



INVESTOR PRESENTATION



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

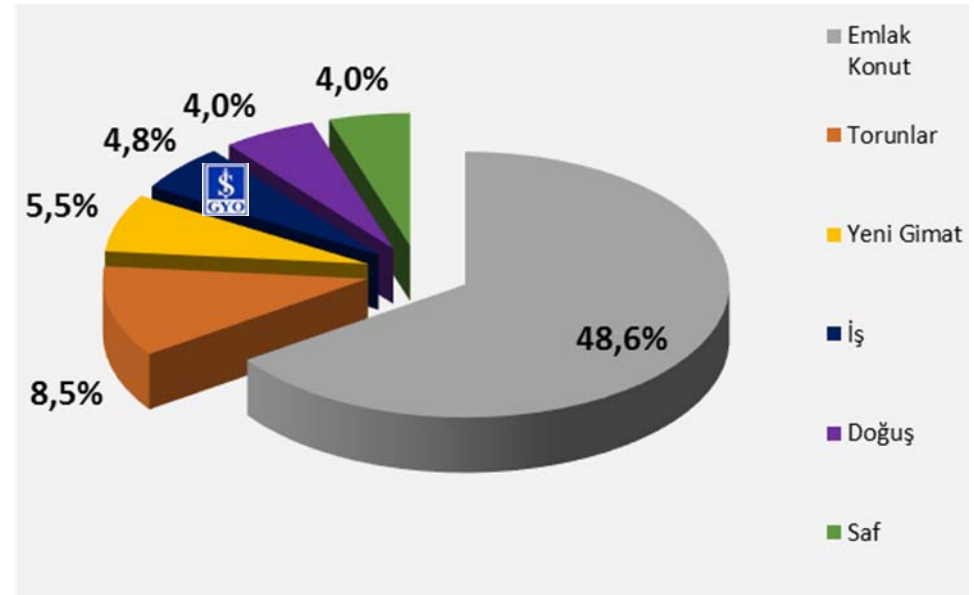
- Real estate,
- Rights and capital market instruments backed by real estate,
- Real estate projects and
- Money&capital market instruments.





Mcap of the REIC Sector

REICs	31.03.2015 (\$ mn)
Emlak Konut	4.295
Torunlar	749
Yeni Gimat	488
İş	425
Doğuş	358
Saf	357
Other REICs	2.171
TOTAL	8.843





Regulation Highlights



Regulation Highlights

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 REICs 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%





Regulation Highlights

- 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.





**IS REAL ESTATE
INVESTMENT COMPANY**



- ISGYO was established in 1999, by the strategic partnership of Isbank. (Isbank is Turkey's biggest private bank established in 1924)
- In the same year, ISGYO completed its IPO and was listed in Borsa Istanbul.



As of 31.03.2015 IS GYO represents;

- 4,8 % of the sector with its \$ 425 Mcap.
- In terms of Mcap, ISGYO ranks the 4th biggest REIC in BIST.

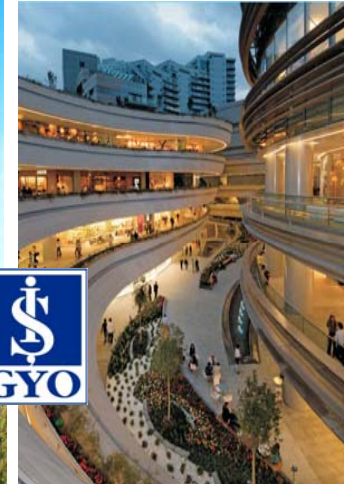
Our Mission is to create desirable spaces for contemporary people and contemporary cities. To maximize the collective value of our portfolio for our shareholders through stable growth and high profitability by utilizing our investments and resources effectively..



Why ISGYO?

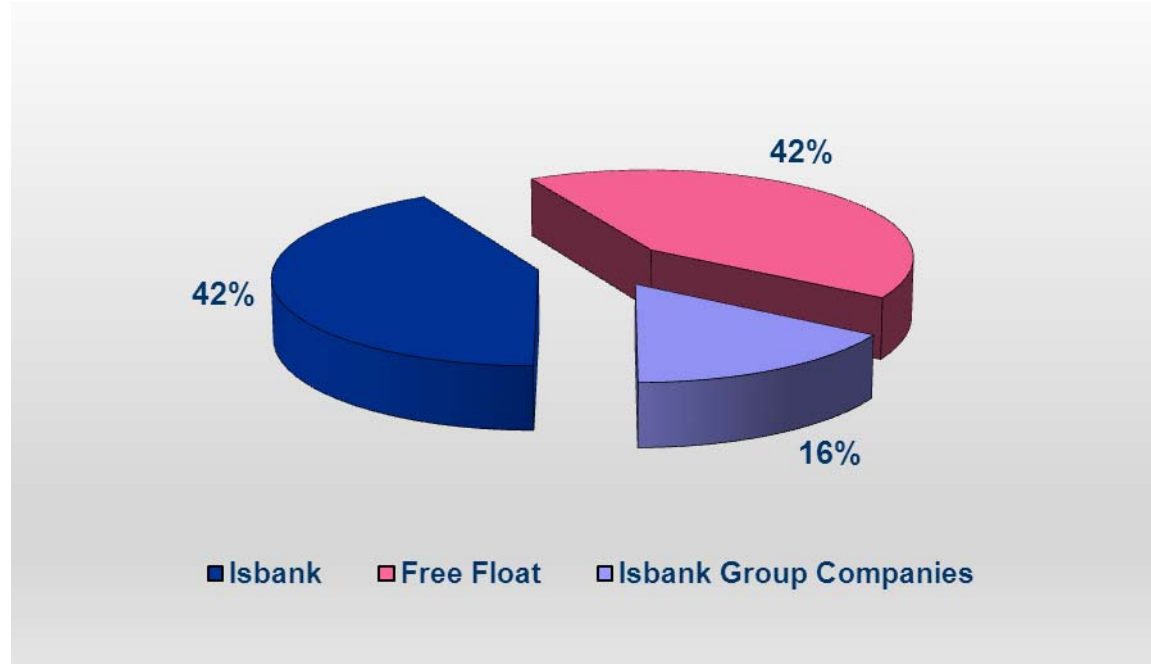
- Diversified real estate portfolio,
- Well-qualified assets leased to financially strong and qualified tenants,
- Solid and steady rental income,
- Strong project pipeline,
- Low and manageable debt ratio,
- Stable cash dividend payments,
- Strong shareholder structure,
- Brand value as a symbol of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

differentiate ISGYO among its peers.





