ve Pazarlama A.Ş. and İş-Altınhas İnşaat Taahhüt ve Tic. A.Ş. Furthermore; Mr. Bolat serves as Board Member of GYODER (The Association of Real Estate and Real Estate Investment Companies), KONUTDER (Association of Housing Developers and Investors) and AYD (Council of Shopping Centers Turkey) that continue their activities as leading associations in real estate sector.

Ayşegül Şahin Kocameşe Group Head

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). 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 been working in the position of Group Head since 2012, Ms. Kocameşe is currently in charge of Financial Reporting and Budget Division, Human Resources and Training Division, and Investor Relations 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.

Atty. Pinar Ersin LL.M. Group Head

Atty. Pinar Ersin graduated from the Faculty of Law at İstanbul University in 1994 and got her LL.M. degree in Business Law from İstanbul Bilgi University. Ms. Ersin completed her legal internship in 1995 and was enrolled with the İstanbul Bar Association. She began her career as a lawyer at BEDAŞ in 1996 and joined İş REIC in 2000, where she set up the Company's Legal Counselling, Human Resources and Education Departments. Ms. Ersin is lecturing on the Legal Aspects of Real Estate Investments at GYODER Academy and Bahçeşehir University's MBA in Real Estate Program.

Ms. Ersin holds a Human Resources Manager Certificate and Adler Coaching Certificate Accredited by the International Coaching Federation and she works as a coach and mentor in various social responsibility projects. She is the co-founder of Board of Woman Leaders in Real Estate and executive committee member of Urban Land Institute Turkey. Ms. Ersin serves as Group Head since 2012 and responsible for Company's Legal Counselling.

Kaan Özsoy Group Head

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. Mr. Özsoy has SPL Real Estate Valuation Licence and serves as Head of Group since 2018. Mr. Özsoy is responsible for the Construction Division, Architecture Division, and Facility Management and Maintenance Division.

Gülfem Sena Tandoğan Group Head

Gülfem Sena Tandoğan got her bachelor's degree in Labor Economics and Industrial Relations from the Faculty of Political Sciences at Ankara University in 2001 and an Executive MBA from Boğaziçi University. She began her career as an assistant product manager in a pharmaceuticals company in 2001. She started working at the Marketing Department of İş REIC in 2003 and functioned as a specialist at the Risk Management and Investor Relations Department from 2005 until 2007. She was involved in the establishment of the Corporate Communications and Marketing Department in 2007. Ms. Tandoğan is

currently responsible for the Corporate Communications and Marketing Division, and Sales and Leasing Division. Ms. Tandoğan serves as a member of Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.

Ömer Barlas Ülkü Group Head

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. Mr. Ülkü was involved in the establishment of the Financial Management Department in July 2012 and currently serves as the Head of Group and responsible of Project Development Division, Fiscal Operations, and Support Services Division, Accounting and Finance Division, and Information Technologies Division. Mr. Ülkü serves as a member of Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.

K. Sertaç Seviner Group Head

K. Sertaç Seviner graduated from the Department of Economics, Faculty of Economic and Administrative Sciences at the Middle East Technical University in 2000. He joined İşbank in 2001 as an assistant inspector trainee on the Board of Inspectors, and was appointed as an assistant manager in the Retail Loans Monitoring and Recovery Division in 2010. Mr. Seviner was appointed as Head of Audit Group in December 2012 in İş REIC and currently responsible of Company's internal systems.

While the construction industry produced a negative performance in the first three quarters of 2019, the market began to come alive with the effect of economic rebalancing and the CBRT's rate cut in the third quarter.

Directly impacted by the overall economic stagnation that commenced from the last quarter of 2018, the construction industry displayed a negative performance in connection with various developments such as decreased public expenditures in the first three quarters of 2019, shrank demand, and slowdown in the housing sector due to increased costs of construction inputs and financing. In the third quarter of the year, the market began to come alive with the effect of economic rebalancing and the CBRT's rate cut.

Having closed 2018 with 0.4% growth, the construction industry got 7.2% share of GDP in 2018 following the revision on the basis of current prices. While the share the construction industry got within GDP, following the revision on the basis of current prices, was 6.1%, 5.4% and 4.9% for the first three quarters of 2019, respectively, the rates of contraction in the sector for the same periods were 10.1%, 26.6% and 14.2%, respectively.

The current level of construction projects showed significant recovery in the July-October period, and the ongoing projects increased by 13.5 points. Following the decline in November, rise was recaptured with a 3.6 point leap in December in the aftermath of completed projects. New undertakings support the existing projects. The relative recovery in the economy and particularly the downfalls in interest rates began to lend delayed positive contribution to the projects in the construction industry.

New orders in the construction industry preserved their uptrend from July 2019. Following the decline in November, the level of new undertakings leaped by 4.1 points in December as compared with the previous month. Accelerated sales began positively affecting new orders, as well.

In December 2019, the Construction Costs Index went up by 1.01% on a monthly basis and by 10.76% on a year-over-year basis.

After registering a gradual and prudent rise in the July-December period, the "Construction Industry Confidence Index" dropped in November before picking up once again by 3.9 points in December, to close the year at 61.5 points, its highest.

In the first nine months of 2019, building permits granted by municipalities shrank by 57.1% in terms of the number of buildings, by 58% in terms of area, by 48.9% in terms of value and by 63.8% in terms of the number of apartments on a year-over-year basis.

Housing Market

The number of housing units sold in 2019 was down by 1.9% to 1,348,729 all over Turkey. 37.9% of this figure consisted of first hand sales, while the share of second hand housing sales increased to 62.1%

In 2019, housing sales to non-nationals grew by 14.7% and became 45,483.

With the downtrend that began in the housing loan rates in the third quarter of the year, coupled with the effect of monthly interest rates that went below 1% in the last quarter, housing sales began to rise, and the share of mortgage sales to total sales went up to 24.9% in December (2018 December: 5%).

The CBRT Residential Property Price Index (RPPI) value in November 2019 rose to 117.10, representing a value gain by 7.19% on an annual basis. The CBRT RPPI for New Dwellings Index value in November 2019 went up to 120.09 for an annual value gain by 10.37%.

Office Market

In approximately one year that passed after the Decree Amending the Decree no. 32 Regarding the Protection of the Value of Turkish Currency published in September 2018 and the Communiqué Amending the Communiqué on the Exceptions to the Restriction of Foreign Currency Contracts published in November 2018, lease and sales figures began to be quoted exclusively in Turkish lira terms, and leases and sales are realized in TL in the marketplace.

According to Colliers data, total speculative Class-A leasable office stock in İstanbul reached 2,672,104 m² in the third quarter of 2019.

Based on the regional distribution of the total office stock in İstanbul, total stock shares of regions with the highest Class-A office stock are as follows: CBD (32%), Kozyatağı/Ataşehir (16%), Kağıthane/Cendere (15%), Ümraniye (13%) and Maslak (12%). Total office stock in these five regions constitutes 88% of the overall İstanbul stock.

In the third quarter of 2019, the vacancy rate in total Class-A Office buildings on İstanbul's European and Asian sides changed barely over the previous quarter, and went up from 33.42% to 33.52%. Vacancy rates dropped to 35.85% (36.20% in Q2) on the European side and rose to 29.59% (28.73% in Q2) on the Asian side.

In the three quarters of 2019 combined, leases occurred more heavily in the Kozyatağı/Ataşehir area.

In the third quarter of 2019; average Class-A office rent figures across İstanbul slipped down from 18.70 USD/m²/month to 17.83 USD/m²/month. While rents on the European side averaged 19.20 USD/m²/month, the same was 15.50 USD/m²/month for the Asian side.

Approximately 549,262 m² office stock that will be put on the market in the next two years on the Asian and European sides is in construction and planning phase. The distribution of the said office stock shows that 55% of it will be supplied on the Asian side,

whereas 45% will be on the European side. Great majority of the near-future stock in planning and construction phase is concentrated in Kozyatağı/Ataşehir and CBD.

Retail Market

Although the rise in retail market supply slows down, it is sustained. According to Cushman&Wakefield data, total shopping mall supply in 2019 rose to 12.99 million m² with 80,000 m² new supply to the market in İstanbul in the third quarter of the year.

In terms of leasable area, İstanbul makes up 39% of total stock.

Prime rent figures on main streets in İstanbul retail market dropped by 10.7% as compared with the previous year. Prime return rate, on the other hand, was found to be 7.25%.

Based on shopping centers retail data released by the Council of Shopping Centers - Turkey (AYD) and Akademetre Research Company, the turnover index non-adjusted for inflation was 17.2% higher in December 2019 than what it was in December 2018, and reached 375 points. The index data showed 15.9% rise annually when compared with the previous year, and reached 299 points in 2019.

Productivity per leasable square meter in shopping centers was registered as TL 1,829 in İstanbul and as TL 1,160 in Anatolia in December 2019. In the same period, productivity per square meter across Turkey reached TL 1,428.

When compared with December 2018, number of SC Visits Index was down by approximately 4 points to 104 points. It was observed that the index was down by 1 point to 101 points in the fourth quarter on a year-over-year basis.

Sources: TurkStat, Cushman&Wakefield, Colliers, Association of Turkish Construction Material Producers (IMSAD), Council of Shopping Centers-Turkey (AYD)

Board of Directors Activities in 2019

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Presentation / Corporate Governance / Financial Information

İş REIC brought its ongoing investments to completion at a major extent despite all the prevailing negative market conditions and effectively managed its high quality real estate portfolio that preserves its value despite the contraction in the overall economy drawing on its robust balance sheet structure.

In 2019, our Company continued to work towards aligning with economic normalization and took actions to increase both rental and sales income. The Company brought its ongoing investments to completion at a major extent despite all the prevailing negative market conditions and effectively managed its high quality real estate portfolio that preserves its value despite the contraction in the overall economy drawing on its robust balance sheet structure. As the negative effects of the economic contraction sustained in previous years continued to be felt in 2019, our Company made its strategic planning in line with its financial capabilities and reviewed the timings of its new projects to be developed. Our work in relation to our projects continued in alignment with the sector's dynamics throughout 2019, priority was given to achieving the rental, sales and delivery targets of our existing projects, and we secured increased occupancy rates and continued stable rental income on our properties in our portfolio.

Title deed deliveries to homebuyers continued in 2019 at the **Manzara Adalar** Project that our Company put into life in Kartal, one of the preferred locations on the Asian side of İstanbul. Various campaigns were carried out in an effort to support sales, and it was aimed to increase the sales rate of the project with the push lent by the reduced housing loan rates extended both by public and private banks. Also sales channels with ties to foreign countries were made use of in order to benefit from the tax and T.R. citizenship right advantages granted for sales to non-nationals within the scope of the existing regulatory framework. On the other hand, our Company worked on alternative financial models in relation to office and commercial spaces covered within the project functions; accordingly, office and commercial spaces were transferred to the real estate investment fund, and thus securitized.



Housing unit deliveries at Hayat, the third phase of **İstanbul** Project co-developed by our Company and Timur Gayrimenkul in Zeytinburnu district in İstanbul, were completed during the reporting period. Including the housing unit deliveries made under the first three phases of the project, the delivery rate reached 78% for İstanbul. 90% of the construction has been completed at Konsept, which makes the final component of İstanbul that consists of four different projects. Deliveries in this final project are slated to begin by early 2020. The sales of all units in İstanbul, which stands out with its central location and concept, is about to be finalized.

72% of residential and office spaces have been sold at **Ege Perla** which we have realized in Konak, İzmir, while the shopping mall continued to host culture and arts activities with the developments carried out, in addition to offering entertainment and shopping experience.

The investments that our Company has been realizing in Tuzla since 2009 have played an important role in the increased value the district enjoys today. Having brought a new dimension to living space standards with the residential project it has developed, our Company redefined the business districts in the area with its office spaces and commercial properties, as well. Taking place among these major projects, Tuzla Technology and Operations Center and Tuzla Mixed-Use Project became operational as a structure where office and commercial spaces complement one another following the completion of its construction by end-2015. All of the office spaces and part of the commercial spaces in Tuzla Mixed-Use Project were sold to Türkiye Şişe ve Cam Fabrikaları A.Ş., the current leaseholder in the project, during the reporting period.

Our Company continued to work on the new residential project located on the plot acquired with the target of carrying on with its investments in **Tuzla** that it believes

Board of Directors Activities in 2019

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to have a high potential for thriving. Previously decided to be postponed due to the economic volatilities and adverse market conditions in 2018, the project remained on suspension in view of the unchanged supply and demand balance in 2019. In 2020, housing sales, developed projects, market condition and status of demand will continue to be watched closely.

The activities for obtaining the building permit continued for the project our Company is planning to develop on the [Üsküdar-Altunizade](#) plot included in its portfolio.

Launched as one of the most important projects of late, İstanbul International Financial Center consists of office and commercial spaces. The rough construction of our Company's project in [IIFC](#) with a construction area of approximately 70,000 m² and 33,000 m² of leasable/saleable area has already been completed. Upon the Presidential Finance Office's announcement that the IIFC Project is targeted to become operational in 2022, construction work is planned to be restarted from 2020.

Our Company is also considering alternative methods to optimize financing costs within the scope of its financing policies, and accordingly generated funds by selling the [Kapadokya Lodge Hotel](#) and part of the adjacent lot with an area of 11,409 m² located in Nevşehir, which was included in its portfolio, as well as part of the office and commercial spaces in [Tuzla Mixed-Use Project](#) during the reporting period.

In 2020, our Company will maintain a close watch on the changes in the world and in our country, and will keep working towards sustainability criteria and creating value for its stakeholders, a goal nurtured ever since its incorporation, while continuing to contribute added value to its sector driven by its deep-rooted and innovative character.

İş REIC's main strategy is to generate maximum benefit for its shareholders by increasing its profitability through effective and dynamic management of its real estate portfolio.

Diversifying its portfolio by investing in projects entailing components such as office, retail and residential spaces, İş REIC's main strategy is to generate maximum benefit for its shareholders by increasing the Company's profitability through effective and dynamic management of its real estate portfolio. Accordingly, the Company aims to optimally balance its revenues and expenses, and to capture an ideal balance between real estate investments that will generate regular income and those on which development profit will be derived in parallel with the conjuncture.

In line with this main strategy, the Company's long-term priority targets include reduction of existing financial liability, maximizing rental and sales income associated with its existing portfolio and projects nearing completion, reduction and efficient management of operating expenses, decreasing financial expenses in parallel therewith, and ultimately increasing profitability.

Having completed 2019 fiscal year in line with the targets stated above, İş REIC's top priority will be to bring all of its ongoing investments to completion within the projected timelines while also capturing the targeted profitability, to achieve lease and sales targets, and to carry on with contemporary, ethical and sustainable project developments that will result in optimum use and benefits on properties included in its portfolio and doing so at the right time.

Besides all these activities, the Company closely monitors investment opportunities relating to projects and real estate properties that will secure the Company's organic and revenue growth, and assesses them in line with its investment strategy. Risks that may stem from the business environment are also taken into consideration, a close eye is kept on exchange rate and interest rate risks in investment and funding decisions, and the necessary measures are adopted for managing interest rate and exchange rate risks.

The Board of Directors regularly monitors the actualizations within the frame of strategic goals, revises the targets as and when called for by new circumstances, and shapes investment and financing decisions accordingly.

Activities of the Investor Relations Department

The Investor Relations 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.

Set up at the Company in 2005 in accordance with the related regulations of the Capital Markets Board of Turkey (CMB), the Investor Relations Department reports to the Head who is also in charge of “Financial Reporting and Budget Division” and “Human Resources and Training Division”.

The Investor Relations 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 manager of the Department, being a member of the Corporate Governance Committee, participated in all of 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.

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

Additionally, the Investor Relations Department also handles the secretarial tasks of the Corporate Governance Committee as indicated in the operating principles of the Committee.

Public Disclosure and Provision of Information

During the reporting period, the Investor Relations Department held one-on-one meetings with analysts and fund managers from domestic and international investment companies at the Company’s headquarters.

During the year, the Investor Relations Department responded to more than 100 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. About half of all requests for information consisted of individual queries, while the remaining half was of an institutional nature.

Shareholders request information by directly contacting the Investor Relations 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 institutions, as well as from shareholders, are responded and support is given for questionnaires and academic studies as much as possible.

Necessary records in relation to information requests are regularly kept by the Investor Relations Department. 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 (KAP) 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.

The corporate website incorporates the "Information Society Services" section as per the regulation governing the websites of equity companies published by the Ministry of Customs and Trade. Investors are linked to the MKK portal via the Information Society Services section and can access fundamental information about the Company also through this link.

Moreover, investors are provided with easy access to stock performance data as well as to the Company's material event disclosures via the data provided by the data provider under the "Investor Relations/Stock Performance" section on the Company website. Stock performance data is also available on the English website.

Additionally, shareholders or investment company employees who sign up in the "Distribution List" of the Investor Relations Department receive emails about material event disclosures, financial results and similar topics.

General Assembly Process

The Company's 2018 Ordinary General Assembly Meeting was carried out in accordance with the provisions of Corporate Governance Principles and TCC, and the meeting took place on 26 March 2019 with 70.5% attendance representing TL 676.3 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 KAP (Public Disclosure Platform), e-GKS (Electronic General Meeting System of the Central Registry Agency - MKK), and the Company's website. General Assembly Meeting Information

Document was prepared so that shareholders could be informed about the topics to be discussed in the general assembly meeting in advance, and all general assembly documents were posted on the Company website in Turkish and in English languages.

After the General Assembly Meeting, the meeting minutes and the list of meeting attendants were publicly disclosed on KAP 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 "Investor Relations Department's Public Disclosure Distribution List".

The questions asked and the answers given at the general assembly meeting were published on the company website under principle n. 1.3.5 of Corporate Governance Principles.

Activities of the Internal Systems Unit

Audit and control systems at the Company are configured in accordance with international practices, principles and organization.

The Internal Systems Unit is responsible for monitoring and reviewing all of the business processes and activities of Company departments, for evaluating and reporting its findings, and for making such recommendations pertaining to those findings as the Unit may deem to be necessary. The Unit's monitoring and reviewing activities are carried out independently. Their underlying goals are to foster an internal auditing culture throughout the Company and to determine the effectiveness and efficiency of the Company's internal control, risk management, and corporate governance systems.

