

iş GYO



**İS REAL ESTATE  
INVESTMENT COMPANY  
31.12.2015**



## ISGYO

- Established in 1999, by the strategic partnership of Isbank.  
(Isbank is Turkey's biggest private bank established in 1924)
- ✓ The 4th largest REIC in terms of Mcap with TL1.313 mn.

### Sector Mcap

TL 21.465 mn

ISREIC

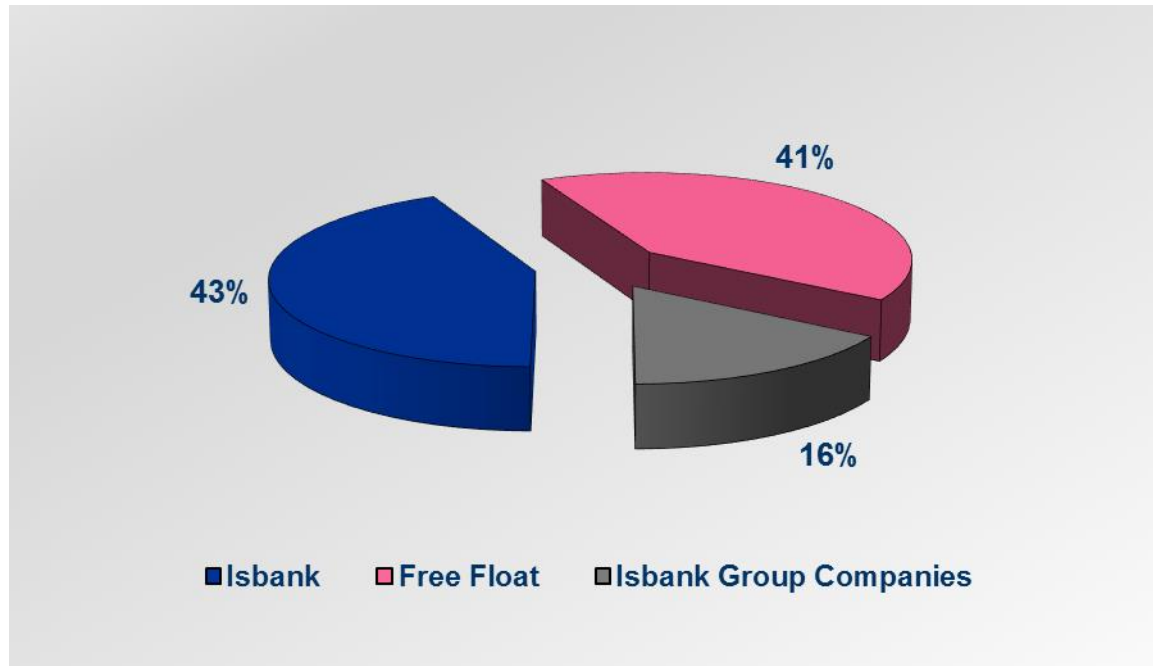
TL 1.313  
mn

6,1%

***Our Mission** is to create desirable spaces for contemporary people and contemporary cities. To maximize the collective value of our portfolio for our shareholders through stable growth and high profitability by utilizing our investments and resources effectively.*



# Shareholders Structure by Ownership



*According to the Central Registry Agency of Turkey(MKK), as of 31.12.2015, the ratio of the shares in the free float is 48%. Based on this data, foreign holding ratio is 31% of the free float.*

# WHY ISGYO?



- Diversified real estate portfolio,
- Well-qualified assets leased to financially strong and qualified tenants,
- Solid and steady rental income,
- Strong project pipeline,
- Low and manageable debt ratio,
- Stable cash dividend payments,
- Strong shareholder structure,
- Brand value as a symbol of trust

*differentiate ISGYO among its peers.*



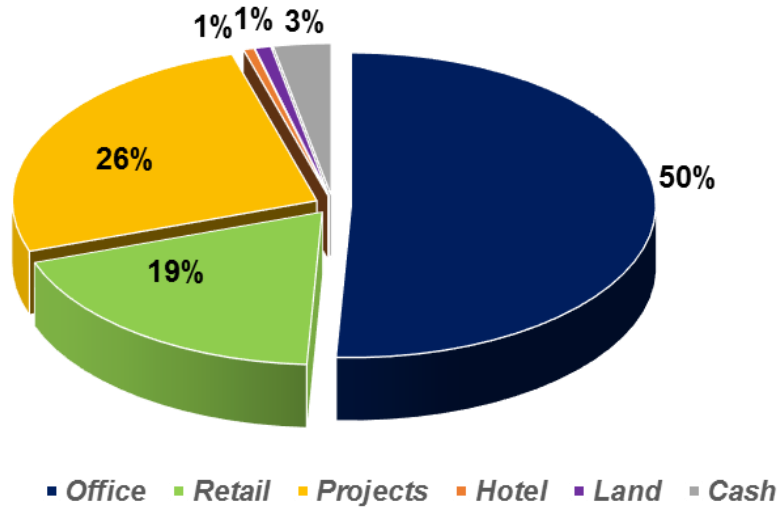
# ISGYO PORTFOLIO



# Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	3.912	97%
Money&Capital Market Instruments	124	3%
<b>Total Portfolio Value</b>	<b>4.036</b>	<b>100%</b>



