

iş GYO



ANNUAL
REPORT
2022

WE ARE ALL DEEPLY SORROWED BY THE GREAT EARTHQUAKE DISASTER OF 6 FEBRUARY 2023. MAY THOSE WHO PERISHED IN THE EARTHQUAKE REST IN PEACE. WE WISH SPEEDY RECOVERY TO THE INJURED AND FORTITUDE AND PATIENCE TO THOSE WHO LOST LOVED ONES.

WE WILL GET THROUGH THESE TOUGH TIMES TOGETHER JOINING OUR HANDS AND HEARTS IN SOLIDARITY.

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CONTACT INFORMATION

Registered Capital
TL 7,000,000,000

Date / Price of IPO
1-3 December 1999 - TL 1.4

BIST Trading Symbol
ISGYO

Date of Trading (BIST)
9 December 1999

BIST Indices

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

Issued Capital

TL 958,750,000

Tax Office / No

Istanbul - Large Taxpayers 4810137715

Trade Registry Office / No

Istanbul / 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 Türkiye (CMB) laws and regulations.

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

VISION

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

MISSION

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

OBJECTIVES

To ensure sustainable profitability and growth with effective portfolio management.

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

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

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



KEY FINANCIAL HIGHLIGHTS

Balance Sheet (TL million)	31.12.2020	31.12.2021	31.12.2022
Current Assets	464.9	492.2	1,837.1
Non-current Assets	4,760.5	6,184.1	15,580.1
Total Assets	5,225.4	6,676.3	17,417.2

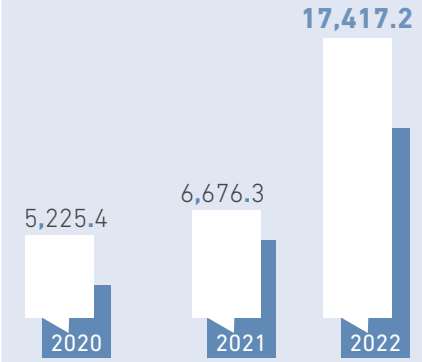
Short-term Liabilities	962.6	1,000.4	3,488.3
Long-term Liabilities	131.9	200.3	8.7
Shareholders' Equity	4,130.9	5,475.6	13,920.2

Financial Indicators (TL million)	31.12.2020	31.12.2021	31.12.2022
Sales Revenue	552.7	488.6	686.9
Cost of Sales	356.3	201.0	240.4
Gross Profit/Loss	196.4	287.6	446.5
Net Period Income	266.5	1,329.9	8,364.2
Return on Assets (%)	5.1	19.9	48.0
Return on Equity (%)	6.5	24.3	60.1

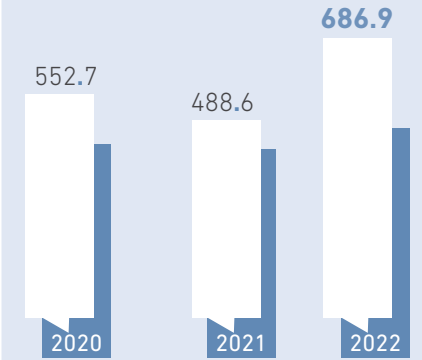
Financial Structure (TL million)	31.12.2020	31.12.2021	31.12.2022
Total Liabilities	1,094.5	1,200.7	3,497.0
Shareholders' Equity	4,130.9	5,475.6	13,920.2
Financial Liabilities	1,012.9	1,043.2	3,398.5
Equity Ratio (%)	79	82	80
Financial Leverage Ratio (%)	21	18	20
Financial Liabilities/Total Assets (%)	19	16	20

İŞ REIC BOOKED TL 8,364.2 MILLION IN NET PROFIT IN 2022.

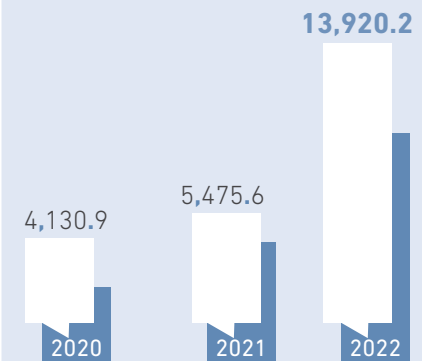
TOTAL ASSETS (TL MILLION)



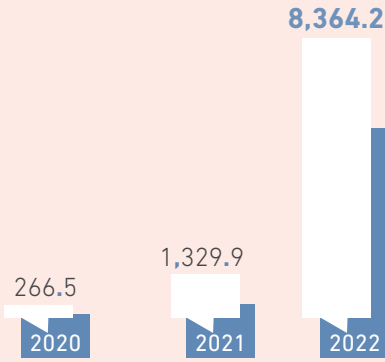
SALES REVENUE (TL MILLION)



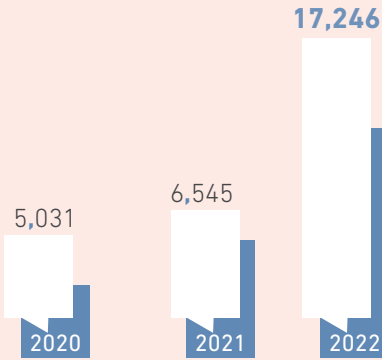
SHAREHOLDERS' EQUITY (TL MILLION)



NET PERIOD INCOME (TL MILLION)



TOTAL PORTFOLIO VALUE (TL MILLION)



Portfolio Breakdown - 2022	(TL million)	% Share
Office	9,126.3	52.9
Shopping Mall	3,077.6	17.8
Project	2,612.0	15.1
Inventory ^(*)	58.5	0.3
Land	430.8	2.5
Money & Capital Market Instruments ^(**)	1,930.0	11.2
Subsidiaries	10.3	0.1
Total	17,245.5	100.00

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

(**) Includes Real Estate Mutual Funds.

Development of the Portfolio (TL) million	2020	2021	2022
Real Estate Portfolio	4,737	6,127	15,305
Total Portfolio Value	5,031	6,545	17,246

REIC Sector

Market Capitalization of the REICs ^(*)	Million TL	%
İş REIC	10,201	4.4
Other REICs	220,064	95.6
Market Total	230,265	100.0

(*) BIST data

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

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

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

In 2022, the Company's authorized capital was increased from TL 2 billion to TL 7 billion based on the General Assembly approval of 23 March 2022. The Capital Markets Board of Türkiye (CMB) approval for the authorized capital is valid for 5 years from 2022 through 2026. The amendments made to "Article 7 – Capital and Share Certificates" of the Company's Articles of Association as per the updated authorized capital was registered on 04 April 2022 and

promulgated in the Turkish Trade Registry Gazette on 05 April 2022.

Under the current Turkish Commercial Code (TCC) and Capital Markets Board (CMB) rules and regulations, companies are allowed to sell and buy back their own shares in order to acquire shareholding interests. During the 2022 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, and each share with a nominal value of TL 1 is entitled to one vote.

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

Shareholder Structure	TL	Share (%)
Türkiye İş Bankası A.Ş.	499,138,128	52.06
Anadolu Hayat Emeklilik A.Ş.	67,476,714	7.04
Other	392,135,158	40.90
Total	958,750,000	100.00

*Source: Public Disclosure Platform

The nominal value of the Company's shares in free float is TL 349,6 million, which corresponds to 36.46% of the Company's capital.

Subsidiaries

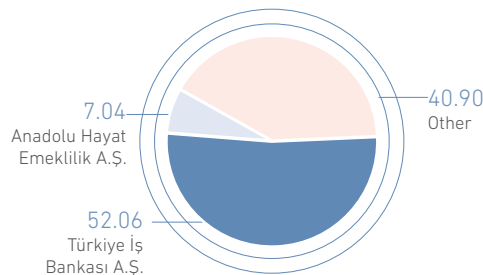
Currently, the Company has only one subsidiary: Kanyon Yönetim İşletim ve Pazarlama A.Ş.

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

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

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

SHAREHOLDER STRUCTURE (%)



STOCK PERFORMANCE

DURING 2022, BIST REIC INDEX GAINED VALUE BY 191% AND İŞ REIC STOCK BY NEARLY 251%.

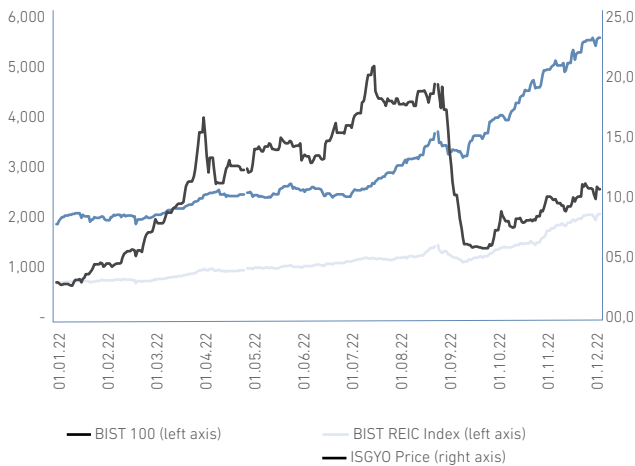
With a market capitalization of approximately TL 10.2 billion as of 31 December 2022, the Company represents approximately 4.4% of the real estate investment trusts sector.

During 2022, BIST 100 Index gained value by 197%, BIST REIC Index by 191% and İŞ REIC stock by nearly 251% in terms of Turkish lira.

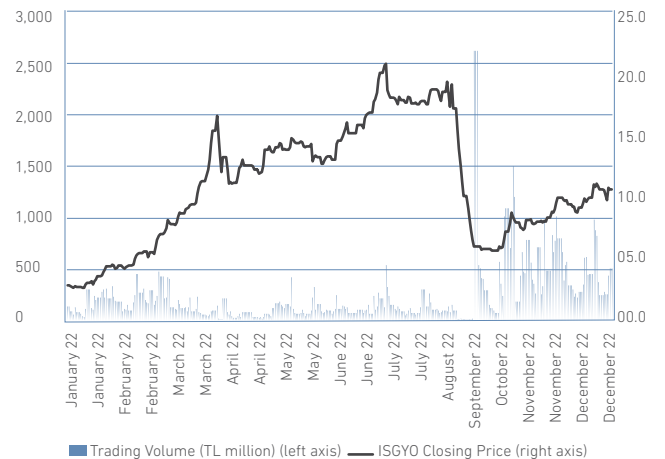
The average daily trading volume of the Company stock, which is traded on the BIST Star Market, was worth nearly TL 243.3 million in 2022.

Stock Performance	31.12.2020	31.12.2021	31.12.2022
Market Capitalization (TL million)	2,435	2,905	10,201
Market Share (%)	4.5	3.4	4.4
Earnings per Share (TL)	0.28	1.39	8.72
P/E Ratio	9.14	2.18	1.22
P/BV	0.59	0.53	0.73

BIST 100 INDEX, BIST REIC INDEX AND ISGYO PRICE



ISGYO TRADING VOLUME AND PRICE



MILESTONES IN İŞ REIC'S HISTORY



1999

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

2004

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

2005

The Company was named the "Best Developer in Türkiye" by Euromoney magazine.

2006

Kanyon, Türkiye's first semi-open air shopping mall, opened its doors.

Review Architectural Award was presented to Kanyon.

2007

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

2009

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

2010

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

2011

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

2012

The Marmara Park Shopping Mall was opened.

The foundation was laid for Ege Perla, the first mixed-use project in İzmir.

Construction work began for Tuzla Technology and Operation Center Project, which will be developed on turnkey-delivery model for İşbank, and for the Tuzla mixed-use project.

2013

Taksim Office Lamartine project was completed and opened.

2014

Property was purchased for the collective housing project to be developed in Topkapı, which marked the first step of İş REIC & Nef investment.

Manzara Adalar project launch took place, which will be built in Kartal, the up-and-coming district of İstanbul.

2015

İstanbul Project launch took place.

İstanbul International Financial Center Project construction began.

Kartal Manzara Adalar project claimed the bronze award at the Crystal Apple

Türkiye Advertising Awards with its advertising film.

Kartal Manzara Adalar Project was elected the "Premium Project" in the "Best Marketing Campaign" category at the Sign of the City Awards.

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+.

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 was 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 Türkiye 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 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.

2020

Plot entailing a license for villa construction located in Ömerli quarter, Çekmeköy district in İstanbul province was purchased.

Deliveries in the 4th phase of İstanbul Project were completed to a large extent.

2021

Development work started for the İş REIC-Tecim Yapı joint project planned to be built on the plot in Altunizade quarter, Üsküdar district in İstanbul.

Construction commenced for the project comprised of 16 villas built on the plot in Çekmeköy district in İstanbul, which will form part of Kasaba Evleri. The sales process of the project is completed.

2022

Deliveries were completed in the 16-villa project forming part of the Kasaba Evleri Project developed on the plot in Çekmeköy district in İstanbul.

Plots with an approximate total area of 73 thousand m² were included in the portfolio as part of Kasaba Evleri Project.

Gayrettepe building located in Şişli district in İstanbul was included in the portfolio.

The construction of the new project comprised of 1,000 residential units started in Tuzla, İstanbul.

The construction of Litus İstanbul Residential project continued, which is being developed on Altunizade plot in Üsküdar, İstanbul.

Decision was made to acquire Profilo Shopping Mall located in Mecidiyeköy in Şişli district in İstanbul for the portfolio.

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

The present global macroeconomic outlook remains fragile.

In 2022, the world embarked upon a newfangled period both economically and politically as a result of the added ramifications of the Ukraine-Russia war that came in the aftermath of the Covid-19 pandemic. The war that jolted the world exposed global economy to new problems. The war-driven surge in energy and commodity prices, the impact of the expansionary policies implemented during the pandemic upon demand, and ongoing supply issues brought global inflation to its highest level in the past four decades. In an effort to contain the rise in inflation, many central banks led by the US Federal Reserve System (the Fed) terminated their asset purchases, rapidly hiked interest rates and switched to tight monetary policy implementation.

While it was not impervious to this backdrop, the Turkish economy captured a growth rate higher than the world average in 2022. In the first three quarters of 2022, the Turkish economy attained 6.2% growth on an annual basis, driven mainly by the activity in the first half of the year enabled by lively domestic consumption and exports. However, economic activity weakened in the third quarter of the year, during which economy shrank on a quarterly basis.

During 2022, inflation made the headline in our country, as was the case in global economy. In Türkiye, CPI has been high throughout the year and annual inflation reached the peak of the past 21 years at 64.27% at the end of the year. On the other hand, having opted for fighting inflation with macroprudential measures within the frame of its liraization strategy, the Central Bank of the Republic of Türkiye (CBRT) gradually



THE COMING PERIOD IS PRONE TO BE ONE IN WHICH EFFECTIVE RISK MANAGEMENT WILL CONTINUE TO GAIN INCREASED IMPORTANCE, BACKED BY COST MANAGEMENT PURSUING THE OPTIMAL BALANCE BETWEEN REVENUES AND COSTS, AND BY OUR SOLID EXPERIENCE.

decreased the policy rate from 14% starting in August down to 9% at the end of the year.

Concerns regarding high global inflation have been significant throughout 2022. Global inflation, which took an upturn because of the pandemic-deferred demand that kicked in and supply chain disruptions, kept rising in 2022 due to war-induced uncertainties in energy and food security and continued high course of commodity prices. Although weakened demand in the face of tightened global financial conditions in keeping with the weaker global economic activity led by the Chinese economy and anticipated recession, and declined commodity prices caused a slowdown in global inflation. In the second half of the year, central banks of developed countries underline that the high levels in inflation could possibly persist for longer than anticipated.

In its World Economic Outlook released in January 2023, the International Monetary Fund (IMF) stated that many economies prioritize decreasing inflation sustainably in a period of cost of living crisis, and highlighted the necessity to implement macroprudential tools and strengthen the debt restructuring frameworks, given the fact that tighter monetary policy conditions and lower growth potential affect financial and debt stability.

The same report estimated the world economy's growth in 2022 as 3.4%, projecting the growth rate to drop to 2.9% in 2023 before going up to 3.1% in 2024. The IMF forecasts that the Turkish economy displayed a 5.5% growth performance in 2022.

Our real estate market possesses strong dynamics.

The impact of global and national economic developments had dissimilar effects on various departments of the

Turkish real estate markets.

In the housing market, housing prices increased significantly due to high inflation rates and supply scarcity. Negative events such as price increases which reflected on real estate demand in conjunction with the slowdown in credits, the social housing development project announced in the last quarter of 2022, and the demands postponed due to anticipations regarding housing loan campaigns bore a limited impact on housing sales, which maintained their level of the past two years also in 2022.

While general supply remained flat at 6.46 million m² in İstanbul's office market in the third quarter of 2022, total rentals in the first three quarters of the year doubled year-over-year and reached 350,582 m². Higher construction costs increased initial investment costs of companies, and demand for ready-to-move-in offices and second hand offices with fit-out increased. Stocks of ready-to-move-in offices that were in demand also during the pandemic are decreasing, which puts an upward pressure on rents.

Although occupancy rates in shopping malls displayed a remarkable rise resulting from the acceleration and recuperation in the sector in the first half of the year, this improvement of the sector is decelerated by the input costs that go up in conjunction with increased turnovers.

Before I conclude my message, I would like to express our deep sorrow for the massive earthquake disaster that hit Kahramanmaraş and 10 other cities on 6 February that coincided with the time of this writing.

In an effort to contribute to the relief efforts through these tough times and to help ease the pain of the people in the afflicted regions, we immediately took action, mobilizing our own means

and resources while also joining hands with our parent İşbank Group. We will continue to extend support to the region in any way we can.

On behalf of myself and our Company, I wish God's mercy upon those who lost their lives, speedy recovery to the injured, and fortitude and patience to those who lost loved ones.

Our accurate strategies and our financial and corporate competencies assure success.

In 2022, İş REIC kept realizing its real estate investments, expanding its quality real estate portfolio, and increasing the portfolio yield capitalizing on leveraging possibilities drawing on the cost advantage of TL borrowing, as well as its robust balance sheet composition and financial capacities, and thus reaped the successful results of its accurate strategies.

The coming period is prone to be one in which effective risk management will continue to gain increased importance, backed by cost management pursuing the optimal balance between revenues and costs, and by our solid experience.

İş REIC will maintain its dynamic approach to the management of its existing property portfolio with the support of its robust capitalization and experienced team also in the period ahead, and preserve its pioneering position in the Turkish real estate sector with its new projects.

On behalf of the Board of Directors and myself, I would like to thank all our stakeholders together with whom we contribute to the sustainable future.

Sincerely,

Sezgin Yılmaz
Chairman

MESSAGE FROM THE CEO



Dear Stakeholders,

We ended 2022 with successful financial and operational results.

2022 has been a tough year for the general economy and the construction sector. Increased costs, coupled with the high inflation, brought the housing prices to levels that are rather unaffordable by the consumers in the middle-income group. Amid this operating environment, İş REIC ended 2022 with successful financial and operational results.

Our main strategy in 2022 has been to increase profitability through effective and dynamic management of our Company's property portfolio, and hence,

2022 HAS BEEN A YEAR OF BREAKTHROUGHS WITH PROJECTS DEVELOPED FOR OUR PLOTS LOCATED IN ALTUNİZADE, TUZLA AND ÇEKMEKÖY, WHICH WERE ALREADY INCLUDED IN OUR COMPANY'S PORTFOLIO.

generating the highest benefit possible for our shareholders.

In accordance with this main strategy, we defined the Company's priority long-term targets as maximizing the Company's rental and sales revenues by completing project development processes on newly acquired properties for project development purposes; developing projects that deliver optimum benefits in line with the best usage on properties existing in the portfolio, and hence, generating high returns for shareholders by continuing to create livable, modern, safe and top-line venues.

In line with these targets, in 2022, we developed projects for our existing properties with a forward-looking perspective and made investments for project development purposes for the properties in our portfolio as well as for new purchases. We will start reaping the fruits of these investments in the coming years. In the reporting period, we successfully preserved our robust balance sheet composition befitting the İşbank Group, supported investments by taking advantage of our shareholders' equity and debt leverage, and increased the occupancy of our rental portfolio.

In 2022, our Company registered TL 374.3 million in rental income, and TL 269 million in sales revenues; total revenues of TL 687 million covering other income and gains from appreciation included, year-end net profit for the period was TL 8,364.2 million, the highest profit figure ever attained in the history of İş REIC. The Company's total assets were worth TL 17,417 million, and the total value of its property portfolio was worth TL 15,305 million. Our shareholders' equity maintained its strong level at TL 13,920 million at the end of 2022.

Our projects and portfolio development activities are in progress.

2022 has been a year of breakthroughs with projects developed for our plots located in Altunizade and Tuzla, which were already included in our Company's portfolio, and in Çekmeköy, which is a new addition to the portfolio in 2022 in line with our above mentioned strategy.

The construction work has been completed for 16 villas on the plot in Çekmeköy district in İstanbul that was added to the Company's portfolio in 2020, which form part of the Kasaba Evleri Residential Project, and all deliveries have been realized as of 2022. Kasaba Evleri has been a successful project, which attracted even more intense interest due to post-pandemic altered consumer preferences. Recognizing this new interest, our Company purchased new plots in 2022 based on its faith in the region and in the project. Kasaba Evleri Residential Project is planned to be carried on with its 165-house new phase to be developed on the plots added to the portfolio in 2022.

Our Company decided to start investments in 2022 for realizing the project covering 1,000 residential units that is being planned to be developed on the plot purchased with the goal of carrying on with its investments in Tuzla; accordingly, excavation and revetment work is ongoing.

Construction and sales continue for the Litus İstanbul Residential Project that is being developed on the plot in Altunizade, which is covered in our portfolio and which is equally owned by our Company and Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Ltd. Şti. (TECİM). Consisting of 6 residential blocks and 1 office block that also houses commercial spaces, the

project is slated for delivery in 2023.

For the project concerning the construction of a serviced apartment building to replace the building located in Gayrettepe district in İstanbul that our Company added to its portfolio, the building permit is targeted to be obtained in 2023, upon which construction and sales will commence.

Our Company decided to acquire Profilo Shopping Mall located in Mecidiyeköy, Şişli district in İstanbul by the end of 2022; the shopping mall is planned to be demolished for development of a residential project on the plot. In this framework, negotiations were held with Artaş İnşaat regarding project development during the reporting period, and an agreement was signed at the time of this writing, which stipulates revenue sharing for plot interest and construction in return for flat for Profilo Shopping Mall that was included in the portfolio.

Our İstanbul Financial Center Project has a leasable/salable area of 33,000 m² and is targeted to be completed in 2023 concurrently with the projects of other companies undertaking construction of other parts in the project. Development work is ongoing for the hotel project on the Company's Kadıköy plot.

The demand in the sector remains lively.

On the basis of annual change ratios by main expenditure groups in the CPI that ended 2022 at 64.27%, the residential group has been the expenditure group with the highest increase with a year-on increase of 79.83%.

According to the December 2022 data of the CBRT Residential Property Price Index, residential prices surged by 167.8% nominally year-over-year, and by 58.7% in real terms. This ratio goes up to as high as 174.2% in İstanbul.

WITH THE INCREASE IN THE OFFICE USE DEMAND, THE VACANCY RATIOS DECLINED IN THE LAST QUARTER OF THE YEAR **WHILE RENTS ADOPTED AN UPTREND.**

The primary reasons behind the rise in residential property prices can be suggested as the constant increase in construction costs due to high inflation and exchange rates, and supply-demand imbalance. On the other hand, the escalated inflation and economy policies implemented caused real deposit rates to materialize in the negative side, encouraging demand for purchasing residential property for investment purposes; in addition, the surge in exchange rates created purchasing opportunities for investors having FC deposits and for foreigners, acting as additional factors that pushed housing prices up.

According to TURKSTAT (Turkish Statistical Institute) data, housing sales slimmed down by 0.4% year-over-year in 2022 to 1,485,622 units in total. Housing sales to foreigners continued to rise in 2022 owing to regional geopolitical factors and attractive exchange rates, and accounted for 4.5% of total sales. Mortgage sales across the country in 2022 took a downturn due to loss of appetite for disbursement of housing loans.

In the office market, the companies that carried on mostly with the teleworking system in 2022 switched to hybrid working model in the fourth quarter. With the resulting increase in the office use demand, the vacancy ratios declined in the last quarter of the year while rents adopted an uptrend.

In the retail sector, as revival started replacing the stagnation during the pandemic in the fourth quarter of the year, customer demand kept growing particularly on the physical retail side. However, the positive effect of the increased customer demand upon the sector fell short of the anticipated level due to declined purchasing power that resulted from high inflation. In the fourth quarter, footfall in shopping malls increased remarkably as compared to the pandemic period. This period was characterized by growing demand from existing and new lessees to switch from minimum rent payment to "turnover rent" payment, which started to be actually implemented and which is seemingly becoming more common especially in the case of large space rentals due to the maintenance charges.

ACCORDING TO THE DECEMBER 2022 DATA OF THE CBRT RESIDENTIAL PROPERTY PRICE INDEX, **RESIDENTIAL PRICES SURGED BY 167.8% NOMINALLY YEAR-OVER-YEAR, AND BY 58.7% IN REAL TERMS.**

**REAL ESTATE
WILL REMAIN AS
THE INVESTMENT
INSTRUMENT OF
CHOICE AND THE
HOUSING SECTOR
WILL CONTINUE TO
BE VALUED DUE TO
THE REAL RETURN
IT PROVIDES
AMID THE HIGH-
INFLATIONIST
ENVIRONMENT.**

Our roadmap is clear, our targets are set.

We are all anguished by the great earthquake disaster of 6 February 2023 that affected 10 provinces in our country coinciding with the time of this writing. As always, the İşbank Group immediately took action to support the earthquake victims through these hard times and to help with the relief efforts in the afflicted regions.

On behalf of myself and İş REIC, I pray that may those who lost their lives rest in peace, wish speedy recovery to the injured, and offer condolences to those who lost loved ones. The devastating outcomes of the disaster bared once again the vitality of constructing projects that fulfill the housing need with modern, solid, reliable buildings quickly and creating urban designs that prioritize human life to avoid such a tragedy in the future.

In this framework, the course of the proceedings will be determined by property investors that will be able to offer a new perspective on long-term stability and on the sector's ways of doing business. Real estate will remain as the investment instrument of choice and the housing sector will continue to be valued due to the real return it provides amid the high-

inflationist environment. Diverse project development trends and projects that will contribute value to the cities will come to the foreground.

In 2023, İş REIC will start the sales of designed residential units, maintain the well-balanced composition of its portfolio by taking actions focused on its main strategy erected upon sustainable profitability and effective risk management on the back of its reflexes sensitive to change and crises, carry out reliable real estate investments that will yield development profit, and take its target to create value for its stakeholders even further.

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

Sincerely,

Hasan K. Bolat
CEO

BOARD OF DIRECTORS



SEZGİN YILMAZ
CHAIRMAN



KUBİLAY AYKOL
VICE CHAIRMAN



HASAN K. BOLAT
BOARD MEMBER AND CEO



ÖZCAL KORKMAZ
BOARD MEMBER



MURAT KARLUK ÇETİNKAYA
BOARD MEMBER



MURAT DOĞAN
BOARD MEMBER



PROF. DR. ARZU ERDEM
INDEPENDENT BOARD MEMBER



PROF. DR. OĞUZ CEM ÇELİK
INDEPENDENT BOARD MEMBER



İLKAY ARIKAN
INDEPENDENT BOARD MEMBER

SEZGİN YILMAZ**Chairman**

23.03.2022-21.03.2023

Mr. Sezgin Yilmaz graduated from Uludağ University, Faculty of Economic and Administrative Sciences, Department of Economics and started his career as an Officer at İşbank Bursa Branch in 1997. After serving in various positions in the Bank, Mr. Yılmaz was appointed as Regional Manager of SME Loans Underwriting Division in Kayseri in 2012, Regional Manager of SME Loans Underwriting Division in İzmir Central I. Region in 2015, Regional Sales Manager of SME and Enterprise Banking Sales Division in İzmir Central II. Region in 2016, Support Services and Procurement Division Head in 2017, Procurement Division Head in 2018. Mr. Yılmaz was elected to İşbank Board of Directors on 29 March 2019 and served as a Board Member. Appointed as a Deputy Chief Executive of İşbank on 29 July 2020, Mr. Yılmaz has been a member of İş REIC Board of Directors since 8 September 2020. Besides his member's seat on the Board of Directors of İş REIC, Mr. Yılmaz also holds another in-group position as the Chair of the Board of Directors at İş Merkezleri Yönetim ve İşletim A.Ş.

KUBİLAY AYKOL**Vice Chairman**

23.03.2022-21.03.2023

Mr. Kubilay Aykol is a graduate of the Faculty of Economics and Administrative Sciences, Department of Business Administration at the Middle East Technical University. He started his career in 1997 as an Assistant Inspector at İşbank. Mr. Aykol functioned as Merter Branch Manager from 2006, as Assistant Manager in Retail Banking Marketing Department from 2007, and as Unit Manager in the same department from 2009. He then worked as the Head of Retail Banking Product Department from 2011 and assumed the position of the Head of Retail Loans Department

between June 2018 and August 2022. Mr. Aykol was a member of the Board of Directors of Anadolu Anonim Türk Sigorta Şirketi between 2010 and 2018, a member of the Milli Re Board of Directors in 2018-2019, Vice Chair of the Milli Re Board of Directors between 2019 and 2021, and a member of the Board of Directors of Birleşik İpotek Finansmanı A.Ş. (Türkiye Securitization Company) from 2020 until March 2022. Serving as a Board of Directors member at İş REIC since 01 October 2021, Mr. Aykol is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk. In tandem with his position as the Board of Directors member at İş REIC, he holds another in-group position as the Head of Real Estate Business Line at Trakya Yatırım Holding A.Ş.

