

iş GYO



2021 ANNUAL REPORT

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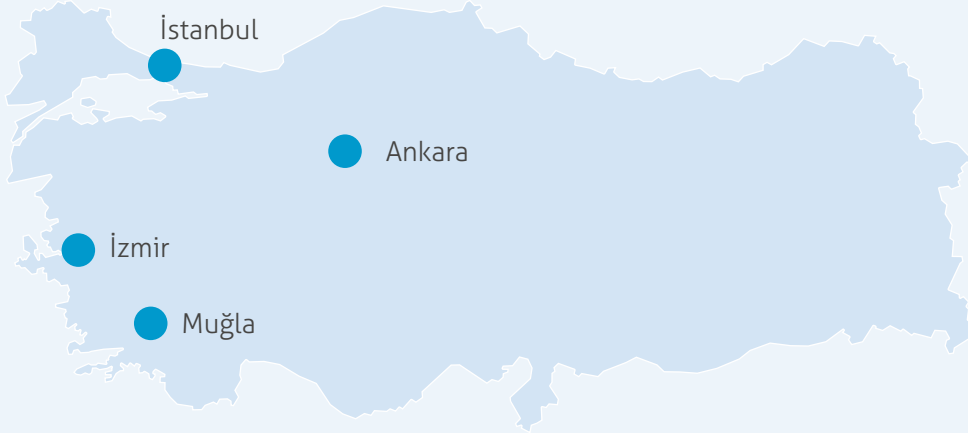
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*Blending its market prestige backed by the deep-rooted corporate principles and financial strength of its parent İşbank Group with its sectoral experience and vision, **İŞ REIC develops distinguished projects and preserves its healthy growth trend since the day it was founded.***

Registered Capital

TL 2,000,000,000

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

Issued Capital

TL 958,750,000

Tax Office / No

İstanbul - Large Taxpayers
4810137715

Trade Registry Office / No

İstanbul / 402908

Corporate Title

İş Gayrimenkul Yatırım Ortaklığı A.Ş.

Company Headquarters

İş Kuleleri Kule 2 Kat: 10-11
34330 Levent/İstanbul

Registered e-Mail

isgyo@hs02.kep.tr

MERSİS

0481013771500018

İŞ REIC IN BRIEF

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

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

distinguished projects and maintains a healthy growth process since the day it was founded.

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

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

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

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

Vision

To 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.

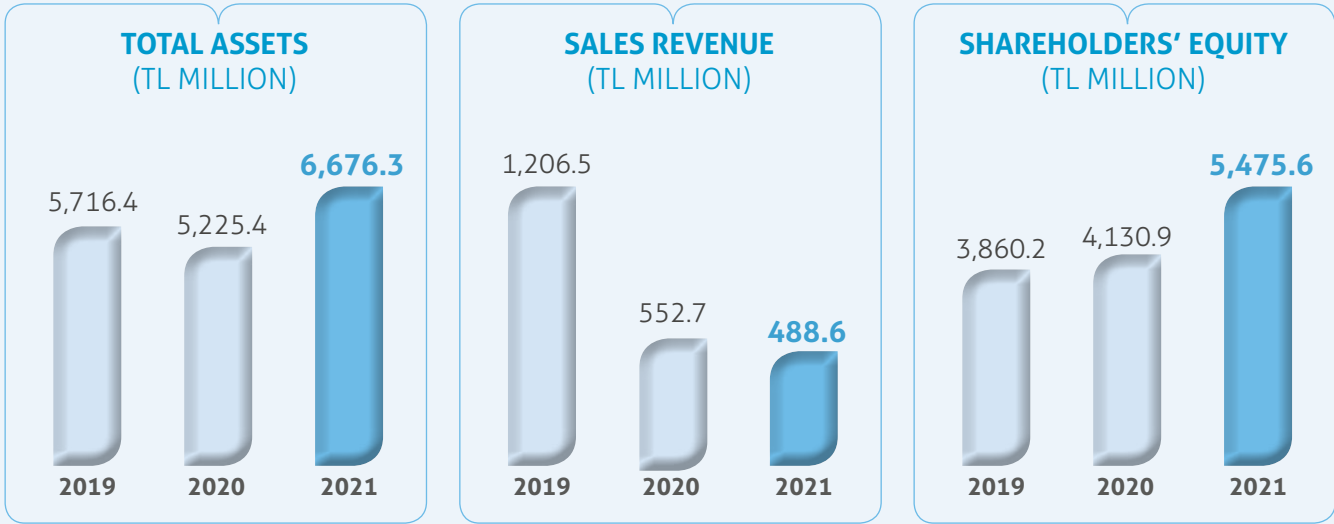
To provide high capital gains and dividend yield to shareholders with stable growth and profitability.

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



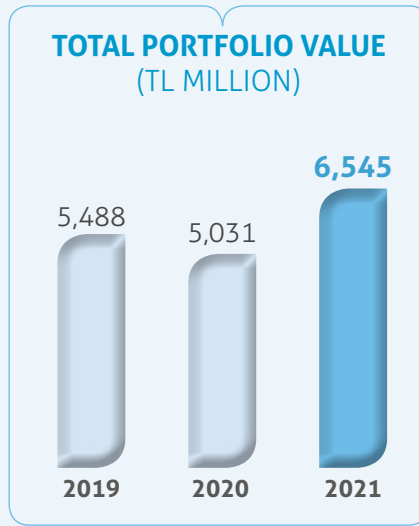
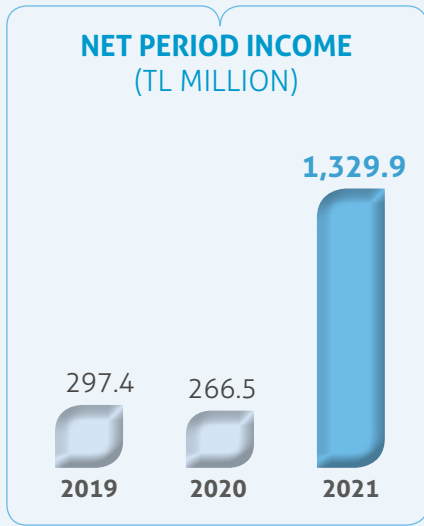
Balance Sheet (TL million)	31.12.2019	31.12.2020	31.12.2021
Current Assets	1,249.8	464.9	492.2
Non-current Assets	4,466.6	4,760.5	6,184.1
Total Assets	5,716.4	5,225.4	6,676.3

Short-term Liabilities	1,232.4	962.6	1,000.4
Long-term Liabilities	623.8	131.9	200.3
Shareholders' Equity	3,860.2	4,130.9	5,475.6

Financial Indicators (TL million)	31.12.2019	31.12.2020	31.12.2021
Sales Revenue	1,206.5	552.7	488.6
Cost of Sales	956.0	356.3	201.0
Gross Profit/Loss	250.5	196.4	287.6
Net Period Income	297.4	266.5	1,329.9
Return on Assets	5.2	5.1	19.9
Return on Equity	7.7	6.5	24.3

Financial Structure (TL million)	31.12.2019	31.12.2020	31.12.2021
Total Liabilities	1,856.1	1,094.5	1,200.7
Shareholders' Equity	3,860.2	4,130.9	5,475.6
Financial Liabilities	1,438.5	1,012.9	1,043.2
Equity Ratio (%)	68	79	82
Financial Leverage Ratio (%)	32	21	18
Financial Liabilities/Total Assets (%)	25	19	16

İş REIC booked TL 1,329.9 million **in net profit in 2021**.



Credit Ratings

Saha Kurumsal Yönetim ve Kredi
Derecelendirme Hizmetleri A.Ş.

(TR) A1+

Short-Term National Rating
Outlook: Stable

(TR) AA

Long-Term National Rating
Outlook: Stable

Portfolio Breakdown - 2021	(TL million)	% Share
Office	3,552.9	54.3
Shopping Mall	1,472.5	22.5
Project	676.1	10.3
Inventory ^(*)	99.6	1.5
Land	326.3	5.0
Money & Capital Market Instruments ^(**)	411.3	6.3
Subsidiaries	5.8	0.1
Total	6,544.5	100.0

(*) 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	2019	2020	2021
Real Estate Portfolio	4,702	4,737	6,127
Total Portfolio Value	5,488	5,031	6,545

REIC Sector

Market Capitalization of the REICs ^(*)	(TL million)	% Share
İş REIC	2,905	3.4
Other REICs	83,619	96.6
Market Total	86,524	100.0

(*) BIST data

CAPITAL AND SHAREHOLDER STRUCTURE

Capital Structure

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

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

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

The authorized capital of the Company is TL 2 billion, and the authorized capital permission given by the Capital Markets Board of Türkiye (CMB) is valid for 5 years from 2017 through 2021. The Company filed an application with the CMB during the reporting for increasing its authorized capital to TL 7 billion, which will be valid from 2022 through 2026.

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 2021 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.

Shareholder Structure

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

Shareholder Structure	TL	Share (%)
Türkiye İş Bankası A.Ş.	499,138,056	52.06
Anadolu Hayat Emeklilik A.Ş.	68,151,714	7.11
Other	391,460,230	40.83
Total	958,750,000	100.00

*Source: Public Disclosure Platform

The nominal value of the Company's shares in free float is TL 377.4 million, which corresponds to 39.36% of the Company's capital.

Subsidiaries

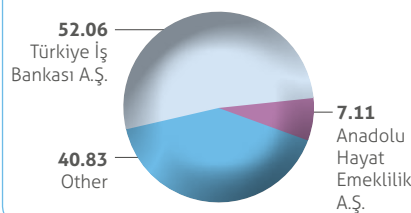
Currently, the Company has only one subsidiary: Kanyon Yönetim İşletim ve Pazarlama A.Ş.

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 2021, BIST REIC Index gained value by 11% and İŞ REIC stock by nearly 19%.

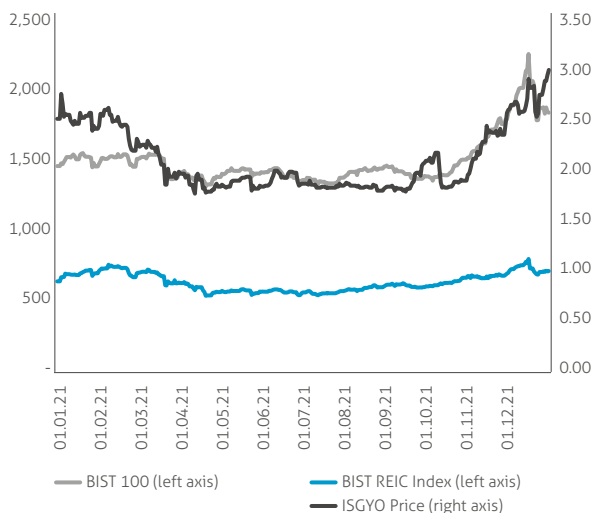
With a market capitalization of TL 2,905 million as of 31 December 2021, the Company represents approximately 3.4% of the real estate investment trusts sector.

During 2021, BIST 100 Index gained value by 26%, BIST REIC Index by 11% and İŞ REIC stock by nearly 19% in terms of Turkish lira.

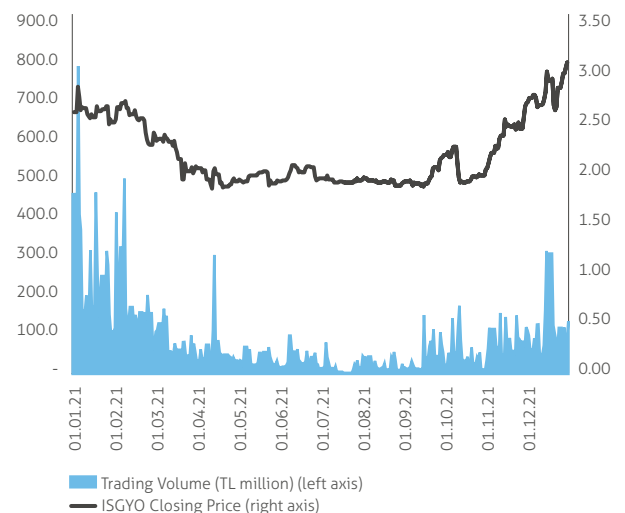
The average daily trading volume of the Company stock, which is traded on the BIST Star Market, was worth nearly TL 85.6 million in 2021.

Stock Performance	31.12.2019	31.12.2020	31.12.2021
Market Capitalization (TL million)	1,687	2,435	2,905
Market Share (%)	6.1	4.5	3.4
Earnings per Share (TL)	0.31	0.28	1.39
P/E Ratio	5.68	9.14	2.18
P/BV	0.44	0.59	0.53

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 Turkey" by Euromoney magazine.

2006

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

Review Architectural Award was presented to Kanyon.

2007

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

2009

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

2010

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

2011

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

2012

The Marmara Park Shopping Mall 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 Turkey Advertising Awards with its advertising film.

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

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

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 Turkey Ministry of the Interior.

Deliveries started at Manzara Adalar.

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

İş REIC's long and short-term national ratings within 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.

MESSAGE FROM THE CHAIRMAN

*In 2021, our Company's operations were pursued on the back of sustainable and effective actions, and **property investments were made which will generate development profit.***



Dear Stakeholders,

Macroeconomic outlook has yet to clarify.

The Covid-19 variants and the developments related to the course of the pandemic made the highlights on the agendas of global markets also in 2021. Measures and restrictions implemented in numerous countries with the emergence of the new variants following the progress achieved towards normalcy in the first half of the year braked economic revival. As supply chain issues caused supply-demand mismatches, inflationist pressures persisted. With increased concerns regarding inflation, central banks made decisions to accelerate the tightening of supportive monetary policies. Various countries including the US, Germany and Japan revised their 2021 growth estimations downwards due to disruptions in the supply chain servicing the industrial production. Speculating that the Omicron variant might further aggravate the worldwide supply issue and in turn, push inflation further up, projections for recapturing pre-pandemic levels in global

economy started to be postponed to after 2023.

Our country had a tough year as well due to the pandemic circumstances that endured throughout the year and to the global economic environment. With the contribution of the recovery tendency in economic activity and the low base effect, the Turkish economy grew by 11.7% in the first three quarters of 2021.

While global inflationist pressures and the depreciation of the Turkish currency, coupled with the strong outlook of domestic demand, reflected on inflation indicators, the CPI was high throughout the year and hit 36.08% at the end of 2021, the highest level of the past 19 years.

The CBRT altered its policy and initiated rate cuts from September 2021, bringing the policy rate down gradually from 19% to 14% until the end of the year. In this process, high inflation and exchange rate became stronger threats for the economy. To this backdrop, the Government targeted to curb the depreciation of the Turkish lira by introducing the FC-indexed TL deposit account instrument.

The deferred demand that kicked in in global trade combined with the strong exports performance throughout the year that was driven also by the high loss of value sustained by the Turkish lira, and recovery in tourism and transportation revenues brought along improved current accounts balance. However, the uptrend in commodity and energy prices continue to put an upside risk on the current deficit.

Economic recuperation in emerging countries was at lower levels than it was in developed economies due to a variety of reasons including inequalities in the healthcare systems, public policies, labor shortage in certain sectors, and permanent inflation. In the light of these developments, the International Monetary Fund (IMF) reported its global economic growth estimation for 2021 as 5.9% and for 2022 as 4.9% in its World Economic Outlook. The same report forecasted Turkey's growth rate at 9% for 2021 and 3.3% for 2022.



The negative implications of the pandemic upon property markets remain.

The pandemic kept taking its toll in different forms on all areas of property markets. Secondary home sales that picked up due to the pandemic came in addition to the purchases for investment purposes in the housing sector. Along this line, both sales prices and rents increased remarkably. Postponement of return-to-office depending on the course of the pandemic has been delaying the recovery in the office market. Similarly, total lockdown implemented in the reporting period and other social measures and restrictions negatively affected the anticipated turnover level and visitor traffic in the retail sector.

We will overcome these challenging days with our agile management philosophy.

Since 2020, we are fighting an unpredictable power that imposed change upon humanity, people's habits, business and living orders. Starting the second year of the pandemic with the experiences we have acquired and with the consciousness of the fact that recovery will not be as fast and easy as anticipated increased our preparedness against numerous uncertainties. Along this line, our Company's operations were pursued on the back of sustainable and effective actions throughout the year, and property investments were made which will generate development profit.

In the period ahead, we will keep managing our existing property portfolio with a dynamic approach by establishing the ideal balance between revenues and costs and by acting in line with our main strategy erected on effective risk management.

On behalf of the Board of Directors and myself, I would like to thank all our stakeholders who make the sustainable value we generate possible.

Sincerely,

Sezgin Yılmaz
Chairman

MESSAGE FROM THE CEO

*At İŞ REIC, it will be our primary goal to grow our portfolio also in **2022 drawing on our robust financial structure and experience.***

Dear Stakeholders,

The mass vaccination that gained momentum in 2021 against the pandemic that took its toll on the whole world gave rise to the anticipation that the pandemic would alleviate; however, the virus re-imposed itself with new variants, refueling the concerns associated with it and sporadically putting measures and restrictions back on the table. Hence, 2021 has been a challenging year economically on top of the pandemic effects. Although the wheels of growth kept turning in our country, the high inflation and exchange rate cycle, rising input costs of construction, weakened purchasing power combined with the uncertainty stemming from the pandemic negatively affected the sector's performance.

In the light of the experiences gained in the previous year, İŞ REIC focused on minimizing the effects of the pandemic also in 2021 drawing on its agile management capability and its strong reflexes in risk and portfolio management. Devising the necessary strategic plans along this line, the Company concentrated on analyzing the risks with respect to the financial and operational pressures arising from the pandemic, and taking the correct actions, which allowed it to keep creating added value in line with its prudent approach to liquidity, balance sheet and operations.

In 2021, our Company derived TL 244 million in rental income, while generating total sales revenues in the amount of approximately TL 489 million, and booking a net profit for the period of TL 1,329.9 million at year-

end. Our shareholders' equity at 2021 year-end remains strong with TL 5,476 million.

Total assets of the Company were recorded as TL 6,676 million, and the total portfolio value as TL 6,545 million. As at 31 December 2021, İŞ REIC increased its market capitalization to TL 2,905 million, up by 19.3% on an annual basis.

Our projects are carried out in line with our plans.

In the wake of the pandemic, people's choices for housing increasingly concentrated in projects with garden houses, detached houses and projects away from the city. The rapid hike in exchange rates triggered consumers who tend to invest their savings in this direction and provided an advantageous setting for foreigners seeking to acquire Turkish citizenship by buying housing. In this context, sales processes for three of our Company's projects were completed during the reporting period, and the ratio of sold housing units at our Kartal Manzara Adalar project reached 95% at the end of the year.

On another front, the construction of our existing projects and our new project activities were carried out as planned in 2021. The construction of our İstanbul Financial Center project was accelerated in the reporting period. Negotiations were initiated with the Türkiye Wealth Fund, the institution authorized by the relevant governmental authorities, for all leasable areas in the project. The construction of our project that is being developed in Altunizade, Üsküdar

started and work for carrying out the project launch in the first half of 2022 gained speed. During 2021, sales of 16 villas in the Kasaba Evleri Project were completed, and construction activities are in progress. For the housing project planned to be developed on our Tuzla plot, work is planned to be commenced during 2022 provided that suitable investment and market conditions emerge.

The stagnant outlook of the sector persists.

Macroeconomic conditions of 2021 negatively influenced the investment environment across the country, and this impact took its toll also on our sector. The high level of funding costs that have been ongoing for a while particularly on the side of investors appeared the investment appetite in the property sector.

2021 has been a year of postponement of new project investments and planned projects in the sector due to the radical rise in construction material costs as a result of high inflation and exchange rate levels. Project developers turned their focus to disposing of their stocks in the first place. The cost pressure on manufacturers reflected on prices, and both rents and housing sales prices increased.

Although total housing sales across Turkey in 2021 was very close to the 2020 level, the number of branded new housing and mortgage sales hit its lowest level since 2013 due to the housing loan rates that floated high for the most part of the year. In addition, as the awaited decline in housing





loan rates did not materialize, the population planning to buy housing on credit postponed their purchasing decisions.

The emergence of new working models as a result of the altered manner and habits of office usage during the pandemic negatively affected office occupancy and average rents. As many companies transitioned to the teleworking format and/or adopted the hybrid working model, tenants opted for downsizing or closing or relocating their existing office spaces to lower-cost locations for cost reduction. Especially co-working and move-in ready office spaces gained the foreground within new office alternatives due to their cost-saving and fast move-in advantages.

While significant momentum was captured in e-commerce volume and online sales as a noteworthy result of the pandemic for the retail market, physical retailing was deeply impacted by social restrictions. Shopping center visitors decreased by half as compared to the pre-pandemic period. As the number of firms confronted with

financial crisis soared, many of them closed their businesses or entered into composition with creditors. In the period ahead, the revival of physical retailing will be driven by stores with strengthened technological infrastructure and concepts offering targeted experiences.

We are focused on creating sustainable value employing the right strategies.

2021 was bereft of an opportune environment for healthy execution of activities by the property and construction sectors with respect to inflation, interest and exchange rate levels. Hence, investment appetite and demand will possibly remain stagnated as improvement of these indicators will span 2022. On the other hand, the fact that property is still regarded as a solid investment instrument consolidates the opinion that the sector will carry on with its activities with powerful players in 2022. In addition to that, potential market entries by sector players in housing and commercial property segments with new business models are considered as an opportunity.

In such periods when environmental and economic variables take abrupt turns, the vitality of financial strength and stability for sustainability of operations by businesses becomes more visible than ever. Along this line, at İş REIC, it will be our primary target to expand our portfolio also in 2022 with our strong financial structure and experience. In the coming period, we will focus on carrying out our ongoing projects as planned and to put into life three new projects. Providing revenue inflow through accurate portfolio management and generating value for our stakeholders will remain as our key strategic goal.

