

iş GYO



**İS REAL ESTATE  
INVESTMENT COMPANY  
31.03.2017**



## 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 TL1.233 mn.

### Sector Mcap

TL 25.003 mn

ISREIC

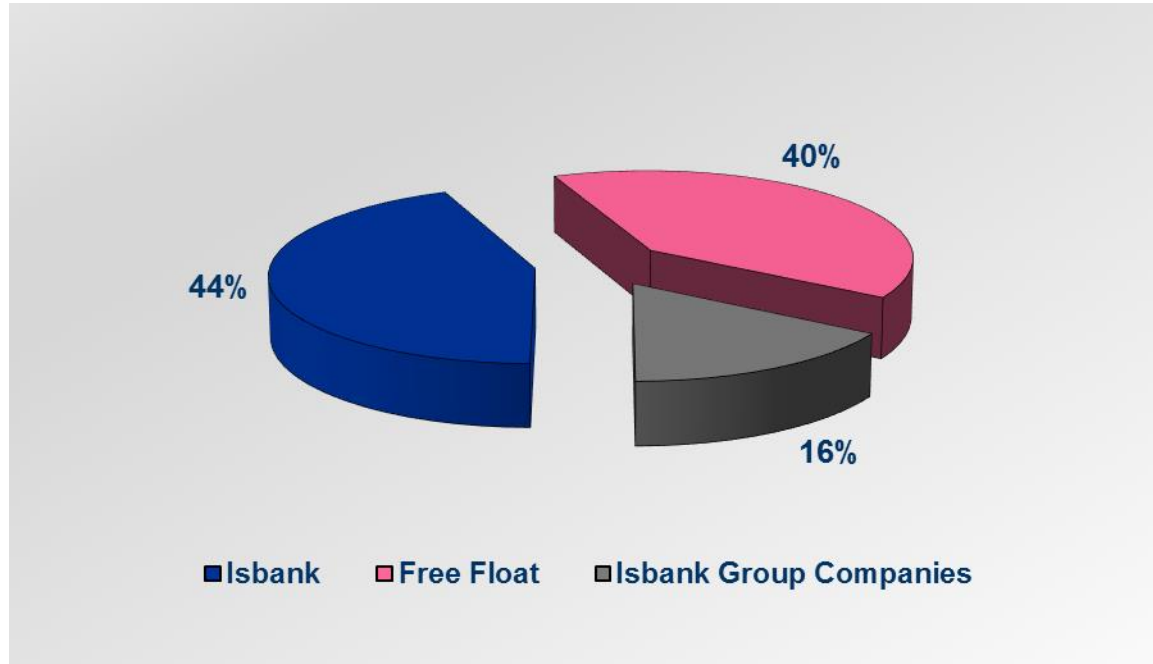
TL 1.233  
mn

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



*\*According to the Central Registry Agency of Turkey(MKK), as of 31.03.2017, the free float ratio is 47%. Based on this data, foreign holding ratio is 33% of the free float.*

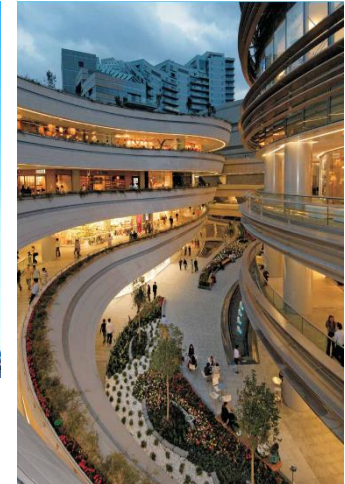
*\*\*16% of the paid capital is held by foreign investors.*

# 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.*



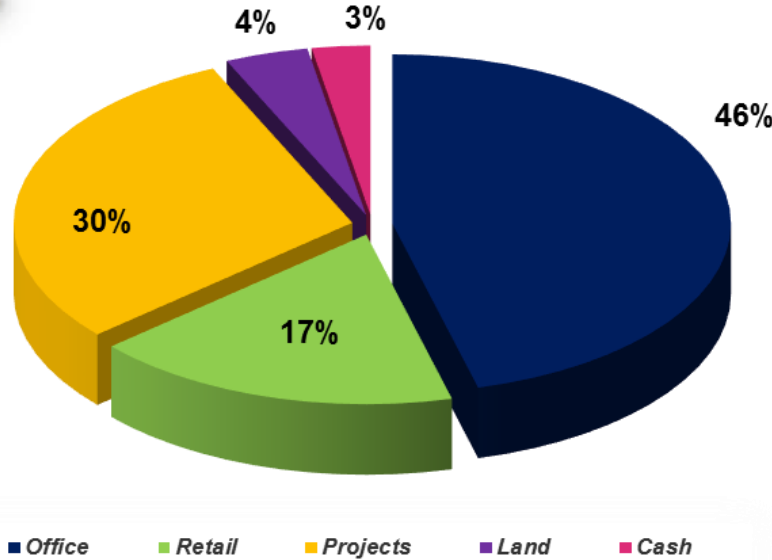
# ISGYO PORTFOLIO



# Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	4.763	97%
Money&Capital Market Instruments	136	3%
<b>Total Portfolio Value</b>	<b>4.899</b>	<b>100%</b>