HASAN K. BOLAT**Board Member and CEO**

23.03.2022-21.03.2023

Appointed as Chief Executive Officer of İş REIC on 11 June 2018, Hasan Kimya Bolat holds a bachelor's degree in international relations from the Faculty of Political Sciences at Ankara University. He started his career as an auditor at İşbank in 1988, where he subsequently served in various branches as Branch Manager, Regional Director of Commercial Loans Department, Director of SME Loans Allocation Department, and additionally held seats as a board of directors member at various subsidiaries of the İşbank Group. Mr. Bolat functioned as General Manager of İş Leasing between 2013-2017, in tandem with which he was the Chair of the Financial Leasing Sector Representatives Board and Deputy Chair of FKB (Association of Financial Institutions). Mr. Bolat is a Board Member of GYODER (The Association of Real Estate and Real Estate Investment Companies), and Vice Chair of KONUTDER (Association of Housing Developers and Investors), two major

non-governmental organizations of the real estate sector. Serving as the CEO of İş REIC, he has been a Board member of İş REIC since 23 March 2022. In tandem with these roles, Mr. Bolat also holds in-group positions as the Chair of Kanyon Yönetim İşl. ve Paz. A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.

ÖZCAL KORKMAZ**Board Member**

23.03.2022-21.03.2023

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

BOARD OF DIRECTORS

MURAT KARLUK ÇETİNKAYA

Board Member

23.03.2022-21.03.2023

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

MURAT DOĞAN

Board Member

23.03.2022-21.03.2023

Mr. Murat Doğan received his BSc in industrial engineering from İstanbul Technical University in 2000. He joined İşbank as an Assistant Specialist in the Subsidiaries Division the same year, where he became Division Head, a position he currently holds. Having served as a member of the Board of Auditors at İş REIC from 2010 to 2012, and a member of İş REIC's Board of Directors since 8 December 2014, Mr. Doğan is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk. Besides his member's seat on the Board of Directors at İş REIC, Mr. Doğan also holds other in-group positions as member of the Board of Directors at Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., İş Enerji Yatırımları A.Ş. companies and İşbank Research Institute of Banking and Commercial Law; Deputy Chair of the Board of Directors at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret

A.Ş. and Enaş Enerji Yatırımları A.Ş. companies; and Chair of the Board of Directors of İş Yenilenebilir Enerji Proje Yönetimi Danışmanlık A.Ş., Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş. and Casaba Yönetim İşletim İm. İth. İhr. Paz. Tem. Güv. Ulaş. Tic. ve San. A.Ş. companies.

PROF. DR. ARZU ERDEM

Independent Board Member

23.03.2022-21.03.2023

Prof. Dr. Arzu Erdem received her bachelor's degree at the Faculty of Architecture, İstanbul 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, İstanbul 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, İstanbul Technical University in 2017. She is currently a lecturer at the Faculty of Art and Design, Department of Architecture, 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. She was also a member of the Turkish Scientific Committee for the Venice International Architecture

Biennale between 2013 and 2018. Serving as a member on the boards of directors of the Netherlands-based Rubicon Foundation that conducts studies and research regarding natural life and biodiversity and SEV Foundation, Ms. Erdem is also a member of the Board of Trustees of the Foundation for the Development of İTÜ (İstanbul Technical University). Ms. Erdem has been serving as a member of the Board of Directors at İş REIC since 21 March 2018, in tandem with which she has been the Head of the Committee for Early Detection of Risk and member of the Committee for Audit. Ms. Erdem does not hold any other in-group positions apart from her roles at İş REIC.

PROF. DR. OĞUZ CEM ÇELİK

Independent Board Member

23.03.2022-21.03.2023

Prof. Dr. Oğuz Cem Çelik received his bachelor's degree in civil engineering from the Faculty of Civil Engineering at İstanbul Technical University in 1987, and his master's degree and doctorate degree at the same university in 1990 and 1996, respectively. He worked as a post-doctorate research scientist at the State University of New York (SUNY) at Buffalo in the US between 2001 and 2003. Having worked at İstanbul Technical University as a Research Assistant between 1989 and 1996, as Assistant Professor between 1997 and 2001, and as Associate Professor between 2001 and 2010, Mr. Çelik was also a visiting professor at Bilgi University between 2010 and 2017 and at Beijing University of Technology between 2019 and 2021. Mr. Çelik currently serves as a full-time Professor of Structural and Earthquake Engineering at İstanbul Technical University, Faculty of Architecture. Mr. Çelik has been a member of the Board of Directors at İş REIC since 23 March 2022 and is also the Head of the Corporate Governance Committee. Mr. Çelik does not hold any other in-group positions apart from his Board member's seat at İş REIC.

İLKAY ARIKAN**Independent Board Member**

23.03.2022-21.03.2023

Mr. Arıkan graduated from the Public Administration Department at Hacettepe University in 1987 and completed the Executive MBA program at The Wharton School, University of Pennsylvania in 1998. Having worked in the Audit Department of the Capital Markets Board of Türkiye (CMB) between 1989 and 2001 and appointed as an Auditor in 1992 for his dissertation on the establishment of futures exchange in Türkiye, Mr. Arıkan mostly focused on the supervision and regulation of financial institutions during his tenure. Mr. Arıkan worked at the Turkish Capital Markets Association (TCMA) between 2001 and 2021, and served as Manager in the Compliance and Legal Affairs Department (2001-2022), Assistant Secretary General in charge of Compliance and Legal Affairs and Administrative and Financial Affairs departments (2002-2004), and finally as TCMA Secretary General (2004-2021). He handled the TCMA-side coordination of the incorporation of

the Vadeli İşlemler ve Opsiyon Borsası A.Ş. (Futures and Options Exchange) in 2004, Gelişen İşletmeler Piyasaları A.Ş. (Emerging Companies Markets) in 2005, Birleşik İpotek Finansmanı A.Ş. (Türkiye Securitization Company) in 2019, and Ulusal Derecelendirme Şirketi in 2019, and of the demutualization of İMKB (İstanbul Stock Exchange) into Borsa İstanbul A.Ş. Mr. Arıkan handled the transformation of the TSPAKB (The Association of Capital Market Intermediary Institutions of Türkiye) to TSPB (Turkish Capital Markets Association) in 2014, and was involved in the tax regime reform of capital market instruments in the Income Tax Law in 2005 and in İstanbul Financial Center project starting from the initial preparatory meetings in 2007. Having served as Member and Deputy Chair of the Board of Directors of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository of Türkiye) between 2004 and 2006 and Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. (Capital Market Licensing, Registry and Training Agency) between 2011 and 2021, Mr. Arıkan was TOBB (The Union of

Chambers and Commodity Exchanges of Türkiye) Turkish Capital Market Council Member between 2006 and 2021, and Tax Council Member between 2004 and 2021. From amongst the international organizations that TCMA belongs to, General Meetings of the International Organization of Securities Commissions (IOSCO), International Council of Securities Associations (ICSA) and Asia Securities Forum (ASF) were held in İstanbul in 2012, 2010 and 2019, which were coordinated by Mr. Arıkan. He continues his professional life at Aktio Consulting, in which he is a founding partner. Mr. Arıkan has been holding a member's seat on the Board of Directors of İş REIC since 23 March 2022, and is also the head of the Committee for Audit and member of the Corporate Governance Committee. Elected as an Independent Board Member of Global Menkul Değerler A.Ş. on 27 April 2022, Mr. Arıkan does not hold any other in-group positions apart from his roles at İş REIC.



BOARD OF DIRECTORS

Changes in Management During the Reporting Period

At the General Assembly Meeting held on 23 March 2022, Prof. Oğuz Cem Çelik, Mr. İlkyay Arıkan and the Company CEO Hasan Kimya Bolat were elected to serve until the next General Assembly Meeting as Board members succeeding Board members Ms. Aysel Tecer, Mr. Haluk Büyükbaş and Mr. Nihat Uzunoğlu whose terms of office expired. Other six members of the Board of Directors whose terms of office also expired have been re-elected.

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

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

Board of Directors Terms of Reference

The Board of Directors conducts its activities within the framework of publicly disclosed terms of reference. The Board convenes on such occasions as deemed to be made necessary by the Company's business and affairs upon an invitation by its chair or deputy chair. Under article 13 of the Company's

articles of association, it is possible for other members to summon the Board to convene as well.

Board Meetings

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

During the reporting period, the Board of Directors convened five times and passed 129 decisions. Full attendance was achieved in all but two of the Board of Directors meetings held during the reporting period. No dissenting opinions were expressed in any of the decisions taken during Board meetings. Inasmuch as no votes were cast against any of the decisions that were taken, it was not necessary to make note of any opposition to them in meetings' minutes. No Board member enjoys any special voting rights or has the power to exercise a veto.

There is a Board of Directors Secretariat at the Company.

External Positions Held by the Members of the Board of Directors

The permission of the General Assembly of Shareholders must be granted in order for the members of the Board of Directors to carry out the transactions specified in "Article 395 - Dealing with the company, borrowing from the company" and "Article 396 - Non-competition" of the TCC. The Board members were granted the said permission to engage in the said transactions falling under the scope of the said articles at the General Assembly meeting held on 23 March 2022.

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 Chair of the Board Mr. Sezgin Yılmaz is the Chair of the Board of İş Merkezleri Yönetim ve İşletim A.Ş.; Board member Mr. Murat Karluk Çetinkaya is Board member at İş Portföy Yönetimi A.Ş., Board Member Mr. Murat Doğan is Deputy Chair of the Board at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. companies, and Board Member and CEO Hasan Kimya Bolat is the Chair of the Board of Directors of Kanyon Yönetim İşletim ve Pazarlama A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. companies. The said situations do not lead to any conflict of interest.

Remuneration of the Members of the Board of Directors

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

Remuneration of Board of Directors members are determined by the General Assembly within the frame of the related proposal of the Corporate Governance Committee. At the General Assembly Meeting convened on 23 March 2022, monthly gross remuneration to be paid to each Board member is set as TL 22,750, and all Board members are remunerated equally. The gross value of all remuneration provided to members of the Board of Directors during the reporting period was TL 2,230 thousand.

Besides the remuneration decided upon by the General Assembly of Shareholders, members of the Board

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

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

Board of Directors Terms of Reference

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

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

Based on the Board of Directors decision of 27 October 2022, the Corporate Governance Committee has been assigned within the frame of the Company's ESG matters and sustainability practices; thus, the Committee's terms of reference were updated accordingly, and made available for the information of all stakeholders via PDP.

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

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

Committee for Early Detection of Risk

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

Committee for Audit

Head	Member
İlkay Arıkan	Prof. Dr. Arzu Erdem
Independent Board Member	Independent Board Member
(non-executive)	(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 Corporate Governance Committee, Committee for Early Detection of Risk, and Committee for Audit at İŞ REIC.

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

Committees are headed by independent board members,

All members of the Committee for Audit consist of independent board members,

The senior executive in charge of the Investor Relations and Sustainability Department serves as a member on the Corporate Governance Committee.

Under the Board of Directors decision dated 6 April 2022, the Committees set up and Committee members were publicly disclosed.

When the reports submitted by the Committees to the Board of Directors and advisory decisions passed are examined, it is observed that all of the Committees have efficiently carried out their activities in 2022 within the frame of the espoused terms of reference; they have fulfilled their duties and responsibilities set out in the Corporate Governance Principles, and accordingly, the Company's internal systems function efficiently. Through their activities, the committees contributed to the activities of the Board of Directors, and the Company furthered its compliance with corporate governance practices.

Corporate Governance Committee:

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

BOARD OF DIRECTORS

and the Board of Directors. Decisions adopted in Committee meetings, and the presentations on the topics discussed in meetings were shared with the Board of Directors after the Committee meetings.

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

- Took the necessary steps to make sure that the Company is in compliance with the applicable requirements, and especially with the Corporate Governance Principles Communiqué,
- Fulfilled the functions of the Nominating Committee and Remuneration Committee,
- Effectively supervised the activities of the Investor Relations and Sustainability Department.
- Reviewed the Company's Sustainability Principles Compliance Framework, submitted it for the information of the Board of Directors, and oversaw its public disclosure,
- Reviewed the Company's Corporate Governance Compliance Report and Corporate Governance Information Form, and presented them for the approval of the Board of Directors.
- Managed sustainability activities within the scope of its sustainability-related duties and responsibilities, and developed the Company's ESG policies,
- When carrying out these activities, the Corporate Governance Committee adopted advisory decisions to be presented to the Board of Directors regarding the matters for which the Board of Directors needed to take action.

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk was set up to early detect the risks that may threaten the Company's existence, development and survival, to take necessary action for identified risks, and to manage risks as proactively

as possible, in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC. The Committee reports to the Board of Directors and carries out its activities as per the Committee for Early Detection of Risks Terms of Reference. The Committee held seven 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,
- Pursuant to Article 378 of the TCC and CMB's regulations concerning corporate governance, "Committee for Early Detection of Risk Assessment Report", which is drawn up to include risk detection and management matters, has been presented for the information of the Board of Directors once in every two months.
- Through the reports issued and activities carried out during the reporting period, the Committee played an active role in the identification and analysis of important risks inherent in the Company's operations, ensured that the Board of Directors was briefed as necessary with respect to monitoring the regulatory and internal risk limits, and increased the efficiency of the Company's risk systems, while also overseeing the alignment of risk management activities to the Risk Policy.

Committee for Audit:

The Committee for Audit reports to the Board of Directors and carries out its activities in accordance with the Committee for Audit Terms of Reference. The Committee ensures the auditing and supervision of proper execution of financial and operational activities, and

carries on with its activities in relation to public disclosure of the Company's financial statements, execution of independent audits, ensuring effective operation of the Company's internal systems, and active supervision of all other aspects of the independent auditors' activities. The Committee held eight meetings during the reporting period.

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

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

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

DECLARATION OF INTEREST BY INDEPENDENT BOARD MEMBERS

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

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

a) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, collectively or individually held more than 5% of the capital or voting rights or privileged shares in, or established any commercial interest of a significant nature, with the Company, or with any companies in which the Company has management control or material influence, and with any shareholders having management control or material influence over the Company, or with any corporate entity which are controlled by these shareholders;

b) Within the most recent five years, I have neither been a shareholder controlling 5% or higher share,

or an employee in an executive position involving major duties and responsibilities nor a board member, in any company from/to which the Company purchases/sells significant amount of services or products under the agreements made during such time when services or products were purchased or sold, and particularly in companies involved in the Company's auditing, rating, or consulting;

c) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;

d) If elected, I shall not work on full-time basis at any public institution or organization during my term of office, apart from serving as a faculty member, provided that the same does not contradict with the legislation governing such institution;

e) I am a resident of Türkiye for the purposes of the Income Tax Law;

f) I possess the ethical standards and professional 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

Prof. Dr. Oğuz Cem Çelik
Independent Board Member

İlkay Arıkan
Independent Board Member

SENIOR MANAGEMENT



HASAN K. BOLAT
CEO



AYŞEGÜL ŞAHİN KOCAMEŞE
ASSISTANT GENERAL MANAGER



KAAN ÖZSOY
ASSISTANT GENERAL MANAGER



GÜLFEM SENA TANDOĞAN
ASSISTANT GENERAL MANAGER



ÖMER BARLAS ÜLKÜ
ASSISTANT GENERAL MANAGER

Hasan K. Bolat **CEO**

Appointed as Chief Executive Officer of İş REIC on 11 June 2018, Hasan Kimya Bolat holds a bachelor's degree in international relations from the Faculty of Political Sciences at Ankara University. He started his career as an auditor at İşbank in 1988, where he subsequently served in various branches as Branch Manager, Regional Director of Commercial Loans Department, Director of SME Loans Allocation Department, and additionally held seats as a board of directors member at various subsidiaries of the İşbank Group. Mr. Bolat functioned as General Manager of İş Leasing between 2013-2017, in tandem with which he was the Chair of the Financial Leasing Sector Representatives Board and Deputy Chair of FKB (Association of Financial Institutions). Mr. Bolat is a Board Member of GYODER (The Association of Real Estate and Real Estate Investment Companies), and Vice Chair of KONUTDER (Association of Housing Developers and Investors), two major non-governmental organizations of the real estate sector. Serving as the CEO of İş REIC, he has been a Board member of İş REIC since 23 March 2022. In tandem with these roles, Mr. Bolat also holds in-group positions as the Chair of Kanyon Yönetim İşl. ve Paz. A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.

Ayşegül Şahin Kocameşe **Assistant General Manager**

Ayşegül Şahin Kocameşe got her bachelor's degree in Political Science and Public Administration from the Middle East Technical University Faculty of Economics and Administrative Sciences in 1998 and got her Executive MBA degree from İstanbul Technical University. She holds Capital Market Activities Level 3 License, Credit Rating License, Corporate Governance Rating License, and Real Estate Appraisal License from the SPL (Capital Markets Licensing Registry and Training Agency) and Sustainability Expertise Certificate from TCMA-SEGM (Sustainable Learning, Development and Excellence

Association). She began her career as an assistant investment specialist at İşbank in 1998. She joined İş REIC in 1999 and personally worked in the incorporation and IPO of the Company. Upon establishment of the Risk Management and Investor Relations Department in 2005, she was brought to the position of manager in this unit. Having worked in the position of Group Head from 2012, Ms. Kocameşe currently serves as Assistant General Manager in charge of Financial Reporting and Budget Division, Human Resources and Training Division, and Investor Relations & Sustainability and Board of Directors Reporting Division. In tandem with this position, she also serves as a member on the Company's Corporate Governance Committee and a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.

Kaan Özsoy **Assistant General Manager**

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

Gülfem Sena Tandoğan **Assistant General Manager**

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. Having held the position of Group Head responsible for Corporate Communications and Marketing Division, and Sales and Leasing Division, Ms. Tandoğan currently serves as Assistant General Manager with the same areas of responsibility and is also a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.

Ömer Barlas Ülkü **Assistant General Manager**

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. Having been involved in the establishment of the Financial Management Department in 2012, Mr. Ülkü has thereafter held the position of Group Head responsible for Project Development Division, Fiscal Operations and Support Services Division, Accounting and Finance Division, and Information Technologies Division. Mr. Ülkü currently serves as Assistant General Manager with the same areas of responsibility and is also a member of the Board of Directors of Kanyon Yönetim, İşletim ve Pazarlama A.Ş.

THE REAL ESTATE SECTOR IN 2022

The issue of escalated costs of construction inputs, which has become pronounced during the pandemic with internal and external factors, further deepened with the aggravating inflationist pressure of the Russia-Ukraine war in 2022 on global raw material prices and the accelerated rise in exchange rates, and continued to preclude the growth of the construction sector. Suffering a gradually increasing contraction uninterruptedly for the last 5 quarters, the construction sector shrank by 7.7%, 9.9% and 14.1% on an annual basis in the first three quarters of 2022. As of the end of the third quarter that saw the highest rate of contraction in the last two years, the sector's share in GDP declined to 4.8%.

In November 2022, the construction cost index (CCI) went up by 1.17% month-on-month and 103.47% year-over-year, whereas materials index and labor index increased by 108.55% and 87.92% respectively on an annual basis.

After rising in October and November, the current level of construction projects decreased by 1.8 points on a monthly basis in December and ended the year

with a downturn. The usual decline caused by seasonality in construction projects became palpable in December. The public sector's social housing and other social projects keep supporting the current construction projects in the sector. At the end of the year, the current projects index was higher than what it was the year before. Following the rises in October and November, new undertakings decreased by 3.3 points on a monthly basis. While seasonality had a major impact on this decline, the effect of public projects were restrained. New undertakings ended the year at a level higher than the previous year's level. Commencements in projects for which permits have been obtained prior to the elections and the rate of conversion of projects into new undertakings are anticipated to pick up.

On the TURKSTAT Confidence indices, while the Construction Industry Confidence Index that presented a lower optimism for the existing and the future period diverting from the other main sectors continued to remain below the threshold level (100), the Index increased by 1.2% on a monthly basis in December 2022 to 92.6.

Housing Market

The number of housing units sold in 2022 was down by 0.4% annually to 1,485,622 all over Turkey. With 17.5%, İstanbul had the highest share in housing sales. Looking at the housing sales for the past 3 years, total housing sales figures were flat in 2020, 2021 and 2022.

Although housing sales figures remained at the same level over the last three years, there was an increase in total property sales, which indicates that those who are unable to purchase housing turn towards investments in plots, land, etc.

While first-hand sales made up 31.1% of sales, the share of second-hand housing sales accounted for 69%, maintaining the previous year's distribution. In the third quarter of 2022, building permits granted by municipalities increased by 8.0% in terms of the number of buildings, by 8.0% in terms of the number of apartments and by 4.7% in terms of area on a year-over-year basis.

Despite declined interest rates, mortgage sales decreased by 4.8% in 2022 on an annual basis due to banks' lack of appetite particularly for housing loans, with its share in total housing sales also slipping down to 18.9%.

The market is scene to extreme price increases due to the addition of increased demand for housing as a result of the real returns on Turkish lira savings instruments that materialize on the negative side that comes in addition

THE CBRT RESIDENTIAL PROPERTY PRICE INDEX (RPPI) VALUE IN DECEMBER 2022 SHOT UP BY 174,3% ANNUALLY TO 628,6 CORRESPONDING TO A RISE OF 54% IN REAL TERMS.

to the ongoing natural housing demand despite the housing stock scarcity, coupled with the rise in construction costs accelerated by high inflation and exchange rates.

In 2022, housing sales to non-nationals, which remained lively due to depreciated Turkish lira coupled with the continuation of citizenship and residence permits for property buyers, augmented by 15.2% as compared to the previous year and reached 67,490. Russian citizens were the top foreign buyers of houses in Türkiye in 2022, followed by Iranian citizens. Antalya and İstanbul were the top two choices of non-nationals buying housing in Türkiye.

The CBRT Residential Property Price Index (RPPI) value in December 2022 shot up by 167.8% annually to 662.5 corresponding to a rise of 58.7% in real terms. The CBRT RPPI for New Dwellings Index value in December 2022, on the other hand, increased by 160.8% annually to 698.6.

Office Market

According to Colliers data, total Class-A leasable office stock in İstanbul was 2,717,884 m² in the third quarter of 2022. This figure is almost flat with the 2021 third quarter figure of 2,688,634 m².

While the hybrid working model that is increasingly embraced by companies curb the demand for new rentals, contract renewals also end up in downsized areas. However, the tendency of users in old buildings with infrastructures that fail to respond particularly to the post-pandemic needs to turn towards new and high-quality office buildings keeps the demand lively. On the other hand, the intense demand continues for the operators engaged in flexible office leasing and these service providers acquire an increasing share in leases.

The vacancy rates on both sides of İstanbul decreased on the main office areas of CBD (on Büyükdere axis) and Kozyatağı/Ataşehir areas. In the third quarter of 2022, the vacancy rate

in total Class-A Office buildings on İstanbul's European and Asian sides was measured as 21.14%. Vacancy rates were registered as 24.38% on the European side and as 15.32% on the Asian side. European and Asian sides were measured as 32.83% and 21.62%

In the third quarter of 2022, average Class-A office rent figures across İstanbul were 17.02 USD/m²/month in USD terms and 314.59 TL/m²/month in TL terms, which increased by 28.6% in USD terms and by 166% in TL terms on an annual basis. Rents on the European side averaged 20.82 USD/m²/month and 384.53 TL/m²/month in USD and TL terms respectively, up by 42% in USD terms and by 192.7% in TL terms on a year-over-year basis. Average rents on the Asian side remained limited, and stayed almost flat in USD terms with an average figure of 10.21 USD/m²/month, whereas they surged by 98% to 189,25 TL/m²/month.

Approximately 890,995 m² office space is envisaged to be added to the Class-A leasable office supply in İstanbul in the period ahead. Of the said office space that will be added to the stock, 78.9% is located in Kozyatağı/Ataşehir, 15.3% in CBD and 5.8% in Maslak regions.

Retail Market

According to Cushman & Wakefield data, total leasable area that reached 13.8 million m² with 439 shopping malls at year-end 2021 remained unchanged in the third quarter of 2022.

Prime rent figures on main streets in İstanbul retail market increased by 11% as compared with the previous year. Prime return rate, on the other hand, was found to be flat with the past four year's level at 7.25%. In view of high demand and limited supply, the rise in prime rents are expected to persist in TL and USD bases and prime return rates to remain flat in the medium term.

A remarkable rise in demand was observed in the retail market as of the third quarter of 2022. The rising demand is also supported by the number of domestic and foreign

visitors that captured pre-pandemic levels with a strong boom after the pandemic. Although the sector continues to be affected by the soaring costs due to inflation and fluctuating course of exchange rates, the sector's recuperation and acceleration in the first half of the year helped attain high occupancy rates in shopping malls and main streets.

The two-way change is striking in the retail sector that is being reshaped by the changing consumer behaviors. As conventional retail brands try to consolidate their presence in digital environments such as e-commerce, metaverse, etc., pure play brands start enriching physical retail with smart store management concept on the back of innovative designs.

Based on shopping centers retail data released by the Council of Shopping Centers - Turkey (AYD) and Akademetre Research Company, the turnover index was nominally up by 140.4% year-over-year to 1,356 points in November 2022. Productivity per leasable area (productivity per square meter) in shopping malls was registered as TL 6,824 in İstanbul, up by 141.6%, and TL 4,069 in Anatolia, up by 139.4% in November 2022. In the same period, productivity per square meter across Turkey reached TL 5,171 translating into a 140.6% growth.

Productivity per square meter on the basis of categories, on the other hand, reveals that all categories displayed a marked rise as compared to November 2021, with the most remarkable one taking place in the technology category with 171.1%. The highest rise in November in the previous year, on the other hand, was claimed by the food and beverage category with 136.3%.

According to a comparison of November 2022 data with November 2021 data, the number of visits index hit 87 points, up by 16% annually.

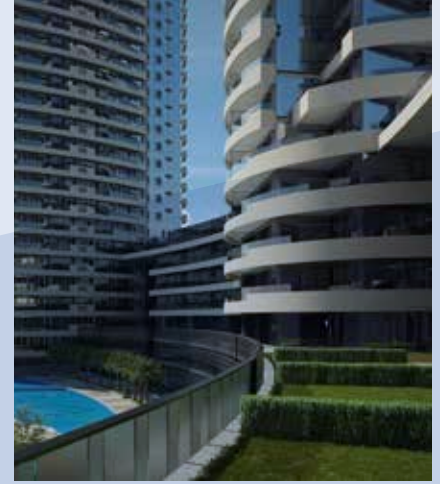
Sources: TurkSTAT, Cushman&Wakefield, Colliers, Association of Turkish Construction Material Producers (IMSAD), Council of Shopping Centers -Turkey (AYD), The Association of Real Estate and Real Estate Investment Companies (GYODER)

BOARD OF DIRECTORS ACTIVITIES IN 2022

The world embarked upon an all-new process both economically and politically as of the first quarter of 2022. The Russia-Ukraine war that immediately followed the Covid-19 pandemic that came as a shock to the entire world confronted global economy with new problems. The war-driven escalated energy and commodity prices, demand impact of expansionary policies implemented during the pandemic, and persisting supply issues carried global inflation to its highest levels of the past four decades. Although it was not immune from this backdrop, the Turkish economy captured a higher growth rate than the world average in 2022. However, the ongoing rate cut cycle by the CBRT, rising exchange rates and inflation, coupled with global

impacts negatively affected consumers' purchasing power and welfare.

Looking at the housing sector, market prices exhibit an upward activity due to the shooting construction costs, the addition of real-return seeking savers' demand that turned towards real estate as a safe harbor amid the high-inflationist environment to the ongoing natural housing demand and the pandemic-deferred demand. Despite the increased housing prices and decelerated housing loans, housing sales in 2022 were able to match its level of the previous two years, with the support of the social housing development project announced in the last quarter of 2022 and the housing loan disbursement campaigns.



RESIDENTIAL PROJECT. COVERING 6 RESIDENTIAL BLOCKS AND 1 OFFICE BLOCK THAT ALSO HOUSES COMMERCIAL SPACES, THE PROJECT IS PLANNED TO BE DELIVERED DURING 2023.



Our Company kept realizing its real estate investments, expanding and effectively managing its quality real estate portfolio capitalizing on leveraging possibilities drawing on the cost advantage of TL borrowing, as well as its robust balance sheet composition and financial capacities.

Although commercial functions in the sector stirred to action somewhat depending on slowly increasing return-to-office or continued hybrid working format upon lessening impacts of the pandemic and normalization, the costs that escalated due to high inflation and wavy course of exchange rates kept affecting the office market for the most part of the year. As of the last quarter of the year, prime rates took

an upturn in TL and USD bases as a result of declined vacancy rates and limited supply in the CBD on both sides of İstanbul in keeping with the reviving Class-A office demand.

Along this line, vacancy rates declined while rent figures increased in office spaces in the Company's portfolio. In terms of shopping mall and retail spaces, on the other hand, there was remarkable growth in visitors and turnover. This recovery observed in the sector reflected also on the Company's rental income, which augmented by 54% in 2022 as compared with the previous year.

During the reporting period, our sales operations continued at full speed



for İzmir Ege Perla Project and Kartal Manzara Adalar Project. While sales are ongoing for home-office units in Ege Perla Project where all housing units have been sold, the rate of sold units at Manzara Adalar Project reached 97%.

Construction work has been completed in the last part of phase 3 of the Kasaba Evleri project comprised of 16 villas, which is developed on the plot located in Çekmeköy district in İstanbul our Company had included in its portfolio in 2020. All deliveries have been realized in 2022 within the scope of this project, where all villas had been sold while

construction was in progress. Consumer preferences that changed in favor of well-lighted and spacious houses with gardens away from the city contributed to the high level of interest Kasaba Evleri project attracted.