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

Sincerely,

Hasan K. Bolat
CEO

BOARD OF DIRECTORS

SEZGİN YILMAZ

Chairman

24.03.2021-23.03.2022

Mr. Sezgin Yılmaz 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 a member of the Board of Directors at İş Merkezleri Yönetim ve İşletim A.Ş.

MURAT KARLUK ÇETİNKAYA

Vice Chairman

24.03.2021-23.03.2022

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 worked as an Assistant Manager in 2011 and as a Unit Manager in 2017 in the same Department of İşbank. On 30 June 2020 Mr. Çetinkaya was appointed as Manager of Construction and Real Estate Management

Department. Holding a position within the Group in addition to serving as a member of the Board of İş REIC, Mr. Çetinkaya has been acting as a member of the Board of Directors at İş Portföy Yönetimi A.Ş. since 2017. Mr. Çetinkaya has been serving as member of the Board of Directors at İş REIC since 10 July 2020.

AYSEL TACER

Board Member

24.03.2021-23.03.2022

Ms. Aysel Tacer received her bachelor's degree at the Department of Business Administration, Faculty of Economics and Administrative Sciences, Marmara University, and started her career as an officer at the Taksim Branch of İşbank in 1980. Ms. Tacer served as Assistant Service Officer and Financial Analyst at the Department of Information and Financial Analysis between 1983 and 1989. She started working as Credit Assistant Specialist at Şişli Branch in 1989 and as Assistant Manager at the same branch in 1993. She worked as manager at Akatlar, Çarşı-Bakırköy, Bakırköy, Güneşli and Güneşli Corporate Branches between 1996 and 2011. Ms. Tacer worked as member of the Audit Committee at Tuba-Sim İnş. Konsorsiyumu A.Ş. between 1994 and 1996, as member of the Audit Committee at İş Faktoring A.Ş. between 1999 and 2001, and as member of the Board of Directors at Camiş Madencilik A.Ş. between 2001 and 2005, at Anadolu Anonim Türk Sigorta A.Ş. between 2005 and 2009, and İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. between 2009 and 2011. Ms. Tacer was as member of the Board of Directors of İşbank on 31 March 2011 and 28 March 2014. She served as member of the Board until 21 March 2016, acting as member of the Corporate Social Responsibility Committee and as substitute member of the Credit Committee during her term. Ms. Tacer retired from İşbank on 30 June 2015. Ms. Tacer does not hold any in-group

positions other than her seat as a member of the Board of Directors at İş REIC as of 11 April 2016.

PROF. DR. ARZU ERDEM

Independent Board Member

24.03.2021-23.03.2022

Prof. Dr. Arzu Erdem received her bachelor's degree at the Faculty of Architecture, Istanbul Technical University as architect in 1983, her MSc at the Graduate School of Social Sciences in 1985, and her PhD at the Graduate School of Natural and Applied Sciences in 1995 at the same University. She started her career as Project Coordinator at STFA Yapı Yatırımları A.Ş. in 1986. Ms. Erdem was a visiting research fellow at the Los Angeles Graduate School of Architecture and Urban Planning, University of California between 1991 and 1992. Ms. Erdem worked as Research Associate, Assistant Professor, Associate Professor and Professor at the Faculty of Architecture, Istanbul Technical University between 1988 and 2009. Ms. Erdem served as Head of the Department of Architecture at the same University between 2012 and 2013. Appointed as Dean of the Faculty of Architecture, Abdullah Gül University between 2015 and 2017, Ms. Erdem retired from the Faculty of Architecture, Istanbul Technical University in 2017. She is currently 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



Sezgin Yilmaz
Chairman



Murat Karluk Çetinkaya
Vice Chairman



Aysel Tacer
Board Member



Prof. Dr. Arzu Erdem
Independent Board Member



Haluk Büyükbaş
Independent Board Member



Nihat Uzunoğlu
Independent Board Member



Özcal Korkmaz
Board Member



Kubilay Aykol
Board Member



Murat Doğan
Board Member

BOARD OF DIRECTORS

Rubicon Foundation that conducts studies and research regarding natural life and biodiversity and SEV Foundation, Ms. Erdem is also a member of the Board of Trustees of the Foundation for the Development of ITU (İstanbul Technical University). Having been appointed as member of the Board of Directors of İş REIC since 21 March 2018, Ms. Erdem does not hold any in-group position. She is also the Head of Corporate Governance Committee, as well as the Member of the Committee for Early Detection of Risk in İş REIC.

HALUK BÜYÜKBAŞ

Independent Board Member

25.03.2021-23.03.2022

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

Auditors at various companies, mainly including Tüpraş, Petkim, Erdemir and ÇEAŞ during his public service career. Mr. Büyükbaş served in managerial positions as the Secretary General of the Turkish Contractors Association (TCA) between August 2005-January 2019. In connection with this post, he represented TCA before the European Construction Industry Federation (FIEC) and he has been a Governor at the World Water Council based in Marseille from March 2006 until November 2018. Mr. Büyükbaş has been serving as the Secretary General of the METU (Middle East Technical University) Development Foundation since August 2021. Having been appointed as member of the Board of Directors of İş REIC since 24 March 2016, Mr. Büyükbaş does not hold any in-group position. He is also the Head of Committee for Early Detection of Risk, as well as the Member of the Committee for Audit in İş REIC.

NİHAT UZUNOĞLU

Independent Board Member

25.03.2021-23.03.2022

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

to August 2004. Mr. Uzunoğlu was re-appointed to the Tax Inspectors Board as Chief Tax Inspector in August 2004, where he served in various functions including member of the Reading Commission and member of the Advisory Commission. Mr. Uzunoğlu served as the President of the Finance Tax Inspectors Association for four terms between 2005 and 2009, and retired from civil service in January 2014. He currently offers advisory in tax, insurance and other financial legislation at Karden Yeminli Mali Müşavirlik A.Ş. and also provides training activities on tax implementations at the "HUZ ACADEMY", which is a joint institution of the Tax Inspectors Association and Tax Inspectors Foundation. Mr. Uzunoğlu is the author of a two-volume book set titled Herkes İçin Katma Değer Vergisi Kanunu Yorum ve Açıklamaları (Value Added Tax Law Interpreted and Explained for the Layman) published by the Finance Tax Inspectors Association. Mr. Uzunoğlu has been a Member of İş REIC's Board of Directors since 24 March 2016 and he is also the head of the Committee for Audit. Mr. Uzunoğlu does not hold any other in-group position apart from his roles at İş REIC.

ÖZCAL KORKMAZ**Board Member**

24.03.2021-23.03.2022

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 Chairman of the Board of Directors of T.R. Government Retirement Fund and was retired in 1994. He served as the Chairman 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 Chairman 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.

KUBİLAY AYKOL**Board Member**

01.10.2021-23.03.2022

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 began his career in 1997 as an Assistant Inspector at İşbank. He 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 Assistant Manager and Retail Banking Product Department Head from 2011 until June 2018 when he assumed the position of Retail Loans Department Head, in which position he currently serves. Having served on the Board of Directors of Anadolu Anonim Türk Sigorta Şirketi between 2010 and 2018, Mr. Aykol was a member of the Milli Re Board of Directors in 2018-2019 and Vice Chairperson of the Board between 2019 and 2021. Besides his member's seat on the Board of Directors at İş REIC, he holds another in-group position as the Retail Loans Department Head at İşbank. He also holds an out-group position as the Board of Directors member at Birleşik İpotek Finansmanı A.Ş. (Turkey Securitization Company) since 2020. Mr. Aykol has been a Board of Directors member at İş REIC since 1 October 2021 and he is also a member of the Corporate Governance Committee and the Committee for Early Detection of Risk.

MURAT DOĞAN**Board Member**

25.03.2021-23.03.2022

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 has become Division Head in November 2021 and continues to serve in that position. He currently serves as Unit Manager in the same division. 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 other Group companies, namely Türkiye Sınai Kalkınma Bankası A.Ş., Casaba Yönetim İşletim İm. İth. İhr. Paz. Tem. Güv. Ulaş. Tic. ve San. A.Ş., Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Trakya Yatırım Holding A.Ş., Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. and Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş.

BOARD OF DIRECTORS

Changes in Management During the Reporting Period

At the General Assembly Meeting held on 24 March 2021, all nine members of the Board of Directors who had served previously have been re-elected.

Under the distribution of tasks within the Board of Directors, Mr. Sezgin Yılmaz was appointed as the Chairman of the Board, and Board member Mr. Murat Karluk Çetinkaya as the Vice Chairman of the Board.

During the reporting period, one Board member resigned. Mr. Kubilay Aykol was elected on 01 October 2021 to succeed Ms. Neşe Gülden Sözdinler, who resigned during the reporting period, to serve until the next Ordinary General Assembly Meeting.

Duties and Responsibilities of the Board of Directors

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

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

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

Operating Principles of the Board of Directors

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

upon an invitation by its chairman or his deputy. Under article 13 of the Company's articles of association, it is possible for other members to summon the Board to convene as well.

Board Meetings

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

During the reporting period, the Board of Directors convened five times and passed 105 decisions. Full attendance was achieved in all but one 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 24 March 2021.

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.

Mr. Sezgin Yılmaz serves as Chairman at İş Merkezleri Yönetim ve İşletim A.Ş., Mr. Karluk Çetinkaya serves as a board member at İş Portföy Yönetimi A.Ş., and Board member Mr. Murat Doğan serves as a board member at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.; the said situations do not lead to any conflicts of interest.

Remuneration of the Members of the Board of Directors

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

The Corporate Governance Committee makes recommendations regarding remuneration of the members of the Board of Directors, which is then determined by the General Assembly of Shareholders. At the General Assembly Meeting convened on 24 March 2021, monthly gross remuneration to be paid to each Board member is set as TL 14,350, and all Board members are remunerated

equally. The gross value of all remuneration provided to members of the Board of Directors during the reporting period was TL 1,505 thousand.

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

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

Operating Principles of the Board of Directors

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

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

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

Corporate Governance Committee

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

(*) Assistant General Manager Responsible for Investor Relations

Committee for Early Detection of Risk

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

Committee for Audit

Head	Member
Nihat Uzunoğlu	Haluk Büyükbaş
Independent Board Member (non-executive)	Independent Board Member (non-executive)

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

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

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

During the reporting period, the Corporate Governance Committee considered the candidacy of three 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 Department serves as a member on the Corporate Governance Committee.

Under the Board of Directors decision dated 26 March 2021, 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 2021 within the frame of the espoused operating principles; they have fulfilled their duties and responsibilities set out in the Corporate Governance Principles, and accordingly, the Company's internal systems function efficiently. Through their activities, the committees contributed to the activities of the Board of Directors, and the Company furthered its compliance with corporate governance practices.

BOARD OF DIRECTORS

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 eight times during the reporting period. While priority is given to discussing the topics on the agenda in the Committee meetings, the Investor Relations Department's activities during the year, its determinations and evaluations were also addressed, and as such, the Committee fulfilled its function as a bridge between shareholders and the Board of Directors. Decisions adopted in Committee meetings, and the presentations on the topics discussed in meetings were shared with the Board of Directors after the Committee meetings.

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

- Took the necessary steps to make sure that the Company is in compliance with the applicable requirements, and especially with the Corporate Governance Principles Communiqué,
- Fulfilled the functions of the Nominating Committee and Remuneration Committee,
- Effectively supervised the activities of the Investor Relations Department.
- Reviewed the Company's Corporate Governance Compliance Report and Corporate Governance Information Form, and presented them for the approval of the Board of Directors.

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

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk, which has been set up to early detect the risks that may threaten the Company's existence, development and survival, to take necessary action for identified risks, and to manage risks in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC, held nine meetings during the reporting period.

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

- A quarterly Company Risk Report covering basic risk types in relation to the Company's activities with a particular focus on operational risk, liquidity risk, credit risk and market risk, which is prepared by the Internal Systems Unit within the knowledge of the Committee for Early Detection of Risk,
- A bimonthly Committee for Early Detection of Risk Report, which is prepared by the Committee for Early Detection of Risk so as to cover risk management and early detection of risk pursuant to article 378 of the TCC.

Through the reports issued and activities carried out during the reporting period, the Committee played an active role in the identification and analysis of important risks inherent in the Company's operations, ensured that necessary information was provided to the Board of Directors with respect to monitoring the risk limits, and increased the efficiency of the Company's risk systems.

Committee for Audit:

The Committee for Audit reports to the Board of Directors and carries out its activities in accordance with the "Operating Principles of the Committee for Audit". The Committee ensures the auditing and supervision of proper execution of financial and operational activities, and carries on with its activities in relation to public

disclosure of the Company's financial statements, execution of independent audits, ensuring effective operation of the Company's internal systems, and active supervision of all other aspects of the independent auditors' activities. The Committee held seven meetings during the reporting period.

In parallel with its duties set forth in the operating principles, the Committee for Audit, during the reporting period;

- Oversaw the independent audit process including conformity of all aspects of the independent auditor's activities and of the interim and annual financial reports to be publicly disclosed to the accounting principles pursued by the Company, as well as their accuracy and fairness,
- Monitored the determination of the annual activity plan of the Company's Internal Systems Unit and execution of audit activities in accordance with the plan, and received information about audit activities in periodic meetings,
- Provided the necessary coordination for sharing the findings identified within the scope of audit activities with the Board of Directors and the Company's senior management, and for ensuring that necessary measures are adopted.

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

DECLARATION OF INTEREST BY INDEPENDENT BOARD MEMBERS

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

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

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

b) Within the most recent five years, I have neither been a shareholder controlling 5% or higher share, or an employee in an executive position involving major duties and responsibilities nor a board member, in any company from/to which the Company purchases/sells significant amount of services or products under

the agreements made during such time when services or products were purchased or sold, and particularly in companies involved in the Company's auditing, rating, or consulting;

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

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

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

f) I possess the ethical standards and professional repute and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any conflicts of interest that may arise between the Company and its shareholders, and to come to decisions freely taking into consideration all stakeholders' rights;

g) I am capable of devoting sufficient amount of time to follow-up the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking;

h) I have not served as a member on the Company's Board of Directors for more than six years within the most recent ten years;

i) I am not serving as an independent board member in more than three of the companies in which the Company, or shareholders having management control over the Company, have management control, or in more than five companies, in the aggregate, traded on the stock exchange;

j) I have not been registered and promulgated on behalf of the corporate entity elected as a member of the Board of Directors.

Prof. Dr. Arzu Erdem
Independent Board Member

Haluk Büyükbaş
Independent Board Member

Nihat Uzunoğlu
Independent Board Member

SENIOR MANAGEMENT

Hasan 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 Chairperson of the Financial Leasing Sector Representatives Board and Deputy Chairman of FKB (Association of Financial Institutions). Currently serving as the Chairman of the Board of Kanyon Yönetim, İşletim ve Pazarlama A.Ş. and Chairman of the Board of Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., Mr. Bolat is also a Board Member of GYODER (The Association of Real Estate and Real Estate Investment Companies), and Vice Chairman of KONUTDER (Association of Housing Developers and Investors), two major non-governmental organizations of the real estate sector.

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). 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 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. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.



Hasan K. Bolat
CEO



Ayşegül Şahin Kocameşe
Assistant General Manager



Kaan Özsoy
Assistant General Manager



Gülfem Sena Tandoğan
Assistant General Manager



Ömer Barlas Ülkü
Assistant General Manager

THE REAL ESTATE SECTOR IN 2021



After attaining a limited growth of 3.1% and 3.3% respectively in the first two quarters of 2021, the construction sector suffered an abrupt downsizing of 6.7% in the third quarter due to the repressing effect of the pandemic upon economic activity, coupled with the cost-side effect of high inflation and exchange rates. As a result, the sector ended the first nine months of the year with a contraction of 0.1%. As of the third quarter of the year, the sector's share in GDP, on the other hand, declined to 4.9% from 5.0% at year-end 2020 and from 5.7% in the second quarter of the year.

In November 2021, while the construction costs index went up by 7.94% on a monthly basis and by 48.87% on an annual basis, the materials index and the labor cost index soared by 60.13% and 22.50% on a year-over-year basis, respectively.

As the current level of construction projects leapt forward significantly from the onset of July with the reopening, it sustained its rise through the July-September period, before abating starting from October and declining by 2.0 points in December on a monthly basis. The shooting construction costs and economic fluctuations began restraining the existing projects and new undertakings. After a wavy course in the fall, new undertakings declined by 2.6 points in December as compared to November. The positive effect of

normalization and reopening upon new undertakings perished; in this respect, the seasonality effect must not be overlooked either.

In the first nine months of 2021, building permits granted by municipalities increased by 59.5% in terms of the number of buildings, by 36.4% in terms of area, by 86.3% in terms of value and by 33.4% in terms of the number of apartments on a year-over-year basis.

After letting up in the second quarter of the year, the Construction Industry Confidence Index declined from the third quarter and fell by a remarkable 5.1 points in December as compared to the previous month.

Housing Market

The number of housing units sold in 2021 was down by 0.5% annually to 1,491,856 all over Turkey. 30.1% of this figure consisted of first-hand sales, while the share of second-hand housing sales sustained their increase also in 2021 and reached 69.1%.

Having decreased in the first half of the year due to the high interest rates, mortgage sales took an upturn in the third quarter, which further picked up in the last quarter as the public banks cut housing loan rates; however, mortgage sales slumped by an annual 48.6% for the whole year. Mortgage sales accounted for 19.7% of total housing sales.

The prices shot up due to shrank housing supply that resulted from decreased new housing production in connection with the rise in construction costs, which was further fueled by the escalating exchange rates. On the other hand, housing sales to non-nationals increased in parallel with the depreciation of the Turkish lira. In 2021, housing sales to non-nationals augmented by 43.5% as compared to the previous year and reached 58,576.

The CBRT Residential Property Price Index (RPPI) value in November 2021 rose by 50.5% annually to 229.1. The CBRT RPPI for New Dwellings Index value in November 2021, on the other hand, increased by 58.9% to 250.4.

Office Market

According to Colliers data, total Class-A leasable office stock in İstanbul was 2,688,634 m² in the third quarter of 2021.

Even if limited, return-to-office started in 2021 enabled by accelerated vaccination and normalization steps. It is observed that office usage spaces are being planned so as to suit the flexible working order in new rentals or contract renewals. Office rental in the market was stirred to action in the third quarter of 2021 as many companies opting for the hybrid working model took action. There is an increase in TL terms in the list prices that remained constant for almost two years and in

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rents particularly in areas preferred by office users.

In the third quarter of 2021, the vacancy rate in total Class-A Office buildings on İstanbul's European and Asian sides was measured as 28.77%. Vacancy rates were registered as 32.83% on the European side and as 21.62% on the Asian side.

During the reporting period, new rentals totaled approximately 60,179 m². While Kozyatağı/Ataşehir and CBD each got 33% share of these transactions, Maslak region followed with 16% share. It is noted that approximately 30% of new rentals were carried out by flexible office operators.

Average Class-A office rent figures across İstanbul were 13.23 USD/ m²/ month in USD terms and 118.34 TL/m²/ month in TL terms. While rents on the European side averaged 14.67 USD/ m²/month and 131.35 TL/m²/month in USD and TL terms respectively, the same was 10.69 USD/m²/month and TL 95.42 TL/m²/month for the Asian side in USD and TL terms respectively.

When compared to the second quarter of 2021, average Class-A office rents rose in many of the regions in TL terms as the rents were indexed to the rise in the USD/TL exchange rate by the property owners; 16% rise in the CBD on the Büyükdere axis and 9% rise in Levent and Maslak regions are particularly remarkable.

Approximately 949,995 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, 74% is located in Kozyatağı/Ataşehir, 21% in CBD and 5% in Maslak regions.

Retail Market

According to Cushman & Wakefield data, there was no new shopping mall supply to the market in the third quarter of the year and total supply remained unchanged at 13.5 million m².

Prime rent figures on main streets in İstanbul retail market dropped by 18.2% as compared with the previous year. Prime return rate, on the other hand, was found to be flat with the past two year's level at 7.25%.

Paralleling the pandemic-altered consumer habits, online sales volume and turnover captured a rising momentum. Along with the ascent of online retail, experience store concept preserved its popularity also in this quarter. Although shopping malls began reclaiming their position as socialization venues with the confidence drawn from the increased number of vaccinated people, the number of visitors remained below the pre-pandemic levels.

As digitalization gains momentum in the reformatted retail market, retailers are reinforcing their technological

infrastructures in their physical stores. This trend is anticipated to continue and get stronger in the future.

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 80.2% on a year-over-year basis to 564 points in November 2021. Productivity per leasable area in shopping malls was registered as TL 2,824 in İstanbul and TL 1,699 in Anatolia in November 2021. In the same period, productivity per square meter across Turkey reached TL 2,149.

Productivity per square meter on the basis of categories, on the other hand, reveals that the most significant rise occurred in the food and beverage category with 136.3% as compared to November 2020.

According to November 2021 data, the number of visits index hit 75 points, up by 38.9% on a year-over-year basis.

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

BOARD OF DIRECTORS ACTIVITIES IN 2021



*On the back of swift and proper actions taken by correctly analyzing the market conditions amid the present conjuncture, the Company **shaped its sales strategy for the whole year around maximization of its profit.***

In 2021, our Company pursued its operations by attaining maximum adjustment to the market environment that was transformed by the pandemic, which has been going on since the previous year. Despite the contraction in the national economy and in the overall sector that resulted from the ongoing social restrictions, our Company effectively managed its high-quality real estate portfolio drawing on its robust balance sheet structure and financial capabilities. While necessary actions were taken to ensure post-pandemic continuity of rental income in view of the transformed working environment and emerging hybrid

models, opportunities materializing in the sector were taken advantage of, and sales revenues were increased.