Shareholders Structure by Ownership



According to the Central Registry Agency of Turkey(MKK), as of 31.03.2015, the ratio of the shares in the free float is 49%. Based on this data, foreign holding ratio is 37% of the free float.



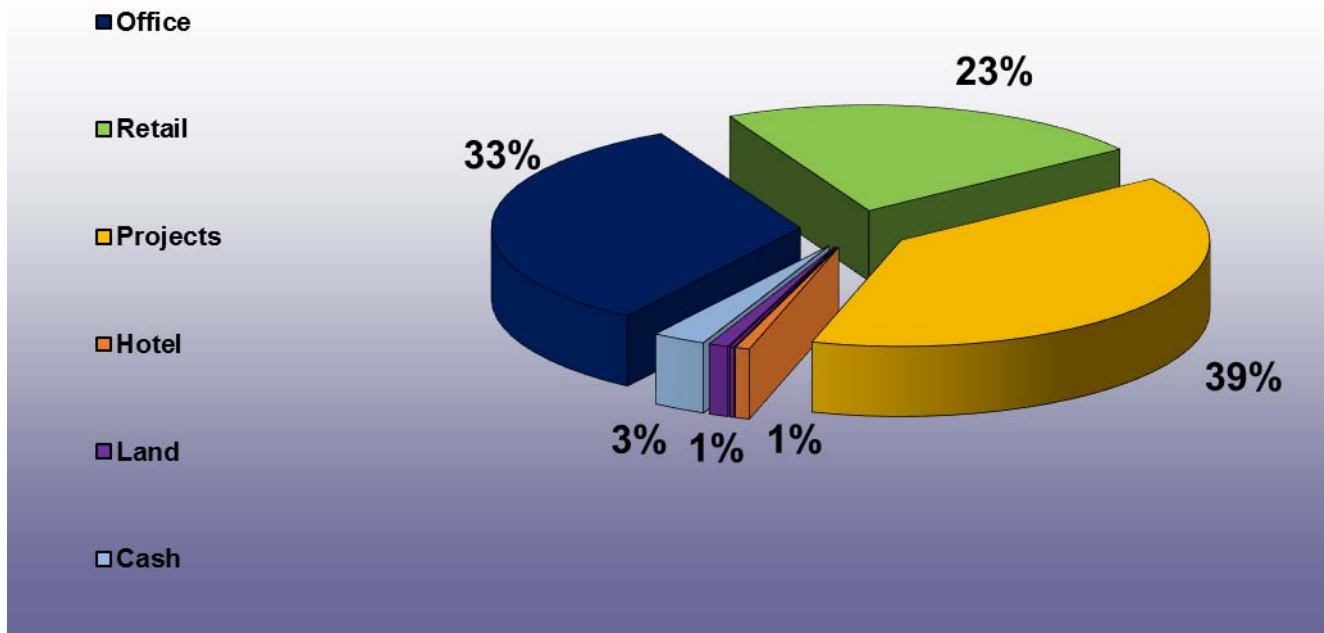
ISGYO PORTFOLIO





Portfolio Breakdown

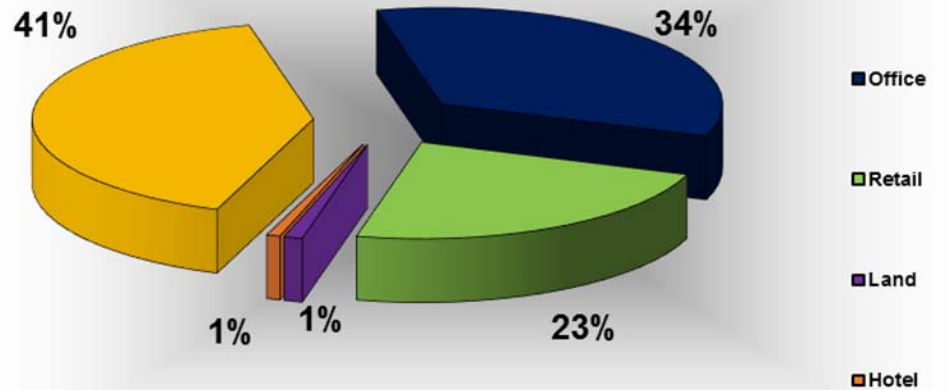
Total Portfolio	\$ mn	%
Real Estate Investments	1.060	97%
Money&Capital Market Instruments	31	3%
Total Portfolio Value	1.091	100%



** Projects include Tuzla Projects, Ege Perla Mixed Use Project, Manzara Adalar Mixed Use Project, IFC Mixed Use Project and İstanbul Residential Project.*



Real Estate Portfolio Breakdown



Real Estate Portfolio	(\$ mn)
Projects	431
Office	361
Retail	246
Land	11
Hotel	8
Residential	2
TOTAL	1.060





ISGYO- Properties Map





REAL ESTATE PORTFOLIO GENERATING RENTAL INCOME





Office Investments



➤ ***Almost 60% of the rent generating assets in office sector.***

- İş Towers(Tower II&III)
- Ankara İş Tower
- Maslak Building
- Ankara Ulus O.B.
- Ankara Kızılay O.B.
- Antalya O.B.
- Gunesli O.B.
- Sirkeci O.B.
- Office Lamartine

Office Investments

Total Appraisal Value, \$ mn	361
Total Rental Income, \$ mn	29
Average Yield	8%



Is Towers



Is Towers (Tower II&III)

"A class" office buildings located in the central business district of the city

Location : Istanbul

GLA : 54.770 sqm

Occupancy : 100%

Annual Rent : \$15,9 mn

Completion Date : 2000

Development Cost : \$139,6 mn

Accumulated rent as of 2014 : \$210,7 mn





Ankara İş Tower-Maslak Building-Office Lamartine



	Ankara İş Tower	Maslak Building	Office Lamartine
Location	Ankara	İstanbul, Maslak	İstanbul, Taksim square
GLA, sqm	26.488	12.904	3.890
Annual Rent, \$ mn	3,3	1,7	0,7*
Occupancy	100%	100%	65%
Acquisition/Completion Date	1999	2001	2013 Q2
Acq./Development Cost, \$ mn	70,0	21,5	13,0
Accumulated rent as of 2014YE	62,1	27,1	1,1

* with the assumption of 100% occupancy, annual rent estimation is \$1,3 mn.