Paying regard to this information and tendency, and with its faith in the region and the project, our Company included in its portfolio the parcels spanning an area of 73,000 m² within the scope of Kasaba Evleri Project during the reporting period. On plots having a total area of 138,188.32 m² including the said parcels and parcels

OUR COMPANY WILL SUSTAIN EFFECTIVE RISK AND COST MANAGEMENT, CONTINUE TO REALIZE REAL ESTATE INVESTMENTS THAT WILL GENERATE DEVELOPMENT PROFIT, AND PRESERVE ITS WELL-BALANCED PORTFOLIO STRUCTURE WITH AN APPROPRIATE RISK APPETITE.

owned by Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri Sanayi ve Ticaret Limited Şirketi (TECİM) in the same region, it is planned to develop a project which will be owned by İş REIC and TECİM by approximately 44% and 56%, respectively. The construction of the project comprised of 165 villas/residential units is slated for commencement in 2023.

Following the Çınarlı Bahçe Project successfully completed in Tuzla, our Company purchased an approximately 53,000 m² plot with the target of carrying on with its investments in this location. The timing of the project that will cover nearly 1,000 housing units planned to be developed on the said land has been considered in view of investment and market conditions, and investment for the project is decided to be commenced in 2022. Sales of Tuzla Residential Project, where excavation and revetment work is in progress, is planned to be initiated in 2023.

Construction and sales are ongoing for the Litus İstanbul Residential project that is being developed on the plot in Altunizade, Üsküdar, which is included in our portfolio and equally owned by our Company and Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Ltd. Şti. (TECİM). Covering 6 residential blocks and 1 office block that also houses commercial spaces, the project is planned to be delivered during 2023.

During the reporting period, construction continued at our İstanbul Financial Center Project; the project which has an approximate saleable/leasable area of 33,000 m² is targeted to be completed concurrently with other projects in the IFC in 2023.

The building located in Gayrettepe in Şişli district in İstanbul that our Company included in its portfolio during the reporting period is planned to be demolished and replaced with a serviced apartment building; upon obtaining the

building permit, the project construction and sales are targeted to be initiated in 2023.

Our Company decided to acquire Profilo Shopping Mall located in Mecidiyeköy, Şişli district in İstanbul province by the end of 2022; the shopping mall is planned to be demolished for development of a residential project on its plot. In this framework, negotiations were held with Artaş İnşaat regarding project development based on revenue sharing for plot interest model and construction in return for flat model during the reporting period. An agreement was signed with Artaş İnşaat relating to this matter at the time of this writing.

Financial strength, stability and correct partnerships are more important than ever before for the sustainability of companies' operations in this period when environmental and economic variables change tracks quickly. Our Company focused on creating sustainable value employing the right strategies once again in 2022 and adjusted to the altered operating environment, and worked towards developing its portfolio and remained adhered to its goal of generating stakeholder value based on a roadmap aligned with its main strategy erected on stable profitability and effective portfolio management.

While they will be formed according to the overall economic outlook in 2023, significant rises similar to those in 2022 are not anticipated in real estate values in the coming year, nor a downward pricing behavior is expected. Under these circumstances, our Company will sustain effective risk and cost management, continue to realize real estate investments that will generate development profit, and preserve its well-balanced portfolio structure with an appropriate risk appetite.

STRATEGY

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 offering opportunities by closely monitoring the sector dynamics, İŞ REIC's main strategy is to generate maximum possible benefit for its shareholders by increasing the Company's profitability through effective and dynamic management of its real estate portfolio. Accordingly, the Company acts with the aim of optimally balancing its revenues and expenses, and of capturing 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 accordance with this main strategy, the Company's priority long-term targets were defined as maximizing the Company's rental and sales revenues on newly acquired properties; developing projects that deliver optimum benefits in line with the best usage on properties existing in the portfolio, and ultimately, generating high returns for shareholders by continuing to create livable, modern, safe and top-line venues.

Our Company continues to develop and realize its projects in line with its strategy of creating the earthquake-resistant, disaster-resilient housing stock, a topic of the utmost vitality as revealed once again by the great earthquake that took place in our country in February 2023.

In line with these targets, the Company's top priority in 2023 will be to bring all of its ongoing investments to completion at reasonable costs and within the projected timelines while also capturing high profitability, to achieve lease and sales targets, and to carry on with the development of contemporary, ethical and sustainable projects that are aligned with the current demand conditions and that will result in optimum use and benefits on properties included in its portfolio and do so at the right time.

In this context, the Company is planning to develop housing projects that are aligned with the changed consumer expectations and on the principles of rapid sales, positive cash flow and high profitability on the plots included in our portfolio. Arising as important catalyzers for achieving these goals are Litus İstanbul Altunizade Project that enjoys a central location and the Kasaba Evleri extension project that comprises of 165 residential units/villas which will be in the nature of a continuation of Ömerli Kasaba Evleri that has already become a trademark in its own genre. Furthermore, the completion of our investment in İstanbul Financial Center Project, the construction of which was given momentum during the reporting period and which is slated for going live in 2023, and generation of revenues on this property will also contribute to our results.

Besides the projects in the portfolio, the Company closely monitors the current trends, investment opportunities and the status of demand 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 of strategic goals, and revises the targets as and when called for by new circumstances.

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.

ACTIVITIES OF THE INVESTOR RELATIONS AND SUSTAINABILITY DEPARTMENT

Set up at the Company in 2005 in accordance with the related regulations of the Capital Markets Board of Türkiye (CMB), the "Investor Relations Department" was assigned with the internal coordination of sustainability efforts and activities and yearly was renamed "Investor Relations and Sustainability Department" (the Department). The Department reports to the Assistant General Manager who is in charge of "Financial Reporting and Budget Division" and "Human Resources and Training Division".

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

Prior to each Board meeting, the Department prepares a report to be submitted to the Board of Directors about the Department's activities during the period. The Department manager

physically participates in the Board of Directors meetings.

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

The senior manager responsible for the Department, being a member of the Corporate Governance Committee, participated in 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 and Sustainability Activity Report", which is then submitted for the information of the Board of Directors.

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

Public Disclosure and Provision of Information

During 2022, the Investor Relations & Sustainability Department responded to all queries falling under the investor relations domain, which were received from stakeholders such as analysts, portfolio managers and public institutions, in addition to those received from shareholders.

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

During the year, the Department responded to more than 300 verbal and written queries. Information requests from local and foreign shareholders or investment companies were responded to with careful observation of all matters with respect to public disclosure, and particularly the legislation and the Company's Information Policy. The Department kept records of verbal and written queries received and the answers given thereto as necessary.

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

All information requests and queries related to the scope of investor relations, which are received from stakeholders such as analysts, portfolio managers, and public & private sector institutions, as well as from shareholders, are responded and support is given for questionnaires and academic studies as much as possible.

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

The Company website is actively used to facilitate public disclosure and exercise of shareholder rights. Quarterly investor

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

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.

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

General Assembly Process

The Company's 2021 Ordinary General Assembly Meeting was carried out in accordance with the provisions of Corporate Governance Principles and TCC, and the meeting took place on 23 March 2022 with 82.6% attendance representing TL 792.2 million in capital.

The documents related to the General Assembly were made available for review by shareholders 21 days in advance of the meeting date on PDP (Public Disclosure Platform), e-GKS (Electronic General Meeting System of the Central Registry Agency - MKK), and the Company's website. 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 except the attendants list 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 PDP and Company websites, and the meeting minutes were also uploaded to the Companies Information Portal. Material event disclosures and notifications made during the general assembly process were also shared with the domestic and foreign shareholders or investment companies included in the Department's Public Disclosure Distribution List.

The questions asked and the answers given at the general assembly meeting are published on the company website under principle no. 1.3.5. of Corporate Governance Principles. The questions asked by shareholders during the meeting and their responses were posted on the Company website within the prescribed period.

ACTIVITIES OF THE INTERNAL SYSTEMS UNIT

The establishment and operation of the Company's Internal Systems Units, its administrative organization, scope of activities, roles and responsibilities of its employees are set out in "İş REIC Internal Systems Unit Terms of Reference" that stipulate operating procedures and principles. Set up in November 2008, the Internal Systems Unit is structured separately from and independent of other Company units. The department has been reporting directly to, and responsible towards, the Board of Directors since June 2012. At present, the Internal Systems Unit also handles business processes and reporting associated with risk management, internal control and corporate compliance activities besides internal audits.

The Internal Systems Unit activities during the year are executed in accordance with the "Annual Audit Plan" approved by the Committee for Audit and enforced upon the approval of the Board of Directors.

Audit and Internal Control Activities

Audit and control systems at the Company have been organized in accordance with international practices, principles and organization framework. The Internal Systems Unit monitors, examines and reviews all of the business processes and activities of Company departments, conducts various analyses depending on the outcomes of its reviews, and makes preventive, corrective and/or improvement suggestions in areas it deems necessary according to its risk-focused audits.

Carried out independently and impartially, the audits are intended to keep under control the risks associated with the Company's operations, establish and foster an audit culture across the Company, and evaluate the effectiveness and adequacy of internal control, risk management and corporate governance systems.

On the other hand, the Internal Systems Unit also offers consultancy such as

making recommendations and providing guidance without undertaking any administrative responsibility with the aim of improving and adding value to the Company's operations, as and when needed and as an extension of audit activities.

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

Risk Management

Risk management functions and activities at İş REIC have been placed under the responsibility of Internal Systems Unit since September 2018. As part of its risk management function, the Unit identifies, monitors and measures the risks inherent in the Company's operations and reports them to the Company's senior management within the frame of the Company's

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

Risk Policy and associated internal guidelines. In addition, the Company's risk regulations are reviewed in line with the Company's altered needs and updated as needed. The Board of Directors and the Committee for Early Detection of Risk are kept informed about the Company's risk exposure by means of a comprehensive "Company Risk Report" that is prepared and submitted every three months. This report includes, among other things, information about the Company's business sector, key financial indicators, and the results of the unit's analysis and assessment of the risks which are inherent in the Company's activities. Detailed information is provided about business environment risk, a category of operational risk that the Company is particularly exposed to.

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

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk 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 as proactively as possible in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC. The Committee, which reports to the Board of Directors, carries out its activities under the Committee for Early Detection of Risk Terms of Reference, and held seven 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 Assessment Report of The Committee for Early Detection of Risk, which is prepared by the Committee for Early Detection of Risk so as to cover risk detection and management pursuant to Article 378 of the TCC and the CMB's regulations concerning corporate governance.

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 regulatory and internal risk limits, and increased the efficiency of the Company's risk systems by also overseeing the conformity of risk management activities to the Risk Policy.

Committee for Audit:

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

auditors' activities. The Committee held eight meetings during the reporting period.

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

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

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

HUMAN RESOURCES

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

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

In line with the 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. Embracing it as a principle to respect human rights and employee rights as well as equal opportunities, the Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction.

Employees are informed about decisions and developments that concern them. When making any decisions concerning its employees, İş REIC does so without discriminating on the basis of race, religion, language, ethnicity or any faith, gender, age, marital status, orientation, affinity or difference. There is not a trade union set up under the Company organization. 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 keeping with its target of offering a fair, egalitarian and modern working environment and decent labor rights, the Company aims to include all segments of the society in business life. The Company offers equal opportunities to promote the participation of women and employees with disabilities in working life. Out of 12 new hires that joined our Company in 2022, five are women and one is an individual with disabilities.

Employees are informed on matters such as employment conditions, career path and advancement requirements, monetary arrangements and fringe benefits. Company health insurance is provided to company employees and their dependent spouses and children; all employees have life insurance, and employer contribution is granted for

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

employees participating in the private pension system.

The Company grants paid/unpaid maternity leaves, paternity leaves and breastfeeding leaves fully as stipulated by the laws under the Turkish Labor Law. The Company also defined other leaves of absence for employees which are additional to the ones defined in the laws for various situations that may arise in the normal course of life. Furthermore, a nursing room has been allocated for use by our women employees returning from maternity leave.

Employees' job descriptions were developed based on business analyses. Employees are expected to embrace the performance-driven management concept and recognize that their individual involvement will contribute to customers and shareholders. Evaluation criteria and their results are shared with the employees within the frame of transparency principle.

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.

Also in 2022, İŞ REIC made public health and its employees' health and welfare its main focal points in managing the Covid-19 pandemic that had prolonged social and economic effects. In this framework, the Company closely monitored the developments associated with the fight against the pandemic and adopted the measures that would provide business continuity and protect employee health.

With respect to human resources management, 2022 has been a year when talent acquisition gained the foreground and matters related to supporting employees' financial and emotional welfare were on the agenda. In this vein, our Company took on board 12 new employees in terms of talent acquisition. Taking into consideration the inflationist environment during the

reporting period, expense support was provided to protect employees' financial welfare levels and helping them with their purchasing powers; moreover, heating allowance started to be paid to all employees for a certain period of time, in view of the effect surged energy prices have on household budgets.

The Company joined the "Employee Support Program" that can be used by employees and family members residing in the same household to protect and enhance employees' emotional wellness with the purpose of helping them establish the work-life balance and enhance employee satisfaction. The Employee Support Program is an employee benefit program that provides expert support 24/7 for individuals' personal or job-related problems that can potentially affect their mental and emotional wellness or in various areas they might feel the need to research.

In 2023, İŞ REIC will carry on with its activities without compromising on business continuity and its employees' health and welfare in the light of its corporate culture and values

Training at İŞ REIC

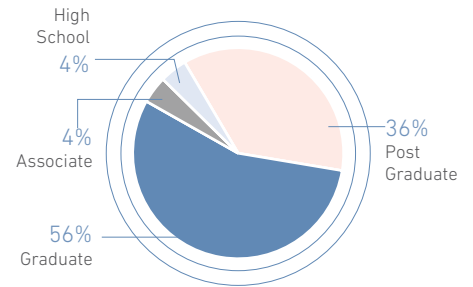
The training programs designed according to employees' needs are intended to bring about changes in their knowledge, skills and attitudes, to drive their advancement in their careers, to increase their motivation and job satisfaction, and to align corporate goals and personal targets. İŞ REIC's priority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

In 2022, employees were steered to attend professional trainings specifically addressing their respective fields. Comprehensive training programs that can be attended by all employees were organized at the Company.

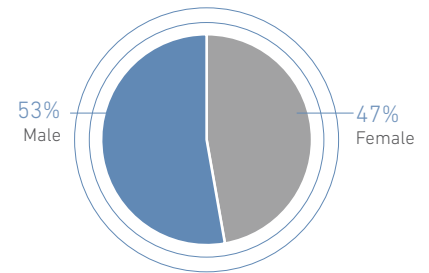
Organizational Structure

No changes occurred in the Company's organizational structure in the reporting period.

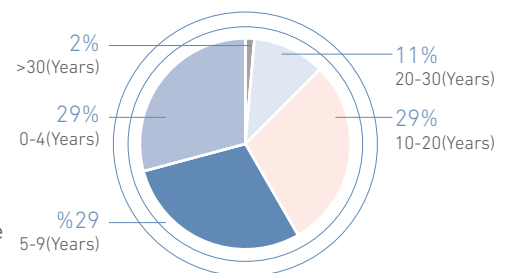
EDUCATIONAL STATUS BREAKDOWN (%)



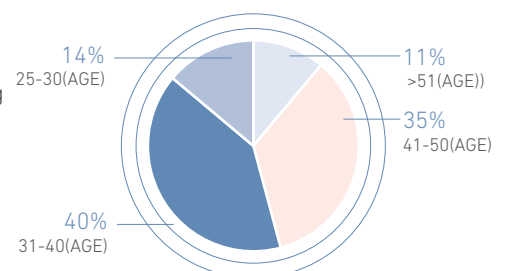
GENDER BREAKDOWN (%)



COMPANY TENURE BREAKDOWN (%)



AGE BREAKDOWN (%)



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 2022, the Company received a total of TL 172,181,936 as rental income from related parties. During 2022, the Company purchased real property for the amount of TL 282,500,000 from Anadolu Hayat Emeklilik A.Ş., which is a related party.

As of the end of the reporting period (31 December 2022), total cash and cash equivalents belonging to İş REIC and held in accounts with İşbank amounted to TL 295,570,914 in value. As of the same date, İş REIC had received, from İşbank, a letter of guarantee worth TL 43,005,861. İşbank also holds prior and second liens over some of İş REIC's real

estate properties amounting in total to USD 136,000,000 and TL 5,250,000,000. At the end of the reporting period, İş REIC's accounts showed a financial liability of TL 979,580,389 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 52,962,261 was held by group companies as at 31 December 2022.

More detailed information about related party transactions, which İş REIC was involved in during 2022, 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 2021 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."

Disclosure under Principles 1.3.6 and 1.3.7 of Corporate Governance Principles

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

The Company's Chair Mr. Sezgin Yılmaz serves as Chair at İş Merkezleri Yönetim ve İşletim A.Ş., Board member Mr. Karluk Çetinkaya serves as a board member at İş Portföy Yönetimi A.Ş., and Board member Mr. Murat Doğan serves as Vice Chair at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., whereas the Company's CEO Mr. Hasan Kimya Bolat serves as the Chair of the Board of Directors at Kanyon Yönetim İşletim ve Pazarlama A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. The external positions held by these individuals do not lead to any conflicts of interest.

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

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

Financial Benefits Provided to Board Members and Senior Management

Financial benefits provided to the members of the Board of Directors consist of their salaries, and added up to TL 2,230 thousand gross in 2022.

The financial benefits provided to the senior management consist of salaries and bonuses. The financial rights provided to the senior management during the reporting period amounted to TL 8,498 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 811 thousand.

During the reporting period, the Company did not lend any sums or extend any credit, or made available any loans under the name personal loan through a third party to its board members and senior managers, nor

did it stand guarantee for them such as providing suretyship in their favor.

Changes in Legislation during the Reporting Period

The following regulations were published during the reporting period, which may potentially bear an impact upon the Company's activities:

"Regulation Amending the Regulation on the Implementation of Turkish Citizenship Law" published in the Official Gazette issue 31711 dated 06 January 2022 (Decision No. 5072)

"Law Amending the Tax Procedure Law no. 7352 and Corporate Tax Law" published in the Official Gazette issue 31734 dated 29 January 2022

"Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 31761 dated 25 February 2022

"Regulation Amending the Regulation for Making Spatial Plans" published in the Official Gazette issue 31777 dated 13 March 2022

"Law Amending the Consumer Protection Law and the Property Law" published in the Official Gazette issue 31796 dated 01 April 2022

"Communiqué (No: 2022-32/66) Amending the Communiqué (No: 2008-32/34) on the Protection of the Value of the Turkish Currency" published in the Official Gazette issue 31814 dated 19 April 2022

"Communiqué Amending the Communiqué on Implementation of Value Added Tax" published in the Official Gazette issue 31816 dated 21 April 2022

"Regulation Amending the Regulation on the Implementation of Turkish Citizenship Law" published in the Official Gazette issue 31834 dated 13 May 2022

"Green Certification Regulation for Buildings and Settlements" published in the Official Gazette issue 31864 dated 12 June 2022

"Law Amending the Environmental Law and Some Other Laws" published in the Official Gazette issue 31867 dated 15 June 2022

"Regulation Amending the Parking Lot Regulation" published in the Official Gazette issue 31868 dated 16 June 2022

"İstanbul Financial Center Law" published in the Official Gazette issue 31880 dated 28 June 2022

"İstanbul Financial Center Law" published in the Official Gazette issue 31901 dated 23 July 2022

"Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 31901 dated 23 July 2022

"Regulation Amending the Shopping Centers Regulation" published in the Official Gazette issue 31901 dated 18 August 2022

"Regulation amending the Regulation on Prepaid House Sales" published in the Official Gazette issue 31913 dated 04 August 2022

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

MAIN SERVICE PROVIDERS

Tax consultant

PwC Yeminli Mali Müşavirlik A.Ş.

Independent auditor

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

Credit rating agency

Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

Asset Management Companies

İş Portföy Yönetimi A.Ş.

Brokerage house

İş Yatırım Menkul Değerler A.Ş.

Real estate appraisal firms from which services were procured in 2022

Reel Gayrimenkul Değerleme A.Ş.

Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Management companies from which services were procured in 2022

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

Kanyon Yönetim İşletim ve Pazarlama A.Ş.

Tepe Emlak Yatırım İnş. ve Tic. A.Ş.

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

world we live in, to our society we live within, and our people, we make use of our solution generation competencies in line with our priority to create value before all our stakeholders and with our employees' sensitivity regarding social problems; along this line, we embrace it as a principle to generate social value that will create change in the areas we focus and have influence on.

DONATION POLICY

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

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

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

Donations in the Reporting Period

The Company's donation budget for 2022 set by the General Assembly of Shareholders is TL 500,000.

In the reporting period, the Company donated TL 100 thousand in cash to the social responsibility project carried out by GYODER (The Association of Real Estate Investors) for transforming the idle School of Banking and Insurance building located on the Göztepe Campus of Marmara University into a girls' dormitory. Information about the donation will be provided to shareholders in the General Assembly meeting.

INFORMATION ON THE PORTFOLIO



REAL ESTATE PORTFOLIO

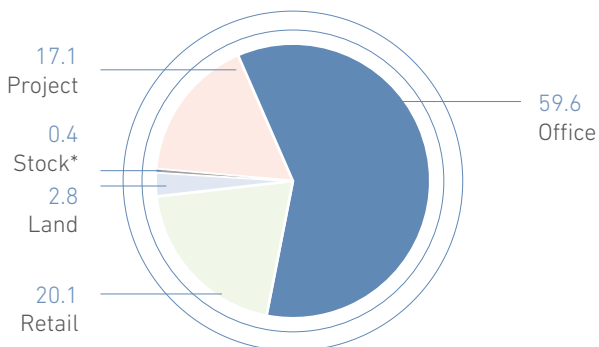
İstanbul İş Towers Complex (Tower 2 - Tower 3)
 İstanbul Tuzla Technology & Operation Center
 Ankara İş Tower
 İstanbul Maslak Office Building
 İstanbul Taksim Office Lamartine
 Ege Perla Office Units
 Gayrettepe Building

OFFICES

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)

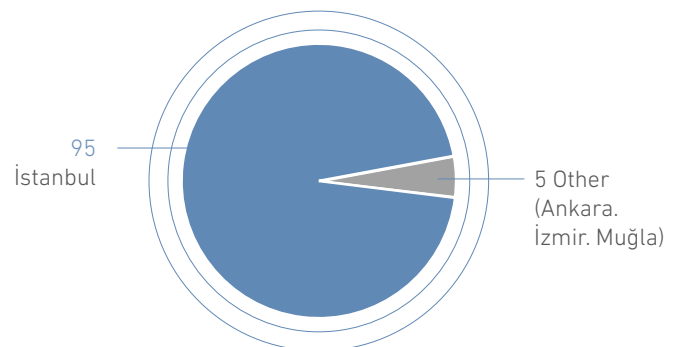
SHOPPING MALLS

VALUE OF THE PORTFOLIO - BREAKDOWN BY TYPE (%)



*Consists of units on sale in Manzara Adalar, Ege Perla and İstanbul.

VALUE OF THE PORTFOLIO - BREAKDOWN BY REGION (%)





<p>Kartal Manzara Adalar (38 residential units) İstanbul İstanbul (2 residential units)</p>	<p>İstanbul Financial Center Project Litus İstanbul Altunizade Residential Project İstanbul Tuzla Residential Project</p>
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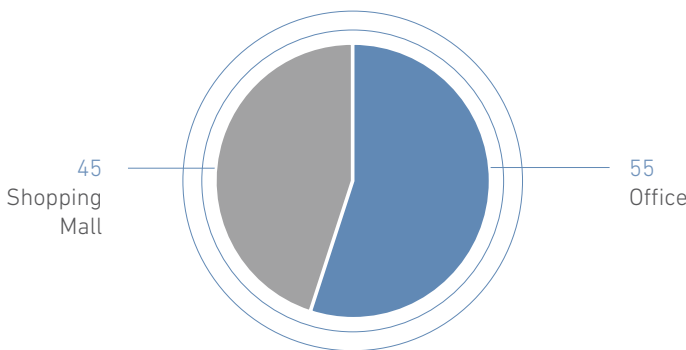
RESIDENCES REAL ESTATE PROJECTS

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

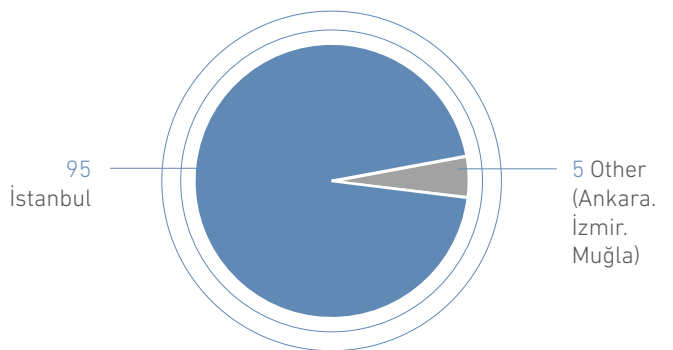
LANDS

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

RENTAL INCOME - BREAKDOWN BY TYPE (%)



RENTAL INCOME - BREAKDOWN BY REGION (%)



İSTANBUL İŞ TOWERS COMPLEX

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



Location:

İstanbul-Beşiktaş, Levent

Acquisition Date:

1999

Gross Leasable Area (m²):

59,827

Appraisal Value (TL):

4,012,570,000

İSTANBUL TUZLA TECHNOLOGY AND OPERATION CENTER



Location:

İstanbul-Tuzla

Completion Date:

2015

Gross Construction Area (m²):

184,653

Appraisal Value (TL):

3,918,340,000



İSTANBUL KANYON SHOPPING MALL



Location:

İstanbul-Şişli, Levent

Opening Date:

2006

Gross Leasable Area (m²):

47,121*

Appraisal Value (TL):

1,400,000,000 **

BREEAM®

* Total gross leasable area in the shopping mall.

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

İZMİR EGE PERLA

(Shopping Mall and Office Units)



Location:

İzmir-Konak

Completion Date:

2017

Gross Area (m²):

23,096 (Shopping Mall) / 804 (8 offices)

Appraisal Value (TL):

371,325,000 (Shopping Mall) /
36,270,000* (offices)



* Shows the value for the shopping mall and the offices in the portfolio.

İSTANBUL MARMARA PARK SHOPPING MALL



Location:

İstanbul-Esenyurt

Opening Date:

2012

Appraisal Value (TL):

915,000,000*

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

ANKARA İŞ TOWER



Location:

Ankara-Çankaya

Acquisition Date:

1999

Gross Area (m²):

28,998

Appraisal Value (TL):

381,000,000

İSTANBUL MASLAK OFFICE BUILDING

**Location:**

İstanbul-Sarıyer, Ayazağa

Acquisition Date:

2001

Gross Area (m²):

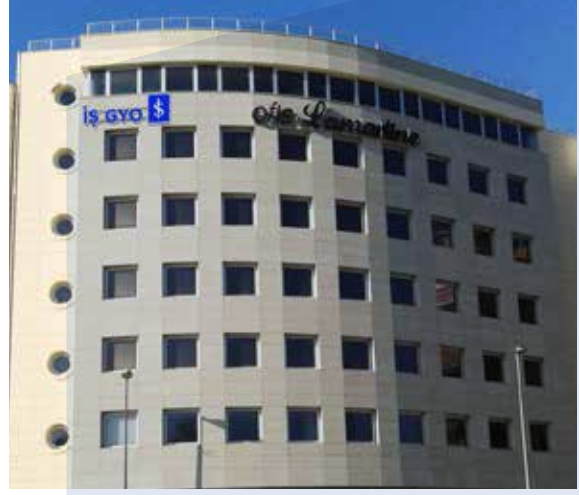
13,559

Appraisal Value (TL):

515,000,000

İSTANBUL TAKSİM OFFICE LAMARTINE

*ofis
Lamartine*

**Location:**

İstanbul-Beyoğlu

Completion Date:

2013

Gross Area (m²):

4,624

Appraisal Value (TL):

373,000,000

İSTANBUL FINANCIAL CENTER PROJECT



Location:
İstanbul-Ümraniye

Investment Value (USD):
103,000,000*

Appraisal Value (TL):
1,735,642,000

Total Salable / Leasable Area (m2):
33,000

* Excluding financing costs and VAT. Investment period: 2012-2023.

LİTUS İSTANBUL RESIDENTIAL PROJECT



Location:
İstanbul-Üsküdar, Altunizade

Investment Value (USD):
68,000,000*

Appraisal Value (TL):
352,312,500**

Total Salable / Leasable Area (m2):
30,135 (98 residences) / 5,663
(offices/commercial areas)

* The investment value is the full investment cost excluding financing and plot price. The investment period is 2021-2023.

** İş REIC has 50% ownership and the appraisal value represents İş REIC's share.

TUZLA RESIDENTIAL PROJECT

**Location:**

Tuzla

Investment Value (USD):

190,000,000*

Appraisal Value (TL):

715,000,000

* Excluding financing costs and VAT

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

(Convenience translation of a report originally issued in Turkish)

To the Shareholders of İş Gayrimenkul Yatırım Ortaklığı A.Ş.

1) Opinion

We have audited the annual report of İş Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") for the period of January,1 2022- December 31,2022.

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 30,2023 on the full set financial statements of the Company for the period of January,1 2022- December 31,2022.