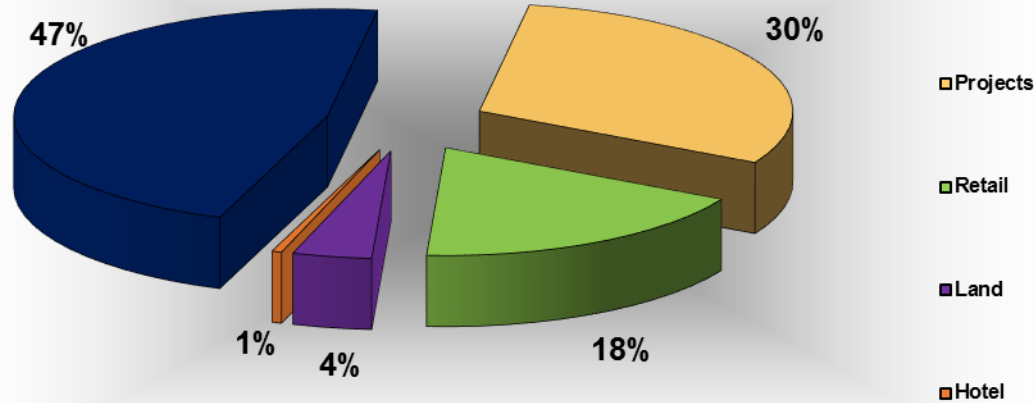
*\* Projects include Ege Perla Mixed Use, Manzara Adalar Mixed Use, IFC Mixed Use Project and İnistanbul Residential Project.*



# Real Estate Portfolio Breakdown



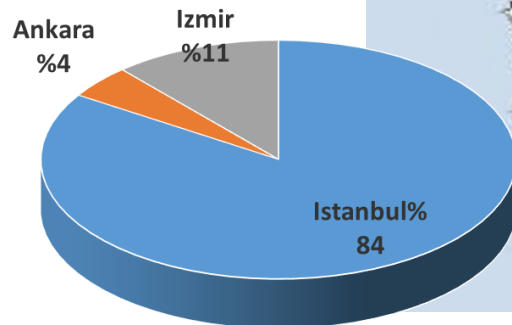
Real Estate Portfolio	TL mn
Office	2.239
Projects	1.447
Retail	859
Land	194
Hotel	24
<b>TOTAL</b>	<b>4.763</b>



# RENT GENERATING ASSETS



# İSGYO- Properties Map





# Office Investments – Appraisal Values

➤ 72% 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 863 mn	TL 387 mn	TL 378 mn	TL 229 mn	TL 128 mn	TL 101 mn	TL 49 mn

		Appraisal Value
Buy&lease back	Ankara Ulus O.B.	TL 44 mn
	Ankara Kızılay O.B.	TL 38 mn
	Antalya O.B.	TL 22 mn



