



INVESTOR PRESENTATION



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

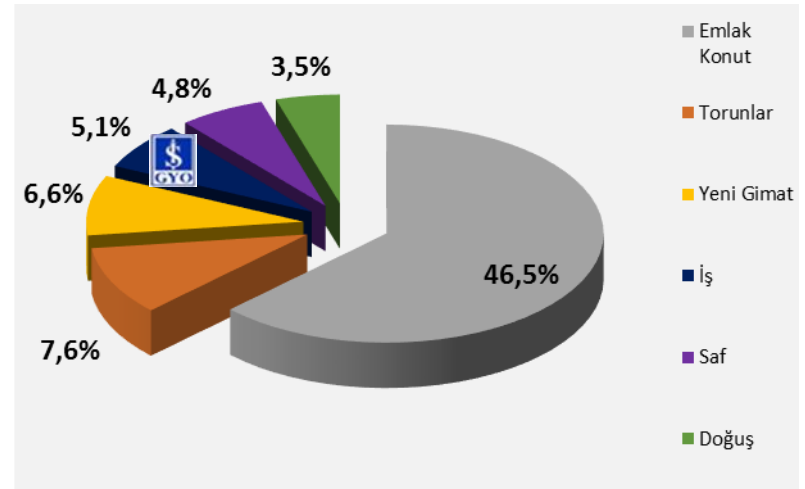
- Real estate,
- Rights and capital market instruments backed by real estate,
- Real estate projects and
- Money&capital market instruments.





Mcap of the REIC Sector

REICs	30.09.2015 (\$ mn)
<i>Emlak Konut</i>	3.131
<i>Torunlar</i>	510
<i>Yeni Gimat</i>	445
<i>İş</i>	345
<i>Saf</i>	320
<i>Doğuş</i>	238
<i>Other REICs</i>	1.743
TOTAL	6.732





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 30.09.2015 IS GYO represents;

- 5,1 % of the sector with its \$ 345 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?

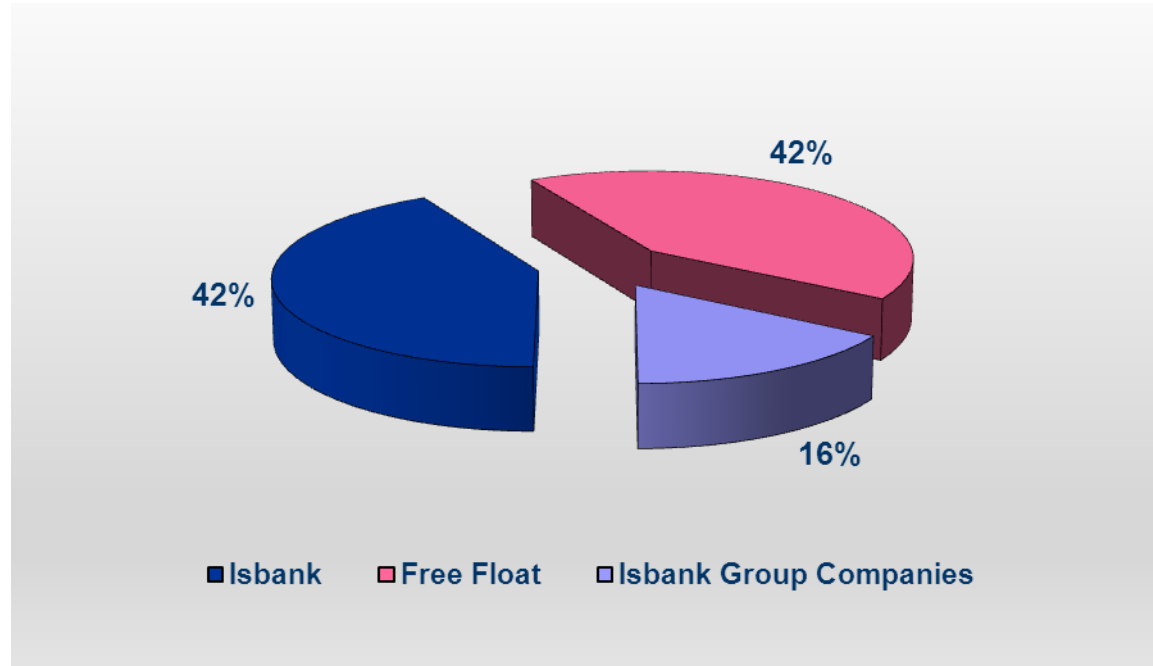
- Diversified real estate portfolio,
- Well-qualified assets leased to financially strong and qualified tenants,
- Solid and steady rental income,
- Strong project pipeline,
- Low and manageable debt ratio,
- Stable cash dividend payments,
- Strong shareholder structure,
- Brand value as a symbol of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

differentiate ISGYO among its peers.