The permanent shift of numerous tenants to teleworking or hybrid working models during the year negatively affected all commercial functions in the sector. This put pressure on the demand side as well as on the transaction volume side on offices and commercial spaces covered in the Company's portfolio. Accordingly, rental supports in line with the general practices in the sector were carried on for retaining the existing tenants and ensuring continuity of rental income. To this end, rental

supports were extended to tenants particularly in the shopping centers, malls and commercial spaces, which varied in form and amount linked to the current number of visitors and tenants' business volumes. Despite the pandemic conditions, the Company's rental income increased by around 15% as compared to the previous year. The Company contributed to the recovery process of its office and retail space tenants through the support extended and the alignment achieved with the new working formats.

The housing sector saw significant price increases during the year which resulted from the pandemic and the



escalated exchange rates. Mortgage sales in 2021 declined dramatically due to the absence of suitable circumstances for taking out housing loans.

On the other hand, supply side contracted in new housing units due to construction costs that rocketed up by approximately 50%, as a result of which 70% of the total housing sales during the reporting period comprised of second-hand housing sales. In addition, it is known for a fact that part of the first-hand housing sales that took place comprises of sales to non-nationals for obtaining citizenship.

On the back of swift and proper actions taken by correctly analyzing the market conditions amid the present conjuncture, the Company shaped its sales strategy for the whole year around maximization of its profit. Accordingly, the Company's sales revenues targets for its housing portfolio surpassed the forecasts. The housing sales in the Ege Perla Project developed in İzmir by our Company were completed during the reporting period, whereas sales of home office units continued. The rate of sold units at Manzara Adalar Project located in Kartal, İstanbul, on the other hand, exceeded 95%, and the settlement ratio of the project approached 90%.

All of the units in Topkapı İstanbul Project have been sold, and title deeds continued to be distributed during the reporting period.

Momentum was given to the construction of İstanbul Financial Center in line with the governmental authorities' targeted launch for 2022. Presidency of the Republic of Türkiye Finance Office is coordinating the activities for the creation of the ecosystem that will position the Center as a global financial hub. Upon the announcement that the Türkiye Wealth Fund, which has been authorized by the Presidency of the Republic of Türkiye, will be handling

BOARD OF DIRECTORS ACTIVITIES IN 2021



*Adjusting itself to the altered operating environment in 2021, our Company will maintain its goal **to generate stakeholder value based on a roadmap aligned with its main strategy based in sustainable profitability and effective risk management.***

the lease of all leasable areas in the project and the facility management, contacts were initiated for letting the commercial areas in our Company's portfolio. On another note, the sales process has been quickly completed for the 16-villa project, which will be part of Kasaba Evleri and which is developed on the plot located in Çekmeköy, İstanbul our Company had included in its portfolio in 2020 in line with its vision of closely monitoring the sector's dynamics to capitalize on emerging opportunities. In view of the high demand the project attracted and of the added value it will generate for the Company, our Company is considering plans for developing a housing project in the future which

will be a sequel to this one or will be of a similar character. Construction at Kasaba Evleri continued throughout the year, and deliveries are planned to be commenced in 2022.

During the year, development work continued for the project planned to be constructed on the plot in Altunizade in Üsküdar district in İstanbul, which is included in our portfolio and jointly owned equally by our Company and Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Ltd. Şti. (TECİM). The construction of the project started in the last quarter of the year. The sales are slated for commencement in the first half of 2022 for this project which will comprise of six housing blocks and one office block that

also covers commercial spaces. The advantageous location of the area and the luxury residence perception are deemed as factors that will accelerate the sales process. Hence, the project is anticipated to attract a high level of demand, whose sales will be commenced within 2022. Development work continued for the hotel project on our Company's plot in Kadıköy. Adjusting itself to the altered operating environment in 2021, our Company will maintain its goal to generate stakeholder value based on a roadmap aligned with its main strategy based in sustainable profitability and effective risk management.

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 line with this main strategy, the Company's long-term priority targets include reduction of existing financial liability, maximizing rental and sales income associated with its existing portfolio and projects nearing completion, development of projects that benefit optimum usage of the plots in its portfolio, and ultimately increasing the Company's profitability.

In line with these targets, the Company's top priority in 2022 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 and high profitability by capitalizing on the investment opportunities stemming from the pandemic circumstances on the plots included in our portfolio. Arising as important catalyzers for achieving these goals are Altunizade Project that enjoys a central location and the Kasaba Evleri Project that comprises of 16 villas which will be in the nature of a continuation of 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 2022, 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.

ACTIVITIES OF THE INVESTOR RELATIONS DEPARTMENT



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

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

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

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

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

Committee meetings held during the year, and provided information to the Committee about the Department's activities, material developments that took place during the reporting period, and the assessments and analyses of shareholders in particular, and investment companies in general. The documents prepared in relation to the decisions passed in Committee meetings and the topics discussed were shared with the Board of Directors following the meetings.

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

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

Public Disclosure and Provision of Information

During 2021, the Investor Relations Department responded to all queries falling under the investor relations domain, which were received from stakeholders such as analysts, portfolio managers and public institutions, in addition to those received from shareholders.

During the year, the Investor Relations Department responded to more than 100 verbal and written queries. Information requests from local and foreign shareholders or investment companies were responded to with careful observation of all matters with respect to public disclosure, and particularly the legislation and the Company's Information Policy. 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 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 Investor Relations Department **efficiently manages all investor relations activities**, with a particular focus on the exercise of shareholder rights, public disclosure, information sharing activities, and the general assembly process.*

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

General Assembly Process

The Company's 2020 Ordinary General Assembly Meeting was carried out in accordance with the provisions of Corporate Governance Principles and TCC, and the meeting took place on 24 March 2021 with 69.2% attendance representing TL 663.5 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-GEM (Electronic General Meeting System of the Central Registry Agency - MKK), and the Company's website. General Assembly Meeting Information Document was prepared so that shareholders could be informed about

the topics to be discussed in the general assembly meeting in advance, and all general assembly documents were posted on the Company website in Turkish and in English languages.

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

The questions asked and the answers given at the general assembly meeting were published on the company website under principle n. 1.3.5. of Corporate Governance Principles. The shareholders did not ask any questions during the 2020 Ordinary General Assembly Meeting.

ACTIVITIES OF THE INTERNAL SYSTEMS UNIT



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

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

The Unit, which is responsible for audit activities, carries out its activities under the "İş REIC Internal Systems

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

Risk Management

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

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

Furthermore, within the scope of the duties and responsibilities charged to the Committee for Early Detection of Risk and the Board of Directors under article 378 of the Turkish Commercial Code no. 6102, an "Assessment Report of the Committee for Early Detection of Risk" is prepared on a bimonthly basis and submitted to the Board of Directors for its information.

Audit and control systems at İş REIC have been organized in accordance with international practices, principles and organization framework.

Committee for Early Detection of Risk:

The Committee for Early Detection of Risk, which has been set up to early detect the risks that may threaten the Company's existence, development and survival, to take necessary action for identified risks, and to manage risks in accordance with the CMB's rules and regulations concerning corporate governance, and the relevant provisions of the TCC, held nine 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 management and early detection of risk pursuant to article 378 of the TCC.

Through the reports issued and activities carried out during the reporting period, the Committee played an active role in the identification and analysis of important risks inherent in the Company's operations, ensured that necessary information was provided to the Board of Directors with respect to monitoring the risk limits, and increased the efficiency of the Company's risk systems.

Committee for Audit:

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

In parallel with its duties set forth in the operating principles, the Committee for Audit, during the reporting period;

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

Monitored the determination of the annual activity plan of the Company's Internal Systems Unit and execution of audit activities in accordance with the plan, and received information about audit activities in periodic meetings,

Provided the necessary coordination for sharing the findings identified within the scope of audit activities with the Board of Directors and the Company's senior management, and for ensuring that necessary measures are adopted.

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

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.

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

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

Employees are informed on matters such as employment conditions, career path and advancement requirements, monetary arrangements and fringe benefits. 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 employees participating in the private pension system. In addition, all employees receive daily lunch allowance and are provided with commuter buses for transportation.

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.

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

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.

2021 has been a year during which the effects of the Covid-19 pandemic upon organizations, companies, working conditions and employees endured. İş REIC managed this period, putting public health and its employees'

*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.***

health and welfare in its focal point. 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.

As part of the combat against Covid-19, first and foremost, the necessary sanitation measures were taken in the working environment and the employees in the risk group in connection with the virus remained on the teleworking model. The Company kept implementing total or case-based partial teleworking schemes in certain periods depending on the course of the pandemic, and established the IT infrastructure that enables teleworking so as not to interrupt the operations and ensure business continuity. Internal meetings, training programs, celebrations and similar activities involving physical and crowded gathering of the employees were suspended.

No deductions were made from the employees' financial and fringe benefits during the pandemic, and maximum caution was exercised in taking the necessary preventive measures for the health of employees and their families during the diagnosis, treatment and isolation periods of the illness.

While 2021 is etched in the minds as a year when the speed of change and adaptation to change was measured with respect to human resources management, İş REIC will carry on with its activities without compromising from business continuity and its employees' health in 2022 in the light of its corporate culture and values.

Training at İş REIC

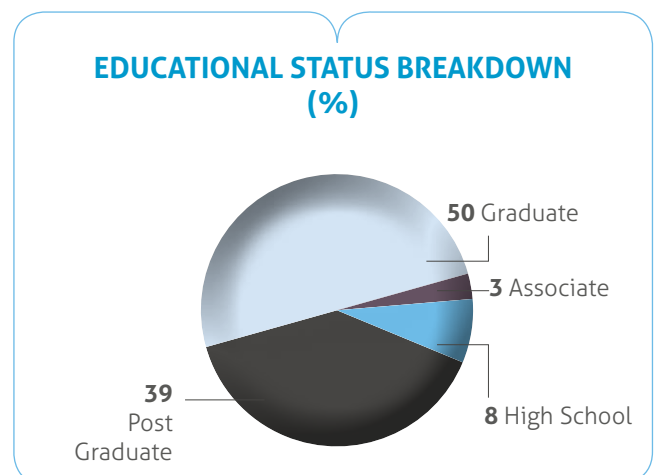
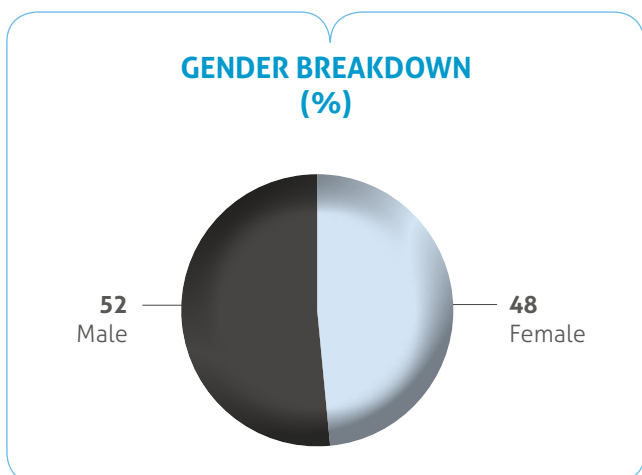
The training programs designed according to employees' needs are intended to bring about changes in their knowledge, skills and attitudes, to drive their advancement in their careers, to increase their motivation

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.

Group training programs were not carried out in 2020 due to the ongoing pandemic, and employees were mostly steered to online professional training programs.

Organizational Structure

During the reporting period, the Company's organization structure was simplified and executive and non-executive functions were redefined. The said alteration was intended to achieve increased efficiency and effectiveness in the way the Company conducts business and in its decision-making processes.



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 2021, the Company received a total of TL 140,842,097 as rental income from related parties. As of the end of the reporting period (31 December 2021), total cash and cash equivalents belonging to İş REIC and held in accounts with İşbank amounted to TL 135,906,245 in value. As of the same date, İş REIC had received, from İşbank, a letter of guarantee worth TL 35,266,684. İşbank also holds prior and second liens over some of İş REIC's real estate properties amounting in total to USD 136,000,000 and TL 879,000,000. At the end of the reporting period, İş REIC's accounts showed a financial liability of TL 532,110,905 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 33,129,291 was held by group companies as at 31 December 2021.

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

Lawsuits Initiated Against the Company during the Reporting Period

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

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

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

Legal Transactions with the Group of Companies

İş REIC is a member of İşbank group of companies. Both İş REIC and İşbank are publicly-held and publicly-traded companies and are therefore subject to external as well as internal audit. İşbank is also subject to supervision by the Banking Regulation and Supervision Agency and by the Capital Markets Board while İş REIC is additionally subject to Capital Markets Board supervision. On these grounds therefore the actions and dealings of both companies may be deemed to be in compliance with the requirements of law. Currently applicable law prevents a controlling company from making decisions or engaging in acts which are detrimental to the interests of a controlled company. Therefore, there was no need to adopt further measures in addition to the said arrangements in force. The Company did not sustain any losses by reason of the absence of additional measures.

Disclosure under Principles 1.3.6 and 1.3.7 of Corporate Governance Principles

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

The Company's Board member Mr. Sezgin Yılmaz serves as Chairman 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 a board member at Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği

A.Ş. and Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., whereas the Company's CEO Mr. Hasan K. Bolat serves as the Chairman of the Board of Directors at 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, and on the Board of Directors of Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş. The said situation is specified in the resumés of these executives. These roles undertaken by the said executives with administrative responsibility do not lead to any conflict of interest.

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

Financial Benefits Provided to Board Members and Senior Management

Financial benefits provided to the members of the Board of Directors consist of their salaries, and added up to TL 1,505 thousand gross in 2021.

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 5,560 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 461 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:

- "Communiqué (No: 2021-32/59) Amending the Communiqué (No: 2008-32/34) on the Protection of the Value of the Turkish Currency" published in the Official Gazette issue 31380 dated 30 January 2021
- "Decree (Decree No: 3506) on the Support for Turnover Loss Resulting from the Coronavirus Pandemic to Establishments Rendering Food and Beverage Services" published in the Official Gazette issue 31387 dated 6 February 2021
- "Circular on the Normalization Measures for June" dated 1 June 2021 by the Ministry of Interior
- "İzmir Metropolitan Municipality Zoning Regulation" published in the Official Gazette issue 31500 dated 3 June 2021

- "Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 31538 dated 11 July 2021
- "Regulation Amending the Zoning Regulation for Planned Areas" published in the Official Gazette issue 31623 dated 9 October 2021
- "Communiqué Amending the Communiqué on Compulsory Earthquake Insurance Tariff and Instructions" published in the Official Gazette issue 31662 dated 17 November 2021
- "Circular (No. 2021/13) Amending the Decree No. 32 on the Protection of the Value of the Turkish Currency and the Central Bank of the Republic of Türkiye Circular No. I-M of the Ministry of Treasury and Finance numbered 2008-32/34" published in the Official Gazette issue 31696 dated 21 December 2021
- "Communiqué (No: 2021/17) Amending the Communiqué (No: 2021/14) on Encouragement of Conversion into Turkish Lira Deposit and Participation Accounts" published in the Official Gazette issue 31706 dated 31 December 2021

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 2021

Reel Gayrimenkul Değerleme A.Ş.

Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.

Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Management companies from which services were procured in 2021

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.

Donation Policy

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

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

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

Donations in the Reporting Period

The Company's donation budget for 2021 set by the General Assembly of Shareholders is TL 150,000.

During the reporting period, the Company did not make any donations, and necessary information on the subject will be given to the shareholders at the General Assembly.

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.

INFORMATION ON THE PORTFOLIO



OFFICES

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

SHOPPING MALLS

İstanbul Kanyon Shopping Mall
 İzmir Ege Perla Shopping Mall
 İstanbul Marmara Park Shopping Mall
 İstanbul İş Towers Shopping Mall
 Others (Muğla Marmaris Mallmarine
 Shopping Mall, İstanbul Tuzla
 Meydan Shopping Mall)

REAL ESTATE PORTFOLIO

RESIDENCES

Kartal Manzara Adalar (65 residential units)
 İstanbul İnistanbul (4 residential units)

REAL ESTATE PROJECTS

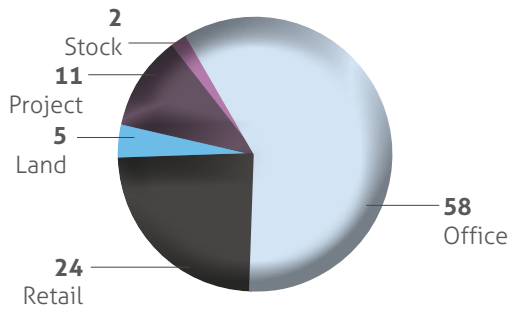
İstanbul Financial Center Project
 İstanbul Kasaba Evleri Project
 İstanbul Altunizade Project

LANDS

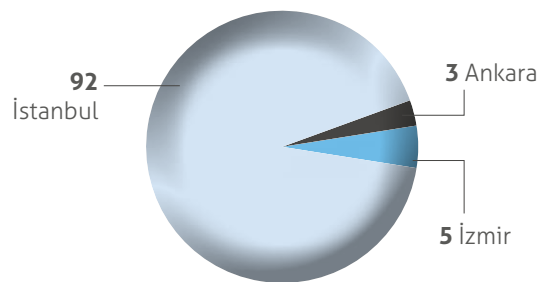
İstanbul Tuzla land (53,459 m²)
 İstanbul Levent İş Towers lands (7,613 m²)



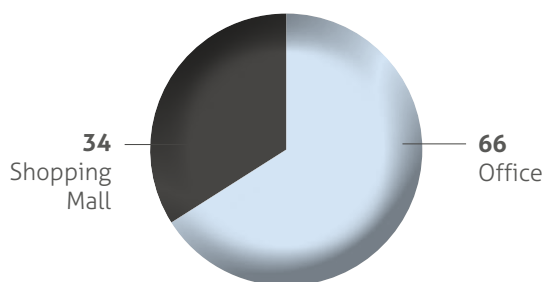
**VALUE OF THE PORTFOLIO -
BREAKDOWN BY TYPE (%)**



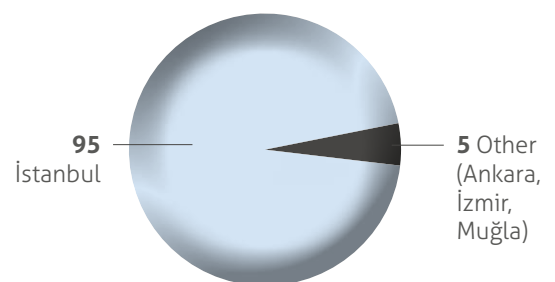
**VALUE OF THE PORTFOLIO -
BREAKDOWN BY REGION (%)**



RENTAL INCOME - BREAKDOWN BY TYPE (%)



RENTAL INCOME - BREAKDOWN BY REGION (%)



İSTANBUL İŞ TOWERS COMPLEX

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



Location:

İstanbul-Beşiktaş, Levent

Acquisition Date:

1999

Gross Area (m²):

109,438

Appraisal Value (TL):

1,548,331,000

2021 Rental Income (Excluding VAT) (TL):

38,956,731

Architectural Design:

Doğan Tekeli - Sami Sisa Mimarlık
Swanke Hayden Connell Mimarlık

İSTANBUL TUZLA TECHNOLOGY AND OPERATION CENTER



Location:

İstanbul-Tuzla

Completion Date:

2015

Gross Area (m²):

184,653

Appraisal Value (TL):

1,652,647,000

2021 Rental Income (Excluding VAT) (TL):

114,360,163

Architectural Design:

SOM | Skidmore, Owings & Merrill LLP



* The current occupancy of Tower 3 is around 52%; hence partial rental income was derived on the complex.

İSTANBUL KANYON SHOPPING MALL



Location:
İstanbul-Şişli, Levent

Opening Date:
2006

Gross Area (m²):
81,761*

Appraisal Value (TL):
691,935,000 **

2021 Rental Income (Excluding VAT) (TL):
35,908,379**

Architectural Design:
Jerde Partnership



İZMİR EGE PERLA (Shopping Mall and Office Units)



Location:
İzmir-Konak

Completion Date:
2017

Gross Area (m²):
147,391

Appraisal Value (TL):
308,447,000*

2021 Rental Income (Excluding VAT) (TL):
4,658,167**

Architectural Design:
EAA | Emre Arolat Mimarlık



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

* Represents the value for the shopping mall and the offices in the portfolio.
** Represents the income from the shopping mall and the offices in the portfolio.

İSTANBUL MARMARA PARK SHOPPING MALL



Location:

İstanbul-Esenyurt

Opening Date:

2012

Gross Area (m²):

204,160

Appraisal Value (TL):

349,757,000*

2021 Rental Income (Excluding VAT) (TL):

38,117,321**

ANKARA İŞ TOWER



Location:

Ankara-Çankaya

Acquisition Date:

1999

Gross Area (m²):

28,998

Appraisal Value (TL):

178,185,000

2021 Rental Income (Excluding VAT) (TL):

6,345,158

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

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

İSTANBUL MASLAK OFFICE BUILDING

İSTANBUL TAKSİM OFFICE LAMARTINE

*Ofis
Lamartine*



Location:

İstanbul-Sarıyer, Ayazağa

Location:

İstanbul-Beyoğlu

Acquisition Date:

2001

Acquisition Date:

2013

Gross Area (m²):

13,559

Gross Area (m²):

4,624

Appraisal Value (TL):

163,150,000

Appraisal Value (TL):

105,120,000

2021 Rental Income (Excluding VAT) (TL):

392,106*

2021 Rental Income (Excluding VAT) (TL):

2,640,489

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

İSTANBUL FINANCIAL CENTER PROJECT



Location:

İstanbul-Ümraniye

Investment Cost (TL):

393,000,000*

Appraisal Value (TL):

474,465,000

Total Salable / Leasable Area (m²):

33,000

Architectural Design:

HOK Architecture
DOME Mimarlık

İSTANBUL KASABA EVLERİ PROJECT

İŞ GYO

KASABA



Location:

İstanbul-Çekmeköy, Ömerli

Investment Cost (TL):

88,200,000*

Appraisal Value (TL):

46,857,000**

Architectural Design:

Kantaşlı Mimarlık

* Excluding financing costs and VAT

* Represents the cost for 16 villas including plot, excluding financing cost.