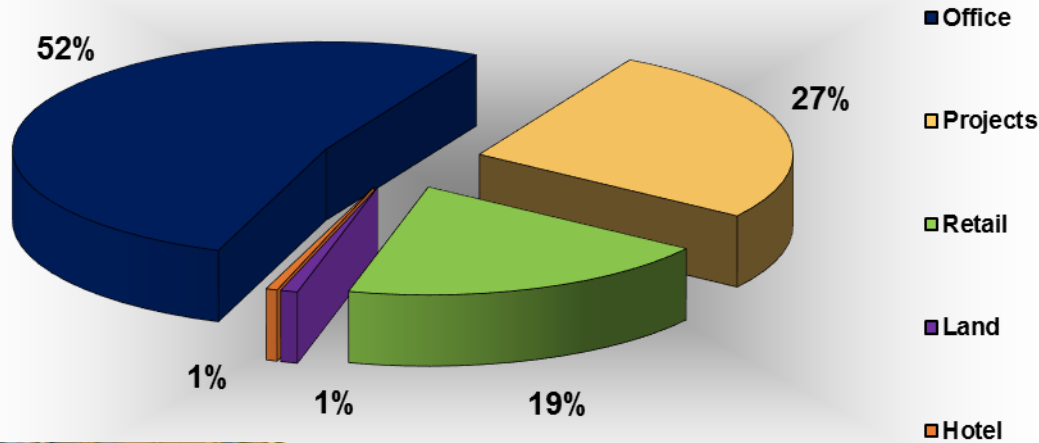
*\* Projects include Ege Perla Mixed Use Project, Manzara Adalar Mixed Use Project, IFC Mixed Use Project, and Topkapı İnistanbul Residential Project.*



# Real Estate Portfolio Breakdown



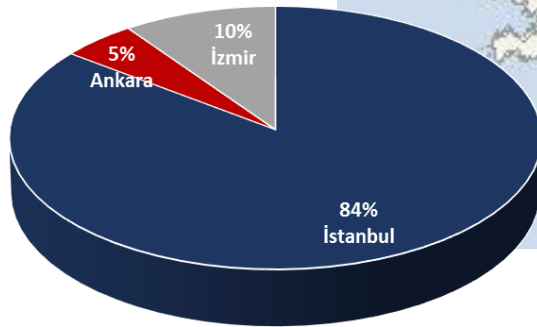
Real Estate Portfolio	TL mn
Office	2.050
Projects	1.045
Retail	759
Land	34
Hotel	23
<b>TOTAL</b>	<b>3.912</b>



# RENT GENERATING ASSETS



# İSGYO- Properties Map





# Office Investments

➤ ***Almost 70% of the rent generating assets in office sector.***

- TUTOM(Technology&Operation Center)\*
- İş Towers(Tower II&III)
- Tuzla Office\*\*
- Ankara İş Tower
- Maslak Building
- Sirkeci O.B.
- Ankara Ulus O.B.
- Ankara Kızılay O.B.
- Antalya O.B.
- Office Lamartine



*\*Completed in 3Q2015.*

*\*\*Rent generation will start in Sep. 2016.*



# Retail Investments

➤ ***Almost 30% of the rent generating assets in retail sector.***

- Kanyon Shopping Center
- Marmara Park S.C.
- Real Hypermarket
- Kule Çarşı S.C.
- Tuzla Retail Area\*