Shareholders Structure by Ownership



According to the Central Registry Agency of Turkey(MKK), as of 30.09.2015, the ratio of the shares in the free float is 49%. Based on this data, foreign holding ratio is 29% of the free float.



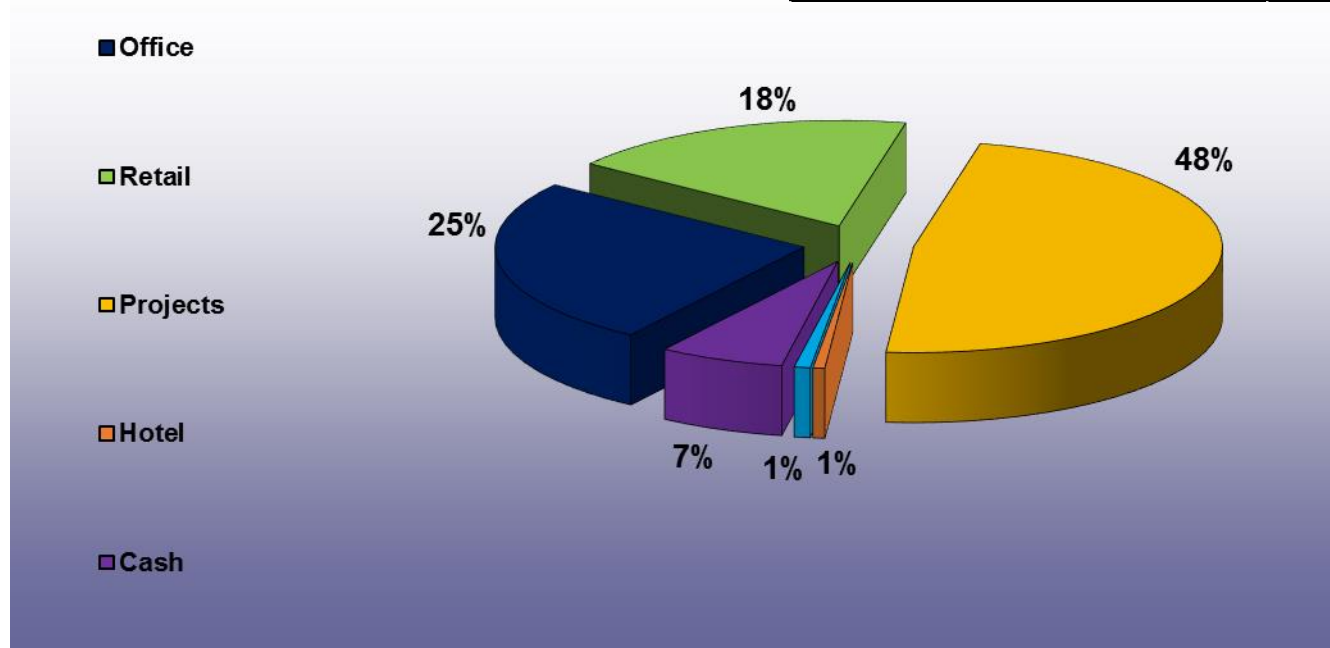
ISGYO PORTFOLIO





Portfolio Breakdown

Total Portfolio	\$ mn	%
Real Estate Investments	1.074	93%
Money&Capital Market Instruments	75	7%
Total Portfolio Value	1.149	100%



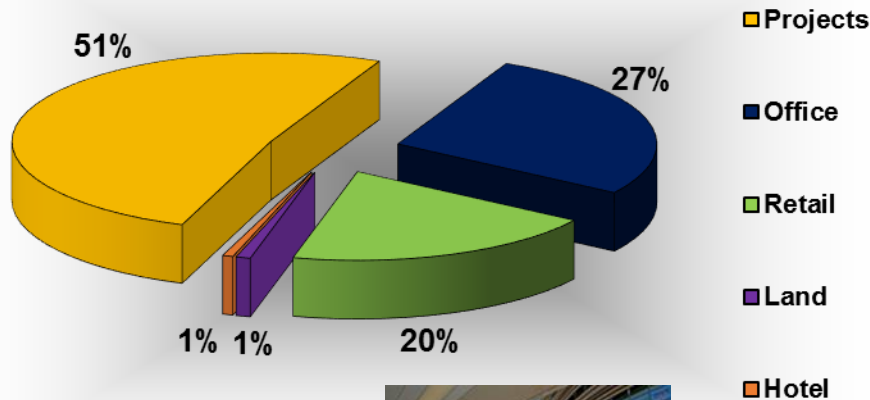
** Projects include Tuzla Projects, Ege Perla Mixed Use Project, Manzara Adalar Mixed Use Project, IFC Mixed Use Project, and Topkapı İstanbul Residential Project.*



