

iş GYO



**İS REAL ESTATE
INVESTMENT COMPANY
31.03.2016**



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 TL1.358 mn.

Sector Mcap

TL 23.785 mn

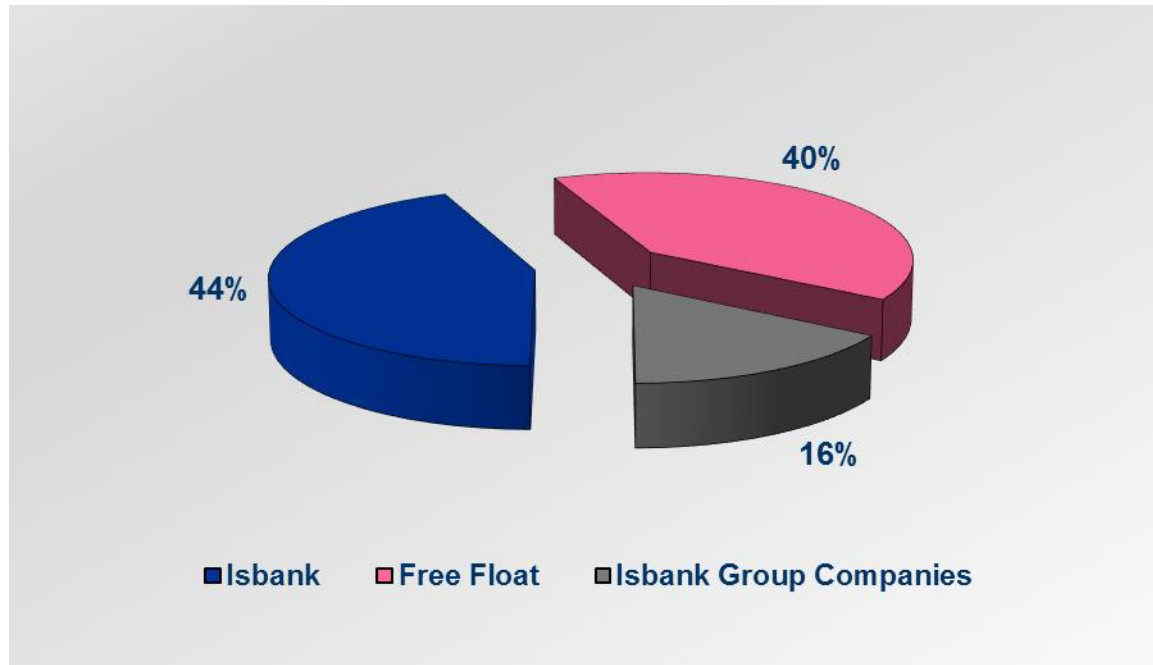
ISREIC

TL 1.358
mn

5,7%

***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 31.03.2016, the ratio of the shares in the free float is 48%. Based on this data, foreign holding ratio is 35% 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.



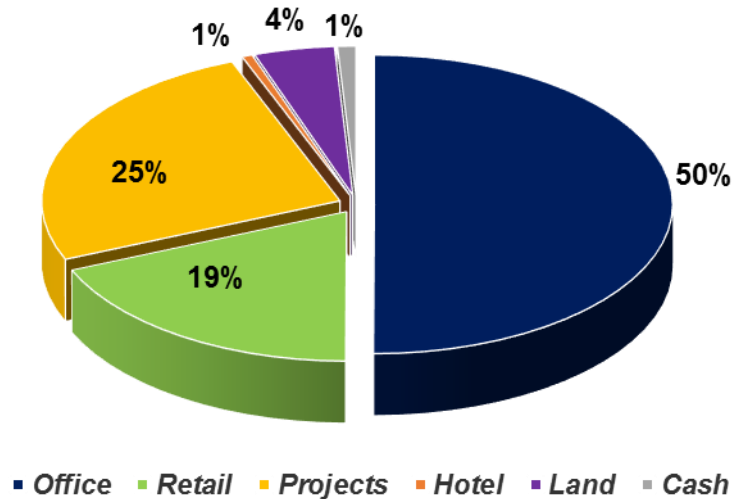
ISGYO PORTFOLIO



Portfolio Breakdown



| Total Portfolio | TL mn | % |
|----------------------------------|--------------|-------------|
| Real Estate Investments | 4.056 | 99% |
| Money&Capital Market Instruments | 41 | 1% |
| Total Portfolio Value | 4.097 | 100% |