Other Office Buildings



	Ankara Ulus Office	Ankara Kızılay Office	Antalya Office	Sirkeci Office	Gunesli Office
Location	Ankara	Ankara	Antalya	İstanbul	İstanbul
GLA, sqm	6.194	5.175	3.353	4.170	20.805
Annual Rent, \$ mn	1,4	1,2	0,7	1,5	2,7
Occupancy	100%	100%	100%	100%	100%
Acquisition Date	2004	2004	2004	2008	2008
Acquisition Cost	14,1	12,0	5,9	17,3	29,7
Accumulated rent as of 2014YE	17,3	14,6	7,4	9,8	16,8



Retail Investments



➤ *Almost 40% of the rent generating assets in retail sector.*

- Kanyon Shopping Center
- Marmara Park S.C.
- Real Hypermarket
- Kule Çarşı S.C.

Retail Investments

Total Appraisal Value, \$ mn	245,9
Total Rental Income, \$ mn	20,2
Average Yield	8,2%



Kanyon Shopping Center

Kanyon Shopping Center

- *Open air shopping center in the central business district.*
- *Part of Kanyon Complex which comprises also residential units and an office building.*

Location : Istanbul

Total GLA* : 38.940 sqm

Occupancy : 100%

Annual Income :** \$11,5 mn



Completion Date : 2006

Accumulated rent as of 2014: \$ 109,1 mn



(*) *Total GLA of the shopping center. ISGYO has 50% share in the shopping center.*

(**) *ISGYO's share.*



Kule Carsi Shopping Center

The shopping center under Is Towers.



Location : Istanbul

GLA : 3.618 sqm

Occupancy : 95%

Annual Rent : \$1,4 mn

Completion Date : 2000

Development Cost : \$14,8 mn

Accumulated rent as of

2014 : \$23,5 mn



Real Hypermarket Building

Turn-key investment model with Metro AG.

Developer: ISGYO

Tenant: Metro AG

Completion Date : 2007

GLA : 16.500 sqm

Occupancy : 100%

Annual Rent : \$2,1 mn⁽¹⁾

Development Cost : \$25,6 mn

Accumulated rent as of

2014: \$18,9 mn



(1) Minimum contractual rent: € 1,7 mn from Hypermarket + rental income from small shops inside Hypermarket.



Marmara Park Shopping Center



Investment model : Built-Operate-Transfer(BOT)

Developer : ECE&DWS*

Opening Date : Oct. 2012

Annual rental income : \$5 mn

*The building rights of the project land has been transferred to ECE&DWS for 72 years.(in June 2009)
At the end of this period, the shopping center will be transferred to ISGYO.*

() DWS is an integral part of the Asset Management division of Deutsche Bank.*





HOTEL INVESTMENT





Kapadokya Lodge Hotel



“Four-star” hotel in the famous touristic destination, Kapadokya

Location : Nevsehir

GLA : 11.422 sqm

Annual Rent : \$0,55 mn*

Acquisition Date : 2010

Acquisition Cost : \$9,6 mn

Accumulated rent as of

2014 : \$3 mn

**\$0,3 mn is the minimum base rent. The annual rent will be calculated by deducting 3% of the annual revenue from the net profit of the hotel.*





REAL ESTATE PROJECTS





Projects Under Development

Technology&Operation Center

Tuzla Mixed Use

Ege Perla Mixed Use

Manzara Adalar Mixed Use

Pipeline Projects

Topkapı Residential

İstanbul Finance Center Project





Projects Under Development





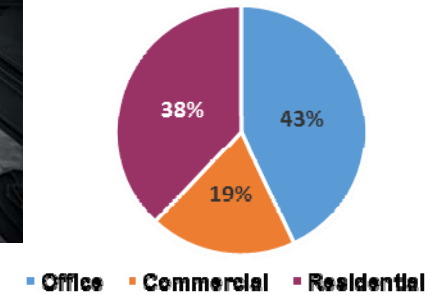
Projects Under Development

Development Cost	\$ Mn	%
Tuzla Technology&Operation Center*	240-270	31%
Tuzla Mixed Use Project	95-110	12%
Ege Perla Mixed Use Project	165-175	21%
Manzara Adalar Mixed Use Project	280-310	36%
Total	780-865	100%

* Including borrowing cost



In terms of Type





Tuzla Projects



Tuzla Projects



Tuzla is one of the developing transformation areas on the Asian side of Istanbul.



	Acquisition Date	Project Name	Status	Completion Date
Parcel no 1	Dec. 2010	Technology and Operation Center Project	Under development	3Q 2015
Parcel no 2	Dec. 2010	Tuzla Mixed Use Project	Under development	3Q 2015