Real Estate Portfolio Breakdown



Real Estate Portfolio	(\$ mn)
Projects	551
Office	294
Retail	212
Land	10
Hotel	7
TOTAL	1.074





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.
- Sirkeci O.B.
- Office Lamartine

Office Investments

Total Appraisal Value, \$ mn	294,2
Total Rental Income, \$ mn	25,2



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



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	211,7
Total Rental Income, \$ mn	19,2



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 :** \$10,6 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 : 96%

Annual Rent : \$1,2 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 : \$2,2 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.*





Projects Under Development





Projects Under Development

Technology&Operation Center

Tuzla Mixed Use

Ege Perla Mixed Use

Manzara Adalar Mixed Use

İnistanbul Residential Project

Istanbul Finance Center Project





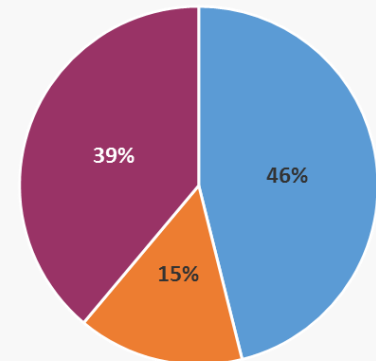
Projects Under Development

Development Cost	\$ Mn	%
Tuzla Technology&Operation Center	\$260-265	26%
Tuzla Mixed Use Project	\$100-105	10%
Ege Perla Mixed Use Project	\$130-135	14%
Kartal Manzara Adalar Mixed Use Project*	\$210-215	22%
Topkapı İnistanbul Residential Project*	\$165-180	18%
Finance Center Project (IFC)	\$100-110	10%
TOTAL	\$965-1.010	100%

**Project figures in TL currency. 30 Sep. 2015 FX rate was used in the calculation.
(1\$=3,0433 TL)*



In Terms of Type



■ Office ■ Commercial ■ Residential



Tuzla Projects



Tuzla Projects



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



	Acquisition Date	Project Name
Parcel no 1	Dec. 2010	Technology and Operation Center Project
Parcel no 2	Dec. 2010	Tuzla Mixed Use Project



Technology & Operation Center - Mixed Used Project



**Designed by SOM and Dizayn Group.*



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



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

GLA of the center: 184.500 sqm

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

Projections: ⁽¹⁾

Total development cost of the project(inc. land and borrowing cost): \$260-265 mn

Annual rental income: \$22-24 mn

¹ *Estimated figures. Borrowing cost is \$36 mn.*



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): \$100-105 mn
Annual rental income: \$6-6,5 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.



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



All of the units have been sold.



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) : TL 390-400 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 : TL 20-22 mn

Residential&Offices:

Total saleable area⁽²⁾ : 32.000 sqm

Total net profit for the unit sales⁽³⁾ : TL 20-23 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 residential&offices and keep the shopping center in the portfolio.

