

iş GYO



**İS REAL ESTATE  
INVESTMENT COMPANY  
30.09.2017**



## ISGYO

- Established in 1999, by the strategic partnership of Isbank.  
*(Isbank is Turkey's biggest private bank established in 1924)*
- ✓ The 5th largest REIC in terms of Mcap with TL1.252 mn.

### Sector Mcap

TL 25.817 mn

### ISREIC

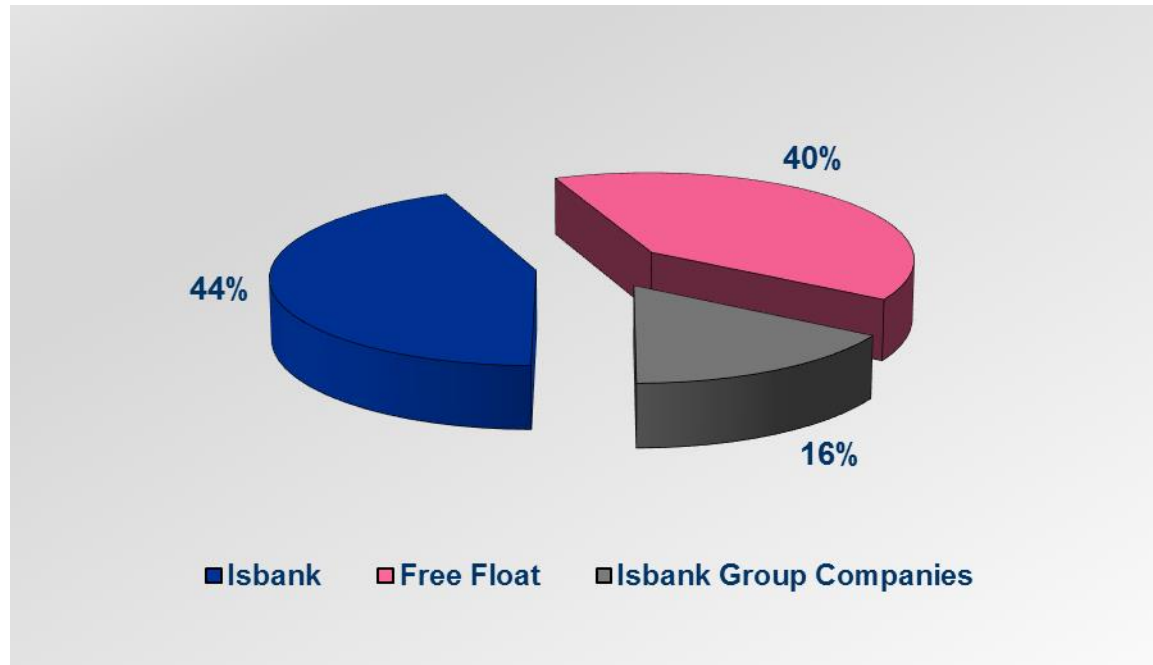
TL 1.252  
mn

5%

***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



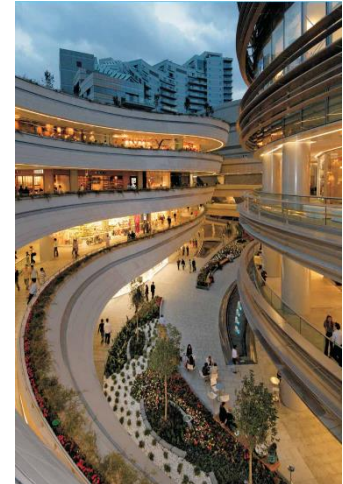
*\*15% of the capital is held by foreign investors.*