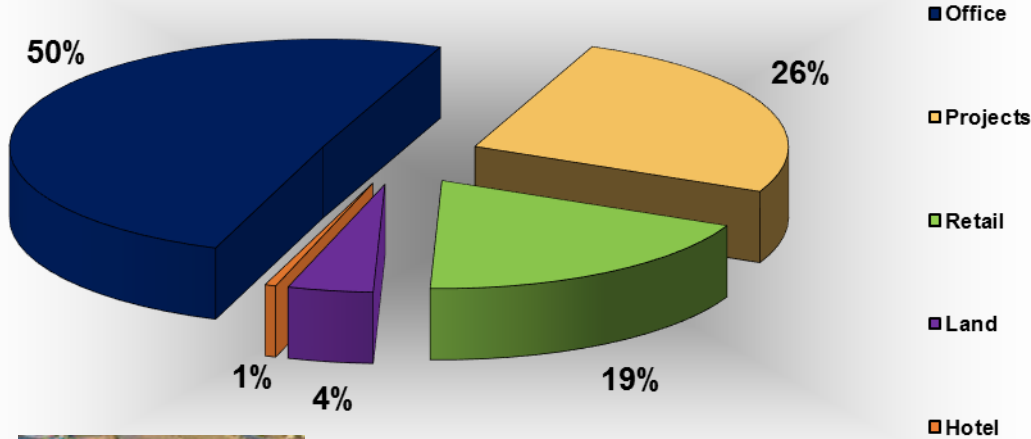


** Projects include Ege Perla Mixed Use Project, Manzara Adalar Mixed Use Project, IFC Mixed Use Project, and Topkapı İnistanbul Residential Project.*

Real Estate Portfolio Breakdown



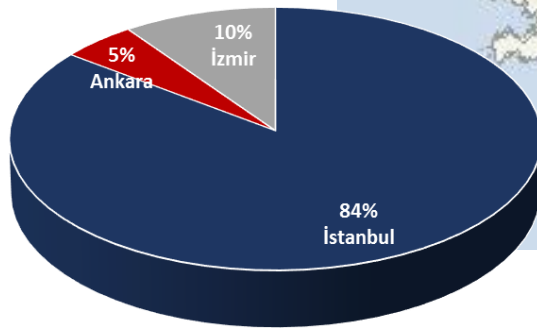
| Real Estate Portfolio | TL mn |
|-----------------------|--------------|
| Office | 2.050 |
| Projects | 1.045 |
| Retail | 759 |
| Land | 178 |
| Hotel | 23 |
| TOTAL | 4.056 |



RENT GENERATING ASSETS



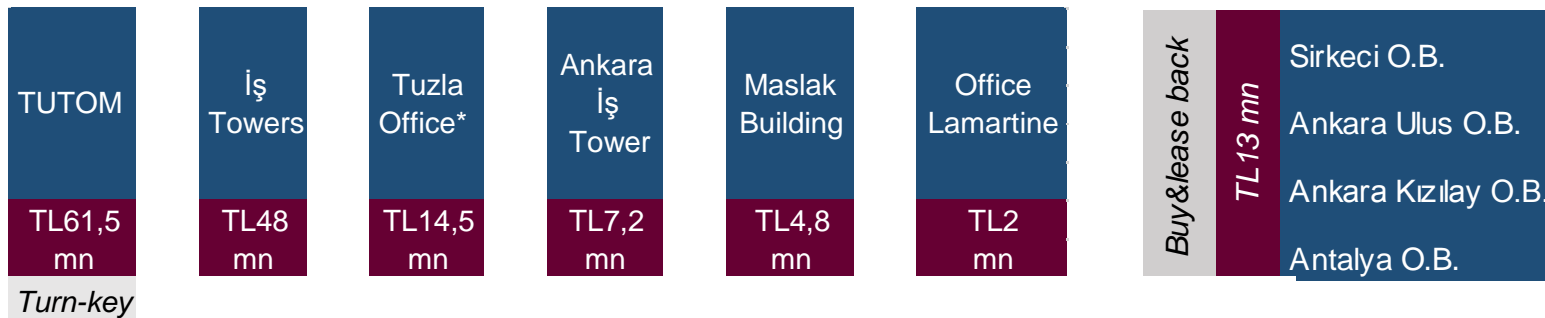
İSGYO- Properties Map



Office Investments



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



Office Investments

Total Appraisal Value, TL mn 2.050

**Included in the rent calculation, rent generation will start in Sep. 2016.*

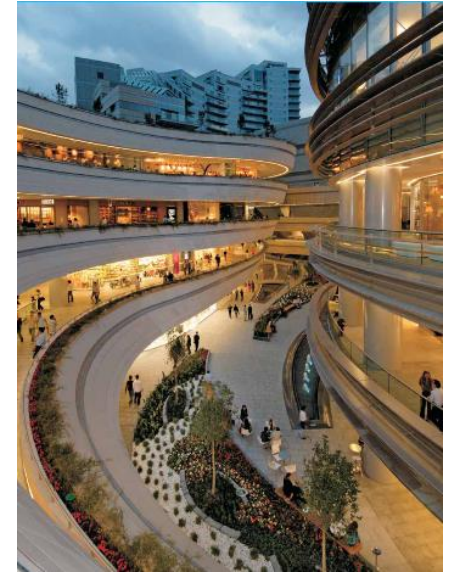
***Figures represent the annual rental income of office investments.*