➤ **Total development cost of the project :** TL 390-400 mn

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

✓ **Remaining cost for the shopping center** ≈ TL 160 mn

✓ **Rental income of the shopping center:** TL 20 mn

✓ **Pay back period** ≈ 8 years



**Estimated figures.*



Ege Perla Mixed Use Project





Manzara Adalar Kartal Mixed Use Project



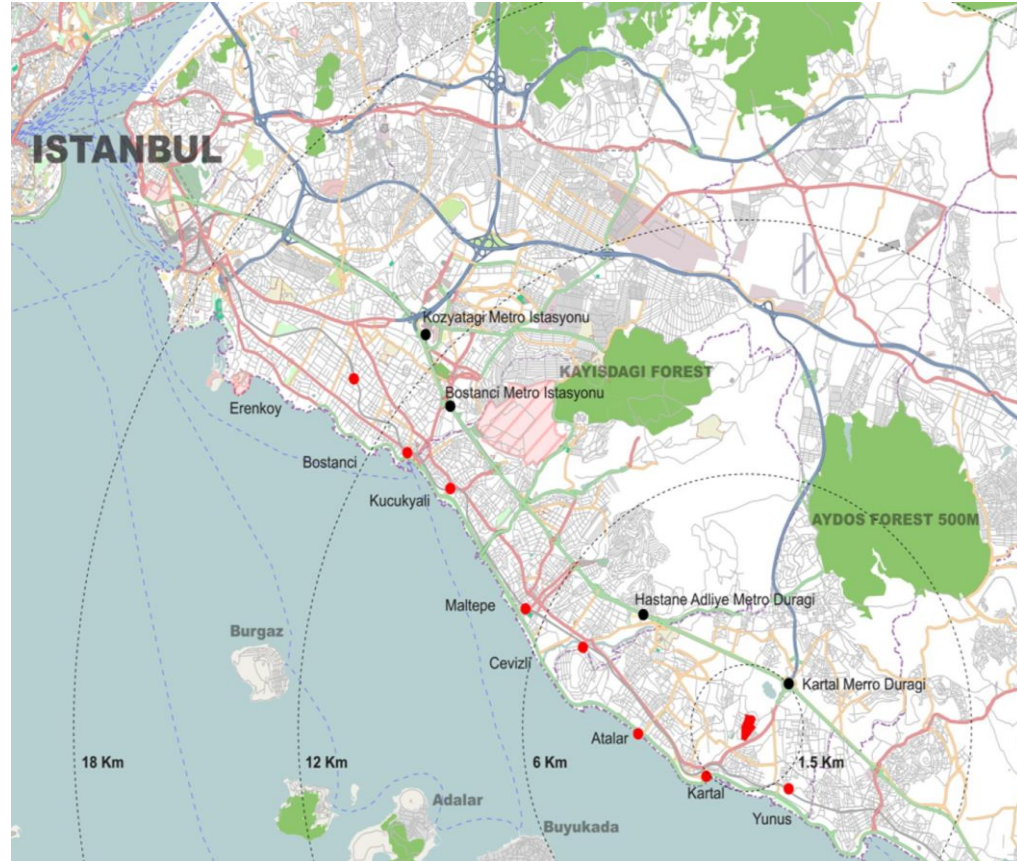


Manzara Adalar



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».

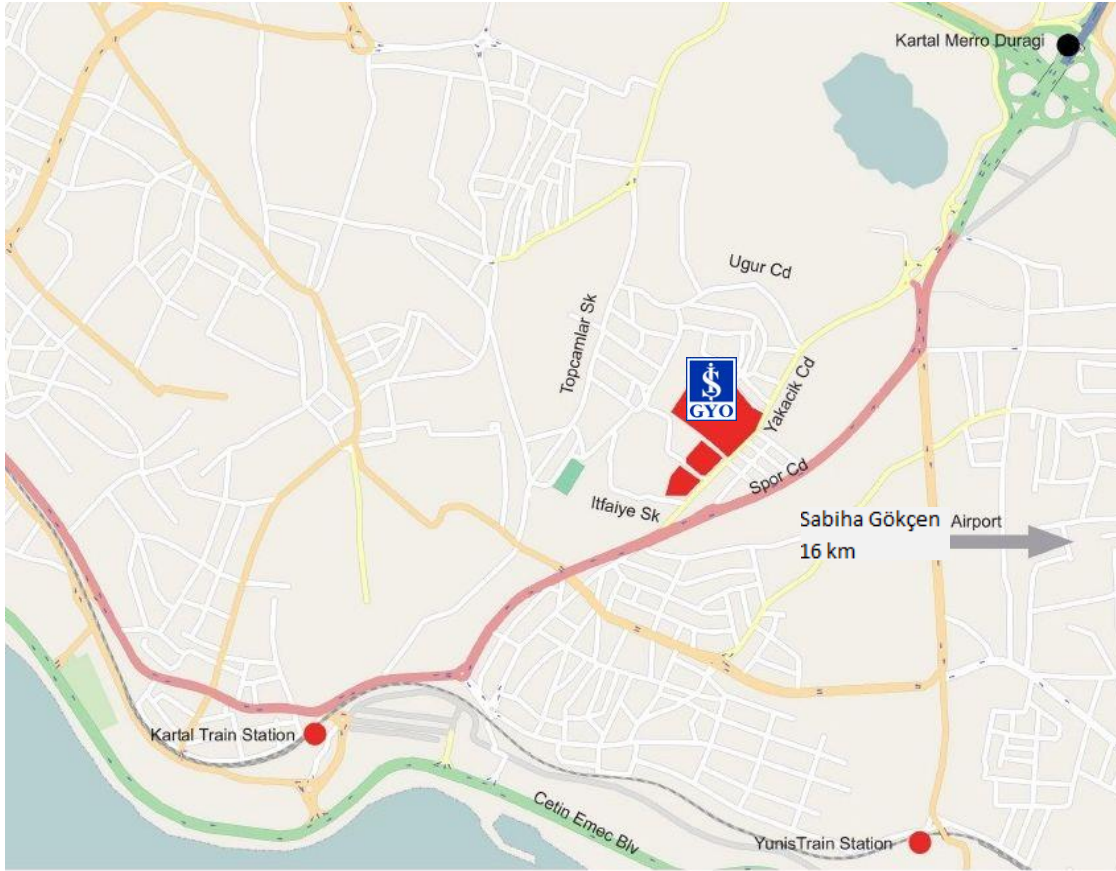




Manzara Adalar

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



Projections ⁽¹⁾:

Total Development Cost (excluding land) : TL640-660 mn

Expected Total Sales Revenues of the Project : TL750-800 mn

Total Saleable Area for residential : 140.000 sqm

Total Leasable Area : 50.000 sqm

Expected Total Rental Income of the Project : TL30-35 mn

¹Estimated figures.