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:

- a) 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.
- b) 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.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Company,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

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

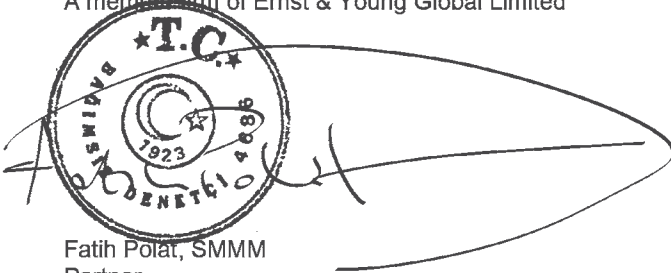
5) Auditor's Responsibilities for the Audit of the Annual Report

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

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

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



Fatih Polat, SMMM
Partner

February 24, 2023
İstanbul, Türkiye

ORDINARY GENERAL ASSEMBLY MEETING OF SHAREHOLDERS AGENDA

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

Agenda of the Ordinary General Assembly Meeting of Shareholders

1. Opening, establishment of the Presiding Council,
2. The reading and discussion of the Annual Report of the Board of Directors on the Company's activities in 2022 and the reading of the Auditor's Report,
3. The reading, discussion and approval of the financial statements of the year 2022,
4. Discharge of the Board Members for their activities in 2022,
5. Discussion and decision of the Board of Directors' proposal on the distribution of the profit in 2022,
6. Determining the number and the term of duty of the Board members and election of the members base on the determined number,
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. Providing information to shareholders about the donations and grants made in 2022, determining the limit for 2023 donations, and submitting the donations in the reporting year for approval,
11. Informing the General Assembly within the frame of principle numbered 1.3.6. of the Corporate Governance Principles,
12. Wishes and closing.

SUMMARY BOARD OF DIRECTORS' REPORT

Dear shareholders.

In 2022, the world embarked upon a newfangled period both economically and politically as a result of the added ramifications of the Ukraine-Russia war that came in the aftermath of the Covid-19 pandemic. The war that jolted the world exposed global economy to new problems. The war-driven surge in energy and commodity prices, the impact of the expansionary policies implemented during the pandemic upon demand, and ongoing supply issues brought global inflation to its highest level in the past four decades. In an effort to contain the rise in inflation, many central banks led by the US Federal Reserve System (the Fed) terminated their asset purchases, rapidly hiked interest rates and switched to tight monetary policy implementation.

While it was not impervious to this backdrop, the Turkish economy captured a growth rate higher than the world average in 2022. In the first three quarters of 2022, the Turkish economy attained 6.2% growth on an annual basis, driven mainly by the activity in the first half of the year enabled by lively domestic consumption and exports. However, economic activity weakened

in the third quarter of the year, during which economy shrank on a quarterly basis.

The impact of global and national economic developments had dissimilar effects on various departments of the Turkish real estate markets.

In the housing market, housing prices increased significantly due to high inflation rates and supply scarcity. Negative events such as price increases which reflected on real estate demand in conjunction with the slowdown in credits, the social housing development project announced in the last quarter of 2022, and the demands postponed due to anticipations regarding housing loan campaigns bore a limited impact on housing sales, which maintained their level of the past two years also in 2022.

Our Company kept realizing its real estate investments, expanding and effectively managing its quality real estate portfolio capitalizing on leveraging possibilities drawing on the cost advantage of TL borrowing, as well as its robust balance sheet composition and financial capacities. Along this line, vacancy rates declined while rent figures increased in office spaces in the Company's portfolio. In terms of

shopping mall and retail spaces, on the other hand, there was remarkable growth in visitors and turnover. This recovery observed in the sector reflected also on the Company's rental income, which augmented by 54% in 2022 as compared with the previous year.

As at 31 December 2022, İş REIC registered;

TL 17,417.2 million in total assets,

TL 13,920.2 million in shareholders' equity,

TL 17,246 million in total portfolio value and

TL 15,305 million in total real estate portfolio.

Our Company's net profit for the period was TL 8,364.2 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 2021

In the Company's General Assembly Meeting held on 23 March 2022, the Board of Directors' proposal for the distribution of the profit for the period in 2021 that suggests retaining the profit instead of distributing dividends in order to optimize the cash flows of the Company which is in the process of making investments and transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations, was approved.

PROFIT DISTRIBUTION PROPOSAL BY THE BOARD OF DIRECTORS FOR 2022

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

retaining the profit instead of distributing dividends in order to optimize the cash flows of the Company which is in the process of making investments

transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. Profit Distribution Table for the Year 2022 (TL)

1. Paid-in/Issued Capital		958,750,000
2. General Legal Reserve (based on legal records)		82,588,774.35
Information regarding privileges in profit distribution according to the Articles of Association, if any, information on such privileges		There are no privileges in profit distribution
	Based on CMB	Based on Legal Records
3. Profit for the Period	8,364,189,262.00	429,879,698.54
4. Taxes (-)	0.00	0.00
5. Net Profit for the Period (=)	8,364,189,262.00	429,879,698.54
6. Prior Period Losses (-)	0.00	0.00
7. Primary Legal Reserve (-)	21,493,984.93	21,493,984.93
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	8,342,695,277.07	408,385,713.61
9. Donations Made within the Year (+)	100,000.00	
Net Distributable Current-Year Profit Including	8,342,795,277.07	
10. Donations		
11. First Dividend to Shareholders	0.00	
- Cash	0.00	
- Bonus	0.00	
- Total	0.00	
12. Dividends for Preferred Shareholders	0.00	
13. Dividends for Others	0.00	
- Board Members	0.00	
- Employees	0.00	
- Other than Shareholders	0.00	
14. Dividend to Owner of Redeemed Shares	0.00	
15. Second Dividend to Shareholders	0.00	
16. Secondary Legal Reserves	0.00	
17. Statutory Reserves	0.00	
18. Special Reserves	0.00	
19. EXTRAORDINARY RESERVES	8,342,695,277.07	408,385,713.61
20. Other Distributable Sources	0.00	0.00

İş Gayrimenkul Yatırım Ortaklığı A.Ş. Dividend Ratio Table for 2022

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

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

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

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

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

Carrying out its activities as per the terms of reference that have been made public, the Board of Directors met regularly during the year. All but two of

the board meetings were held with the full participation of Board members, and decisions were passed unanimously.

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

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

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

During the reporting period, the Corporate Governance Committee was assigned with the Company's Environmental, Social and Governance (ESG) issues and sustainability practices. Within the frame of its terms of reference revised accordingly, the Committee prioritized ESG issues and

established ESG policies; and reported its activities in relation to ESG during the year to the Board of Directors.

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

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

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

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

Publicly disclosed on the Public Disclosure Platform (www.kap.org.tr), the Corporate Governance Compliance Report and the Corporate Governance Information Form for 2022 are also posted under the Corporate Governance Heading of the Investor Relations tab on the Company website for the information of all stakeholders.

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No external consultancy services are used by the Committees in 2022.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				No Board performance evaluation is conducted in our Company. However, Board members participate actively in the negotiation and decision-making processes of both the Board of Directors and the Committees established under it by joining in person to the meetings of both the Board of Directors and the Committees, and also identify the strategic targets of the Company by preparing the Company's strategy paper. Board of Directors reviews and reports the efficiency of the Committees on an annual basis. There is no need for another separate application for the Board performance evaluation, given the scale of the Company and the functioning of its Board of Directors.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The benefits offered to the Board members and the top management are collectively disclosed to the public via Financial Statements issued every three months, and in the Annual Report the benefits are disclosed separately for the Board of Directors and the top management. The remuneration of the Board members are decided at the General Shareholders' meetings, so the salary of the Board members are known by the public because all Board members are paid equal salaries. The remunerations paid to the executives with administrative responsibility are preferred not to be disclosed given the current general practice in the country and the competitive conditions in the labor market.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	The Company did not organize or attend any investor conference. Meetings with investment companies were held mostly in teleconference and video conference formats.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1004129 https://www.kap.org.tr/tr/Bildirim/1011121
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Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	All General Assembly Documents (invitation, agenda, power of attorney, informative document, profit distribution proposal, board members nominees and resolutions of the general assembly), except list of attendants are disclosed at the same time.
--	---

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/995065 https://www.kap.org.tr/tr/Bildirim/1057605 https://www.kap.org.tr/tr/Bildirim/1078637
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1001889
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The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations/Corporate Governance/Policies
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The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/192006
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The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 22
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Besides shareholders and their representatives, Board Members and the representative of the independent audit firm attended the 2021 General Assembly Meeting. Also, by informing the Company, Company employees participated in the General Assembly Meeting without the right to take the floor.
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	No.
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
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The percentage of ownership of the largest shareholder	52.06%
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1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No.
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If yes, specify the relevant provision of the articles of association.	-
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations/Corporate Governance/Policies
--	--

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	To optimize the cash flows of the Company that is in the process of making investments, the Board of Directors decided to retain the profit instead of distributing dividends and after the legal reserves that must be set aside pursuant to the legislation from out of the net profit for the period in the financial statements drawn up according to the capital market legislation and in the legal records, to allocate the balance remaining from the profit booked according to the Tax Procedure Law to extraordinary reserves, and the balance remaining from out of the profit descended in the financial statements drawn up in accordance with the capital market legislation to prior year profits.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/1012342
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General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
23/03/2022	0	82.63%	5.26%	77.37%	Investor Relations/ General Assembly/ Resolutions Made In The Annual General Assembly	Investor Relations>General Assembly>Meeting Invitation> Documents Regarding General Assembly Meeting Dated 23 March 2022>The Answers to the Questions Asked at the GAM	-	231	https://www.kap.org.tr/tr/Bildirim/1012342

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1. "Corporate" and "Investor Relations" sections.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares. We have no real person shareholder who directly own more than 5% of the shares. Shareholder structure of the Company is provided in "Corporate>Shareholder Structure" section of the website.

List of languages for which the website is available Turkish and English

2.2. Annual Report

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

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members "Board of Directors", "Senior Management" and "Declaration of Interest by Independent Board Members"

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

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

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation Changes in Legislation during the Reporting Period

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof Additional Information Required by CMB Regulations / Lawsuits Initiated Against the Company during the Reporting Period

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

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% There is no cross ownership subsidiaries.

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

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy Investor Relations/Corporate Governance/Policies

The number of definitive convictions the company was subject to in relation to breach of employee rights -

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism) Committee for Audit

The contact detail of the company alert mechanism <https://www.isgyo.com.tr/contact/ethic-line-contact-form/>

CORPORATE GOVERNANCE INFORMATION FORM

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

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

-

Corporate bodies where employees are actually represented

-

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

Company's organizational chart and the current promotion application require that employees are placed under each management who are trained and regarded as the manager candidates while promotions to key positions are under the authority of the Board of Directors.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

Human Resources section and Corporate/Sustainability section

Whether the company provides an employee stock ownership programme

There isn't an employee stock ownership programme.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Human Resources section and Corporate/Sustainability section

The number of definitive convictions the company is subject to in relation to health and safety measures

-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Investor Relations/Corporate Governance/Code of Ethics

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

There is not a corporate social responsibility report. The Company established its ESG policies concerning environmental, social and governance issues and made them available for the information of all stakeholders. The said policies and the Company's Sustainability Principles Compliance Framework can be accessed on the Company website, under the Corporate/Sustainability tab.

Any measures combating any kind of corruption including embezzlement and bribery

An Ethical Hotline has been established for the stakeholders to report the transactions considered to be contradictory to the laws and the Company's ethical values. The Company's Code of Ethics regulates this subject. Internal regulations of the Company also stipulates a ban to offer benefits regarding the employees. All of these factors are scrutinized by the current supervision activities of the Company. The Company's Gifts & Hospitality Policy and Anti-Bribery and Anti-Corruption Policy are submitted to the information of all stakeholders.

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted

-

Whether the board evaluation was externally facilitated

-

Whether all board members released from their duties at the GSM

Yes

Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties

According to the assignment of duties and responsibilities; Board Members Sezgin Yılmaz and Kubilay Aykol were elected as the Chair and Vice Chair of the Board of Directors, respectively. Also, elections to committee seats were held as required by CMB Corporate Governance Communiqué and working principles of the Committees. Independent Board Member Prof. Arzu Erdem serves as the Head of the Committee for Early Detection of Risk and member of the Committee for Audit; Independent Board Member Prof. Oğuz Cem Çelik as the Head of the Corporate Governance Committee; Independent Board Member İlkyay Arıkan as the Head of the Committee for Audit and member of the Corporate Governance Committee; and Board Members Kubilay Aykol and Murat Doğan as members of the Corporate Governance Committee and Committee for Early Detection of Risk. There is no delegation of authority other than the distribution of tasks. The Corporate Governance Committee that also functions as the Nomination Committee and the Remuneration Committee has also been assigned with the Company's Environmental, Social and Governance matters and sustainability practices.

Number of reports presented by internal auditors to the audit committee or any relevant committee to the board

3

Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls

Internal System Unit

Name of the Chair

Sezgin Yılmaz

Name of the CEO

Hasan K. Bolat

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles

-

Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital

The Company has insurance for any damage that may be caused by the members of the board of directors during the discharge of their duties but the amount of the insurance does not exceed 25% of the capital. No PDP notification is made regarding this issue.

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

-

The number and ratio of female directors within the Board of Directors

There is one female Board Member in the Board. The ratio is 11%.

Board Members

Name-Surname	Whether Executive Director or Not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Sezgin Yılmaz	Non-Executive	Dependent Member	8/9/2020	-	-	-	Yes
Murat Karluk Çetinkaya	Non-Executive	Dependent Member	10/7/2020	-	-	-	Yes
Prof. Dr. Arzu Erdem	Non-Executive	Independent Member	21/3/2018	https://www.kap.org.tr/tr/Bildirim/1011121	Considered	Considered	No
Prof. Dr. Oğuz Cem Çelik	Non-Executive	Independent Member	23/3/2022	https://www.kap.org.tr/tr/Bildirim/1011121	Considered	Considered	No
İlkay Arıkan	Non-Executive	Independent Member	23/3/2022	https://www.kap.org.tr/tr/Bildirim/1011121	Considered	Considered	Yes
Hasan K. Bolat	Executive	Dependent Member	23/3/2022	-	-	-	Yes
Özcal Korkmaz	Non-Executive	Dependent Member	29/4/2020	-	-	-	Yes
Kubilay Aykol	Non-Executive	Dependent Member	1/10/2021	-	-	-	Yes
Murat Doğan	Non-Executive	Dependent Member	8/12/2014	-	-	-	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

The Board of Directors convened 5 times during the year.

Director average attendance rate at board meetings

93%

Whether the board uses an electronic portal to support its work or not

Yes

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

As a rule under the general practices of the Company, care is taken to send the information and documents relevant to the agenda of the board meetings to all board members at least one week in advance.

The name of the section on the corporate website that demonstrates information about the board charter

"Investor Relations/Corporate Governance/Articles of Association" and "Corporate/Board of Directors/Board of Directors Working Principles"

CORPORATE GOVERNANCE INFORMATION FORM

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

There is no policy covering the number of external duties held by directors. Assumption of external commitments by the Board members has been subject to the general provisions and the board members are required to get the permission of the General Assembly for having transactions with the Company and borrowing from the Company under the Article 395 of Turkish Code of Commerce (TTK) and noncompetition with the Company under the Article 396 of TTK.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Board of Directors/Terms of Reference of the Board of Directors and Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems sections and "Committee for Audit Report" section.

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.org.tr/tr/Bildirim/363253>

<https://www.kap.org.tr/tr/Bildirim/1074633>

Composition of Board Committees-I

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

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections and "Committee for Audit Report" section.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

"Board of Directors/Working Principles of Board of Directors Committees" and "Board of Directors' Assessment of the Efficiency of Board of Directors Committees and the Company's Internal Systems" sections

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Board of Directors Activities in 2022
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	The remuneration of Board of Directors is regulated in the Article 15 of Company's Article of Association. The remunerations of the Members of the Board of Directors are proposed by the Corporate Governance Committee and the remuneration to be paid is determined by the General Assembly. Company's Remuneration Policy comprising all executives and employees of the Company at every levels, is disclosed in the Company's web site in "Investor Relations/Corporate Governance/Policies" section.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	"Board of Directors/Remuneration of the Members of the Board of Directors" and "Additional Information Required by CMB Regulations/Remuneration of the Board of Directors and Senior Management"

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person
Corporate Governance Committee	80%	40%	The Committee held 11 meetings during the reporting period; no meetings were held physically due to COVID-19.	10
Committee of Early Detection of Risk	100%	33%	The Committee held 7 meetings during the reporting period; no meetings were held physically due to COVID-19.	7
Committee for Audit	100%	100%	The Committee held 8 meetings during the reporting period; no meetings were held physically due to COVID-19.	7

STATEMENT OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

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

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

The Company's 2022 activities within the frame of ESG policies have been presented to the Board of Directors in a report drawn up by the Corporate Governance Committee as stipulated in the Committee's terms of reference. The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2022 Annual Report.

From out of optional sustainability principles, the Company achieves partial compliance with the principles numbered B12, B13, B14, B15, B20, C1.10, D1, D2; however, the Company does not comply with the principles no. A2.3, and B4.

"Sustainability Report" describing the Company's compliance status

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

The "Sustainability Report" and "Sustainability Principles Compliance Framework" for 2022 are made available for the information of shareholders and all stakeholders in the Annual Report and under the "Corporate/Sustainability" tab on the Company website.

SUSTAINABILITY REPORT

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
A. General Principles						
A1. Strategy, Policy and Goals						
A1.1		x			The Company's material ESG issues, risks and opportunities have been set out specifically in the "Sustainability Policies" and Environmental and Social Impact Policy" approved by the Board of Directors and publicly disclosed, and in other guidelines that are made public.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			The Company has in place a Sustainability Policy, Environmental and Social Impact Policy, Human Rights and Human Resources Policy, Anti-Bribery Policy, Gifts and Entertainment Policy, Supplier Management Principles, Gender Equality Policy, Occupational Health and Safety Policy, and Customer Satisfaction Policy, which have been approved by the Board of Directors decision and publicly disclosed.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
A1.2		x			The Company's ESG targets have been set out under the related Policies and publicly disclosed.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			ESG priority issues, risks and opportunities have been determined by the Corporation's Board of Directors.	
		x			ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been prepared and disclosed to the public by the Corporation's Board of Directors.	
		x			Corporation Strategy in compliance with ESG policies has been determined and publicly disclosed.	
A2. Implementation/ Monitoring						
A2.1		x			The Corporate Governance Committee has been designated as the highest body responsible for ESG matters at the Company, and it oversees the implementation of sustainability policies. The Investor Relations and Sustainability Department, on the other hand, is responsible for the internal coordination of sustainability efforts and activities. This point has been announced by way of a PDP (Public Disclosure Platform) disclosure.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			The Corporate Governance Committee presented 2022 activities in a report it has drawn up to the Board of Directors.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/ Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
		x			Committees/units in charge of implementation of ESG policies and the highest-level officials in the corporation related to ESG issues and their duties have been identified and disclosed to the public.	
		x			Activities carried out under the policies by the responsible committee and/ or unit have been reported to the Board of Directors at least once a year.	

SUSTAINABILITY REPORT

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
A2.2	x				The Company developed implementation and action plans in line with ESG targets and publicly disclosed the same.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A2.3		x			The Company established its ESG policies in 2022. Determination of ESG key performance indicators will be considered in the future.	
A2.4	x				The Company publicly disclosed its efforts for improving its sustainability performance associated with its business processes or products and services.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A3. Reporting						
A3.1	x				The Company provided intelligible, accurate and adequate information regarding its sustainability performance, goals and actions in its 2022 Annual Report.	https://www.isgyo.com.tr/is-gyo-gayrimenkul-yat%C4%B1r%C4%B1mci-iliskileri-is-GYO-guvenesiyle/raporlar-ve-sunumlar/yillik-faaliyet- raporlari/
A3.2	x				With the activities it undertakes, the Company supports the following UN 2030 Sustainable Development Goals: Good Health and Well-Being; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Production and Consumption; Climate Action; Peace, Justice and Strong Institutions.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A3.3				x	There are no lawsuits in relation to ESG matters which are filed or concluded against the Company, or are material with respect to ESG policies or may have a material impact on operations.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
A4. Verification						

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
A4.1	The Corporation's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party.				x	Verification service is not applicable since the Company's ESG Key Performance criteria are not yet determined.	
B. Environmental Principles							
B1	The Corporation has declared its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	x				Adhering to the principles set out in the "Environmental and Social Impacts Policy" and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned implementations in this respect.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	x				These matters have been disclosed in the "GHG Report" for the period 1 January – 31 December 2022, and posted on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B3	The information is provided in A2.1.						
B4	Environmental goals included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.		x			Environmental targets are not included in rewarding criteria under the performance incentive systems.	
B5	The Corporation has disclosed to the public how the priority environmental issues are integrated into business objectives and strategies.	x				The Company reviews its business targets within the frame of the "Environmental and Social Impacts Policy" principles and environmental issues prioritized accordingly, and takes into account these matters when devising its investment strategies.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B6	The information is provided in A2.4.						

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		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
B7	<p>The Corporation has publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the corporation value chain, including the operational process, including suppliers and customers.</p>	x				<p>Targeting to develop environment-friendly, sustainable projects that focus on customer satisfaction within the frame of its publicly disclosed strategic goals, the Company has developed the "Customer Satisfaction Policy" and "Supplier Management Principles" in relation to its customers and suppliers that make two of the most important stakeholders of its value chain based on the Board of Directors decision when developing its ESG policies, and made them available for the information of all stakeholders on its Company website. If/when deemed necessary, the Company will carry out initiatives to raise further awareness of environmental and social issues of its customers and suppliers, and thus make sure its customers and suppliers are involved in the Company's Environmental and Social Impacts Policy.</p>	<p>Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/.</p>
B8	<p>The Corporation has disclosed to the public whether the corporate is involved in the policy-making processes of organizations on the environment and non-governmental organizations and collaborations with these institutions and organizations.</p>	x				<p>In the reporting period, the Company was not involved in environment-related policy making processes of concerned organizations and NGOs engaged in environmental issues.</p>	<p>Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/.</p>
B9	<p>In the light of environmental indicators [Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)11), air quality, energy management, water and waste water management, waste management, biodiversity effects], information on environmental impacts has periodically disclosed to the public in a comparable manner.</p>	x				<p>The Company is aware of the impacts of climate change on our daily lives, takes responsibility in this respect, and reports its GHG inventory. 2022 GHG Report commissioned in this scope has been publicly disclosed, and presents GHG emissions in comparison with previous periods.</p>	<p>https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/</p>
B10	<p>Details of the standards, protocols, methodologies, and base year employed for collection and calculation of its data have been disclosed to the public.</p>	x				<p>2022 GHG Report incorporates such information as the standard, protocol, methodology and so on employed for collecting and calculating data. The report has been publicly disclosed.</p>	<p>https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/</p>

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
B11	The Corporation has disclosed to the public the increase or decrease in environmental indicators for the report year comparison with past years.	x				Environmental indicators have been disclosed comparatively for the years 2020, 2021 and 2022.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B12	Short and long-term targets have been determined to reduce the corporate's environmental impacts, and the improvement of these targets and the targets determined in previous years has been disclosed to the public.			x		The Company has set its short- and long-term goals under the main targets defined in its policies to mitigate its environmental impact. The targets were first identified in 2022 reporting period, and progress achieved in relation to the goals will presumably be presented for the information of all stakeholders in the next reporting period.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B13	The Corporation has prepared its strategy and actions for fight against climate crisis and the planned actions have been disclosed to the public.			x		Within the scope of combating climate change, the Company considers risks and opportunities, works to minimize its impacts resulting from its operations, and determines the actions that need to be taken in this respect. The Company attaches the necessary importance to combating climate change, and carries out work for inclusion of climate crisis risk within the Company Risk Policy approved by the Board of Directors, and for its description in the Company Risk Catalogue. The Company spends efforts to regularly measure GHG emissions that act as the main cause of climate change and to conduct mitigation activities. The measures adopted for reducing carbon footprint, and the steps taken at the Head Office and existing properties and those under development have been defined together with the Company's environmental targets.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B14	Programs or procedures have been established and disclosed to the public aiming to prevent or minimize the potential negative effects of its products and/or services on the environment.	x				The Company has publicly disclosed the fundamental practices put in place or planned to avoid or minimize the potential negative effects of its property portfolio on the environment.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
	The Corporation has taken actions to reduce greenhouse gas emissions of third parties (e.g., suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.			x		The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency on the back of green building certification processes for its existing properties and those under development.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

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	Status of Compliance				Explanation	Link	
	Yes	No	Partially	Irrelevant			
B15			x		The Company publicly disclosed environmental benefits/gains and cost savings secured by the equipment used within the scope of IT employed for environmental impact mitigation purposes.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .	
B16		x			The Corporation's energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/	
B17				x	Public disclosure has been made about the electricity, heat, steam, and cooling produced in the reporting year.	There was no such generation during the reporting period.	
B18		x			Energy projects has been carried out and works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity have been disclosed to public.	The Company aims to qualify for I-REC and eco-energy labelling to help with increasing its renewable energy consumption and its transition to zero- or low-carbon electricity. I-REC certification is being obtained at the Company Head Office from 2021, and is intended to be obtained also in 2023 for the electricity consumed at the Company's Head Office.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B19		x			Renewable energy generation and consumption data have been disclosed to public.	The Company's electricity consumption figures at the Head Office are as follows: 81.106 MW/h in 2022 at the Head Office; 77,189 MW/h I-REC-certified green electricity in 2021.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
B20			x		The Corporation has conducted energy efficiency projects, and has disclosed the resulting reduction in energy consumption and emission due to its projects.	The Company takes care to use environment-friendly energy consuming systems for increased energy efficiency, and plans buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission levels.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
B21	x				The Company's total water consumption in 2022 was 16,397 cubic meters and it was disclosed in the GHG Report. The Company uses the mains water supplied by local administrations for its water consumption. Water waste is discharged into treatment facilities and similar infrastructures as defined by local administrations.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
B22				x	The Company is not included in any carbon pricing system by reason of its operations or activities.	
B23				x	No carbon credits were saved or purchased in the reporting period.	
B24				x	The Company does not implement carbon pricing.	
B25	x				The Company discloses its environmental data in the Annual Reports and under the "Corporate/Sustainability" tab on its Company website. Additionally, in the case of EIA report or similar applications for the projects developed, the related reports are publicly disclosed by the relevant regulatory authorities.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

C. Social Principles

C1. Human Rights and Employee Rights

C1.1	x				The Company has devised its "Human Rights and Human Resources Policy" that incorporates the Universal Declaration of Human Rights, the International Labor Organization (ILO) covenants that Türkiye ratified, and other applicable legislation, which was approved by the Board of Directors, and the Assistant General Manager to whom the HR function reports is responsible for the implementation of the said Policy. The Human Rights and Human Resources Policy and the people in charge of them are made available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
					The Corporate Human Rights and Employee Rights Policy has been established covering the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the aforesaid policy have been determined and the policy and those responsible have been disclosed to the public.	

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
C1.2	x				The Human Rights and Human Resources Policy covers various principles including non-discrimination between employees on any basis including race, religion, language, sect or any faith, gender, age, cultural or social class; respecting human rights, ensuring equal opportunities in all kinds of HR management processes, protecting employees from internal physical, mental and/or emotional abuse, implementation of a fair and competitive remuneration policy, establishment of necessary mechanisms for employee feedbacks and complaints; and the importance attached to training, development and talent management, as well as occupational health and safety.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
C1.3		x			Looking out for certain economically, environmentally and socially-vulnerable segments, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of "equal pay for equal work" without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the engagement of employees with disabilities, provision of equal promotion opportunities to women employees, etc.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.4		x			Adhering to the principle of respecting human rights and employee rights in its operations, the Company takes necessary measures against any indecent violation of rights. Forced labor, child labor, hazardous labor, etc. are out of the question at İş REIC. The Company employs people above the age of 18 and the said age limit is also incorporated in the Company's internal guidelines as a criterion for hiring. Suppliers are also expected to act accordingly pursuant to the Company's Human Rights and Human Resources Policy.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

		Status of Compliance				Explanation	Link
		Yes	No	Partially	Irrelevant		
C1.5	The corporate has disclosed its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management in the employee rights policy.	x				The Company's Human Rights and Human Resources Policy covers investments in employees, their compensations, fringe benefits, right to unionization, work-life balance solutions and talent management.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
	The corporate has determined dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes.	x				The Company employs open, transparent and cordial communication channels for employees to convey their opinions, suggestions, complaints and feedbacks, and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company's implementations and employees have been informed on the same.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
	The corporation has disclosed to the public the activities aimed at employee satisfaction within the reporting period.	x				The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and through fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.6	Occupational health and safety policies have been established and disclosed to the public.	x				The Company established its "Occupational Health and Safety Policy" which has been made available for the information of all stakeholders.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
	The corporation has disclosed actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	x				Measures adopted for preventing workplace accidents and protecting occupational health have been publicly disclosed. In 2022, no employees suffered an injury or a condition leading to a graver result such as death by reason of a workplace accident. On the other hand, 5 workdays were lost due to the activities carried out.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
C1.7	Personal data protection and data security policies are established and disclosed to the public.	x				The Company established its Personal Data Protection and Privacy Policy.	https://www.isgyo.com.tr/kurumsal/kisisel-verilerin-korunmasi/

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	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
C1.8	x				The Company established and disclosed its Code of Ethics.	https://www.isgyo.com.tr/is-gyo-gayrimenkul-yat%C4%B1r%C4%B1mci-iliiskileri-is-GYO-guvencesiyle/kurumsal-yonetim/etik-kurallar/
					Ethics policy is formulated and disclosed to the public.	
C1.9						
C1.10			x		Established by the Corporate Governance Committee within the frame of ESG factors and enforced based on the Board of Directors decision, ESG policies were shared with the employees in writing; additionally, briefing meetings were held with the employees regarding ESG policies and practices. During the reporting period, some employees participated in ESG training programs. It is planned to get a higher number of employees participate in these programs in the coming year as a short-term target for supporting employees' development in relation to ESG matters.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
					Information meetings and training programs have been organized for employees on ESG policies and practices.	
C2. Stakeholders, International Standards and Initiatives						
C2.1		x			The Company established its "Customer Satisfaction Policy" for customer complaints handling and resolution, and made it available for the information of all stakeholders on the Company website.	https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/
					A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.	
C2.2		x			The Company takes care to effectively maintain its communication with all stakeholders that are directly or indirectly affected by its activities in keeping with accountability and transparency concepts. The Company's main stakeholders that it is in contact with include employees, customers, suppliers and shareholders; the manner in which communication with these stakeholders is maintained has been publicly disclosed.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
					Information about the communication with the Stakeholders (which stakeholder, subject and frequency) has been disclosed to the public.	
C2.3				x	There is not an international reporting standard that the Company espoused in relation to sustainability.	
					The corporation has disclosed the international reporting standards it has adopted.	
C2.4				x	The Company did not embrace any principles, and is not a signatory or member of any international organization, committee and/or principle in relation to sustainability.	
					The corporation has disclosed to the public the principles adopted, international organizations it has signed or enrolled in, committees and principles regarding sustainability.	