Retail Investments

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

| | | | | |
|------------------------|------------------------------|-------------------|------------|--------------|
| Kanyon Shopping Center | Marmara Park Shopping Center | Metro Hypermarket | Kule Çarşı | Tuzla Retail |
| TL32,3 mn | TL14,1 mn | TL6,4 mn | TL3,7 mn | TL3,7 mn |
| Joint venture | B.O.T. | Turn-key | | |



Retail Investments

Total Appraisal Value, TL mn 760

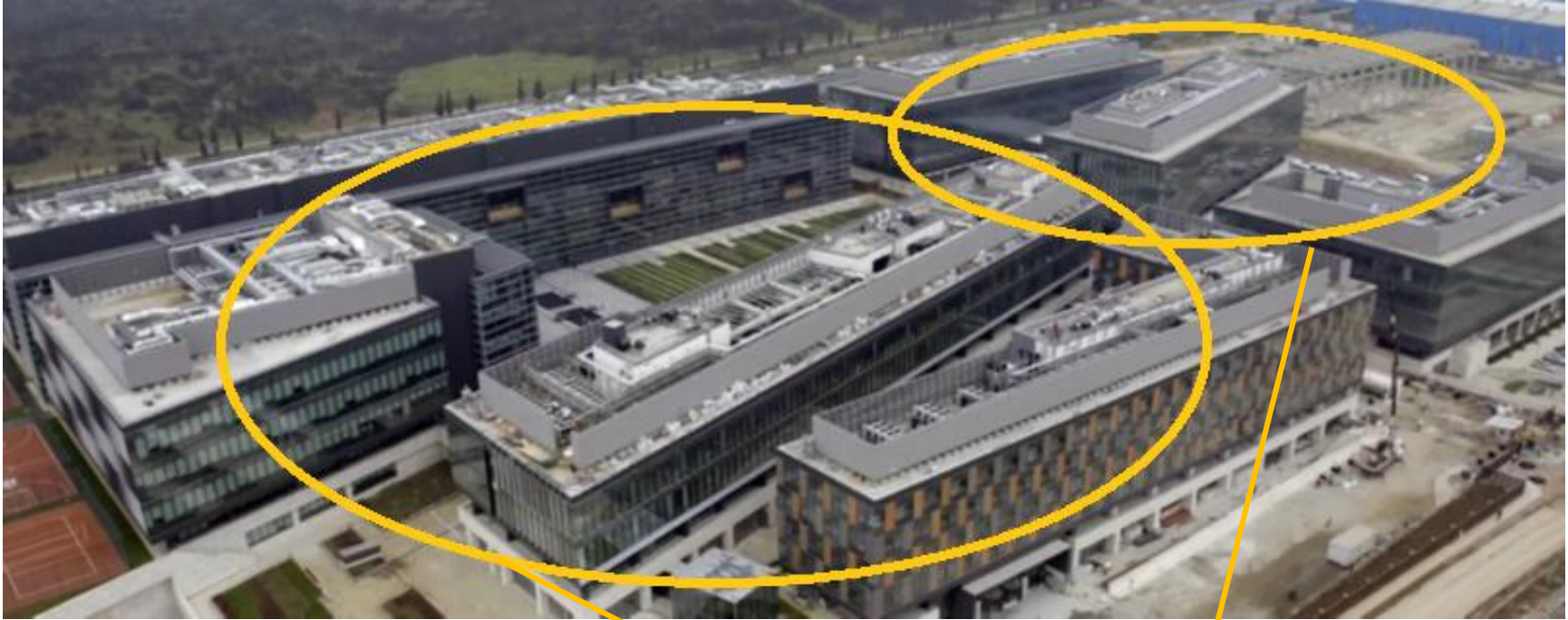
**Figures represent the annual rental income of retail investments*



TUTOM & Tuzla Mixed Use



**Designed by SOM and Dizayn Group.*



TUTOM Project

Tuzla Mixed Use Project



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

Technology & Operation Center(TUTOM)



Location : Tuzla, Istanbul

Investment model: Turnkey Project

Total area: 184.650 sqm

Tenant: ISBANK

Annual rental income: TL61,5 mn

Duration: 25 years



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⁾: TL17 mn

Tuzla Offices

GLA \approx 30.000 sqm

Annual rental income of offices: TL14,5 mn

Tenant: *SISECAM*

Retail area

GLA \approx 3.900 sqm

¹ Estimated rental income for the total leasable area.