** Represents the value for 15 villas.

İSTANBUL ALTUNİZADE PROJECT

**Location:**

İstanbul-Üsküdar, Altunizade

Investment Cost (TL):

727,300,000*

Appraisal Value (TL):

171,677,500

Architectural Design:

Şerbetçi Mimarlık

*Excludes plot and already incurred expenses.

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 2021- December 31,2021.

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 31,2022 on the full set financial statements of the Company for the period of January,1 2021- December 31,2021.

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, 2022
İstanbul, Türkiye

ORDINARY GENERAL ASSEMBLY MEETING OF SHAREHOLDERS AGENDA

İş Gayrimenkul Yatırım Ortaklığı A.Ş. Agenda for the Ordinary General Assembly Meeting of Shareholders of İş Gayrimenkul Yatırım Ortaklığı A.Ş. dated 23 March 2022

1. Opening, establishment of the Chairmanship Council,
2. The reading and discussion of the Annual Report of the Board of Directors on the Company's activities in 2021 and the reading of the Auditor's Report,
3. The reading, discussion and approval of the financial statements of the year 2021,
4. Submitting the new appointment as Member of the Board of Directors to the approval of the General Assembly,
5. Discharge of the Board Members for their activities in 2021,
6. Discussion and decision of the Board of Directors' proposal on the distribution of the profit in 2021,
7. Determining the number and the term of duty of the Board members and election of the members base on the determined number,
8. Determining the remuneration of the Board Members,
9. Election of the Auditor,
10. Authorization of the Board Members to conduct the transactions provided under the Articles 395 and 396 of the Turkish Commercial Law,
11. Submitting the extension of the registered capital ceiling period for the new upper limit amount and the amendments made in Article 7 of the Company's Articles of Association, titled "Capital and Share Certificates" in this context, to the approval of the General Assembly,
12. Informing the shareholders on the Company's donations made in 2021 and setting the limit for the donations to be made in 2022,
13. Informing the General Assembly within the frame of principle numbered 1.3.6. of the Corporate Governance Principles,
14. Informing the shareholders pursuant to the Article 37 of the Capital Markets Board's Communiqué No. III-48.1.,
15. Wishes and closing.

SUMMARY BOARD OF DIRECTORS' REPORT

Dear Stakeholders,

The Covid-19 variants and the developments related to the course of the pandemic made the highlights on the agendas of global markets also in 2021. Measures and restrictions implemented in numerous countries with the emergence of the new variants following the progress achieved towards normalcy in the first half of the year braked economic revival. As supply chain issues caused supply-demand mismatches, inflationist pressures persisted. With increased concerns regarding inflation, central banks made decisions to accelerate the tightening of supportive monetary policies. Various countries including the US, Germany and Japan revised their 2021 growth estimations downwards due to disruptions in the supply chain servicing the industrial production. Speculating that the Omicron variant might further aggravate the worldwide supply issue and in turn, push inflation further up, projections for recapturing pre-pandemic levels in global economy started to be postponed to after 2023.

Our country had a tough year as well due to the pandemic circumstances that endured throughout the year and to the global economic environment. With the contribution of the recovery

tendency in economic activity and the low base effect, the Turkish economy grew by 11.7% in the first three quarters of 2021.

Macroeconomic conditions of 2021 negatively influenced the investment environment across the country, and this impact took its toll also on our sector. The high level of funding costs that have been ongoing for a while particularly on the side of investors appeased the investment appetite in the property sector.

In 2021, our Company pursued its operations by attaining maximum adjustment to the market environment that was transformed by the pandemic, which has been going on since the previous year. Despite the contraction in the national economy and in the overall sector that resulted from the ongoing social restrictions, our Company effectively managed its high-quality real estate portfolio drawing on its robust balance sheet structure and financial capabilities. While necessary actions were taken to ensure post-pandemic continuity of rental income in view of the transformed working environment and emerging hybrid models, opportunities materializing in the sector were taken advantage of, and sales revenues were increased.

As at 31 December 2021, İş REIC registered;

TL 6,676.3 million in total assets,

TL 5,475.6 million in shareholders' equity,

TL 6,545 million in total portfolio value and

TL 6,127 million in total real estate portfolio.

Our Company's net profit for the period was TL 1,329.9 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 2020

In the General Assembly Meeting held on 24 March 2021, the Board of Directors' proposal that suggests not distributing dividends due to the general economic conjuncture and the Company's financing policy, aiming to optimize the cash flows of the Company and transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations, was approved.

PROFIT DISTRIBUTION PROPOSAL BY THE BOARD OF DIRECTORS FOR 2021

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 2021 (TL)

	Based on CMB	Based on Legal Records
1. Paid-in/Issued Capital		958,750,000
2. General Legal Reserve (based on legal records)		75,986,536.24
Information regarding privileges in profit distribution according to the Articles of Association, if any, information on such privileges	There are no privileges in profit distribution	
3. Profit for the Period	1,329,919,890.00	132,044,762.24
4. Taxes (-)	0.00	0.00
5. Net Profit for the Period (=)	1,329,919,890.00	132,044,762.24
6. Prior Period Losses (-)	0.00	0.00
7. Primary Legal Reserve (-)	6,602,238.11	6,602,238.11
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	1,323,317,651.89	125,442,524.13
9. Donations Made within the Year (+)	0.00	
10. Net Distributable Current-Year Profit Including Donations	1,323,317,651.89	
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	1,323,317,651.89	125,442,524.13
20. Other Distributable Sources	0.00	0.00

İş Gayrimenkul Yatırım Ortaklığı A.Ş. Dividend Ratio Table for 2021

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
NET B	0.00	0.00	0.0%	0.00	0.0
TOTAL	0.00	0.00	0.0%	0.00	0.0

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

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

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

The Company's Board of Directors is formed of 9 non-executive members, 3 of which are independent members. Board members are elected to serve for one year, and all members of the Board of Directors were re-elected at the General Assembly meeting convened during the reporting period and they carried on in their respective positions. Information such as the number of years Board of Directors members have been serving on the Company's Board, and the external positions they hold is provided in their resumé.

Carrying out its activities as per the operating principles that have been made public, the Board of Directors

met regularly during the year. All but one of the board meetings were held with the full participation of Board members, and decisions were passed unanimously.

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

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

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

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

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

From out of the non-compulsory principles, the Company partially complies with the principles numbered 3.3.5., 3.3.8., 4.2.8., 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 2021 are also posted under the Corporate Governance Heading of the Investor Relations tab on the Company website for the information of shareholders and all stakeholders.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	The Board of Directors was not informed regarding Principle 1.3.7
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There are no companies with which the Company has cross-shareholding relationship.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Applicable Explanation
	Yes	Partial	No	Exempted	Not	
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.
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					

	Compliance Status				Not Applicable	Explanation
	Yes	Partial	No	Exempted		
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					
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					
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.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				Concerning the Company's scale, there is no need for the right for collective bargaining. On the other hand, there is no prohibitive regulations on the mentioned issues.
3.3.9 - A safe working environment for employees is maintained.	X					
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					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Our Company's Board Members are insured within the scope of the umbrella liability insurance policy, which includes the companies in our group as insured, against the risk of loss caused by their faults during their duties, but the insurance cost is not determined as an amount exceeding 25% of the capital.
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 are two female directors in the current board of directors (female directors ratio 22%). 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					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 one meeting, Board members attended all the Board Meetings held throughout the year. No written opinions received from the board member that could not attend the meeting.
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					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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.
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 2021.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 is 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. Because of the COVID 19, meetings with investment companies were held through teleconference and video conference.
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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/913413 https://www.kap.org.tr/tr/Bildirim/919025
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 meeting minutes and list of attendants are disclosed at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/910806
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations/Corporate Governance/Policies
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/192006
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 22
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Besides shareholders and their representatives, Board Members and the representative of the independent audit firm attended the General Assembly Meeting. Also, by informing the Company, Company employees participated in the General Assembly Meeting without the right to take the floor.

1.4. Voting Rights

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

1.5. Minority Rights

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

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations/Corporate Governance/Policies
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Board of Directors' proposal concerning the distribution of 2020 operating profits was approved exactly as it was. The proposal suggests; not distributing dividends in accordance with the current strategies of the Company due to the general economic conjuncture and Company's financing policy, aiming to optimize the cash flows of the Company and transferring the remaining amounts from the profits prepared according to the Tax Procedure Law and the CMB regulations to extraordinary reserves and retained earnings respectively, after the allocation of the primary legal reserve pursuant to the regulation from the profits prepared according to the Tax Procedure Law and the CMB regulations.
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/920141

CORPORATE GOVERNANCE INFORMATION FORM

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
24.03.2021	0	69.20%	0.00%	69.20%	Investor Relations/ General Assembly/ Resolutions Made In The Annual General Assembly	No questions asked in the AGM	-	184	https://www.kap.org.tr/tr/Bildirim/920141

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 or indirectly own more than 5% of the shares. Shareholder structure of the Company is provided in "Corporate>Shareholder Structure" section of the website.
List of languages for which the website is available	Turkish and English

2.2. Annual Report

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

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	"Board of Directors", "Senior Management" and "Declaration of Interest by Independent Board Members"
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors/Working Principles of Board of Directors Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Boards of Directors/Board Meetings
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Changes in Legislation during the Reporting Period
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Additional Information Required by CMB Regulations / Lawsuits Initiated Against the Company during the Reporting Period
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Main Service Providers/Disclosure of Any Conflicts of Interest Between the Company and Its Service Providers
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership subsidiaries.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	"Human Resources" and "Corporate Social Responsibility"

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

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

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

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

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a 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/Human Resources Policy
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/Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/Corporate Governance/Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	The Company does not have Corporate Social Responsibility Report. The Company carries out various activities to contribute to the social life and the environment within the scope of its corporate social responsibility concept. In addition to the activities carried out in the sector, the Company provides gratuitous support to projects in areas that it regards within the scope of its social responsibility such as education, health, culture, law, art, scientific research, environmental protection, and sport. In line with the Company's policy to carry out social investments that will be a model for all segments of the society, the sector and the business world and will create tangible benefits, a Corporate Social Responsibility Policy was formulated, which puts giving children equal access to educational, cultural, environmental and social means in its focal point, and targets to equip children with enhanced qualifications within the frame of priority topics. The said Policy was also disclosed to the public.
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 stipulate 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 employees. Additionally, basic principles of Anti-Bribery and Anti-Corruption Policy have been disclosed.

CORPORATE GOVERNANCE INFORMATION FORM

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 Mr. Sezgin Yılmaz and Mr. Murat Karluk Çetinkaya were elected as the Chairman of the Board of Directors and as the Vice Chairman, respectively. Also, elections to committee seats were held as required by CMB Corporate Governance Communiqué and working principles of the Committees. Independent Board Member Ms. Prof. Dr. Arzu Erdem was elected as the Chairman of the Corporate Governance Committee and the member of the Committee for Early Recognition of Risk; Independent Board Member Mr. Nihat Uzunoğlu was elected as the Chairman of the Committee for Audit; Independent Board Member Mr. Haluk Büyükbaş was elected as the Chairman of the Committee for Early Recognition of Risk and the member of the Committee for Audit; Board Member Mr. Kubilay Aykol was elected as member of the Corporate Governance Committee and Committee for Early Recognition of Risk; Board Member Mr. Murat Doğan was elected as member of the Corporate Governance Committee and Committee for Early Recognition of Risk. Neither a Nominating Committee nor a Remuneration Committee has been set up. The functions of these committees are performed by the Corporate Governance Committee. There is no delegation of authority other than the distribution of tasks.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	7
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 Chairman	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 are 2 female Board Members in the Board. The ratio is 22%.

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	08.09.2020	-	-	-	Yes
Murat Karluk Çetinkaya	Non-Executive	Dependent Member	10.07.2020	-	-	-	Yes
Aysel Tacer	Non-Executive	Dependent Member	11.04.2016	-	-	-	Yes
Prof. Dr. Arzu Erdem	Non-Executive	Independent Member	21.03.2018	https://www.kap.org.tr/tr/Bildirim/919025	Considered	No	No
Haluk Büyükbaş	Non-Executive	Independent Member	24.03.2016	https://www.kap.org.tr/tr/Bildirim/919025	Considered	No	Yes
Nihat Uzunoğlu	Non-Executive	Independent Member	24.03.2016	https://www.kap.org.tr/tr/Bildirim/919025	Considered	No	Yes
Özcal Korkmaz	Non-Executive	Dependent Member	29.04.2020	-	-	-	Yes
Kubilay Aykol	Non-Executive	Dependent Member	01.10.2021	-	-	-	Yes
Murat Doğan	Non-Executive	Dependent Member	08.12.2014	-	-	-	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 this year and only 1 meeting could be held physically due to Covid-19.
Director average attendance rate at board meetings	98%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	As a rule under the general practices of the Company, care is taken to send the information and documents relevant to the agenda of the board meetings to all board members at least one week in advance.
The name of the section on the corporate website that demonstrates information about the board charter	"Investor Relations/Corporate Governance/Articles of Association" and "Corporate/Board of Directors/Board of Directors Working Principles"
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy covering the number of external duties held by directors. Assumption of external commitments by the Board members has been subject to the general provisions and the board members are required to get the permission of the General Assembly for having transactions with the Company and borrowing from the Company under the Article 395 of Turkish Code of Commerce (TTK) and noncompetition with the Company under the Article 396 of TTK.

4.5. Board Committees

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

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. Arzu Erdem	Yes	Board member
	Kubilay Aykol	No	Board member
	Murat Doğan	No	Board member
	Ayşegül Şahin Kocameşe	No	Not board member
Committee of Early Detection of Risk	Haluk Büyükbaş	Yes	Board member
	Prof. Dr. Arzu Erdem	No	Board member
	Kubilay Aykol	No	Board member
	Murat Doğan	No	Board member
Committee for Audit	Nihat Uzunoğlu	Yes	Board member
	Haluk Büyükbaş	No	Board member

CORPORATE GOVERNANCE INFORMATION FORM

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 2021
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	75%	25%	The Committee held 8 meetings during the reporting period; no meetings were held physically due to COVID-19.	6
Committee of Early Detection of Risk	100%	25%	The Committee held 9 meetings during the reporting period; no meetings were held physically due to COVID-19.	8
Committee for Audit	100%	100%	The Committee held 7 meetings during the reporting period; no meetings were held physically due to COVID-19.	8

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

General Principles

The Company manages its operations on the axes of fairness, transparency, accountability and responsibility, which are the fundamental principles of corporate governance, and increasing stakeholder value and respect for the environment make up the focal points of its operations. Along this line, the Company actively works to assess all risks inherent in related processes on an ongoing basis and to eliminate these risks through effective audit mechanisms.

While the Company does not have a publicly disclosed documented policy, strategy or targets covering all aspects of ESG (Environmental, Social and Governance), ESG topics make the focal point of its activities.

Targeting to create desirable spaces for contemporary people and cities, and embracing it as a principle to achieve sustainable growth by effectively capitalizing on its resources while being respectful of the environment in its project developments, the Company carries out its activities so as to optimally fulfill its environmental responsibility. Environmental impact analyses conducted when realizing real estate investments and the environmentally-friendly projects developed serve as the concrete indicators of the Company's sensitivity in environmental matters.

The Company has a publicly disclosed Corporate Social Responsibility Policy, which is founded on the fact that it is possible to give all segments of the society access to better living standards with the mission of creating desirable spaces for contemporary people and cities. The Company's Board of Directors, which devises all the Company policies and action plan in this matter, oversees and is responsible for all initiatives that

the Company carries out within the framework of its Corporate Social Responsibility Policy; planned and conducted activities are publicly disclosed via the annual reports.

The Company believes in the importance of corporate governance and pursues compliance with corporate governance principles. Attaining a high level of alignment with the corporate governance principles with its existing practices, the Company regularly monitors the developments in relation to governance, identifies improvement areas and enhances its corporate governance system.

Since the Company does not have a documented policy regarding ESG topics it has not identified a committee or unit responsible for the said policy either. However, the authorized body within the Company in relation to governance matters is the Corporate Governance Committee set up under the Board of Directors. The Committee works to establish the corporate governance culture within the Company and oversees the Company's compliance with the corporate governance principles as per its publicly disclosed operating principles. The Committee also takes necessary actions in identified improvement areas falling under the scope of corporate governance implementations. Regularly informing the Board of Directors about its activities, the Committee's operating principles have been publicly disclosed on the PDP (Public Disclosure Platform) and the Company's website. The activities falling under the scope of the Committee's duties and responsibilities are evaluated every year by the Board of Directors, and the Committee's activities, as well as the assessments of the Board of Directors are publicly disclosed in the Annual Report.

The Company did not identify key performance indicators within the scope of ESG. However, the Company takes into consideration the needs and priorities of all its stakeholders (employees, clients, suppliers and service providers, public institutions, stakeholders, the society and non-governmental organizations, etc.) when carrying out its activities, with the purpose of improving its performance regarding work processes and its products and services.

The Company posts the information related to sustainability under "Sustainability" section on the Company website; it does not publish sustainability reports. Notwithstanding, information of a material nature about its activities falling under the environmental, social and governance scope are disclosed directly and concisely via the annual report and on the Company website; the Company pays the utmost attention to transparency and reliability when making such information available. Since the Company does not have a sustainability report drawn up, it does not obtain verification service from independent sustainability assurance providers, either. Nevertheless, the Company attaches importance to corporate governance principles and received rating service for a certain period of time from independent rating agencies licensed to undertake rating service in Turkey in accordance with the Corporate Governance Principles of the Capital Markets Board of Türkiye (CMB) for determination of the level of its compliance with corporate governance principles. In the said process, the Company's compliance with the corporate governance matters was documented in reports, which were publicly disclosed and presented for the information of our stakeholders.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

There are no lawsuits initiated and/or concluded against the Company on account of environmental, social and governance matters.

Environmental Principles

Carrying out its operations in an environmentally-sensitive manner, the Company takes care to comply with and monitor the specifications, regulations, protocols and standards applicable in Turkey and the world in its real estates within the framework of sustainability principles. Accordingly, it targeted to achieve alignment with globally-recognized sustainability green building certification criteria such as LEED and BREEAM, which have an important certification value in numerous countries. The Company also follows up the policies and regulations (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.

There are no lawsuits initiated and/or concluded against the Company on account of environmental, social and governance matters.

Environmental Principles

Carrying out its operations in an environmentally-sensitive manner, the Company takes care to comply with and monitor the specifications, regulations, protocols and standards applicable in Turkey and the world in its real estates within the framework of sustainability principles.

Accordingly, it is targeted to achieve alignment with globally-recognized green building certification criteria. To this end, 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. Within the framework of this strategy, additional investments can be made for existing buildings when needed and carbon footprint and energy consumption reduction requirements imposed by the said certifications are thus fulfilled.

Information about the status of LEED certification for the Company's properties are presented below and an important part of the Company's property portfolio is composed of real estates that qualified for certification or are in application phase:

Qualified for certification:

- Tuzla Technology and Operation Center - LEED Gold
- Tuzla Mixed-Use Project - LEED Gold
- Manzara Adalar (Residential) - LEED Gold
- Kanyon Shopping Mall - BREEAM Outstanding

Detailed information about LEED certification, and activities for LEED certification at TUTOM, one of the important real estates in the Company's portfolio, can be found on the Company website.

In application phase:

- İŞ Towers Complex Tower -2 - LEED – EBOM
- İŞ Towers Complex Tower -3 - LEED – CS
- Ankara İŞ Tower - LEED – CS

Furthermore, the Company targets to obtain a LEED certification for its Altunizade Project and İstanbul Financial Center Project that it is developing, and undertakes the necessary work and efforts along this line.

The Company does not directly undertake the construction works in its development projects, 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 allow the building/structure to be built to qualify as a "green building" and/or similar quality, and oversees the interaction of the companies that will offer construction service with all the stakeholders that might be potentially impacted by the project during the project development phase.

The Company also follows up the policies and regulations (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, through maximum alignment with the specifications, regulations, protocols and standards applicable in Turkey and in the world in the projects that are being developed as well as in existing real estates, natural resources are preserved, energy consumption and emissions are reduced, structures and systems supporting sustainability are created, and it is targeted to create value for the end-users of the projects and for future generations.

The Company gets project introduction files prepared to determine whether or not an environmental impact assessment (EIS) is necessary for assessing the environmental impacts of its planned projects of a specific scale and quality, as per the applicable regulations of the Ministry

of Environment and Urbanization. Introductory files prepared by competent firms in this area cover potential negative and positive impacts of the projects upon the environment, and measures to be taken to prevent or minimize the negative impacts so as not to harm the environment. 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.

Although the Company does not have a strategy dedicated to combating the climate crisis, although there is no specific distribution of tasks within the Company in relation to the environment and climate change or documented goals and incentives regarding management of environmental issues, actions can be taken for particular properties in the portfolio in relation to the environment and climate change.

Housing Kanyon Shopping Mall, in which the Company controls 50% ownership, the Kanyon Complex obtained the International Renewable Energy Certificate (I-REC) with net zero goal. With this certificate, the Kanyon Complex pledged to fulfill its electricity consumption of 20 million kW in its entirety from "solar" power in 2021. Similarly, I-REC certificates are being obtained for İŞ Towers Towers 2&3 and TUTOM, which are included in the Company's portfolio, for increasing usage of renewable energy and transitioning to zero- or low-carbon electricity.