	Status of Compliance				Explanation	Link
	Yes	No	Partially	Irrelevant		
C2.5	x				Having established its guidelines in relation to ESG matters and sustainability practices during the reporting period, the Company targets to improve its ESG and sustainability performance and qualify for inclusion in Borsa İstanbul Sustainability Index. Accordingly, the Company works to take necessary actions in this respect.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
D. Corporate Governance Principles						
D1			x		The structure of the "Sustainability Working Group" set up for effective and inclusive execution of sustainability activities that represents customers and suppliers, e.g. other important stakeholders of the Company, as well as employees allows being informed about the stakeholders' opinions about the sustainability issues being discussed, and hence, stakeholders' opinions are taken into consideration in determining the sustainability measures and strategies. Furthermore, the Company pays regard to the rights and interests of customers, suppliers or business partners and the public interest when adopting medium- and long-term strategies, as set out also in its Sustainability Policy.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .
D2			x		At present, the Company does not have an active social responsibility project running. The Company prioritizes creating stakeholder value while fulfilling its responsibility to our world, society and our people. Within the scope of the Company's publicly disclosed Corporate Social Responsibility Policy, education, environment and nature, culture & arts, and gender equality are the topics that are given priority. Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. Believing in the importance of increasing customers' and suppliers' awareness of environmental and social issues, the Company will be considering the potential actions that can be taken for raising increased awareness of stakeholders other than employees.	Can be found in 2022 Annual Report/Sustainability Principles Compliance Framework section and under the "Corporate/Sustainability" tab on the Company website at the address https://www.isgyo.com.tr/kurumsal/surdurulebilirlik/ .

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

A. GENERAL PRINCIPLES

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

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

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

The said guidelines have been established based on Board of Directors decisions and made available for the information of all stakeholders via the Company website. The guidelines can be found on the company website,

under the tab Corporate/Sustainability/ Policies. The Company's ESG targets are determined within the scope of relevant policies and disclosed publicly.

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

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

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

Activities carried out under the Company's ESG policies are reported at least annually to the Board of Directors, as stated also in the terms of reference of the Corporate Governance Committee. The Corporate Governance Committee presented its 2022 activities in its report to the Board of Directors.

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

The Company established its ESG policies in 2022. Determination of ESG key performance indicators will be considered in the future.

The Company conducts activities for improving its sustainability performance associated with its business processes and products and services. During the reporting period, "Supplier Management Principles" and "Customer Satisfaction Policy" regulating relationships with customers and suppliers that are important stakeholders of the Company have been established. Implementations realized for preventing or minimizing potential negative impacts of the Company's property portfolio on the environment are described in the "Environmental Principles" section, and its HR practices in the "Social Principles" section.

The Company presented intelligible, accurate and adequate information regarding the sustainability performance, goals and actions in its 2022 Annual Report and under the "Corporate/Sustainability" tab on its Company website.

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

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

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

B. ENVIRONMENTAL PRINCIPLES

Adhering to the principles set out in the "Environmental and Social Impacts Policy" and acting in an environmentally-sensitive manner in the conduct of its activities, the Company aims to achieve improvement in energy and

water efficiency, GHG emissions, waste generation and recycling under the said Policy, and disclosed its existing and planned actions in this respect.

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

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

- Care is taken to align the properties in the portfolio with the criteria of worldwide-accepted green building certifications such as LEED and BREEAM, and necessary work is undertaken accordingly on the basis of each property. LEED-EBOM application process for İş Towers Complex Tower 2 where the Company is headquartered, is envisaged to be completed in 2023.
- The Company aims to qualify for International Renewable Energy Certificate (I-REC) and eco-energy labelling for its electricity consumption at the Company Head Office for offsetting or minimizing its carbon footprint.
- Zero Waste Management process work is initiated for the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) where the Company is headquartered; the Zero Waste Certification was obtained for the Shopping Mall as of the date of this writing.

- For energy efficiency purposes, HVAC system in properties are set at a specific temperature from the central automation system, thus precluding unnecessary energy consumption due to overheating or overcooling of buildings.
- For instance, central automation system is employed in the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall), Tuzla Technology and Operations Center (TUTOM), Ege Perla Shopping Mall and Ankara İş Tower.
- The water collected by the rainwater harvesting system is used across the İş Towers Complex and for irrigation of green areas in TUTOM.
- Necessary work is in progress for the target of gradually replacing the common area lighting in the properties in the portfolio with LED fixtures for energy efficiency purposes. Implementations securing energy efficiency are targeted to be spread across the entire portfolio.
- Project design discussions are held for solar power generation for self-consumption at each property within the scope of renewable energy generation.

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

- The Company obtains energy identification document for ensuring energy efficiency in the projects that are being developed and pursues reduced energy consumption.

An energy identification document has been obtained for each project developed since 2011 for measurement and documentation of energy consumption in an effort to ensure efficient energy consumption. With respect to planned projects, the Company designs buildings with maximum energy efficiency by utilizing heat insulation systems that classify energy needs and consumption of buildings, and reduce GHG emission

levels for the purposes of reducing wasted energy and preserving the nature, correct and beneficial use of energy and energy resources.

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

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

In addition;

- Green building certification is targeted to be obtained in projects under development to devise and spread environmentally-sensitive design, implementation and operation standards.
- Importance is attached to systems that ensure environment-friendly energy consumption for increasing energy efficiency and reducing air pollution and carbon emissions. Accordingly, care is taken to using photovoltaic systems, a renewable energy source, for common area energy consumption. For instance, photovoltaic panels were used in Manzara Adalar Project.
- Care is taken to allocate indoor and outdoor spaces for as many electric vehicles and bicycles as possible, and specific access is provided in related spots in the project to encourage the residents of the project to use mass transportation.
- Care is taken to keep driving routes under the ground and to increase green spaces depending on the size of the projects. Çınarlı Bahçe Project

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developed in Tuzla has such a design, and a similar course is followed for Litus İstanbul Residential Project in development phase.

- EV charging stations are included in projects for reducing carbon emissions. For instance, such stations are included in the İstanbul Financial Center Project and Litus İstanbul Residential Project that are in development phase.
- Rainwater harvesting system is employed in projects in development phase. Additionally, care is taken to using greywater treatment system that contribute significantly to environmental protection by reducing unnecessary depletion of natural water resources, and also supports reducing wastewater generation and mains water consumption. For instance, both systems were used in Litus İstanbul Residential Project. Thus, treated greywater and rainwater are used for garden irrigation and/or flush tanks.
- Care is taken to using oil-water separator systems in projects to prevent water pollution. For instance, these systems were used in the Manzara Adalar Project and İstanbul Residential Project that were developed.
- Attention is paid to selecting locally-sourced and natural and/or recyclable materials and care is taken to procure the materials from points of extraction/purchase that are near the project site.
- Drought-resistant plants that require minimum watering are included in projects' landscaping; the ecosystem is supported by choosing species that break solar radiation and develop the green texture quickly, and whose leaves, flowers and seeds can be used. Rooftop gardens are created to minimize environmental impact.
- Solutions for reducing water consumption are preferred in the projects for conserving water

resources, and increasing and improving the use of these solutions are promoted.

- It is aimed to help conserve water resources by adding technologies that reduce water consumption such as water efficiency, wastewater treatment, water recycling and reuse technologies, and additionally, developing projects that embody these technologies.
- Attention is paid to engaging management companies that adopt technologies and methods that reduce wastewater ratio by reducing pollution and increase the safety of recycling.
- The Company reviews its business goals within the frame of "Environmental and Social Impacts Policy" principles and of environmental matters prioritized accordingly, and pays regard also to these points when formulating its investment strategies.

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

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

Achieving alignment with the criteria of globally-recognized green building certifications such as LEED, BREEAM

takes place among the Company's existing targets. The Company devised a strategy for obtaining LEED certification during the development phase of its future property projects and in renovations of its existing properties or within the scope of additional investments. During the execution of these certification processes, carbon footprint reduction, ensuring water and energy efficiency, waste management and recycling requirements are fulfilled.

The majority of the Company's property portfolio consist of properties that have received or applied for a certificate.

Certified properties:

Tuzla Technology and Operation Center - LEED Gold

Tuzla Mixed-Use Project - LEED Gold

Manzara Adalar (Residential) - LEED Gold

Kanyon Shopping Mall - BREEAM Outstanding

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

Properties for which approval process is in progress:

İş Towers Tower -2 - LEED - EBOM

İş Towers Tower -3 - LEED - CS

Ankara İş Tower - LEED - CS

About 45% of the Company's properties that generate rental income consist of investments possessing green building certification. This ratio will close in on 80% if all properties for which application process is ongoing earn certification.

The Company is in application phase for LEED Gold certification for the İstanbul Financial Center Project in development phase.

Furthermore, the Company targets to obtain a LEED certification for the office part of the Litus İstanbul Project that it

is developing, Tuzla Residential Project and the project that will be developed on the plot of the Dikilitaş Building, and undertakes the necessary work and efforts along this line.

İş REIC is aware of the impacts of climate change on our daily lives, takes responsibility in this respect, and reports its GHG inventory. Accordingly, 2022 GHG Report was prepared and posted under the "Corporate/Sustainability" tab on the Company website.

The said report's scope covered the Company Head Office, Kanyon Yön. İşl. Ve Paz. A.Ş. (Kanyon A.Ş.) owned by 50%, and Kanyon Shopping Mall managed by Kanyon A.Ş. and Office Lamartine,

and the reporting scope, period, data, limitations and other information including the standard, protocol, methodology etc. employed in reporting are described within the GHG Report.

Covering the period from 1 January 2022 through 31 December 2022, the report includes energy and water consumption data and GHG emissions also for the years 2020 and 2021, and increases or decreases in these environmental indicators as compared to previous years are made available for the information of all stakeholders.

Total energy consumption of the Company from 2020 through 2022 covered in the report is shown in the

tables below in MWh and GJ units. According to these tables, the highest energy consumption in 2022, which is the baseline year, resulted from fuel oil and electricity consumption at buildings. Energy consumption in 2022 was down by nearly 73% as compared to 2020.

According to the table below, total energy consumption in 2022 is 1,391.5 MWh; energy consumption resulting from fuel oil and electricity consumption at buildings is 960.2 MWh, whereas that resulting from fuel oil used for vehicles is 431.3 MWh.

İş REIC Total Energy Consumption, MWh

	2020 MWh	2021 MWh	2022 MWh
Electricity Consumption			
Fuel oil & electricity at buildings	4,887.9	2,060.2	960.2
Purchased grid electricity	3,538.2	265.3	261.2
Natural Gas	1,349.7	1,792.6	698.5
Generator (diesel)	0.0	2.2	0.0
Fuel oil for vehicles	322.6	395.7	431.3
Diesel	191.0	202.3	178.0
Gas	131.6	193.5	253.3
Total	5,210.5	2,455.9	1,391.5

According to the table below, total energy consumption in 2022 is 5,009.4 GJ; energy consumption resulting from fuel oil and electricity consumption at buildings is 3,456.8 GJ, whereas that resulting from fuel oil used for vehicles is 1,552.5 GJ.

İş REIC Total Energy Consumption, GJ

	2020 GJ	2021 GJ	2022 GJ
Electricity Consumption			
Fuel oil & electricity at buildings	17,596.6	7,416.6	3,456.8
Purchased grid electricity	12,737.5	955.2	942.3
Natural Gas	4,859.1	6,453.3	2,514.5
Generator (diesel)	0.0	8.1	0.0
Fuel oil for vehicles	1,161.2	1,424.7	1,552.5
Diesel	687.5	728.2	640.8
Gas	473.8	696.5	911.7
Total	18,757.8	8,841.3	5,009.4

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The Company's GHG emissions by years are shown in the table below. According to the table, total GHG emissions in 2022 comprised of Scope 1 emissions by 63.4%, Scope 2 emissions by 31.7% and Scope 3 emissions by 4.7%.

GHG Emissions (tCO ₂ e)	2020	2021	2022
Scope 1	358.2	467.2	254.8
Scope 2	1,770.3	233.3	127.5
Scope 3*	18.1	25.5	20.0
Grand Total	2,146.2	726.0	402.3

* Solely the waste resulting from operations, mains water consumption and business air travel Scope 3 (GHG Protocol – Categories 5 and 6) were calculated.

As seen in the table, total annual GHG emissions were 2,146.6 tCO₂e in 2020, 726 tCO₂e in 2021, and 402.3 tCO₂e in 2022. GHG emissions in 2022 were down by nearly 81% as compared to 2020.

Scope 2 emissions calculation took into account I-REC renewable energy procurement certifications; I-REC certifications obtained in 2022 for the Company Head Office, Kanyon Shopping Mall and Kanyon A.Ş. certified that electricity consumption at these locations are totally supplied from renewables.

The Company's total water consumption in 2022 is 16,397 cubic meters, which is down by 44% as compared to 2021 and up by 20% as compared to 2020. The Company uses the mains water supplied by local administrations for its water consumption. Wastewater is discharged into treatment facilities and similar infrastructures as defined by local administrations.

İş REIC Total Water Consumption, m³

	2020	2021	2022
Total Water Consumption	16,652	29,124	16,397

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

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

The Company does not directly undertake the construction works in its development projects or existing properties, but procures the construction service from construction companies

that operate within certain quality standards and are capable of satisfying the Company's expectations in relation to quality standards. When selecting these companies, the Company takes into account the service criteria that will ensure qualification as a "green building" and/or similar quality in development projects and properties subject to renovation. In addition, the Company oversees the interaction of the companies that will offer construction service with all the stakeholders that might be potentially impacted by the project or property with the aim of avoiding or minimizing potential environmental impacts of existing projects or those in development phase. Relationships with all suppliers and particularly with companies offering construction service are handled in accordance with the publicly disclosed "Supplier Management Principles" and "Code of Ethics".

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

evaluated by the related Ministry within this context, and projects, which are concluded to not have significant impacts upon the environment as a result of this assessment, receive an "Environmental Impact Assessment Not Required" certificate.

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

Major properties in the Company's portfolio such as İş Towers Complex, TUTOM, Kanyon Shopping Mall and Marmara Park Shopping Mall are operated by management companies holding ISO 14001 certification, and related environmental management system standards are observed in matters such as energy and water management, waste management and so on. In this context, approximately 90% of the Company's properties generating rental income are operated by management companies possessing ISO 14001 certification.

Zero Waste Management process work was initiated for the İş Towers Complex (Tower 2, Tower 3 and Tower Shopping Mall) where the Company is headquartered. Accordingly, waste collection spots were separated and waste sorting was ensured at the Complex in accordance with the Zero Waste Regulation, and necessary applications were filed for the management company to obtain a zero waste certificate; Zero Waste Certificate was received for Tower Shopping Mall as of the date of this writing. In addition, zero waste management system was

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

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

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

The Company spends efforts to regularly measure GHG emissions that act as the main cause of climate change and to conduct mitigation activities. The measures adopted for reducing carbon footprint, and the steps taken at the Head Office and existing properties and those under development have been defined together with the Company's environmental targets. Furthermore, the target of obtaining green building certification for existing projects and those under development takes place among the actions for reduction of GHG emissions. The Company contributes to reduction of GHG emissions of its suppliers and customers that it services by way of its properties and its implementations for carbon footprint reduction and securing energy and water efficiency as well as green building certification processes. In 2022, the Company started reporting on environmental factors including

carbon footprint, water and energy consumption, and publicly disclosed its practices and plans for reduction of those factors. The Company plans to continue measuring the said environmental indicators and to set and disclose numeric targets for the reduction of measurement results in the future. The Company also targets to gradually replace the vehicles in its fleet with hybrid vehicles.

Supporting the UN SDG no. 7 "Affordable and Clean Energy", the Company aims to qualify for I-REC and eco-energy labelling to help with increasing its renewable energy consumption and its transition to zero- or low-carbon electricity. I-REC certification is being obtained at the Company Head Office since 2021. In this framework, the Company consumed 81,106 MW/h of I-REC certified green electricity in 2022 and 77,189 MW/h of the same in 2021 at its Head Office. I-REC certification is intended to be obtained also in 2023 for the electricity consumed at the Company's Head Office.

Kanyon Shopping Mall and TUTOM, two of the Company's major properties that represent approximately 45% of the leasable portfolio in terms of value, also consume I-REC certified green electricity. In addition, some of the tenants in İş Towers Tower 2 & 3 also get I-REC certification.

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

- The number of physical servers existing at the Company was decreased from 20 to 3 within the scope of virtualization initiatives, and the annual energy consumption was reduced from 172,800 KW/h to 45,360 KW/H.

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- Conference rooms were set up in each construction site and sales office to enable online meetings instead of physical ones in view of the fact that the Company's construction sites and sales offices can be located in different places. Thus, 404 gram CO₂ emission per kilometer was avoided, enabled by the elimination of vehicle use for transportation.
- Paper consumption was minimized thanks to "Incoming and Outgoing Invoices" and "Incoming Documents" processes developed within the scope of digital transformation.
- Card readers are used for printing out documents at the Company, which prevents unnecessary printing. Reduced quantity of print-outs and the Ysoft software on printers saved 2,616 liters of water, 405 KW/h of energy and 26KG CO₂ in 2022.
- All scrap electrical devices are dispatched for being melted on condition of planting trees on behalf of the Company via TEMA Foundation (Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats), thus supporting the protection of land ecosystem.

The Company started taking steps to encourage its employees to delete large-capacity email that are not necessary to be kept on Outlook and online archives, with the aim of reducing the database disk dimension on its email server.

The said digital cleaning is intended to eradicate the need for replacing the data storage devices and to limit the Company's energy consumption. In addition, elimination of a new purchase will also contribute to offsetting the energy items spent for the production of the relevant device.

The Company has set its short- and long-term goals under the main targets defined in its policies to mitigate its

environmental impact. The targets were first identified in 2022 reporting period, and progress achieved in relation to the goals will presumably be presented for the information of all stakeholders in the next reporting period.

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

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

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

C. SOCIAL PRINCIPLES

The Company has devised its "Human Rights and Human Resources Policy" that incorporates the Universal Declaration of Human Rights, the International Labor Organization (ILO) covenants that Türkiye ratified, and other applicable legislation, which was approved by the Board of Directors, and the Assistant General Manager to whom the HR function reports is responsible

for the implementation of the said Policy. The Human Rights and Human Resources Policy and the people in charge of them are made available for the information of all stakeholders on the Company website.

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

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

Adhering to the said Policy principles in HR management, the Company strives to provide the necessary support to keep employees motivated, to constantly

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

Looking out for certain economically, environmentally and socially-vulnerable segments or minority rights, the Company aims to include all segments of the society in business life with the aim of a fair, egalitarian and modern working environment; and adheres to the principle of "equal pay for equal work" without discriminating on the basis of race, religion, language, gender, disability, etc. The Company offers equal opportunities for increasing employment of economically, environmentally and socially-vulnerable segments through various implementations such as supporting the participation of employees with disabilities, provision of equal promotion opportunities to women employees, and so on.

The Company established and disclosed its "Gender Equality Policy", which supports the UN SDG no. 5 "Gender Equality" in line with the principles of equal opportunity and diversity set out in its Human Rights and Human Resources Policy. In the coming period, the Company aims to become a signatory to the statements of initiatives championing gender equality on national and international platforms, that are aligned with the Company's purpose and strategies, have a large sphere of influence and offer opportunities for development. The Company also plans to organize gender equality awareness training for its employees.

Relying on a female labor-intensive workforce since its inception, the Company assigns women to managerial positions. The ratio of women employees is 47% at the Company that has 72 employees on its payroll as of 2022 year-end. While the ratio of women in senior executive positions is 50% and in middle-level managers is 40%, the ratio of women in all the managers of the Company is 44%. The distribution of employees by gender, age and educational background is provided in the "Human Resources" section of the Annual Report.

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

The ratio of women in new hires in 2022 is 42%, and the average age of new recruits is 32. The ratio of departure from the Company, on the other hand, is 8%¹ in 2022. 60% of the departed employees are women with an average age of 36.

Offering equal promotion opportunities to women employees, the Company

promoted a woman employee on maternity leave to managerial level in the reporting period. The Company also briefs women employees about all their rights available under the law prior to and after childbirth and looks out for employees' rights. There is a nursery room at the Company Head Office which can be used by women employees returning to active work after childbirth. Return-to-work and retention ratio after childbirth among women employees is 100%.

The Company takes necessary measures for respecting human rights and for protecting Company employees from any internal physical, psychological and emotional abuse. Employees refrain from any abuse, discrimination or abusive acts at the work place. Company employees abstain from any and all acts that might lead to abuse, discrimination or mobbing in the workplace. In such cases, employees are obliged to report the incident through the communication channels made available, including the Whistleblowing Line. In 2022, employees did not report any complaints regarding discrimination or abuse.

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

The Company employs open, transparent and cordial communication channels for employees to convey their opinions,

¹ İşten Ayrılma Oranı: (Toplam İşten Ayrılan Sayısı/Ortalama Çalışan Sayısı)*100

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suggestions, complaints and feedbacks, and mechanisms for resolution of conflicts. Conflict resolution processes are addressed in the Company's implementations and employees have been informed on the same.

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

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

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

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

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

The Remuneration Policy in place was approved by the Board of Directors and presented for the information of shareholders in the first General Assembly convened. Refusing all sorts of discrimination in processes and practices encompassing its employees within the frame of the Human Rights and Human Resources Policy, İş REIC compensates all employees in accordance with the principles of the Remuneration Policy, Human Rights and Human Resources Policy, and Human Resources Bylaws.

The Company's publicly disclosed Remuneration Policy applies to managers and employees working at any level; the basic principle is to ensure alignment of the remuneration to be paid to managers and employees at any level are in harmony with the Company's ethical values, internal balances and strategic goals, and not linked solely to the Company's short-term performance. Performance-based incentive payments are determined depending on objective conditions and in a manner

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

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

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

Company health insurance is provided to company employees and their dependent spouses and children in a manner that supports UN SDG no. 3 "Good Health and Well-Being"; all employees have life insurance, and employer contribution is granted for employees participating in the private pension system. The Company offers "Employee Support Program" that can be used by employees and family members residing in the same household with the purpose of helping them establish the work-life balance and enhancing employee satisfaction.

In addition, practices providing income support for a fixed period of time were introduced in 2022 with the aim of supporting employees' purchasing power.

The Company aims to maintain long-lived cooperation with employees and strives to ensure employee satisfaction. The Company organizes annual motivational events intended for the participation of all employees, prior to which employees' opinions are sought. Pursuing employees' work-life balance, the Company makes its employees feel that it stands by them at all times with the employee support service offered to all employees, and fringe benefits and supports provided for special occasions such as childbirth, marriage and special days. In addition, employees completing certain tenures with the Company receive a memento of service.

The Company bases employee training and development on "Performance and Competence Building System". This competence-based system clarifies the attitudes and behaviors expected of employees for achievement of targets in their respective areas of responsibility, lets them see their contribution to the Company as a whole, and aims to reinforce job satisfaction and motivation. The outputs of this system in which all employees actively take part and which is regarded as kind of a development journey for employees are used as an instrument in revealing employee potential. Furthermore, training programs supporting employees' improvement areas are organized based on the system's outputs.

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

In keeping with this approach, the Company continued to facilitate employee participation in training

programs in parallel with its governance strategies. Training activities in the reporting period were in the form of technical and professional training programs, extramural training for individual participation, seminars, e-learning platform and compulsory protective training sessions. In 2022, 16 hours of training per employee were provided on average.

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

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

Employees are informed of the decisions made in relation to them or of developments that concern them. There is not an employee representative, nor is there a trade union due to the scale of the Company; the employees did not so far submit such a demand to the Company management. On the other hand, the Company respects the right to unionization and collective bargaining. All employees are free to unionize and act of their own free will.

Similarly, collective bargaining agreement is not needed, given the Company's scale. On the other hand, the Company does not have any regulations prohibiting the freedom of association and the right to collective bargaining.

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

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

Under the applicable legislation and practices associated with occupational health and safety, the Company provides a healthy and safe working environment to its employees and constantly improves its related processes with preventive, corrective and protective approaches. The Company offers regular occupational health and safety training to employees, provides necessary information and raises awareness of the topic. In this framework, 368 hours of Occupational Health and Safety training were provided in total during the reporting period.

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

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

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

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

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

To prevent workplace accidents and to protect health:

- Employee training and briefing activities are carried out;
- Workplace physicians perform initiation and periodic health examinations of employees as part of health supervision; risk analyses and field observation are regularly conducted and renewed, led by the occupational safety expert and workplace physician at the workplace;
- Emergency action plans are created;
- Occupational Health and Safety Board meetings are held regularly;
- Accident analysis is performed in case of incidents such as workplace accidents and professional diseases, and related improvement procedures are devised;

Regulatory and preventive activities are organized with the relevant business units in line with the data and findings from field observations, near-misses and accident analyses at the Company.

The Company reports the measures adopted for workplace accidents and for protecting health, workplace accidents, and accident statistics to the Joint Health and Safety Unit (OSGB) from which service is provided, workplace physician and related authorities. In 2022, no employees suffered an injury or a condition leading to a graver result such as death by reason of a workplace accident. On the other hand, 5 workdays were lost due to the activities carried out.

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

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

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

Established by the Corporate Governance Committee within the frame of ESG factors and enforced based on the Board of Directors decision, ESG Policies were shared with the employees in writing; additionally, briefing meetings were held with the employees regarding ESG policies and practices. During the reporting period, some employees participated in ESG training programs. It is planned to get a higher number of employees participate in these programs in the coming year as a short-term target for supporting employees' development in relation to ESG matters.

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

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

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

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

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

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

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

The Company did not embrace any sustainability reporting standard or principles, nor is it a signatory or member of any international organization, committee and/or principle in relation to sustainability.

The Company will consider in the future to discuss adoption of international reporting standards and/or affiliation to international principles or organizations.

Having established its guidelines in relation to ESG matters and sustainability practices during the reporting period, the Company targets to improve its ESG and sustainability performance and qualify for inclusion in Borsa İstanbul Sustainability Index. Accordingly, the Company works to take necessary actions in this respect.

D. Corporate Governance Principles

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

At present, the Company does not have an active social responsibility project running. However, the Company prioritizes creating stakeholder value while fulfilling its responsibility to our world, society and our people. Within the scope of the Company's publicly disclosed Corporate Social Responsibility Policy, education,

environment and nature, culture & arts, and gender equality are the topics that are given priority. The Company's Corporate Social Responsibility Policy can be accessed on the Company website, under the "Corporate/Corporate Social Responsibility and Donations Policy" tab.

Briefing meetings and training programs for employees are organized for raising increased awareness of sustainability and its significance. Believing in the vitality of increasing the awareness of customers and suppliers in relation to environmental and social issues, the Company will be considering the potential actions to be taken for raising increased awareness of stakeholders other than employees.

REPORT BY THE COMMITTEE FOR AUDIT

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

Main Purpose:

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

Committee Members

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

Responsibilities:

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

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

independent audit and internal control and internal audit system;

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

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

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

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

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

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

Assessment of the Committee Performance:

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

Meetings:

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

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

Activities:

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

The activities of the Committee are summarized below:

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

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

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

Auditor's Efficiency:

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

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

The Company's independent audit service has been provided by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for 2017 2018, 2019, 2020, 2021 and 2022 activity years in accordance with the CMB legislation.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022 WITH INDEPENDENT AUDITORS' REPORT

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

30 January 2023

*This report consists of 4 pages independent
auditor's report and 62 pages financial statements
and supplementary footnotes*

INDEPENDENT AUDITOR'S REPORT

(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'nin ("Şirket"), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

INDEPENDENT AUDITOR'S REPORT

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.</p> <p>As of December 31, 2022, fair value amount of the investment properties disclosed in the financial statements has been valued at TL 13.813.456.730 TL 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, 2022, in the financial statements of the Company there has been inventories amounting to TL 58.508.963 in the current assets and TL 1.043.171.764 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.

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

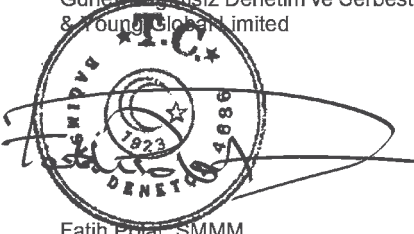
1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on January 30, 2023.