PROJECTS UNDER DEVELOPMENT





Projects Under Development

Ege Perla Mixed Use

Manzara Adalar Mixed Use

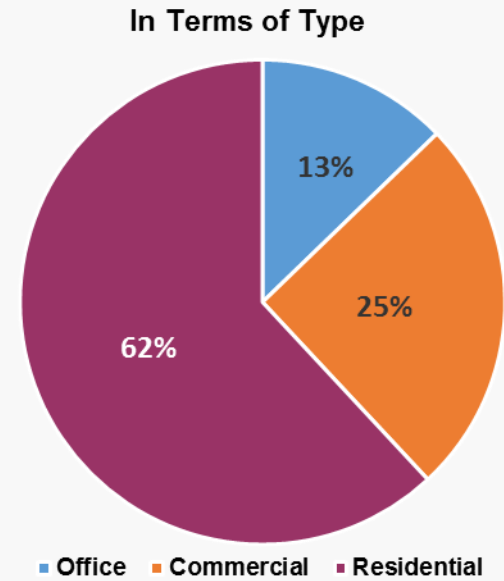
İnistanbul Residential

Istanbul Finance Center Project



Projects Under Development

| Development Cost | TL Mn | % |
|----------------------------------|----------------------|-------------|
| Ege Perla Mixed Use Project | TL 390-400 | 21% |
| Manzara Adalar Mixed Use Project | TL640-660 | 35% |
| İnistanbul Residential Project | TL 500-550 | 29% |
| Finance Center Project (IFC) | TL266-270 | 15% |
| TOTAL | TL1.796-1.880 | 100% |



EGE PERLA MIXED USE PROJECT



Ege Perla Mixed Use Project



Location : Konak, Izmir

Land area : 18.392 sqm



Estimated development cost : TL390-400 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⁽¹⁾ :

Residentials&Offices:

Total saleable area : 32.000 sqm

Shopping Center:

Leasable area : 25.600 sqm

Rental income : TL19-22 mn

¹ The estimated figures.



Ege
Perla



Ege Perla Mixed Use Project



Ege
Perla

isgyo.com.tr

İŞ GYO



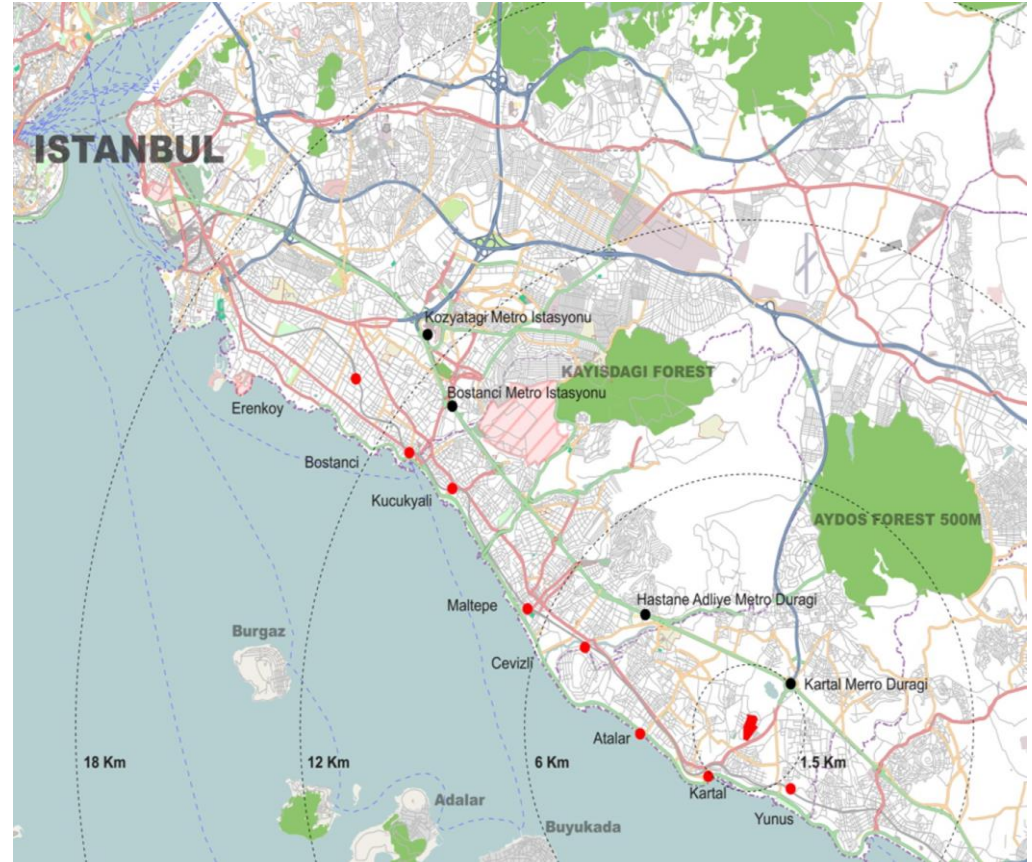
MANZARA ADALAR MIXED USE PROJECT





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 ⁽¹⁾:

Development cost (excluding land) : TL640-660 mn

Saleable area for residential : 140.000 sqm

Leasable area : 50.000 sqm

¹ 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

** The estimated figures.*



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* : TL1-1,1 bn

Total sales revenues*: TL1,4-1,6 bn

Total saleable area*≈250.000 sqm

**Total figures.*

İstanbul Residential Project



1st Project
İstanbul GALA

3rd Project
İstanbul HAYAT



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

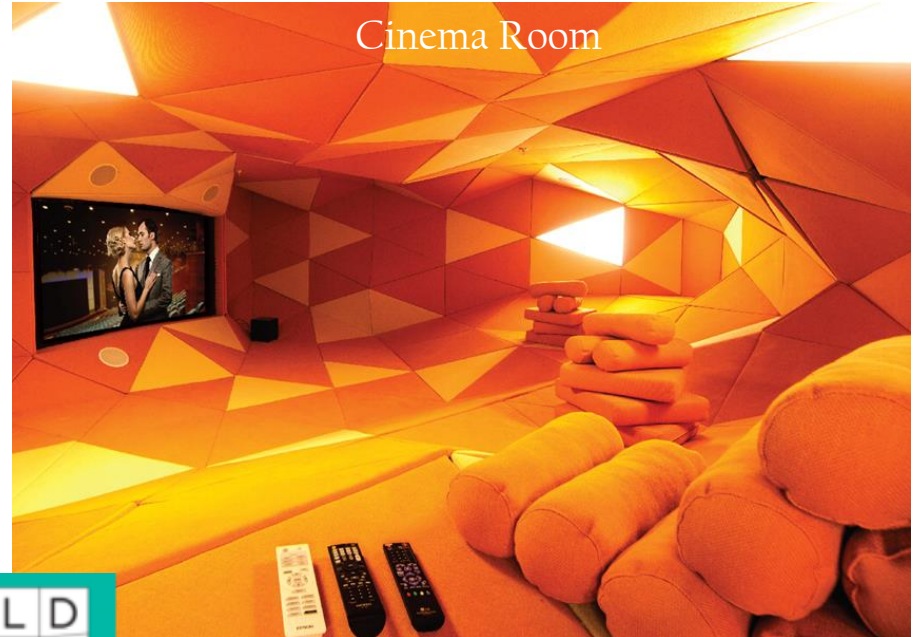


2nd Project
İstanbul LOKAL

4th Project



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: TL266-270 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 : TL40 mn

**Designed by HOK.*

LAND INVESTMENT





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





Location : Tuzla, Istanbul

Acquisition date: January, 2016

Land area: 62.655 sqm

Land value: TL143,5 mn

İŞ GYO



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.

| Cash Dividend TL, mn | 2008 | 2009 | 2010 | 2011 | 2012 | 2013* | 2014* | 2015* |
|----------------------------------------|------|------|------|------|------|-------|-------|-------|
| Period Income according to IFRS | 53,1 | 60,3 | 60,9 | 67,0 | 65,4 | 247,9 | 328,8 | 555,9 |
| Period Income according to LR** | 55,0 | 48,7 | 47,9 | 58,3 | 63,8 | 99,3 | 71,3 | 131,5 |
| Cash Dividend | 22,5 | 22,5 | 22,5 | 30,0 | 30,0 | 31,5 | 47,6 | 52,2 |
| Dividend per share | 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 & 2015 period income includes capital gains related with investment property.

**Legal Records(LR)

DEBT & CASH POSITION



Debt & Cash Position for 1Q2016

| Type of the loan | Original Amount mn | Date of the Loan | Cost | Maturity | Outstanding Loan Orjinal Amount mn | Outstanding Loan TL mn* |
|------------------------------|--------------------|--------------------|-------------------|----------|------------------------------------|-------------------------|
| Euro Loan | € 24,2 | Dec. 2010 | Euribor+350 bps | 10 year | € 12,1 | 38,9 TL |
| Dolar Loan | \$75,0 | Oct. 2013 | Libor +425 bps | 10 year | \$70,6 | 199,3 TL |
| TL Loans | 473,0 TL | Dec. 2013-Jan.2016 | 11,9%-14,50% | 4-6 year | 433,0 TL | 433,0 TL |
| Bond (1 st Issue) | 100,0 TL | April 2014 | Benchmark+225 bps | 2 year | 100,0 TL | 100,0 TL |
| Bond (2 nd Issue) | 100,0 TL | July 2014 | Benchmark+200 bps | 2 year | 100,0 TL | 100,0 TL |