## Office Investments

Total Appraisal Value, TL mn 2.239

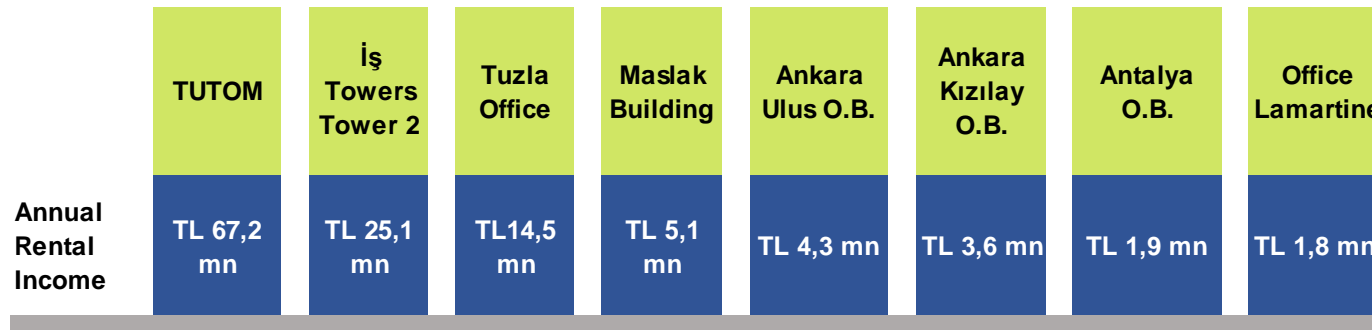




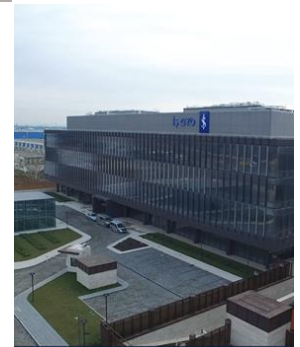
## Office Investments – Rental Income

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

**Current Rental  
Income  
≈ TL 125 mn**

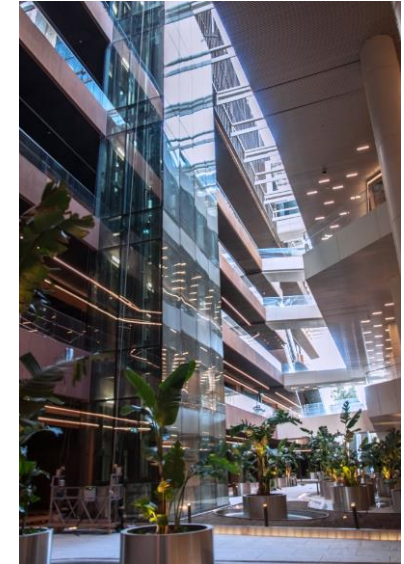
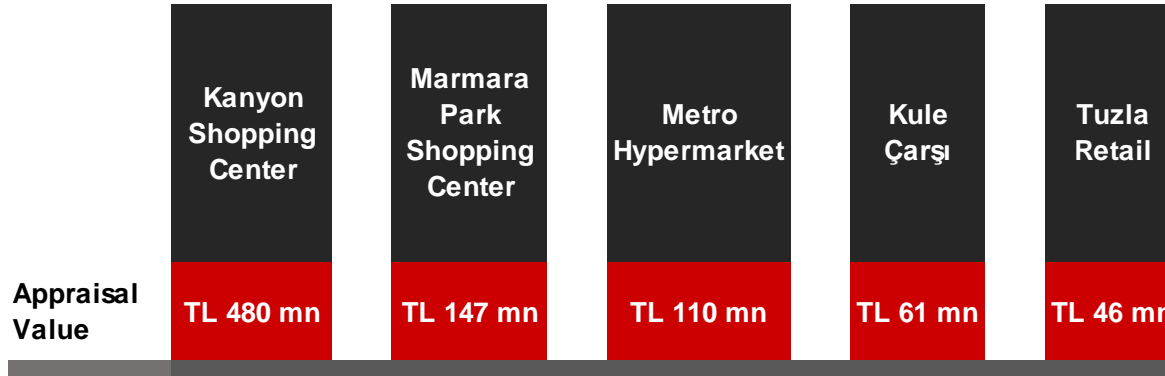