Audit and control systems at the Company have been organized in accordance with international practices, principles and organization framework. Established in November 2008, the Internal Systems Unit Department was structured separately from and independent of other Company units. The department began reporting directly to the Board of Directors in June 2012. Internal control activities are also handled by the Internal Systems Unit at the Company.

The Unit, which is responsible for audit activities, carries out its activities under the "İş REIC Audit Guidelines" which sets out the incorporation, operation, and activities of the Company's Internal

Systems Unit, the duties, powers and responsibilities of the Unit employees, along with operating principles and procedures. The Internal Systems Unit activities during the year are executed in accordance with the "Annual Audit Plan" approved by the Committee for Audit. In a bid to further and improve the organization's efficiency in all aspects and to add value to the organization, the audit system is run so as to develop systematic approaches for independent and impartial evaluation and improvement of the risk management, internal control and governance processes, and thus help the organization achieve its targets.

Risk Management

Risk management functions and activities at İş REIC have been placed under the responsibility of Internal Systems Unit since September 2018. This unit's duties consist of managing all risks which are inherent in the Company's activities within the framework of the Company's published Risk Policy and of associated internal rules and regulations. The Risk Management Unit reports to Company senior management.

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.

Furthermore, within the scope of the 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, a "Committee for Early Detection of Risk Report" is prepared on a bimonthly basis and submitted to the Board of Directors for its information.

İş REIC's employees who aim to add value to their own work engage in self-development and manage their career goals, supported by the Human Resources and Training Division in the process.

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 places 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.

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 continuously improve financial and social rights of employees, create a fair and professional work environment and determine the training needs of personnel.

Employees are informed about decisions and developments that concern them. There is not a trade union set up under the Company organization. On the other hand, while the Company supports the effective recognition of the freedom of association and the right to collective bargaining, the Company has not received any such request from the employees to date.

In line with the objectives and strategies specified in the Company's Human Resources Policy, the Company aims to create a shared corporate culture by recruiting the human resource that espouses the same values with the Company, and seeks to create competitive advantage by conducting the necessary training, development and cultivation activities.

Employees are informed on matters such as employment conditions, career path and advancement requirements,

monetary arrangements and fringe benefits. Employer contribution is granted for Company employees participating in the Private Pension System, and all employees have corporate health insurance and life insurance policies. In addition, all employees receive daily lunch allowance and are provided with commuter buses for transportation.

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. Therefore, Company Performance Evaluation criteria and their results are shared with the employees. Employees who target to add value to their respective jobs are backed by the Human Resources and Education Unit, and gain access to self-development and manage their career objectives.

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.

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, and all necessary measures have been taken to ensure a safe and healthy working environment.

Training at İş REIC

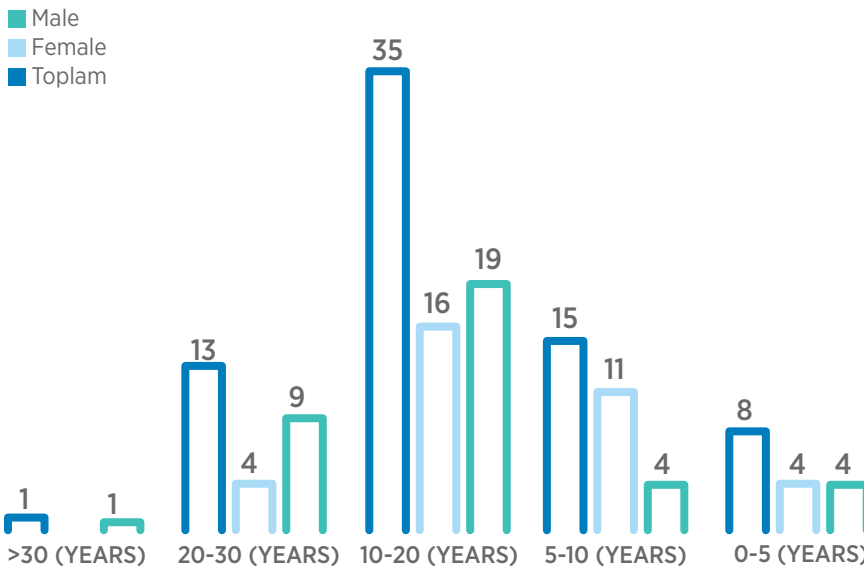
The training programs designed according to employees' needs are intended to bring about changes in their knowledge, skills and attitudes, to drive their advancement in their careers, to increase their motivation and job satisfaction, and to align corporate goals and personal targets. İş REIC's priority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

frame of equality of opportunity. During 2019, employees attended various professional knowledge refresher programs in topics such as taxation, finance, accounting, HR, personal data protection and information security, as well as training programs focused on competency building such as Trust Facilitation. In addition, employees were provided the opportunity to take part in capital market licensing training programs related to business processes.

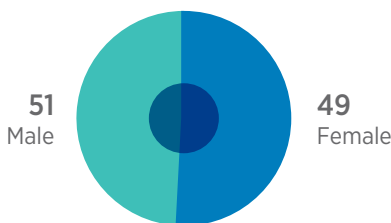
Organizational Structure

No important changes occurred in the Company's organizational or management structure during the reporting period.

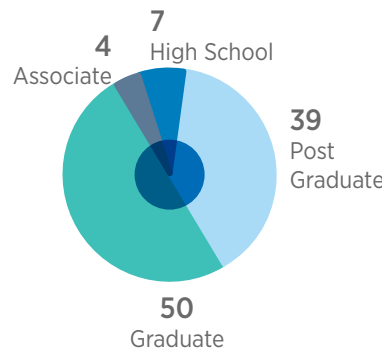
Total Work Experience (Person)



Gender Breakdown (%)



Educational Status Breakdown (%)



While headed towards generating high returns for its shareholders, İŞ REIC also carries out various activities to contribute to the community life and the environment.

While headed towards generating high returns for its shareholders, which is a key objective, İŞ REIC also carries out various activities to contribute to the community life and the environment within the scope of its corporate social responsibility concept. Along the line, the Company extends support to numerous artistic and sports events, in addition to the activities carried out in the sector. The activities carried out with a view to allowing the young generation gain experience in the sector and to socially equip them coincide with our corporate mission that puts human at its core.

In line with our policy to carry out social investments with tangible benefits, which will serve as examples to all the segments of the society, the sector and the business world, we have formulated our Corporate Social Responsibility Policy at İŞ REIC on the center of our priority topics, which puts giving children equal access to educational, cultural, environmental and social means in the focal point.

Launched in a bid to reveal our commitment to finding solutions in view of social issues, needs and expectations as İŞ REIC and to reflect our social vision, our social responsibility initiative has been formulated with the involvement of all Company employees. The perspectives and contributions of all our employees in this process, whereby various projects and implementations were developed, have been crucial.

The studies carried out revealed the presence of a high “social investment” expectation from our Company and the need for İŞ REIC to make social investments. The common sentiment harvested can be summed up as follows: “As İŞ REIC, we consider it our priority that everybody reaches better living

conditions, and we are working to equip, influence, guide and motivate everyone we can reach in this direction”. Our social investment principle is formulated as identifying the true need on the basis of comprehensive analysis in the area of the issue in our focus, and developing an inclusive model that will bring about real benefit for the target audience in need and that will create change. The tendencies that consistently gained the foreground were children and education as the focal point of all projects that arose in the process.

Erected upon the core values of İŞ REIC brand, its goals, and the positive social influence sought to be created in the public opinion, this initiative was put to life in 2018, and evolved into a project presenting the potential to be referenced in the world literature.

Inspiring Minds

The issue İŞ REIC Corporate Social Responsibility team focused on for nearly three years was determined as the shortcoming of the existing education system to contribute to equipping the children with a vision and build on their competencies. The analyses performed established that the creativity potential of children was one of the most important values, and that efforts to further children’s creativity would prove to be the most valuable gain. Accordingly, the solution suggestion that emerged has been to develop alternative educational and support programs for children without access to alternative educational, training and development means. It was agreed to create a pool of a broad range of means varying from culture and arts to nature, from technology to history awareness for children to be reached within the scope of the project. On the other hand, it was resolved to work on creativity that is considered as

the single skill that is necessary to be improved and perfected in children in the rapidly digitizing world; to develop and implement an educational program aimed at building on children’s creative thinking and producing skills.

In keeping with the goal of identifying the priority fields we will be working in, and devising and introducing the social projects that will be conducted in these areas, an Academic Advisory Board was established with academics from Koç University, and the roadmap for the project and program content have been set jointly with them. TOÇEV Foundation for Educating Children was designated as the NGO partner in this initiative, and contacts were initiated regarding the program, cities to be covered, and the children to receive education.

In all the studies and literature reviews performed by İŞ REIC Corporate Social Responsibility Team, a project with proven results as to improving the children’s creativity could not be identified either in Turkey or in the world; hence, in an effort to devise a solution for this need, the Project “Inspiring Minds” was put into life. The Project Inspiring Minds focused on “creativity”, which is a cognitive development process on which usually either no or small impact can be created and which is considered as one of the 21st century skills.

In order to achieve the targeted gains, through the nine-week program centered around 5 themes, children are encouraged to manifest their creative thinking, and training programs custom-designed with the support of experts were implemented to help the children build on their creativity capability. The training programs were offered to 264 children in total aged 9 and 10 in İstanbul and Samsun. Launched in

Scientific methods were employed by academicians to measure whether Inspiring Minds program is effective, and it was proven that the project has the potential to go down in the world literature.

cooperation with TOÇEV Foundation for Educating Children that champions the right to education of millions of children based on the motto “Education is the right of every child”, all of the project participants were selected from among children from low socio-economic status.

Scientific methods were employed by academicians to measure whether Inspiring Minds program is effective, and it was proven that the project has the potential to go down in the world literature. Inspiring Minds Project is a first in Turkey and in the world, when the need determination process, corporate social responsibility strategy formulation, implementation methodology designing, method of involving managers and employees in the initiative, planning of social investments, project development, collaboration model, measurement and the outcome achieved are evaluated as a whole.

Due to this successful result attained, it was decided to implement Inspiring Minds Project for a second term. The 9-week education program was run in six schools in Samsun and İstanbul with the participation of 450 children. Developed under the consultancy of academics from the Koç University, the education program was implemented at five schools located in Beykoz and Gaziosmanpaşa districts designated by İstanbul Provincial Directorate of National Education via TOÇEV in the second term of the Project, and for the first time, it was embedded within organized education. In the light of data derived from the first term implementation, Inspiring Minds Program Development, Measurement and Evaluation teams made some revisions to the educational content for optimizing impact in order to further enhance the efficiency of the program.

In the first term, it has been proven that the model implemented built on the children’s verbal creativity skills, in particular. For this reason, the program implemented in the second term of the project focused on figural creativity skills.

450 students taking part in the second semester of the program were divided into two groups, where one group was assigned to the program of the first semester, whereas the other was assigned to the revised program implemented in the second semester.

Both programs present idiosyncratic and common gains. The findings obtained displayed that the program can be implemented and can produce results in the school environment and in groups comprised of larger number of students. In addition, as a result of measurement and assessment, it has been established that both programs are applicable with the target of building on children’s creativity skills.

The project Inspiring Minds, which is proven to influence children positively, targets to go down in the world literature and to reach a higher number of students with the article drafted by academics from the Koç University.

Acting upon the conviction that sustainable growth in all areas is crucial, and with its mission of creating desirable spaces for contemporary people and cities, İŞ REİC continued to support the sector’s development and social solidarity in 2019.

İŞ REİC opens the doors of the shopping centers in its portfolio to associations and foundations working to benefit the public by offering them the opportunity to set up stands and carry out publicity activities free-of-charge. The Company extends all necessary cooperation in this area.

İŞ REİC provides gratuitous support to projects in areas that it regards within the scope of its social responsibility such as education, health, culture, law, art, scientific research, environmental protection, and sport. Committed to consistently shaping its approaches, values, and policies within the framework of its corporate social responsibility, the Company will continue to engage in such activities and to provide them with support in the future as well.

In the conduct of all of its activities, İŞ REİC takes pains to be a socially responsible actor who abides by the law and is mindful of environmental values. No lawsuits were brought against the Company on account of environmental damage in 2019.

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 Turkey or elsewhere.

The Company didn’t make any donations in the reporting period.

Additional Information Required by CMB Regulations

Related Party Transactions

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 2019, the Company received a total of TL 139,955,651 as rental income from related parties. As of the end of the reporting period (31 December 2019), total cash and cash equivalents belonging to İş REIC and held in accounts with İşbank amounted to TL 383,923,445 in value. As of the same date, İş REIC had received, from İşbank, a letter of guarantee worth TL 40,671,104. 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 879,000,000. At the end of the reporting period, İş REIC's accounts showed a financial liability of TL 855,585,408 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 6,539,052 was held by group companies as at 31 December 2019. In the reporting period, the Company invested in İş Asset Management

Second Real Estate Investment Fund participation shares by way of making a payment in kind in the amount of TL 352,215,000. In this framework, the Company's year-end financial statements show a trade payable of TL 204,689,747 to Tecim Yapı Elemanları Ltd. Şti. In addition, 21 independent sections with a total gross area of 31,402 m² in İstanbul Tuzla Mixed-Use Project included in the Company's real estate portfolio was sold to Türkiye Şişe ve Cam Fabrikaları A.Ş. at a price of TL 310,000,000 + VAT.

More detailed information about related party transactions, which İş REIC was involved in during 2019, 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 2019 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

No suits capable of materially affecting either the Company's financial standing or its activities were initiated against the Company during the reporting period.

Administrative or Judicial Action Initiated Against the Company or the Members of Its Governing Bodies

No administrative or judicial sanctions were imposed against the Company or the members of its governing bodies during the reporting period.

Legal Transactions with the Group of Companies

İş REIC is a member of İşbank group of companies. Both İş REIC and İşbank are publicly-held and publicly-traded companies and are therefore subject to external as well as internal audit. İşbank is also subject to supervision by the Banking Regulation and Supervision Agency and by the Capital Markets Board while İş REIC is additionally subject to Capital Markets Board supervision. On these grounds therefore the actions and dealings of both companies may be deemed to be in compliance with the requirements of law. Currently applicable law prevents a controlling company from making decisions or engaging in acts which are detrimental to the interests of a controlled company. Therefore, there was no need to adopt further measures in addition to the said arrangements in force. The Company did not sustain any losses by reason of the absence of 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 material 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 Board members Mr. Murat Doğan and Mr. İ. Hakkı Akşener serve as board members at İş-Altınhas İnşaat Taahhüt ve Tic. A.Ş., whereas the Company's CEO Mr. Hasan K. Bolat serves as the Chairman of the Board at the same company, and the said situation does not lead any conflict 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, and 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 1,168 thousand gross in 2019.

The financial benefits provided to the senior management consist of salaries and bonuses. The financial rights provided to the senior management (CEO and Heads of Groups) during the reporting period amounted to TL 4,252 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 438 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 legal arrangements were published during the reporting period, which may potentially bear an impact upon the Company's activities:

- “Communiqué (III-48.1.ç) Amending the Communiqué on Principles Governing Real Estate Investment Companies (III-48.1)” published in the Official Gazette issue 30643 dated 2 January 2019
- “Law No. 7161 Amending Tax Laws and Some Laws and Decrees” published in the Official Gazette issue 30659 dated 18 January 2019
- “Regulation Amending the Zoning Regulation for Planned Areas” published in the Official Gazette issue 30701 dated 1 March 2019
- “Regulation Amending the Regulation on the Deletion,

Destruction or Anonymization of Personal Data” published in the Official Gazette issue 30758 dated 28 April 2019

- “Regulation Amending the Regulation on Data Controllers Registry” published in the Official Gazette issue 30758 dated 28 April 2019
- “Regulation Amending the Regulation on the Implementation of Building Inspections” published in the Official Gazette issue 30789 dated 30 May 2019
- “Law no. 7181 Amending the Title Deed Law and Certain Other Laws” published in the Official Gazette issue 30827 dated 10 July 2019
- “Regulation Amending the Zoning Regulation for Planned Areas”

published in the Official Gazette issue 30842 dated 25 July 2019

- “Communiqué (III-62.3) on Real Estate Appraisal Firms that will be Engaged in the Capital Market” published in the Official Gazette issue 30874 dated 31 August 2019
- “Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Companies” published in the Official Gazette issue 30901 dated 27 September 2019

The said changes to the regulatory framework are being assessed with respect to the operations of İş REIC and all necessary work, was or is being, undertaken for achieving compliance with the legislation.

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.

Real Estate Appraisal Firms from Which Services Were Procured in 2019

Reel Gayrimenkul Değerleme A.Ş.

Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.

Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Management Companies from which Services were Procured in 2019

İş Merkezleri Yönetim ve İşletim A.Ş.

Kanyon Yönetim İşletim ve Pazarlama A.Ş.

Company from which Consultancy and Intermediation Service was Procured in 2019

İş Yatırım Menkul Değerler A.Ş.

Company from which Investment and Portfolio Service was Procured in 2019

İş Portföy Yönetimi 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.

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
Others (Muğla Marmaris Mallmarine Shopping Mall, İstanbul Tuzla Meydan Shopping Mall)

RESIDENCES

Kartal Manzara Adalar
İzmir Ege Perla Office Units, Residential Units

REAL ESTATE PROJECTS

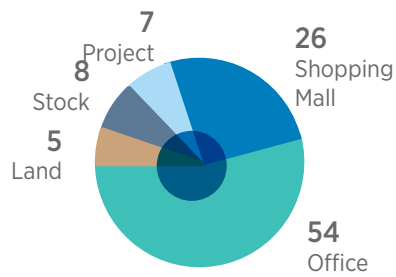
İstanbul Financial Center Project
İstanbul İstanbul Housing Project

LANDS

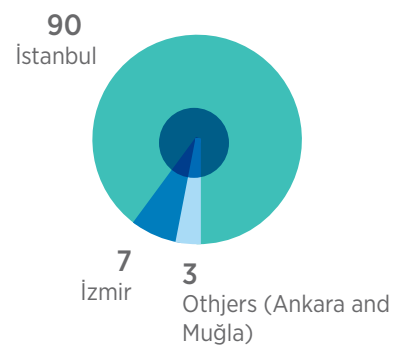
İstanbul Tuzla land (53,459 m²)
İstanbul Üsküdar land (32,081 m²)
İstanbul Levent İş Towers land (7,613 m²)



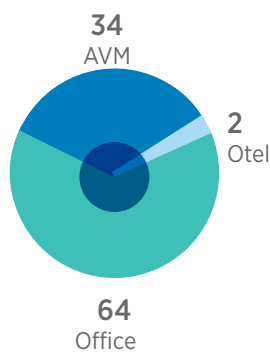
Value of the Portfolio - Breakdown by Type (%)



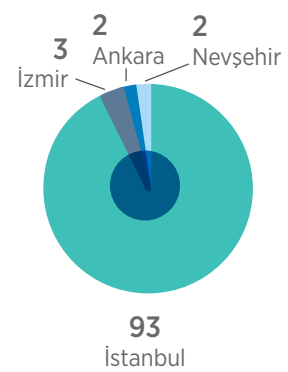
Value of the Portfolio - Breakdown by Region (%)



Rental Income - Breakdown by Type (%)



Rental Income - Breakdown by Region (%)



* The hotel in Nevşehir was sold during the year.