**Interest accruals are not included.*

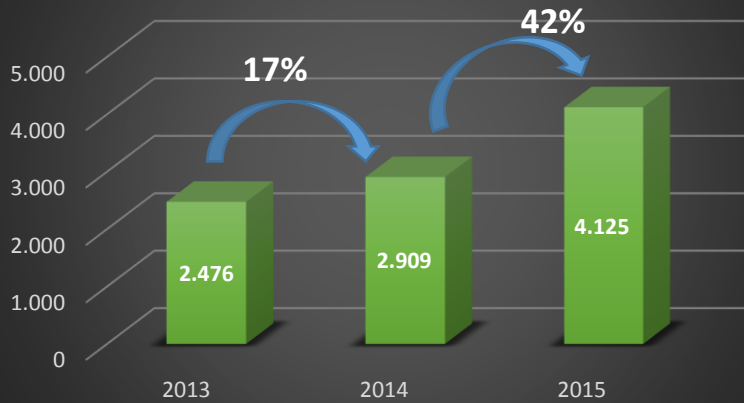


| | |
|--------------------------|-------|
| Cash, TL mn | 41 ₺ |
| Total Loans&Bonds, TL mn | 871 ₺ |
| Net Debt, TL mn | 830 ₺ |

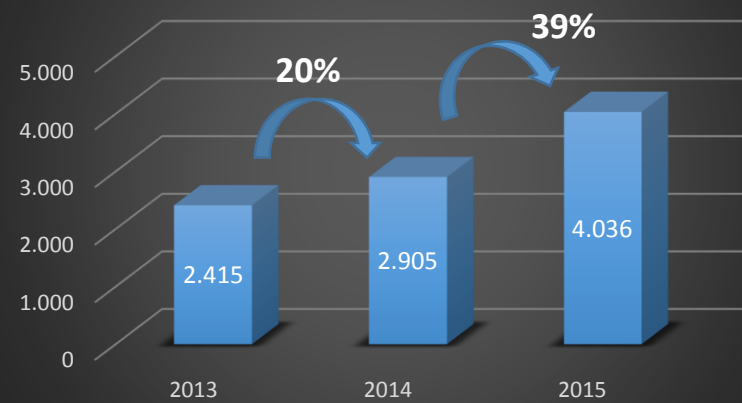


Financials

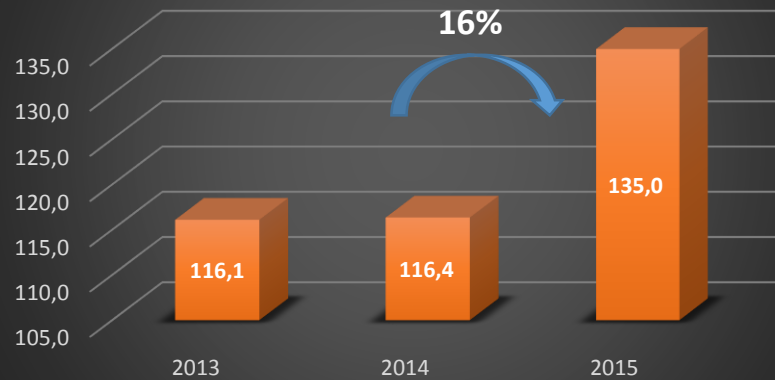
Total Assets TL mn



Total Portfolio TL mn



Rental Income TL mn



| TL, mn | 31.3.2016 | 31.12.2015 | % Change |
|-------------------------------|----------------|----------------|------------|
| ASSETS | 4.355,8 | 4.125,2 | 6% |
| <i>Current Assets</i> | <i>416,3</i> | <i>459,9</i> | <i>-9%</i> |
| <i>Long-term Assets</i> | <i>3.939,5</i> | <i>3.665,3</i> | <i>7%</i> |
| LIABILITIES | 4.355,8 | 4.125,2 | 6% |
| <i>Short-term Liabilities</i> | <i>544,1</i> | <i>556,0</i> | <i>-2%</i> |
| <i>Long-term Liabilities</i> | <i>1.023,0</i> | <i>778,6</i> | <i>31%</i> |
| <i>Shareholders' Equity</i> | <i>2.788,7</i> | <i>2.790,6</i> | <i>0%</i> |

Of the total Liabilities (Short&Long Term):

- the amount regarding the financial liabilities constitutes the 58%,
- the amount regarding advances received from presales of the units in Ege Perla Mixed Use Project, Manzara Adalar Project and İnistanbul Project constitutes the 35%.



