

iş GYO



**İS REAL ESTATE
INVESTMENT COMPANY
30.09.2016**



ISGYO

- Established in 1999, by the strategic partnership of Isbank.
(Isbank is Turkey's biggest private bank established in 1924)
- ✓ The 3rd largest REIC in terms of Mcap with TL1.377 mn.

Sector Mcap

TL 24.354 mn

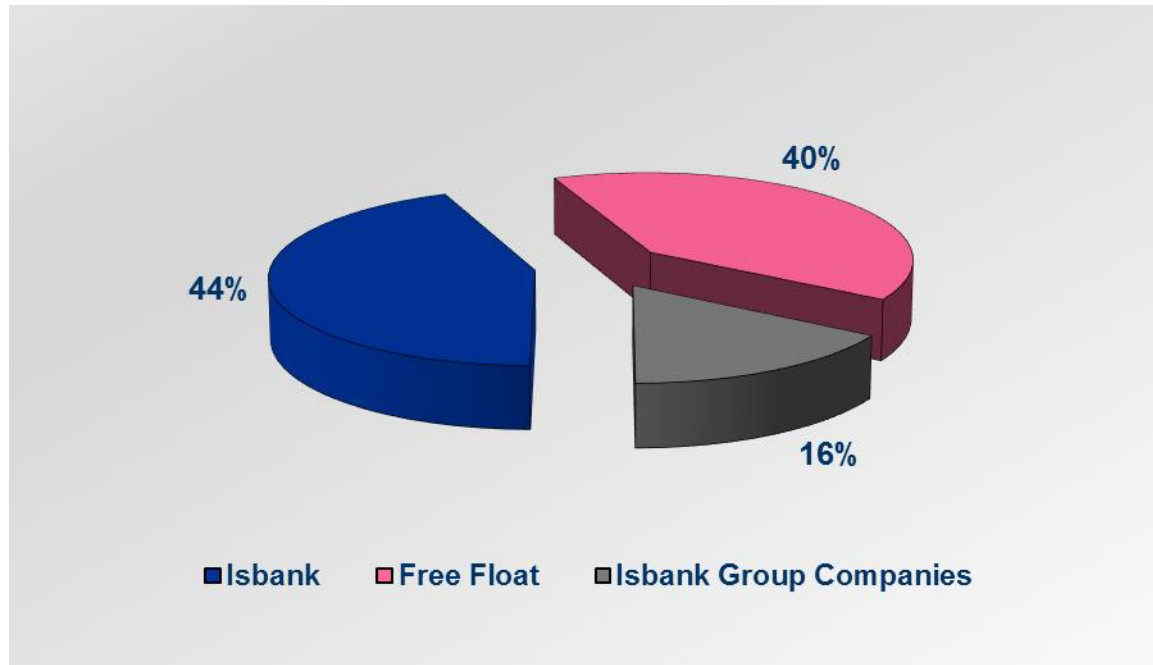
ISREIC

TL 1.377
mn

6%

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



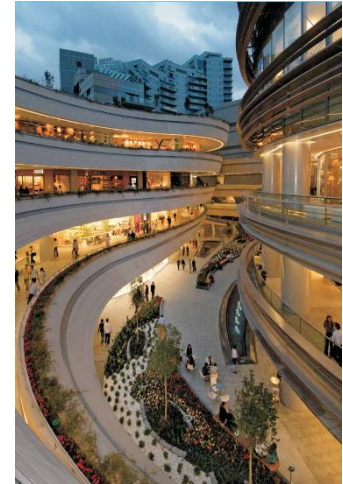
According to the Central Registry Agency of Turkey(MKK), as of 30.09.2016, the ratio of the shares in the free float is 48%. Based on this data, foreign holding ratio is 39% of the free float.

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.



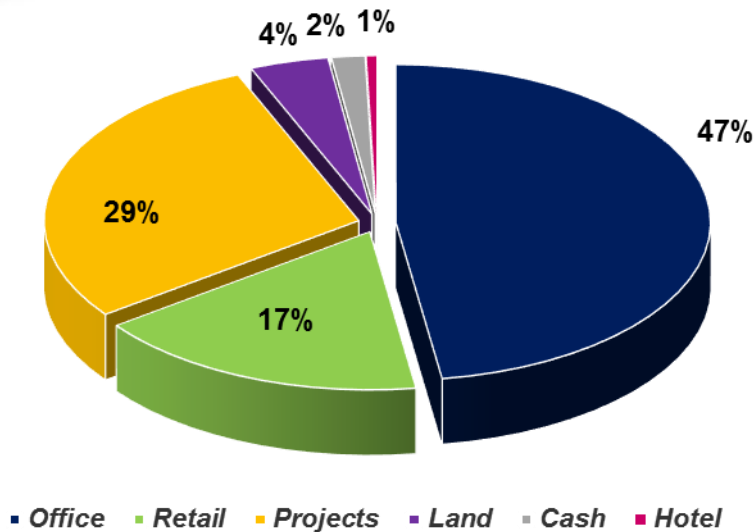
ISGYO PORTFOLIO



Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	4.339	98%
Money&Capital Market Instruments	76	2%
Total Portfolio Value	4.415	100%