# 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.*



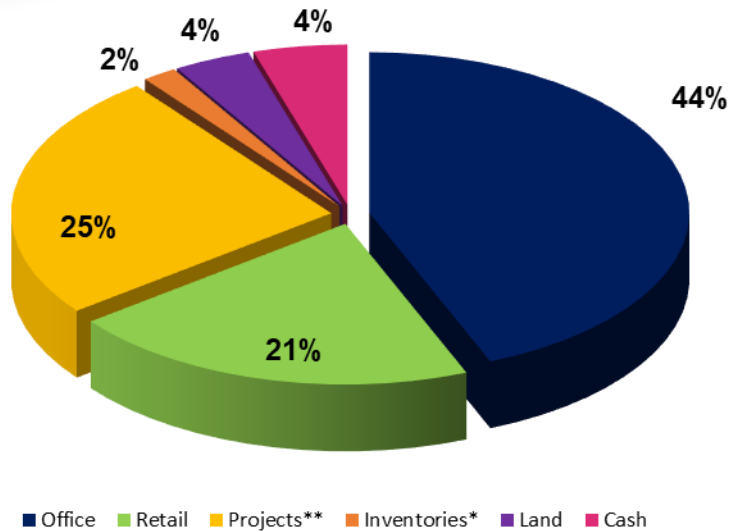
# ISGYO PORTFOLIO



# Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	4.758	96%
Money&Capital Market Instruments	204	4%
<b>Total Portfolio Value</b>	<b>4.962</b>	<b>100%</b>



*\*Inventories include offices and residential units on sale in Ege Perla.*

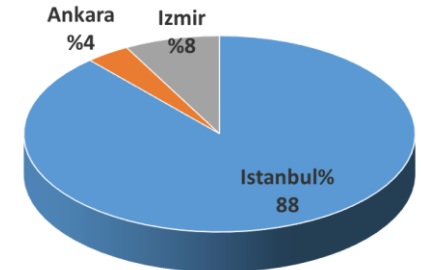
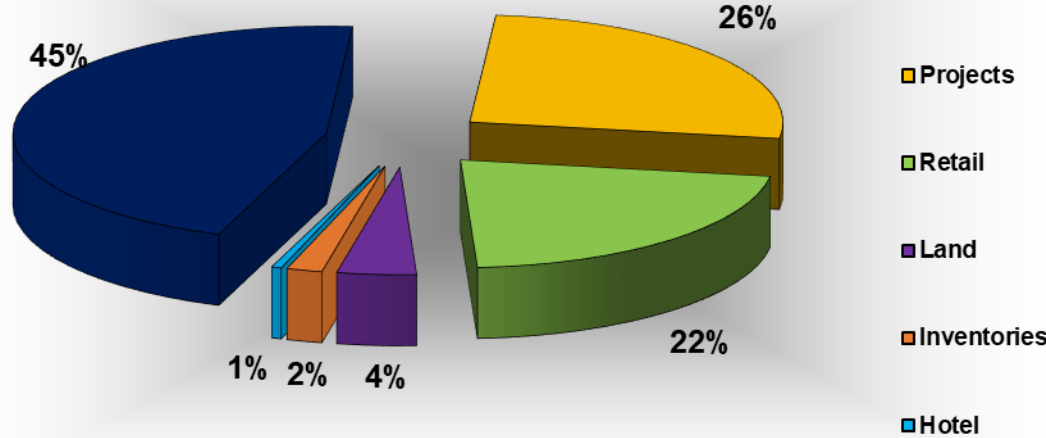
*\*\*Projects include Manzara Adalar Mixed Use Project, IFC Project and İstanbul Residential Project.*



# Real Estate Portfolio Breakdown



Real Estate Portfolio	TL mn
Office	2.178
Projects	1.242
Retail	1.032
Land	194
Inventories	87
Hotel	24
<b>TOTAL</b>	<b>4.758</b>



# RENT GENERATING ASSETS



# Office Investments – Appraisal Values

	TUTOM	İş Towers Tower 2	İş Towers Tower 3	Tuzla Office	Ankara İş Tower	Maslak Building	Office Lamartine	Ankara Ulus Office Building
Appraisal Value	TL 863 mn	TL 387 mn	TL 378 mn	TL 229 mn	TL 128 mn	TL 101 mn	TL 49 mn	TL 44 mn
% share in office investments	40%	18%	17%	11%	6%	5%	2%	2%

*\*Ankara Kızılay and Antalya Office Buildings were sold out in Q3, 2017*

## Office Investments

Total Appraisal Value, TL mn 2.178



# Office Investments – Rental Income

	TUTOM	İş Towers Tower 2	Tuzla Office	Maslak Building	Ankara Ulus O.B.	Office Lamartine
Annual Rental Income	TL 67,2 mn	TL 24,7 mn	TL 14,5 mn	TL 5,1 mn	TL 4,3 mn	TL 2,5 mn

A bracket underneath the table indicates the sum of all annual rental incomes.