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





İnistanbul Residential Project





İstanbul 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



Location : Topkapı, Istanbul

Acquisition Date : December, 2013

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

Total Development Cost* : TL1-1,1bn

Total saleable area for residentials: 214.000 sqm

Total saleable area for commercials : 7.000 sqm

**Total figures. ISGYO has 50% share in the project. Borrowing cost included.*

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



Designed by Perkins+Will Global.

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İstanbul Residential Project - Projections

Project Figures for ISGYO share*

- ❖ **Total cost of the project** : TL500-550 mn¹
- ❖ **Sales revenues** : TL700-800 mn
- ❖ **Net profit of the project** : TL200-250 mn
- ✓ **Profit margin** : 25-30%



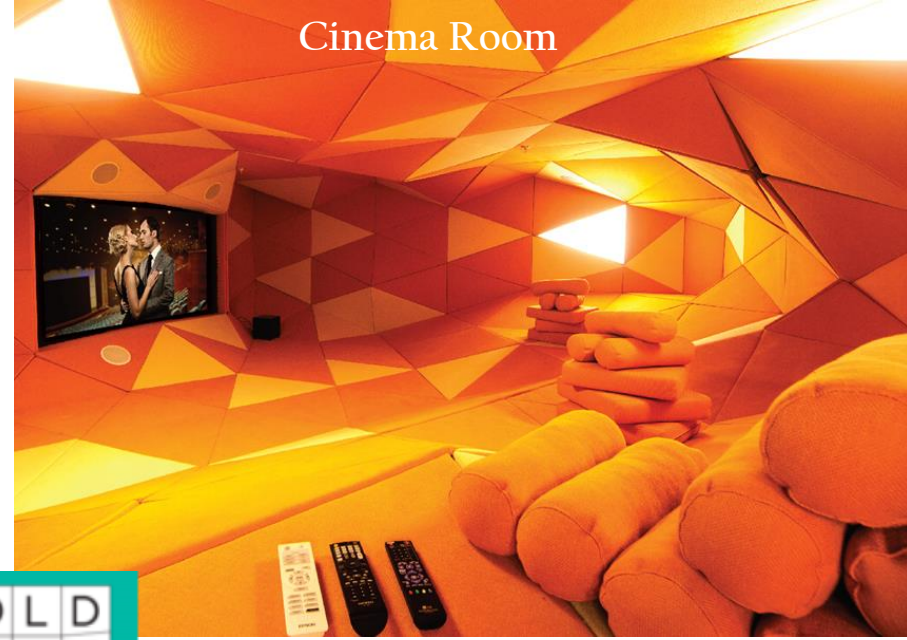
**ISGYO has 50% share in the project.*

¹ Including borrowing cost.

Basketball Court



Cinema Room



FOLD
HOME

Guest Room



Music Room





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) : \$100-110 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 : ≈ 32.000 sqm

Estimated Rental Income : \$9-11 mn



Rental Income Projections





Rental Income Projection



Rental Income Projection for 2019		
\$ mn	Current	2019
Rental Income	\$45	\$90-95

** Partial rent is taken for Kartal Mixed Use and IFC project, since they are estimated to be fully operational in 2020.*

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



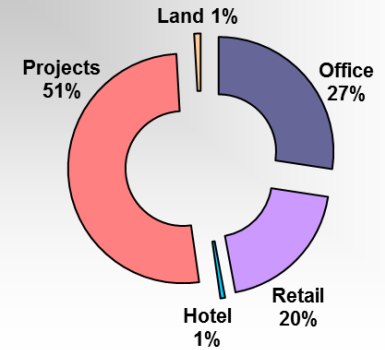


Appraisal Value of the Real Estate Portfolio

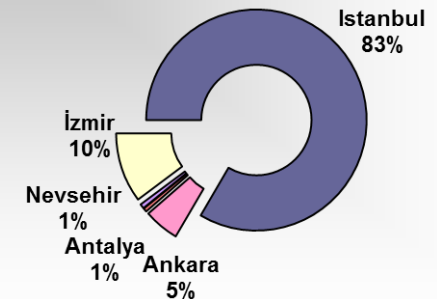
Property Name	Appraisal Value (\$ mn)	%
Real Estate Projects	551,0	51,3%
Is Towers II&III	179,4	16,7%
Kanyon Shopping Center	128,2	11,9%
Ankara Is Tower	35,3	3,3%
Marmara Park Shopping Center	35,0	3,3%
Maslak Building	27,0	2,5%
Real Hypermarket Building	26,6	2,5%
Kule Carsi Shopping Center	17,7	1,6%
Office Lamartine	14,6	1,4%
Sirkeci Office Building	12,2	1,1%
Ankara-Ulus Office Building	10,4	1,0%
Lands	9,7	0,9%
Ankara-Kızılay Office Building	9,7	0,9%
Kapadokya Lodge Hotel	7,1	0,7%
Antalya Office Building	5,7	0,5%
Mallmarine Shopping Center	3,3	0,3%
Çınarlı Bahçe Project	0,8	0,1%
Total	1.074	100%