İstanbul İş Towers Complex

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

Location:

İstanbul-Beşiktaş, Levent

Acquisition Date:

1999

Gross Area (m²):

109,438

Appraisal Value (TL):

1,106,403,000

2019 Rental Income (Excluding VAT) (TL):

39,566,280*

* The current occupancy of Tower 3 is around 47%; hence partial rental income was derived on the complex.



İstanbul Tuzla Technology and Operation Center

Location:

İstanbul-Tuzla

Completion Date:

2015

Gross Area (m²):

184,600

Appraisal Value (TL):

1,198,000,000

2019 Rental Income (Excluding VAT) (TL):

92,931,256

Architectural Design:

SOM | Skidmore, Owings & Merrill LLP



Istanbul Kanyon Shopping Mall



Location:

İstanbul-Beşiktaş, Levent

Opening Date:

2006

Gross Area (m²):

81,761*

Appraisal Value (TL):

614,479,043**

2019 Rental Income (Excluding VAT) (TL):

42,600,041**

* Total gross area of the shopping mall
** İş REIC holds 50% share in the shopping mall, and both the appraised value and rental income represent the share of İş REIC.

İzmir Ege Perla

(Shopping Mall, Residential Units and Office Units)



Location:

İzmir-Konak

Gross Area (m²):

147,391

Appraisal Value (TL):

330,363,000*

2019 Rental Income (Excluding VAT) (TL):

6,350,277*

Architectural Design:

Emre Arolat

* Represents the value for the shopping mall and the residential units and offices in the portfolio.



Istanbul Marmara Park Shopping Mall



Location:

Istanbul-Esenyurt

Opening Date:

2012

Gross Area (m²):

204,160

Appraisal Value (TL):

202,139,000

2019 Rental Income (Excluding VAT) (TL):

26,842,341*

* The Company derives superficies right income on the plot on which Marmara Park Shopping Mall has been developed.



Ankara İş Tower

Location:

Ankara-Çankaya

Acquisition Date:

1999

Gross Area (m²):

28,998

Appraisal Value (TL):

151,865,000

2019 Rental Income (Excluding VAT) (TL):

5,465,523



İstanbul Maslak Office Building



Location:

İstanbul-Şişli-Ayazağa

Acquisition Date:

2001

Gross Area (m²):

13.559

Appraisal Value (TL):

114,923,000

2019 Rental Income (Excluding VAT) (TL):

856,561*

* Partial rental income has been generated on the property, as current occupancy is approximately 5%.

İstanbul Taksim Office Lamartine

Ofis Lamartine



Location:

İstanbul-Beyoğlu

Completion Date:

2013

Gross Area (m²):

4,624

Appraisal Value (TL):

57,042,000

2019 Rental Income (Excluding VAT) (TL):

2,183,601

Istanbul İistanbul Housing Project



Location:

Istanbul-Zeytinburnu

Investment Cost* (TL):

TL 1,180 million

Appraisal Value (TL):

125,614,229**

Architectural Design:

Perkins & Will

* The investment cost (excluding value added tax and financing costs) is the full investment cost jointly undertaken with Nef.

** Valid for 605 independent sections.

Within the scope of İistanbul Project, phases 1, 2 and 3 were completed and deliveries were made. Construction is in progress in phase 4. Total sales ratio of the project is 99%.



Istanbul Financial Center Project

Location:

Istanbul-Ümraniye

Investment Cost* (TL):

TL 380 million

Appraisal Value (TL):

210,047,000

Total Salable / Leasable Area (m²):

33,000

Architectural Design:

HOK Architecture & DOME Mimarlık

* Excluding financing costs and VAT



Independent Auditor's Report on The Annual Report of the Board of Directors



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(Convenience translation of a report originally issued in Turkish)

To the Shareholders of İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

1) Opinion

We have audited the annual report of İş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company") for the period of January 1 - December 31, 2019.

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 January 30, 2020 on the full set financial statements of the Company for the period of January 1 - December 31, 2019.

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 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 of 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 Yaşar Bivas.

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



February 27, 2020
Istanbul, Turkey

Ordinary General Assembly Meeting of Shareholders Agenda

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

Agenda for the Ordinary General Assembly Meeting of Shareholders of İş Gayrimenkul Yatırım Ortaklığı A.Ş.

1. Opening, establishment of the Chairmanship Council,
2. Reading and discussion of the Board of Directors' Annual Report on 2019 activities and reading the Auditor's Report on activities in 2019,
3. Reading, discussion and approval of the financial statements of the year 2019,
4. Discharge of the Board Members for their activities in 2019,
5. Discussion and decision of the Board of Directors' proposal on the distribution of the operating profit in 2019,
6. Election of the Board Members and determining the terms of their service,
7. Determining the remuneration of the Board Members,
8. Election of the Auditor,
9. Authorization of the Board Members to conduct the transactions provided under the Articles 395 and 396 of the Turkish Commercial Law,
10. Informing the shareholders on the Company's donations made in 2019, and setting the limit for the donations to be made in 2020,
11. Informing the General Assembly of Shareholders under principle no. 1.3.6 of the Corporate Governance Principles,
12. Informing the shareholders pursuant to Article 37 of the CMB Communiqué no. III-48.1.

Summary Activity Report of the Board of Directors

Having embarked upon a new rebalancing process starting from the last quarter of 2018, the Turkish economy returned to growth track after three quarters, and grew by 0.9% in the third quarter of 2019, outperforming the projections.

In this process that was backed by successful policies and synchronized implementations, weak domestic demand conditions and the relatively stable course of the Turkish currency reflected positively on inflation figures. After starting 2019 at 20%, the annual CPI closed the year at 11.84%. The gradual reduction of the policy rate from 24% to the order of 12% by the CBRT with the effect of ongoing market dynamics gave a push to economic activity and positively affected growth expectation.

Amid the conjuncture that spanned from the last quarter of 2018 until the third quarter of 2019, the rise in construction and financing costs coupled with reduced investment appetite brought along a downsizing in the construction industry and stagnation in the real estate market.

The reductions in housing loan rates led by public banks from August onwards made a positive impact on mortgage sales. The revival in housing sales reflected also on the housing price index and prices adopted an increasing tendency. A gradual increase is observed also in the construction industry confidence index.

While housing sales showed a limited decline of 1.9% in 2019, housing sales to non-nationals maintained its increasing trend due to the advantages granted through the government channel. In the office and retail market, continuity prevails despite declined supply. Prices found a balance in TL terms.

In 2019, our Company continued to work towards aligning itself with economic normalization and took actions to increase both rental and sales income. The Company brought its ongoing investments to completion despite all the prevailing negative market conditions and effectively managed its high quality real estate portfolio that preserves its value despite the contraction in the overall economy drawing on its robust balance sheet structure. As the negative effects of the economic contraction sustained in previous years continued to be felt in 2019, our Company made its strategic planning in line with its financial capabilities and reviewed the timings of its new projects to be developed. Our work in relation to our projects continued in alignment with the sector's dynamics throughout 2019, priority was given to achieving the rental, sales and delivery targets of our existing projects, and we secured increased occupancy rates and continued stable rental income on our properties in our portfolio.

As at 31 December 2019, İş REIC registered;

- TL 5,716.4 million in total assets,
- TL 3,860.2 million in shareholders' equity,
- TL 5,488.4 million in total portfolio value and
- TL 4,701.5 million in total real estate portfolio.

Our Company's net profit for the period was TL 297.4 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 2018

In the General Assembly Meeting held on 26 March 2019, the Board of Directors' proposal that suggests not distributing dividends due to the general economic conjuncture, aiming to optimize the financing expenses and cash flows of the Company 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 the Period in 2019

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

- not distributing dividends in accordance with the current strategies of the Company due to the general economic conjuncture and Company's financing policy, aiming to optimize the cash flows of the Company 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.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. Profit Distribution Table for the Year 2019 (TL)

	Based on CMB	Based on Legal Records
1. Paid-in/Issued Capital		958,750,000
2. General Legal Reserve (based on legal records)		70,745,748.38
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
3. Profit for the Period	297,389,779.00	99,843,531.84
4. Taxes (-)	0.00	0.00
5. Net Profit for the Period	297,389,779.00	99,843,531.84
6. Prior Period Losses (-)	0.00	0.00
7. Primary Legal Reserve (-)	4,992,176.59	4,992,176.59
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD	292,397,602.41	94,851,355.25
9. Donations Made within the Year (+)	0.00	
10. Net Distributable Current-Year Profit Including Donations	292,397,602.41	
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	292,397,602.41	94,851,355.25
20. Other Distributable Sources	0.00	0.00

İş Gayrimenkul Yatırım Ortaklığı A.Ş. Dividend Ratio Table for 2019

	GROUP	TOTAL DIVIDENDS		TOTAL DIVIDENDS/NET	OF TL 1 NOMINAL VALUE	
		CASH (TL)	BONUS (TL)	DISTRIBUTABLE PERIOD PROFIT	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 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 non-executive members, 3 of which are independent members. Board members are elected to serve until the next general assembly meeting, and all members of the Board of Directors were re-elected at the General Assembly meeting convened during the reporting period and they 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 resumés.

Carrying out its activities as per the operating principles that have been made public, the Board of Directors met regularly during the year; Most 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 operating principles 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 presented them for the information of 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 3.3.5, 3.3.8., 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.

The Company’s Corporate Governance Compliance Report and Corporate Governance Information Form for 2019 are being publicly disclosed on the Public Disclosure Platform (www.kap.org.tr) under the CMB resolution no. 2/49 dated 10 January 2019. Shareholders can access the Corporate Governance Compliance Report for 2019 by clicking on the Corporate Governance Principles Compliance Report heading on the address <https://www.kap.org.tr/en/sirket-bilgileri/ozet/987-is-gayrimenkul-yatirim-ortakligi-a-s>, and the Corporate Governance Information Form for 2019 by clicking on the Corporate Governance heading on the same address. Other than these headings, Corporate Governance Compliance Report and Corporate Governance Information Form can also be accessed by making a “Notification Search” on the address <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/987-is-gayrimenkul-yatirim-ortakligi-a-s>.

The Corporate Governance Compliance Report and the Corporate Governance Information Form for 2019 are also posted under the Corporate Governance Heading of the Investor Relations tab on the Company website for the information of shareholders and all stakeholders.

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 prepare the Company's financial reports in accordance with the applicable legislation, regulations and standards, and to exhibit an efficient management in relation to the operation of the Company's internal systems in accordance with the applicable legislation and the Company's policies, as well as their effectiveness and adequacy.

Committee Members:

As set out in the CMB's Corporate Governance Communiqué, the Committee for Audit is composed of two members who are independent Board members. The Committee for Audit is constituted by Mr. Nihat Uzunoğlu and Mr. Haluk Büyükbaş who have been elected according to the criteria set out in the Working Guidelines of the Committee for Audit, and it is headed by Mr. Uzunoğlu. 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's duties and responsibilities, its operating principles and procedures can be found on the Company's corporate website at 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 four times and made six 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, risk management and external audit.

Report by the Committee for 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 reports to be made public with respect to their fairness, accuracy and conformity to the accounting principles adopted by the Company.
- Monitored the determination of the annual activity plan of the Company's Internal Systems Unit and execution of the audit activities in accordance with the plan, and received information about the audit activities in regular meetings.
- Made 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 necessary measures are adopted accordingly.

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. The key audit topics for the reporting period consisted of the appraisal of real estate held for investment purposes and recognition of the stocks constituting a substantial portion of the Company's total assets in the accounts. Work in relation to each of these areas was covered in the independent audit report.

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 service has been provided by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for 2017 2018 and 2019 activity years in accordance with the CMB legislation.

Nihat Uzunoğlu
Head

Haluk Büyükbaş
Member

Financial Statements as of and for the Year Ended December 31, 2019 with Independent Auditors' Report Thereon

(Convenience Translation of Financial Statements And Related Disclosures and Footnotes Originally Issued in Turkish)

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Independent Auditor's Report



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Convenience translation of a report and financial statements originally issued in Turkish)

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 (the Company), which comprise the statement of financial position as at December 31, 2019, 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 accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then 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 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 Financial Statements* 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) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most 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 10, the Company recognizes investment properties at their fair values, after initial recognition. As of December 31, 2019, fair value amount of the investment properties disclosed in the financial statements has been valued at TL 3.985.933.501 by independent appraisal firms and details of the valuation have been disclosed in note 10. Due to the 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>
<p>Inventories</p> <p>As of December 31, 2019, in the financial statements of the Company there has been inventories amounting to TL 502.965.011 in the current assets and TL 175.000.000 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 2, related inventory amounts are disclosed in note 11. Due to the fact that inventories are significant part of the Company's assets and matters such as accounting 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.

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 the 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.

Independent Auditor's Report

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 judgment 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 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 a 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 presentation.

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 our audit.

We also provide those charged with governance with a statement that we have 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 January 30, 2020.

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 2019 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.

Bu bağımsız denetimi yürütüp sonuçlandıran sorumlu denetçi Yaşar Bivas'dır.

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



January 30, 2020

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As of December 31, 2019 Statement of Financial Position (Balance Sheet)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2019	December 31, 2018
ASSETS			
Current assets		1.249.783.479	752.744.479
Cash and cash equivalents	5	388.415.387	54.236.749
Financial investments	6	173.465.888	--
Trade receivables	8	116.530.503	107.442.054
<i>Trade receivables from related parties</i>	25	3.064.499	4.680.762
<i>Trade receivables from third parties</i>		113.466.004	102.761.292
Other receivables	9	5.685.288	718.345
<i>Other receivables from related parties</i>	25	--	35.610
<i>Other receivables from third parties</i>		5.685.288	682.735
Derivatives	6	42.367.396	59.536.713
Inventories	11	381.840.456	307.030.105
Inventories under development	11	121.124.555	209.357.229
Prepaid expenses	16	7.497.215	14.386.026
<i>Prepaid expenses to related parties</i>	25	2.286.461	2.788.312
<i>Prepaid expenses to third parties</i>		5.210.754	11.597.714
Other current assets	16	12.856.791	37.258
Non-current assets		4.466.573.407	4.469.588.445
Financial investments	6	221.249.112	--
Trade receivables	8	32.659.874	44.389.008
<i>Other trade receivables from third parties</i>		32.659.874	44.389.008
Inventories	11	175.000.000	174.550.000
Equity accounted investees	3	3.741.256	3.088.133
Investment properties	10	3.724.396.501	3.679.192.500
Investment properties under development	10	261.537.000	474.295.599
Tangible assets	12	38.460.738	33.814.159
Intangible assets	13	931.084	1.015.609
Prepaid expenses	16	8.597.842	5.982.425
<i>Prepaid expenses to third parties</i>		8.597.842	5.982.425
Other non-current assets	16	--	53.261.012
TOTAL ASSETS		5.716.356.886	5.222.332.924

As of December 31, 2019 Statement of Financial Position (Balance Sheet)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited December 31, 2019	Audited December 31, 2018
LIABILITIES			
Short-term liabilities			
Short term loans and borrowings	7	464.336.466	--
<i>Loans and borrowings to related parties</i>	25	288.256.265	--
<i>Loans and borrowings to third parties</i>		176.080.201	--
Current portion of long term loans and borrowings	7	352.420.787	742.664.172
<i>Loans and borrowings to related parties</i>	25	205.710.355	235.002.422
<i>Loans and borrowings to third parties</i>		146.710.432	507.661.750
Trade payables	8	216.937.006	34.901.072
<i>Trade payables to related parties</i>	25	209.645.274	16.360.219
<i>Trade payables to third parties</i>	8	7.291.732	18.540.853
Other payables	9	12.269.184	20.833.806
<i>Other payables to third parties</i>	9	12.269.184	20.833.806
Liabilities from contracts with customers		149.036.245	279.436.381
<i>Contractual obligations from sales of goods and services</i>	17	149.036.245	279.436.381
Deferred income (Excluding liabilities from contracts with customers)	16	22.831.188	7.283.080
<i>Deferred income from related parties</i>	25	52.091	257.870
<i>Deferred income from third parties</i>		22.779.097	7.025.210
Short-term provisions		5.435.702	5.205.156
<i>Provisions for employee benefits</i>	15	455.484	390.946
<i>Other short-term provisions</i>	14	4.980.218	4.814.210
Other short-term liabilities	16	704.787	1.258.265
Derivatives	6	8.393.543	--
Long-term liabilities			
Loans and borrowings	7	621.751.194	572.183.948
<i>Loans and borrowings to related parties</i>	25	368.157.840	381.929.982
<i>Loans and borrowings to third parties</i>		253.593.354	190.253.966
Long term provisions		2.013.706	1.627.689
<i>Provisions for employee benefits</i>	15	2.013.706	1.627.689
EQUITY			
Share capital	18	958.750.000	958.750.000
Inflation restatement difference on share capital	18	240.146.090	240.146.090
Share premium	18	423.981	423.981
Other comprehensive income that will never be reclassified to profit or loss		36.567.156	30.669.212
<i>Revaluation and classification of gains/losses</i>		36.951.956	31.053.049
<i>Other earnings/losses</i>		(384.800)	(383.837)
Restricted reserves	18	65.949.792	59.561.684
Prior years' profits	18	2.261.000.280	1.925.777.515
Net profit for the period		297.389.779	341.610.873
TOTAL EQUITY AND LIABILITIES		5.716.356.886	5.222.332.924