Technology & Operation Center - Mixed Used Project



**Designed by SOM and Dizayn Group.*



Tuzla Technology & Operation Center Project



Location : Tuzla, Istanbul

Land Area : 44.395 sqm

Land Acquisition Date : 2010

Cost of Land : \$27,2 mn

Investment Model: Turnkey Project

✓ *It has been leased to Isbank for 25 years.*

GLA of the center: 184.500 sqm

Annual rental income: \$20-24 mn

Projections: ⁽¹⁾

Total development cost of the project(inc. land): \$240-270 mn

¹ *Estimated figures.*



Tuzla Mixed Use

Location : Tuzla, Istanbul

Land Area : 21.305 sqm

Land Acquisition Date : 2010

Cost of Land : \$12,8 mn



Projections: ⁽¹⁾

Cost of the project (inc. land): \$95-110 mn

Annual rental income: \$6-7,5 mn

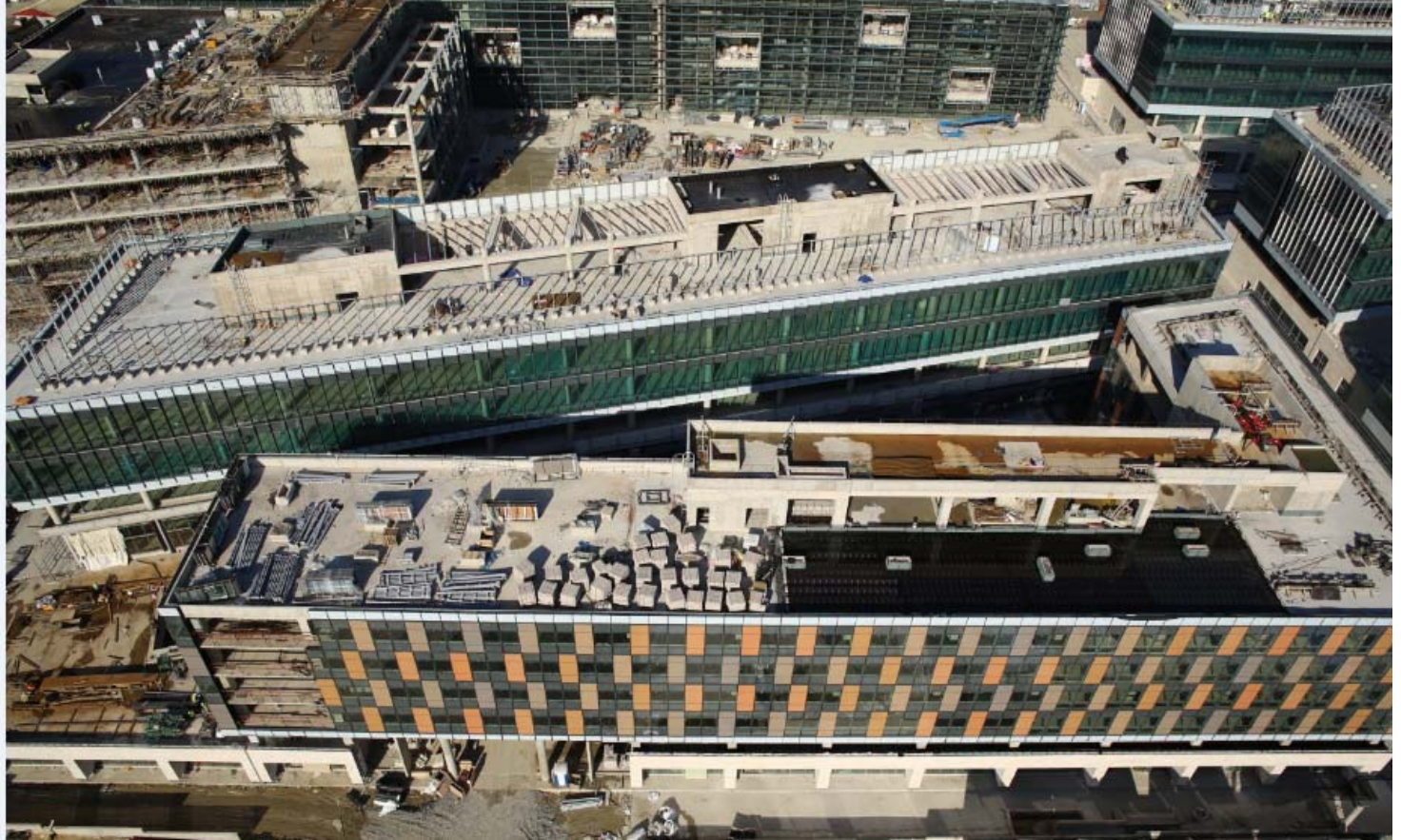
Leasable area for office: 24.500 sqm

Leasable area for commercial: 8.600 sqm

A mixed use project comprising office units and commercial areas.



Technology & Operation Center - Mixed Used Project





Completed Project





Çınarlı Bahçe



Location : Tuzla, Istanbul
2 km away from the Technology&Operation Center.

Land Area : 40.983 sqm
Acquisition Date : 2009
Completion Date: August 2013



Saleable area for residential: 56.484 sqm
Number of units : 476
Number of units sold : 465

**Çınarlı Bahçe is the winner of “Sign of the City Award, 2014” for “Best High-Rise Residence”.*



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Ege Perla Mixed Use Project



Ege Perla Mixed Use Project



**Designed by Emre Arolat.*

Location : Konak, Izmir
Land Area : 18.392 sqm
Acquisition Date : 2010



Estimated project development cost (inc. land) : \$165-175 mn

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

**Ege
Perla**



Ege Perla Mixed Use Project





Ege Perla Mixed Use Project

Projections⁽¹⁾ :

Shopping Center:

Leasable area : 25.600 sqm

Rental income : \$7-9 mn

Residential&Offices:

Total saleable area⁽²⁾ : 32.000 sqm

Total net profit for the unit sales⁽³⁾ : \$10-15 mn



Ege
Perla

¹ The estimated figures.

² The presales activity started in Nov. 2012.

³ In return for the land, 50% of the net profit from the unit sales will be transferred to Isbank.



Ege Perla Mixed Use Project – Projections*



Strategy : To sell the residentials&offices and keep the shopping center in the portfolio.