Moreover, management companies responsible for operating the buildings in the Company's portfolio are being encouraged to save energy, run the systems with high energy load (HVAC

and lighting) at the minimum levels by programming them on automation systems, and pursue reduced energy costs for common area expenses.

As the Company does not undertake manufacturing in the industrial sector, it does not have any activities subject to GHG emission quantities, steam and cooling, quantities of water drawn from underground or overground, consumed, recycled and discharged. The Company is not included in any carbon pricing system within the scope of its field of activity and does not apply carbon pricing. The Company does not have any accumulated or purchased carbon credits.

Data such as total energy consumption, consumed electricity, heat, renewable energy generation and consumption are monitored in a substantial part of the properties covered in the Company's portfolio; however, they are not reported.

Social Principles

The Company carries out all inclusive activities and takes all necessary actions aimed at offering a fair, healthy and dignified working environment to its employees. To this end, the Company offers its employees a fair and egalitarian working environment that places human rights in the forefront. The Company has established its working conditions and Human Resources Policy in alignment with the requirements of the International Labor Organization (ILO) and in a manner that pledged full compliance with the legal framework and legislation governing human rights and the work life in Turkey. Provision of a suitable working environment where employees are respected, which is egalitarian, fair, and does not discriminate on the basis of religion, language, race and gender make up the core principles of the Policy.

The said Policy can be found in the "Human Resources" section of the Company website. In addition, the Company discloses its Human Resources Policy, and the duties of the Human Resources Unit which is responsible for the implementation of the Policy.

As disclosed in its Human Resources Policy, the Company conducts an egalitarian and fair recruitment process. Candidates are not discriminated on the basis of language, religion, race or gender in recruitment processes, and equal opportunities are provided within the frame of principles set out in the Policy.

The Company incorporates fair workforce, improvement of working standards, women employment and inclusion topics in its policies and internal guidelines. Molded according to the said guidelines, the Company's practices prevent and correct discrimination, inequality, violation of human rights and forced labor.

The Company observes the rights of segments susceptible to certain economic, environmental and social factors, minority rights, and equal opportunities. The Company implements equal pay for equal work principle without discriminating on the basis of language, religion, sex and the like, and offers employment opportunity to individuals with disabilities. Moreover, ever since its incorporation, the Company has had a women labor-intensive workforce. Women employees take place on the Board of Directors as members and in the Company's managerial levels. At present, 22% of the Board of Directors members consist of women members, whereas 49% of all employees consist of women employees.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

In terms of its field of activity, the Company employs individuals above the age of 18. The said age limit is also set out in the Company's internal guidelines as a recruitment criterion.

The Company's activities and positioning in these respects are publicly disclosed on its website and in its annual report. During the reporting period, Human Resources and Training Unit did not receive any complaints in relation to discrimination.

The Company discloses its policies aimed at employees in relation to investment (training, development policies), compensation, fringe benefits, right to unionization, work/life solutions and talent management. Mechanisms are set up to resolve employee complaints and disputes, and dispute resolution processes are addressed in the Company's internal guidelines and announced to employees.

The Company regularly discloses its activities for ensuring employee satisfaction. Motivational training programs are held to secure employee satisfaction. In addition, the Company regards employee health as a matter of priority.

During the pandemic days that carried on also in 2021, employees with special conditions such as pregnancy and/or chronic illnesses were put on teleworking format as a matter of priority, and teleworking opportunity was provided to all the other employees depending on the course of the pandemic. In the period that followed, teleworking capabilities were provided for all employees; hygienic protective materials against the virus were provided to all employees simultaneously and on an ongoing basis; and the corporate

health insurance policy was expanded to cover diseases stemming from the pandemic. The actions taken are described in the annual report.

Occupational health and safety is an important component of HR policies and practices. Related training programs are offered to employees regularly, awareness of the topic is raised, and necessary information is provided. Furthermore, there is a documented guideline on occupational health and safety, which has been announced to employees.

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.

The Company has established its Personal Data Protection and Confidentiality Policy, which can be found under the "Corporate/ Personal Data Protection" section on the website. In addition, the Company established and disclosed its Code of Ethics, which can be found under the Investor Relations/ Corporate Governance/Code of Ethics section on the corporate website. Furthermore, the Company also set up a Whistleblowing Channel for the so-called stakeholders, a group consisting of shareholders, clients, creditors, suppliers and employees, through which they can report illegal or unethical transactions to the Audit Committee formed of independent Board members. The Whistleblowing Channel can also be accessed through the Company's website.

The Company discloses all of its activities within the scope of social

responsibility via the annual report and the Company website. Employees are kept informed about the Company's corporate social responsibility projects; employees can, and are encouraged to, actively take part in the projects on volunteering basis.

While the Company does not have a documented customer satisfaction policy addressing customer complaints handling and resolution, the Company conducts all its activities in keeping with its "Customer Centricity" strategy. In this context, the Company oversees whether customer demands are fulfilled, measures and evaluates customers' evolving expectations, in order to render customer satisfaction permanent. Improvement efforts are carried out to enhance the quality of the product (the real estate itself) and the service (after-sales technical and management services); in the process, customer demands and feedbacks are sought, which are systematically addressed and assessed, and work processes are improved to respond to customer expectations. The feedbacks received during the improvement process serve as a guide in the delivery of the Company's new products and services in the future.

The system for conveyance of customer complaints and/or demands to the Company and for their resolution is designed so as to facilitate the process from the standpoint of customers. Customers can easily communicate their complaints, demands, applications and suggestions to the Company free-of-charge, and the process is managed on the principles of transparency, objectivity, fairness and confidentiality. Necessary actions are taken to prevent recurrence of similar customer demands and complaints.

At the same time, the Company attaches importance to continuity and transparency in stakeholder communications. Records of the written correspondence between shareholders and the Company, and of other information and documents are kept regularly, and information requests received from shareholders, or other stakeholders such as intermediary institutions, asset management companies and public agencies are satisfied in a timely manner in line with the Company's publicly disclosed Disclosure Policy, and information about the analysis and descriptions of information requests received by the Company is included in the annual report. The Company implements the open communication system to ensure a sustainable, fair, safe and healthy work environment with its employees, who make another important stakeholder group of the Company, and constantly improves its HR management processes within the framework of employee feedbacks. The Company employs sustainable, open and honest communication channels whereby mutual rights and interests are safeguarded also in its relations

with suppliers, and makes use of supplier feedbacks so as to guarantee a long-term, efficient company-supplier relationship.

The Company did not adopt an international reporting standard or international principle, nor are there any international organizations or principles that it has become a signatory to or affiliate of.

The Company is not a constituent of Borsa İstanbul Sustainability Index or any other international sustainability index. The Company is not a member of international standards or initiatives in relation to sustainability.

Corporate Governance Principles

The Company implements all compulsory Corporate Governance Principles, and achieves alignment with most of the optional principles, taking care to maximize its compliance with non-compulsory principles.

The Company takes into account the sustainability issue, environmental impacts of its activities, and related principles when determining its corporate governance strategy, and

seeks stakeholders' opinions when identifying sustainability-related measures and strategies. In this context, the Company takes necessary actions to achieve compliance with the principles related to stakeholders as mentioned in the Corporate Governance Principles and to strengthen relationships with stakeholders.

The Company fosters engagement in international initiatives associated with sustainability, and was involved in the S&P Global Corporate Sustainability Assessment during the reporting period.

The Company has formulated its Anti-Bribery and Anti-Corruption Policy that covers the individuals and organizations acting on behalf of, or providing services to, the Company. The said Policy has been publicly disclosed on the Company website.

REPORT BY THE COMMITTEE FOR AUDIT

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

Main Purpose:

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

Committee Members:

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

Responsibilities:

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

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

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

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

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

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

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

The Committee's duties and responsibilities, its operating principles and procedures can be found on the Company's corporate website at www.isgyo.com.tr.

Assessment of the Committee Performance:

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

Meetings:

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

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

Activities:

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

The activities of the Committee are summarized below:

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

Monitored the determination of the annual activity plan of the Company's Internal Systems Unit and execution of the audit activities in accordance with the plan, and received information about the audit activities in regular meetings.

Made the necessary coordination for the submission of the findings from the audit activities to the Board of Directors and the Company's Senior Management, and for ensuring that necessary measures are adopted accordingly.

Auditor's Efficiency:

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

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 and 2021 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, 2021 WITH INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITOR'S REPORT

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



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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, 2021, 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, 2021, 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

Presentation of investment properties in the financial statements and significant information disclosed

As explained in note 2 and 10, the Company recognizes investment properties at their fair values, after initial recognition.

As of December 31, 2021, fair value amount of the investment properties disclosed in the financial statements has been valued at TL 5.454.111.022 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.

How our audit addressed the key audit matter

We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.

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.

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.

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.

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.

Inventories

As of December 31, 2021, in the financial statements of the Company there has been inventories amounting to TL 139.873.007 in the current assets and TL 381.236.548 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.

Within the scope of our audit procedures performed regarding to the subject stated above, it has been focused on the followings;

- Testing cost of development additions in the current year by comparing with documents such as invoice and progress payment
- Review of borrowing costs capitalized to inventories in the current year and review the capitalization ceiling test
- Testing of foreign currency differences capitalized and its verification with borrowing costs
- Controlling of net realizable value of the inventories with valuation report and realized sales.

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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 31, 2022.

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 2021 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 PwC & Young Global Limited


Fatih Polat, SMMM
Partner

January 31, 2022
İstanbul, Turkey

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İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
**AS OF DECEMBER 31, 2021 STATEMENT OF
 FINANCIAL POSITION (BALANCE SHEET)**

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

		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current assets		492.261.589	464.909.637
Cash and cash equivalents	5	138.562.954	59.156.089
Trade receivables	8	109.092.484	125.644.421
<i>Trade receivables from related parties</i>	25	2.369.667	2.183.477
<i>Trade receivables from third parties</i>		106.722.817	123.460.944
Other receivables	9	5.560.768	6.374.055
<i>Other receivables from related parties</i>	25	--	1.175.000
<i>Other receivables from third parties</i>		5.560.768	5.199.055
Derivatives	6	28.049.500	33.617.110
Inventories	11	139.873.007	234.619.247
Prepaid expenses	16	68.485.450	5.234.925
<i>Prepaid expenses to related parties</i>	25	229.092	211.610
<i>Prepaid expenses to third parties</i>		68.256.358	5.023.315
Other current assets	16	2.637.426	263.790
Non-current assets		6.184.059.709	4.760.495.830
Financial investments	6	272.785.497	230.571.960
Trade receivables	8	3.528.353	13.203.105
<i>Other trade receivables from third parties</i>		3.528.353	13.203.105
Inventories	11	381.236.548	200.107.126
Equity accounted investees	3	5.768.402	4.285.294
Investment properties	10	4.979.646.022	3.942.624.436
Investment properties under development	10	474.465.000	318.570.000
Tangible assets	12	55.492.519	41.395.040
Intangible assets	13	1.249.812	939.699
Prepaid expenses	16	9.887.556	8.799.170
<i>Prepaid expenses to third parties</i>		9.887.556	8.799.170
TOTAL ASSETS		6.676.321.298	5.225.405.467

The accompanying notes form an integral part of these financial statements

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
**AS OF DECEMBER 31, 2021 STATEMENT OF
 FINANCIAL POSITION (BALANCE SHEET)**

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

	Notes	<i>Audited</i> December 31, 2021	<i>Audited</i> December 31, 2020
LIABILITIES			
Short-term liabilities		1.000.398.213	962.552.803
Short term loans and borrowings	7	840.482.361	446.021.370
<i>Loans and borrowings to related parties</i>	25	442.594.531	222.657.441
<i>Loans and borrowings to third parties</i>		397.887.830	223.363.929
Current portion of long term loans and borrowings	7	5.645.663	437.419.301
<i>Loans and borrowings to related parties</i>	25	5.645.663	235.880.646
<i>Loans and borrowings to third parties</i>		--	201.538.655
Trade payables	8	10.550.029	8.041.258
<i>Trade payables to related parties</i>	25	4.310.834	2.896.856
<i>Trade payables to third parties</i>	8	6.239.195	5.144.402
Other payables	9	16.137.729	11.374.522
<i>Other payables to third parties</i>	9	16.137.729	11.374.522
Liabilities from contracts with customers		98.315.105	38.013.150
<i>Contractual obligations from sales of goods and services</i>	17	98.315.105	38.013.150
Deferred income (Excluding liabilities from contracts with customers)	16	18.673.511	2.107.021
<i>Deferred income from related parties</i>	25	56.771	47.113
<i>Deferred income from third parties</i>		18.616.740	2.059.908
Short-term provisions		6.517.479	7.207.646
<i>Provisions for employee benefits</i>	15	496.510	459.525
<i>Other short-term provisions</i>	14	6.020.969	6.748.121
Other short-term liabilities	16	4.076.336	2.460.885
Derivatives	6	--	9.907.650
Long-term liabilities		200.260.206	131.898.858
Long term loans and borrowings	7	197.107.317	129.538.235
<i>Loans and borrowings to related parties</i>	25	117.000.002	129.538.235
<i>Loans and borrowings to third parties</i>		80.107.315	-
Long term provisions		3.152.889	2.360.623
<i>Provisions for employee benefits</i>	15	3.152.889	2.360.623
EQUITY		5.475.662.879	4.130.953.806
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		55.581.064	40.791.881
<i>Revaluation and classification of gains/losses</i>		56.043.574	41.094.769
<i>Other earnings/losses</i>		(462.510)	(302.888)
Legal reserves	18	71.190.580	70.941.969
Prior years' profits	18	2.819.651.274	2.553.397.882
Net profit for the period		1.329.919.890	266.502.003
TOTAL EQUITY AND LIABILITIES		6.676.321.298	5.225.405.467

The accompanying notes form an integral part of these financial statements

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

		<i>Audited</i>	<i>Audited</i>
	Notes	January 1 - December 31 2021	January 1 - December 31 2020
Revenue	19	488.577.001	552.678.714
Cost of sales (-)	19	(200.955.447)	(356.313.056)
Gross profit		287.621.554	196.365.658
General administrative expenses (-)	20	(30.243.898)	(30.471.174)
Marketing expenses (-)	20	(14.512.469)	(7.139.564)
Other operating income	22	1.235.439.964	358.709.081
Other operating expenses (-)	22	(659.131)	(75.744.314)
Operating profit		1.477.646.020	441.719.687
Share of profit of equity-accounted investees	3	1.983.108	2.044.038
Operating Profit Before Finance Expense		1.479.629.128	443.763.725
Financial income	23	46.193.755	10.929.166
Financial expenses (-)	23	(195.902.993)	(188.190.888)
Operating Profit before Tax From Continuing Operations		1.329.919.890	266.502.003
Tax Expense From Continuing Operations			
- Corporate tax charge		--	--
- Deferred tax benefit		--	--
Net profit for the period		1.329.919.890	266.502.003
Earnings per share	24	0,0139	0,0028

The accompanying notes form an integral part of these financial statements

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
**STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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

		<i>Audited</i>	<i>Audited</i>
	Notes	January 1 - December 31 2021	January 1 - December 31 2020
Net profit for the period		1.329.919.890	266.502.003
Other comprehensive income			
Other comprehensive income that will never be reclassified to profit or loss		14.789.183	4.224.725
Revaluation and classification of gains/losses	12	14.948.805	4.142.813
Actuarial gain/(loss) arising from defined benefit plans	15	(159.622)	81.912
Other comprehensive income		14.789.183	4.224.725
TOTAL COMPREHENSIVE INCOME		1.344.709.073	270.726.728

The accompanying notes form an integral part of these financial statements

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Notes	Share capital	Inflation restatement difference on share capital	Share premium
Balances at January 1, 2020		958.750.000	240.146.090	423.981
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances at December 31, 2020	18	958.750.000	240.146.090	423.981
Balances at January 1, 2021		958.750.000	240.146.090	423.981
Transfers		--	--	--
Total comprehensive income		--	--	--
Balances at December 31, 2021	18	958.750.000	240.146.090	423.981

The accompanying notes form 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	
(384.800)	36.951.956	65.949.792	2.261.000.280	297.389.779	3.860.227.078	
--	--	4.992.177	292.397.602	(297.389.779)	--	
81.912	4.142.813	--	--	266.502.003	270.726.728	
(302.888)	41.094.769	70.941.969	2.553.397.882	266.502.003	4.130.953.806	
(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	

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

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

	Notes	Audited January 1- December 31 2021	Audited January 1- December 31 2020
A. Cash flows from operating activities			
Net profit for the period		1.329.919.890	266.502.003
Profit adjustments for:			
Adjustments to depreciation and amortization	12, 13	2.477.126	2.307.159
Adjustments to impairment or cancellation		(32.220.733)	(8.425.983)
- Adjustments to impairment of receivables	8	2.096.646	1.078.370
- Adjustments to impairment of inventories	11	(34.317.379)	(9.504.353)
Adjustments for provisions		760.529	698.245
- Adjustments to provision for employee severance indemnity	15	760.529	698.245
Adjustments for (gain)/losses on fair value		(1.226.018.007)	(280.908.566)
- Adjustments to (gain)/losses on fair value of investment property	10	(1.139.831.513)	(261.329.951)
- Adjustments to (gain)/losses on fair value of financial assets		(39.992.739)	(8.649.449)
- Adjustments to (gain)/losses on fair value of derivatives	23	(46.193.755)	(10.929.166)
Adjustments for retained earnings of investments valued by equity method		(1.983.108)	(2.044.038)
- Adjustments for retained earnings of subsidiaries	3	(1.983.108)	(2.044.038)
Adjustments to interest income and expense		148.338.747	130.208.283
- Adjustments to interest income	19	(6.123.271)	(7.418.947)
- Adjustments to interest expense	23	154.462.018	137.627.230
Adjustments to foreign exchange differences		(19.297.162)	40.142.550
Operating profit from before the changes in working capital		201.977.282	148.479.653
Changes in working capital			
Changes in trade receivables		24.130.044	9.264.481
- Changes in trade receivables from related parties		(186.190)	881.022
- Changes in trade receivables from third parties		24.316.234	8.383.459
Changes in other receivables		813.287	811.233
- Changes in other receivables from related parties		1.175.000	325.000
- Changes in other receivables from third parties		(361.713)	486.233
Changes in inventories		77.884.013	253.776.783
Changes in prepaid expenses		(64.338.911)	2.060.962
Changes in trade payables		2.508.771	(33.303.260)
- Changes in trade payables from related parties		1.413.968	(31.155.930)
- Changes in trade payables from third parties		1.094.803	(2.147.330)
Changes in other payables		4.763.236	(894.662)
- Changes in other payables from third parties		4.763.236	(894.662)
Changes in liabilities from contracts with customers		60.301.956	(111.023.095)
- Changes in contractual obligations from sales of goods and services		60.301.956	(111.023.095)
Changes in deferred income (Excluding liabilities from contracts with customers)		16.566.490	(20.724.167)
Other changes in working capital		(1.485.363)	16.117.004
- Changes in other assets		(2.373.636)	12.593.003
- Changes in other liabilities		888.273	3.524.001
		323.120.805	264.564.932
Cash generated from operating activities			
Employee termination benefits paid	15	(90.902)	(265.375)
Interest received	5, 19	5.798.034	8.625.877
Net cash provided by/(used in) operating activities		328.827.937	272.925.434
B. Cash flows from investing activities			
Cash outflows for the acquisition of shares of other entities or funds or debt instruments		(2.220.798)	(2.799.999)
Cash outflows arising from purchase of investment properties	10	(182.934.674)	(13.880.749)
Cash outflows arising from purchases of tangible and intangible assets	12, 13	(1.935.913)	(1.107.263)
- Cash outflows arising from purchases of tangible assets		(1.029.066)	(322.173)
- Cash outflows arising from purchases of intangible assets		(906.847)	(785.090)
Dividends received		500.000	--
Net cash used in investing activities		(186.591.385)	(17.788.011)
C. Cash flows from financing activities			
Cash inflows arising from derivatives		45.227.800	30.636.424
Cash outflows arising from derivatives		(3.374.085)	(9.442.867)
Borrowings received	7	2.291.187.851	521.607.215
Borrowings paid	7	(2.272.488.656)	(987.641.445)
Interest paid	7	(143.004.995)	(146.833.209)
Net cash provided by financing activities		(82.452.085)	(591.673.882)
Increase/(decrease) in cash and cash equivalents before effect of changes in foreign currency rates		59.784.467	(336.536.459)
Effect of changes in foreign currency rates over cash and cash equivalents		19.297.161	8.484.092
Net increase/(decrease) in cash and cash equivalents		79.081.628	(328.052.367)
Cash and cash equivalents at the beginning of the period	5	58.915.973	386.968.340
Cash and cash equivalents at the end of the period	5	137.997.601	58.915.973

The accompanying notes form an integral part of these financial statements

İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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

The Company has 66 employees as of December 31, 2021 (December 31, 2020: 69).

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

2. Basis of presentation of financial statements

2.1 Basis of presentation

Statement of compliance

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

The financial statements as at December 31, 2021 have been approved for issue by the Board of Directors on January 31, 2022. 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

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years, according to the Consumer Price Index (CPI), is 74,41%, in the financial statements for 2021, it has been stated that there is no need to make any adjustments within the scope of "TAS 29 Financial Reporting Standard in High Inflation Economies". In this respect, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

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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 financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform - Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

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Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The Company has not had an impact on the financial position or performance of the Company.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted. Overall, the Company expects no significant impact on its balance sheet and equity. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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 IFRS 10 and IAS 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 wait until the final amendment to assess the impacts of the changes.