*\*Rent generation will start in Q22016.*

# *Lately Completed Projects*

## *TUTOM&Tuzla Mixed Use*



# Technology & Operation Center(TUTOM)



**Location :** Tuzla, Istanbul

**Investment model:** Turnkey Project

**Total area:** 184.650 sqm

**Completion date:** 3Q2015

**Tenant:** ISBANK

**Annual rental income:** TL61,5 mn

**Duration:** 25 years







*\*Designed by SOM and Dizayn Grup.*



***Tuzla Operation Center Project is the winner of “Sign of the City Award, 2015” for “Best Office”.***



# Tuzla Mixed Use (Offices and Retail Area)



**Location :** Tuzla, Istanbul

**Completion date:** 3Q2015

## Total figures:

**Total leasable area**  $\approx$  34.000 sqm

**Expected rental income(1):** TL18 mn

**Current occupancy**  $\approx$  90%

## **Tuzla Offices**

**GLA**  $\approx$  30.000 sqm

**Annual rental income:** TL14,5 mn

**Tenant:** *SISECAM*



## **Retail area**

**GLA**  $\approx$  3.900 sqm

<sup>1</sup> Estimated rental income with 100% occupancy

# PROJECTS UNDER DEVELOPMENT





## **Projects Under Development**

**Ege Perla Mixed Use**

**Manzara Adalar Mixed Use**

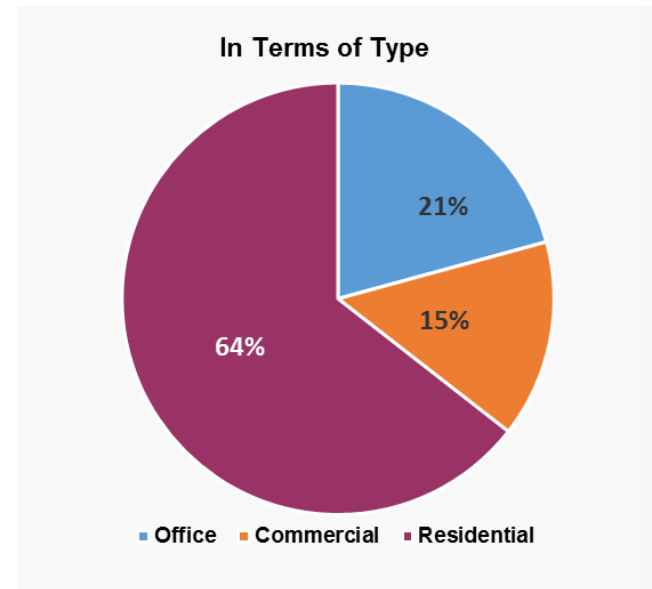
**İnistanbul Residential**

**Istanbul Finance Center Project**



# Projects Under Development

Development Cost	TL Mn	%
Ege Perla Mixed Use Project	TL 390	21%
Manzara Adalar Mixed Use Project	TL640	34%
İnistanbul Residential Project	TL 575	31%
Finance Center Project (IFC)	TL275	15%
<b>TOTAL</b>	<b>TL1.880</b>	<b>100%</b>





# EGE PERLA MIXED USE PROJECT



# Ege Perla Mixed Use Project



**Location :** Konak, Izmir

**Land area :** 18.392 sqm



**Estimated development cost :** TL390 mn

**Project type :** Mixed use project  
comprising residentials, home-offices  
and a shopping center

Ege  
Perla

*\*Designed by Emre Arolat.*

# Ege Perla Mixed Use Project





# Ege Perla Mixed Use Project

## Projections<sup>(1)</sup> :

### **Residentials&Offices:**

**Total saleable area :** 32.000 sqm

**Total net profit for the unit sales<sup>(2)</sup> :** TL40-46 mn

### **Shopping Center:**

**Leasable area :** 25.600 sqm

**Rental income :** TL20-22 mn

<sup>1</sup> The estimated figures.

<sup>2</sup> In return for the land, 50% of the net profit from the unit sales will be transferred to Isbank.



Ege  
Perla





# Ege Perla Mixed Use Project



Ege  
Perla

[isgyo.com.tr](http://isgyo.com.tr)