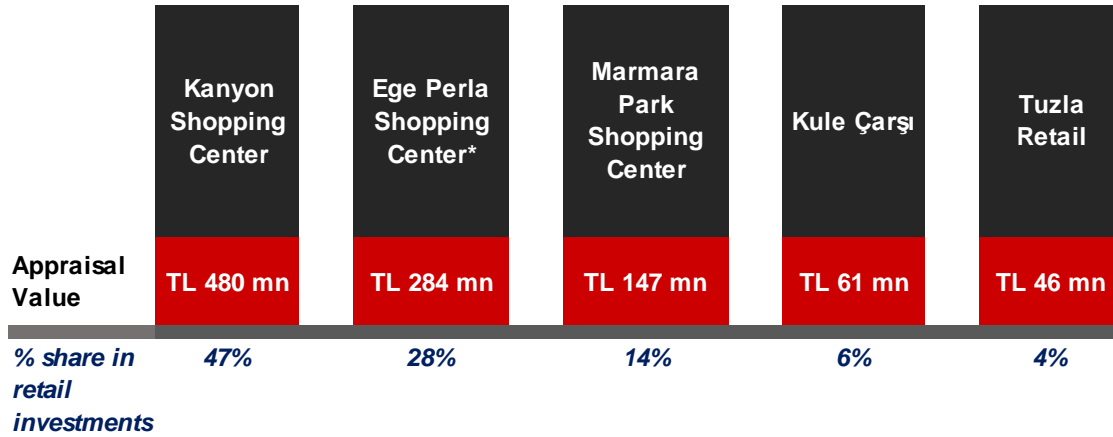


**Current Annual  
Rental Income  
≈ TL 118 mn**



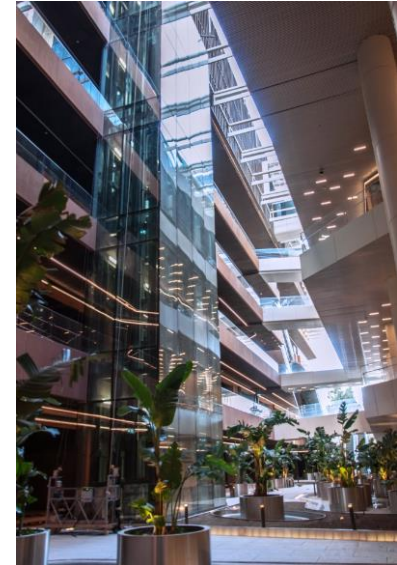


# Retail Investments - Appraisal Values



\*Ege Perla Shopping Center was opened in Sep.2017

\*\*Metro Hypermarket Building was sold out in Q3, 2017



## Retail Investments

Total Appraisal Value, TL mn

1.032

# Retail Investments - Rental Income



**Expected Annual  
Rental Income  
≈ TL 72 mn**

\* With the assumption of 100% occupancy.

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



# PROJECTS UNDER DEVELOPMENT





## **Projects Under Development**

**Manzara Adalar Mixed Use**

**İstanbul Residential**

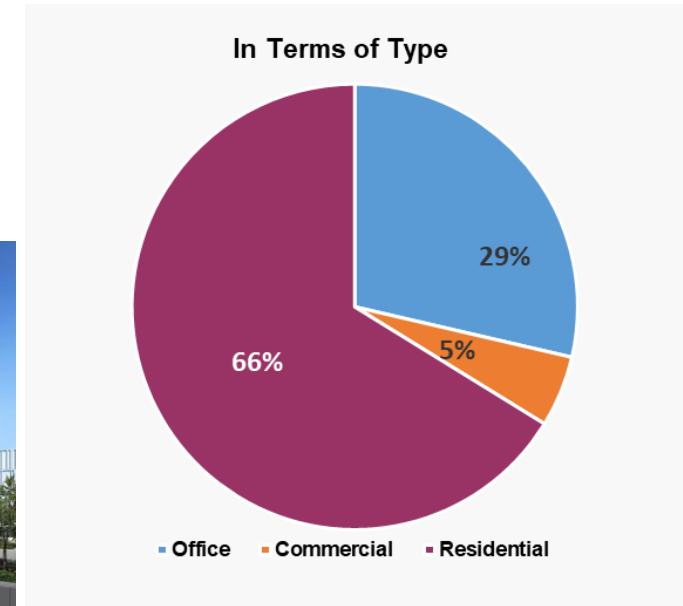
**Istanbul Finance Center Project**





# Projects Under Development

Development Cost	TL Mn	%
Manzara Adalar Mixed Use Project	TL 620-640	43%
İnistanbul Residential Project	TL 550-600	39%
Finance Center Project (IFC)	TL 260-280	18%
<b>TOTAL</b>	<b>TL1.430-1.520</b>	<b>100%</b>