Statement of Profit or Loss For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	January 1 - December 31 2019	January 1 - December 31 2018
Revenue	19	1.206.509.521	1.098.332.491
Cost of revenue (-)	19	(955.966.119)	(837.501.802)
Gross profit		250.543.402	260.830.689
General administrative expense (-)	20	(26.958.460)	(24.458.694)
Marketing expenses (-)	20	(14.811.380)	(22.287.736)
Other operating income	22	342.541.290	341.170.105
Other operating expense (-)	22	(12.172.591)	(75.436.309)
Operating profit		539.142.261	479.818.055
Share of profit of equity-accounted investees	3	1.653.123	1.311.025
Operating Profit Before Finance Expense		540.795.384	481.129.080
Financial income	23	--	60.395.502
Financial expenses (-)	23	(243.405.605)	(199.913.709)
Operating Profit before Tax From Continuing Operations		297.389.779	341.610.873
Tax Expense From Continuing Operations			
- Corporate tax charge		--	--
- Deferred tax benefit		--	--
Net profit for the period		297.389.779	341.610.873
Earnings per share	24	0,0031	0,0036

Statement of Other Comprehensive Income For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	January 1 - December 31 2019	January 1 - December 31 2018
Net profit for the period		297.389.779	341.610.873
Other comprehensive income			
Other comprehensive income that will never be reclassified to profit or loss		5.897.944	3.282.745
Revaluation and classification of gains/losses	12	5.898.907	3.443.040
Actuarial gain/(loss) arising from defined benefit plans	15	(963)	(160.295)
Other comprehensive income		5.897.944	3.282.745
TOTAL COMPREHENSIVE INCOME		303.287.723	344.893.618

Statement of Changes in Equity For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

					Other comprehensive income that will never be reclassified to profit or loss	
	Notes	Share capital	Inflation restatement difference on share capital	Share premium	Other earnings/ losses	Revaluation and classification of gains/losses
Balances at January 1, 2018		913.750.000	240.146.090	423.981	(223.542)	27.610.009
Transfers		--	--	--	--	--
Total comprehensive income		--	--	--	(160.295)	3.443.040
Capital increase		45.000.000	--	--	--	--
Dividends		--	--	--	--	--
Balances at December 31, 2018	18	958.750.000	240.146.090	423.981	(383.837)	31.053.049
Balances at January 1, 2019		958.750.000	240.146.090	423.981	(383.837)	31.053.049
Transfers		--	--	--	--	--
Total comprehensive income		--	--	--	(963)	5.898.907
Balances at December 31, 2019	18	958.750.000	240.146.090	423.981	(384.800)	36.951.956

Legal reserves	Prior years' profits	Net profit for the period	Equity
46.188.875	1.872.724.737	179.956.837	3.280.576.987
13.372.809	166.584.028	(179.956.837)	--
--	--	341.610.873	344.893.618
--	(45.000.000)	--	--
--	(68.531.250)	--	(68.531.250)
59.561.684	1.925.777.515	341.610.873	3.556.939.355
59.561.684	1.925.777.515	341.610.873	3.556.939.355
6.388.108	335.222.765	(341.610.873)	--
--	--	297.389.779	303.287.723
65.949.792	2.261.000.280	297.389.779	3.860.227.078

Statement of Cash Flow

For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Restated (Note 2.2)</i>	
		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	<i>January 1- December 31 2019</i>	<i>January 1- December 31 2018</i>
A. Cash flows from operating activities			
Net profit for the period		297.389.779	341.610.873
Profit adjustments for:			
Adjustments to depreciation and amortization	12, 13	2.011.049	1.754.156
Adjustments to impairment or cancelation		2.114.831	44.551.397
- Adjustments to impairment of receivables	8	1.597.600	1.246.896
- Adjustments to impairment of inventories	11	517.231	43.304.501
Adjustments for provisions		1.777.795	471.074
- Adjustments to provision for employee severance indemnity	15	569.798	471.074
- Adjustments to provision for legal cases	14	1.207.997	--
Adjustments for (gain)/losses on fair value		(319.510.314)	(355.782.765)
- Adjustments to (gain)/losses on fair value of investment property	10	(326.897.431)	(295.387.274)
- Adjustments to (gain)/losses on fair value of derivatives	23	7.387.117	(60.395.491)
Adjustments for retained earnings of investments valued by equity method		(1.653.123)	(1.311.025)
- Adjustments for retained earnings of subsidiaries	3	(1.653.123)	(1.311.025)
Adjustments for loss or gain on sales of non-current assets		(17.872.140)	4.275.408
- Adjustments for loss or gain on sales of tangible assets		1.383	--
- Adjustments for loss or gain on sales of intangible assets		12.853	--
- Adjustments for loss or gain on sales of investment property	19	(17.886.376)	4.275.408
Adjustments to interest income and expense		191.374.845	100.808.351
- Adjustments to interest income	19	(11.253.551)	(8.976.171)
- Adjustments to interest expense	23	202.628.396	109.784.522
Adjustments to foreign exchange differences		29.770.606	87.522.118
Operating profit from before the changes in working capital		185.403.328	223.899.587
Changes in working capital			
Changes in trade receivables		1.043.085	(89.409.840)
- Changes in trade receivables from related parties		1.616.263	(3.080.001)
- Changes in trade receivables from third parties		(573.178)	(86.329.839)
Changes in other receivables		(3.966.943)	1.109.898
- Changes in other receivables from related parties		1.035.610	714.390
- Changes in other receivables from third parties		(5.002.553)	395.508
Changes in inventories		20.706.304	411.687.392
Changes in derivative assets		(5.438.816)	(119.447)
Changes in prepaid expenses		4.273.394	59.203.880
Changes in trade payables		8.570.046	(54.626.146)
- Changes in trade payables from related parties		19.819.167	(28.995.484)
- Changes in trade payables from third parties		(11.249.121)	(25.630.662)
Changes in other payables		(8.564.622)	11.844.192
- Changes in other payables from third parties		(8.564.622)	11.844.192
Changes in derivative liabilities		8.393.543	--
Changes in liabilities from contracts with customers		(130.400.136)	(447.805.216)
- Changes in contractual obligations from sales of goods and services		(130.400.136)	(447.805.216)
Changes in deferred income (Excluding liabilities from contracts with customers)		15.548.108	(3.656.325)
Other changes in working capital		38.846.012	55.803.853
- Changes in other assets		40.441.479	56.830.357
- Changes in other liabilities		(1.595.467)	(1.026.504)
		134.413.303	167.931.828
Cash generated from operating activities			
Employee termination benefits paid	15	(120.206)	(703.641)
Interest received	5, 19	10.576.209	8.898.940
Net cash provided by/(used in) operating activities		144.869.306	176.127.127
B. Cash flows from investing activities			
Cash outflows for the acquisition of shares of other entities or funds or debt instruments		(42.500.000)	--
Cash outflows arising from purchase of investment properties	10	(12.299.508)	(69.189.538)
Cash inflows arising from sales of investment properties		352.572.964	64.836.843
Cash outflows arising from purchases of tangible and intangible assets	12, 13	(688.432)	(1.287.425)
- Cash outflows arising from purchases of tangible assets		(95.764)	(582.426)
- Cash outflows arising from purchases of intangible assets		(592.668)	(704.999)
Net cash used in investing activities		297.085.024	(5.640.120)
C. Cash flows from financing activities			
Dividends paid	18	--	(68.531.250)
Cash inflows arising from derivatives		15.221.016	4.844.126
Borrowings received	7	1.667.066.244	363.254.000
Borrowings paid	7	(1.569.220.442)	(324.935.297)
Interest paid	7	(222.098.021)	(174.548.331)
Net cash provided by financing activities		(109.031.203)	(199.916.752)
Increase/(decrease) in cash and cash equivalents before effect of changes in foreign currency rates		332.923.127	(29.429.745)
Effect of changes in foreign currency rates over cash and cash equivalents		578.169	471.671
Net increase/(decrease) in cash and cash equivalents		333.501.296	(28.958.074)
Cash and cash equivalents at the beginning of the period	5	53.467.044	82.425.118
Cash and cash equivalents at the end of the period	5	386.968.340	53.467.044

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

I. 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 (the former legal title "İstanbul Stock Exchange") ("BİST") since 1999.

The Company has 72 employees as of December 31, 2019 (December 31, 2018: 79).

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 at December 31, 2019 have been approved for issue by the Board of Directors on January 30, 2020. 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 April 15, 2019.

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.

Basis of measurement

The financial statements are prepared on a historical cost basis except for the financial assets measured at fair value.

Preparation of financial statements in Hyperinflationary Periods

The CMB, with its resolution dated March 17, 2005, declared that companies operating in Turkey which prepare their financial statements in accordance with the CMB Financial Reporting Standards (including those adopted IAS/IFRS), would not be subject to the application of inflation accounting effective from January 1, 2005. Accordingly, IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied since January 1, 2005.

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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 was 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. There is no significant accounting error that was discovered in the current period.

Statement of cash flow for the year ended December 31, 2019 is restated and presented comparatively in accordance with IAS 7 Statement of Cash Flows. The restatement has no effect on the prior years' profit and net profit for the period.

	Previously reported	Effect of restatement	Restated
Adjustments to interest income and expense	102.934.269	(2.125.918)	100.808.351
- Adjustments to interest income	111.910.440	(2.125.918)	109.784.522
Adjustments to foreign exchange differences	(471.671)	87.993.789	87.522.118
Changes in inventories	367.023.153	44.664.239	411.687.392
Cash outflows arising from purchase of investment properties	(92.342.187)	23.152.649	(69.189.538)
Borrowings received	398.356.624	(35.102.624)	363.254.000
Borrowings paid	(298.264.787)	(26.670.510)	(324.935.297)
Interest paid	(82.636.706)	(91.911.625)	(174.548.331)

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows:

IFRS 16 Leases

In April 2018, POA has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. The standard did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 28 "Investments in Associates and Joint Ventures" (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The interpretation did not have a significant impact on the financial position or performance of the Company.

Annual Improvements - 2015-2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015-2017 Cycle, amending the following standards:

- *TFRS 3 Business Combinations and TFRS 11 Joint Arrangements* - The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- *TAS 12 Income Taxes* - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- *TAS 23 Borrowing Costs* - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Company.

Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

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 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.

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

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 wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The PAO 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. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Definition of a Business (Amendments to TFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the PAO issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. Overall, the Company expects no significant impact on its balance sheet and equity.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

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

There are no standards, interpretations and amendments to existing IFRS standards issued by the IASB and not yet adapted/issued by the POA.

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 of income and expense

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 expense

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 expense

Other income and expense are recognized through profit or loss on accrual basis.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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.

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
Furniture and fixtures	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 5 years.

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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 non-derivative 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.

"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

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Trade receivable

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 write-down, the release of the provision is credited to other operating income.

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.

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 liabilities

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. In case of cancellation or termination of contractual obligations; The Company removes the financial liability from its records.

iv) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. In accordance with its treasury policy, the Company engages in swap contracts. 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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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.

The Company uses the Central Bank buying rates of exchange that is valid at the transaction date, when converting the transactions made by foreign currency Monetary assets and liabilities denominated in foreign currencies on the reporting date are retranslated to the functional currency at the exchange rate on that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

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.

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 asset 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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

Operational lease expense is recognized in the profit or loss on a straight-line basis for the whole lease period in the agreement. Start-up costs for the realization and optimization of the operational lease agreement are added to the cost of the leased asset and amortized through the leased time on a straight line basis method.

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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 that is given in the note "Control of Compliance with Restrictions on the Investment Oortfolio" derived from the financial statements in accordance with the Capital Market Board's II-14.1 "Principles Regarding Financial Reporting in the Capital Markets Communiqué" and as of January 23, 2014 it is created within the scope of control of compliance with restrictions on the investment portfolio of III-48.1.a; "Communiqué on Principles Regarding Real Estate Investment Trusts" which was published in the official gazette number 28891 of Capital Market Board.

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 Provision for employee benefits

Working capital ratio

As of 31 December 2019, current assets of the Company are amount to TL 1.249.783.479 and short term liabilities of the Company are amount to TL 1.232.364.908. Current assets exceeded short term liabilities TL 14.418.571. In addition, there are advances received are amount to TL 149.036.245 arising from house sales are included to short term liabilities.

The Company does not foresee any shortcomings regarding the fulfillment of these short term liabilities.

The Company anticipates that approximately 235 million 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 (%)	December 31, 2019	Ownership (%)	December 31, 2018
Kanyon	50	3.741.256	50	3.088.133
		3.741.256		3.088.133

The summarized financial statements information of the jointly control entities under the equity method are listed below:

Kanyon	December 31, 2019	December 31, 2018
Current assets	26.376.993	24.125.281
Non-current assets	1.255.149	1.753.880
Short-term liabilities	(19.227.326)	(18.945.317)
Long-term liabilities	(922.304)	(757.578)
Net assets	7.482.512	6.176.266

Kanyon	January 1 - December 31, 2019	January 1 - December 31, 2018
Income for the period	73.089.144	66.157.145
Expense for the period (-)	(69.782.898)	(63.535.095)

The Company recognized profit amounting to TL 1.653.123 resulting from consolidation of Kanyon with equity method for the year ended December 31, 2019 (December 31, 2018: TL 1.311.025) in the accompanying statement of profit and loss.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 Shopping Mall	Istanbul Kanyon Shopping Mall	Istanbul Marmara Park Shopping Mall	Nevşehir Kapadokya Lodge Hotel
December 31, 2019							
<u>Sales Revenue</u>							
Income from sales of investment property	--	--	--	--	--	--	51.300.034
Income from sales of residential units	--	--	--	--	--	--	--
Rent income	5.465.523	39.566.280	856.561	1.040.638	42.600.041	--	4.562.660
Income from right of construction	--	--	--	--	--	26.842.341	--
Income fees and service	--	--	50.311	--	86.645	--	--
Other income	--	325.271	--	--	447.567	--	--
Real estate revenue	5.465.523	39.891.551	906.872	1.040.638	43.134.253	26.842.341	55.862.694
<u>Cost of Sales</u>							
Cost of sales of investment property	--	--	--	--	--	--	31.036.413
Cost of sales of residential units	--	--	--	--	--	--	--
Administrative expense	--	8.821.183	123.049	--	8.291.760	--	161.932
Tax and duty and other charges	339.161	2.438.385	246.064	27.951	2.073.213	1.096.790	41.030
Insurance expense	26.421	739.587	22.283	26.708	378.134	--	18.728
Other expense	5.124	98.189	4.591	--	113.051	22.000	--
Cost of Sales	370.706	12.097.344	395.987	54.659	10.856.158	1.118.790	31.258.103
Gross Profit	5.094.817	27.794.207	510.885	985.979	32.278.095	25.723.551	24.604.591
Capital investments	3.055.291	1.956.852	212.132	--	1.030.497	--	--

Taksim Office Lamartine	Tuzla Technology and Operating Center	Istanbul Tuzla Combined	İzmir Ege Perla Shpping Mall	İzmir Ege Perla Residance/ Office	Kartal Manzara Adalar	Topkapı İnistanbul	Other Real Estates	Total
--	--	310.000.000	--	--	352.215.000	--	2.645.000	716.160.034
--	--	--	--	6.272.241	26.313.142	196.595.598	--	229.180.981
2.183.601	92.931.256	23.965.855	5.854.584	495.693	70.849	--	193.695	219.787.236
--	--	--	--	--	--	--	--	26.842.341
--	--	238.109	--	652.940	--	--	--	1.028.005
--	--	10.588	--	273.305	492.682	--	--	1.549.413
2.183.601	92.931.256	334.214.552	5.854.584	7.694.179	379.091.673	196.595.598	2.838.695	1.194.548.010
--	--	268.925.814	--	--	395.659.836	--	2.651.595	698.273.658
--	--	--	--	5.939.913	25.568.136	172.483.337	--	203.991.386
181.941	--	1.014.755	11.503.392	1.362.883	7.134.071	--	67.942	38.662.908
120.133	1.241.064	653.346	875.398	14.390	1.451.203	344.562	6.369	10.969.059
15.494	834.243	498.733	655.264	4.988	98.581	--	3.935	3.323.099
--	233.764	54.323	119.542	93.033	1.539	--	853	746.009
317.568	2.309.071	271.146.971	13.153.596	7.415.207	429.913.366	172.827.899	2.730.694	955.966.119
1.866.033	90.622.185	63.067.581	(7.299.012)	278.972	(50.821.693)	23.767.699	108.001	238.581.891
--	18.630	9.094	3.337.031	--	113.566.811	76.585.420	8.841.723	208.613.481

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Ankara İş Kule Building	Istanbul İş Kuleleri Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	İş Bankası Ankara Merkez Building	Istanbul Kanyon Shopping Mall	Istanbul Marmara Park Shopping Mall
December 31, 2018							
Sales Revenue							
Income from sales of residential units	--	--	--	--	--	--	--
Rent income	973.877	38.283.533	5.818.977	911.708	1.843.090	38.835.859	--
Income from sales of investment property	--	--	--	--	49.885.000	--	--
Income from right of construction	--	--	--	--	--	--	21.808.806
Income fees and service	--	91.554	--	--	--	136.756	--
Other income	--	203.060	--	--	--	133.132	--
Real estate revenue	973.877	38.578.147	5.818.977	911.708	51.728.090	39.105.747	21.808.806
Cost of Sales							
Cost of sales of residential units	--	--	--	--	--	--	--
Cost of sales of investment property	--	--	--	--	49.860.000	--	--
Administrative expense	852.541	8.149.426	--	--	--	7.424.383	--
Tax and duty and other charges	303.186	2.196.703	219.764	24.985	3.709	1.858.862	2.485.279
Insurance expense	24.780	730.124	20.636	23.573	4.229	332.050	--
Other	85.790	158.094	--	--	80.000	135.025	24.144
Cost of Sales	1.266.297	11.234.347	240.400	48.558	49.947.938	9.750.320	2.509.423
Gross Profit	(292.420)	27.343.800	5.578.577	863.150	1.780.152	29.355.427	19.299.383
Prepared based on IFRS 8 "Operating Segments"							
Capital investments	38.653.848	841.469	350.207	--	100.000	5.465.836	--