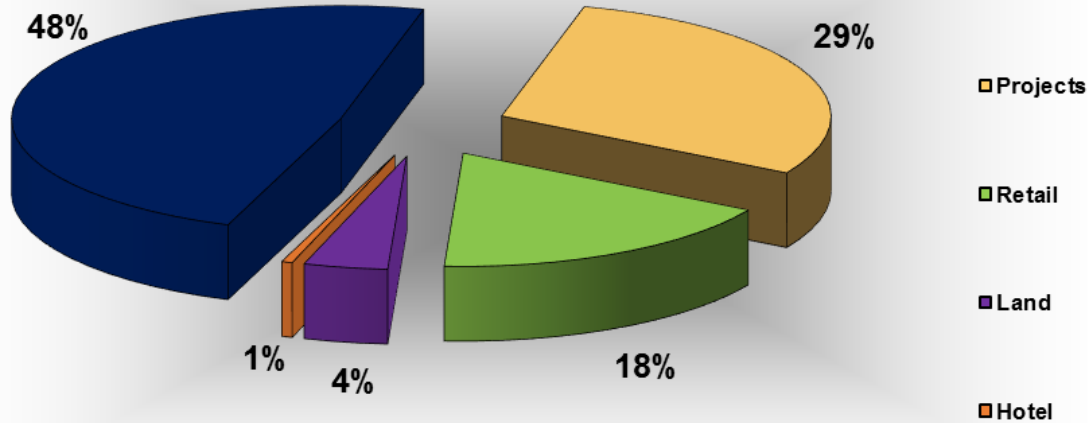


** Projects include Ege Perla Mixed Use, Manzara Adalar Mixed Use, IFC Mixed Use Project and İnistanbul Residential Project.*

Real Estate Portfolio Breakdown



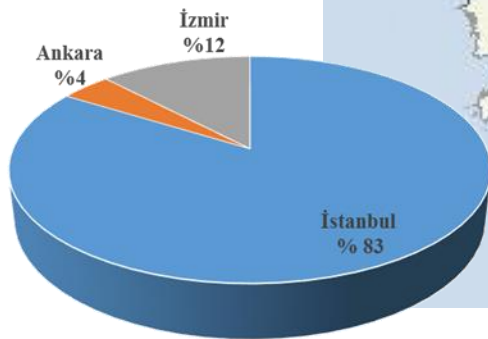
Real Estate Portfolio	TL mn
Office	2.104
Projects	1.274
Retail	760
Land	178
Hotel	23
TOTAL	4.339



RENT GENERATING ASSETS



ISGYO- Properties Map



Office Investments – Appraisal Values

➤ 70% of the rental portfolio is in office sector.

	TUTOM	İş Towers Tower 2	İş Towers Tower 3	Tuzla Office	Ankara İş Tower	Maslak Building	Office Lamartine
Appraisal Value	TL 806 mn	TL 330 mn	TL 321 mn	TL 246 mn	TL 118 mn	TL 94 mn	TL 47 mn

		Appraisal Value
Buy&lease back	Sirkeci O.B.	TL 47 mn
	Ankara Ulus O.B.	TL 40 mn
	Ankara Kızılay O.B.	TL 35 mn
	Antalya O.B.	TL 20 mn



Office Investments

Total Appraisal Value, TL mn 2.104



Office Investments – Rental Income

➤ *Almost 80% of the office investments generates rental income.*

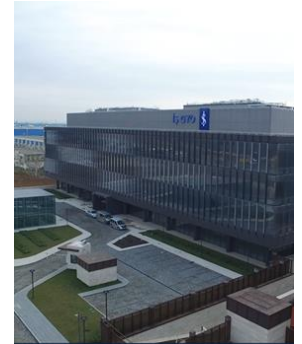
**Current Rental
Income
≈ TL 120 mn**

	TUTOM	İş Towers Tower 2*	Tuzla Office**	Maslak Building	Sirkeci O.B.	Ankara Ulus O.B.	Ankara Kızılay O.B.	Antalya O.B.	Office Lamartine	Ankara İş Tower***
Annual Rental Income	TL 61,5 mn	TL 25,6 mn	TL 14,5 mn*	TL 4,9 mn	TL 4,1 mn	TL 4 mn	TL 3,4 mn	TL 1,8 mn	TL 1,7 mn	TL 0,6 mn

*Şişecam moved to Tuzla Office from İş Tower 3 in September 2016 . Leasing activity of Tower 3 has started.