İŞ GYO



# MANZARA ADALAR MIXED USE PROJECT

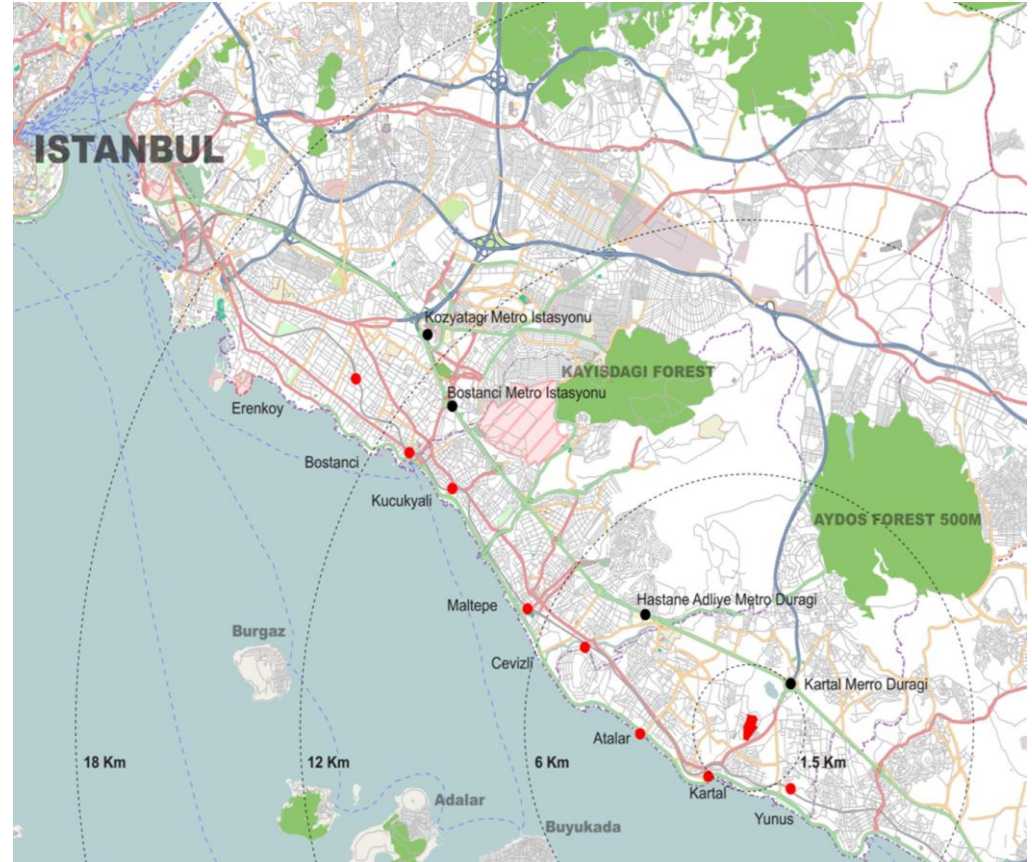






## **Kartal Region:**

- ✓ one of the developing areas on the Asian side of İstanbul,
- ✓ ongoing urban transformation in the region,
- ✓ easy access supported with different means of transportation,
- ✓ close to the industrial zone of İstanbul and planned to be «the commercial center of the future».







## Project Land:

- ✓ located below the E5 highway(1,6 km)
- ✓ 1,8 km to the sea side,
- ✓ 16 km to Sabiha Gökçen airport,
- ✓ easy access with subway, road and sea transportation,
- ✓ close to hospitals, universities and the newly built court house.





*\*Designed by Perkins&Eastman.*

## Projections <sup>(1)</sup>:

**Development cost (excluding land) :** TL640 mn

**Saleable area for residential :** 140.000 sqm

**Leasable area :** 50.000 sqm

<sup>1</sup> The estimated figures.

**Location :** Kartal, Istanbul

**Investment model:** Revenue sharing model.  
Revenues of the project will be shared with the ex-land owner.

**Project type :** Mixed use project



# Manzara Adalar - Projections



**Strategy :** To sell the residentials and keep the rent generating offices & retail area in the portfolio.

**Total saleable area for residentials :** 140.000 sqm

**Number of units :** 975

**Total leasable area :** 50.000 sqm

**Expected rental income(İSGYO share) :** TL19-22 mn





MANZARA  
ADALAR

# İNİSTANBUL RESIDENTIAL PROJECT



## Topkapı Region:

- ✓ transformation area supported with new real estate projects,
- ✓ industry is dominant in the north side of the region, while south side dominated by residentials,
- ✓ an intersection point for transportation, supported by every means of transportation,
- ✓ close to the central locations in İstanbul.





# İstanbul Residential Project



# İstanbul Residential Project



*Designed by Perkins+Will Global.*



**Location :** Topkapı, İstanbul

**Acquisition date :** December, 2013

**Investment model:** A joint venture between  
İş GYO and NEF.

**Total development cost\* :** TL1,15 bn

**Total saleable area for residential\*:** 214.000 sqm

**Total saleable area for retail\*:** 7.000 sqm

*\*Total figures.*



# İstanbul Residential Project



1<sup>st</sup> Project  
**İstanbul GALA**

3<sup>rd</sup> Project



Number of total residential units  $\approx$  2.600

2<sup>nd</sup> Project  
**İstanbul LOKAL**

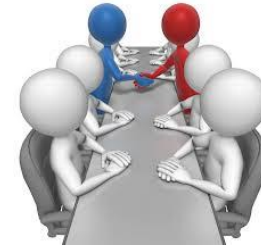
4<sup>th</sup> Project



# İnistanbul Residential Project - Projections

## Project Figures for ISGYO share

- ❖ **Development cost** : TL575 mn
- ❖ **Sales revenues** : TL800 mn
- **Net profit of the project** : TL225 mn