➤ **Total development cost of the project :** \$165-185 mn

➤ **After selling the units and sharing the net profit;**

✓ **Remaining cost for the shopping center:** \$65-85 mn

✓ **Rental income of the shopping center:** \$7-9 mn

✓ **Pay back period \approx 9 years**



**Estimated figures.*



Ege Perla Mixed Use Project





Manzara Adalar Kartal Mixed Use Project



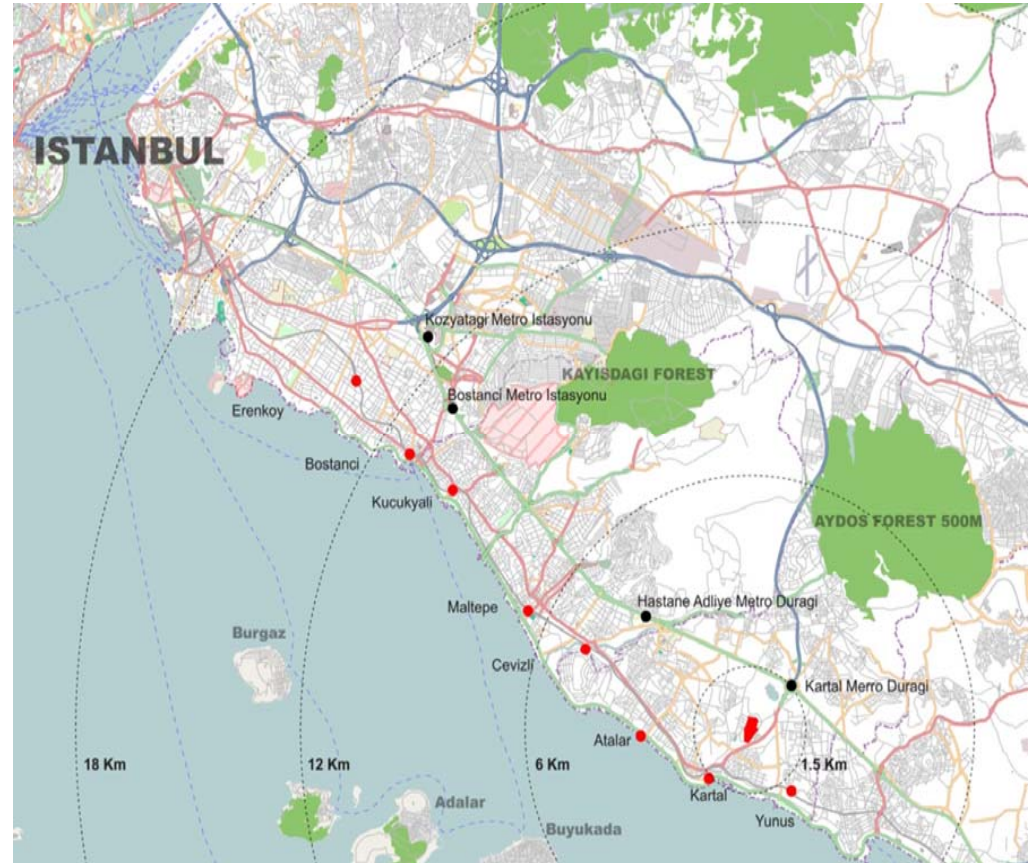


Manzara Adalar



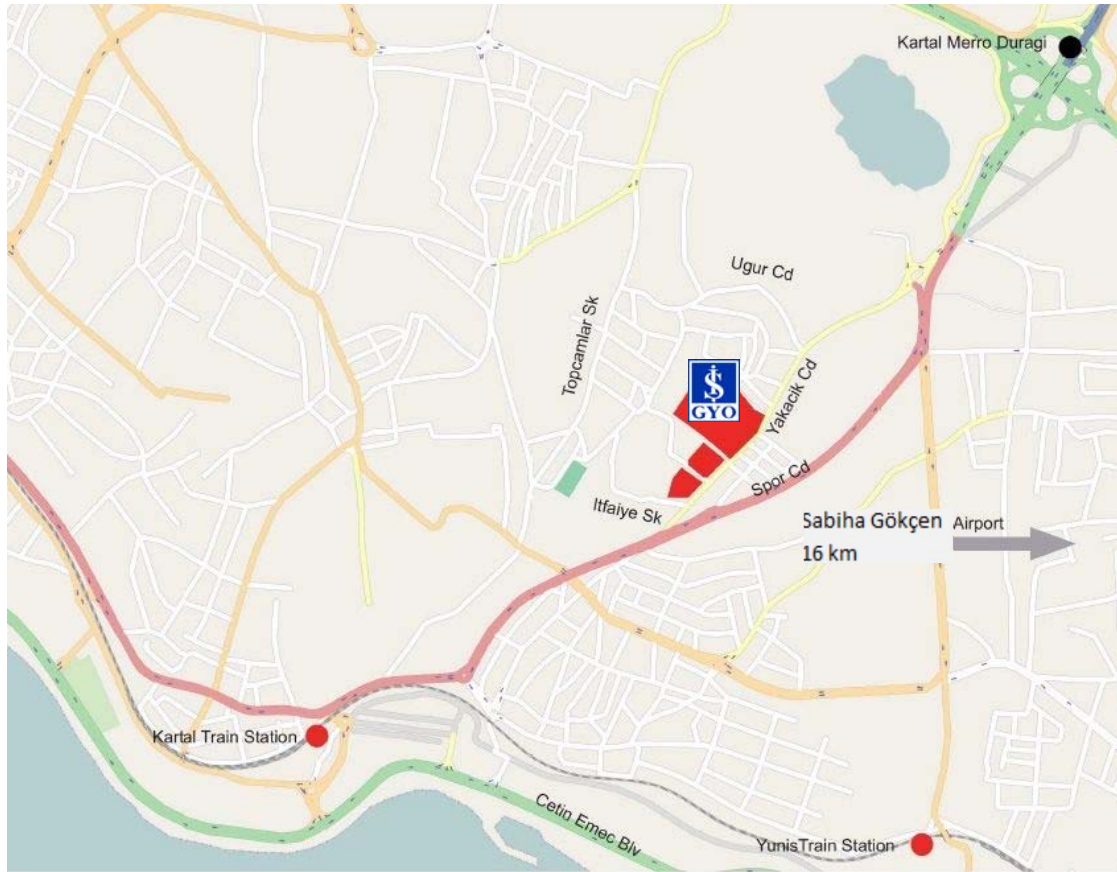
Kartal Region:

- ✓ one of the developing areas on the Asian side,
- ✓ 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».





Manzara Adalar



Project Land:

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



**Designed by Perkins&Eastman.*



Manzara Adalar



Location : Kartal, Istanbul

Acquisition Date : June, 2008

Investment Model: Revenue sharing model.
In return for the project land, revenues of the project will be shared with the ex-land owner.