Total Property Value : **\$ 1.074 mn** (Sep. 30, 2015 1\$=TRY 3,0433)

Real Estate Portfolio in terms of Type



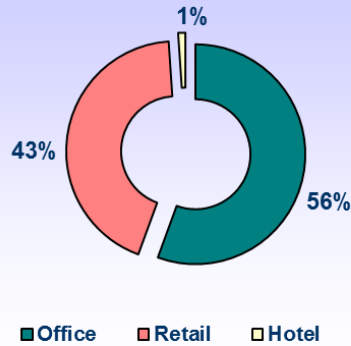
Real Estate Portfolio in terms of Region



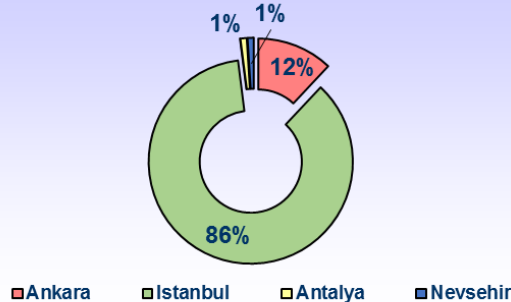


Rental Income

Rental Income
in terms of Type



Rental Income
in terms of Region



Property Name	Annual Rent \$ mn (without VAT)	%
Is Towers II & III	15,9	35,5%
Kanyon Shopping Center	10,5	23,5%
Marmara Park Shopping Center	5,0	11,1%
Ankara İş Kulesi	3,0	6,6%
Real Hypermarket Building	2,2	4,8%
Maslak Office Building	1,5	3,3%
Sirkeci Office Building	1,4	3,0%
Ankara- Ulus Office Building	1,2	2,8%
Kule Carsi Shopping Center	1,2	2,8%
Ankara-Kızılay Office Building	1,0	2,3%
Office Lamartine	0,7	1,5%
Antalya Office Building	0,6	1,3%
Kapadokya Lodge Hotel	0,4	0,9%
Mallmarine Shopping Center	0,2	0,5%
Total	44,8	100%

Total Annual Rent Including VAT : \$ 53 mn (Sep. 30, 2015 1\$ = TRY 3,0433)

Gunesli OB will continue to generate rental income until 2015 YE. (2,4 mn\$)

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

34% \$, 5% Euro and 61% TL.



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 stock.
- ✓ Up until now, ISGYO distributed higher than the ratio determined in the dividend policy.
- ✓ In the last 10 year period, except for only 2006, ISGYO distributed cash dividend to shareholders.

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 Period Income	50,7	50,3	46,6	64,1	62,2	111,2	83,2
Total Distributed 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& Stock	Cash& Stock	Cash& Stock
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%