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 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Fatih Polat, SMMM
Partner

January 30, 2023
İstanbul, Turkey

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AS OF DECEMBER 31, 2022 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

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

		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	December 31, 2022	December 31, 2021
ASSETS			
Current assets		1.837.079.701	492.261.589
Cash and cash equivalents	5	1.246.119.883	138.562.954
Financial investments	6	128.943.342	--
Trade receivables	8	144.545.368	109.092.484
<i>Trade receivables from related parties</i>	25	<i>10.193.000</i>	<i>2.369.667</i>
<i>Trade receivables from third parties</i>		<i>134.352.368</i>	<i>106.722.817</i>
Other receivables	9	9.028.038	5.560.768
<i>Other receivables from third parties</i>		<i>9.028.038</i>	<i>5.560.768</i>
Derivatives	6	--	28.049.500
Inventories	11	58.508.963	139.873.007
Prepaid expenses	16	193.575.742	68.485.450
<i>Prepaid expenses to related parties</i>	25	<i>397.621</i>	<i>229.092</i>
<i>Prepaid expenses to third parties</i>		<i>193.178.121</i>	<i>68.256.358</i>
Other current assets	16	56.358.365	2.637.426
Non-current assets		15.580.139.555	6.184.059.709
Financial investments	6	555.334.332	272.785.497
Trade receivables	8	117.453	3.528.353
<i>Other trade receivables from third parties</i>		<i>117.453</i>	<i>3.528.353</i>
Inventories	11	1.043.171.764	381.236.548
Equity accounted investees	3	10.342.436	5.768.402
Investment properties	10	12.077.814.730	4.979.646.022
Investment properties under development	10	1.735.642.000	474.465.000
Tangible assets	12	143.597.505	55.492.519
Intangible assets	13	2.653.667	1.249.812
Prepaid expenses	16	11.465.668	9.887.556
<i>Prepaid expenses to third parties</i>		<i>11.465.668</i>	<i>9.887.556</i>
TOTAL ASSETS		17.417.219.256	6.676.321.298

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

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2022 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

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

		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2022	December 31, 2021
LIABILITIES			
Short-Term Obligations		3.488.283.156	1.000.398.213
Short term loans and borrowings	7	2.783.057.890	840.482.361
<i>Loans and borrowings to related parties</i>	25	909.896.992	442.594.531
<i>Loans and borrowings to third parties</i>		1.873.160.898	397.887.830
Current portion of long term loans and borrowings	7	615.429.589	5.645.663
<i>Loans and borrowings to related parties</i>	25	122.645.658	5.645.663
<i>Loans and borrowings to third parties</i>		492.783.931	--
Trade payables	8	18.433.078	10.550.029
<i>Trade payables to related parties</i>	25	7.466.348	4.310.834
<i>Trade payables to third parties</i>		10.966.730	6.239.195
Other payables	9	24.213.754	16.137.729
<i>Other payables to third parties</i>		24.213.754	16.137.729
Liabilities from contracts with customers	17	15.327.577	98.315.105
<i>Contractual obligations from sales of goods and services</i>		15.327.577	98.315.105
Deferred income (Excluding liabilities from contracts with customers)	16	2.022.923	18.673.511
<i>Deferred income from related parties</i>	25	104.619	56.771
<i>Deferred income from third parties</i>		1.918.304	18.616.740
Short-term provisions		6.374.683	6.517.479
<i>Provisions for employee benefits</i>	15	958.829	496.510
<i>Other short-term provisions</i>	14	5.415.854	6.020.969
Other short-term liabilities	16	9.212.963	4.076.336
Derivatives	6	14.210.699	--
Long-term liabilities		8.700.038	200.260.206
Long term loans and borrowings	7	--	197.107.317
<i>Loans and borrowings to related parties</i>	25	--	117.000.002
<i>Loans and borrowings to third parties</i>		--	80.107.315
Long term provisions		8.700.038	3.152.889
<i>Provisions for employee benefits</i>	15	8.700.038	3.152.889
EQUITY		13.920.236.062	5.475.662.879
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		135.964.985	55.581.064
<i>Revaluation and classification of gains/losses</i>		141.279.787	56.043.574
<i>Other earnings/losses</i>		(5.314.802)	(462.510)
Legal reserves	18	77.792.818	71.190.580
Prior years' profits	18	4.142.968.926	2.819.651.274
Net profit for the period		8.364.189.262	1.329.919.890
TOTAL EQUITY AND LIABILITIES		17.417.219.256	6.676.321.298

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

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

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

		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	1 January- 31 December 2022	1 January - 31 December 2021
Revenue	19	686.935.509	488.577.001
Cost of sales (-)	19	(240.442.642)	(200.955.447)
Gross Profit		446.492.867	287.621.554
General administrative expenses (-)	20	(49.350.519)	(30.243.898)
Marketing expenses (-)	20	(18.411.807)	(14.512.469)
Other operating income	22	8.279.018.073	1.235.439.964
Other operating expenses (-)	22	(3.384.162)	(659.131)
Operating profit		8.654.364.452	1.477.646.020
Income from investment activities	22	18.943.342	--
Share of profit of equity-accounted investees	3	5.074.034	1.983.108
Operating Profit Before Financing Expense		8.678.381.828	1.479.629.128
Financing income	23	--	46.193.755
Financing expenses (-)	23	(314.192.566)	(195.902.993)
Operating Profit before Tax From Continuing Operations		8.364.189.262	1.329.919.890
Tax Expense From Continuing Operations			
- Corporate tax charge		--	--
- Deferred tax benefit		--	--
Period Profit		8.364.189.262	1.329.919.890
Earnings per share	24	0,0872	0,0139

İlişikteki notlar bu finansal tabloların ayrılmaz bir parçasıdır.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	1 January- 31 December 2022	1 January - 31 December 2021
Net profit for the period		8.364.189.262	1.329.919.890
Other comprehensive income			
Other comprehensive income that will never be reclassified to profit or loss		80.383.921	14.789.183
Revaluation and classification of gains/losses	12	85.236.213	14.948.805
Actuarial gain/(loss) arising from defined benefit plans	15	(4.852.292)	(159.622)
Other comprehensive revenue		80.383.921	14.789.183
TOTAL COMPREHENSIVE REVENUE		8.444.573.183	1.344.709.073

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Notes	Share capital	Inflation restatement difference on share capital	Share premium
Balances as of January 1, 2021		958.750.000	240.146.090	423.981
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances as of December 31, 2021	18	958.750.000	240.146.090	423.981
Balances as of January 1, 2022		958.750.000	240.146.090	423.981
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances as of December 31, 2022	18	958.750.000	240.146.090	423.981

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

Other comprehensive income that will never be reclassified to profit or loss

Other earnings/ losses	Revaluation and classification of gains/losses	Legal reserves	Prior years' profits	Net profit for the period	Equity
(302.888)	41.094.769	70.941.969	2.553.397.882	266.502.003	4.130.953.806
--	--	248.611	266.253.392	(266.502.003)	--
(159.622)	14.948.805	--	--	1.329.919.890	1.344.709.073
(462.510)	56.043.574	71.190.580	2.819.651.274	1.329.919.890	5.475.662.879
(462.510)	56.043.574	71.190.580	2.819.651.274	1.329.919.890	5.475.662.879
--	--	6.602.238	1.323.317.652	(1.329.919.890)	--
(4.852.292)	85.236.213	--	--	8.364.189.262	8.444.573.183
(5.314.802)	141.279.787	77.792.818	4.142.968.926	8.364.189.262	13.920.236.062

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

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

		<i>Independently Audited</i> 2022	<i>Independently Audited</i> 2021
A. Cash flows from operating activities			
Net profit for the period		8.364.189.262	1.329.919.890
Profit adjustments for:			
Adjustments to depreciation and amortization	12, 13	3.473.565	2.477.126
Adjustments to impairment or cancelation		66.385	(32.220.733)
- Adjustments to impairment of receivables	8	66.385	2.096.646
- Adjustments to impairment of inventories	11	--	(34.317.379)
Adjustments for provisions		1.699.854	760.529
- Adjustments to provision for employee severance indemnity	15	1.699.854	760.529
Adjustments for (gain)/losses on fair value		(8.219.826.040)	(1.226.018.007)
- Adjustments to (gain)/losses on fair value of investment property	10	(7.948.849.894)	(1.139.831.513)
- Adjustments to (gain)/losses on fair value of financial assets	6	(286.145.275)	(39.992.739)
- Adjustments to (gain)/losses on fair value of derivatives	23	15.169.129	(46.193.755)
Adjustments for retained earnings of investments valued by equity method		(5.074.034)	(1.983.108)
- Adjustments for retained earnings of subsidiaries	3	(5.074.034)	(1.983.108)
Adjustments to interest income and expense		238.276.285	148.338.747
- Adjustments to interest income	19,22	(43.739.246)	(6.123.271)
- Adjustments to interest expense	23	282.015.531	154.462.018
Adjustments to foreign exchange differences		(48.257.737)	(19.297.162)
Operating profit from before the changes in working capital		334.547.540	201.977.282
Changes in working capital			
Changes in trade receivables		(32.108.369)	24.130.044
- Changes in trade receivables from related parties		(7.823.333)	(186.190)
- Changes in trade receivables from third parties		(24.285.036)	24.316.234
Changes in other receivables		(3.467.270)	813.287
- Changes in other receivables from related parties		--	1.175.000
- Changes in other receivables from third parties		(3.467.270)	(361.713)
Changes in inventories		(447.085.330)	77.884.013
Changes in prepaid expenses		(126.668.404)	(64.338.911)
Changes in trade payables		7.883.049	2.508.771
- Changes in trade payables from related parties		3.155.514	1.413.968
- Changes in trade payables from third parties		4.727.535	1.094.803
Changes in other payables		8.076.025	4.763.236
- Changes in other payables from third parties		8.076.025	4.763.236
Changes in liabilities from contracts with customers		(82.987.528)	60.301.956
- Changes in contractual obligations from sales of goods and services		(82.987.528)	60.301.956
Changes in deferred income (Excluding liabilities from contracts with customers)		(16.650.588)	16.566.490
Other changes in working capital		(48.584.312)	(1.485.363)
- Changes in other assets		(53.720.939)	(2.373.636)
- Changes in other liabilities		5.136.627	888.273
		(407.045.187)	323.120.805
Cash generated from operating activities			
Employee termination benefits paid	15	(542.678)	(90.902)
Interest received	5, 19	30.033.133	5.798.034
Net cash provided by/(used in) operating activities		(377.554.732)	328.827.937
B. Cash flows from investment activities			
Cash outflows for the acquisition of shares of other entities or funds or debt instruments		(8.327.998)	(2.220.798)
Cash outflows from the purchase of financial assets		(110.000.000)	--
Cash outflows arising from purchase of investment properties	10	(410.495.814)	(182.934.674)
Cash outflows arising from purchases of tangible and intangible assets	12, 13	(7.802.390)	(1.935.913)
- Cash outflows arising from purchases of tangible assets		(5.698.531)	(1.029.066)
- Cash outflows arising from purchases of intangible assets		(2.103.859)	(906.847)
Dividends received		500.000	500.000
Net cash used in investing activities		(536.126.202)	(186.591.385)
C. Cash flows from financing activities			
Cash inflows arising from derivatives		31.759.920	45.227.800
Cash outflows arising from derivatives		(4.668.850)	(3.374.085)
Borrowings received	7	3.270.574.950	2.291.187.851
Borrowings paid	7	(1.029.335.450)	(2.272.488.656)
Interest paid	7	(302.037.653)	(143.004.995)
Net cash provided by financing activities		1.966.292.917	(82.452.085)
Increase/(decrease) in cash and cash equivalents before effect of changes in foreign currency rates		1.052.611.983	59.784.467
Effect of changes in foreign currency rates over cash and cash equivalents		48.257.737	19.297.161
Net increase/(decrease) in cash and cash equivalents		1.100.869.720	79.081.628
Cash and cash equivalents at the beginning of the period	5	137.997.601	58.915.973
Cash and cash equivalents at the end of the period	5	1.238.867.321	137.997.601

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

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022**

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

1. Organization and operations of the Company

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

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

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

As of December 31, 2022, the Company has 72 employees (December 31, 2021: 66).

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

2. Basis of presentation of financial statements**2.1 Basis of presentation**Statement of compliance

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

The financial statements as of December 31, 2022 were approved by the Board of Directors on January 30, 2023 and signed on behalf of the Board of Directors. The General Assembly and the legal authorities have the authority to amend the statutory financial statements and these financial statements.

Additional paragraph for convenience translation into English

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

Preparation of financial statements

The accompanying financial statements have been presented in accordance with the TAS taxonomy announced by POA as of 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

According to TAS 29 Financial Reporting Standard in Hyperinflation Economies, businesses whose functional currency is the currency of a hyperinflationary economy report their financial statements according to the purchasing power of money at the end of the reporting period. TAS 29 defines the characteristics that may indicate that an economy is an economy with hyperinflation. At the same time, according to TAS 29, all enterprises reporting in the currency of hyperinflationary economy are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

required to apply this Standard from the same date. For this reason, it is expected that all enterprises will start applying TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice throughout the Country, as specified in TAS 29. However, POA has not made a statement regarding whether an adjustment will be made in accordance with TAS 29 in the financial statements for the accounting period ended on December 31, 2022. Therefore, TAS 29 has not been applied in the financial statements dated December 31, 2022 and no inflation adjustment has been made.

Interest in Joint Arrangements

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

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

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

Foreign currency transactions

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

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

2.2 Changes in accounting policies and estimates

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

2.3 The new standards, amendments and interpretations

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

i) The new standard, amendments and interpretations which are effective as of 1 January 2022 are as follows:

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

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

Annual Improvements - 2018-2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

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

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

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

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

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

IFRS 17 – New Standard for Insurance Contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The effects of this standard on the Company's financial position and performance of the Group are evaluated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

2.4 Summary of significant accounting policies

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

2.4.1 Accounting for income and expenses

Revenue

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

Rent income from investment properties under operating leases

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

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

Revenue from sale of investment property

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

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

Interest income and expenses

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

Other income and expenses

Other income and expenses are recognized on an accrual basis.

2.4.2 Investment property

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

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

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

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

2.4.3 Tangible assets

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

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

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

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

Depreciation

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

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

Subsequent costs

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

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2.4.4 Intangible assets

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

Amortization

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

2.4.5 Impairment of non-financial assets

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

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

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

2.4.6 Inventories

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

2.4.7 Financial instruments**i) Financial assets****Classification**

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

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Recognition and Measurement

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

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

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

Derecognition

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

Impairment

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

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

Trade Receivables

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

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

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

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

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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 obligations*Trade and other payables*

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

iv) Derivative financial instruments

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

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

v) Paid-in capital*Ordinary shares*

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

2.4.8 Offsetting

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

2.4.9 Effects of foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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 assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. If the related criteria not met, obligations must be disclosed in the notes to the financial statements.

If there is a probable cash inflow for an economic benefit, contingent asset must be disclosed in the notes to the financial statements. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably

2.4.14 Taxes calculated on the basis of the company's earnings

The Company

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

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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.

Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the New Corporate Tax Law, real estate investment company earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognized.

2.4.15 Employee benefits/Retirement pay provisions

In accordance with TAS 19 all actuarial gains and losses are recognized in other comprehensive income. The most important change in new TAS 19 is related to the accounting for the defined benefit obligations effective from 31 December 2012.

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 Employee Benefits.

The retirement benefit obligation recognized in the financial statements represents the present value of the defined benefit obligation. All actuarial gains and losses have been recognized in the statement of other comprehensive income.

2.4.16 Share capital and dividends

Common shares are classified as equity. Expenses directly attributable to the issuance of common shares and share options are recognized in equity with net of tax. Dividends on common shares are recognized in equity in the period in which they are approved and announced.

2.4.17 Related parties

For the purpose of the accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. Shareholders and the Company's management are also included in the related parties. Related party transactions include the transfer of the assets and liabilities between institutions with or without a charge.

2.4.18 Leasing

Finance leasing is a leasing method which most of the risks and rewards transferred to lessee. All other leasing activities are classified as operational leasing.

The Company, as lessor in the operational lease transactions

Operational lease income is recognized in the profit or loss on a straight-line basis for the whole lease period in the agreement.

The Company, as lessee in the operational lease transactions

Operating lease expenses are recorded in the profit or loss statement by linear method during the lease period. The direct initial costs incurred in the realization and negotiation of the lease are likewise included in the cost of the leased asset and are amortized for the duration of the lease by the linear method.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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2.4.19 Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. Cash and cash equivalents are comprised of cash, receivables from reverse repos and time deposits with maturity shorter than three months.

2.4.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.5 Restrictions on the investment portfolio of real estate investment trusts

The information included in the footnote titled "Control of Compliance with Portfolio Limitations" is in the nature of summary information derived from financial statements in accordance with the CMB's Communiqué Serial: II No: 14.1 "Principles of Financial Reporting in the Capital Markets". This information was published in the Official Gazette numbered 28660 on May 28, 2013, Serial: III, No: 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts"; The Communiqué on the Amendment of the Communiqué, Serial: III, No: 48.1a, published in the Official Gazette No. 28891 on January 23, 2014, and published in the Official Gazette No. 31269 on October 9, 2020, Serial: III No: Amendments to the Communiqué No. 48.1.e on "Principles Regarding Real Estate Investment Trusts". It has been prepared within the framework of the provisions of the Communiqué on the control of compliance with portfolio limitations.

2.6 Accounting estimates

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions. The main notes on which estimates are used are as follows:

- Note 10 Investment property
- Note 11 Inventories
- Note 14 Provision for litigation
- Note 15 Provisions for employee benefits

Current account balance

As of 31 December 2022, current assets of the Company are amount to TL 1.837.079.701 and short term liabilities of the Company are amount to TL 3.488.283.156 short term liabilities exceeded current assets TL 1.651.203.455. In addition, there are advances received are amount to TL 15.327.577 arising from house sales are included to short term liabilities.

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

The Company anticipates that approximately 600 million TL of rental income will be collected from the investment properties in the following year.

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3. Equity accounted investees

The investments that are valued using equity method are shown in the financial statements of the Company by using equity method. Company's business partnerships that valued according to equity method are listed below:

	Ownership rate (%)	December 31, 2022	Ownership rate (%)	December 31, 2021
Kanyon	50	10.342.436	50	5.768.402
		10.342.436		5.768.402

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

Kanyon	December 31, 2022	December 31, 2021
Current assets	66.623.853	31.921.418
Non-current assets	3.399.433	1.037.744
Short-term liabilities	(45.851.183)	(19.628.531)
Long-term liabilities	(3.487.232)	(1.793.827)
Net assets	20.684.871	11.536.804
Kanyon	2022	2021
Income for the period	152.149.149	71.421.479
Expense for the period (-)	(143.001.080)	(67.455.263)

The Company recognized profit amounting to TL 5.074.034 resulting from consolidation of Kanyon with equity method for the year ended December 31, 2022 (December 31, 2021: TL 1.983.108) in the accompanying statement of profit and loss.

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.

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	Ankara İş Kule Building	İstanbul İş Kuleleri Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	İstanbul Kanyon Shopping Mall	İstanbul Marmara Park Shopping Mall	Taksim Office Lamartine
December 31, 2022							
<u>Sales revenue</u>							
Income from sales of residential units	--	--	--	--	--	--	--
Rent income	7.600.858	54.656.096	534.594	1.840.469	76.973.213	--	3.371.490
Income from right of construction	--	--	--	--	--	81.414.894	--
Income fees and service	--	145.682	145.682	--	145.417	--	--
Other income	--	74.131	--	--	612.130	--	--
Real estate revenue	7.600.858	54.875.909	680.276	1.840.469	77.730.760	81.414.894	3.371.490
Cost of sales of residential units	--	--	--	--	--	--	--
Administrative expense	--	29.630.209	642.433	--	17.584.423	--	749.424
Tax and duty and other charges	521.998	4.167.521	341.788	60.962	2.784.335	1.665.815	236.280
Insurance expense	107.531	815.668	75.222	40.953	603.898	--	30.589
Other	1.000	76.167	5.000	--	86.790	--	--
Cost of Sales	630.529	34.689.565	1.064.443	101.915	21.059.446	1.665.815	1.016.293
Gross Profit	6.970.329	20.186.344	(384.167)	1.738.554	56.671.314	79.749.079	2.355.197
Capital investments	4.000	1.968.671	--	--	2.874.555	--	60.894
	Ankara Business Tower Building	İstanbul Business Towers Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	İstanbul Kanyon Shopping Center	İstanbul Marmara Park AVM	Taksim Office Lamartine
December 31, 2021							
<u>Sales revenue</u>							
Income from sales of residential units	--	--	--	--	--	--	--
Rent income	6.345.158	38.956.731	392.106	1.084.644	35.908.379	--	2.640.489
Income from right of construction	--	--	--	--	--	38.117.321	--
Income fees and service	--	--	64.061	--	86.331	--	--
Other income	--	--	--	--	84.814	--	--
Real Estate Revenues	6.345.158	38.956.731	456.167	1.084.644	36.079.524	38.117.321	2.640.489
Cost of sales of residential units	--	--	--	--	--	--	--
Administrative expense	--	11.436.252	303.182	--	10.247.530	--	390.021
Tax and duty and other charges	394.645	2.784.359	286.056	32.525	2.404.831	1.276.633	140.476
Insurance expense	104.985	687.719	81.098	39.029	415.493	--	33.029
Other	20.087	217.397	500	--	91.840	12.500	--
Cost of Sales	519.717	15.125.727	670.836	71.554	13.159.694	1.289.133	563.526
Gross Profit	5.825.441	23.831.004	(214.669)	1.013.090	22.919.830	36.828.188	2.076.963
Capital investments	73.735	483.382	9.000	--	3.776.990	--	--

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Tuzla Technology and Operation Center	Istanbul Tuzla Square Bazaar	Izmir Ege Perla Shopping Mall	Izmir Ege Perla Residence/ Office	Kartal Manzara Adalar	Topkapi Inistanbul	Kasaba Evleri	Other Real Estate	Total
--	--	--	30.556.609	117.299.529	1.050.182	120.313.446	--	269.219.766
136.774.754	2.321.520	8.169.431	652.601	16.245	--	--	--	292.911.271
--	--	--	--	--	--	--	--	81.414.894
--	--	2.346.360	--	--	--	--	--	2.783.141
--	--	11.846	--	--	--	--	--	698.107
136.774.754	2.321.520	10.527.637	31.209.210	117.315.774	1.050.182	120.313.446	--	647.027.179
--	--	--	14.548.099	35.770.000	740.071	93.743.560	--	144.801.730
--	3.268.487	20.514.717	256.009	1.278.551	--	--	--	73.924.253
1.972.546	123.112	73.737	1.285.219	174.396	193.409	--	27.958	13.629.076
2.244.591	155.849	1.096.862	359.002	75.610	--	--	394.783	6.000.558
--	--	268.414	--	75.745	1.539.784	--	34.125	2.087.025
4.217.137	3.547.448	21.953.730	16.448.329	37.374.302	2.473.264	93.743.560	456.866	240.442.642
132.557.617	(1.225.928)	(11.426.093)	14.760.881	79.941.472	(1.423.082)	26.569.886	(456.866)	406.584.537
11.082	--	7.197.039	--	272.029	--	53.473.039	1.060.314.788	1.126.176.097
Tuzla Technology and Operation Center	Istanbul Tuzla Square Bazaar	Izmir Ege Perla Shopping Mall	Izmir Ege Perla Residence/ Office	Kartal Manzara Adalar	Topkapi Inistanbul	Other Real Estate	Total	
--	--	--	32.602.388	180.709.422	22.736.938	--	236.048.748	
114.360.163	1.218.450	4.101.012	557.155	81.344	--	--	205.645.631	
--	--	--	--	--	--	--	38.117.321	
--	--	859.874	--	--	--	--	1.010.266	
--	--	--	--	2.951	--	--	87.765	
114.360.163	1.218.450	4.960.886	33.159.543	180.793.717	22.736.938	--	480.909.731	
--	--	--	20.357.492	109.899.194	19.345.491	--	149.602.177	
--	1.081.595	10.818.858	586.777	2.215.152	--	171.538	37.250.905	
1.447.667	87.336	969.073	--	271.687	--	--	10.095.288	
979.019	161.811	394.830	21.051	67.835	--	44.450	3.030.349	
--	841	16.324	219.822	383.423	--	13.994	976.728	
2.426.686	1.331.583	12.199.085	21.185.142	112.837.291	19.345.491	229.982	200.955.447	
111.933.477	(113.133)	(7.238.199)	11.974.401	67.956.426	3.391.447	(229.982)	279.954.284	
223.715	--	7.373.354	--	273.840	3.908.173	228.227.461	244.349.650	

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Reconciliations on revenues, assets and liabilities

Sales Revenue	1 January- 31 December 2022	1 January - 31 December 2021
Segment revenue	647.027.179	480.909.731
Undistributed revenue	39.908.330	7.667.270
Total Revenue	686.935.509	488.577.001
Cost of sales	1 January- 31 December 2022	1 January - 31 December 2021
Segment Costs	(240.442.642)	(200.955.447)
Total cost of sales	(240.442.642)	(200.955.447)
Assets	December 31, 2022	December 31, 2021
Segment assets	14.915.137.457	5.975.220.577
Other assets	144.662.821	112.620.837
Non-segment related assets	2.357.418.978	588.479.884
Total assets	17.417.219.256	6.676.321.298
Liabilities	December 31, 2022	December 31, 2021
Segment liabilities	3.425.050.942	1.164.300.293
Other liabilities	71.932.252	36.358.126
Total liabilities	3.496.983.194	1.200.658.419

5. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Time deposits	212.937.140	17.174.012
Demand deposits	1.026.570.866	118.732.252
Mutual funds	6.604.877	2.656.690
Other cash equivalents	7.000	--
	1.246.119.883	138.562.954
Interest accrued on cash and cash equivalents	(7.252.562)	(565.353)
Total cash and cash equivalents in the statement of cash flows	1.238.867.321	137.997.601

5. Cash and cash equivalents (more)

Time Deposits:			
Currency	Interest rate	Maturity	December 31, 2022
Euro	0,01%	January 2023	67.552.515
US Dollar	0,40-0,60%	January 2023	227.888.384
TL	17,00-22,00%	January-February 2023	731.129.967
			1.026.570.866
December 31, 2022	Cost	Fair value	
Mutual funds	6.583.503	6.604.877	
	6.583.503	6.604.877	
Time Deposits:			
Currency	Interest rate	Maturity	December 31, 2021
Euro	0,05%	January 2022	30.174.020
US Dollar	0,06%	January 2022	19.993.796
TL	16-16,25%	January 2022	68.564.436
			118.732.252

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December 31, 2021	Cost	Fair value
Mutual funds	2.643.014	2.656.690
	2.643.014	2.656.690

6. Financial investments/Derivatives**Short-term financial investments**

Short-term financial investments	December 31, 2022	December 31, 2021
Currency-protected deposits	128.943.342	--
Total	128.943.342	--

Long-term financial investments

Long-term financial investments	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
İş Asset Management 2nd Real Estate Investment Fund	555.334.332	272.785.497
Total	555.334.332	272.785.497

As of 31 December 2022, the Company is kept the held of financial investments with 555.334.332 shares from İş Asset Management 2nd Real Estate Investment Fund

The movement of İş Asset Management 2nd Real Estate Investment Fund is follow;

	2022	2021
Opening balance, January 1	272.785.497	230.571.960
Additions	8.327.998	2.220.798
Fair value difference (Note 22)	274.220.837	39.992.739
December 31 balance	555.334.332	272.785.497

Derivatives

	December 31, 2022	December 31, 2021
Financial assets held for trading		
Derivative instruments	--	28.049.500
Total	--	28.049.500

	December 31, 2022	December 31, 2021
Financial liabilities held for trading		
Derivative instruments	14.210.699	--
Total	14.210.699	--

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7. Loans and borrowings

As of December 31, 2022 and 2021, the details of financial borrowings are as follows:

	December 31, 2022	December 31, 2021
Short-term borrowings		
Short-term bank borrowings	1.872.120.780	765.999.596
Issued commercial papers	910.937.110	74.482.765
Total	2.783.057.890	840.482.361
Short-term portions of long-term financial borrowings:		
Short-term portions of long-term loans	122.645.658	5.645.663
Issued bonds	492.783.931	--
Total	615.429.589	5.645.663
Long-term financial borrowings:		
Long-term bank loans	--	117.000.002
Issued bonds	--	80.107.315
Total	--	197.107.317

As of December 31, 2022 and 2021, the details of bank loans are as follows:

			December 31, 2022	
Currency	Interest rate (%)	Original currency amount	Short term (TL)	Long term (TL)
TL	13,50-33,00	1.994.766.438	1.994.766.438	--
Total		1.994.766.438	1.994.766.438	--
			December 31, 2021	
Currency	Interest rate (%)	Original currency amount	Short term (TL)	Long term (TL)
TL	17,00-20,15	888.645.261	771.645.259	117.000.002
Total			771.645.259	117.000.002

In the accounting period ending on 31 December 2022, the Company borrowed cash loans amounting to TL 1.829.493.000, some of which expire within the maturity period, with maturities ranging from 6 months to 1 year, with an interest rate of 13,50% to 33,00%.