Income Statement

| TL, mn | Jan.-Mar.2016 | Jan.-Mar.2015 |
|-----------------------------------------------|---------------|---------------|
| Sales Revenue | 51,9 | 34,9 |
| Cost of Sales | -4,9 | -6,7 |
| Gross Profit/Loss | 47,0 | 28,2 |
| General Administrative Expenses | -5,0 | -4,9 |
| Marketing, Sales and Distribution Expenses | -2,7 | -3,8 |
| Other Operating Income | 12,0 | 9,5 |
| Other Operating Expense | | -5,0 |
| Operating Profit/Loss | 51,2 | 24,1 |
| Share of Profit of Equity-Accounted Investees | 0,1 | 0,3 |
| Operating Profit Before Finance Expense | 51,3 | 24,4 |
| Finance Expense | -1,0 | -15,0 |
| Profit Before Tax | 50,3 | 9,4 |
| Tax Expense | - | - |
| Net Profit for the Period | 50,3 | 9,4 |



Income Statement

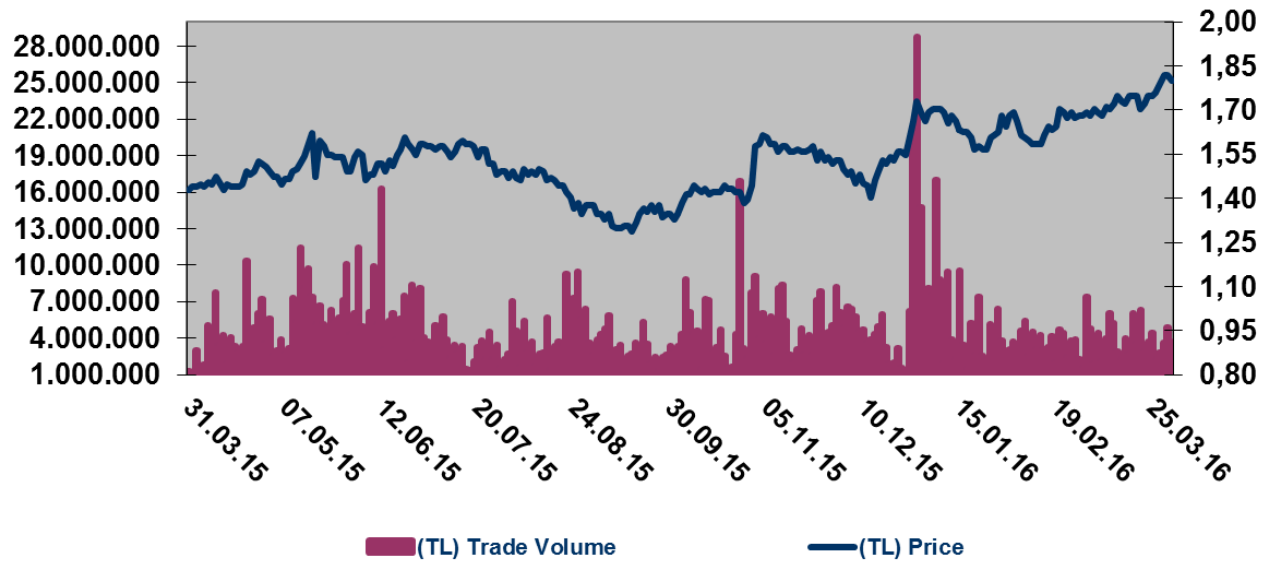
| Financials (TL, mn) | Jan.-Mar.2016 | Jan.-Mar.2015 |
|---------------------------------------------------|---------------|---------------|
| Sales Revenue | 51,9 | 34,9 |
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| Gross Profit/Losses | 47,0 | 28,2 |
| <i>General Administrative Expenses</i> | -5,0 | -4,9 |
| <i>Marketing, Sales and Distribution Expenses</i> | -2,7 | -3,8 |
| <i>Other Operating Income</i> | 12,0 | 9,5 |
| <i>Other Operating Expense</i> | 0,0 | -5,0 |
| EBIT | 51,2 | 24,1 |
| Net Period Income | 50,3 | 9,4 |
| Gross Margin | 91% | 81% |
| EBIT Margin | 99% | 69% |
| Net Margin | 97% | 27% |