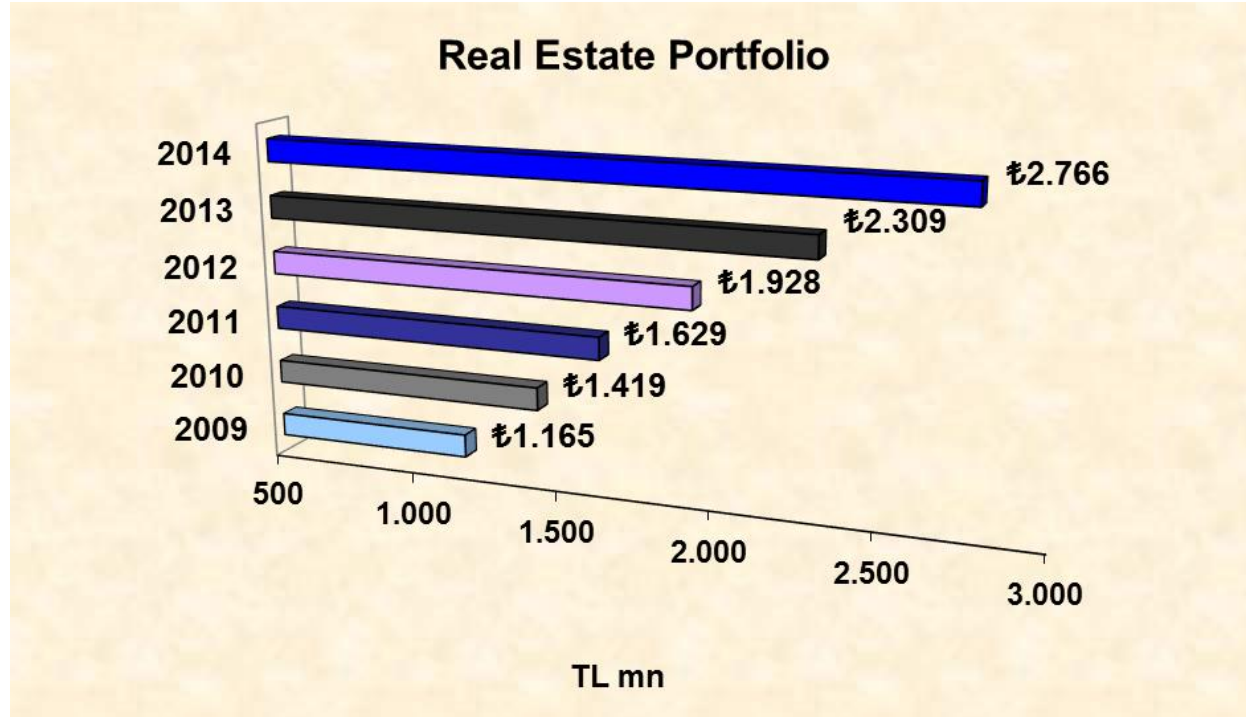


FINANCIALS





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
Euro Loan	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 14,6	\$16,4
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$75,0	\$75,0
TL Loan	273,0 TL	Dec.2013 - Apr. 2015	11,75%-11,90%	4-6 Year	253,0 TL	\$83,0
Bond (1 st Issue)	100,0 TL	April 2014	Benchmark+225 bps	2 year	100,0 TL	\$32,8
Bond (2 nd Issue)	100,0 TL	July 2014	Benchmark+200 bps	2 year	100,0 TL	\$32,8



Cash	\$75
Total Financial Debt	\$240
Net Debt	-\$165

CASH





Balance Sheet

TL, mn	30.9.2015	31.12.2014	% Change
ASSETS	3.818,1	3.000,2	27%
<i>Current Assets</i>	<i>539,8</i>	<i>251,7</i>	<i>114%</i>
<i>Long-term Assets</i>	<i>3.278,3</i>	<i>2.748,5</i>	<i>19%</i>
LIABILITIES	3.818,1	3.000,2	27%
<i>Short-term Liabilities</i>	<i>534,4</i>	<i>67,1</i>	<i>697%</i>
<i>Long-term Liabilities</i>	<i>767,4</i>	<i>581,3</i>	<i>32%</i>
<i>Shareholders' Equity</i>	<i>2.516,2</i>	<i>2.351,8</i>	<i>7%</i>

Of the total Liabilities (Short&Long Term);

- the amount regarding the financial liabilities constitutes the 60%,
- the amount regarding advances received from presales of the units in Ege Perla Mixed Use Project, Kartal Manzara Adalar Project and Topkapı İnistanbul Project constitutes the 35%,
- the amount regarding the purchase of Kartal Land (TRY 36 mn), constitutes the 3%.





Income Statement

TL, mn	Jan.-Sep. 2015	Jan.-Sep. 2014
Sales Revenue	179,9	197,2
Cost of Sales	-55,5	-111,7
Gross Profit/Loss	124,4	85,5
General Administrative Expenses	-10,7	-9,9
Marketing, Sales and Distribution Expenses	-12,0	-0,4
Other Operating Income	162,7	23,5
Other Operating Expense	-18,1	-26,3
Operating Profit/Loss	246,4	72,5
Share of Profit of Equity-Accounted Investees	-0,2	0,7
Operating Profit Before Finance Expense	246,2	73,1
Finance Expense	-48,9	-4,3
Profit Before Tax	197,3	68,8
Tax Expense	-	-
Net Profit for the Period	197,3	68,8





Income Statement

Financials (TL, mn)	Jan.-Sep. 2015	Jan.-Sep. 2014
Sales Revenue	179,9	197,2
Cost of Sales	-55,5	-111,7
Gross Profit/Losses	124,4	85,5
<i>General Administrative Expenses</i>	-10,7	-9,9
<i>Marketing, Sales and Distribution Expenses</i>	-12,0	-0,4
<i>Other Operating Income</i>	162,7	23,5
<i>Other Operating Expense</i>	-18,1	-26,3
EBIT	246,4	72,5
Net Period Income	197,3	68,8
Gross Margin	69%	43%
EBIT Margin	137%	37%
Net Margin	110%	35%