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The details of the securities issued as of December 31, 2022 and 2021 are as follows:

						December 31, 2022
ISIN CODE	Interest rate (%)	Nominal amount		Date of issuance	Amortization date	Registered value
		issued (TL)				
TRSISGY32319	21,2	90.000.000		25 February 2022	2 March 2023	106.057.274
TRSISGY82314	34,5	101.000.000		15 August 2022	17 August 2023	112.824.119
TRSISGY82322	34,5	150.000.000		18 August 2022	21 August 2023	167.133.940
TRSISGYE2319	30	100.000.000		28 September 2022	3 October 2023	106.768.598
TRFISGY22317	30,5	200.000.000		22 June 2022	17 February 2023	211.849.044
TRFISGY52314	25	400.000.000		19 October 2022	17 April 2023	416.153.095
TRFISGY42315	27	270.000.000		3 November 2022	3 May 2023	282.934.971
1.311.000.000						1.403.721.041
						December 31, 2021
ISIN CODE	Interest rate (%)	Nominal amount		Date of issuance	Amortization date	Registered value
		issued (TL)				
TRSISGYA2214	17,5	78.650.000		11 November 2021	9 December 2022	80.107.315
TRFISGY12219	19,1	75.000.000		15 September 2021	14 January 2022	74.482.765
153.650.000						154.590.080

The statement of movement of financial borrowings for the years ended December 31 is as follows:

	2022	2021
Opening balance, January 1	1.043.235.341	1.012.978.908
Borrowings received	3.270.574.950	2.291.187.851
Borrowings paid	(1.029.335.450)	(2.272.488.656)
Interest paid	(302.037.653)	(143.004.995)
Interest accrual	416.050.291	154.562.233
December 31 balance	3.398.487.479	1.043.235.341

8. Trade receivables and liabilities**Short-term trade receivables and liabilities**

	December 31, 2022	December 31, 2021
<u>Trade receivables</u>		
Receivables from customers	34.348.725	28.857.270
Income accruals	98.897.080	76.596.785
Notes receivable	1.119.013	1.298.762
Rediscount of notes receivables (-)	(12.450)	(30.000)
Doubtful receivables	8.653.165	8.586.780
Provision for doubtful receivables (-)	(8.653.165)	(8.586.780)
Due from related parties (Note 25)	10.193.000	2.369.667
	144.545.368	109.092.484
<u>Trade payables</u>		
Payables to suppliers	10.966.730	6.239.195
Due to related parties (Note 25)	7.466.348	4.310.834
	18.433.078	10.550.029

⁽¹⁾ It consists of tenant income accruals.

As of December 31, 2022, the provision for doubtful trade receivables is TL 8.653.165 TL (December 31, 2021: TL 8.586.780). Provision for doubtful receivables is determined based on the historical collection performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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Movement of provision for doubtful receivables for the year is as follows:

	December 31, 2022	December 31, 2021
Opening balance, 1 January	(8.586.780)	(6.490.134)
Charge for the period	(1.025.182)	(2.646.826)
Provisions released	958.797	550.180
December 31 balance	(8.653.165)	(8.586.780)

Long-term trade receivables

	December 31, 2022	December 31, 2021
Trade receivables		
Receivables from customers	47.630	1.964.886
Income accruals	69.823	1.563.467
	117.453	3.528.353

9. Other receivables and payables

	December 31, 2022	December 31, 2021
Other short-term receivables ^(*)	9.028.038	5.560.768
	9.028.038	5.560.768

^(*) TL 3.500.000 of the amount consists of tax office receivables (31 December 2021: TL 3.456.536).

	December 31, 2022	December 31, 2021
Other debts – short-term		
Deposits and guarantees given	22.761.575	13.103.982
Other short-term payables ^(*)	1.452.179	3.033.747
	24.213.754	16.137.729

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

10. Investment properties

As of December 31, 2022 and 2021, the details of investment properties are as follows:

	December 31, 2022	December 31, 2021
Investment property that are active	12.077.814.730	4.979.646.022
Investment property under construction	1.735.642.000	474.465.000
Total	13.813.456.730	5.454.111.022

As of 31 December 2022, total insurance amount on investment properties is TL2.656.708.416 (31 December 2021: TL 2.383.229.698).

In 2022, finance expense is capitalized amounting to TL 110.055.447 (31 December 2021: TL 14.709.127) at investment properties and inventories of the Company.

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	1 January 2022 opening balance	Purchases	Fair value difference	31 December 2022 closing Balance
Investment properties				
Tuzla Technology and Operation Centre	1.652.647.000	11.082	2.265.681.918	3.918.340.000
Istanbul İş Kuleleri Complex	1.494.254.000	1.968.671	2.378.967.329	3.875.190.000
Kanyon Shopping Mall	691.935.000	2.874.555	705.190.445	1.400.000.000
Istanbul Marmarapark Shopping Mall	349.757.000	--	565.243.000	915.000.000
Izmir Ege Perla Shopping Mall	282.430.000	7.197.039	81.697.961	371.325.000
Ankara İş Kule Building	178.185.000	4.000	202.811.000	381.000.000
Maslak Office Building	163.150.000	--	351.850.000	515.000.000
Taksim Office Lamartine	105.120.000	60.894	267.819.106	373.000.000
Tuzla Meydan Bazaar	31.675.000	--	51.925.000	83.600.000
Mugla Marmaris Mallmarine Shopping Mall	22.160.000	--	41.650.000	63.810.000
Levent Land	8.333.022	113.412	2.803.296	11.249.730
Dikilitaş Building	--	173.522.827	(3.222.827)	170.300.000
	4.979.646.022	185.752.480	6.912.416.228	12.077.814.730
Investment property under construction				
Istanbul Finance Center Project	474.465.000	224.743.334	1.036.433.666	1.735.642.000
	474.465.000	224.743.334	1.036.433.666	1.735.642.000
Total	5.454.111.022	410.495.814	7.948.849.894	13.813.456.730

As of December 31, 2022, the Company has 1st and 2nd-degree mortgages on the investment properties amounting to USD 136.000.000 and TL 5.250.000.000 which are established in favor of İş Bank. In the current period, the Company obtained rent income amounting to TL 374.326.165 TL (31 December 2021: 243.762.952 TL) from its investment property. Total direct operating expenses related to these properties amount to TL 95.640.912 (December 31, 2021: TL 51.353.270).

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The fair values of the Company's investment properties on December 31, 2022, have been arrived at on the basis of valuations carried out in November and December 2022 by four independent appraiser firms which are not related parties of the Company. Appraisal firms are accredited independent firms licensed by the Capital Markets Board of Turkey and have appropriate qualifications and recent experience in appraising properties in the relevant locations. According to the appraisal reports, the valuations made in accordance with the International Valuation Standards have been performed according to the methods specified in the table below.

	2022	2021
Investment properties that are active		
Tuzla Technology and Operation Center	Sales comparison approach	Sales comparison approach
Istanbul Business Towers Complex	Sales comparison approach	Sales comparison approach
Kanyon Shopping Center	Discounted cash flow- Sales comparison approach	Discounted cash flow approach
Izmir Ege Perla Shopping Mall	Discounted cash flow approach	Sales comparison approach
İstanbul Marmara Park AVM	Sales comparison approach	Sales comparison approach
Ankara Business Tower Building	Sales comparison approach	Sales comparison approach
Maslak Office Building	Sales comparison approach	Sales comparison approach
Taksim Office Lamartine	Sales comparison approach	Sales comparison approach
Tuzla Square Bazaar	Sales comparison approach	Sales comparison approach
Mugla Marmaris Mallmarine Shopping Mall	Sales comparison approach	Sales comparison approach
Levent Land	Fair value based on estate tax	Fair value based on estate tax
Dikilitaş Building	Sales comparison approach	--
Investment property under construction		
Istanbul Finance Centre Project	Sales comparison and cost approach	Sales comparison and cost approach

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	1 January 2021 opening balance	Purchases	Transfers	Fair value difference	31 December 2021 closing Balance
Investment property that are active					
Tuzla Technology and Operation Centre	1.339.000.000	223.715	--	313.423.285	1.652.647.000
Istanbul İş Kuleleri Complex	1.133.076.000	483.382	--	360.694.618	1.494.254.000
Kanyon Shopping Mall	580.258.447	3.776.990	--	107.899.563	691.935.000
Istanbul Marmarapark Shopping Mall	245.330.000	--	--	104.427.000	349.757.000
Izmir Ege Perla Shopping Mall	235.000.000	7.373.354	--	40.056.646	282.430.000
Ankara İş Kule Building	154.745.000	73.735	--	23.366.265	178.185.000
Maslak Office Building	130.385.000	9.000	--	32.756.000	163.150.000
Taksim Office Lamartine	73.830.000	--	--	31.290.000	105.120.000
Tuzla Meydan Bazaar	25.095.000	--	--	6.580.000	31.675.000
Mugla Marmaris Mallmarine Shopping Mall	17.935.000	--	--	4.225.000	22.160.000
Levent Land	7.969.989	96.780	--	266.253	8.333.022
	3.942.624.436	12.036.956	--	1.024.984.630	4.979.646.022
Investment property under construction					
Istanbul Finance Centre Project	248.795.000	110.823.117	--	114.846.883	474.465.000
Üsküdar Land	69.775.000	60.074.601	(129.849.601)	--	--
	318.570.000	170.897.718	(129.849.601)	114.846.883	474.465.000
Total	4.261.194.436	182.934.674	(129.849.601)	1.139.831.513	5.454.111.022

11. Inventories

<i>Short-term stocks</i>	December 31, 2022	December 31, 2021
Kartal Manzara Adalar ^(*)	52.516.926	84.225.118
Ömerli Town Project ^(**)	--	40.270.521
Izmir Ege Perla ^(***)	5.354.217	13.999.477
Topkapı İnistanbul ^(****)	637.820	1.377.891
Total	58.508.963	139.873.007
<i>Long-term inventories</i>	December 31, 2022	December 31, 2021
Land of Tuzla	270.227.373	219.879.578
Litus Istanbul Altunizade Project ^(*****)	606.117.555	161.356.970
Land of Omerli ^(**)	166.826.836	--
Total	1.043.171.764	381.236.548

^(*) There are 975 residential units in Kartal Manzara Adalar Project, as of December 31, 2022, 937 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 11.074.109 (December 31, 2021: TL 15.11.681) (Note 17).

^(**) There is no balance of the order advance received for the Ömerli Kasaba project. (31 December 2021: 76.708.627 TL.) (Note 17). There are a total of 16 houses in the project and all of them have been delivered. In order to develop a project as a continuation of the Town Houses, the Ömerli Land in the same region was purchased during the year.

^(***) There are 243 residential units in Izmir Ege Perla Project, as of December 31, 2022, 236 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 25.335 (December 31, 2021: 82.590 TL) (Note 17).

^(****) There are 2.741 residential units in Topkapı İnistanbul Project, as of December 31, 2022, 2.739 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 4.220.785 (December 31, 2021: TL 6.412.205) (Note 17).

^(*****) There are 6 residential units and 1 office units in Litus Istanbul Altunizade project.

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The Company's transaction table for inventory impairment provision is as follows:

	2022	2021
Opening balance, January 1	--	(34.317.379)
Charge for the period (-)	--	--
Provisions released	--	34.317.379
December 31 balance	--	--

12. Tangible assets

	Buildings ^(*)	Machinery and Equipment	Vehicles	Fixtures	Total
Costs					
1 January 2022 opening balance	60.630.461	85.950	1.025.391	4.196.490	65.938.292
Purchases	--	--	3.355.146	2.343.385	5.698.531
Disposals	--	--	(374.647)	--	(374.647)
Fair value difference	85.236.213	--	--	--	85.236.213
Closing balance as of December 31, 2022	145.866.674	85.950	4.005.890	6.539.875	156.498.389
Accumulated depreciation					
Opening balance as of January 1, 2022	6.553.461	85.950	386.156	3.420.206	10.445.773
Current year charge	1.933.213	--	353.652	486.696	2.773.561
Outputs	--	--	(318.450)	--	(318.450)
31 December 2022 closing balance	8.486.674	85.950	421.358	3.906.902	12.900.884
Net book value as of January 1, 2022	54.077.000	--	639.235	776.284	55.492.519
Net book value as of December 31, 2022	137.380.000	--	3.584.532	2.632.973	143.597.505

	Buildings ^(*)	Machinery and Equipment	Vehicles	Fixtures	Total
Cost value					
1 January 2021 opening balance	45.681.656	85.950	374.647	3.818.167	49.960.420
Purchases	--	--	650.744	427.044	1.077.788
Outputs	--	--	--	(48.722)	(48.722)
Fair value difference	14.948.805	--	--	--	14.948.805
Closing balance as of December 31, 2021	60.630.461	85.950	1.025.391	4.196.489	65.938.291
Accumulated depreciation					
1 January 2021 opening balance	5.154.656	85.950	181.078	3.143.696	8.565.380
Period expense	1.398.805	--	205.077	276.510	1.880.392
Closing balance as of December 31, 2021	6.553.461	85.950	386.155	3.420.206	10.445.772
Net book value as of January 1, 2021	40.527.000	--	193.569	674.471	41.395.040
Net book value as of December 31, 2021	54.077.000	--	639.235	776.284	55.492.519

^(*) As of December 31, 2022, 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 137.380.000. These areas get share from the mortgages amounting to USD 136 million and TL 2.5 billion established in İş Kuleleri and Kule Çarşısı (December 31, 2021: USD 136 million and TL 185 million).

As of December 31, 2022, the Company has tangible assets which is fully depreciated amounting to TL 3.162.770.

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13. Intangible assets

	Computer Programs	Total
Cost value		
Opening balance as of January 1, 2022	6.366.967	6.366.967
Addition	2.103.859	2.103.859
Closing balance as of December 31, 2022	8.470.826	8.470.826
Accumulated amortization shares		
Opening balance as of January 1, 2022	5.117.155	5.117.155
Current year charge	700.004	700.004
Closing balance as of December 31, 2022	5.817.159	5.817.159
Net book value as of January 1, 2022	1.249.812	1.249.812
Net book value as of December 31, 2022	2.653.667	2.653.667
Cost value		
Opening balance as of January 1, 2021	5.460.120	5.460.120
Additions	906.847	906.847
Closing balance as of December 31, 2021	6.366.967	6.366.967
Accumulated amortization shares		
Opening balance as of January 1, 2021	4.520.421	4.520.421
Purchases	596.734	596.734
Opening balance as of January 1, 2022	5.117.155	5.117.155
Net book value as of January 1, 2021	939.699	939.699
Net book value as of December 31, 2021	1.249.812	1.249.812

As at December 31, 2022 and 2021, the Company has no intangible assets which is capitalized in the business area.

The Company has intangible assets with a cost value of TL 4,350,118 that have expired but have been used as of December 31, 2022.

14. Provisions, contingent assets and liabilities

	December 31, 2022	December 31, 2021
Debt provisions (*)	3.872.133	4.812.972
Litigation provisions	1.543.721	1.207.997
Total	5.415.854	6.020.969
December 31, 2022		
Letters of guarantee received (**)	493.793.836	307.077.462
Mortgages received	4.759.659	7.598.347
Total	498.553.495	314.675.809

(*) As of December 31, 2022, debt provisions consists of title deed fee accruals of delivered residential units and accrued residential unit taxes to be paid to T. İş Bankası A.Ş. related with Ege Perla project home and office sales.

(**) Letters of guarantee consist of the letters received from tenants and suppliers of the Company.

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Details of collaterals, pledges and mortgages ("CPM") given by the Company as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
A. CPM given for companies own legal personality ^(*)	7.835.974.661	2.727.010.684
B. CPM given in behalf of fully consolidated companies	--	--
C. CPM given for continuation of its economic activities on behalf of third parties ^(**)	14.557.721	20.539.348
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	7.850.532.382	2.747.550.032

^(*) CPM given for the Company's own legal personality consists of letters of guarantee amounting to TL 43.005.861 and pledge amounting to USD 136.000.000 and TL 5.250.000.000. As of December 31, 2022, the investment properties are pledged in favour of İş Bankası amounting to 1st degree USD 136.000.000 and TL 2.500.000.000 and 2nd degree TL 2.500.000.000. (Mortgage was constituted in favour of İş Bankası from investment properties portfolio of the Company, Kule-2 and Kule Çarşısı amounting to USD 136.000.000 as 1st degree mortgage, Kule-3 amounting to TL 2.500.000.000 1st degree mortgage, Kule-2 and Kule Çarşısı amounting to TL 2.500.000.000 as 2nd degree mortgage.). 1st degree mortgage is constituted in favour of İş Bankası in order to finance Tuzla Land of the Company, amounting to TL 250.000.000.

^(**) Represents the cost of guarantors given to the related banks in return for the loan amount in case the buyers of the Company's ongoing residential and office projects use mortgage/business loan from contracted banks. In this respect, as of December 31, 2022, the ratio of CPM given by the Company to the Company's shareholders' equity is 0,1% (December 31, 2021: 0,4%).

Within the scope of its ongoing projects, the Company has made a progress payment agreement of Eur 3.000.000 with subcontractors, and has made a Eur 3.000.000 forward transaction based on the payment terms and amounts of the relevant contract.

As of December 31, 2022, TL 1.543.721 legal case provision is accrued and there are 148 legal cases and 117 enforcement proceedings of the Company is a party. The lawsuit in question are ongoing, and as of 31 December 2021, there is provision for lawsuits amounting to TL 1.207.997 within the scope of the lawsuit filed regarding the ÇED process of the Ege Perla Project. Lawsuits are not of a nature to affect the financial situation and activities of the Company.

Operating leases

The Company, as the lessor in the operating lease transactions

The Company signed operating lease agreements as lessor for the investment properties in its portfolio with tenants which are shopping mall tenants, hotel operators and other third parties. The future minimum lease receivables as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Less than 1 year	453.861.622	257.595.531
Between 1-5 years	1.357.962.755	796.003.106
More than 5 years	8.568.180.804	5.801.676.809
Total	10.380.005.181	6.855.275.446

15. Provisions for employee benefits

	December 31, 2022	December 31, 2021
Unused vacation provisions	958.829	496.510
Total	958.829	496.510

	December 31, 2022	December 31, 2021
Severance pay indemnity	8.700.038	3.152.889
Total	8.700.038	3.152.889

There is an obligation to pay the severance indemnities to those employees are terminated with employment contract to be entitled to severance pay in accordance with Labour Law No. 4857 and Social Security Law No. 5510.

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The amount payable consists of one month's salary limited to a maximum of TL 19.982,83 for each period of service as of January 1, 2023 (December 31, 2021: TL 8.284,51).

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

Actuarial assumptions used to calculate the total liability is given below:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of December 31, 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting dates have been calculated assuming an annual inflation rate of 19,80% (estimated salary increase rate) and a discount rate of 22,45%, resulting in a real discount rate of approximately 2,21% (December 31, 2021: the provisions have been calculated assuming an annual inflation rate of 15,07% (estimated salary increase rate) and discount rate of 19,10%, resulting in a real discount rate of approximately 3,5% discount rate). The anticipated rate of for features is considered. As the maximum liability is revised semi-annually, the maximum amount of TL 19.982,83 effective from January 1, 2023 has been taken into consideration in calculation of provision from employment termination benefits.

	2022	2021
Opening balance at January 1	3.152.889	2.360.625
Service cost	635.333	430.827
Interest cost	602.202	292.717
Retirement pay provisions (-)	(542.678)	(90.902)
Actuarial differences	4.852.292	159.622
As of December 31	8.700.038	3.152.889

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

<i>Prepaid expenses – short term</i>	December 31, 2022	December 31, 2021
Job advances ^(*)	192.788.899	67.567.779
Prepaid expenses	389.222	688.579
Related party prepaid expenses (Note 25)	397.621	229.092
Total	193.575.742	68.485.450

^(*) The amount generally consists of advances given to the contractors of the projects..

<i>Prepaid expenses – long term</i>	December 31, 2022	December 31, 2021
Job advances ^(*)	11.366.468	9.788.349
Prepaid expenses	99.200	99.207
Total	11.465.668	9.887.556

^(*) An agreement has signed in order to bought 45% shares of the land registered in Kadikoy, Istanbul, 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, 2022	December 31, 2021
VAT transferred	54.437.680	2.183.490
Prepaid taxes and dues payable	1.712.030	262.871
Deposits and guarantees given	208.655	191.065
Total	56.358.365	2.637.426

<i>Other short-term liabilities</i>	December 31, 2022	December 31, 2021
Taxes and funds payable	7.975.652	3.837.305
Payable social security cuts	1.237.311	239.031
Total	9.212.963	4.076.336

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Deferred revenues	December 31, 2022	December 31, 2021
Deferred revenue	1.918.303	18.616.740
Short-term deferred revenue from related parties (Note 25)	104.620	56.771
Total	2.022.923	18.673.511

17. Liabilities from contracts with customers

Obligations arising from customer contracts	December 31, 2022	December 31, 2021
Contractual liabilities from sales of goods and services ⁽¹⁾	15.327.577	98.315.105
Total	15.327.577	98.315.105

⁽¹⁾ The amount consists of advances received from the owners of the residential units sold by Kartal Manzara Adalar Project, Topkapı İstanbul Project, İzmir Ege Perla Project and Litus İstanbul Altunizade Project (Note 11).

18. Shareholder's equity

Share capital

The composition of the paid-in share capital as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
İş Gayrimenkul Yat. Ort. A.Ş.	(%)		(%)	
Türkiye İş Bankası A.Ş.	52,06%	499.138.128	52,06	499.138.056
Anadolu Hayat Emeklilik A.Ş.	7,04%	67.476.714	7,11	68.151.714
Other	40,90%	392.135.158	40,83	391.460.230
Total	100	958.750.000	100	958.750.000

The total number of ordinary shares consists of TL 958.750.000 (December 31, 2021: 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, 2021: TL 1.369.642,817) of the total amount is Group A and TL 957.380.357,183 (December 31, 2021: 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, 2022 and 2021. 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, 2022 and 2021, 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, 2022	December 31, 2021
Legal reserves	77.792.818	71.190.580
Total	77.792.818	71.190.580

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, 2022	December 31, 2021
Prior years' profits	4.142.968.926	2.819.651.274
Total	4.142.968.926	2.819.651.274

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Dividend distribution

At the Ordinary General Assembly Meeting held on March 23, 2022; After the Board of Directors' Profit Share Distribution Proposal for the distribution of 2021 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 23, 2022, the distribution of 2021 net profit was determined as follows:

	Amount
1. Primary reserve 5% Dividend	6.602.238
2. Secondary reserve	--
Capital increase through bonus shares	--
Transferred to prior years' profits	1.323.317.652
Total	1.329.919.890

19. Revenue and cost of sales

	1 January- 31 December 2022	1 January - 31 December 2021
Income from sales of residential units	269.219.766	236.048.748
Rent income	292.911.271	205.645.631
Income from right of construction	81.414.894	38.117.321
Income fees and service	2.783.141	1.010.266
Other revenue	698.107	87.765
Total real estate revenues	647.027.179	480.909.731
Interest income on bank deposits	36.720.342	6.123.271
Gain on buy/sell of marketable securities	3.187.988	1.543.999
Total debt instruments revenue	39.908.330	7.667.270
Total revenue	686.935.509	488.577.001
	1 January- 31 December 2022	1 January - 31 December 2021
Cost of sales of residential units	(144.801.730)	(149.602.177)
Cost of administrative expenses	(73.924.253)	(37.250.905)
Taxes and dues	(13.629.076)	(10.095.288)
Insurance expenses	(6.000.558)	(3.030.349)
Other	(2.087.025)	(976.728)
Total	(240.442.642)	(200.955.447)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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20. Administrative expenses/Marketing, selling and distribution expenses

General administrative expenses	1 January- 31 December 2022	1 January - 31 December 2021
Personnel expenses	(32.434.467)	(18.098.065)
Outsourced service expenses	(8.534.118)	(4.768.416)
Depreciation and amortization	(3.473.565)	(2.477.126)
Board of Directors fees and expenses	(2.230.200)	(1.505.250)
Provision for doubtful receivables (Note 8)	(66.385)	(2.096.646)
Taxes and dues	(1.375.904)	(132.091)
Other	(1.235.880)	(1.166.304)
Total	(49.350.519)	(30.243.898)
Marketing sales and distribution expenses	1 January- 31 December 2022	1 January - 31 December 2021
Sales commission expenses	(7.898.485)	(8.059.052)
Advertising expenses	(8.232.467)	(4.999.030)
Consultancy expenses	(1.617.133)	(1.251.914)
Other	(663.722)	(202.473)
Total	(18.411.807)	(14.512.469)

21. Expenses by nature

Personnel expenses	1 January- 31 December 2022	1 January - 31 December 2021
Administrative expenses (Note 20)	(32.434.467)	(18.098.065)
Total	(32.434.467)	(18.098.065)
Depreciation and amortization	1 January- 31 December 2022	1 January - 31 December 2021
Administrative expenses (Note 20)	(3.473.565)	(2.477.126)
Total	(3.473.565)	(2.477.126)

22. Other income/expenses

Other income from core activities	1 January- 31 December 2022	1 January - 31 December 2021
Revaluation income of investment property (Note 10)	7.952.072.721	1.139.831.513
Gain on real estate investment fund (Note 6)	274.220.837	39.992.739
Gain on inventories (Note 11)	--	34.317.379
Foreign exchange gains	50.180.638	20.280.284
Other	2.543.877	1.018.049
Total	8.279.018.073	1.235.439.964
Other operating expense	1 January- 31 December 2022	1 January - 31 December 2021
Revaluation difference of investment property (Note 10)	(3.222.827)	--
Other	(161.335)	(659.131)
Total	(3.384.162)	(659.131)
Income from investment activities	1 January- 31 December 2022	1 January - 31 December 2021
Currency-protected deposits fair value difference	11.924.438	--
Interest income	7.018.904	--
Total	18.943.342	--

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23. Finance income/expenses

Finance income and expenses as of December 31, 2022 and 2021 are as follows:

Financing revenues	1 January- 31 December 2022	1 January - 31 December 2021
Derivative gains	--	46.193.755
	--	46.193.755
Finance expense	1 January- 31 December 2022	1 January - 31 December 2021
Interest expense	(282.015.531)	(154.462.018)
Derivative transaction loss	(15.169.129)	--
Foreign exchange expenses	--	(35.432.367)
Commission expenses	(16.995.455)	(5.978.608)
Other	(12.451)	(30.000)
Total	(314.192.566)	(195.902.993)

24. Earnings per share

As of December 31, 2022 capital of the Company consists of 95.875.000.000 shares that are valued TL 0,01 for each one.

	1 January- 31 December 2022	1 January - 31 December 2021
Period opening of number of shares in circulation	95.875.000.000	95.875.000.000
Bonus shares due to capital increase	--	--
Number of shares in circulation as of year end	95.875.000.000	95.875.000.000
Weighted average number of shares in circulation	95.875.000.000	95.875.000.000
Net period profit	8.364.189.262	1.329.919.890
Earnings per share	0,0872	0,0139
Earnings per diluted share	0,0872	0,0139

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.

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Details of related party balances are as follows:

Balances at T. İş Bankası	December 31, 2022	December 31, 2021
Time deposits	295.440.900	118.732.252
Demand deposits	123.014	17.173.993
Other literal values	7.000	--
Total	295.570.914	135.906.245

The Company has letters of guarantee amounting TL 43.005.861 (December 31, 2021: TL 35.266.684) from İş Bankası. In addition, 1st and 2nd degree mortgage is instituted by the Company in favour İş Bankası amounting to USD 136.000.000 and TL 5.250.000.000 TL on some investment properties.

As of December 31, 2022, and December 31, 2021, the Company has mutual funds, established by, İş Bankası and İş Portföy Yönetimi A.Ş. In the Company's report dated 31 December 2022, there are currency-protected deposit transactions amounting to TL 128.943.342 carried out at İş Bank, which makes financial investments.

	December 31, 2022			
	Short Term Trade Receivables	Short Term Prepaid Expenses	Short Term Trade Payables	Deferred Income
Balances with related parties				
Anadolu Anonim Türk Sigorta A.Ş.	--	397.621	1.192.736	--
İş Merkezleri Yönetim ve İşletim A.Ş.	97.301	--	2.020.999	--
İş Net Elektronik Hizmetler A.Ş.	--	--	235.722	--
Kanyon Yönetim İşl. Paz. A.Ş.	--	--	2.930.898	76.441
Paşabahçe Mağazaları A.Ş.	535.442	--	15.063	--
Tecim Yapı Elemanları Ltd. Şti.	9.537.555	--	--	--
Türkiye İş Bankası A.Ş.	--	--	--	28.178
Other	22.702	--	1.070.930	--
Total	10.193.000	397.621	7.466.348	104.619

	December 31, 2022	
	Financial borrowings	
	Short-term	Long-term
Balances with related parties		
T. İş Bankası A.Ş.	979.580.389	--
Transactions with related parties		
	Loan interest expense	Capitalized loan interest expense

T. İş Bankası A.Ş.	141.932.179	47.620.937
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The Company has interest rate forward transactions realized during the period by T. İş Bankası A.Ş. as of December 31, 2022. Derivative losses amounting to TL 15.169.129 accounted in the financial statements of the Company.

	December 31, 2021			
	Trade Receivables Short-term	Prepaid Expenses Short-term	Commercial Debts Short-term	Deferred Revenues
Balances with related parties				
Anadolu Anonim Türk Sigorta A.Ş.	--	228.244	368.400	--
İş Girişim Sermayesi A.Ş.	5.275	--	--	--
İş Merkezi Yönetim ve İşletim A.Ş.	4.721	--	1.516.925	--
İş Net Elektronik Hizmetler A.Ş.	1.944	--	27.185	--
Kanyon Yönetim İşl. Paz. A.Ş.	38.282	--	1.381.313	38.400
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	11.821	--	--	--
Paşabahçe Mağazaları A.Ş.	311.465	--	15.063	--
Tecim Yapı Elemanları Ltd. Şti.	1.968.593	--	--	--
Türkiye İş Bankası A.S.	27.566	--	--	18.371
Due to shareholders (dividend)	--	--	705	--
Other	--	848	1.001.243	--
Total	2.369.667	229.092	4.310.834	56.771

	December 31, 2021	
	Loans and borrowings	
	Short-term	Long-term
Balances with related parties		
T. İş Bankası A.Ş.	415.110.903	117.000.002
Transactions with related parties		
	Interest expense on loans	Capitalized interest expense
T. İş Bankası A.Ş.	74.360.831	10.244.109

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The Company has interest rate swap transactions realized during the period by T. İş Bankası A.Ş. as of December 31, 2021. Derivative profit amounting to TL 38.967.182 accounted in the financial statements of the Company.