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Amendments to IFRS 3 - Reference to the Conceptual Framework

In July 2020, the 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 issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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

Amendments to IAS 16 - Proceeds before intended use

In July 2020, the 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 issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. 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. There is no transition relief for the first time adopters.

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

Amendments to IAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to 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). Earlier application is permitted and must be disclosed.

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

IFRS 17 - The new Standard for insurance contracts

The 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. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the 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.

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

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Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the 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.

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

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

In August 2021, the 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.

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

Annual Improvements - 2018-2020 Cycle

In July 2020, the 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.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

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

2.4 Summary of significant accounting policies

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

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2.4.1 Accounting of income and expense

Revenue

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

Rent income from investment properties under operating leases

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

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

Revenue from sale of investment property

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

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

Interest income and expense

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

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

Other income and expense

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

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.

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2.4.3 Tangible assets

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

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

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

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

Depreciation

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

Buildings	50 years
Machinery and equipment	4-5 years
Vehicles	4-5 years
Furniture and fixtures	3-5 years

Subsequent costs

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

2.4.4 Intangible assets

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

Amortization

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

2.4.5 Impairment of non-financial assets

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

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

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

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2.4.6 Inventories

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

2.4.7 Financial instruments

i) Financial assets

Classification

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

Recognition and Measurement

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

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

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

Derecognition

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

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

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

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Trade receivable

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

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

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

Cash and cash equivalents

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

Reverse repurchase agreements

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

ii) Financial liabilities

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

iii) Non-derivative financial liabilities

Trade and other payables

Trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. In case of cancellation or termination of contractual obligations; The Company removes the financial liability from its records.

iv) Derivative financial instruments

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

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

v) Paid-in capital

Ordinary shares

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

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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.

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

2.4.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as investment property, are capitalized as part of the cost of that asset.

All other borrowing costs are recorded in the profit or loss in the period in which they are incurred.

2.4.11 Earnings per share

Earnings per share is calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (Note 24).

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.4.12 Events after the reporting period

Events after the reporting period represent the events that occur against or on behalf of the Company between the reporting date and the date when statement of financial position was authorized for the issue. There are two types of events after the reporting period:

- those that provide evidence of conditions that existed as of the reporting period (adjusting events after the reporting date) and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting date).

If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.4.13 Provisions, contingent asset and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. If the related criteria not met, obligations must be disclosed in the notes to the financial statements.

If there is a probable cash inflow for an economic benefit, contingent asset must be disclosed in the notes to the financial statements. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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2.4.14 Taxes calculated on the basis of the company's earnings

The Company

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

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.

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2.4.18 Leasing

Finance leasing is a leasing method which most of the risks and rewards transferred to lessee. All other leasing activities are classified as operational leasing.

The Company, as lessor in the operational lease transactions

Operational lease income is recognized in the profit or loss on a straight-line basis for the whole lease period in the agreement.

The Company, as lessee in the operational lease transactions

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

The Company, as lessee in the finance lease transactions

Tangible assets acquired by finance leasing are recognized both as an asset and liability in the statement of financial position of the Company. The value of these assets is determined as lower of fair value or present value of future lease payments. Financial costs arising from leasing transactions are distributed in a fixed rate through the lease agreement period.

2.4.19 Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. Cash and cash equivalents are comprised of cash, receivables from reverse repos and time deposits with maturity shorter than three months.

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.

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2.6 Accounting estimates

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions. The main notes on which estimates are used are as follows:

- Note 10 Investment property
- Note 11 Inventories
- Note 14 Provision for litigation
- Note 15 Provision for employee benefits

Working capital ratio

As of 31 December 2021, current assets of the Company are amount to TL 492.261.589 and short term liabilities of the Company are amount to TL 1.000.398.213 short term liabilities exceeded current assets TL 508.136.624. In addition, there are advances received are amount to TL 98.315.105 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 330-350 million TL of rental income will be collected from the investment properties in the following year.

3. Equity accounted investees

The investments that are valued using equity method are shown in the financial statements of the Company by using equity method. Company's business partnerships that valued according to equity method are listed below:

	Ownership (%)	December 31, 2021	Ownership (%)	December 31, 2020
Kanyon	50	5.768.402	50	4.285.294
		5.768.402		4.285.294

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

Kanyon	December 31, 2021	December 31, 2020
Current assets	31.921.418	21.095.672
Non-current assets	1.037.744	1.266.553
Short-term liabilities	(19.628.531)	(12.725.896)
Long-term liabilities	(1.793.827)	(1.065.741)
Net assets	11.536.804	8.570.588

Kanyon	January 1 - December 31, 2021	January 1 - December 31, 2020
Income for the period	71.421.479	69.384.440
Expense for the period (-)	(67.455.263)	(65.296.363)

The Company recognized profit amounting to TL 1.983.108 resulting from consolidation of Kanyon with equity method for the year ended December 31, 2021 (December 31, 2020: TL 2.044.038) in the accompanying statement of profit and loss.

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4. Operating segments

Each segment of the Company is managed by the Company's management on project basis. Allocation of the resources to the segments is also managed on project basis.

	Ankara İş Kule Building	Istanbul İş Kuleleri Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	Istanbul Kanyon Shopping Mall	Istanbul Marmara Park Shopping Mall
31 December 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	--
Income from right of construction	--	--	--	--	--	38.117.321
Income fees and service	--	--	64.061	--	86.331	--
Other income	--	--	--	--	84.814	--
Real estate revenue	6.345.158	38.956.731	456.167	1.084.644	36.079.524	38.117.321
<u>Cost of sales of residential units</u>						
Administrative expense	--	11.436.252	303.182	--	10.247.530	--
Tax and duty and other charges	394.645	2.784.359	286.056	32.525	2.404.831	1.276.633
Insurance expense	104.985	687.719	81.098	39.029	415.493	--
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
Gross Profit	5.825.441	23.831.004	(214.669)	1.013.090	22.919.830	36.828.188
Capital investments	73.735	483.382	9.000	--	3.776.990	--
	Ankara İş Kule Building	Istanbul İş Kuleleri Complex	Maslak Office Building	Mugla Marmaris Mallmarine Shopping Mall	Istanbul Kanyon Shopping Mall	Istanbul Marmara Park Shopping Mall
December 31, 2020						
<u>Sales Revenue</u>						
Income from sales of residential units	--	--	--	--	--	--
Rent income	5.670.762	39.248.958	346.616	890.942	25.343.535	--
Income from right of construction	--	--	--	--	--	32.070.725
Income fees and service	--	--	114.827	--	76.431	--
Other income	--	56.399	--	--	40.535	--
Real estate revenue	5.670.762	39.305.357	461.443	890.942	25.460.501	32.070.725
<u>Cost of sales of residential units</u>						
Administrative expense	--	9.766.238	203.688	--	7.375.812	--
Tax and duty and other charges	377.454	2.663.246	290.629	31.106	2.300.028	1.220.584
Insurance expense	35.065	725.065	23.588	28.238	351.927	--
Other	--	169.806	13.169	--	74.865	37.500
Cost of Sales	412.519	13.324.355	531.074	59.344	10.102.632	1.258.084
Gross Profit	5.258.243	25.981.002	(69.631)	831.598	15.357.869	30.812.641
Capital investments	158.465	1.146.960	6.316.484	--	640.303	--

Taksim Office Lamartine	Tuzla Technology and Operating Centre	Tuzla Meydan Bazaar	İzmir Ege Perla Shopping Mall	İzmir Ege Perla Residence/ Office	Kartal Manzara Adalar	Topkapı İnistanbul	Other Real Estates	Total
--	--	--	--	32.602.388	180.709.422	22.736.938	--	236.048.748
2.640.489	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
2.640.489	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
390.021	--	1.081.595	10.818.858	586.777	2.215.152	--	171.538	37.250.905
140.476	1.447.667	87.336	969.073	--	271.687	--	--	10.095.288
33.029	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
563.526	2.426.686	1.331.583	12.199.085	21.185.142	112.837.291	19.345.491	229.982	200.955.447
2.076.963	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
Taksim Office Lamartine	Tuzla Technology and Operating Centre	Tuzla Meydan Bazaar	İzmir Ege Perla Shopping Mall	İzmir Ege Perla Residence/ Office	Kartal Manzara Adalar	Topkapı İnistanbul	Other Real Estates	Total
--	--	--	--	20.976.585	142.023.428	166.752.559	--	329.752.572
2.399.710	101.852.656	897.982	2.802.904	467.624	411.138	--	--	180.332.827
--	--	--	--	--	--	--	--	32.070.725
--	--	--	823.992	208.264	265.650	--	--	1.489.164
--	--	1.102	352.909	--	17.052	--	--	467.997
2.399.710	101.852.656	899.084	3.979.805	21.652.473	142.717.268	166.752.559	--	544.113.285
--	--	--	--	16.701.534	141.189.930	150.870.986	--	308.762.450
134.333	--	895.389	10.751.349	861.749	3.951.189	--	295.986	34.235.733
134.387	1.384.732	88.510	813.620	--	268.268	--	1.624	9.574.188
17.460	841.151	110.077	637.445	59.538	137.307	--	26.584	2.993.445
--	--	5.802	266.246	--	153.287	--	26.565	747.240
286.180	2.225.883	1.099.778	12.468.660	17.622.821	145.699.981	150.870.986	350.759	356.313.056
2.113.530	99.626.773	(200.694)	(8.488.855)	4.029.652	(2982.713)	15.881.573	(350.759)	187.800.229
--	45.577	--	3.216.602	--	379.125	34.239.765	18.009.366	64.152.647

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Reconciliation of income, assets and liabilities

	January 1 - December 31, 2021	January 1 - December 31, 2020
Sales Revenue		
Segment revenue	480.909.731	544.113.285
Undistributed revenue	7.667.270	8.565.429
Total Revenue	488.577.001	552.678.714
Cost of Sales		
Segment Costs	200.955.447	356.313.056
Total cost of sales	200.955.447	356.313.056
Assets	December 31, 2021	December 31, 2020
Segment assets	5.975.220.577	4.695.920.809
Other assets	112.620.837	138.847.526
Non-segment related assets	588.479.884	390.637.132
Total assets	6.676.321.298	5.225.405.467
Liabilities	December 31, 2021	December 31, 2020
Segment liabilities	1.164.300.293	1.065.467.611
Other liabilities	36.358.126	28.984.050
Total liabilities	1.200.658.419	1.094.451.661

5. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Time deposits	118.732.252	56.249.378
Demand deposits	17.174.012	818.504
Mutual funds	2.656.690	2.088.207
	138.562.954	59.156.089
Interest accrued on cash and cash equivalents	(565.353)	(240.116)
Total cash and cash equivalents in the statement of cash flows	137.997.601	58.915.973

Time deposits:			December 31, 2021
Currency	Interest Rate	Maturity	
Euro	0,05%	January 2022	30.174.020
US Dollar	0,06%	January 2022	19.993.796
TL	16,00-16,25%	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
Total	2.643.014	2.656.690

Time deposits:			December 31, 2020
Currency	Interest rate	Maturity	
Euro	0,50%	February 2021	2.253.698
US Dollar	0,25-0,90%	February 2021	38.803.466
TL	16,75%	January 2021	15.192.214
Total			56.249.378

	December 31, 2020	
	Cost	Fair Value
Mutual funds	2.087.654	2.088.207
Total	2.087.654	2.088.207

6. Financial investments/Derivatives

Long-term financial investments

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss		
İş Asset Management 2 nd Real Estate Investment Fund	272.785.497	230.571.960
Total	272.785.497	230.571.960

As of 31 December 2021, the Company is kept the held of financial investments with 223.632.247 shares from İş Asset Management 2nd Real Estate Investment Fund

The movement of İş Asset Management 2nd Real Estate Investment Fund is follow;

	December 31, 2021	December 31, 2020
Opening, January 1	230.571.960	394.715.000
Additions	2.220.798	2.800.000
Disposal	--	(175.592.488)
Fair value difference (Note 21)	39.992.739	8.649.448
Closing	272.785.497	230.571.960

Derivatives

	December 31, 2021	December 31, 2020
Financial assets held for trading		
Derivative instruments	28.049.500	33.617.110
Total	28.049.500	33.617.110

	December 31, 2021	December 31, 2020
Financial liabilities held for trading		
Derivative instruments	--	9.907.650
Total	--	9.907.650

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7. Loans and borrowings

The details of financial borrowings and financial leasing as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Short-term borrowings		
Short-term bank borrowings	765.999.596	151.629.029
Issued commercial papers	74.482.765	294.392.341
Total	840.482.361	446.021.370
	December 31, 2021	December 31, 2020
Short-term portions of long-term financial borrowings:		
Short-term portions of long-term loans	5.645.663	234.151.528
Issued bonds	--	203.267.773
Total	5.645.663	437.419.301
	December 31, 2021	December 31, 2020
Long-term financial borrowings		
Long-term bank loans	117.000.002	129.538.235
Issued bonds	80.107.315	--
Total	197.107.317	129.538.235

The details of loans and bank borrowings as of December 31, 2021 and 2020 are as follows:

			December 31, 2021	
Currency	Interest rate (%)	Original 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
			December 31, 2020	
Currency	Interest rate (%)	Original amount	Short-term (TL)	Long-term (TL)
US Dollar	Libor + 4,25	26.761.797	66.906.736	129.538.235
TL	11,75-13,00	318.873.821	318.873.821	--
Total			385.780.557	129.538.235

In accounting period ending on 31 December 2021, the Company borrowed cash loans amounting to TL 1.127.000.000, some of which expire within the maturity period, with maturities ranging from 11 days to 2 years, with an interest rate of 17.00% to 20.25%.

As of December 31, 2021 and 2020 details of issued bonds are as follows:

					December 31, 2021
ISIN CODE	Interest rate (%)	Issued Nominal Amount (TL)	Issue Date	Amortization Date	Net Book Value
TRISGYA2214	17,50%	78.650.000	November 11, 2021	December 9, 2022	80.107.315
TRFISGY12219	19,10%	75.000.000	September 15, 2021	January 14, 2022	74.482.765
Total		153.650.000			154.590.080
					December 31, 2020
ISIN CODE	Interest rate (%)	Issued Nominal Amount (TL)	Issue Date	Amortization Date	Net Book Value
TRISGY12113	TRLIBOR + 2,00	100.000.000	January 24, 2019	January, 25 2021	102.924.684
TRISGY32111	Benchmark + 2,50	100.000.000	March 23, 2018	March 23, 2021	100.343.089
TRFISGY12110	14,10%	150.000.000	October 19, 2020	January 20, 2021	148.880.440
TRFISGY22119	15,75%	50.750.000	November 18, 2020	February 18, 2021	49.717.170
TRFISGY42117	16,90%	100.000.000	December 2, 2020	April 6, 2021	95.794.731
Total		500.750.000			497.660.114

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As of December 31, 2021 and 2020, the movement of loans and borrowings as follows:

	December 31, 2021	December 31, 2020
Opening balance, 1 January	1.012.978.908	1.438.508.447
Borrowings received	2.291.187.851	521.607.215
Borrowings paid	(2.272.488.656)	(987.641.445)
Interest paid	(143.004.995)	(146.833.209)
Interest accrual	154.562.233	138.711.259
Currency translation difference	--	48.626.641
Closing balance	1.043.235.341	1.012.978.908

8. Trade receivables and payables

Short-term trade receivables and payables

	December 31, 2021	December 31, 2020
Trade receivables		
Receivables from customers	28.857.270	56.274.184
Income accruals	76.596.785	65.695.716
Notes receivable	1.298.762	1.563.501
Rediscount of notes receivables (-)	(30.000)	(72.457)
Doubtful receivables	8.586.780	6.490.134
Provision for doubtful receivables (-)	(8.586.780)	(6.490.134)
Due from related parties (Note 25)	2.369.667	2.183.477
Total	109.092.484	125.644.421
Trade payables		
Payables to suppliers	6.239.195	5.144.402
Due to related parties (Note 25)	4.310.834	2.896.856
Total	10.550.029	8.041.258

As of December 31, 2021, provision for doubtful trade receivables is TL 8.586.780 TL (December 31, 2020: TL 6.490.134). Provision for doubtful receivables is determined based on the historical collection performance.

Movement of provision for doubtful receivables for the year is as follows:

	December 31, 2021	December 31, 2020
Opening balance, 1 January	(6.490.134)	(5.411.764)
Charge for the period	(2.646.826)	(1.447.768)
Provisions released	550.180	369.398
Closing balance	(8.586.780)	(6.490.134)

Long Term Trade Receivables

	December 31, 2021	December 31, 2020
Trade receivables		
Receivables from customers	1.964.886	10.635.788
Income accruals	1.563.467	2.567.317
	3.528.353	13.203.105

9. Other receivables and payables

	December 31, 2021	December 31, 2020
Other short-term receivables ^(*)	5.560.768	5.199.055
Other receivables from related parties (Not 25)	--	1.175.000
Total	5.560.768	6.374.055

(*) The amount is consisting of receivables from tax office amounting to TL 3.456.536 (December 31, 2020: TL 3.456.536) receivables from collective building management of projects amounting to TL 723.123 (December 31, 2020: TL 1.557.066).

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	December 31, 2021	December 31, 2020
Other payables - short-term		
Deposits and guarantees given	13.103.982	10.427.563
Other short-term payables ^(*)	3.033.747	946.959
Total	16.137.729	11.374.522

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

10. Investment property

As of December 31, 2021 and 2020, details of investment properties are as follows:

	December 31, 2021	December 31, 2020
Investment property under operating lease	4.979.646.022	3.942.624.436
Investment property under construction and other	474.465.000	318.570.000
Total	5.454.111.022	4.261.194.436

As of December 31, 2021, total insurance amount on investment properties is TL 2.383.229.698 (December 31, 2020: TL 2.263.594.913).

In 2021, finance expense is capitalized amounting to TL 14.709.127 (December 31, 2020: TL 1.084.027) at investment properties and inventories of the Company.

	January 1, 2021 opening balance	Purchases	Disposals	Transfers	Fair value difference	December 31, 2021 closing balance
Investment property under operating lease						
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

As of December 31, 2021, the Company has 1st and 2nd degree mortgage on the investment properties amounting to USD 136.000.000 and TL 879.000.000 which are established in favor of İş Bank. In the current period, the Company obtained rent income amounting to TL 243.762.952 (December 31, 2020: TL 212.403.552) of its investment property. Total direct operating expenses related to these properties amounting to TL 51.353.270 (December 31, 2020: TL 47.550.606).

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The fair values of the Company's investment properties at December 31, 2021 have been arrived at on the basis of valuations carried out in November and December 2021 by four independent appraiser firms which are not related party of the Company. Appraisal firms are accredited independent firms licensed by the Capital Markets Board of Turkey and have appropriate qualifications and recent experience in appraising properties in the relevant locations. According to the appraisal reports, the valuations made in accordance with the International Valuation Standards have been performed according to the methods specified in the table below.

	2021	2020
Investment property under operating lease		
Tuzla Technology and Operation Centre	Sales comparison approach	Discounted cash flow and directly capitalization approach
İstanbul İş Kuleleri Complex	Sales comparison approach	Sales comparison approach
Kanyon Shopping Mall	Discounted cash flow	Discounted cash flow approach
Ege Perla Shopping Mall	Sales comparison approach	Discounted cash flow and sales comparison approach
Istanbul Marmara Park Shopping Mall	Sales comparison approach	Sales comparison approach
Ankara İş Kule 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 Meydan Bazaar	Sales comparison approach	Directly capitalization approach
Muğla Marmaris Mallmarine Shopping Mall	Sales comparison approach	Sales comparison approach
Levent Land	Fair value based on estate tax	Fair value based on estate tax
Investment property under construction		
İstanbul Finance Centre Project	Sales comparison and cost approach	Sales comparison and cost approach
Üsküdar Land	--	Sales comparison approach

	January 1, 2020 opening balance	Purchases	Disposals	Transfers	Fair value difference	December 31, 2020 closing balance
Investment property under operating lease						
Tuzla Technology and Operation Centre	1.198.000.000	45.577	--	--	140.954.423	1.339.000.000
İstanbul İş Kuleleri Complex	1.068.763.000	1.146.960	--	--	63.166.040	1.133.076.000
Kanyon Shopping Mall	614.479.043	640.303	--	--	(34.860.899)	580.258.447
Istanbul Marmarapark Shopping Mall	202.139.000	--	--	--	43.191.000	245.330.000
Izmir Ege Perla Shopping Mall	270.100.000	3.216.602	--	--	(38.316.602)	235.000.000
Ankara İş Kule Building	151.865.000	158.465	--	--	2.721.535	154.745.000
Maslak Office Building	114.923.000	6.316.484	--	--	9.145.516	130.385.000
Taksim Office Lamartine	57.042.000	--	--	--	16.788.000	73.830.000
Tuzla Meydan Bazaar	23.700.000	--	--	--	1.395.000	25.095.000
Mugla Marmaris Mallmarine Shopping Mall	16.224.000	--	--	--	1.711.000	17.935.000
Levent Land	7.161.458	92.556	--	--	715.975	7.969.989
	3.724.396.501	11.616.947	--	--	206.610.988	3.942.624.436
Investment property under construction						
İstanbul Finance Centre Project	210.047.000	1.476.296	--	--	37.271.704	248.795.000
Üsküdar Land	51.490.000	837.741	--	--	17.447.259	69.775.000
	261.537.000	2.314.037	--	--	54.718.963	318.570.000
Total	3.985.933.501	13.930.984	--	--	261.329.951	4.261.194.436

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11. Inventories

<i>Short-term inventories</i>	December 31, 2021	December 31, 2020
Kartal Manzara Adalar ^(*)	84.225.118	189.922.001
Ömerli Town Project ^(**)	40.270.521	--
İzmir Ege Perla ^(***)	13.999.477	28.827.471
Topkapı İnistanbul ^(****)	1.377.891	15.869.775
Total	139.873.007	234.619.247
<i>Long-term inventories</i>	December 31, 2021	December 31, 2020
Tuzla Land	219.879.578	219.317.379
Üsküdar Land ^(*****)	161.356.970	--
Ömerli Land ^(**)	--	15.107.126
Impairment provision on inventories (-)	--	(34.317.379)
Total	381.236.548	200.107.126

^(*) There are 975 residential units in Kartal Manzara Adalar Project, as of December 31, 2021, 914 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 15.111.681 (December 31, 2020: TL 2.738.972) (Note 17).