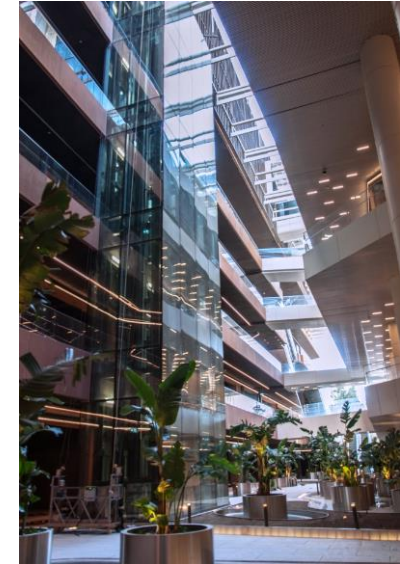
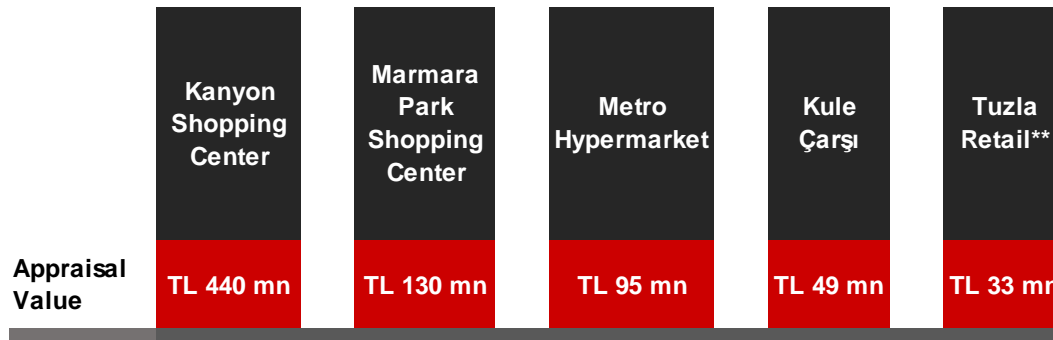
**Rent generation started in September 2016.

***BRSA has moved from Ankara İş Tower in May 2016, the rent represents annual rent of Isbank branch in the building.



Retail Investments - Appraisal Values

- 30% of the rental portfolio in retail sector.