Neveshir Kapadokya Lodge Hotel	Taksim Office Lamartine	Tuzla Technology and Operating Center	Istanbul Tuzla Combined	İzmir Ege Perla Shpping Mall	İzmir Ege Perla Residance/ Office	Kartal Manzara Adalar	Topkapı İnistanbul	Other Real Estates	Total
--	--	--	--	--	24.056.794	368.091.354	397.133.626	--	789.281.774
2.181.787	1.820.594	76.379.761	18.597.188	7.380.222	246.008	332.982	--	1.987.914	195.593.500
--	--	--	--	--	--	30.300.000	--	--	80.185.000
--	--	--	--	--	--	--	--	--	21.808.806
--	224.583	--	206.527	678.418	--	--	--	--	1.337.838
--	--	--	--	--	147.064	55.608	--	358	539.222
2.181.787	2.045.177	76.379.761	18.803.715	8.058.640	24.449.866	398.779.944	397.133.626	1.988.272	1.088.746.140
--	--	--	--	--	19.302.835	336.858.745	345.179.249	--	701.340.829
--	--	--	--	--	--	34.600.408	--	--	84.460.408
--	189.903	--	917.871	11.367.278	1.161.944	--	--	28.050	30.091.396
36.463	110.239	1.109.430	582.740	947.519	137.983	7.549.071	--	5.619	17.571.552
20.613	13.140	925.024	519.102	497.195	3.579	--	--	2.414	3.116.459
14.752	6.534	13.374	20.041	258.391	--	119.693	--	5.320	921.158
71.828	319.816	2.047.828	2.039.754	13.070.383	20.606.341	379.127.917	345.179.249	41.403	837.501.802
2.109.959	1.725.361	74.331.933	16.763.961	(5.011.743)	3.843.525	19.652.027	51.954.377	1.946.869	251.244.338
742.936	351.024	79.858	16.473	9.339.552	--	199.830.746	136.053.057	30.178.485	422.003.491

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Reconciliation of income, assets and liabilities

	January 1 - December 31, 2019	January 1 - December 31, 2018
Sales Revenue		
Segment revenue	1.194.548.010	1.088.746.140
Undistributed revenue	11.961.511	9.586.351
Total Revenue	1.206.509.521	1.098.332.491
Cost of Sales		
Segment Costs	955.966.119	837.501.802
Total cost of sales	955.966.119	837.501.802
Assets	December 31, 2019	December 31, 2018
Segment assets	4.663.898.512	4.844.425.433
Other assets	149.190.377	151.831.062
Non-segment related assets	903.267.997	226.076.429
Total assets	5.716.356.886	5.222.332.924
Liabilities	December 31, 2019	December 31, 2018
Segment liabilities	1.619.474.210	1.602.825.846
Other liabilities	236.655.598	62.567.723
Total liabilities	1.856.129.808	1.665.393.569

5. Cash and cash equivalents

	December 31, 2019	December 31, 2018
Time deposits	353.698.955	45.406.340
Demand deposits	30.224.490	4.776.633
Mutual funds	4.491.942	3.951.277
Other cash equivalents	--	102.499
	388.415.387	54.236.749
Interest accrued on cash and cash equivalents	(1.447.047)	(769.705)
Total cash and cash equivalents in the statement of cash flows	386.968.340	53.467.044

Time deposits::			December 31, 2019
Currency	Interest rate	Maturity	
US Dollar	1,50%	February 2020	1.702.478
TL	9,25-10,30%	January 2020	351.996.477
			353.698.955

		December 31, 2019	
		Cost	Fair Value
Mutual Funds		4.483.900	4.491.942
Total		4.483.900	4.491.942

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Time deposits:			December 31, 2018
Currency	Interest rate	Maturity	
US Dollar	3,30-3,45%	January-February 2019	2.640.922
TL	18-23,5%	January 2019	42.765.418
Total			45.406.340

	December 31, 2018	
	Cost	Fair Value
Mutual funds	3.950.930	3.951.277
Total	3.950.930	3.951.277

6. Financial investments/Derivatives

Short-term financial investments

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
İş Asset Management 2 nd Real Estate Investment Fund	173.465.888	--
Total	173.465.888	--

Shares of fund participation in regards to revenue share payment to Tecim Yapı Elemanları Ltd. Şti., which is the former land owner of Kartal Manzara Adalar project, is presented in short-term financial investments.

Long-term financial investments

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
İş Asset Management 2 nd Real Estate Investment Fund	221.249.112	--
Total	221.249.112	--

The company is invested to participation shares of İş Asset Management 2nd Real Estate Investment Fund amounting to TL 352.215.000 in kind and TL 42.500.000 in cash (Note 25) on December 31, 2019.

Derivatives

	December 31, 2019	December 31, 2018
Financial assets held for trading		
Derivative instruments	42.367.396	59.536.713
Total	42.367.396	59.536.713

	December 31, 2019	December 31, 2018
Financial liabilities held for trading		
Derivative instruments	8.393.543	--
Total	8.393.543	--

7. Loans and borrowings

The details of financial borrowings and financial leasing as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Short-term borrowings		
Short-term bank borrowings	288.256.265	--
Issued commercial papers	176.080.201	--
Total	464.336.466	--

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	December 31, 2019	December 31, 2018
Current portion of long term borrowings		
Current portion of long term borrowings	246.435.387	234.092.940
Bonds issued	105.985.400	508.571.232
Total	352.420.787	742.664.172

	December 31, 2019	December 31, 2018
Long-term borrowings:		
Long-term bank borrowings	418.287.652	471.899.456
Bonds issued	203.463.542	100.284.492
Total	621.751.194	572.183.948

The details of loans and borrowings as of December 31, 2019 and 2018 are as follows:

Currency	Interest rate (%)	Original amount	December 31, 2019	
			Short-term (TL)	Long-term (TL)
Euro	Euribor+3,50	2.425.236	16.129.273	--
US Dollar	Libor + 4,25	35.840.945	55.661.791	157.240.589
TL	11,75-17,90	723.947.651	462.900.588	261.047.063
Total			534.691.652	418.287.652

Currency	Interest rate (%)	Original amount	December 31, 2018	
			Short-term (TL)	Long-term (TL)
Euro	Euribor+3,50	4.850.471	14.620.742	14.617.900
US Dollar	Libor + 4,25	44.865.531	50.354.247	185.678.825
TL	11,75-15,10	440.720.683	169.117.951	271.602.731
Total			234.092.940	471.899.456

In 2019, the Company has obtained cash loan varied in 10 days to 2 years maturity, with an interest rate of between 12,00% - 17,90%, amounting to TL 610.000.000 in total.

As of December 31, 2019 and 2018 details of issued bonds are as follows:

ISIN CODE	Interest rate (%)	Issued Nominal Amount (TL)	Issue Date	Amortization Date	December 31, 2019
					Net Book Value
TRSISGY12113	TRLIBOR + 2,00	100.000.000	January 24, 2019	January 25, 2021	103.241.618
TRSISGY32111	Benchmark + 2,50	100.000.000	March 23, 2018	March 23, 2021	100.221.924
TRSISGYK2014	14,88	50.000.000	October 22, 2019	November 13, 2020	44.401.310
TRSISGYA2016	12,48	68.800.000	December 2, 2019	December 11, 2020	61.584.090
Total					309.448.942

ISIN CODE	Interest rate (%)	Issued Nominal Amount (TL)	Issue Date	Amortization Date	December 31, 2018
					Net Book Value
TRSISGYE1915	Benchmark+2.50	87.000.000	October 11, 2016	October 10, 2019	92.241.098
TRSISGY61912	Benchmark+2.50	100.000.000	June 29, 2016	June 28, 2019	100.103.723
TRSISGY31915	Benchmark+2.50	213.000.000	April 5, 2016	March 29, 2019	213.220.930
TRSISGY32111	Benchmark+2.50	100.000.000	March 23, 2018	March 23, 2021	100.284.492
TRSISGYK1917	TRLIBOR + 2.50	100.000.000	November 20, 2018	November 25, 2019	103.005.481
Total					608.855.724

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

As of December 31, 2019 details of issued commercial papers are as follows:

					December 31, 2019
ISIN CODE	Interest rate (%)	Issued Nominal Amount (TL)	Issue Date	Amortization Date	Net Book Value
TRFISGY52017	11,40	80.000.000	December 2, 2019	May 29, 2020	76.448.136
TRFISGY12011	13,90	100.000.000	October 8, 2019	January 10, 2020	99.632.065
					176.080.201

As of December 31, 2019 and 2018, the movement of loans and borrowings as follows:

	December 31, 2019	December 31, 2018
Opening balance, 1 January	1.314.848.120	1.185.482.549
Borrowings received	1.667.066.244	363.254.000
Borrowings paid	(1.569.220.442)	(324.935.297)
Interest paid	(222.098.021)	(174.548.331)
Interest accrual	217.563.771	177.601.410
Currency translation difference	30.348.775	87.993.789
Closing balance	1.438.508.447	1.314.848.120

8. Trade receivables and payables

Short-term trade receivables and payables

	December 31, 2019	December 31, 2018
Trade receivables		
Receivables from customers	59.724.729	60.509.118
Income accruals	51.931.388	40.249.157
Notes receivable	1.862.704	2.012.483
Rediscount of notes receivables (-)	(52.817)	(9.466)
Doubtful receivables	5.411.764	3.814.164
Provision for doubtful receivables (-)	(5.411.764)	(3.814.164)
Due from related parties (Note 25)	3.064.499	4.680.762
Total	116.530.503	107.442.054
Trade payables		
Payables to suppliers	7.291.732	18.540.853
Due to related parties (Note 25)	209.645.274	16.360.219
Total	216.937.006	34.901.072

As of December 31, 2019, provision for doubtful trade receivables is TL 5.411.764 (December 31, 2018: TL 3.814.164). 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, 2019	December 31, 2018
Opening balance, 1 January	(3.814.164)	(2.567.268)
Charge for the period	(5.209.962)	(3.385.835)
Provisions released	3.612.362	2.138.939
Closing balance	(5.411.764)	(3.814.164)

Long Term Trade Receivables

	December 31, 2019	December 31, 2018
Trade receivables		
Receivables from customers	27.655.032	37.940.124
Income accruals	5.004.842	6.448.884
Closing balance	32.659.874	44.389.008

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

9. Other receivables and payables

	December 31, 2019	December 31, 2018
Other short-term receivables ^(*)	5.685.288	718.345
Total	5.685.288	718.345

^(*) The amount is consist of receivables from tax office amounting to TL 3.501.450 (December 31, 2018: None) and receivables from collective building amangement of projects amounting to TL 2.102.238 (December 31, 2018: TL 368.592).

	December 31, 2019	December 31, 2018
Other payables - short-term		
Deposits and guarantees given	11.465.776	17.013.919
Other short-term payables ^(*)	803.408	3.819.887
Total	12.269.184	20.833.806

^(*) The amount is consist of title deed fees which will be repaid to the customers of İnistanbul Project.

10. Investment property

As of December 31, 2019 and 2018, details of investment properties are as follows:

	December 31, 2019	December 31, 2018
Investment property under operating lease	3.724.396.501	3.679.192.500
Investment property under construction and other	261.537.000	474.295.599
Total	3.985.933.501	4.153.488.099

As of December 31, 2019, total insurance amount on investment properties is TL 3.104.003.145 (December 31, 2018: TL 2.576.267.652).

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

In 2019, finance expense is capitalized amounting to TL 14.935.375 (2018: TL 67.816.888) at investment properties and inventories of the Company.

	January 1, 2019 opening balance	Purchases	Disposals	Transfers	Fair value difference	December 31, 2019 closing balance
Investment property under operating lease						
Ankara İş Kule Building	149.630.000	3.055.291	--	--	(820.291)	151.865.000
Istanbul Marmarapark Shopping Mall	185.675.000	--	--	--	16.464.000	202.139.000
Istanbul İş Kuleleri Complex	938.885.000	1.956.852	--	--	127.921.148	1.068.763.000
Izmir Ege Perla Sopping Mall	252.680.000	3.337.031	--	--	14.082.969	270.100.000
Kapadokya Lodge Hotel ^(***)	27.000.000	--	(29.740.000)	--	2.740.000	--
Mugla Marmaris Mallmarine Shopping Mall	14.975.000	--	--	--	1.249.000	16.224.000
Maslak Office Building	112.540.000	212.132	--	--	2.170.868	114.923.000
Taksim Office Lamartine	53.035.000	--	--	--	4.007.000	57.042.000
Tuzla Çınarlı Bahçe ^(****)	2.600.000	--	(2.600.000)	--	--	--
Kanyon Shopping Mall	575.512.500	1.030.497	--	--	37.936.046	614.479.043
Istanbul Tuzla Combined ^(*)	290.160.000	9.094	(264.260.000)	--	(2.209.094)	23.700.000
Tuzla Technology and Operation Center	1.076.500.000	18.630	--	--	121.481.370	1.198.000.000
Kartal Manzara Adalar ^(**)	--	1.368.408	(216.835.700)	222.878.220	(7.410.928)	--
Levent Land	--	--	--	6.443.458	718.000	7.161.458
	3.679.192.500	10.987.935	(513.435.700)	229.321.679	318.330.088	3.724.396.501
Investment property under construction						
Istanbul Finance Center Project	200.103.000	6.970.591	--	--	2.973.408	210.047.000
Kartal Manzara Adalar	222.878.220	--	--	(222.878.220)	--	--
Levent Land	6.401.879	41.579	--	(6.443.458)	--	--
Üsküdar Land	44.912.500	983.565	--	--	5.593.935	51.490.000
	474.295.599	7.995.736	--	(229.321.679)	8.567.343	261.537.000
Total	4.153.488.099	18.983.671	(513.435.700)	--	326.897.431	3.985.933.501

^(*) On December 16, 2019, 21 residential units which has a gross area of 31.402 m² of Istanbul Tuzla Karma in the Company's real estate portfolio has been sold amounting to TL 310.000.000 + VAT to Türkiye Şişe ve Cam Fabrikaları A.Ş. (Note 25).

^(**) On December 31, 2019, offices and commercial areas situated in Kartal Manzara Adalar in the Company's portfolio has been sold amounting to TL 352.215.000 TL + VAT on condition that invested in kind to İş Asset Management 2nd Real Estate Investment Fund's participation shares (Note 25).

^(***) On December 24, 2019, Kapadokya Lodge Hotel in the Company's real estate portfolio has been sold amounting to TL 51.300.434 TL + VAT.

^(****) On October 28, 2019, commercial area situated in Tuzla Çınarlıbahçe in the Company's real estate portfolio has been sold amounting to TL 2.645.000 + VAT.

As of December 31, 2019, the Company has 1st and 2nd degree mortgage on the investment properties amounting to USD 13.000.000 and TL 879.000.000 which are established in favor of İş Bank. In the current period, the Company obtained rent income amounting to TL 246.629.577 (December 31, 2018: TL 217.402.306) of its investment property. Total direct operating expenses related to these properties amounting to TL 53.356.513 (December 31, 2018: TL 51.700.565).

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

The fair values of the Company's investment properties at December 31, 2019 have been arrived at on the basis of valuations carried out in December 2019 by four independent appraiser firms which are not related party 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.

	2019	2018
Investment property under operating lease		
Ankara İş Kule Building	Sales comparison approach	Sales comparison approach
İstanbul Marmara Park Shopping Mall	Sales comparison approach	Sales comparison approach
İstanbul İş Kuleleri Complex	Sales comparison approach	Sales comparison approach
Kapadokya Lodge Hotel	Cost approach	Cost approach
Mugla Marmaris Mallmarine Shopping Mall	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 Çınarlı Bahçe Project	Sales comparison approach	Sales comparison approach
Kanyon Shopping Mall	Discounted cash flow approach	Discounted cash flow approach
Tuzla Combined Project	Directly capitalization approach	Directly capitalization approach
Tuzla Technology and Operation Center	Discounted cash flow and directly capitalization approach	Directly capitalization approach
Ege Perla Shopping Mall	Discounted cash flow and sales comparison approach	Sales comparison approach
Investment property under construction		
İstanbul Finance Center Project	Sales comparison and cost approach	Sales comparison and cost approach
Kartal Manzara Adalar	Sales comparison approach	Sales comparison approach
Levent Land	Fair value based on estate tax	Fair value based on estate tax
Usküdar Land	Sales comparison approach	Sales comparison approach

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	January 1, 2018 opening balance	Purchases	Disposals	Fair value difference	December 31, 2018 closing balance
Investment property under operating lease					
Ankara İş Kule Building	135.420.000	38.653.848	--	(24.443.848)	149.630.000
Istanbul Marmara Park Shopping Mall	162.020.000	--	--	23.655.000	185.675.000
İstanbul İş Kuleleri Complex	869.905.000	841.469	--	68.138.531	938.885.000
İş Bankası Ankara Merkez Building ^(*)	47.755.000	100.000	(49.860.000)	2.005.000	--
Izmir Ege Perla Sopping Mall	245.050.000	9.339.552	--	(1.709.552)	252.680.000
Kapadokya Lodge Hotel	25.388.000	742.936	--	869.064	27.000.000
Mugla Marmaris Mallmarine Shopping Mall	13.030.000	--	--	1.945.000	14.975.000
Maslak Office Building	107.635.000	350.207	--	4.554.793	112.540.000
Taksim Office Lamartine	50.543.000	351.024	--	2.140.976	53.035.000
Tuzla Çınarlı Bahçe	2.600.000	--	--	--	2.600.000
Kanyon Shopping Mall	510.090.000	5.465.836	--	59.956.664	575.512.500
Istanbul Tuzla Combined	270.382.000	16.473	--	19.761.527	290.160.000
Tuzla Technology and Operation Center	941.345.000	79.858	--	135.075.142	1.076.500.000
	3.381.163.000	55.941.203	(49.860.000)	291.948.297	3.679.192.500
Investment property under construction					
Istanbul Finance Center Project	191.917.000	13.245.466	--	(5.059.466)	200.103.000
Kartal Manzara Adalar ^(*)	214.212.972	22.397.942	(19.252.251)	5.519.557	222.878.220
Levent Land	4.267.917	18.588	--	2.115.374	6.401.879
Üsküdar Land	43.310.000	738.988	--	863.512	44.912.500
	453.707.889	36.400.984	(19.252.251)	3.438.977	474.295.599
Total	3.834.870.889	92.342.187	(69.112.251)	295.387.274	4.153.488.099

^(*) Among the buildings included in the portfolio of the Company are İş Bankası Ankara Merkez Building, 18 residential units at Kartal Manzara Adalar E Block and Kartal parcel no 395 were sold amounting to TL 49.885.000 including VAT, TL 25.800.000 including VAT and TL 5.310.000 including VAT respectively.