^(**) Balance of advances given related with the Ömerli Town Project is amounting to TL 76.708.627 (December 31, 2020: None.) (Note 17).

^(***) There are 243 residential units in İzmir Ege Perla Project, as of December 31, 2021, 223 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 82.590 (December 31, 2020: 2.494.079 TL) (Note 17).

^(****) There are 2.741 residential units in Topkapı İnistanbul Project, as of December 31, 2021, 2.737 residential units has been delivered to the customers. Balance of advances given related with the Project is amounting to TL 6.412.205 (December 31, 2020: TL 32.780.099) (Note 17).

^(*****) Due to the start of the construction of the project, which is planned to be developed on a registered land in Istanbul Province, Üsküdar District, Burhaniye Mahallesi, consisting of 6 blocks of residences, 1 block of offices and partly commercial area, it has been transferred from the Investment Properties account to the stocks account on September 15, 2021.

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

	December 31, 2021	December 31, 2020
Opening balance, 1 January	(34.317.379)	(43.821.732)
Charge for the period (-)	--	--
Provisions released	34.317.379	9.504.353
Closing balance	--	(34.317.379)

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12. Tangible assets

	Buildings ^(*)	Machinery and equipment	Vehicles	Fixtures	Total
Cost					
Opening balance as of January 1, 2021	45.681.656	85.950	374.647	3.818.167	49.960.420
Purchases	--	--	650.744	427.044	1.077.788
Disposals	--	--	--	(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	4.196.490	65.938.292
Accumulated Depreciation					
Opening balance as of January 1, 2021	5.154.656	85.950	181.078	3.143.696	8.565.380
Current year charge	1.398.805	--	205.078	276.510	1.880.392
Closing balance as of December 31, 2021	6.553.461	85.950	386.156	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
Cost					
Opening balance as of January 1, 2020	41.538.843	85.950	374.647	3.495.994	45.495.434
Purchases	--	--	--	322.173	322.173
Fair value difference	4.142.813	--	--	--	4.142.813
Closing balance as of December 31, 2020	45.681.656	85.950	374.647	3.818.167	49.960.420
Accumulated Depreciation					
Opening balance as of January 1, 2020	3.898.843	85.950	106.149	2.943.754	7.034.696
Current year charge	1.255.813	--	74.929	199.942	1.530.684
Closing balance as of December 31, 2020	5.154.656	85.950	181.078	3.143.696	8.565.380
Net book value as of January 1, 2020	37.640.000	--	268.498	552.240	38.460.738
Net book value as of December 31, 2020	40.527.000	--	193.569	674.471	41.395.040

(*) As of December 31, 2021, 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 54.077.000. These areas get share from the mortgages amounting to USD 136 million and TL 185 million established in İş Kuleleri and Kule Çarşısı (December 31, 2020: USD 136 million and TL 185 million).

As of December 31, 2021, the Company has tangible assets which is fully depreciated amounting to TL 3.141.294.

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13. Intangible assets

	Computer Programs	Total
Cost		
Opening balance as of January 1, 2021	5.460.120	5.460.120
Addition	906.847	906.847
Disposals	--	--
Closing balance as of December 31, 2021	6.366.967	6.366.967
Accumulated Depreciation		
Opening balance as of January 1, 2021	4.520.421	4.520.421
Current year charge	596.734	596.734
Disposals	--	--
Closing balance as of December 31, 2021	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
Computer Programs		
Total		
Cost		
Opening balance as of January 1, 2020	4.675.030	4.675.030
Additions	785.090	785.090
Disposals	--	--
Closing balance as of December 31, 2020	5.460.120	5.460.120
Accumulated Depreciation		
Opening balance as of January 1, 2020	3.743.946	3.743.946
Current year charge	776.475	776.475
Disposal	--	--
Closing balance as of December 31, 2020	4.520.421	4.520.421
Net book value as of January 1, 2020	931.084	931.084
Net book value as of December 31, 2020	939.699	939.699

As at December 31, 2021 and 2020, the Company has no intangible assets which is capitalized in the business area.

As at December 31, 2021, the Company has intangible assets which is fully depreciated amounting to TL 3.524.768.

14. Provisions, contingent assets and liabilities

	December 31, 2021	December 31, 2020
Debt provisions ^(*)	4.812.972	5.540.124
Legal case provisions	1.207.997	1.207.997
Total	6.020.969	6.748.121
December 31, 2021		
December 31, 2020		
Letters of guarantee received ^(**)	307.077.462	114.147.836
Mortgage received	7.598.347	20.903.410
Total	314.675.809	135.051.246

^(*) As of December 31, 2021, 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, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
A. CPM given for companies own legal personality ^(*)	2.727.010.684	1.921.039.304
B. CPM given in behalf of fully consolidated companies	--	--
C. CPM given for continuation of its economic activities on behalf of third parties ^(**)	20.539.348	45.289.792
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	2.747.550.032	1.966.329.096

^(*) CPM given for the Company's own legal personality consists of letters of guarantee amounting to TL 35.266.684 and pledge amounting to USD 136.000.000 and TL 879.000.000. As of December 31, 2021, the investment properties are pledged in favour of İş Bankası amounting to 1st degree USD 136.000.000 and TL 444.000.000 and 2nd degree TL 185.000.000. (Mortgage was constituted in favour of İş Bankası from investment properties portfolio of the Company, Kule-2 and Kule Çarşı amounting to USD 136.000.000 as 1st degree mortgage, Kule-3 amounting to TL 444.000.000 1st degree mortgage, Kule-2 and Kule Çarşı amounting to TL 185.000.000 as 2nd degree mortgage.). 1st degree mortgage is constituted in favour of İş Bankası in order to finance Tuzla Land of the Company, amounting to TL 250.000.000.

^(**) Represents the cost of guarantors given to the related banks in return for the loan amount in case the buyers of the Company's ongoing residential and office projects use mortgage/business loan from contracted banks. In this respect, as of December 31, 2021, the ratio of CPM given by the Company to the Company's shareholders' equity is 0,4% (December 31, 2020: 1%).

Within the scope of its ongoing projects, the Company has made a progress payment agreement of Eur 6.000.000 with subcontractors, and has made a Eur 6.000.000 forward transaction based on the payment terms and amounts of the relevant contract.

As of December 31, 2021, TL 1.207.997 legal case provision is accrued and there are 242 legal cases and 128 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, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Less than 1 year	257.595.531	226.691.393
Between 1-5 years	796.003.106	827.294.645
More than 5 years	5.801.676.809	3.857.643.060
Total	6.855.275.446	4.911.629.098

15. Provision for employee benefits

	December 31, 2021	December 31, 2020
Unused vacation provisions	496.510	459.525
Total	496.510	459.525

	December 31, 2021	December 31, 2020
Severance pay indemnity	3.152.889	2.360.623
Total	3.152.889	2.360.623

There is an obligation to pay the severance indemnities to those employees are terminated with employment contract to be entitled to severance pay in accordance with Labour Law No. 4857 and Social Security Law No. 5510.

The amount payable consists of one month's salary limited to a maximum of TL 8.284,51 for each period of service as of December 31, 2021 (December 31, 2020: TL 7.117).

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

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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, 2021, 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 15,07% (estimated salary increase rate) and a discount rate of 19,10%, resulting in a real discount rate of approximately 3,50% (December 31, 2020: the provisions have been calculated assuming an annual inflation rate of 8% (estimated salary increase rate) and discount rate of 12,40%, resulting in a real discount rate of approximately 4,07% discount rate). The anticipated rate of for features is considered. As the maximum liability is revised semi-annually, the maximum amount of TL 8.284,51 effective from December 31, 2021 has been taken into consideration in calculation of provision from employment termination benefits.

	January 1 - December 31, 2021	January 1 - December 31, 2020
Opening balance at January 1	2.360.625	2.013.706
Service cost	430.827	458.599
Interest cost	292.717	235.605
Retirement pay provisions (-)	(90.902)	(265.375)
Actuarial differences	159.622	(81.912)
Closing balance as of year end	3.152.889	2.360.623

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

<i>Prepaid expenses - short term</i>	December 31, 2021	December 31, 2020
Job advances ^(*)	67.567.779	4.178.201
Prepaid expenses	688.579	845.114
Related party prepaid expenses (Note 25)	229.092	211.610
Total	68.485.450	5.234.925

^(*) The amount generally consists of advances given to the contractors of the projects..

<i>Prepaid expenses - long term</i>	December 31, 2021	December 31, 2020
Job advances ^(*)	9.788.349	8.699.970
Prepaid expenses	99.207	99.200
Total	9.887.556	8.799.170

^(*) An agreement has signed in order to bought 45% shares of the land registered in Kadıköy, İstanbul, has 9.043 m² of floor space which is ownership of the land is belong to Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri San. ve Tic. Limited Şirketi (TECİM). In this context, the expenses incurred until the price of the land is reached in accordance with the terms of the agreement will be accounted in this account.

<i>Other current assets</i>	December 31, 2021	December 31, 2020
VAT transferred	2.183.490	--
Prepaid taxes and dues payable	262.871	173.231
Deposits and guarantees given	191.065	90.559
Total	2.637.426	263.790

<i>Other short-term liabilities</i>	December 31, 2021	December 31, 2020
Taxes and funds payable	3.837.305	2.211.674
Payable social security cuts	239.031	249.211
Total	4.076.336	2.460.885

<i>Deferred revenue - short-term</i>	December 31, 2021	December 31, 2020
Deferred revenue	18.616.740	2.059.908
Short-term deferred revenue from related party (Note25)	56.771	47.113
Total	18.673.511	2.107.021

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17. Liabilities from contracts with customers

Liabilities from contracts with customers	December 31, 2021	December 31, 2020
Contractual liabilities from sales of goods and services ^(*)	98.315.105	38.013.150
Total	98.315.105	38.013.150

^(*) 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 Ömerli Town Project. (Note 11).

18. Shareholder's equity

Share capital

The composition of the paid-in share capital as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
İş Gayrimenkul Yat. Ort. A.Ş.	(%)		(%)	
Türkiye İş Bankası A.Ş.	52,06	499.138.056	50,51	484.271.866
Anadolu Hayat Emeklilik A.Ş.	7,11	68.151.714	7,11	68.151.714
Other	40,83	391.460.230	42,38	406.326.420
Total	100	958.750.000	100	958.750.000

The total number of ordinary shares consists of TL 958.750.000 (December 31, 2020: 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, 2020: TL 1.369.642,817) of the total amount is Group A and TL 957.380.357,183 (December 31, 2020: 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, 2021 and 2020. 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, 2021 and 2020, 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, 2021	December 31, 2020
Legal reserves	71.190.580	70.941.969
Total	71.190.580	70.941.969

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, 2021	December 31, 2020
Prior years' profits	2.819.651.274	2.553.397.882
Total	2.819.651.274	2.553.397.882

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Dividend distribution

At the Ordinary General Assembly Meeting held on March 24, 2021; After the Board of Directors' Profit Share Distribution Proposal for the distribution of 2020 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 24, 2021, the distribution of 2020 net profit was determined as follows:

	Amount
Primary reserve (TTK 466/1) 5%	248.611
Dividend	--
Secondary reserve (TTK 466/2)	--
Capital increase through bonus shares	--
Transferred to prior years' profits	266.253.392
Total	266.502.003

19. Revenue and cost of sales

	January 1 - December 31, 2021	January 1 - December 31, 2020
Income from sales of residential units	236.048.748	329.752.571
Rent income	205.645.631	180.332.827
Income from right of construction	38.117.321	32.070.725
Income fees and service	1.010.266	1.489.165
Other revenue	87.765	467.996
Total real estate revenues	480.909.731	544.113.284
Interest income on bank deposits	6.123.271	7.418.947
Gain on buy/sell of marketable securities	1.543.999	1.146.483
Total debt instruments revenue	7.667.270	8.565.430
Sales discounts (-)	--	--
Total revenue	488.577.001	552.678.714
	January 1 - December 31, 2021	January 1 - December 31, 2020
Cost of sales of residential units	(149.602.177)	(308.762.449)
Cost of administrative expenses	(37.250.905)	(34.235.733)
Taxes and dues	(10.095.288)	(9.574.188)
Insurance expenses	(3.030.349)	(2.993.445)
Other	(976.728)	(747.241)
Total	(200.955.447)	(356.313.056)

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20. Administrative expenses/Marketing, selling and distribution expenses

	January 1 - December 31, 2021	January 1 - December 31, 2020
Administrative expenses		
Personnel expenses	(18.098.065)	(20.084.311)
Outsourced service expenses	(4.768.416)	(4.562.224)
Depreciation and amortization	(2.477.126)	(2.307.159)
Provision for doubtful receivables	(2.096.646)	(1.078.370)
Taxes and dues	(132.091)	(279.019)
Other	(2.671.554)	(2.160.091)
Total	(30.243.898)	(30.471.174)
Marketing, selling and distribution expenses		
Sales commission expenses	(8.059.052)	(1.017.414)
Advertising expenses	(4.999.030)	(4.567.172)
Consultancy expenses	(1.251.914)	(1.318.510)
Sales office expenses	(73.010)	(134.637)
Other	(129.463)	(101.831)
Total	(14.512.469)	(7.139.564)

21. Expenses by nature

	January 1 - December 31, 2021	January 1 - December 31, 2020
Personnel expenses		
Administrative expenses	18.098.065	20.084.311
Total	18.098.065	20.084.311
Depreciation and amortization		
Administrative expenses	2.477.126	2.307.159
Total	2.477.126	2.307.159

22. Other operating income/expense

	January 1 - December 31, 2021	January 1 - December 31, 2020
Other operating income		
Revaluation income of investment property (Note 10)	1.139.831.513	334.507.452
Gain on real estate investment fund	39.992.739	8.649.448
Gain on inventories	34.317.379	9.504.353
Foreign exchange gains	20.280.284	5.430.987
Other	1.018.049	616.841
Total	1.235.439.964	358.709.081
Other operating expense		
Revaluation difference of investment property (Note 10)	--	(73.177.501)
Share transfer of real estate investment fund	--	(2.126.601)
Other	(659.131)	(440.212)
Total	(659.131)	(75.744.314)

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23. Finance income/expense

Finance income and expenses as of December 31, 2021 and 2020 are as follows:

Finance income	January 1 - December 31, 2021	January 1 - December 31, 2020
Derivative gains	46.193.755	10.929.166
Total	46.193.755	10.929.166
Finance expense	January 1 - December 31, 2021	January 1 - December 31, 2020
Interest expenses	(154.462.018)	(137.627.230)
Foreign exchange expenses	(35.432.367)	(48.626.641)
Commission expenses	(5.978.608)	(1.864.560)
Other	(30.000)	(72.457)
Total	(195.902.993)	(188.190.888)

24. Earnings per share

	January 1 - December 31, 2021	January 1 - December 31, 2020
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 profit for the period	1.329.919.890	266.502.003
Earnings per share	0,0139	0,0028
Diluted earnings per share	0,0139	0,0028

As of December 31, 2021 capital of the Company consists of 95.875.000.000 shares that are valued TL 0,01 for each one.

25. Related party disclosures

Related parties of the Company are direct or indirect subsidiaries of İş Bankası and the executives and personnel of the Company.

Receivables from related parties are mainly due to sales transactions and the average payment term is one month. By nature no interest is calculated on these receivables and no guarantees have been received.

Payables due to related parties are mainly due to purchase transactions and the average credit payment term is one month. No interest is calculated on these payables.

Details of related party balances are as follows:

Balances at İş Bankası	December 31, 2021	December 31, 2020
Time deposits	118.732.252	56.249.378
Demand deposits	17.173.993	818.504
Total	135.906.245	57.067.882

The Company has letters of guarantee amounting TL 35.266.684 (December 31, 2020: TL 43.731.304) from İş Bankası. In addition, 1st and 2nd degree mortgage is instituted by the Company in favour İş Bankası amounting to USD 136.000.000 and TL 879.000.000 on some investment properties.

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As of December 31, 2021 and December 31, 2020, the Company has mutual funds, established by, İş Bankası and İş Portföy Yönetimi A.Ş.

	December 31, 2021			
	Short Term Trade Receivables	Short Term Prepaid Expenses	Short Term Trade Payables	Deferred Income
Balances with related parties				
Anadolu Anonim Türk Sigorta A.Ş.	--	228.244	368.400	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	5.275	--	--	--
İş Merkezleri 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.Ş.	27.566	--	--	18.371
Due to shareholders (dividend)	--	--	705	--
Other	--	848	1.001.243	--
	2.369.667	229.092	4.310.834	56.771

	December 31, 2021	
	Loans and borrowings	
Balances with related parties	Short Term	Long Term
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

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.

	December 31, 2020				
	Short Term Trade Receivables	Short Term Prepaid Expenses	Short Term Trade Payables	Deferred Income	Short Term Trade Receivables
Balances with related parties					
Anadolu Anonim Türk Sigorta A.Ş.	--	--	201.301	415.472	--
Anadolu Hayat Emeklilik A.Ş.	--	--	--	40	--
İş Girişim Sermayesi A.Ş.	--	83	--	--	--
İş Merkezleri Yönetim ve İşletim A.Ş.	--	7.328	--	269.684	--
İş Net Elektronik Hizmetler A.Ş.	--	--	--	31.439	--
Kanyon Yönetim İşl. Paz. A.Ş.	1.175.000	--	--	1.020.235	32.572
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	2.064	--	--	--
Paşabahçe Mağazaları A.Ş.	--	74.621	--	51.073	--
Softtech Yazılım Teknolojileri A.Ş.	--	--	--	268	--
Tecim Yapı Elemanları Ltd. Şti.	--	1.968.593	--	--	--
Türkiye İş Bankası A.Ş.	--	4.773	166	13.692	14.541
Türkiye Şişe ve Cam Fabrikaları A.Ş.	--	126.015	--	--	--
Due to shareholders (dividend)	--	--	--	704	--
Other	--	--	10.143	1.094.249	--
	1.175.000	2.183.477	211.610	2.896.856	47.113

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	December 31, 2020	
	Loans and borrowings	
Balances with related parties	Short Term	Long Term
T. İş Bankası A.Ş.	385.780.557	129.538.235
Transactions with related parties	Interest expense on loans	Capitalized interest expense
T. İş Bankası A.Ş.	83.219.208	366.318

The Company has interest rate swap and forward transactions realized during the period by T. İş Bankası A.Ş. as of December 31, 2020. Derivative losses amounting to TL 10.956.973 accounted in the financial statements of the Company.

Transactions with related parties	January 1- December 31 2021				
	Purchases	Interest received	Rent income	Other income	Other expense
Anadolu Anonim Türk Sigorta A.Ş. ^(*)	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. ^(**)	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	--	--	274.064	--	--
Pazarlama ve Ticaret A.Ş.	--	--	--	--	--
Türkiye İş Bankası A.Ş.	--	6.082.559	113.349.603	64.061	722.037
	26.078.096	6.082.559	140.842.097	782.196	1.053.511

^(*) The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to the insurance of the Company's real estates.

^(**) The amount of purchases from the İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the operation of the Company's investment properties İş Kuleleri and İstanbul Tuzla Combined.

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In 2021, revenue share compensation is amounting to TL 7.354.785 (2020: 3.527.916 TL) has been paid to Türkiye İş Bankası A.Ş. within the scope of Ege Perla project. Additionally, as of December 31, 2021, there is unpaid revenue share compensation is amounting to TL 3.199.174 (December 31, 2020: 2.882.282 TL) at debt provisions.

Transactions with related parties	January 1 - December 31, 2020				
	Purchases	Interest received	Rent income	Other income	Other expense
Anadolu Anonim Türk Sigorta A.Ş. ^(*)	4.992.894	--	630.664	9.232	--
Anadolu Hayat Emeklilik A.Ş.	191.532	--	6.630.434	191.600	--
İş Faktoring A.Ş.	--	--	66.235	--	--
İş Finansal Kiralama A.Ş.	--	--	41.429	--	--
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	--	--	449.128	--	--
İş Merkezleri Yönetim ve İşletim A.Ş.	12.187.395	--	1.126.168	--	576.894
İş Net Elektronik Hizmetler A.Ş.	616.901	--	485.726	--	15.906
İş Yatırım Menkul Değerler A.Ş.	--	--	4.497.829	--	--
Maxis Girişim Sermayesi Portföy Yön. A.Ş.	--	--	194.765	--	--
Paşabahçe Mağazacılık A.Ş.	1.545	--	517.169	--	--
Softtech Yazılım Teknolojileri A.Ş.	--	--	8.017.652	--	--
Tecim Yapı Elemanları Ltd. Şti. ^(**)	85.700	--	--	--	--
Türkiye İş Bankası A.Ş.	--	7.418.946	98.980.692	57.109	714.378
Türkiye Şişe ve Cam Fabrikaları A.Ş.	--	--	652.811	--	--
	18.075.967	7.418.946	122.290.702	257.941	1.307.178

^(*) The amount of purchases with Anadolu Anonim Türk Sigorta Anonim Şirketi is related to insurance of the Company's real estates. The amount of purchases from the İş Merkezleri Yönetim ve İşletim Anonim Şirketi is related to the operation of the Company's investment properties İş Kuleleri and Mallmarine Shopping Center.