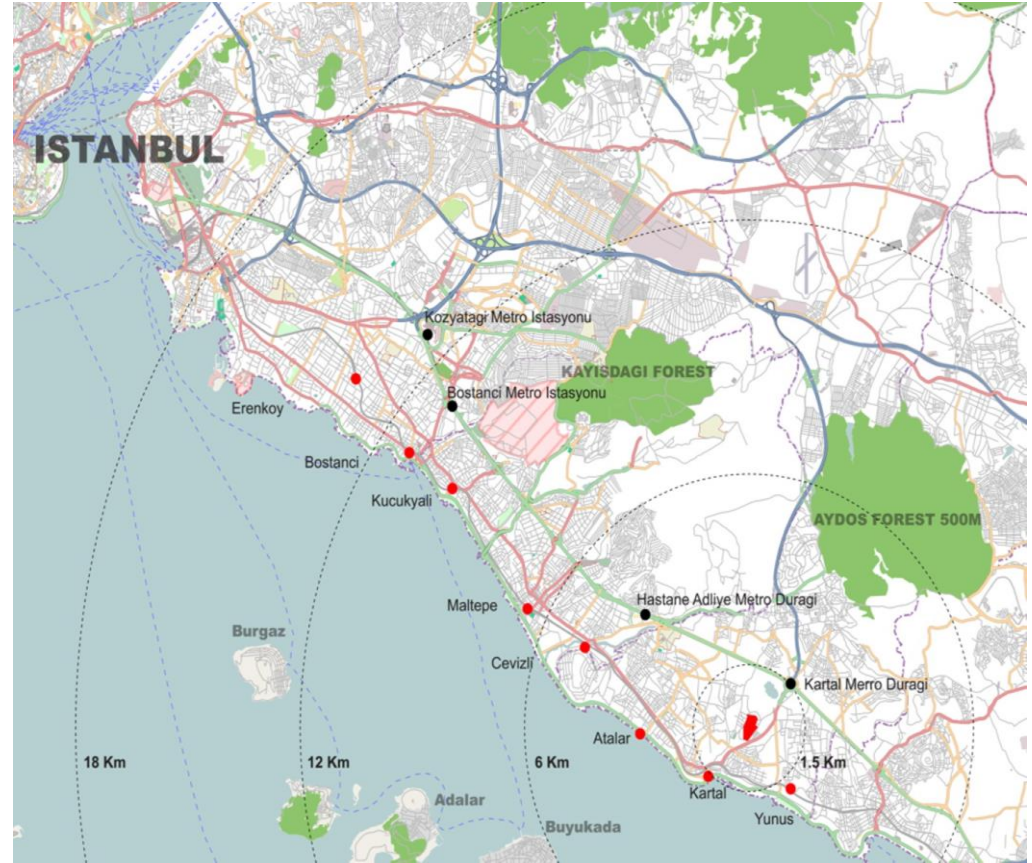
# MANZARA ADALAR MIXED USE PROJECT





## **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) :** TL620-640 mn

**Saleable area for residential :** 140.000 sqm

**Leasable area :** 49.000 sqm

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

**Location :** Kartal, Istanbul

**Investment model:** Revenue sharing model.

Revenues of the project is shared with the ex-land owner in return for the land.