Project Type : Mixed use project

Projections ⁽¹⁾:

Total Development Cost (excluding land) : \$280-310 mn

Expected Total Sales Revenues of the Project : \$280-320 mn

Total Saleable Area for residential : 140.000 sqm

Total Leasable Area : 50.000 sqm

Expected Total Rental Income of the Project : \$10-13 mn





Manzara Adalar





Pipeline Projects





Pipeline Projects

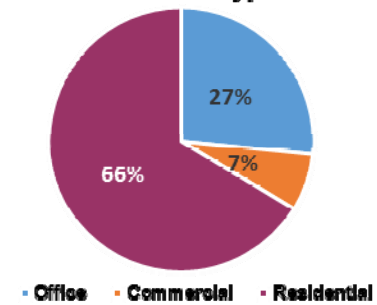


Development Cost	\$ Mn	%
Topkapı Residential Project*	\$200-225	65%
Finance Center Project (IFC)	\$110-120	35%
Total	\$310-345	100%

**Represents ISGYO's 50% share in the project and it includes borrowing cost.*



In terms of Type





Topkapı Residential Project



Topkapı Residential Project



**Designed by Perkins+Will Global.*

Location : Topkapı, Istanbul

Acquisition Date : December, 2013

Investment Model: A joint venture between
İş GYO and NEF.

Total Development Cost¹ : \$400-450 mn

¹ Including borrowing cost.

² Total expected figures. ISGYO has 50% share in the project.



Topkapı Residential Project – Projections*

Project Figures for ISGYO's 50% share

- ❖ **Total cost of the project** : \$200-225 mn¹
- ❖ **Sales revenues** : \$300-325 mn
- ✓ **Profit margin** ≈ 25-30%



¹ Including borrowing cost.

**Estimated figures.*



Mixed Use Project in Istanbul International Financial Center (IFC Project)



IFC Project

Location : Atasehir, Istanbul

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

Estimated project development cost (including land) : \$110-120 mn



**Designed by HOK.*

- 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 : ~33.000 sqm

Estimated Rental Income : \$9-12 mn

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Rental Income Projections





Rental Income Projection



After Projects Under Development		
\$ mn	Current	2016
Rental Income	\$50	\$80-85

**Including Technology and Operation Center, Tuzla Mixed Use and Ege Perla Shopping Center.*

*** Partial rent is taken for Ege Perla Shopping Center, since it is estimated to be fully operational in 2017.*

After Pipeline Projects		
\$ mn	Current	2019
Rental Income	\$50	\$100-105

**Including IFC Project and commercial units in Kartal Mixed Use Project.*

***With the assumption that half of the offices in IFC will be sold.*

**** Partial rent is taken for Kartal Mixed Use, since it is estimated to be fully operational in 2020.*



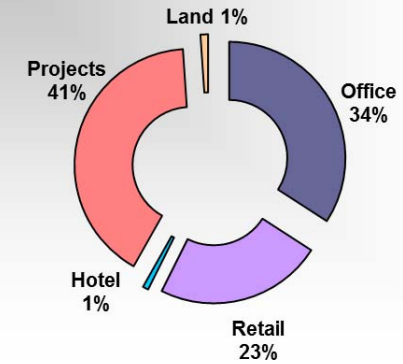


Appraisal Value of the Real Estate Portfolio

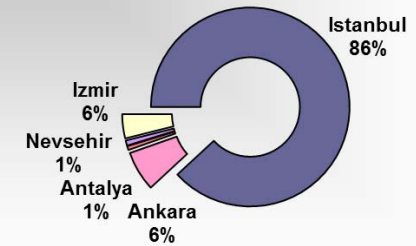
Property Name	Appraisal Value (\$ mn)	%
Real Estate Projects	431,0	40,7%
İs Towers II&III	209,2	19,7%
Kanyon Shopping Center	149,4	14,1%
Ankara İs Tower	41,1	3,9%
Marmara Park Shopping Center	40,8	3,9%
Maslak Building	31,5	3,0%
Real Hypermarket Building	31,0	2,9%
Kule Carsi Shopping Center	20,7	2,0%
Gunesli Office Building	17,9	1,7%
Office Lamartine	17,0	1,6%
Sirkeci Office Building	14,3	1,3%
Ankara-Ulus Office Building	12,1	1,1%
Lands	11,3	1,1%
Ankara-Kızılay Office Building	11,3	1,1%
Kapadokya Lodge Hotel	8,2	0,8%
Antalya Office Building	6,6	0,6%
Mallmarine Shopping Center	3,9	0,4%
Çınarlı Bahçe Residentials	2,4	0,2%
Total	1.060	100%



Real Estate Portfolio in terms of Type



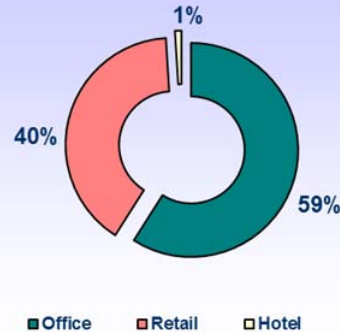
Real Estate Portfolio in terms of Region



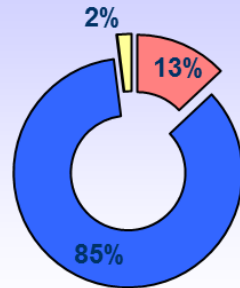
Total Property Value : \$ 1.060 mn (Mar.31,2015 1\$=TRY 2,6102)



Rental Income
in terms of Type



Rental Income
in terms of Region



■ Ankara ■ Istanbul ■ Antalya

Rental Income

Property Name	Annual Rent \$ mn (without VAT)	%
Is Towers II & III	15,9	31,9%
Kanyon Shopping Center	11,5	23,0%
Marmara Park Shopping Center	5,0	10,0%
Ankara İş Kulesi	3,3	6,7%
Gunesli Office Building	2,7	5,3%
Real Hypermarket Building	2,1	4,1%
Maslak Office Building	1,7	3,5%
Sirkeci Office Building	1,5	3,1%
Ankara- Ulus Office Building	1,4	2,9%
Kule Carsi Shopping Center	1,4	2,8%
Ankara-Kızılay Office Building	1,2	2,4%
Office Lamartine	0,7	1,4%
Antalya Office Building	0,7	1,3%
Kapadokya Lodge Hotel	0,6	1,2%
Mallmarine Shopping Center	0,2	0,4%
Total	49,9	100%

Total Annual Rent Including VAT : \$ 58,9 mn (Mar. 31, 2015 1\$ = TRY 2,6102)

***The currency breakdown of the lease agreements:**

40% \$, 5% Euro and 55% TL.