11. Inventories

Short-term inventories	December 31, 2019	December 31, 2018
<i>Inventories</i>		
Kartal Manzara Adalar ^(*)	327.629.649	240.163.575
Topkapı İstanbul ^(**)	10.606.763	18.259.806
Izmir Ege Perla ^(***)	43.604.044	48.606.724
<i>Inventories under development</i>		
Topkapı İstanbul ^(**)	121.124.555	209.357.229
Total	502.965.011	516.387.334
Long-term inventories		
	December 31, 2019	December 31, 2018
Tuzla Land	218.821.732	217.854.501
Impairment provision on inventories (-)	(43.821.732)	(43.304.501)
Total	175.000.000	174.550.000

^(*) There are 975 residential units in Kartal Manzara Adalar Project, as of December 31, 2019, 621 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 1.467.674 (December 31, 2018: TL 6.111.468) (Note 17). According to the revenue share agreement, the amount of land share price which is committed to Tecim Yapı Elemanları Ltd. Şti. is reconciled and TL 107.535.193 is added to residential units' cost.

^(**) There are 2.741 residential units in Topkapı İstanbul Project, as of December 31, 2019, 2.121 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 146.315.939 (December 31, 2018: TL 271.066.101) (Note 17).

^(***) There are 243 residential units in Izmir Ege Perla Project, as of December 31, 2019, 177 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 1.252.632 (December 31, 2018: 2.258.812 TL) (Note 17).

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Movement of provision for inventories for the year is as follows:

	December 31, 2019	December 31, 2018
Opening balance, 1 January	(43.304.501)	--
Charge for the period (-)	(517.231)	(43.304.501)
Provisions released	--	--
Closing balance	(43.821.732)	(43.304.501)

12. Tangible assets

	Buildings ^(*)	Machinery and equipment	Vehicles	Fixtures	Total
Cost					
Opening balance as of January 1, 2019	35.639.936	85.950	374.647	3.403.788	39.504.321
Purchases	--	--	--	95.764	95.764
Disposals	--	--	--	(3.558)	(3.558)
Fair value difference	5.898.907	--	--	--	5.898.907
Closing balance as of December 31, 2019	41.538.843	85.950	374.647	3.495.994	45.495.434
Accumulated Depreciation					
Opening balance as of January 1, 2019	2.839.936	85.950	31.220	2.733.056	5.690.162
Current year charge	1.058.907	--	74.929	212.873	1.346.709
Disposal	--	--	--	(2.175)	(2.175)
Closing balance as of December 31, 2019	3.898.843	85.950	106.149	2.943.754	7.034.696
Net book value as of January 1, 2019	32.800.000	--	343.427	670.732	33.814.159
Net book value as of December 31, 2019	37.640.000	--	268.498	552.240	38.460.738
Cost					
Opening balance as of January 1, 2018	32.189.207	85.950	--	3.203.698	35.478.855
Purchases	7.689	--	374.647	200.090	582.426
Disposals	--	--	--	--	--
Fair value difference	3.443.040	--	--	--	3.443.040
Closing balance as of December 31, 2018	35.639.936	85.950	374.647	3.403.788	39.504.321
Accumulated Depreciation					
Opening balance as of January 1, 2018	1.892.431	85.950	--	2.494.721	4.473.102
Current year charge	947.505	--	31.220	238.335	1.217.060
Disposal	--	--	--	--	--
Closing balance as of December 31, 2018	2.839.936	85.950	31.220	2.733.056	5.690.162
Net book value as of January 1, 2018	30.296.776	--	--	708.977	31.005.753
Net book value as of December 31, 2018	32.800.000	--	343.427	670.732	33.814.159

^(*) As of December 31, 2019, 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 37.640.000. These areas get share from the mortgages amounting to USD 136 million and TL 185 million established in İş Kuleleri and Kule Çarşı (December 31, 2018: USD 136 million and TL 185 million).

As of December 31, 2019, the Company has tangible assets which is fully depreciated amounting to TL 2.672.758.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

13. Intangible assets

	Computer Programs	Total
Cost		
Opening balance as of January 1, 2019	4.102.413	4.102.413
Purchases	592.668	592.668
Disposals	(20.051)	(20.051)
Closing balance as of December 31, 2019	4.675.030	4.675.030
Accumulated Depreciation		
Opening balance as of January 1, 2019	3.086.804	3.086.804
Current year charge	664.340	664.340
Disposals	(7.198)	(7.198)
Closing balance as of December 31, 2019	3.743.946	3.743.946
Net book value as of January 1, 2019	1.015.609	1.015.609
Net book value as of December 31, 2019	931.084	931.084
Cost		
Opening balance as of January 1, 2018	3.397.414	3.397.414
Purchases	704.999	704.999
Closing balance as of December 31, 2018	4.102.413	4.102.413
Accumulated Depreciation		
Opening balance as of January 1, 2018	2.549.708	2.549.708
Current year charge	537.096	537.096
Closing balance as of December 31, 2018	3.086.804	3.086.804
Net book value as of January 1, 2018	847.706	847.706
Net book value as of December 31, 2018	1.015.609	1.015.609

As at December 31, 2019 and 2018, the Company has no intangible assets which is capitalized in the business area.

As at December 31, 2019, the Company has intangible assets which is fully depreciated amounting to TL 2.465.375.

14. Provisions, contingent assets and liabilities

	December 31, 2019	December 31, 2018
Debt provisions ^(*)	3.772.221	4.814.210
Legal case provisions	1.207.997	--
Total	4.980.218	4.814.210
December 31, 2019		
Letters of guarantee received ^(**)	136.439.755	145.521.342
Mortgage received	28.462.440	25.245.505
Total	164.902.195	170.766.847

^(*) As of December 31, 2019, 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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Details of collaterals, pledges and mortgages ("CPM") given by the Company as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
A. CPM given for companies own legal personality ^(*)	1.646.196.096	1.438.626.831
B. CPM given in behalf of fully consolidated companies	--	--
C. CPM given for continuation of its economic activities on behalf of third parties ^(**)	80.638.494	163.362.012
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	1.726.834.590	1.601.988.843

^(*) CPM given for the Company's own legal personality consists of letters of guarantee amounting to TL 40.671.104 and pledge amounting to USD 136.000.000 and TL 879.000.000. As of December 31, 2019, the investment properties are pledged in favour of İş Bankası amounting to 1st degree USD 136.000.000 and TL 444.000.000 and 2nd degree TL 185.000.000. (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 444.000.000 1st degree mortgage, Kule-2 and Kule Çarşı amounting to TL 185.000.000 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, 2019, the ratio of CPM given by the Company to the Company's shareholders' equity is 2% (December 31, 2018: 5%).

As of December 31, 2019, 1.207.997 TL legal case provision is accrued and there are 140 legal cases and 99 enforcement proceedings of the Company is a party.

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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Less than 1 year	214.480.217	210.963.597
Between 1-5 years	731.223.556	585.164.570
More than 5 years	3.279.548.813	3.405.288.052
Total	4.225.252.586	4.201.416.219

15. Provision for employee benefits

	December 31, 2019	December 31, 2018
Unused vacation provisions	455.484	390.946
Total	455.484	390.946

	December 31, 2019	December 31, 2018
Severance pay indemnity	2.013.706	1.627.689
Total	2.013.706	1.627.689

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 Labor Law No. 4857 and Social Security Law No. 5510.

The amount payable consists of one month's salary limited to a maximum of TL 6.380 for each period of service as of December 31, 2019 (December 31, 2018: TL 5.434).

TAS 19- Employee Benefits requires the development of actuarial methods for the determination of the retirement pay liability.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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, 2019, 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 7,20% (estimated salary increase rate) and a discount rate of 11,70%, resulting in a real discount rate of approximately 4,20% (December 31, 2018: the provisions have been calculated assuming an annual inflation rate of 11,30% (estimated salary increase rate) and discount rate of 16,00%, resulting in a real discount rate of approximately 4,22% discount rate). The anticipated rate of for features is considered. As the maximum liability is revised semi-annually, the maximum amount of TL 6.380 effective from December 31, 2019 has been taken into consideration in calculation of provision from employment termination benefits.

	January 1 - December 31, 2019	January 1 - December 31, 2018
Opening balance at January 1	1.627.689	1.773.027
Service cost	260.430	203.898
Interest cost	244.830	194.110
Retirement pay provisions (-)	(120.206)	(703.641)
Actuarial differences	963	160.295
Closing balance as of year end	2.013.706	1.627.689

16. Prepaid expenses, other assets, deferred revenue (excluding liabilities from contracts with customers) and other liabilities

<i>Prepaid expenses - short term</i>	December 31, 2019	December 31, 2018
Job advances ^(*)	4.222.757	10.901.517
Prepaid expenses	987.997	696.197
Related party prepaid expenses (Note 25)	2.286.461	2.788.312
Total	7.497.215	14.386.026

^(*) The amount consists of job advance is amounting to TL 1.328.611 (December 31, 2018: TL 3.276.607) to the related directorates within the scope of the construction supervision services of the projects and job advance is amounting to TL 1.310.020 (December 31, 2018: TL 1.644.969) to Altyapı Temel Müh. Taah. Ve Tic. Ltd. Şti. in relation to the land which has gross area of 9.043 m² registered in Kadıköy district, İstanbul city. As of December 31, 2019, there is no job advances to Sera Yapı Endüstri ve Tic. A.Ş. for construction of Topkapı İstanbul Project (December 31, 2018: TL 4.609.098)

<i>Prepaid expenses - long term</i>	December 31, 2019	December 31, 2018
Job advances ^(*)	7.774.313	4.757.821
Prepaid expenses	823.529	1.224.604
Total	8.597.842	5.982.425

An agreement has signed in order to bought 45% shares of the land registered in Kadıköy, 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.

<i>Other current assets</i>	December 31, 2019	December 31, 2018
VAT transferred	12.672.758	--
Deposits and guarantees given	96.130	22.787
Prepaid taxes and dues payable	87.903	14.471
Total	12.856.791	37.258

<i>Other non-current assets</i>	December 31, 2019	December 31, 2018
VAT transferred	--	53.261.012
Toplam	--	53.261.012

<i>Other short-term liabilities</i>	December 31, 2019	December 31, 2018
Taxes and funds payable	467.909	1.040.031
Payable social security cuts	236.878	218.234
Total	704.787	1.258.265

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Deferred revenue - short-term	December 31, 2019	December 31, 2018
Deferred revenue	22.779.097	7.025.210
Short-term deferred revenue from related party (Note25)	52.091	257.870
Total	22.831.188	7.283.080

17. Liabilities from contracts with customers

Liabilities from contracts with customers	December 31, 2019	December 31, 2018
Contractual liabilities from sales of goods and services ^(*)	149.036.245	279.436.381
Total	149.036.245	279.436.381

^(*) The amount consists of advances received from the owners of the residential units sold by Kartal Manzara Adalar Project, Topkapı İstanbul Project and İzmir Ege Perla Project (Note 11).

18. Shareholder's equity

Share capital

The composition of the paid-in share capital as of December 31, 2019 and 2018 are as follows:

		December 31, 2019		December 31, 2018
İş Gayrimenkul Yat. Ort. A.Ş.	(%)		(%)	
Türkiye İş Bankası A.Ş.	47,90	459.237.058	47,44	454.800.582
Anadolu Hayat Emeklilik A.Ş.	7,11	68.151.714	7,11	68.151.714
Other	44,99	431.361.228	45,45	435.797.704
Total	100	958.750.000	100	958.750.000

The total number of ordinary shares consists of TL 958.750.000 (December 31, 2018: 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, 2018: TL 1.369.642,817) of the total amount is Group A and TL 957.380.357,183 (December 31, 2018: 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 240.146.090 as of December 31, 2019 and 2018. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL.

Share premium

As of December 31, 2019 and 2018, share premiums amounting TL 423.981 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, 2019	December 31, 2018
Legal reserves	65.949.792	59.561.684
Total	65.949.792	59.561.684

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, 2019	December 31, 2018
Prior years' profits	2.261.000.280	1.925.777.515
Total	2.261.000.280	1.925.777.515

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Dividend distribution

At the Ordinary General Assembly Meeting held on March 26, 2019; After the Board of Directors' Profit Share Distribution Proposal for the distribution of 2018 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 26, 2019, the distribution of 2018 net profit was determined as follows:

	Amount
Primary reserve (TTK 466/1) 5%	6.388.108
Dividend	--
Secondary reserve (TTK 466/2)	--
Capital increase through bonus shares	--
Transferred to prior years' profits	335.222.765
Total	341.610.873

19. Revenue and cost of sales

	January 1 - December 31, 2019	January 1 - December 31, 2018
Sales income from investment property	716.160.034	80.185.000
Income from sales of residential units	229.180.981	789.386.565
Rent income	219.787.236	195.593.500
Income from right of construction	26.842.341	21.808.806
Income fees and service	1.028.005	1.337.838
Other revenue	1.549.413	539.222
Total real estate revenues	1.194.548.010	1.088.850.931
Interest income on bank deposits	11.248.179	8.964.777
Gain on buy/sell of marketable securities	707.960	610.180
Interest income from reverse repos	5.372	11.394
Total debt instruments revenue	11.961.511	9.586.351
Sales discounts (-)	--	(104.791)
Total revenue	1.206.509.521	1.098.332.491

	January 1 - December 31, 2019	January 1 - December 31, 2018
Cost of sales of investment property	(698.273.658)	(84.460.408)
Cost of sales of residential units	(203.991.386)	(701.340.829)
Cost of administrative expenses	(38.662.908)	(30.091.396)
Taxes and dues	(10.969.059)	(17.571.552)
Insurance expenses	(3.323.099)	(3.116.459)
Other	(746.009)	(921.158)
Total	(955.966.119)	(837.501.802)

20. Administrative expenses/Marketing, selling and distribution expenses

	January 1 - December 31, 2019	January 1 - December 31, 2018
Administrative expenses		
Personnel expenses	(16.943.961)	(13.592.892)
Outsourced service expenses	(4.854.212)	(6.311.274)
Depreciation and amortization	(2.011.049)	(1.754.156)
Provision for doubtful receivables	(1.597.600)	(1.246.896)
Taxes and dues	(156.664)	(188.184)
Other	(1.394.974)	(1.365.292)
Total	(26.958.460)	(24.458.694)

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	January 1 - December 31, 2019	January 1 - December 31, 2018
Marketing, selling and distribution expenses		
Advertising expenses	(10.363.438)	(16.463.776)
Sales commission expenses	(2.725.561)	(3.822.878)
Consultancy expenses	(1.441.152)	(1.721.367)
Sales office expenses	(248.743)	(173.259)
Other	(32.486)	(106.456)
Total	(14.811.380)	(22.287.736)

21. Expenses by nature

	January 1 - December 31, 2019	January 1 - December 31, 2018
Personnel expenses		
Administrative expenses	16.943.961	13.592.892
Total	16.943.961	13.592.892

	January 1 - December 31, 2019	January 1 - December 31, 2018
Depreciation and amortization		
Administrative expenses	2.011.049	1.754.156
Total	2.011.049	1.754.156

22. Other operating income/expense

	January 1 - December 31, 2019	January 1 - December 31, 2018
Other operating income		
Revaluation income of investment property (Note 10)	337.337.744	326.600.140
Foreign exchange gains	3.928.580	12.740.526
Other	1.274.966	1.829.439
Total	342.541.290	341.170.105

	January 1 - December 31, 2019	January 1 - December 31, 2018
Other operating expense		
Revaluation difference of investment property (Note 10)	(10.440.313)	(31.212.866)
Debt provision for legal cases (Note 14)	(1.207.997)	--
Impairment provision of inventory (Note 11)	(517.231)	(43.304.501)
Other	(7.050)	(918.942)
Toplam	(12.172.591)	(75.436.309)

23. Finance income/expense

Finance income and expenses as of December 31, 2019 and 2018 are as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Finance income		
Derivative gains	--	60.395.502
Total	--	60.395.502

	January 1 - December 31, 2019	January 1 - December 31, 2018
Finance expense		
Interest expenses	(202.628.396)	(109.784.522)
Foreign exchange losses	(30.348.775)	(87.993.792)
Other interest expense	(3.041.317)	(2.135.384)
Derivative losses	(7.387.117)	(11)
Total	(243.405.605)	(199.913.709)

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24. Earnings per share

	January 1 - December 31, 2019	January 1 - December 31, 2018
Period opening of number of shares in circulation	95.875.000.000	91.375.000.000
Bonus shares due to capital increase	--	4.500.000.000
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 profit for the period	297.389.779	341.610.873
Earnings per share	0,0031	0,0036
Diluted earnings per share	0,0031	0,0036

As of December 31, 2019 capital of the Company consists of 95.875.000.000 shares that are valued TL 0,01 for each one.

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 İş Bankası	December 31, 2019	December 31, 2018
Time deposits	353.698.955	45.406.348
Demand deposits	30.224.490	4.671.458
Other current asset	--	102.499
Total	383.923.445	50.180.305

The Company has letters of guarantee amounting TL 40.671.104 (December 31, 2018: TL 38.144.431) 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 879.000.000 on some investment properties.

As of December 31, 2019 and December 31, 2018, the Company has mutual funds, established by, İş Bankası and İş Portföy Yönetimi A.Ş.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	December 31, 2019			
	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.	745.860	25.905	239.610	--
Türkiye İş Bankası A.Ş.	59.116	--	--	21.260
Kanyon Yönetim İşl. Paz. A.Ş.	--	--	1.186.821	30.831
Anadolu Anonim Türk Sigorta A.Ş.	94.057	2.260.556	1.953.061	--
Anadolu Cam Sanayii A.Ş.	4.067	--	--	--
İş Yatırım Menkul Değerler A.Ş.	--	--	605.447	--
Anadolu Hayat Emeklilik A.Ş.	43.613	--	--	--
Şişecam Çevre Sistemleri A.Ş.	161	--	--	--
Cam Elyaf San. A.Ş.	857	--	--	--
Şişecam Otomotiv A.Ş.	1.062	--	--	--
İş Net Elektronik Hizmetler A.Ş.	--	--	21.751	--
Paşabahçe Mağazaları A.Ş.	140.690	--	--	--
Trakya Cam Sanayii A.Ş.	6.423	--	--	--
Tecim Yapı Elemanları Ltd. Şti. ^(*)	1.968.593	--	204.689.747	--
Ortaklara borçlar (dividend)	--	--	705	--
Other	--	--	948.132	--
	3.064.499	2.286.461	209.645.274	52.091

^(*) Consists of revenue share payment to be made in the form of mutual fund participation share and VAT amount to be paid in cash to Tecim Yapı Elemanları Ltd. Şti. (TECİM), according to the revenue share agreement with TECİM, which is the former land owner of Kartal Manzara Adalar project, within the scope of transfers of offices and commercial units situated in the Project to real estate investment fund.