**Project type :** Mixed use project



# Manzara Adalar - Projections



**Total leasable area : 49.000 sqm**

**Total Expected rental income(İSGYO's share) : TL16-17 mn**



MANZARA  
ADALARI



# 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.*

PERKINS+WILL



**Location :** Topkapı, İstanbul

**Acquisition date :** December, 2013

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

**Total development cost\*** : TL1,1-1,2 bn

**Total sales revenues\***: TL1,5-1,6 bn

**Total saleable area\***≈ 250.000 sqm

*\*Total figures.*

# İstanbul Residential Project



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

3<sup>rd</sup> Project  
**İstanbul HAYAT**

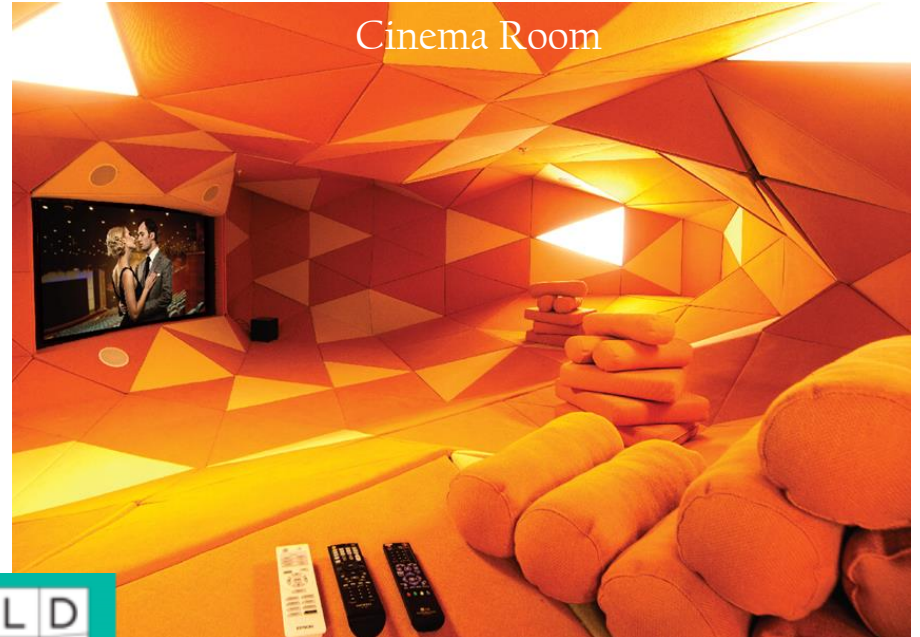
2<sup>nd</sup> Project  
**İstanbul LOKAL**

4<sup>th</sup> Project  
**İstanbul KONSEPT**





Basketball Court



Cinema Room



Guest Room



Music Room

# ISTANBUL FINANCE CENTER PROJECT (IFC Project)





**Location :** Atasehir, Istanbul

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

**Estimated development cost:** TL260-280 mn



**Estimated saleable/leasable area :**  $\approx 33.000$  sqm

**Estimated rental Income :** TL45-50 mn



*\*Designed by*



# PIPELINE PROJECTS





# Tuzla Residential Project



*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:** TL150 mn





**Location :** Kadikoy, Istanbul

**Acquisition date:** December, 2016

**Land area:** 9.043 sqm

**Investment Model:** ISGYO has 45% share in the project\*

**Project type:** A project comprising hotel and commercial area

**Land value of ISGYO's 45% share:** TL40 mn



# DIVIDEND PAYOUT







- 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*	2016
<b>Period Income according to IFRS</b>	53,2	60,4	61,1	67,0	65,5	247,9	328,4	555,9	420,5
<b>Period Income according to LR**</b>	55,0	48,7	47,9	58,3	63,8	99,3	71,3	131,5	155,2
<b>Cash Dividend</b>	22,5	22,5	22,5	30,0	30,0	31,5	47,6	52,2	63,8
<b>Dividend per share</b>	0,05	0,05	0,05	0,05	0,05	0,05	0,07	0,07	0,075
<b>Cash Dividend/ Period Income (LR**)</b>	41%	46%	47%	51%	47%	32%	67%	40%	41%

\*Period income adjusted according to the accounting policy change in 3Q2015.

2013, 2014, 2015 & 2016 period income includes capital gains related with investment property.

\*\*Legal Records(LR)

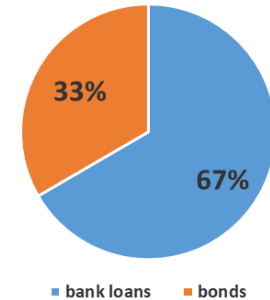
# DEBT & CASH POSITION



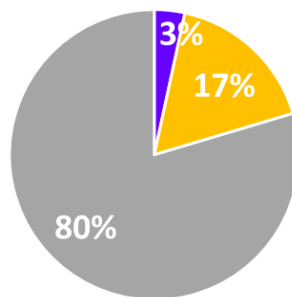
# Debt & Cash Position

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	€ 9,7	40,7 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$57,4	203,7 TL
TL Loan	593,0 TL	Dec.2013-May.2017	11,75% -15,10%	4-6 year	554,1 TL	554,1 TL
<b>TOTAL</b>						<b>798,5 TL</b>