Retail Investments

Total Appraisal Value, TL mn

760

Retail Investments - Rental Income



**Current Rental
Income
≈ TL 60 mn**

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

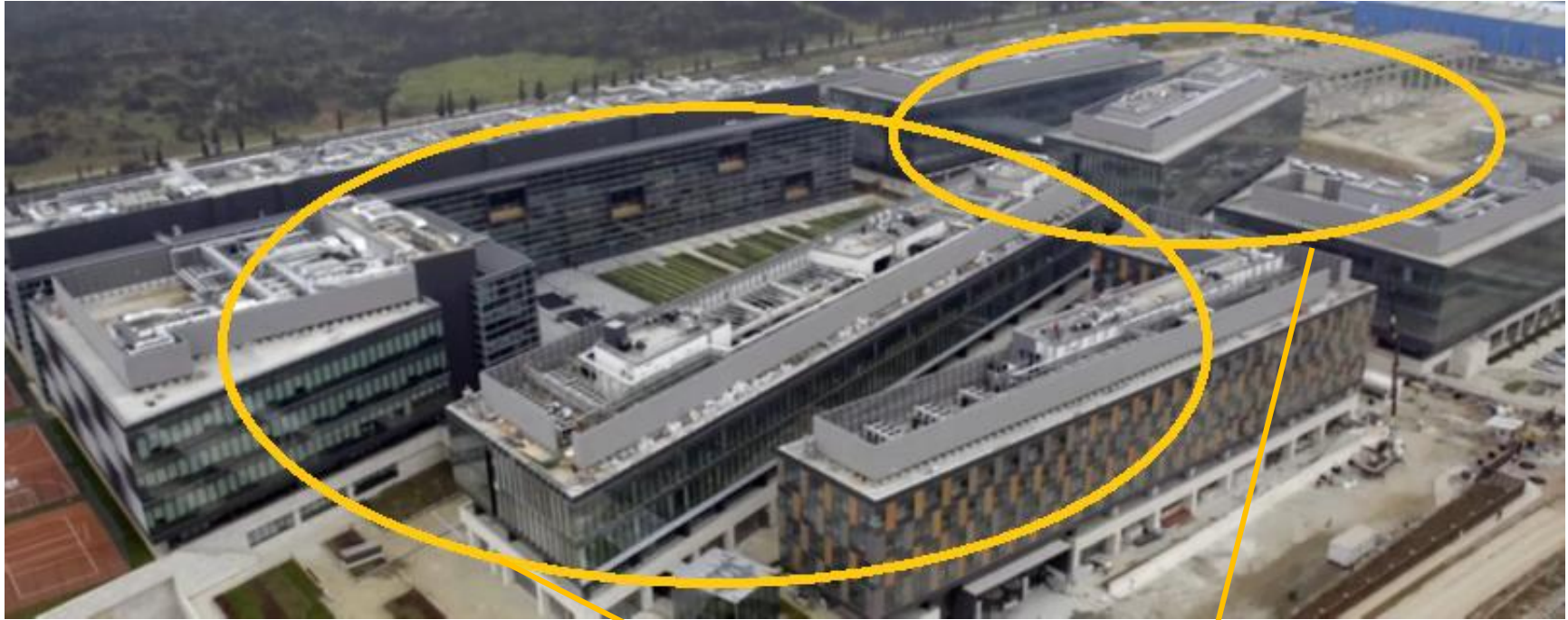


TUTOM&Tuzla Mixed Use



SOM

**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

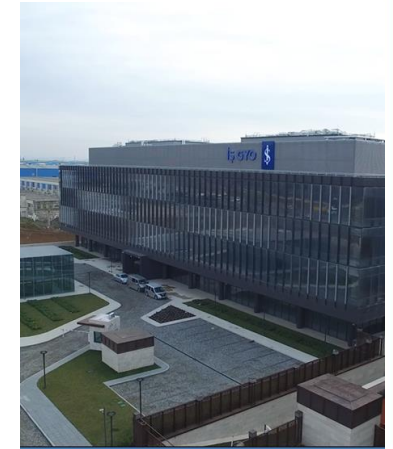
Investment model: Turnkey Project

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: 4Q2015

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: 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

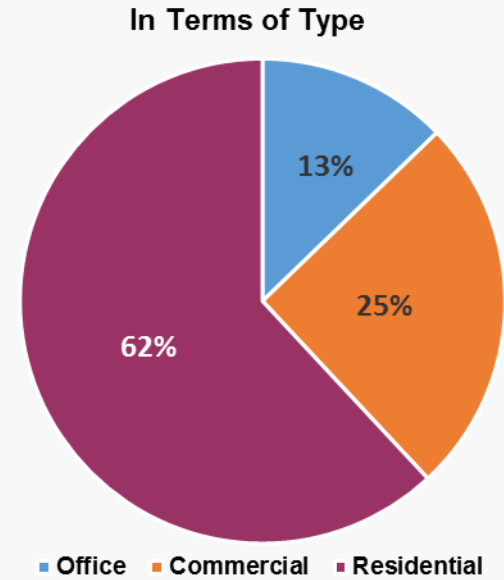
İnistanbul Residential

Istanbul Finance Center Project



Projects Under Development

Development Cost	TL Mn	%
Ege Perla Mixed Use Project	TL 405-415	22%
Manzara Adalar Mixed Use Project	TL 620-640	34%
İnistanbul Residential Project	TL 500-550	29%
Finance Center Project (IFC)	TL 270-280	15%
TOTAL	TL1.795-1.885	100%



EGE PERLA MIXED USE PROJECT



Ege Perla Mixed Use Project



Location : Konak, Izmir

Land area : 18.392 sqm



Estimated development cost : TL405-415 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



Projections⁽¹⁾ :

Residentials&Offices:

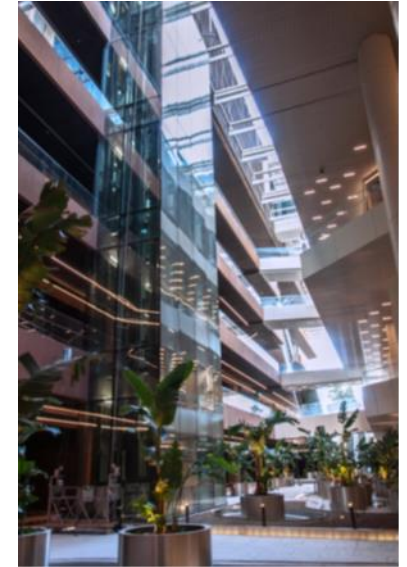
Total saleable area : 33.000 sqm

Shopping Center:

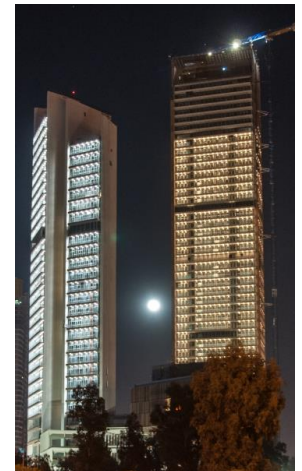
Total GLA \approx 22.000 sqm

Rental income : TL17-18 mn

¹ *The estimated figures.*



**Ege
Perla**





Ege
Perla

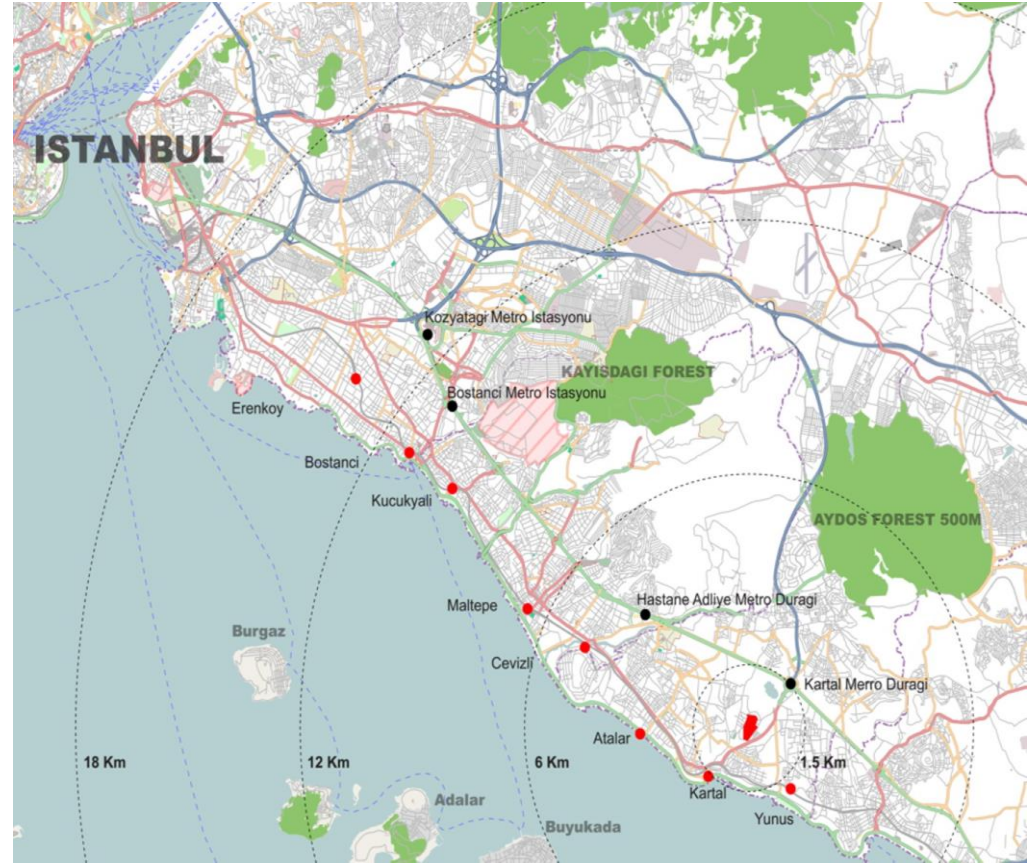
MANZARA ADALAR MIXED USE PROJECT





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) : TL620-640 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

Total leasable area : 50.000 sqm

Total Expected rental income(İSGYO's share) : TL24-26 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*: TL1,5-1,6 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