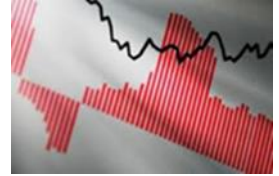
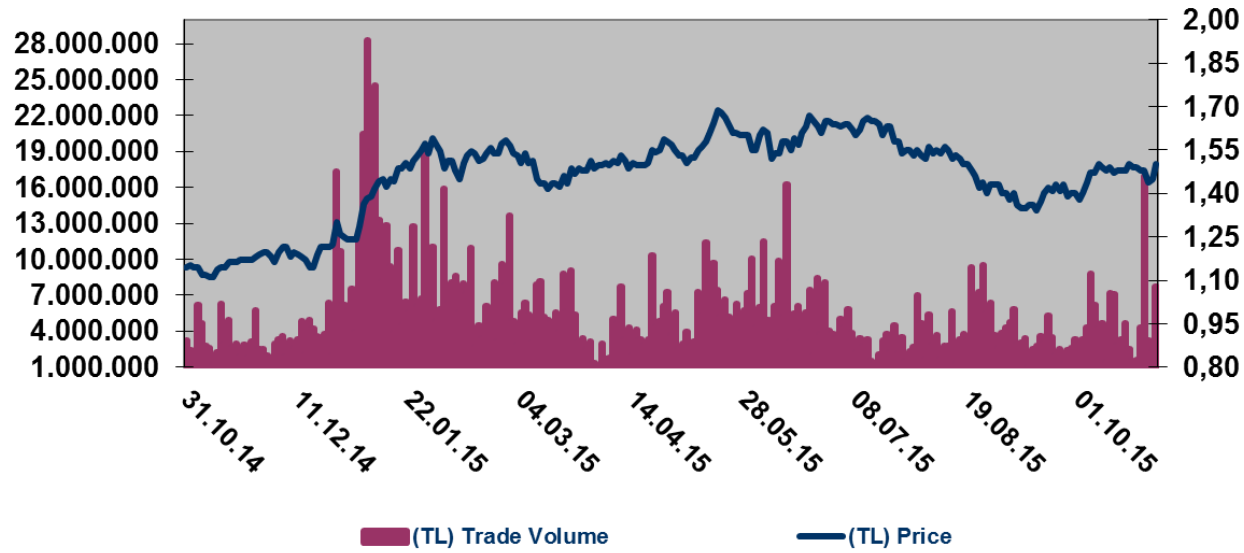
Stock Performance





Trade Volume

Price- Trade Volume

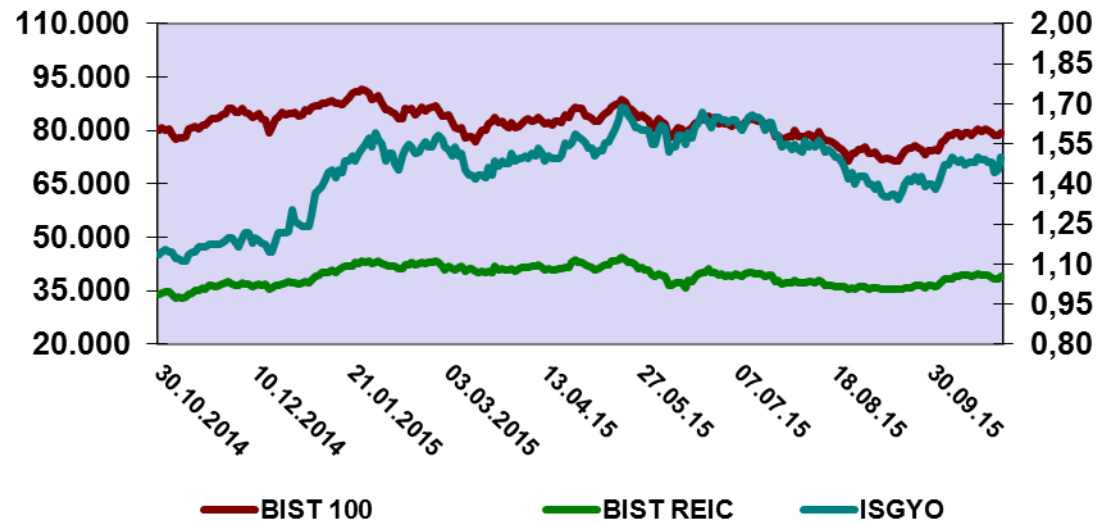


ISGYO	Average Daily Trade Volume	Price change in TL terms
2014	\$ 1,2 mn	14%
Jan-Sep. 2015	\$ 1,9 mn	13%



Stock Price vs. Index Performance

BIST 100 & BIST REIC Index, ISGYO



Stock Price& Performance as of 30.09.2015			
	1 year	3 year	5 year
ISGYO	25%	46%	62%
BIST REIC	11%	2%	11%
BIST 100	-1%	12%	13%





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Since the presentation has been prepared regarding the previous period, the data in it may not reflect the current situation. The estimations regarding projects are given in accordance with feasibility studies prepared on basis of certain assumptions and may be updated any time.

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Architect of Change



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