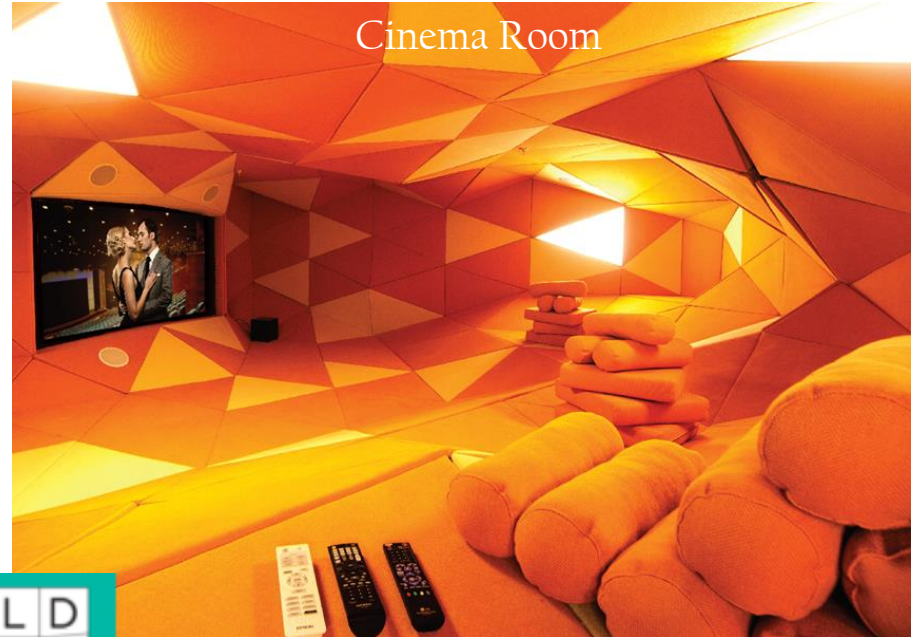
*ISGYO has 50% share in the project.*

*\*İnistanbul Residential project is the winner of “Sign of the City Award, 2015” for “Best Architectural Design”.*





Basketball Court



Cinema Room



Guest Room



Music Room

# MIXED USE PROJECT IN ISTANBUL INTERNATIONAL FINANCIAL CENTER (IFC Project)





**Location :** Atasehir, Istanbul

**Project type :** A mixed use project comprising offices and retail area.

**Estimated development cost:** TL275 mn

- 1- TAO
- 2- ENISLER
- 3- BRSA
- 4- CMB
- 5- IS REIT
- 6- EMLAK REIT
- 7- HALKBANK
- 8- VAKIFBANK
- 9- ZIRAAT BANK



**Estimated saleable/leasable area :**  $\approx$  32.000 sqm

**Estimated rental Income :** TL40 mn

*\*Designed by HOK.*

# DIVIDEND PAYOUT





- Concerning the distribution of profits, REICs are subject to same regulations like all other companies listed in BIST.
- In ISGYO's dividend policy dividend is determined as “**not less than 30% of the total distributable income**”. The dividend may be distributed in the form of cash and/or stock.
- ✓ Up until now, ISGYO distributed higher than the ratio determined in the dividend policy.

Cash Dividend TL, mn	2008	2009	2010	2011	2012	2013*	2014*	2015
<b>Period Income</b>	53,1	60,3	60,9	67,0	65,4	247,9	328,8	555,9
<b>Cash Dividend</b>	22,5	22,5	22,5	30,0	30,0	31,5	47,6	52,2
<b>Dividend per share</b>	0,05	0,05	0,05	0,05	0,05	0,05	0,07	0,07

*\*Period income adjusted according to the accounting policy change in 3Q2015. 2013&2014 period income includes capital gains related with investment property.*



# BANK LOANS & CASH POSITION



# Bank Loans & Cash Position

Type of the loan	Original Amount mn	Date of the Loan	Cost	Maturity	Outstanding Loan Amount mn	Outstanding Loan TL mn*
Euro Loan	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 12,1	38,6 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$70,6	205,9 TL
TL Loans	273,0 TL	Dec. 2013 - Apr.2015	11,75%-11,9%	4-6 year	233,0 TL	233,0 TL
Bond (1 <sup>st</sup> Issue)	100,0 TL	April 2014	Benchmark+225 bps	2 year	100,0 TL	100,0 TL
Bond (2 <sup>nd</sup> Issue)	100,0 TL	July 2014	Benchmark+200 bps	2 year	100,0 TL	100,0 TL