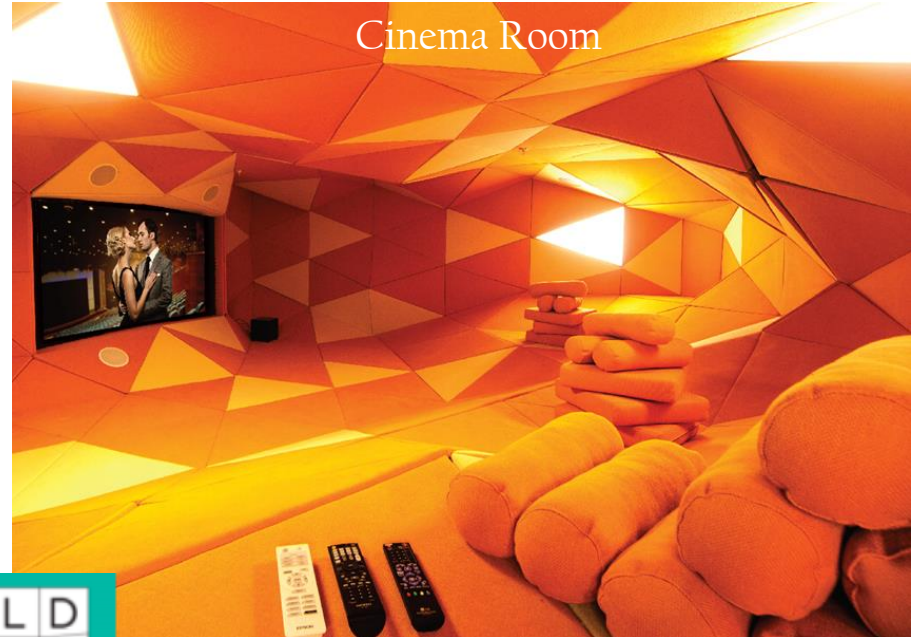
4th Project
İstanbul KONSEPT

İŞ GYO





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: TL270-280 mn



**Designed by*



Estimated saleable/leasable area : ≈ 32.000 sqm

Estimated rental Income : TL45-50 mn

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

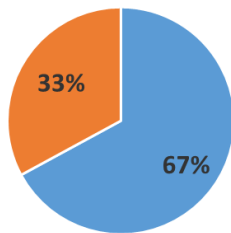


Debt & Cash Position for 9M2016

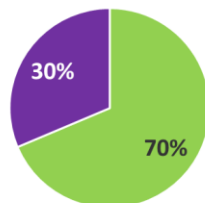
Bank Loans	Original Amount mn	Date of the Loan	Cost	Maturity	Outstanding Loan Original Amount mn	Outstanding Loan TL mn
Euro Loan	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 12,1	40,7 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$66,2	198,3 TL
TL Loans	473,0 TL	Dec.2013-Jan. 2016	11,75%-14,50%	4-6 year	399,1 TL	399,1 TL
TOTAL						638,2 TL

Bond Issues	Original Amount mn	Date of the Issue	Cost	Maturity	Outstanding Loan TL mn
Bond (3 rd Issue)	213,0 TL	April 2016	Benchmark+250 bps*	3 year	213,0 TL
Bond (4 th Issue)	100,0 TL	July 2016	Benchmark+250 bps	3 year	100,0 TL
TOTAL					313,0 TL

* The cost is fixed to 12,2% by using IRS transaction



■ bank loans ■ bonds



■ Fixed rates ■ Floating rates

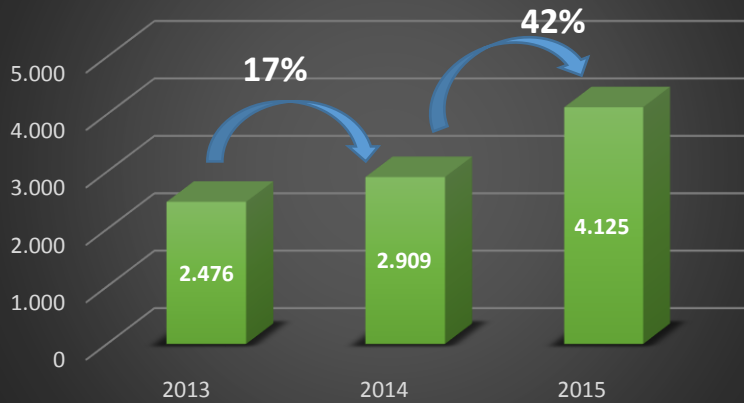
Cash, TL mn	76 TL
Total Financial Debt, TL mn	951 TL
Net Debt, TL mn	875 TL