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Dividend Payout





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 bonus shares.
- Up until now, ISGYO distributed higher than the ratio determined in the dividend policy.

TL, mn	2008	2009	2010	2011	2012	2013	2014
Period Income	54,9	53,1	60,3	67,0	65,4	116,2	86,8
Distributable Income	50,7	50,3	46,6	64,1	62,2	111,2	83,2
Total Distributable Dividend	22,5	22,5	22,5	30,0	60,0	81,9	113,2
Dividend Payout Ratio	44%	45%	48%	47%	96%	74%	136%
Type of the Dividend	Cash	Cash	Cash	Cash	Cash& Bonus	Cash& Bonus	Cash& Bonus
Cash Dividend	22,5	22,5	22,5	30,0	30,0	31,5	47,6
Payout Ratio	45%	48%	50%	47%	48%	28%	57%

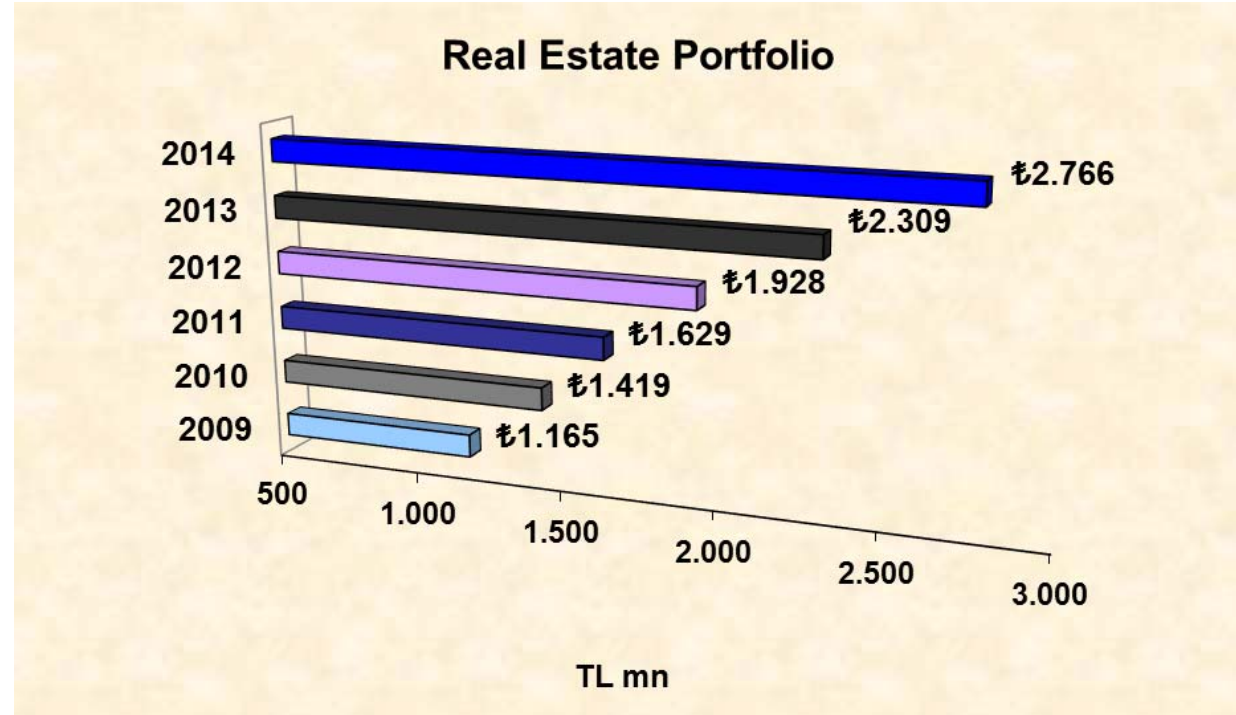


FINANCIALS





Growth of the Real Estate Portfolio



Aggregate value of the real estate portfolio of ISGYO increased 137 % within five years.





Bank Loans & Cash Position

Type of the loan	Original Amount mn	Date of the Loan	Cost	Maturity	Outstanding Loan Amount mn	Total Loan \$ mn
Loan for hotel	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 14,6	\$15,8
Loan for Operation Center	\$69,4	Oct. 2013	Libor +425 bps	10 year	\$69,4	\$69,4
Loan for Topkapı Land	120,0 TL	Dec. 2013	11,9%	4 year	120,0 TL	\$46,0
Bond (1 st Issue)	100,0 TL	April 2014	Benchmark+225 bps	2 year	100,0 TL	\$38,3
Bond (2 nd Issue)	100,0 TL	July 2014	Benchmark+200 bps	2 year	100,0 TL	\$38,3



CASH



Cash	\$31
Total Financial Debt	\$208
Net Debt	-\$177



Balance Sheet

TL, mn	31.3.2015	31.12.2014	% Change
ASSETS	1.958,1	1.859,9	5,3%
<i>Current Assets</i>	<i>201,5</i>	<i>251,6</i>	<i>-19,9%</i>
<i>Long-term Assets</i>	<i>1.756,6</i>	<i>1.608,2</i>	<i>9,2%</i>
LIABILITIES	1.958,1	1.859,9	5,3%
<i>Short-term Liabilities</i>	<i>89,5</i>	<i>67,1</i>	<i>33,5%</i>
<i>Long-term Liabilities</i>	<i>698,9</i>	<i>581,3</i>	<i>20,2%</i>
<i>Shareholders' Equity</i>	<i>1.169,7</i>	<i>1.211,5</i>	<i>-3,5%</i>

Of the total Liabilities (Short&Long Term);

- the amount regarding the bank loans constitutes the 72%,
- the amount regarding advances received from presales of the units in Ege Perla and Manzara Adalar Mixed Use Project constitutes the 21%,
- the amount regarding the purchase of Kartal Land (TRY 36 mn), constitutes the 5%.