*\*Interest accruals are not included.*

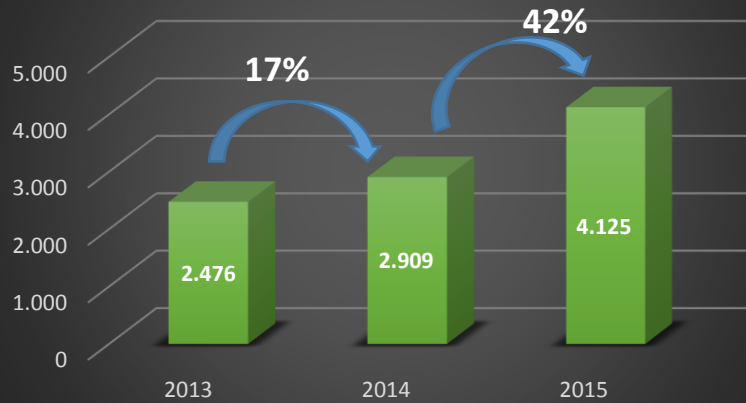


Cash	124 ₺
Total Loans&Bonds	677 ₺
Net Debt	553 ₺

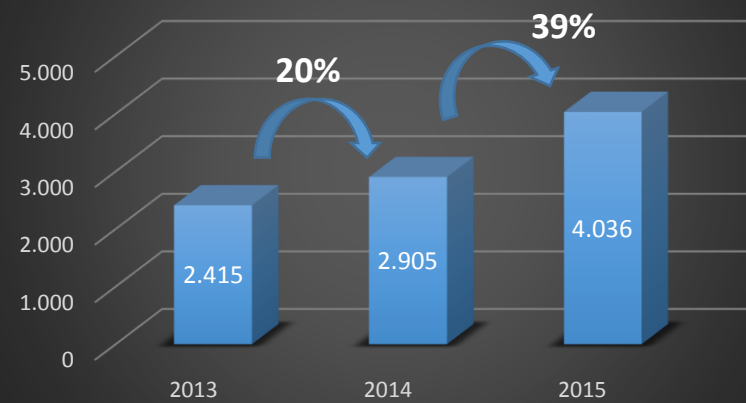




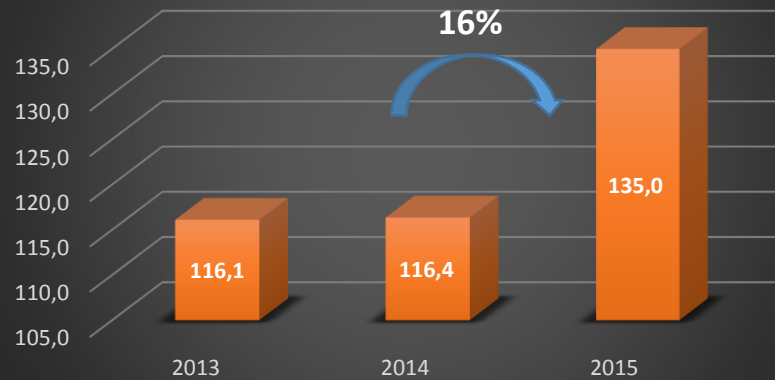
Total Assets TL mn



Total Portfolio TL mn



Rental Income TL mn



# Balance Sheet

TL, mn	31.12.2015	31.12.2014	% Change
<b>ASSETS</b>	<b>4.125,2</b>	<b>2.908,9</b>	<b>42%</b>
<i>Current Assets</i>	<i>459,9</i>	<i>251,6</i>	<i>83%</i>
<i>Long-term Assets</i>	<i>3.665,3</i>	<i>2.657,3</i>	<i>38%</i>
<b>LIABILITIES</b>	<b>4.125,2</b>	<b>2.908,9</b>	<b>42%</b>
<i>Short-term Liabilities</i>	<i>556,0</i>	<i>67,1</i>	<i>729%</i>
<i>Long-term Liabilities</i>	<i>778,6</i>	<i>581,3</i>	<i>34%</i>
<i>Shareholders' Equity</i>	<i>2.790,6</i>	<i>2.260,6</i>	<i>23%</i>

## Of the total Liabilities (Short&Long Term):

- the amount regarding the financial liabilities constitutes the 53%,
- the amount regarding advances received from presales of the units in Ege Perla Mixed Use Project, Manzara Adalar Project and İnistanbul Project constitutes the 37%.



# Income Statement

TL, mn	Jan.-Dec. 2015	Jan.-Dec. 2014
Sales Revenue	222,0	234,1
Cost of Sales	-62,1	-119,3
<b>Gross Profit/Loss</b>	<b>159,9</b>	<b>114,7</b>
General Administrative Expenses	-15,2	-14,6
Marketing, Sales and Distribution Expenses	-21,3	-3,6
Other Operating Income	486,0	267,6
Other Operating Expense	-17,2	-31,0
<b>Operating Profit/Loss</b>	<b>592,2</b>	<b>333,2</b>
Share of Profit of Equity-Accounted Investees	0,0	0,8
<b>Operating Profit Before Finance Expense</b>	<b>592,2</b>	<b>334,0</b>
Finance Income	3,5	0,0
Finance Expense	-39,8	-5,6
<b>Profit Before Tax</b>	<b>555,9</b>	<b>328,4</b>
Tax Expense	-	-
<b>Net Profit for the Period</b>	<b>555,9</b>	<b>328,4</b>