iş GYO

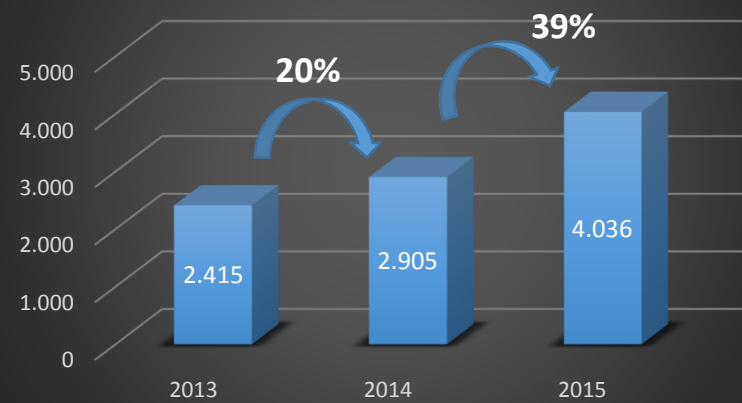




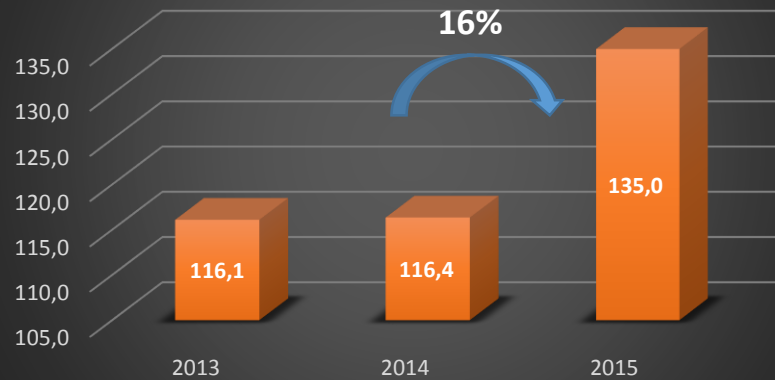
Total Assets TL mn



Total Portfolio TL mn



Rental Income TL mn



TL, mn	30.9.2016	31.12.2015	% Change
ASSETS	4.491,8	4.125,2	9%
<i>Current Assets</i>	<i>364,5</i>	<i>459,9</i>	<i>-21%</i>
<i>Long-term Assets</i>	<i>4.127,3</i>	<i>3.665,3</i>	<i>13%</i>
LIABILITIES	4.491,8	4.125,2	9%
<i>Short-term Liabilities</i>	<i>203,0</i>	<i>556,0</i>	<i>-63%</i>
<i>Long-term Liabilities</i>	<i>1.421,7</i>	<i>778,6</i>	<i>83%</i>
<i>Shareholders' Equity</i>	<i>2.867,1</i>	<i>2.790,6</i>	<i>3%</i>

Of the total Liabilities (Short&Long Term);

- the amount regarding the financial liabilities constitutes the 61%,
- the amount regarding advances received from presales of the units in Ege Perla Mixed Use Project, Manzara Adalar Project and İnistanbul Project constitutes the 33%.



Income Statement

TL, mn	Jan.-Sep. 2016	Jan.-Sep. 2015
Sales Revenue	309,0	179,9
Cost of Sales	-155,0	-55,5
Gross Profit/Loss	153,9	124,4
General Administrative Expenses	-14,4	-10,7
Marketing, Sales and Distribution Expenses	-17,9	-12,0
Other Operating Income	74,9	162,7
Other Operating Expense	-37,6	-18,1
Operating Profit/Loss	159,0	246,4
Share of Profit of Equity-Accounted Investees	0,6	-0,2
Operating Profit Before Finance Expense	159,6	246,2
Finance Expense	-30,9	-48,9
Profit Before Tax	128,7	197,3
Tax Expense	-	-
Net Profit for the Period	128,7	197,3



Income Statement

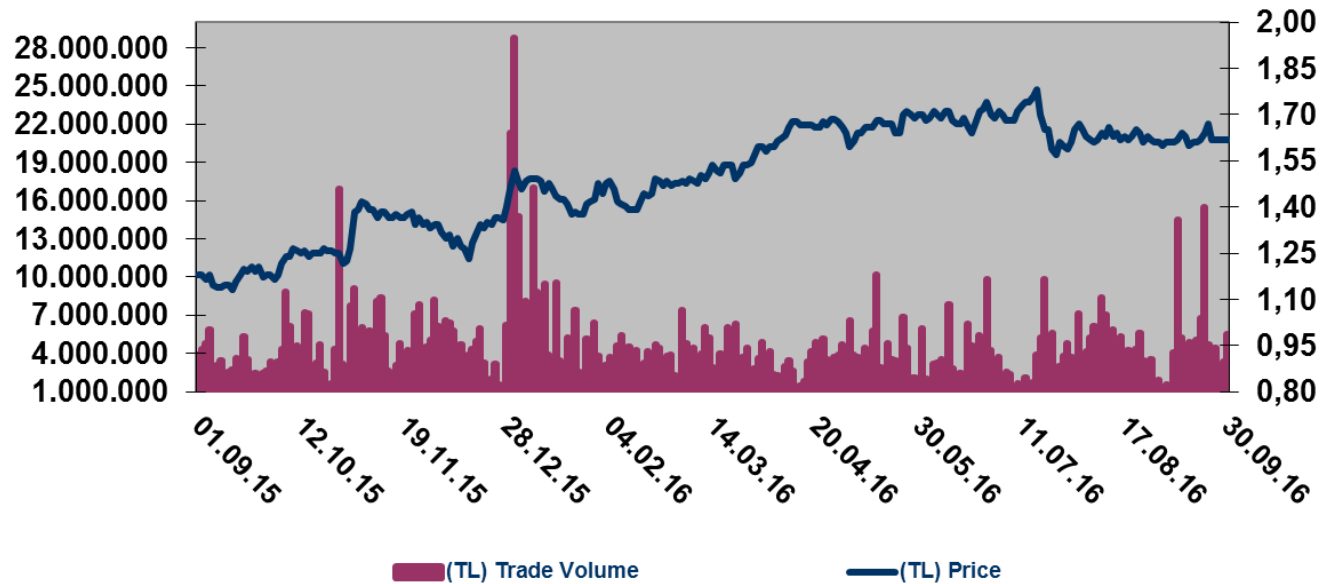
Financials (TL, mn)	Jan.-Sep. 2016	Jan.-Sep. 2015
Sales Revenue	309,0	179,9
Cost of Sales	-155,0	-55,5
Gross Profit/Losses	153,9	124,4
<i>General Administrative Expenses</i>	-14,4	-10,7
<i>Marketing, Sales and Distribution Expenses</i>	-17,9	-12,0
<i>Other Operating Income</i>	74,9	162,7
<i>Other Operating Expense</i>	-37,6	-18,1
EBIT	159,0	246,4
Net Period Income	128,7	197,3
Gross Margin	50%	69%
EBIT Margin	51%	137%
Net Margin	42%	110%