	December 31, 2019	
	Loans and borrowings	
Balances with related parties	Short Term	Long Term
T. İş Bankası A.Ş.	489.007.162	366.578.246
Transactions with related parties		
	Interest expense on loans	Capitalized interest expense
T. İş Bankası A.Ş.	65.767.563	1.605.923

The Company has interest rate swap transactions realized during the period by T. İş Bankası A.Ş. as of December 31, 2019. Derivative losses amounting to TL 5.594.178 accounted in the financial statements of the Company.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	December 31, 2018			
	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.	2.293.499	--	1.732.093	--
İş Girişim Sermayesi A.Ş.	--	--	350	--
İş Finansal Kiralama A.Ş.	--	--	805	--
Türkiye İş Bankası A.Ş. ⁽¹⁾	--	--	--	17.438
İş Faktoring A.Ş.	--	--	750	--
Kanyon Yönetim İşl. Paz. Ltd. Şti. A.Ş.	75.754	--	2.602.868	43.479
Anadolu Anonim Türk Sigorta A.Ş.	--	2.788.312	1.495.237	--
Anadolu Cam Sanayii A.Ş.	--	--	--	15.532
Anadolu Hayat Emeklilik A.Ş.	128.968	--	--	--
Camiş Madencilik A.Ş.	--	--	--	5.746
Şişecam Çevre Sistemleri A.Ş.	6.252	--	--	616
Madencilik San. Ve Tic. A.Ş.	--	--	--	73
Camiş Elektrik A.Ş.	--	--	--	73
Cam Elyaf San. A.Ş.	642	--	--	73
Trakya Polatlı Cam San. A.Ş.	97	--	--	73
Trakya Yenişehir Cam San. A.Ş.	--	--	--	73
Çayırova Cam San. A.Ş.	1.380	--	--	73
Şişecam Otomotiv A.Ş.	5.407	--	--	4.055
İş Net Elektronik Hizmetler A.Ş.	767	--	13.770	--
Paşabahçe Cam San. Ve Tic. A.Ş.	54.872	--	--	41.154
Paşabahçe Mağazacılık A.Ş.	70.507	--	--	8.648
Soda Sanayii A.Ş.	17.176	--	--	12.882
Şişecam Enerji A.Ş.	--	--	--	1.950
Şişecam Elyaf Sanayii A.Ş.	97	--	--	73
Türkiye Şişe ve Cam Fabrikaları A.Ş.	108.444	--	--	81.332
Trakya Cam Sanayii A.Ş.	32.703	--	--	24.527
Softtech Yazılım Teknolojileri A.Ş.	--	--	48.216	--
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	350	--	--	--
Tecim Yapı Elemanları Ltd. Şti.	1.883.847	--	10.097.186	--
Ortaklara borçlar (dividend)	--	--	705	--
Other	--	--	368.239	--
	4.680.762	2.788.312	16.360.219	257.870

⁽¹⁾ As of December 31, 2018, there is balance of other short-term receivable is amounting to TL 35.610 from

Türkiye İş Bankası A.Ş.

	December 31, 2018	
	Loans and borrowings	
Balances with related parties	Short Term	Long Term
T. İş Bankası A.Ş.	195.688.191	378.309.711
	Interest expense on loans	Capitalized interest expense
T. İş Bankası A.Ş.	47.712.639	20.372.369

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	January 1 - December 31, 2019					
<i>İlişkili taraflarla olan işlemler</i>	Purchases	Interest received	Rent income	Revenue	Other income	Other expense
Anadolu Anonim Türk Sigorta A.Ş. ⁽¹⁾	5.062.600	--	568.294	--	286.209	--
Anadolu Hayat Emeklilik A.Ş.	189.826	--	5.846.589	--	--	--
İş Finansal Kiralama A.Ş.	--	--	18.900	--	--	--
İş Merkezleri Yönetim ve İşletim A.Ş.	13.012.630	--	5.995.897	--	--	--
İş Yatırım Menkul Değerler A.Ş.	2.340.410	--	4.002.947	--	--	--
Türkiye Şişe ve Cam Fabrikaları A.Ş. ⁽²⁾	--	--	9.365.515	310.000.000	92.346	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	487.170	--	--	--
İş Net Elektronik Hizmetler A.Ş.	273.425	--	437.845	--	--	--
Paşabahçe Mağazacılık A.Ş.	--	--	1.989.364	--	10.912	--
Paşabahçe Cam San. Ve Tic. A.Ş.	3.662	--	4.935.036	--	51.931	--
Trakya Cam Sanayii A.Ş.	--	--	2.941.228	--	30.950	--
Soda Sanayii A.Ş.	--	--	1.544.752	--	16.255	--
Anadolu Cam Sanayii A.Ş.	--	--	1.862.526	--	19.599	--
Camış Madencilik A.Ş.	--	--	689.039	--	7.251	--
Camış Elektrik A.Ş.	--	--	8.720	--	73	--
Softtech Yazılım Teknolojileri A.Ş.	--	--	7.294.631	--	--	--
Şişecam Enerji A.Ş.	--	--	233.880	--	2.461	--
Şişecam Otomotiv A.Ş.	--	--	486.254	--	5.117	--
Şişecam Çevre Sistemleri A.Ş.	--	--	73.816	--	777	--
Şişecam Elyaf Sanayii A.Ş.	--	--	8.720	--	73	--
Madencilik San. Ve Tic. A.Ş.	--	--	8.720	--	73	--
Cam Elyaf San. A.Ş.	--	--	8.720	--	73	--
Trakya Yenişehir Cam San. A.Ş.	--	--	6.540	--	73	--
Trakya Polatlı Cam San. A.Ş.	--	--	6.540	--	73	--
Çayırova Cam San. A.Ş.	--	--	8.720	--	73	--
İş Asset Management 2 nd Real Estate Investment Fund ⁽³⁾	--	--	--	352.215.000	--	--
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	212.821	--	--	--
İş Faktoring A.Ş.	--	--	61.430	--	--	--
Kültür Yayınları İş Türk A.Ş.	10.067	--	--	--	--	--
Türkiye İş Bankası A.Ş.	--	11.253.553	90.851.037	--	50.311	944.084
	20.892.620	11.253.553	139.955.651	662.215.000	574.630	944.084

⁽¹⁾ 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, Kapadokya Lodge Hotel and Mallmarine Shopping Center.

⁽²⁾ The amount of revenue with Türkiye Şişe ve Cam Fabrikaları A.Ş. is related to sales of 21 residential units which has a gross area of 31.402 m² of Istanbul Tuzla Karma. Fair values of the residential units which is carried at statement of financial position are TL 264.260.000 in total.

⁽³⁾ The amount of revenue with İş Asset Management 2nd Real Estate Investment Fund is related to invested to İş Asset Management 2nd Real Estate Investment Fund's participation shares in kind payment through offices and commercial areas situated in Kartal Manzara Adalar.

In 2019, revenue share compensation is amounting to TL 823.686 (2018: TL 3.200.889) has been paid to Türkiye İş Bankası A.Ş. within the scope of Ege Perla project. Additionally, as of December 31, 2019, there is unpaid revenue share compensation is amounting to TL 3.108.440 (December 31, 2018: TL 2.768.012) at debt provisions.

In 2019, revenue share compensation is amounting to TL 122.701.008 (2018: TL 46.167.293) has been paid to Tecim Yapı Elemanları Ltd. Şti. within the scope of Kartal Manzara Adalar project.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

<i>Balances with related parties</i>	January 1 - December 31, 2018				
	Purchases	Interest received	Rent income	Other income	Other expense
Anadolu Anonim Türk Sigorta A.Ş. ^(*)	4.583.167	--	409.210	7.513	--
Anadolu Hayat Emeklilik A.Ş.	124.089	--	5.918.603	--	--
İş Finansal Kiralama A.Ş.	7.475	--	--	--	2.324
İş Merkezleri Yönetim ve İşletim A.Ş.	11.030.707	--	3.817.803	--	--
İş Yatırım Menkul Değerler A.Ş.	945.041	--	3.475.576	--	--
Türkiye Şişe ve Cam Fabrikaları A.Ş.	--	--	7.669.716	99.356	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	390.118	--	--
İş Net Elektronik Hizmetler A.Ş.	297.564	--	91.958	--	--
İş Portföy Yönetimi A.Ş.	2.026	--	--	--	--
Paşabahçe Mağazacılık A.Ş.	210.652	--	1.840.505	10.796	--
Paşabahçe Cam San. Ve Tic. A.Ş.	--	--	3.692.784	51.377	--
Trakya Cam Sanayii A.Ş.	--	--	2.200.859	30.620	--
Soda Sanayii A.Ş.	--	--	1.155.906	16.082	--
Anadolu Cam Sanayii A.Ş.	--	--	1.393.689	19.390	--
Camiş Madencilik A.Ş.	--	--	515.593	7.173	--
Camiş Elektrik A.Ş.	--	--	6.525	24	--
Şişecam Sigorta Hizmetleri A.Ş.	--	--	27.865	1.137	--
Softtech Yazılım Teknolojileri A.Ş.	44.235	--	5.576.781	8.119	--
Şişecam Enerji A.Ş.	--	--	175.008	2.435	--
Şişecam Dış Ticaret A.Ş.	--	--	56.274	2.296	--
Şişecam Otomotiv A.Ş.	--	--	363.854	5.062	--
Şişecam Çevre Sistemleri A.Ş.	--	--	55.235	769	--
Şişecam Elyaf Sanayii A.Ş.	--	--	6.525	24	--
Madencilik San. Ve Tic. A.Ş.	--	--	6.525	24	--
Cam Elyaf San. A.Ş.	--	--	6.525	24	--
Trakya Yenisehir Cam San. A.Ş.	--	--	6.525	24	--
Trakya Polatlı Cam San. A.Ş.	--	--	6.525	24	--
Çayırova Cam San. A.Ş.	--	--	6.525	24	--
İş Asset Management 1 st Real Estate Investment Fund ^(**)	--	--	--	25.800.000	--
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	167.911	--	--
İş Faktoring A.Ş.	--	--	53.488	--	87.600
Kültür Yayınları İş Türk A.Ş.	5.889	--	--	--	--
Türkiye İş Bankası A.Ş.	--	8.976.171	76.547.370	49.914.590	324.281
	17.250.845	8.976.171	115.641.781	75.976.883	414.205

^(*) The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to 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, Kapadokya Lodge Hotel and Mallmarine Shopping Center.

^(**) The amount of other income with İş Asset Management 1st Real Estate Investment Fund is related to sales of 18 office units situated in Kartal project.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

As of December 31, 2019 and 2018, related party balances of issued bonds and commercial papers are as follows:

Balances with related parties	December 31, 2019	December 31, 2018
Türkiye İş Bankası A.Ş.	5.062.693	--
İş Yatırım Ortaklığı A.Ş.	1.476.359	1.030.055
İş Yatırım Menkul Değerler A.Ş.	--	34.087.651
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	7.816.795
	6.539.052	42.934.501

As of December 31, 2019 and 2018, coupon payments of issued bonds and commercial papers are as follows:

Transactions with related parties	December 31, 2019	December 31, 2018
Anadolu Anonim Türk Sigorta A.Ş.	4.242.015	2.908.500
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	599.452	1.454.250
İş Yatırım Menkul Değerler A.Ş.	552.583	559.760
İş Yatırım Ortaklığı A.Ş.	550.187	621.642
Türkiye İş Bankası A.Ş.	144.063	--
	6.088.300	5.544.152

Benefits provided to key management personnel:

Benefits provided to board of directors, general manager, senior group presidents and group presidents are as follows:

	January 1- December 31, 2019	January 1- December 31, 2019
Salaries and other short term benefits	5.419.788	5.383.075
Employee termination benefits	610.771	479.196
Total	6.030.559	5.862.271

26. Nature and level of risks arising from financial instruments

a) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders and corporate shareholders and at the same time, provide consistent application of the most efficient capital structure to minimize 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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

b.1) Credit risk management

Exposure to maximum credit risk as of reporting date	Receivables						
	Trade receivables		Other Receivables		Bank deposits	Derivative instruments	Other ^(**)
	Related parties	Other parties	Related parties	Other parties			
December 31, 2019							
Maximum net credit risk as of the reporting date (A+B+C+D+E) ^(*)	3.064.499	146.125.878	--	5.685.288	383.923.445	42.367.396	4.491.942
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	3.064.499	146.125.878	--	5.685.288	383.923.445	42.367.396	4.491.942
B. Net book value of financial assets which are overdue but not impaired	38.677	5.576.861	--	--	--	--	--
C. Net book value of impaired assets							
- Past due (gross carrying amount)	--	5.411.764	--	--	--	--	--
- Impairment (-)	--	(5.411.764)	--	--	--	--	--
- 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	--	--	--	--	--	--	--

^(*) Items such as guarantees received which increase the credibility are not included in the determination of the balance.

^(**) Collaterals consist of notes, cheques and mortgages.

^(***) Investment funds which are shown in cash and cash equivalent, 3 months government bonds reverse repo agreements and other liquid assets are shown in other.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Exposure to maximum credit risk as of reporting date	Receivables						
	Trade receivables		Other Receivables		Bank deposits	Derivative instruments	Other ^(**)
	Related parties	Other parties	Related parties	Other parties			
December 31, 2018							
Maximum net credit risk as of the reporting date (A+B+C+D+E) ^(*)	4.680.762	147.150.300	--	718.345	50.182.973	59.536.713	4.053.776
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	4.680.762	147.150.300	--	718.345	50.182.973	59.536.713	4.053.776
B. Net book value of financial assets which are overdue but not impaired	31.407	9.502.808	--	--	--	--	--
C. Net book value of impaired assets							
- Past due (gross carrying amount)	--	3.814.164	--	--	--	--	--
- Impairment (-)	--	(3.814.164)	--	--	--	--	--
- 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	--	--	--	--	--	--	--

^(*) Items such as guarantees received which increase the credibility are not included in the determination of the balance.

^(**) Collaterals consist of notes, cheques and mortgages.

^(***) Investment funds which are shown in cash and cash equivalent, 3 months government bonds reverse repo agreements and other liquid assets are shown in other.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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.

The aging of the overdue but not impaired receivables are as follows:

December 31, 2019	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	2.715.360	--	2.715.360
Past due 1-3 months	2.154.953	--	2.154.953
Past due 3-12 months	720.019	--	720.019
Past due 1-5 years	25.206	--	25.206
Total overdue receivables	5.615.538	--	5.615.538
Total collateralized portion	5.171.251	--	5.171.251

December 31, 2018	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	5.600.304	--	5.600.304
Past due 1-3 months	2.117.572	--	2.117.572
Past due 3-12 months	1.765.086	--	1.765.086
Past due 1-5 years	51.253	--	51.253
Total overdue receivables	9.534.215	--	9.534.215
Total collateralized portion	6.854.656	--	6.854.656

Collaterals held for trade receivables that are past due but not impaired as of the reporting date are as follows:

	December 31, 2019		December 31, 2018	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letters of guarantee	4.782.526	4.782.526	6.669.324	6.669.324
Notes payable	249.717	249.717	74.780	74.780
Cash deposits	139.008	139.008	110.552	110.552
	5.171.251	5.171.251	6.854.656	6.854.656

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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

December 31, 2019						
Contractual maturities	Carrying Value	Total cash outflows according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Loans and borrowings	1.438.508.447	1.603.490.702	192.097.848	735.668.268	675.724.586	--
Trade payables	216.937.006	216.937.006	216.937.006	--	--	--
Other payables	12.269.184	12.269.184	--	12.269.184	--	--
Total liabilities	1.667.714.637	1.832.696.892	409.034.854	747.937.452	675.724.586	--

December 31, 2018						
Contractual maturities	Carrying Value	Total cash outflows according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Loans and borrowings	1.314.848.120	1.630.380.067	344.684.543	568.713.664	716.981.860	--
Trade payables	34.901.072	34.901.072	34.901.072	--	--	--
Other payables	20.833.806	20.833.806	--	20.833.806	--	--
Total liabilities	1.370.582.998	1.686.114.945	379.585.615	589.547.470	716.981.860	--

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, 2019 and 2018 are as follows:

	US Dollar	Euro	GBP
December 31, 2019	5,9402	6,6506	7,7765
December 31, 2018	5,2609	6,0280	6,6528

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

The foreign currency denominated monetary and non-monetary assets and liabilities of the Company as of the reporting date are as follows:

December 31, 2019				
		TL Equivalent (Functional currency)	US Dollar	Euro
1.	Trade Receivables	--	--	--
2a.	Monetary Financial Assets	1.702.480	286.603	--
2b.	Non-Monetary Financial Assets	439.337	73.960	--
3.	Other	--	--	--
4.	CURRENT ASSETS	2.141.817	360.563	--
5.	Trade Receivables	--	--	--
6a.	Monetary Financial Assets	--	--	--
6b.	Non-Monetary Financial Assets	--	--	--
7.	Other	--	--	--
8.	NON CURRENT ASSETS	--	--	--
9.	TOTAL ASSET	2.141.817	360.563	--
10.	Trade Payables	--	--	--
11.	Financial Liabilities	68.541.232	8.823.529	2.425.000
12a.	Other Monetary Liabilities	--	--	--
12b.	Other Non-Monetary Liabilities	2.744.638	334.849	113.609
13.	SHORT TERM LIABILITIES	71.285.870	9.158.378	2.538.609
14.	Trade Payables	--	--	--
15.	Financial Liabilities	157.240.587	26.470.588	--
16a.	Other Monetary Liabilities	--	--	--
16b.	Other Non-Monetary Liabilities	--	--	--
17.	LONG TERM LIABILITIES	157.240.587	26.470.588	--
18.	TOTAL LIABILITIES	228.526.458	35.628.966	2.538.845
19.	Net asset/liability position of off balance sheet derivatives (19a-19b)	209.654.120	35.294.118	--
19.a.	Off-balance sheet foreign currency derivative assets	209.654.120	35.294.118	--
19.b.	Off-balance sheet foreign currency derivative liabilities	--	--	--
20.	Net foreign currency asset/liability position	(16.730.521)	25.715	(2.538.609)
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(224.079.340)	(35.007.514)	(2.425.000)
22.	Fair Value of foreign currency hedged Financial asset	42.367.395	7.132.318	--
23.	Hedged foreign currency assets	--	--	--
24.	Hedged foreign currency liabilities	--	--	--