Income Statement

TL, mn	Jan.-March 2015	Jan.-March 2014
Sales Revenue	34,9	31,3
Cost of Sales	-10,3	-7,7
Gross Profit/Loss	24,6	23,6
General Administrative Expenses	-8,7	-4,0
Other Operating Income	9,5	14,1
Other Operating Expense	-5,0	-12,9
Operating Profit/Loss	20,5	20,8
Share of Profit of Equity-Accounted Investees	0,3	0,2
Operating Profit Before Finance Expense	20,8	21,1
Finance Expense	-15,0	-2,8
Profit Before Tax	5,8	18,3
Tax Expense	-	-
Net Profit for the Period	5,8	18,3





Income Statement

Financials (TL, mn)	Jan.-March 2015	Jan.-March 2014
Sales Revenue	34,9	31,3
Cost of Sales	-10,3	-7,7
Gross Profit/Losses	24,6	23,6
<i>General Administrative Expenses</i>	-8,7	-4,0
<i>Other Operating Income</i>	9,5	14,1
<i>Other Operating Expense</i>	-5,0	-12,9
EBIT	20,5	20,8
EBITDA	24,9	25,3
Net Period Income	5,8	18,3
Gross Margin	70%	76%
EBIT Margin	59%	67%
EBITDA Margin	71%	81%
Net Margin	17%	59%





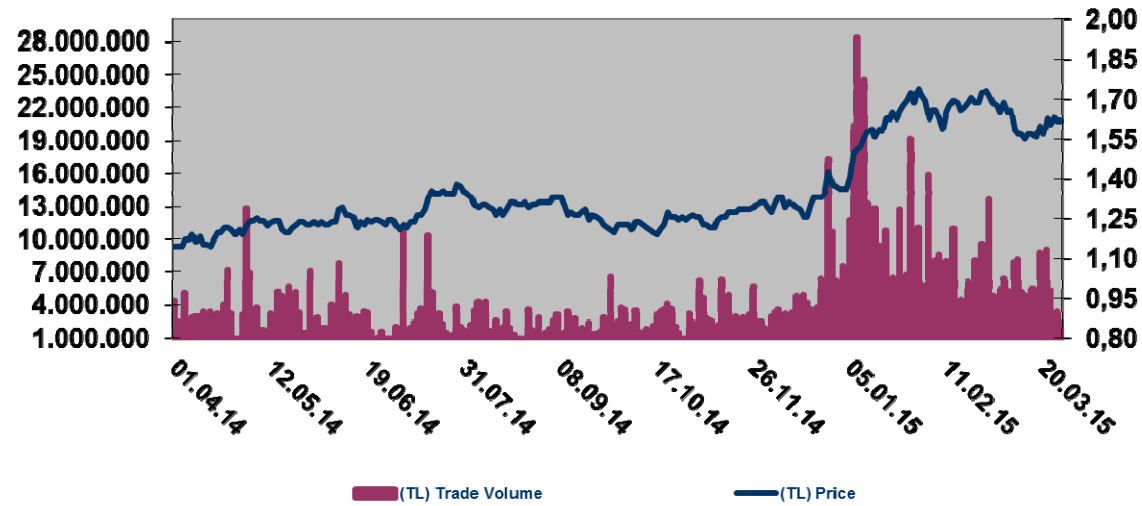
Stock Performance





Trade Volume

Price- Trade Volume

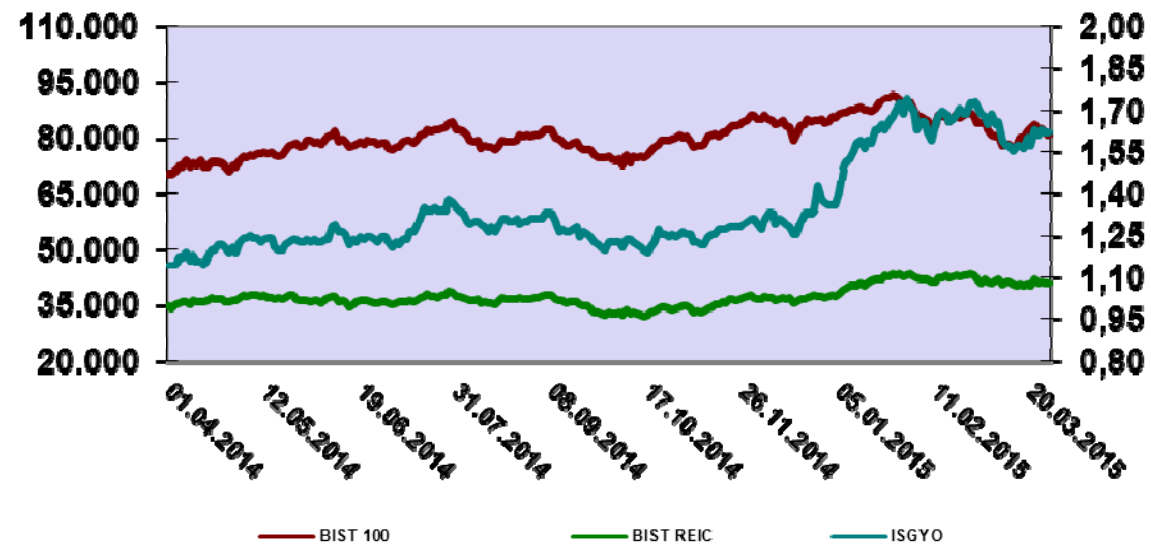


ISGYO	Average Daily Trade Volume	Price change in TL terms
2014	\$ 1,2 mn	14%
Jan-March 2015	\$ 3,1 mn	19%



Stock Price vs. Index Performance

BIST 100 & BIST REIC Index, ISGYO



Stock Price&Index Performance as of 31.03.2015			
	1 year	3 year	5 year
ISGYO	41%	75%	78%
BIST REIC	18%	12%	18%
BIST 100	16%	30%	43%





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Architect of Change



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