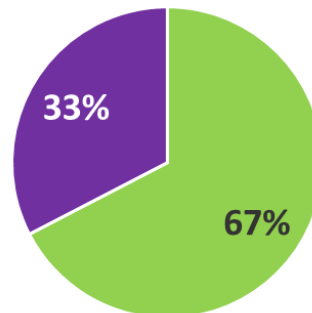
Bond Issues	Amount mn	Date of the Issue	Cost	Maturity
Bond	213,0 TL	Apr. 2016	Benchmark+250 bps*	3 year
Bond	100,0 TL	Jul. 2016	Benchmark+250 bps	3 year
Bond	87,0 TL	Oct. 2016	Benchmark+250 bps	3 year
<b>TOTAL</b>	<b>400,0 TL</b>			



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



■ Euro ■ Dolar ■ TL



■ Fixed rates ■ Floating rates

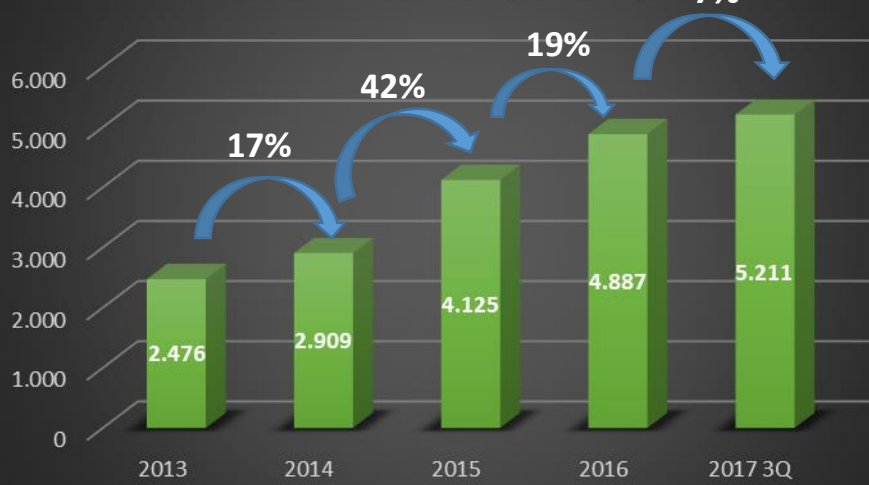
Cash, TL mn	204 TL
Total Financial Debt, TL mn**	1.218 TL
Net Debt, TL mn	1.014 TL

\*\*Including financial leases and other borrowings.