Transactions with related parties	1 January - 31 December 2022				
	Purchases	Interest received	Rental income	Other income	Other expenses
Anadolu Anonim Türk Sigorta A.S. ^(*)	8.524.719	--		824.053	--
Anadolu Hayat Emeklilik A.Ş.	521.537	--	8.966.842	--	--
BAYEK Ağız Ve Diş Sağlığı Hizmetleri ve İşletmeciliği A.Ş.	--	--	201.708	--	--
BAYEK Tedavi Sağlık Hizmetleri ve İşletmeleri A.Ş.	10.185	--	--	--	--
İş Faktoring A.Ş.	--	--	--	--	--
İş Finansal Kiralama A.Ş.	--	--	55.633	--	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	432.155	--	--
İş Merkezleri Yönetim ve İşletim A.Ş. ^(**)	36.189.319	--	1.939.552	97.301	--
İş Net Elektronik Hizmetler A.Ş.	632.536	--	728.373	--	4.350
İş Portföy Yönetimi A.Ş.	--	--	39.468	--	--
İş Yatırım Menkul Değerler A.Ş.	2.915.015	--	7.401.460	--	--
Kasaba Gayrimenkul İnşaat Taahhüt Ve Ticaret A.Ş.	33.010	--	--	--	15.058
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	993.203	--	--
Moka Ödeme Kuruluşu A.Ş.	--	--	355.775	--	--
Paşabahçe Mağazacılık A.Ş.	30.931	--	2.353.512	17.117	51.938
Softtech Yazılım Teknolojileri A.Ş.	--	--	10.806.064	--	--
Tecim Yapı Elemanları A.S.	--	--	--	14.001.206	--
Topkapı Danışmanlık Elektrik Hizmetleri Pazarlama ve Ticaret A.Ş..	--	--	1.276.497	--	--
Türkiye İş Bankası A.S.	--	23.892.176	136.504.810	145.682	941.013
Other	9.358	--	126.884	--	--
Total	48.866.611	23.892.176	172.181.936	15.085.359	1.012.359

^(*) The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to the insurance of the Company's real estates.

^(**) The amount of purchases from the İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the operation of the Company's investment properties İş Kuleleri and İstanbul Tuzla Meydan Bazaar.

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Transactions with related parties	1 January - 31 December 2021				
	Purchases	Interest received	Rental income	Other income	Other expenses
Anadolu Anonim Türk Sigorta A.Ş. ⁽¹⁾	3.965.084	--	611.344	717.600	--
Anadolu Hayat Emeklilik A.Ş.	220.587	--	7.839.105	--	21.889
BAYEK Ağız Ve Diş Sağlığı Hizmetleri ve İşletmeciliği A.Ş.	--	--	150.424	--	--
BAYEK Tedavi Sağlık Hizmetleri ve İşletmeleri A.Ş.	7.873.133	--	--	--	7.475
İş Faktoring A.Ş.	--	--	69.511	--	--
İş Finansal Kiralama A.Ş.	--	--	46.516	--	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	405.882	--	--
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽²⁾	13.678.678	--	1.481.316	--	--
İş Net Elektronik Hizmetler A.Ş.	340.318	--	544.999	535	4.506
İş Portföy Yönetimi A.Ş.	--	--	33.000	--	--
İş Yatırım Menkul Değerler A.Ş.	--	--	5.075.075	--	--
Kasaba Gayrimenkul İnşaat Taahhüt Ve Ticaret A.Ş.	--	--	--	--	297.604
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	315.581	--	--
Moka Ödeme Kuruluşu A.Ş.	--	--	163.282	--	--
Paşabahçe Mağazacılık A.Ş.	296	--	1.128.542	--	--
Softtech Yazılım Teknolojileri A.Ş.	--	--	9.003.811	--	--
T.Şişe ve Cam Fabrikaları A.Ş.	--	--	350.042	--	--
Topkapı Danışmanlık Elektrik Hizmetleri Pazarlama ve Ticaret A.Ş.	--	--	274.064	--	--
Türkiye İş Bankası A.Ş.	--	6.082.559	113.349.603	64.061	722.037
Total	26.078.096	6.082.559	140.842.097	782.196	1.053.511

⁽¹⁾ The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to the insurance of the Company's real estates.⁽²⁾ The amount of purchases from the İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the operation of the Company's investment properties İş Kuleleri and İstanbul Tuzla Meydan Bazaar.

As of December 31, 2022 and 2021, related party balances of issued bonds and commercial papers are as follows:

Related-party balances	December 31, 2022	December 31, 2021
Anadolu Hayat Emeklilik A.Ş.	52.962.261	--
Milli Reasurans A.S.	--	31.551.706
İş Girişim Sermayesi A.S.	--	1.577.585
Total	52.962.261	33.129.291

As of December 31, 2022 and 2021, coupon payments of issued bonds and commercial papers are as follows:

Transactions with related parties	December 31, 2022	December 31, 2021
Anadolu Hayat Emeklilik A.Ş.	5.013.700	--
Milli Reasurans A.Ş.	753.844	8.023.804
İş Yatırım Menkul Değerler A.Ş.	--	2.029.198
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	52.239	207.203
Anadolu Anonim Türk Sigorta A.Ş.	--	171.735
İş Yatırım Ortaklığı A.Ş.	105.283	15.832
T. İş Bankası A.Ş.	--	1.947
	5.925.066	10.449.719

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Benefits provided to key management personnel:

Benefits provided to board of directors, general manager and assistant general managers are as follows:

	1 January- 31 December 2022	1 January - 31 December 2021
Salaries and other short term benefits	11.539.658	7.526.167
Employee termination benefits	1.289.514	728.720
Total	12.829.172	8.254.887

26. Nature and level of risks arising from financial instruments

a) Capital risk management

The Financial Company's purpose in capital management is; to ensure the continuity of the group as an income-generating enterprise, to observe the benefit of shareholders and corporate partners, and at the same time to ensure the continuity of the most efficient capital structure in order to reduce the cost of capital.

The Company's capital and funding structure consists of cash and cash equivalents, share capital and retained earnings.

The Company management evaluates the cost of capital and the risk associated with each class of equity.

b) Financial risk factors

The risks of the Company, resulting from operations, include market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial markets on the financial performance of the Company.

Risk management is implemented according to the policies approved by the Board of Directors. According to the policy, once a risk is identified, it has been evaluated by each operating unit which is responsible to coordinate the work to minimize the exposure to that risk. The Board of Directors is in charge of forming written procedures in order to manage the foreign currency risk, interest risk, credit risk, and use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

(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		Deposits in Banks	Derivative instruments	Other ^(***)
	Related Party	Other Parties	Related Party	Other Parties			
December 31, 2022							
Maximum net credit risk as of the reporting date (A+B+C+D+E) ^(*)	10.193.000	134.469.821	--	9.028.038	1.239.508.006	--	135.555.219
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	93.637.261	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	10.193.000	111.305.344	--	9.028.038	1.239.508.006	--	135.555.219
B. Net book value of financial assets which are overdue but not impaired	--	23.164.477	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	8.653.165	--	--	--	--	--
- Impairment (-)	--	(8.653.165)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

^(*) In determining the amount, factors that provide an increase in credit reliability, such as the guarantees taken, were not taken into account.

^(**) The guarantees consist of collateral bonds received from customers, collateral checks and mortgages.

^(***) Mutual funds shown in cash and cash equivalents, receivables from government bond reverse repo transactions with a maturity of less than 3 months, other ready values and currency-protected deposits in financial investments are included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

Exposure to maximum credit risk as of reporting date	Receivables						
	Trade Receivables		Other Receivables		Deposits in Banks	Derivative instruments	Other ^(***)
	Related Party	Other Side	Related Party	Other Side			
December 31, 2021							
Maximum credit risk incurred as of the reporting date (A+B+C+D+E)^(*)	2.369.667	110.251.170	--	5.560.768	135.906.264	28.049.500	2.656.690
- Guarantee of maximum risk. The part secured by vs ^(**)	--	76.499.441	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	2.369.667	103.879.471	--	5.560.768	135.906.264	28.049.500	2.656.690
B. Net book value of financial assets which are overdue but not impaired	--	6.371.699	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--	--
- Past due (gross carrying amount)	--	8.586.780	--	--	--	--	--
- Impairment (-)	--	(8.586.780)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

^(*) In determining the amount, factors that provide an increase in credit reliability, such as the guarantees taken, were not taken into account.

^(**) The guarantees consist of collateral bonds received from customers, collateral checks and mortgages.

^(***) Mutual funds shown in cash and cash equivalents, receivables from government bond reverse repo transactions with a maturity of less than 3 months, and other ready values are included.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risks is monitored on a continuous basis.

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

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

December 31, 2022	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	8.913.987	--	8.913.987
Past due 1-3 months	7.547.262	--	7.547.262
Past due 3-12 months	6.539.593	--	6.539.593
Past due 1-5 years	163.635	--	163.635
Total overdue receivables	23.164.477	--	23.164.477
Total collateralized portion	23.092.976	--	23.092.976

December 31, 2021	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	3.197.872	--	3.197.872
Past due 1-3 months	1.334.035	--	1.334.035
Past due 3-12 months	1.571.228	--	1.571.228
Past due 1-5 years	268.564	--	268.564
Total overdue receivables	6.371.699	--	6.371.699
Total collateralized portion	4.966.491	--	4.966.491

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

	December 31, 2022		December 31, 2021	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letter of guarantee	22.598.432	22.598.432	4.590.062	4.590.062
Cash deposit	430.412	430.412	220.093	220.093
Notes payable	64.132	64.132	156.336	156.336
Total	23.092.976	23.092.976	4.966.491	4.966.491

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. On the other hand, derivative financial liabilities are presented based on their gross cash inflows and outflows which have not been discounted. Derivative instruments are settled and realized on a net basis based on their respective gross cash inflows and outflows which have not been discounted. When the receivables and payables are not fixed, the amount disclosed is calculated via an interest rate derived from yield curves as of the reporting date.

December 31, 2022					
Contractual maturities	Book Value	Total cash outflows under the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non derivative financial liabilities					
Loans and borrowings	3.398.487.479	3.692.741.574	851.548.584	2.841.192.990	--
Trade payables	18.433.078	18.433.078	18.433.078	--	--
Other payables	24.213.754	24.213.754	24.213.754	--	--
Total liabilities	3.441.134.311	3.735.388.406	894.195.416	2.841.192.990	--

December 31, 2021					
Contractual maturities	Book Value	Total cash outflows under the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non-derivative financial obligations					
Loans and borrowings	1.043.235.341	1.200.194.427	118.068.595	941.958.369	140.167.463
Trade payables	10.550.029	10.550.029	10.550.029	--	--
Other payables	16.137.729	16.137.729	16.137.729	--	--
Total liabilities	1.069.923.099	1.226.882.185	144.756.353	941.958.369	140.167.463

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, 2022 and 2021 are as follows:

Currency	December 31, 2022		December 31, 2021	
	Buying	Sale	Buying	Sale
US Dollar	18,6983	18,7320	13,3290	13,353
Euro	19,9349	19,9708	15,0867	15,1139

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

December 31, 2022			
	TL Equivalent (Functional currency)	US Dollar	Avro
1. Trade Receivables	--	--	--
2a. Monetary Financial Assets	304.790.050	12.687.653	3.388.656
2b. Non-Monetary Financial Assets	7.688.340	--	385.672
3. Other	--	--	--
4. CURRENT ASSETS	312.478.390	12.687.653	3.774.328
5. Trade Receivables	--	--	--
6a. Monetary Financial Assets	--	--	--
6b. Non-Monetary Financial Assets	--	--	--
7. Other	--	--	--
8. NON CURRENT ASSETS	--	--	--
9. TOTAL ASSETS	312.478.390	12.687.653	3.774.328
10. Commercial Liabilities	13.306	--	666
11. Financial Obligations	--	--	--
12a. Other Monetary Liabilities	--	--	--
12b. Other Non-Monetary Liabilities	20.455.844	760.531	310.933
13. SHORT TERM LIABILITIES	20.469.150	760.531	311.599
14. Commercial Liabilities	--	--	--
15. Financial Obligations	--	--	--
16a. Other Monetary Obligations	--	--	--
16b. Other Non-Monetary Obligations	--	--	--
17. LONG TERM LIABILITIES	-	-	--
18. TOTAL LIABILITIES	20.469.150	760.531	311.599
19. Net asset/liability position of off balance sheet derivatives (19a-19b)	--	--	--
19.a Off-balance sheet foreign currency derivative assets	--	--	--
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--
20. Net foreign currency asset/liability position	292.009.240	11.927.122	3.462.729
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10-11-12a-14-15-16a)	304.776.744	12.687.652	3.387.990
22. Fair Value of foreign currency hedged Financial asset	--	--	--
23. Hedged foreign currency assets	--	--	--
24. Hedged foreign currency liabilities	--	--	--

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

December 31, 2021			
	TL Equivalent (Functional currency)	US Dollar	Avro
1. Trade Receivables	--	--	--
2a. Monetary Financial Assets	63.127.476	1.828.058	2.569.236
2b. Non-Monetary Financial Assets	--	--	--
3. Other	--	--	--
4. CURRENT ASSETS	63.127.476	1.828.058	2.569.236
5. Trade Receivables	--	--	--
6a. Monetary Financial Assets	--	--	--
6b. Non-Monetary Financial Assets	--	--	--
7. Other	--	--	--
8. NON CURRENT ASSETS	--	--	--
9. TOTAL ASSET	63.127.476	1.828.058	2.569.236
10. Trade Payables	--	--	--
11. Financial Liabilities	--	--	--
12a. Other Monetary Liabilities	--	--	--
12b. Other Non-Monetary Liabilities	6.155.050	228.196	205.635
13. SHORT TERM LIABILITIES	6.155.050	228.196	205.635
14. Trade Payables	--	--	--
15. Financial Liabilities	--	--	--
16a. Other Monetary Liabilities	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--
17. LONG TERM LIABILITIES	--	--	--
18. TOTAL LIABILITIES	6.155.050	228.196	205.635
19. Net asset/Liability position of off-balance sheet derivative instruments (19a-19b)	--	--	--
19.a Amount of derivatives denominated in off-balance sheet currencies of an active character	--	--	--
19b. Amount of derivatives denominated in off-balance sheet currencies with passive character	--	--	--
20. Net foreign currency asset liability position	56.972.426	1.599.862	2.363.601
21. Monetary items net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	63.127.476	1.828.058	2.569.236
22. Total fair value of financial instruments used for currency hedge	--	--	--
23. Amount of the hedged portion of foreign exchange assets	--	--	--
24. Amount of the hedged part of foreign exchange liabilities	--	--	--

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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, 2022		
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
<u>If US Dollar changes against TL by 10%</u>		
US Dollar net asset/liability	23.723.752	(23.723.752)
Portion hedged against US Dollar risk (-)	--	--
US Dollar net effect	23.723.752	(23.723.752)
<u>If the Euro Changes 10% Against the TL:</u>		
Euro net asset/liability	6.753.922	(6.753.922)
Portion hedged against Euro risk (-)	--	--
Euro net effect	6.753.922	(6.753.922)
December 31, 2021		
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
<u>If US Dollar changes against TL by 10%</u>		
US Dollar net asset/liability	2.436.618	(2.436.618)
Portion hedged against US Dollar risk (-)	--	--
US Dollar net effect	2.436.618	(2.436.618)
<u>If Euro changes against TL by 10%</u>		
Euro net asset/liability	3.876.129	(3.876.129)
Portion hedged against Euro risk (-)	--	--
Euro net effect	3.876.129	(3.876.129)

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, 2022 and 2021.

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

As of 31 December 2022 and 2021, the Company has no financial liabilities with variable interest rates.

Interest Rate Table		
	December 31, 2022	December 31, 2021
Fixed Rate Financial Instruments		
Financial Assets		
<i>Financial assets classified at fair value through profit or loss</i>	128.943.342	--
<i>Time deposits at banks</i>	1.026.570.866	118.732.252
Financial Liabilities	3.398.487.479	1.043.235.341
Floating Interest Rate Financial Instruments		
Investment Funds	6.604.877	2.656.690

b.3.3) Equity price risk

As of December 31, 2022, company has no equity in their portfolio. Therefore, there is no equity price risk. (December 31, 2021: 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.

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Financial liabilities

The Company assumes that the carrying values of the floating interest rate banks loans are close to their fair value, since floating interest rate banks loans are re-priced recently. The Company assumes that the carrying values of the fixed interest rate banks loans are close to their fair value, since the opening date of the bank loan is close to the reporting period and there is no significant change in the market interest rates. The estimated fair value of fixed rate financial liabilities is calculated by using discounted cash flows using current market interest rates. As of December 31, 2022, the net book value is TL 3.398.487.479 and its fair value is close to its net book value.

December 31, 2022	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Carrying value	Not
Financial assets						
Cash and cash equivalents	1.239.515.006	6.604.877	--	--	1.246.119.883	5
Financial investments	--	684.277.674	--	--	684.277.674	6
Trade receivables	134.469.821	--	--	--	134.469.821	8
Due from related parties	10.193.000	--	--	--	10.193.000	25
Other financial assets	9.028.038	--	--	--	9.028.038	9
Financial Liabilities						
Loans and borrowings	--	--	3.398.487.479	--	3.398.487.479	7
Trade payables	--	--	10.966.730	--	10.966.730	8
Trade payables to related parties	--	--	7.466.348	--	7.466.348	25
Other payables	--	--	24.213.754	--	24.213.754	9
Derivative instruments	--	--	--	14.210.699	14.210.699	6
December 31, 2021						
Financial assets						
Cash and cash equivalents	135.906.264	2.656.690	--	--	138.562.954	5
Financial investments	--	272.785.497	--	--	272.785.497	6
Trade receivables	110.251.170	--	--	--	110.251.170	8
Due from related parties	2.369.667	--	--	--	2.369.667	25
Other financial assets	5.560.768	--	--	--	5.560.768	9
Derivative instruments	--	28.049.500	--	--	28.049.500	6
Financial Liabilities						
Loans and borrowings	--	--	1.043.235.341	--	1.043.235.341	7
Trade payables	--	--	6.239.195	--	6.239.195	8
Loans and borrowings from related parties	--	--	4.310.834	--	4.310.834	25
Other payables	--	--	16.137.729	--	16.137.729	9

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.

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

The levels of the financial assets and liabilities presented in fair values are as follows:

Assets at fair value	December 31, 2022	Level 1	Level 2	Level 3
Investment properties	13.813.456.730	--	13.813.456.730	--
Tangible assets	143.597.505	--	143.597.505	--
Financial assets held for trading	561.939.209	--	561.939.209	--
	14.518.993.444	--	14.518.993.444	--
Assets at fair value	December 31, 2021	Level 1	Level 2	Level 3
Investment properties	5.454.111.022	--	5.454.111.022	--
Tangible assets	55.492.519	--	55.492.519	--
Financial assets held for trading	275.442.187	--	275.442.187	--
Derivatives held for trading	28.049.500	--	28.049.500	--
	5.813.095.228	--	5.813.095.228	--
Liabilities at fair value	December 31, 2022	Level 1	Level 2	Level 3
Derivative instruments	14.210.699	--	14.210.699	--
	14.210.699	--	14.210.699	--

28. Fees for services received from independent auditor/independent audit firm

As of December 31, 2022, the services and related fees received by the Company from the independent audit company are as follows:

	December 31, 2022	December 31, 2021
Independent audit fee for the reporting period	210.000	94.950
Fees for tax attestation consultancy services	138.700	60.500
Fee for other non-audit services	84.000	12.660
	432.700	168.110

29. Events after the reporting period

On January 5, 2023, the title deed transactions for the purchase of Profilo Shopping Center together with the immovable property next to it were completed and the ownership of the immovables passed to the Company. The Company has signed a Revenue Sharing and Flat Payment Construction Agreement with Artaş İnşaat Sanayi ve Ticaret A.Ş. for Land Share in order to develop a project related to Profilo Shopping Center.

On January 6, 2023, the Board of Directors of the Company decided to purchase the 7,871.05 m2 land shares belonging to Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. and Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. in Ömerli, İstanbul for approximately TL 38 million.

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

Unconsolidated (individual) financial statement main account items			
	Related regulation	December 31, 2022	December 31, 2021
A Capital and money market instruments	III-48.1. Md. 24/(b)	1.375.063.225	138.562.954
Real estates, rights supported by real estates and real estate projects. Real estate investment fund of the first paragraph of article 28, in which they have 100% participation in their			
B participation shares and capital	III-48.1. Md. 24/(a)	15.470.471.789	6.248.006.075
C Affiliates ⁽¹⁾	III-48.1. Md. 24/(b)	10.342.436	5.768.402
Due from related parties (other receivables)	III-48.1. Md. 23/(f)	--	--
Other assets		561.341.806	283.983.867
D Total assets (Total assets)	III-48.1. Md. 3/(p)	17.417.219.256	6.676.321.298
E Loans and borrowings	III-48.1. Md. 31	3.398.487.479	1.043.235.341
F Other financial liabilities	III-48.1. Md. 31	5.415.854	6.020.969
G Leasing obligations	III-48.1. Md. 31	--	--
H Due to related parties (other payables)	III-48.1. Md. 23/(f)	--	--
I Equity	III-48.1. Md. 31	13.920.236.062	5.475.662.879
Other resources		93.079.861	151.402.109
D Total liabilities and equity	III-48.1. Md. 3/(k)	17.417.219.256	6.676.321.298
Other separate financial information			
	Related regulation	December 31, 2022	December 31, 2021
A1 Capital and money market instruments amount held for 3-year real estate payments	III-48.1. Md. 24/(b)	--	--
A2 Foreign Currency Time Deposit/Special Current-Participation Account and TL Time Deposit/Participation Account	III-48.1. Md. 24/(b)	1.227.583.568	135.906.264
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)	11.249.730	8.333.022
C1 Foreign affiliates	III-48.1. Md. 24/(d)	--	--
C2 Participating to operating company	III-48.1. Md. 28	10.342.436	5.768.402
J Non-cash loans	III-48.1. Md. 31	43.005.861	35.266.684
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)	431.119.133	138.562.935

⁽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, 2021, 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, 2022

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

Portfolio limitations		Related edit	December 31, 2022	December 31, 2021	Minimum/Maximum rate
1	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	III-48.1. Md. 22/ (e)	0%	0%	Maximum 10%
2	Real estates, rights supported by real estates and real estate projects. Real estate investment fund of the first paragraph of article 28, in which they have 100% participation in their participation shares and capital.	III-48.1. Md. 24/ (a). (b)	89%	94%	Minimum 51%
3	Capital and money market instruments and subsidiaries	III-48.1. Md. 24/ (b)	8%	2%	Maximum 49%
4	Foreign real estates, rights supported by real estates and real estate projects, affiliates and capital market instruments	III-48.1. Md. 24/ (d)	0%	0%	Maximum 49%
5	Inactive land	III-48.1. Md. 24/ (c)	0%	0%	Maximum 20%
6	Participating to operating company	III-48.1. Md. 28/1 (a)	0%	0%	Maximum 10%
7	Borrowings limits	III-48.1. Md. 31	25%	20%	Maximum 500%
8	Foreign Currency Time Deposit/Special Current-Participation Account and TL Time Deposit/Participation Account	III-48.1. Md. 24/ (b)	8%	2%	Maximum 10%
9	The sum of investments in money and capital market instruments in a single company	III-48.1 Md. 22/ (1)	2%	2%	Maximum 10%

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	İstanbul İş Towers Complex
Application Date	26.09.2022
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2022/ 22_400_309
Appraisal Date	19.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete 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 4.012.570.000 (excluding VAT) / TL 4.734.832.600 (including VAT)
Subject of Appraisal	Ankara İş Tower
Application Date	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	27.12.2022/ ISGY-2209098
Appraisal Date	26.12.2022
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 381.000.000 (excluding VAT) / TL 449.580.000 (including VAT)
Subject of Appraisal	Maslak Office Building
Application Date and No	13.10.2022
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2022/ Özel 2022-1138
Appraisal Date	27.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete 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 515.000.000 (excluding VAT) / TL 607.700.000 (including VAT)
Subject of Appraisal	Kanyon Shopping Mall
Application Date and No	20.10.2022
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2022/ 22_400_313
Appraisal Date	27.10.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete 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. İş REIC's share is 50%.
Appraisal Value	TL 1.400.000.000 (excluding VAT) / TL 1.652.000.000 (including VAT)
Subject of Appraisal	Mallmarine Shopping Mall
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	27.12.2022/ ISGY-2209101
Appraisal Date	23.12.2022
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 63.810.000 (excluding VAT) / TL 75.295.800 (including VAT)

Subject of Appraisal	İstanbul Marmara Park Shopping Mall
Application Date and No	13.10.2022
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2022/ Özel 2022-1139
Appraisal Date	27.12.2022
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 915.000.000 (excluding VAT) / TL 988.200.000 (including VAT)
Subject of Appraisal	Tuzla Technology & Operation Center
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	29.12.2022/ ISGY-2209104
Appraisal Date	27.12.2022
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 3.918.340.000 (excluding VAT) / TL 4.623.641.200 (including VAT)
Subject of Appraisal	Tuzla Meydan Shopping Mall
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	29.12.2022/ ISGY-2209106
Appraisal Date	27.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	A total of 39 independent units at İstanbul Province, Tuzla District, Merkez Neighborhood, Block No: 7301, Parcel No: 2
Appraisal Value	TL 83.600.000 (excluding VAT) / TL 98.648.000 (including VAT)
Subject of Appraisal	İzmir Ege Perla
Application Date and No	20.10.2022
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2022/ 22_400_311
Appraisal Date	23.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete 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 407.595.000 (excluding VAT) / TL 480.962.100 TL (including VAT)
Subject of Appraisal	Taksim Office Lamartine
Application Date and No	13.10.2022
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2022/ Özel 2022-1137
Appraisal Date	27.12.2022
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 373.000.000 (excluding VAT) / TL 440.140.000 (including VAT)

Subject of Appraisal	Litus İstanbul Project
Application Date and No	26.10.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	02.11.2022/ ISGY-2209001
Appraisal Date	01.11.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 17,122 m ² registered at İstanbul Province, Üsküdar District, Burhaniye Neighborhood, Block No: 725, Parcel No: 169 of which ½ belongs to İş REIC
Appraisal Value	TL 352.312.500 (excluding VAT) / TL 415.728.750 (including VAT)
Subject of Appraisal	Kartal Manzara Adalar
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	26.12.2022/ ISGY-2209108
Appraisal Date	23.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	38 residential independent units registered at İstanbul Province, Kartal District, Yukarı Neighborhood, Sheet No: G22A14B2B, Block No: 10047, Parcel No: 6
Appraisal Value	TL 224.541.000 (excluding VAT) / TL 241.654.560 (including VAT)
Subject of Appraisal	Levent Lands
Application Date and No	20.10.2022
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	29.12.2022/ 22_400_315
Appraisal Date	23.12.2022
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, Rumelihisarı Neighborhood, Block No: 916, Parcel No: 630, 631 and Block No: 1779, Parcel No: 629
Appraisal Value	TL 11.249.730 (excluding VAT) / TL 12.149.708 (including VAT)
Subject of Appraisal	İstanbul Financial Center Project
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	28.12.2022/ ISGY-2209103
Appraisal Date	27.12.2022
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 1.735.642.000 (excluding VAT) / TL 2.048.057.560 (including VAT)
Subject of Appraisal	Topkapı İstanbul Project
Application Date and No	13.10.2022
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	26.12.2022/ Özel 2022-1140
Appraisal Date	23.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	38 residential independent units of 80,239.89 m ² registered at İstanbul Province, Zeytinburnu District, Merkezefendi Neighborhood, Sheet No: 490-491, Block No: 2905, Parcel No: 17, of which ½ belongs to İş REIC
Appraisal Value	2.875.000 (excluding VAT) / TL 2.903.750 (including VAT)

Subject of Appraisal	Tuzla Land
Application Date and No	13.10.2022
Report Prepared by	Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2022/ Özel 2022-1136
Appraisal Date	28.12.2022
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 715.000.000 (excluding VAT) / TL 772.200.000 (including VAT)

Subject of Appraisal	Kadıköy Land
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	30.12.2022/ ISGY-2209110
Appraisal Date	29.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Land with an area of 8,292.72 m ² registered at İstanbul Province, Kadıköy District, İbrahimağa Neighborhood, Block No: 1421 Parcel No: 4
Appraisal Value *	TL 93.145.000 (excluding VAT) / TL 109.911.100 (including VAT)

Subject of Appraisal	Çekmeköy Lands
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	27.12.2022/ ISGY-2209112
Appraisal Date	26.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	65,302.65 m ² land located in İstanbul Province, at Çekmeköy District, Ömerli Mahallesi, block 1, plots 65, 75, 78, 79, 80, 81, 82 and plots 110, 7, 12, 13, 14
Appraisal Value	TL 419.560.000 (excluding VAT) / TL 453.124.800 (including VAT)

Subject of Appraisal	Çekmeköy Store
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	27.12.2022/ ISGY-2209112
Appraisal Date	26.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Store with land located in İstanbul Province, Çekmeköy District, Ömerli District, block 1, parcel 71
Appraisal Value	TL 23.717 (excluding VAT) / TL 27.987 (including VAT)

Subject of Appraisal	Gayrettepe Building
Application Date and No	01.11.2022
Report Prepared by	Reel Gayrimenkul Değerleme A.Ş.
Report Date and Report No	27.12.2022/ ISGY-2209114
Appraisal Date	26.12.2022
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete building located in İstanbul Province, Beşiktaş District, Dikilitaş District, block 1342, parcel 8
Appraisal Value	TL 170.300.000 (excluding VAT) / TL 200.954.000 (including VAT)

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