STOCK PERFORMANCE



Price- Trade Volume



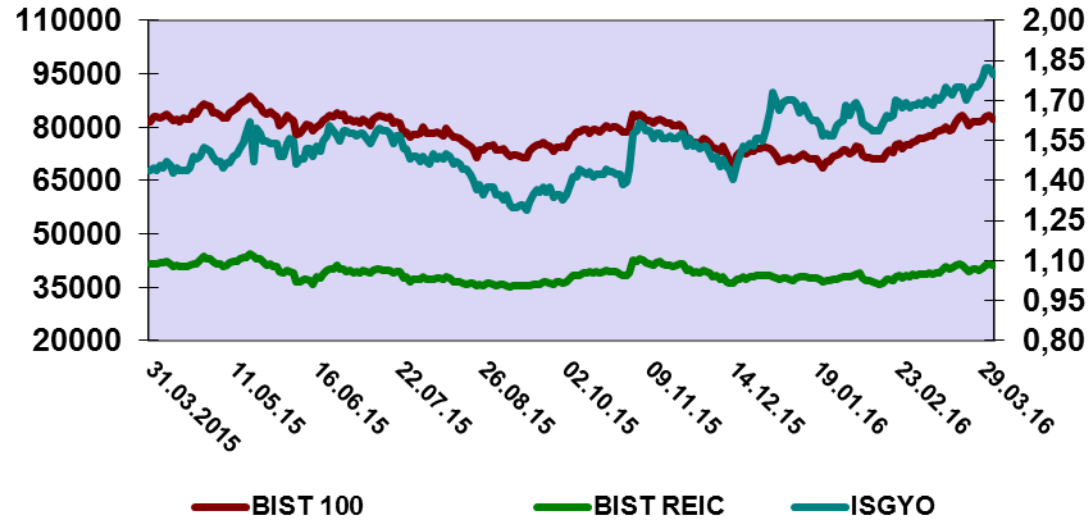
| ISGYO | Average Daily Trade Volume | Price change in TL terms |
|---------|----------------------------|--------------------------|
| 2015 | TL 5,7 mn | 42% |
| 2016 1Q | TL 4,4 mn | 8% |



Stock Price vs. Index Performance



BIST 100 & BIST REIC Index, ISGYO



| Stock Price& Performance as of 31.03.2016 | | | |
|-------------------------------------------|--------|--------|--------|
| | 1 year | 3 year | 5 year |
| ISGYO | 27% | 71% | 113% |
| BIST REIC | 3% | 3% | -1% |
| BIST 100 | 3% | -3% | 29% |



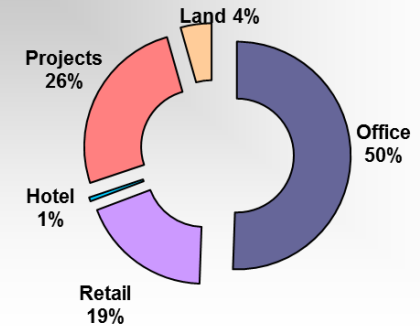
REAL ESTATE PORTFOLIO



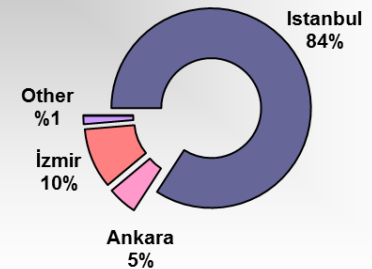
Appraisal Value of the Real Estate Portfolio

| Property Name | Appraisal Value TL mn | % |
|--------------------------------|-----------------------|-------------|
| Real Estate Projects | 1.044,9 | 26% |
| TUTOM | 760,4 | 19% |
| Is Towers II&III | 651,3 | 16% |
| Kanyon Shopping Center | 440,0 | 11% |
| Tuzla Office&Retail | 270,1 | 7% |
| Lands | 178,3 | 4% |
| Ankara Is Tower | 118,0 | 3% |
| Marmara Park Shopping Center | 130,0 | 3% |
| Real Hypermarket Building | 95,0 | 2% |
| Maslak Building | 94,0 | 2% |
| Kule Carsi Shopping Center | 48,8 | 1% |
| Office Lamartine | 46,5 | 1% |
| Ankara-Ulus Office Building | 40,3 | 1% |
| Sirkeci Office Building | 47,0 | 1% |
| Ankara-Kızılay Office Building | 34,9 | 1% |
| Kapadokya Lodge Hotel | 22,9 | 1% |
| Antalya Office Building | 19,6 | 0% |
| Other | 13,8 | 0% |
| Total | 4.055,8 | 100% |

Real Estate Portfolio in terms of Type



Real Estate Portfolio in terms of Region



Investment Models of the Rental Portfolio



Developed By ISGYO

İş Towers Complex(2000)

Office Lamartine(2013)

Tuzla Offices and Retail(2015)

•Joint Venture

Kanyon Shopping Center(2006)

•Turn-key

Metro Hypmermarket(2007)

TUTOM(2015)

B.O.T Model

Marmara Park Shopping Center(2011)

Purchases&Disposals

Ankara İş Tower (1999)

Maslak Office Building(2001)

*Seven Seas Hotel(2001)**

*Kemer Imperial Hotel(2010)**

•Buy&Lease Back

Ulus, Kızılay and Antalya Offices (2004)

Sirkeci Office(2008)

*Güneşli Office(2008)**

Kapadokya Lodge Hotel(2010)

**Disposed from the portfolio.*

REGULATION HIGHLIGHTS



Real Estate Investment Companies (REICs) can 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.



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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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