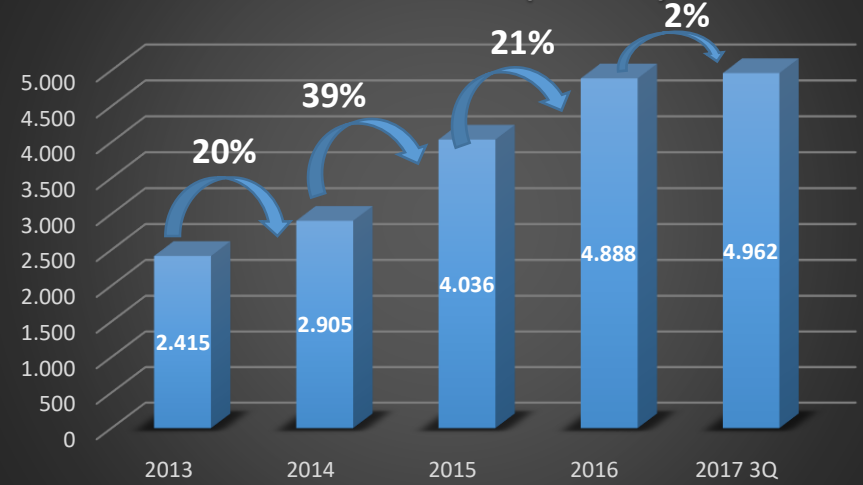




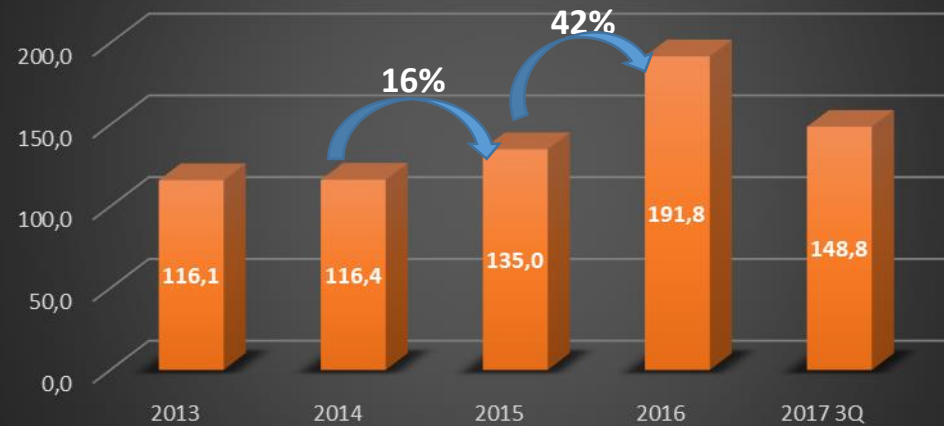
Total Assets (TL mn)



Total Portfolio (TL mn)



Rental Income (TL mn)



# Balance Sheet

TL, mn	30.09.2017	31.12.2016	% Change
<b>ASSETS</b>	<b>5.211,0</b>	<b>4.887,0</b>	<b>7%</b>
<i>Current Assets</i>	<i>764,8</i>	<i>323,0</i>	<i>137%</i>
<i>Long-term Assets</i>	<i>4.446,2</i>	<i>4.564,0</i>	<i>-3%</i>
<b>LIABILITIES</b>	<b>5.211,0</b>	<b>4.887,0</b>	<b>7%</b>
<i>Short-term Liabilities</i>	<i>514,4</i>	<i>188,5</i>	<i>173%</i>
<i>Long-term Liabilities</i>	<i>1.506,0</i>	<i>1.537,2</i>	<i>-2%</i>
<i>Shareholders' Equity</i>	<i>3.190,6</i>	<i>3.161,3</i>	<i>1%</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 Manzara Adalar Project and İnistanbul Project constitutes the 33%.



# Income Statement

TL, mn	Jan.-Sep. 2017	Jan.-Sep. 2016
Sales Revenue	369,5	309,0
Cost of Sales	-229,5	-155,0
Gross Profit/Loss	140,0	154,0
General Administrative Expenses	-16,3	-14,4
Marketing, Sales and Distribution Expenses	-9,6	-17,9
Other Operating Income	55,6	74,9
Other Operating Expense	-48,8	-37,6
Operating Profit/Loss	120,9	159,1
Share of Profit of Equity-Accounted Investees	0,8	0,6
Operating Profit Before Finance Expense	121,7	159,6
Finance Expense	-28,7	-30,9
Profit Before Tax	93,0	128,7
Tax Expense	-	-
Net Profit for the Period	93,0	128,7





# Income Statement

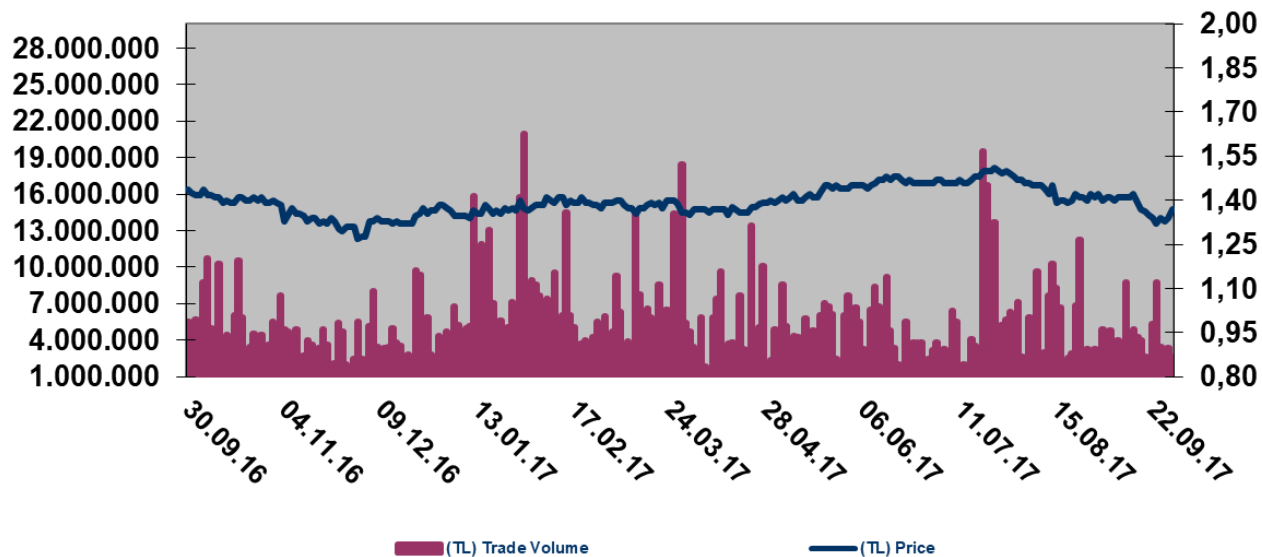
Financials (TL, mn)	Jan.-Sep. 2017	Jan.-Sep. 2016
<b>Sales Revenue</b>	369,5	309,0
Cost of Sales	-229,5	-155,0
<b>Gross Profit/Losses</b>	140,0	154,0
<i>General Administrative Expenses</i>	-16,3	-14,4
<i>Marketing, Sales and Distribution Expenses</i>	-9,6	-17,9
<i>Other Operating Income</i>	55,6	74,9
<i>Other Operating Expense</i>	-48,8	-37,6
<b>EBIT</b>	120,9	159,1
<b>Net Period Income</b>	93,0	128,7
<b>Gross Margin</b>	38%	50%
<b>EBIT Margin</b>	33%	51%
<b>Net Margin</b>	25%	42%