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

December 31, 2018		TL Equivalent (Functional currency)	US Dollar	Euro
1.	Trade Receivables	--	--	--
2a.	Monetary Financial Assets	2.953.603	502.478	51.446
2b.	Non-Monetary Financial Assets	172.152	32.723	--
3.	Other	--	--	--
4.	CURRENT ASSETS	3.125.755	535.201	51.446
5.	Trade Receivables	--	--	--
6a.	Monetary Financial Assets	--	--	--
6b.	Non-Monetary Financial Assets	--	--	--
7.	Other	--	--	--
8.	NON CURRENT ASSETS	--	--	--
9.	TOTAL ASSET	3.125.755	535.201	51.446
10.	Trade Payables	64.935	12.343	--
11.	Financial Liabilities	61.037.604	8.823.529	2.425.000
12a.	Other Monetary Liabilities	--	--	--
12b.	Other Non-Monetary Liabilities	4.148.284	594.477	169.343
13.	SHORT TERM LIABILITIES	65.250.823	9.430.349	2.594.343
14.	Trade Payables	--	--	--
15.	Financial Liabilities	200.296.725	35.294.118	2.425.000
16a.	Other Monetary Liabilities	--	--	--
16b.	Other Non-Monetary Liabilities	--	--	--
17.	LONG TERM LIABILITIES	200.296.725	35.294.118	2.425.000
18.	TOTAL LIABILITIES	265.547.548	44.724.467	5.019.343
19.	Net asset/liability position of off balance sheet derivatives (19a-19b)	232.098.529	44.117.647	--
19a.	Off-balance sheet foreign currency derivative assets	232.098.529	44.117.647	--
19b.	Off-balance sheet foreign currency derivative liabilities	--	--	--
20.	Net foreign currency asset/liability position	(30.323.264)	(71.619)	(4.967.897)
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(258.445.661)	(43.627.512)	(4.798.554)
22.	Fair Value of foreign currency hedged Financial asset	59.381.350	11.287.299	--
23.	Hedged foreign currency assets	--	--	--
24.	Hedged foreign currency liabilities	--	--	--

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") 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, 2019		
	Appreciation of foreign currency	Devaluation of foreign currency
<u>If US Dollar changes against TL by 10%</u>		
US Dollar net asset/liability	(20.795.163)	20.795.163
Portion hedged against US Dollar risk (-)	20.965.412	(20.965.412)
US Dollar net effect	170.249	(170.249)
<u>If Euro changes against TL by 10%</u>		
Euro net asset/liability	(1.612.771)	1.612.771
Portion hedged against Euro risk (-)	--	--
Euro net effect	(1.612.771)	1.612.771
December 31, 2018		
	Appreciation of foreign currency	Devaluation of foreign currency
<u>If US Dollar changes against TL by 10%</u>		
US Dollar net asset/liability	(22.951.998)	22.951.998
Portion hedged against US Dollar risk (-)	23.209.853	(23.209.853)
US Dollar net effect	257.855	(257.855)
<u>If Euro changes against TL by 10%</u>		
Euro net asset/liability	(2.892.568)	2.892.568
Portion hedged against Euro risk (-)	--	--
Euro net effect	(2.892.568)	2.892.568

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") 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, 2019 and 2018.

The sensitivity analyses have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period at 1%. If interest rates increase or decrease by 1% as of December 31, 2019, the net profit would decrease or increase by TL 792.045 (December 31, 2018: TL 1.864.464 decrease or increase).

		Interest Rate Table	
		December 31, 2019	December 31, 2018
Fixed Rate Financial Instruments			
Financial Assets	Financial assets classified at fair value through profit or loss	--	--
	Time deposits at banks	353.698.955	45.406.340
	Receivables from reverse repo transactions	--	--
Financial Liabilities		1.006.013.252	440.720.682
Floating Interest Rate Financial Instruments			
Investment Funds		4.491.942	3.951.277
Financial Liabilities		432.495.195	874.127.438

b.3.3) Equity price risk

As of December 31, 2019, company has no equity in their portfolio. Therefore, there is no equity price risk. (December 31, 2018: 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.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Financial liabilities

The Company assumes that the carrying values of the trade payables and other financial liabilities are close to their fair value because of their short-term nature.

Financial liabilities are recognized with their acquisition costs including transaction costs and evaluated through amortized costs depending on the method of active interest rate.

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, 2019, net book value of fixed rate loan is TL 1.006.013.252 and fair value of those loans are TL 1.006.013.252.

December 31, 2019	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Note
Financial Assets					
Cash and cash equivalents	383.923.445	4.491.942	--	388.415.387	5
Financial investments	--	394.715.000	--	394.715.000	6
Trade receivables	146.125.878	--	--	146.125.878	8
Due from related parties	3.064.499	--	--	3.064.499	25
Other financial assets	5.685.288	--	--	5.685.288	9
Derivative instruments	--	42.367.396	--	42.367.396	6
Financial Liabilities					
Loans and borrowings	--	--	576.383.987	576.383.987	7
Loans and borrowings from related parties	--	--	862.124.460	862.124.460	7
Trade payables	--	--	7.291.732	7.291.732	8
Trade payables to related parties	--	--	209.645.274	209.645.274	25
Other payables	--	--	12.269.184	12.269.184	9
Derivative instruments	--	8.393.543	--	8.393.543	6
December 31, 2018					
Financial Assets					
Cash and cash equivalents	50.285.472	3.951.277	--	54.236.749	5
Trade receivables	147.150.300	--	--	147.150.300	8
Due from related parties	4.680.762	--	--	4.680.762	25
Other financial assets	718.345	--	--	718.345	9
Derivative instruments	--	59.536.713	--	59.536.713	6
Financial Liabilities					
Loans and borrowings	--	--	697.915.716	697.915.716	7
Loans and borrowings from related parties	--	--	616.932.404	616.932.404	7
Trade payables	--	--	18.540.853	18.540.853	8
Trade payables to related parties	--	--	16.360.219	16.360.219	25
Other payables	--	--	20.833.806	20.833.806	9

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") 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, 2019	Level I	Level II	Level III
Investment properties	3.985.933.501	--	3.985.933.501	--
Tangible assets	38.460.738	--	38.460.738	--
Financial assets held for trading	399.206.942	4.491.942	394.715.000	--
Derivatives held for trading	42.367.396	--	42.367.396	--
	4.465.968.577	4.491.942	4.461.476.635	--
Assets at fair value	December 31, 2018	Level I	Level II	Level III
Investment properties	4.153.488.099	--	4.153.488.099	--
Tangible assets	33.814.159	--	33.814.159	--
Financial assets held for trading	3.951.277	3.951.277	--	--
Derivatives held for trading	59.536.713	--	59.536.713	--
	4.250.790.248	3.951.277	4.246.838.971	--

28. Events after the reporting period

None.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Additional Note: Control of compliance with restrictions on the investment portfolio

The main accounts of separate financial statements	Related regulation	December 31, 2019	December 31, 2018
A Capital and money market instruments	III-48.1. Md. 24/(b)	783.130.387	54.236.749
B Real estates, rights supported by real estates and real estate projects	III-48.1. Md. 24/(a)	4.663.898.512	4.844.425.433
C Affiliates ⁽¹⁾	III-48.1. Md. 24/(b)	3.741.256	3.088.133
Due from related parties (other receivables)	III-48.1. Md. 23/(f)	--	--
Other assets		265.586.731	320.582.609
D Total assets	III-48.1. Md. 3/(k)	5.716.356.886	5.222.332.924
E Loans and borrowings	III-48.1. Md. 31	1.438.508.447	1.314.848.120
F Other financial liabilities	III-48.1. Md. 31	4.980.218	4.814.210
G Financial lease 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	3.860.227.078	3.556.939.355
Other liabilities		412.641.143	345.731.239
D Total liabilities and equity	III-48.1. Md. 3/(k)	5.716.356.886	5.222.332.924
Other separate financial information	Related regulation	December 31, 2019	December 31, 2018
A1 Capital and money market instruments amount held for 3-year real estate payments	III-48.1. Md. 24/(b)	--	--
A2 Time balances/demand balances TL/foreign currency	III-48.1. Md. 24/(b)	383.923.445	50.182.973
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)	58.651.459	51.314.379
C1 Foreign affiliates	III-48.1. Md. 24/(d)	--	--
C2 Participating to operating company	III-48.1. Md. 28	3.741.256	3.088.133
J Non-cash loans	III-48.1. Md. 31	40.671.104	38.144.431
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)	388.415.384	54.131.580

⁽¹⁾ 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, 2019, the Company's participation in Kanyon is TL 500.000 and does not exceed 10% of the total assets.

Notes to the Financial Statements For the Year Ended December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Portfolio restrictions	Related regulation	December 31, 2019	December 31, 2018	Min/Max ratio
1 Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	III-48.1. Md. 22/(e)	0%	0%	Max 10%
2 Real estates, rights supported by real estates and real estate projects	III-48.1. Md. 24/(a). (b)	82%	93%	Min 51%
3 Capital and money market instruments and subsidiaries	III-48.1. Md. 24/(b)	14%	1%	Max 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%	Max 49%
5 Inactive land	III-48.1. Md. 24/(c)	1%	1%	Max 20%
6 Participating to operating company	III-48.1. Md. 28	0%	0%	Max 10%
7 Borrowings limits	III-48.1. Md. 31	38%	38%	Max 500%
8 Time balances/demand balances TL/foreign currency	III-48.1. Md. 24/(b)	7%	1%	Max 10%
9 The sum of investments in money and capital market instruments in a single company	III-48.1 Md. 22/(1)	7%	1%	Max 10%

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	İstanbul İş Towers Complex
Application Date and No	01.12.2019-010
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	23.12.2019-2019/6022
Appraisal Date	17.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Masonry business center of with an area of 25,909 m ² registered at İstanbul Province, Beşiktaş District, Rumelihisarı Neighborhood, Sheet No: 81, Block No: 1420, Parcel No: 1
Appraisal Value (TL including VAT/ excluding VAT)	TL 1,106,403,000 (excluding VAT) / TL 1,305,555,540 (including VAT)
Insurance Value (TL)	TL 179,785,000
Subject of Appraisal	Ankara İş Tower
Application Date and No	01.12.2019-012
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	11.12.2019-2019/6397
Appraisal Date	05.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 6,287 m ² and reinforced concrete building on it registered at Ankara Province, Çankaya District, Kavaklıdere Neighborhood, Block No: 5708, Parcel No: 63
Appraisal Value (TL including VAT/ excluding VAT)	TL 151,865,000 (excluding VAT) / TL 179,200,700 (including VAT)
Insurance Value (TL)	TL 55,100,000
Subject of Appraisal	Maslak Office Building
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	06.12.2019-ISGY-1910113
Appraisal Date	16.10.2019-5.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Masonry business center with an area of 4,469.5 m ² registered at İstanbul Province, Sarıyer District, M. Ayazağa Neighborhood, Sheet No: 2, Parcel No: 10, Block No: 10
Appraisal Value (TL including VAT/ excluding VAT)	TL 114,923,000 (excluding VAT) / TL 124,116,840 (including VAT)
Insurance Value (TL)	TL 20,969,586
Subject of Appraisal	Kanyon Shopping Mall
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	30.12.2019-ISGY-1910118
Appraisal Date	16.10.2019-27.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Masonry building with an area of 29,427.34 m ² registered at İstanbul Province, Şişli District, Mecidiyeköy Neighborhood, Sheet No: 303, Block No: 1946, Parcel No: 136. The Company's share is 50%.
Appraisal Value (TL including VAT/ excluding VAT)	TL 614,479,043 (excluding VAT) / TL 663,637,367 (including VAT)
Insurance Value (TL)	TL 39,897,947
Subject of Appraisal	Mallmarine Shopping Mall
Application Date and No	01.11.2019-009
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	19.11.2019-2019/5929
Appraisal Date	13.11.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	6-storeyed building located at the address of Muğla Province, Marmaris District, Kemeraltı Neighborhood, Atatürk Boulevard, No: 28, on a land with an area of 1,166.33 m ² registered at Sheet No: 2, Block No: 119, Parcel No: 24
Appraisal Value (TL including VAT/ excluding VAT)	TL 16,224,000 (excluding VAT) / TL 19,144,320 (including VAT)
Insurance Value (TL)	TL 8,125,000

Subject of Appraisal	İstanbul Marmara Park Shopping Mall
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	06.12.2019-İSGY-1910119
Appraisal Date	16.10.2019-5.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land and reinforced concrete shopping mall with a total area of 63,090.99 m ² İstanbul Province, Esenyurt District, Yakuplu Neighborhood, Sheet No: 24d-4b, Block No: 21, Parcel No: 102-103-110
Appraisal Value (TL including VAT/ excluding VAT)	TL 202,139,000 (excluding VAT) / TL 238,524,020 (including VAT)

Subject of Appraisal	Tuzla Technology & Operation Center
Application Date and No	26.08.2019
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	20.12.2019 19_400_323
Appraisal Date	16.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Building and office with an area of 44,395.35 m ² registered at İstanbul Province, Tuzla District, Merkez Neighborhood, Sheet No: G22B17A1C, Block No: 7301, Parcel No: 1
Appraisal Value (TL including VAT/ excluding VAT)	TL 1,198,000,000 (excluding VAT) / TL 1,293,840,000 (including VAT)
Insurance Value (TL)	TL 304,410,045

Subject of Appraisal	Tuzla Meydan Shopping Mall
Application Date and No	16.10.2019
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	09.12.2019 19_400_307
Appraisal Date	04.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete office with an area of 21,305.29 m ² registered at İstanbul Province, Tuzla District, Merkez Neighborhood, Sheet No: G22B17A1C, Block No: 7301, Parcel No: 2
Appraisal Value (TL including VAT/ excluding VAT)	TL 23,700,000 (excluding VAT) / TL 27,966,000 (including VAT)
Insurance Value (TL)	TL 49,530,033

Subject of Appraisal	İzmir Ege Perla
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	30.12.2019-İSGY-1910114
Appraisal Date	16.10.2019-27.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete residence and office with an area of 18,392 m ² registered at İzmir Province, Konak District, Mersinli Neighborhood, Sheet No: 296, Block No: 3324, Parcel No: 106
Appraisal Value (TL including VAT/ excluding VAT)	TL 330,363,000 (excluding VAT) / TL 355,938,250 (including VAT)
Insurance Value (TL)	TL 57,606,841

Subject of Appraisal	Taksim Office Lamartine
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	06.12.2019-İSGY-1910115
Appraisal Date	16.10.2019-05.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Building with an area of 578.72 m ² registered at İstanbul Province, Beyoğlu District, Şehitmuhtar Neighborhood, Lamartin and Cumhuriyet Avenue, Sheet No: 11, Block No: 408, Parcel No: 24
Appraisal Value (TL including VAT/ excluding VAT)	TL 57,042,000 (excluding VAT) / TL 61,605,360 (including VAT)
Insurance Value (TL)	TL 5,014,671

Subject of Appraisal	Üsküdar Land
Application Date and No	01.11.2019-007
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	19.11.2019-2019/5011
Appraisal Date	14.11.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 32,081 m ² registered at İstanbul Province, Üsküdar District, Burhaniye Neighborhood, Block No: 725, Parcel No: 18
Appraisal Value (TL including VAT/ excluding VAT)	TL 51,490,000 (excluding VAT) / TL 60,758,250 (including VAT)
Insurance Value (TL)	Not mentioned as it is land.

Subject of Appraisal	Kartal Manzara Adalar Residences
Application Date and No	01.10.2019-003
Report Prepared by	Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	20.12.2019 2019/İŞGYO/003
Appraisal Date	13.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete residence and office with an area of 36,724.88 m ² registered at İstanbul Province, Kartal District, Yukarı Neighborhood, Sheet No: G22A14B2B, Block No: 10047, Parcel No: 6
Appraisal Value (TL including VAT/ excluding VAT)	TL 333,975,000 (excluding VAT) / TL 360,693,000 (including VAT)
Insurance Value (TL)	TL 260,152,925,23
Subject of Appraisal	Levent Land
Application Date and No	01.12.2019-011
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	11.12.2019-2019/5898
Appraisal Date	06.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 7,613 m ² registered at İstanbul Province, Beşiktaş District, Levent Neighborhood, Sheet No: 81, Block No: 916, Parcel No: 572 and Rumelihisarı Neighborhood, Block No: 916, 629, 630, 631
Appraisal Value (TL including VAT/ excluding VAT)	TL 7,161,457,74 (excluding VAT) / TL 8,450,520,13 (including VAT)
Insurance Value (TL)	Not mentioned as it is land.
Subject of Appraisal	İstanbul Financial Center Project
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2019-ISGY-1910116
Appraisal Date	16.10.2019-26.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 4,797.45 m ² registered at İstanbul Province, Ümraniye District, Küçükbakkalköy Neighborhood, Sheet No: F22D23D4D, Block No: 3328, Parcel No: 9
Appraisal Value (TL including VAT/ excluding VAT)	TL 210,047,000 (excluding VAT) / TL 226,850,760 (including VAT)
Insurance Value (TL)	TL 143,022,012
Subject of Appraisal	Topkapı İstanbul Project
Application Date and No	15.10.2019
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	31.12.2019-ISGY-1910117
Appraisal Date	16.10.2019-30.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 80,239.89 m ² registered at İstanbul Province, Zeytinburnu District, Merkezefendi Neighborhood, Sheet No: 490-491, Block No: 2905, Parcel No: 17
Appraisal Value (TL including VAT/ excluding VAT)	TL 125,614,229 (excluding VAT) / TL 125,821,478 (including VAT)
Insurance Value (TL)	TL 26,966,009
Subject of Appraisal	Tuzla Land
Application Date and No	20.11.2019
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	20.12.2019 19_400_322
Appraisal Date	16.12.2019
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 53,459.93 m ² registered at İstanbul Province, Tuzla District, Merkez Neighborhood, Parcel No: 6408
Appraisal Value (TL including VAT/ excluding VAT)	TL 175,000,000 (excluding VAT) / TL 206,500,000 (including VAT)
Insurance Value (TL)	Not mentioned as it is land.

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