STOCK PERFORMANCE



Price- Trade Volume



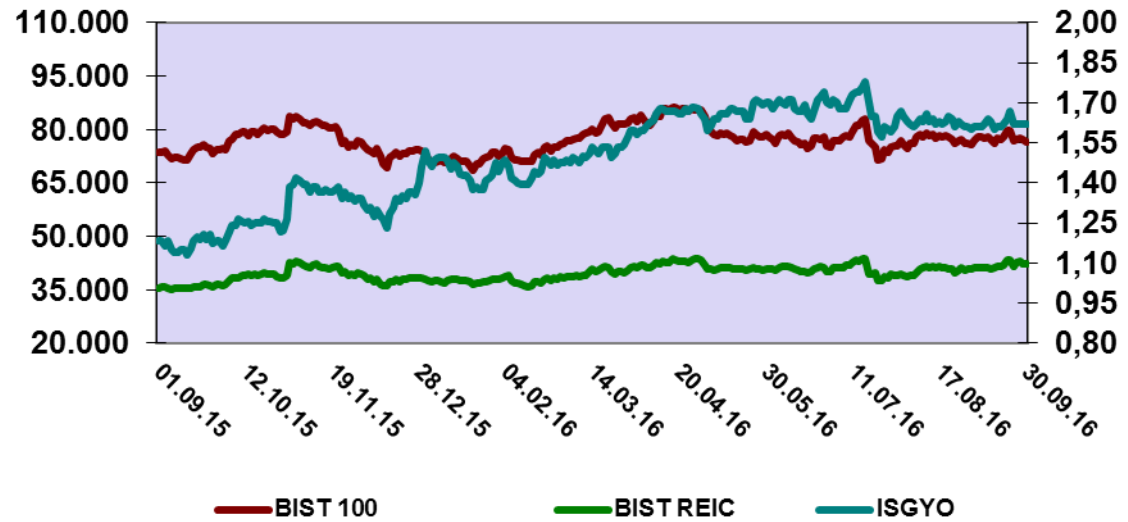
ISGYO	Average Daily Trade Volume	Price change in TL terms
2015	TL 5,6 mn	42%
2016	TL 4,1 mn	9%



Stock Price vs. Index Performance



BIST 100 & BIST REIC Index, ISGYO



Stock Price& Performance as of 30.09.2016			
	1 year	3 year	5 year
ISGYO	37%	86%	139%
BIST REIC	16%	18%	17%
BIST 100	3%	3%	28%



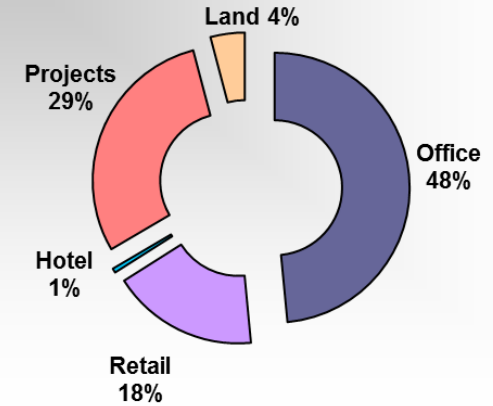
REAL ESTATE PORTFOLIO



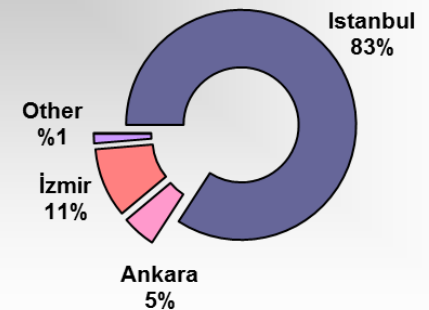
Appraisal Value of the Real Estate Portfolio

Property Name	Appraisal Value TL mn	%
Real Estate Projects	1.273,6	29%
TUTOM	805,8	19%
Is Towers II&III	651,3	15%
Kanyon Shopping Center	440,0	10%
Tuzla Office&Retail	279,1	6%
Lands	178,3	4%
Marmara Park Shopping Center	130,0	3%
Ankara Is Tower	118,0	3%
Metro 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%
Kapadokya Lodge Hotel	22,9	1%
Antalya Office Building	19,6	0%
Other	13,6	0%
Total	4.338,6	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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This presentation has been prepared in order to inform investors.

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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