# STOCK PERFORMANCE



Price - Trade Volume



ISGYO	Average Daily Trade Volume	Price change in TL terms
2016	TL 4,1 mn	5%
2017	TL 5,4 mn	-1%

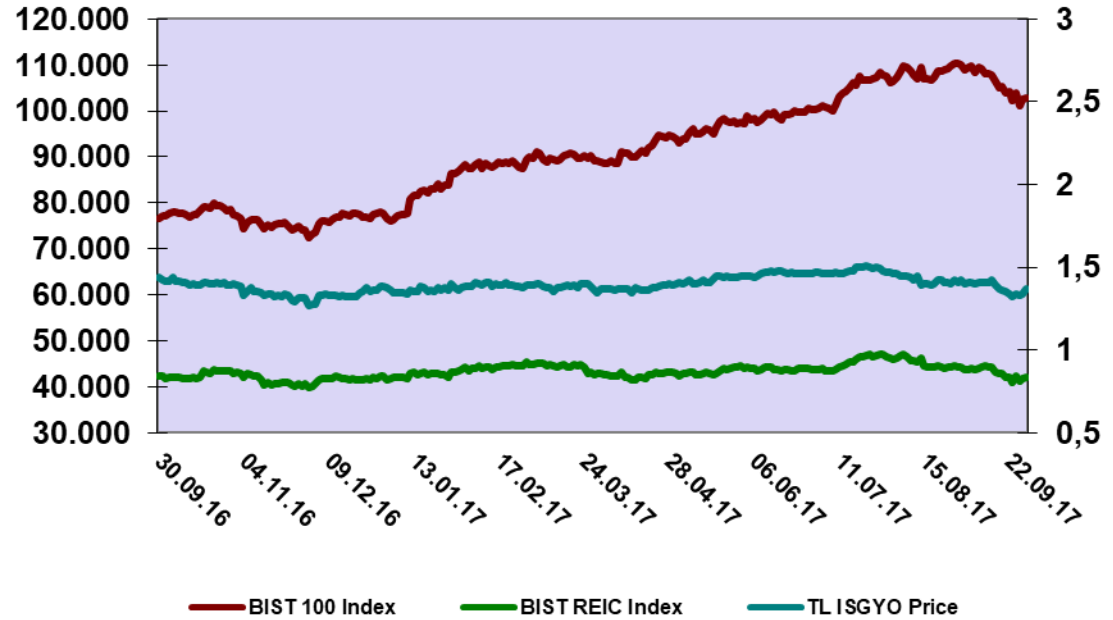




# Stock Price vs. Index Performance



## BIST 100 - BIST REIC Index & ISGYO



Stock Price& Performance as of 30.09.2017			
	1 year	3 year	5 year
BİST 100	11%	9%	57%
ISGYO	-4%	72%	162%
XGMYO	6%	21%	38%



# 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.





## CREDIT RATING

Short Term National Rating:  
**(TR) A1+**  
Outlook: Stable

Long Term National Rating:  
**(TR) AA**  
Outlook: Stable



## CORPORATE GOVERNANCE RATING

**93.41 (9,34)**





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