# Income Statement

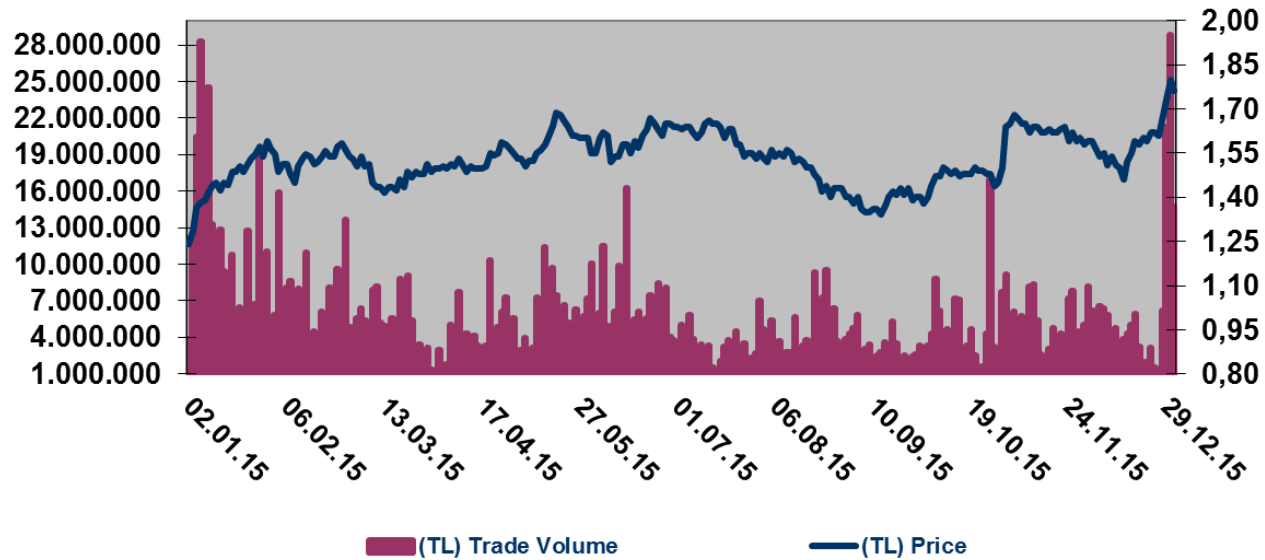
Financials (TL, mn)	Jan.-Dec. 2015	Jan.-Dec. 2014
<b>Sales Revenue</b>	222,0	234,1
Cost of Sales	-62,1	-119,3
<b>Gross Profit/Losses</b>	159,9	114,7
<i>General Administrative Expenses</i>	-15,2	-14,6
<i>Marketing, Sales and Distribution Expenses</i>	-21,3	-3,6
<i>Other Operating Income</i>	486,0	267,6
<i>Other Operating Expense</i>	-17,2	-31,0
<b>EBIT</b>	592,2	333,2
<b>Net Period Income</b>	555,9	328,4
<b>Gross Margin</b>	72%	49%
<b>EBIT Margin</b>	267%	142%
<b>Net Margin</b>	250%	140%



# STOCK PERFORMANCE



Price- Trade Volume



ISGYO	Average Daily Trade Volume	Price change in TL terms
2014	TL 2,7 mn	14%
2015	TL 5,7 mn	42%