^(**) In 2020, revenue share compensation is amounting to TL 173.465.887 has been paid to Tecim Yapı Elemanları Ltd. Şti. within the scope of Kartal Manzara Adalar project.

As of December 31, 2021 and 2020, related party balances of issued bonds and commercial papers are as follows:

Balances with related parties	December 31, 2021	December 31, 2020
Milli Reasurans A.Ş.	31.551.706	71.024.753
İş Girişim Sermayesi A.Ş.	1.577.585	--
İş Yatırım Ortaklığı A.Ş.	--	1.471.823
Türkiye İş Bankası A.Ş.	--	257.295
İş Yatırım Menkul Değerler A.Ş.	--	3.659
	33.129.291	72.757.530

As of December 31, 2021 and 2020, coupon payments of issued bonds and commercial papers are as follows:

Transactions with related parties	December 31, 2021	December 31, 2020
Milli Reasurans A.Ş.	8.023.804	1.224.753
İş Yatırım Menkul Değerler A.Ş.	2.029.198	607.134
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	207.203	--
Anadolu Anonim Türk Sigorta A.Ş.	171.735	--
İş Yatırım Ortaklığı A.Ş.	15.832	180.907
T. İş Bankası A.Ş.	1.947	142.512
	10.449.719	2.155.306

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Benefits provided to key management personnel:

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

	January 1- December 31, 2021	January 1- December 31, 2020
Salaries and other short term benefits	7.526.167	6.778.393
Employee termination benefits	728.720	731.352
Total	8.254.887	7.509.745

26. Nature and level of risks arising from financial instruments

a) Capital risk management

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

The Company's capital and funding structure consists of cash and cash equivalents, share capital and retained earnings.

The Company management evaluates the cost of capital and the risk associated with each class of equity.

b) Financial risk factors

The risks of the Company, resulting from operations, include market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial markets on the financial performance of the Company.

Risk management is implemented according to the policies approved by the Board of Directors. According to the policy, once a risk is identified, it has been evaluated by each operating unit which is responsible to coordinate the work to minimize the exposure to that risk. The Board of Directors is in charge of forming written procedures in order to manage the foreign currency risk, interest risk, credit risk, and use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

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b.1) Credit risk management

Exposure to maximum credit risk as of reporting date	Receivables						
	Trade receivables		Other Receivables		Bank deposits	Derivative instruments	Other ^(***)
	Related parties	Other parties	Related parties	Other parties			
December 31, 2021							
Maximum net credit risk 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
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	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	--	--	--	--	--	--	--

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

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

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

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Exposure to maximum credit risk as of reporting date

December 31, 2020	Receivables						
	Trade receivables		Other Receivables		Bank deposits	Derivative instruments	Other ^(***)
	Related parties	Other parties	Related parties	Other parties			
Maximum net credit risk as of the reporting date (A+B+C+D+E) ^(*)	2.183.477	136.664.049	1.175.000	--	57.067.882	33.617.110	2.088.207
- The part of maximum risk under guarantee with collateral etc. ^(**)	--	74.371.274	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	2.183.477	131.399.623	1.175.000	--	57.067.882	33.617.110	2.088.207
B. Net book value of financial assets which are overdue but not impaired	--	5.264.426	--	--	--	--	--
C. Net book value of impaired assets							
- Past due (gross carrying amount)	--	6.490.134	--	--	--	--	--
- Impairment (-)	--	(6.490.134)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

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

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

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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risks is monitored on a continuous basis.

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

December 31, 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

December 31, 2020	Receivables		Total
	Trade Receivables	Other Receivables	
Past due 1-30 days	1.166.776	--	1.166.776
Past due 1-3 months	696.609	--	696.609
Past due 3-12 months	3.401.041	--	3.401.041
Past due 1-5 years	--	--	--
Total overdue receivables	5.264.426	--	5.264.426
Total collateralized portion	4.915.026	--	4.915.026

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

	December 31, 2021		December 31, 2020	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letters of guarantee	4.590.062	4.590.062	4.468.606	4.468.606
Cash deposit	220.093	220.093	399.741	399.741
Notes payable	156.336	156.336	46.679	46.679
	4.966.491	4.966.491	4.915.026	4.915.026

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b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. On the other hand, derivative financial liabilities are presented based on their gross cash inflows and outflows which have not been discounted. Derivative instruments are settled and realized on a net basis based on their respective gross cash inflows and outflows which have not been discounted. When the receivables and payables are not fixed, the amount disclosed is calculated via an interest rate derived from yield curves as of the reporting date.

December 31, 2021						
Contractual maturities	Carrying Value	Total cash outflows according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Loans and borrowings	1.043.235.341	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	--

December 31, 2020						
Contractual maturities	Carrying Value	Total cash outflows according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Loans and borrowings	1.012.978.906	1.059.202.016	568.654.352	353.583.027	136.964.637	--
Trade payables	8.041.258	8.041.258	8.041.258	--	--	--
Other payables	11.374.522	11.374.522	11.374.522	--	--	--
Total liabilities	1.032.394.686	1.078.617.796	588.070.132	353.583.027	136.964.637	--

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, 2021 and 2020 are as follows:

Currency	December 31, 2021		December 31, 2020	
	Buying Rates	Selling Rates	Buying Rates	Selling Rates
US Dollar	13,3290	13,353	7,3405	7,3537
Euro	15,0867	15,1139	9,0079	9,0241

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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, 2021			
	TL Equivalent (Functional currency)	US Dollar	Euro
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 derivatives (19a-19b)	--	--	--
19a. Off-balance sheet foreign currency derivative assets	--	--	--
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--
20. Net foreign currency asset/liability position	56.972.426	1.599.862	2.363.601
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	63.127.476	1.828.058	2.569.236
22. Fair Value of foreign currency hedged Financial asset	--	--	--
23. Hedged foreign currency assets	--	--	--
24. Hedged foreign currency liabilities	--	--	--

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December 31, 2020			
	TL Equivalent (Functional currency)	US Dollar	Euro
1. Trade Receivables	--	--	--
2a. Monetary Financial Assets	41.195.583	5.305.073	250.191
2b. Non-Monetary Financial Assets	--	--	--
3. Other	--	--	--
4. CURRENT ASSETS	41.195.583	5.305.073	250.191
5. Trade Receivables	--	--	--
6a. Monetary Financial Assets	--	--	--
6b. Non-Monetary Financial Assets	--	--	--
7. Other	--	--	--
8. NON CURRENT ASSETS	--	--	--
9. TOTAL ASSET	41.195.583	5.305.073	250.191
10. Trade Payables	84.515	11.513	--
11. Financial Liabilities	64.769.118	8.823.529	--
12a. Other Monetary Liabilities	--	--	--
12b. Other Non-Monetary Liabilities	3.555.014	324.211	130.457
13. SHORT TERM LIABILITIES	68.408.647	9.159.253	130.457
14. Trade Payables	--	--	--
15. Financial Liabilities	129.538.235	17.647.059	--
16a. Other Monetary Liabilities	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--
17. LONG TERM LIABILITIES	129.538.235	17.647.059	--
18. TOTAL LIABILITIES	197.946.882	26.806.312	130.457
19. Net asset/liability position of off balance sheet derivatives (19a-19b)	194.307.353	26.470.588	--
19a. Off-balance sheet foreign currency derivative assets	194.307.353	26.470.588	--
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--
20. Net foreign currency asset/liability position	37.556.054	4.969.349	119.734
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(153.196.285)	(21.177.028)	250.191
22. Fair Value of foreign currency hedged Financial asset	33.617.110	4.579.676	--
23. Hedged foreign currency assets	--	--	--
24. Hedged foreign currency 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, 2021		
	Appreciation of foreign currency	Devaluation of foreign currency
	If US Dollar changes against TL by 10%	
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)
	If Euro changes against TL by 10%	
Euro net asset/liability	3.876.129	(3.876.129)
Portion hedged against Euro risk (-)	--	--
Euro net effect	3.876.129	(3.876.129)
December 31, 2020		
	Appreciation of foreign currency	Devaluation of foreign currency
	If US Dollar changes against TL by 10%	
US Dollar net asset/liability	(15.544.999)	15.544.999
Portion hedged against US Dollar risk (-)	19.430.735	(19.430.735)
US Dollar net effect	3.885.736	(3.885.736)
	If Euro changes against TL by 10%	
Euro net asset/liability	225.370	(225.370)
Portion hedged against Euro risk (-)	--	--
Euro net effect	225.370	(225.370)

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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, 2021 and 2020.

The sensitivity analyses have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period at 1%. If interest rates increase or decrease by 1% as of December 31, 2021, the Company has no financial liabilities with variable interest rates. (December 31, 2020: TL 133.436 decrease or increase).

		Interest Rate Table	
		December 31, 2021	December 31, 2020
Fixed Rate Financial Instruments			
	Financial assets classified at fair value through profit or loss	--	--
Financial Assets	Time deposits at banks	118.732.252	56.249.377
	Receivables from reverse repo transactions	--	--
Financial Liabilities		1.043.235.341	613.266.162
Floating Interest Rate Financial Instruments			
	Investment Funds	2.656.690	2.088.207
Financial Liabilities		--	399.712.745

b.3.3) Equity price risk

As of December 31, 2021, company has no equity in their portfolio. Therefore, there is no equity price risk. (December 31, 2020: None)

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27. Fair value of financial assets and liabilities

Financial assets

Financial investments recognized in financial statements are reflected at fair values. The Company assumes that the carrying values of the cash and cash equivalents are close to their fair value because of their short-term nature.

Financial liabilities

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

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

The Company assumes that the carrying values of the floating interest rate banks loans are close to their fair value, since floating interest rate banks loans are re-priced recently. The Company assumes that the carrying values of the fixed interest rate banks loans are close to their fair value, since the opening date of the bank loan is close to the reporting period and there is no significant change in the market interest rates. The estimated fair value of fixed rate financial liabilities is calculated by using discounted cash flows using current market interest rates. As of December 31, 2021, net book value of fixed rate loan is TL 1.043.235.340 and fair value of those loans are TL 1.043.734.364.

December 31, 2021	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Note
Financial Assets					
Cash and cash equivalents	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	--	--	477.995.145	477.995.145	7
Loans and borrowings from related parties	--	--	565.240.196	565.240.196	7
Trade payables	--	--	6.239.195	6.239.195	8
Trade payables to related parties	--	--	4.310.834	4.310.834	25
Other payables	--	--	16.137.729	16.137.729	9
Derivative instruments	--	--	--	--	--
December 31, 2020					
Financial Assets					
Cash and cash equivalents	57.067.882	2.088.207	--	59.156.089	5
Financial investments	--	230.571.960	--	230.571.960	6
Trade receivables	136.664.049	--	--	136.664.049	8
Due from related parties	2.183.477	--	--	2.183.477	25
Other financial assets	6.374.055	--	--	6.374.055	9
Derivative instruments	--	33.617.110	--	33.617.110	6
Financial Liabilities					
Loans and borrowings	--	--	424.902.584	424.902.584	7
Loans and borrowings from related parties	--	--	588.076.322	588.076.322	7
Trade payables	--	--	5.144.392	5.144.392	8
Trade payables to related parties	--	--	2.896.866	2.896.866	25
Other payables	--	--	11.374.522	11.374.522	9
Derivative instruments	--	9.907.650	--	9.907.650	6

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Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as below:

Level I: Financial assets and liabilities are carried at quoted prices in an active market which are used for similar financial assets and liabilities.

Level II: Other than quoted prices specified in Level I, financial assets and liabilities are carried at inputs used to determine direct or indirect observable market prices.

Level III: Financial assets and liabilities are carried at inputs which are used in determining fair value of financial assets and liabilities but not based on any observable market data.

The levels of the financial assets and liabilities presented in fair values are as follows:

Assets at fair value	December 31, 2021	Level I	Level II	Level III
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	--
Assets at fair value	December 31, 2020	Level I	Level II	Level III
Investment properties	4.261.194.436	--	4.261.194.436	--
Tangible assets	41.395.040	--	41.395.040	--
Financial assets held for trading	232.660.167	--	232.660.167	--
Derivatives held for trading	33.617.110	--	33.617.110	--
	4.568.866.753	--	4.568.866.753	--

28. Fees for services received from independent auditor/independent audit firm

As of 31 December 2021, the Company's independent audit fee for the reporting period is 107.610 TL (31 December 2020: 109.000 TL)

29. Events after the reporting period

On January 6, 2022, the Company has issued a financing bill with a nominal value of TL 135.000.000 and a maturity of 60 days.

The Board of Directors has decided to purchase the land with 130 Million TL, 72.609 m² land and located in İstanbul, Ömerli owned by Anadolu Hayat Emeklilik A.Ş. A housing project is planned as a continuation of the Ömerli Town Project, which is being developed at the same locations on the said real estates.

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

The main accounts of separate financial statements	Related regulation	December 31, 2021	December 31, 2020
A Capital and money market instruments	III-48.1. Md. 24/(b)	138.562.954	59.156.089
B Real estates, rights supported by real estates and real estate projects. Real estate investment fund of the first paragraph of article 28, in which they have 100% participation in their participation shares and capital.	III-48.1. Md. 24/(a)	6.248.006.075	4.926.492.769
C Affiliates ^(*)	III-48.1. Md. 24/(b)	5.768.402	4.285.294
Due from related parties (other receivables) ^(**)	III-48.1. Md. 23/(f)	--	1.175.000
Other assets		283.983.867	234.296.315
D Total assets	III-48.1. Md. 3/(k)	6.676.321.298	5.225.405.467
E Loans and borrowings	III-48.1. Md. 31	1.043.235.341	1.012.978.906
F Other financial liabilities	III-48.1. Md. 31	6.020.969	6.748.121
G Financial lease obligations	III-48.1. Md. 31	--	--
H Due to related parties (other payables)	III-48.1. Md. 23/(f)	--	--
I Equity	III-48.1. Md. 31	5.475.662.879	4.130.953.807
Other liabilities		151.402.109	74.724.633
D Total liabilities and equity	III-48.1. Md. 3/(k)	6.676.321.298	5.225.405.467
Other separate financial information	Related regulation	December 31, 2021	December 31, 2020
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)	135.906.264	57.067.882
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)	8.333.022	77.744.989
C1 Foreign affiliates	III-48.1. Md. 24/(d)	--	--
C2 Participating to operating company	III-48.1. Md. 28	5.768.402	4.285.294
J Non-cash loans	III-48.1. Md. 31	35.266.684	43.731.304
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)	138.562.935	59.156.089

^(*)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.

^(**)The amount consist of dividend receivables from Kanyon Yön. İşl. Paz A.Ş..

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	Portfolio restrictions	Related regulation	December 31, 2021	December 31, 2020	Min/Max ratio
1	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	III-48.1. Md. 22/(e)	0%	0%	Max 10%
2	Real estates, rights supported by real estates and real estate projects. 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)	94%	94%	Min 51%
3	Capital and money market instruments and subsidiaries	III-48.1. Md. 24/(b)	2%	1%	Max 49%
4	Foreign real estates, rights supported by real estates and real estate projects, affiliates and capital market instruments	III-48.1. Md. 24/(d)	0%	0%	Max 49%
5	Inactive land	III-48.1. Md. 24/(c)	0%	1%	Max 20%
6	Participating to operating company	III-48.1. Md. 28	0%	0%	Max 10%
7	Borrowings limits	III-48.1. Md. 31	20%	26%	Max 500%
8	Time balances/demand balances TL/foreign currency	III-48.1. Md. 24/(b)	2%	1%	Max 10%
9	The sum of investments in money and capital market instruments in a single company	III-48.1 Md. 22/(1)	2%	1%	Max 10%

APPENDIX 1: SUMMARY APPRAISAL REPORTS

Subject of Appraisal	İstanbul İş Towers Complex
Application Date and No	15.11.2021-010
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	24.12.2021-2021/6597
Appraisal Date	20.12.2021
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 1,548,331,000 (excluding VAT) / TL 1,827,030,580 (including VAT)
Subject of Appraisal	Ankara İş Tower
Application Date and No	15.11.2021-006
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	01.12.2021-2021/6598
Appraisal Date	26.11.2021
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 178,185,000 (excluding VAT) / TL 210,258,300 (including VAT)
Subject of Appraisal	Maslak Office Building
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	17.12.2021-ISGY-2109138
Appraisal Date	03.11.2021-16.12.2021
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 163,150,000 (excluding VAT) / TL 192,517,000 (including VAT)
Subject of Appraisal	Kanyon Shopping Mall
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2021-ISGY-2109140
Appraisal Date	02.11.2021-24.12.2021
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 691,935,000 (excluding VAT) / TL 816,483,300 (including VAT)
Subject of Appraisal	Mallmarine Shopping Mall
Application Date and No	15.11.2021-007
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	01.12.2021-2021/6596-
Appraisal Date	25.11.2021
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 22,160,000 (excluding VAT) / TL 26,148,800 (including VAT)
Subject of Appraisal	İstanbul Marmara Park Shopping Mall
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	22.12.2021-ISGY-2109141
Appraisal Date	02.11.2021-20.12.2021
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 349,757,000 (excluding VAT) / TL 412,713,260 (including VAT)

Subject of Appraisal	Tuzla Technology & Operation Center
Application Date and No	07.10.2021-003
Report Prepared by	Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	21.12.2021-2021/İŞGYO/003
Appraisal Date	17.12.2021
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 1,652,647,000 (excluding VAT) / TL 1,950,123,460 (including VAT)
Subject of Appraisal	Tuzla Meydan Shopping Mall
Application Date and No	07.10.2021-004
Report Prepared by	Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	24.12.2021-2021/İŞGYO/004
Appraisal Date	17.12.2021
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 31,675,000 (excluding VAT) / TL 37,376,500 (including VAT)
Subject of Appraisal	İzmir Ege Perla
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	24.12.2021-ISGY-2109139
Appraisal Date	02.11.2021-23.12.2021
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete residence and office with an area of 18,392 m ² registered at İzmir Province, Konak District, Mersinli Neighborhood, Sheet No: 296, Block No: 3324, Parcel No: 106
Appraisal Value	TL 308,447,000 (excluding VAT) / TL 363,967,460 (including VAT)
Subject of Appraisal	Taksim Office Lamartine
Application Date and No	15.11.2021-009
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	06.12.2021-2021/7849
Appraisal Date	30.11.2021
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 105,120,000 (excluding VAT) / TL 124,041,600 (including VAT)
Subject of Appraisal	Altunizade Project
Application Date and No	15.11.2021-012
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	27.12.2021-2021/6760
Appraisal Date	22.12.2021
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
Appraisal Value	TL 171,677,500 (excluding VAT) / TL 202,579,450 (including VAT)
Subject of Appraisal	Kartal Manzara Adalar
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	20.12.2021-ISGY-2109143
Appraisal Date	02.11.2021-16.12.2021
Appraisal Method Used	Market Value Method
Registry of Deeds	Reinforced concrete residence, office and workplace with an area of 36,724.88 m ² registered at İstanbul Province, Kartal District, Yukarı Neighborhood, Sheet No: G22A14B2B, Block No: 10047, Parcel No: 6
Appraisal Value	TL 136,771,000 (excluding VAT) / TL 154,033,880 (including VAT)

Subject of Appraisal	Levent Lands
Application Date and No	15.11.2021-008
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	06.12.2021-2021/6599
Appraisal Date	01.12.2021
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 8,333,022 (excluding VAT) / TL 9,832,966 (including VAT)
Subject of Appraisal	İstanbul Financial Center Project
Application Date and No	15.11.2021-011
Report Prepared by	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	24.12.2021-2021/6600
Appraisal Date	20.12.2021
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 474,465,000 (excluding VAT) / TL 559,868,700 (including VAT)
Subject of Appraisal	Topkapı İstanbul Project
Application Date and No	07.10.2021-006
Report Prepared by	Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	17.12.2021-2021/İŞGYO/006
Appraisal Date	13.12.2021
Appraisal Method Used	Market Value Method
Registry of Deeds	80,239.89 m ² registered at İstanbul Province, Zeytinburnu District, Merkezefendi Neighborhood, Sheet No: 490-491, Block No: 2905, Parcel No: 17
Appraisal Value	TL 2,408,500 (excluding VAT) / TL 2,432,585 (including VAT)
Subject of Appraisal	Tuzla Land
Application Date and No	15.09.2021
Report Prepared by	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	28.12.2021-21_400_233
Appraisal Date	23.12.2021
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 318,000,000 (excluding VAT) / TL 375,240,000 (including VAT)
Subject of Appraisal	Çekmeköy Kasaba Evleri Project
Application Date and No	01.11.2021
Report Prepared by	Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	24.12.2021-ISGY-2109142
Appraisal Date	02.11.2021-22.12.2021
Appraisal Method Used	Market Value Method
Registry of Deeds	Registered at İstanbul Province, Çekmeköy District, Ömerli Neighborhood, Block No: 115 Parcel No: 5
Appraisal Value	TL 46,857,000 (excluding VAT) / TL 55,291,260 (including VAT)
Subject of Appraisal	Kadıköy Land
Application Date and No	07.10.2021-005
Report Prepared by	Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Report Date and Report No	30.12.2021-2021/İŞGYO/005
Appraisal Date	23.12.2021
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 0 (excluding VAT) / TL 0 (including VAT)

* Appraisal was made during the year-end appraisal period, but it was appraised as TL 0 due to the revision in the licenses. The year-end appraisal value of 2020 was TL 45,402,750 (excluding VAT) and TL 53,575,245 (including VAT).

DIRECTORY

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