

Explanations on the answers of questions asked by the shareholder at the General Assembly Meeting of İş Gayrimenkul Yatırım Ortaklığı A.Ş. held on 21.03.2018

Pursuant to Article 1.3.5 of Corporate Governance Communiqué (II-17.1) of Capital Markets Board, the answers of the questions asked at the General Assembly Meeting are submitted below:

- **RoE of the Company for 2017 is 3,6% which is below inflation. How does the management evaluate this result due to the Company goals for 2017?**

The investment property of the Company are valued by the independent appraisal companies authorized by CMB. Appraisal companies consider the current conjuncture, occupancy ratio and rental income of the asset and the discount ratios during the valuation of the properties. The Company had to book revaluation expense for some of the investment properties in 2017, like some other REIC companies.

The CAGR of total assets is 21% between 2013-2017, while the CAGR for inflation is 9% in the same period. The equity of the Company decreased in the last year due to the low net period income because of the revaluation expense of investment property. The CAGR of the equity for 2013-2017 period is 14%. Since the establishment of the Company; total assets, equity, the value of the rent generating real estate properties and the rental income increased dramatically. The total rental income of the Company reached to TL 200 mn from TL 1,7 mn annually since the establishment. Despite the fact that the Company is in investment period, the Company distributed cash dividend amounting TL 450 mn in the last 12 years, including the cash dividend that will be distributed related with 2017 year profit. In the same period, the Company developed big scale real estate projects including retail, office and residential. The development of the mentioned projects, the deliveries of the units in line with the planned time schedule, continuation of the dividend payments despite the investment expenditures and current dividend yield of 5,6% can be accepted as a successful result.

Our stock performed better versus BİST 100 Index in mid and long term period, and also cash dividend is distributed steadily to the shareholders. 15% of the capital, 31% of the free float, is held by foreign investors. The shareholders with long term investment motives are satisfied with the steady cash dividend distribution and long term stock performance of the Company.

There is a deviation in the real estate sector in the last 1-1,5 years. Considering the residential sales performance and the number of construction permits, we can not totally say that the sector is in a very bad situation but, it is not as good as it was. We are operating in a sector, where there are 350K constructors, unregistered transactions are so common and the competition is too fierce. We have come to this level with the support of our shareholders and their opinions will always be very crucial for us.

- **What is the reason of the revaluation expense for Ege Perla Shopping Center?**

We postponed the opening of the shopping center and in that period we changed the concept of the shopping center and also had to make some additional capex regarding some regulations. Because of all these expenditures in 2017, we had to book revaluation expense for the shopping center.