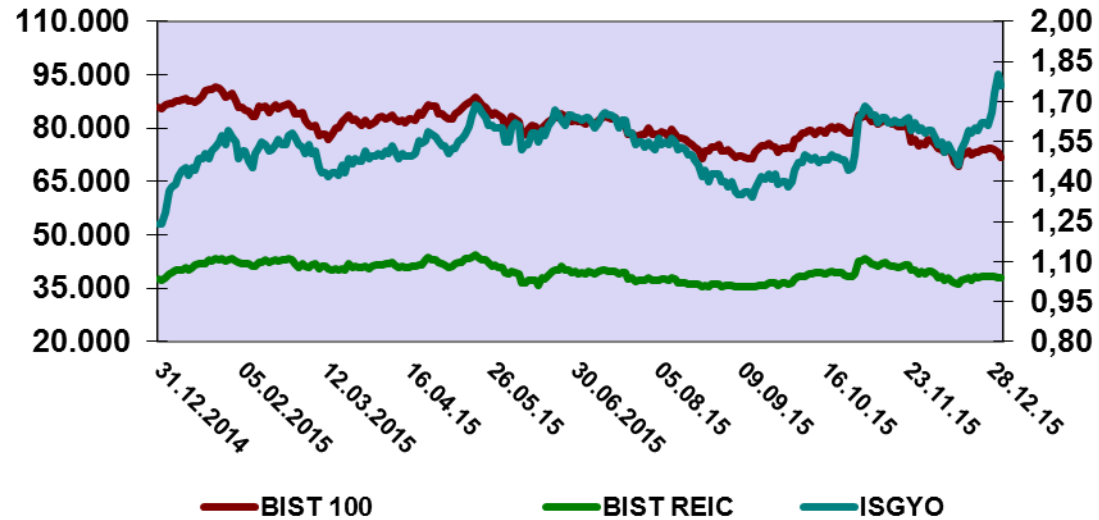




# Stock Price vs. Index Performance



BIST 100 & BIST REIC Index, ISGYO



Stock Price& Performance as of 31.12.2015				
	1 year	3 year	5 year	
ISGYO	42%	64%	100%	
BIST REIC	1%	-8%	5%	
BIST 100	-16%	-8%	9%	

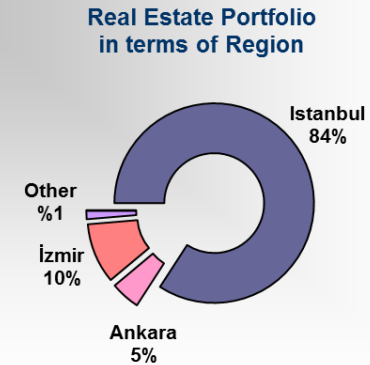
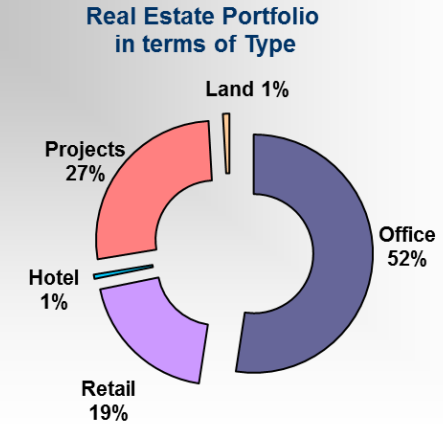


# REAL ESTATE PORTFOLIO



# Appraisal Value of the Real Estate Portfolio

Property Name	Appraisal Value TL mn	%
Real Estate Projects	1.044,9	27%
TUTOM	760,4	19%
Is Towers II&III	651,3	17%
Kanyon Shopping Center	440,0	11%
Tuzla Office&Retail	270,1	7%
Marmara Park Shopping Center	130,0	3%
Ankara Is Tower	118,0	3%
Real Hypermarket Building	95,0	2%
Maslak Building	94,0	2%
Kule Carsi Shopping Center	48,8	1%
Sirkeci Office Building	47,0	1%
Office Lamartine	46,5	1%
Ankara-Ulus Office Building	40,3	1%
Ankara-Kızılay Office Building	34,9	1%
Lands	34,5	1%
Kapadokya Lodge Hotel	22,9	1%
Antalya Office Building	19,6	1%
Other	13,8	0%
<b>Total</b>	<b>3.912,0</b>	<b>100%</b>





# REGULATION HIGHLIGHTS



Real Estate Investment Companies (REICs) are portfolio management companies that invest in;

- Real estate,
- Rights and capital market instruments backed by real estate,
- Real estate projects and
- Money&capital market instruments.



REICs are subject to REIC's communiqué issued by Capital Markets Board(CMB) of Turkey.

- REICs have to offer their shares to the public equal to at least 25% of their issued capital.
- REICs have to invest at least 51% of their total asset value into real estate, rights and projects backed by real estate.
- The remainder of REIC's portfolio may be invested into money&capital market instruments such as;
  - T-bills, G-bonds, reverse repo, bank deposits
  - Equity participation
  - Mutual funds

**Limitations on the type of investments that can be made:**

- Investments in; foreign real estate, companies established abroad (operating only in real estate sector) or foreign securities : 49%
- Lands on which no real estate project has been developed within five years: 20%





- REICs can not in any way be involved in construction of real estates and can not recruit personnel and equipment with this purpose.
- REICs properties must be valued by an independent appraisal company authorized by the CMB.
- REICs are exempt from corporate taxes and income taxes.
- Turkish REICs are not required to distribute profits.



**Ayşegül Şahin Kocameşe**

**Head**

**Investor Relations**

*Phone : +90 0212 325 23 50*

*E-mail : [aysegul.sahin@isgyo.com.tr](mailto:aysegul.sahin@isgyo.com.tr)*

**Mine Kurt Yıldırım**

**Assistant Manager**

**Investor Relations**

*Phone : +90 0212 325 23 50*

*E-mail : [mine.kurt@isgyo.com.tr](mailto:mine.kurt@isgyo.com.tr)*

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**For more information : [investorrelations@isgyo.com.tr](mailto:investorrelations@isgyo.com.tr)**