*\*Figures represent the annual rental income of office investments.*



# Retail Investments - Appraisal Values

- *28% of the rental portfolio in retail sector.*

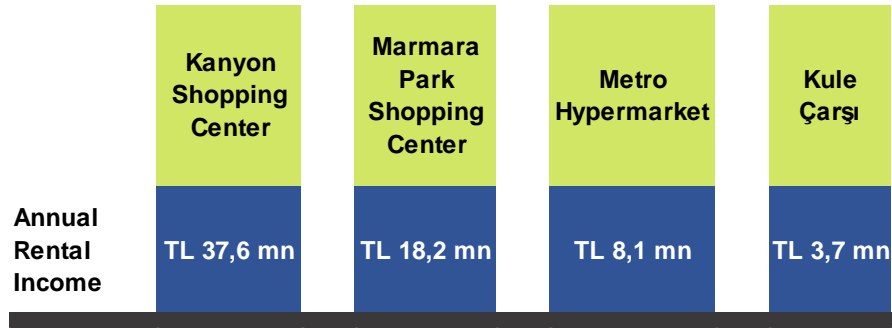


## Retail Investments

Total Appraisal Value, TL mn

859

# Retail Investments - Rental Income



**Current Rental  
Income  
≈ TL 68 mn**

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



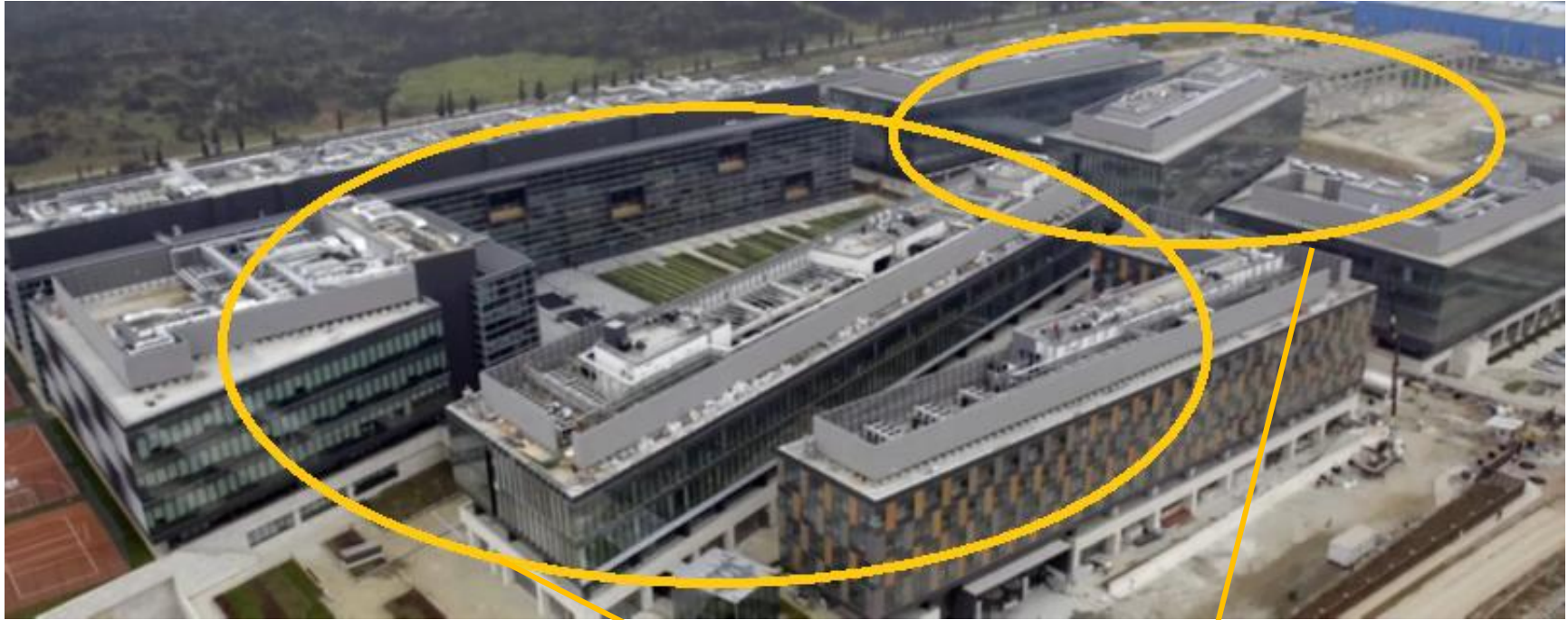
# *TUTOM&Tuzla Mixed Use*





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) and Tuzla Şişecam Office



## TUTOM

**Investment model:** Turnkey Project

**Total area:** 184.650 sqm

**Tenant:** ISBANK

**Annual rental income:** TL67,2 mn

**Duration:** 25 years



## Tuzla Şişecam Office

**Annual rental income:** TL14,5 mn

**Tenant:** *SISECAM*



# PROJECTS UNDER DEVELOPMENT







## **Projects Under Development**

**Ege Perla Mixed Use**

**Manzara Adalar Mixed Use**

**İnistanbul Residential**

**Istanbul Finance Center Project**



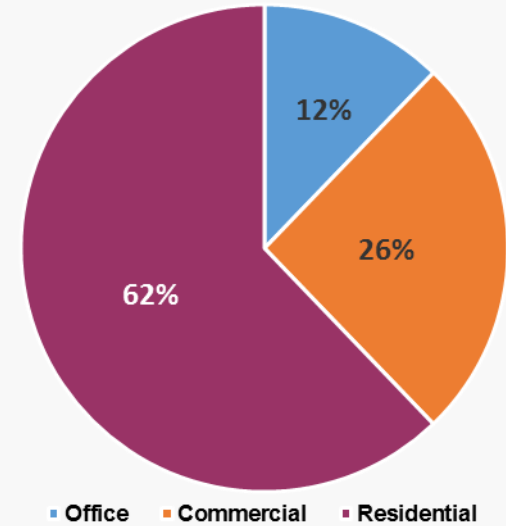


# Projects Under Development

Development Cost	TL Mn	%
Ege Perla Mixed Use Project	TL 450	23%
Manzara Adalar Mixed Use Project	TL 620-640	33%
İnistanbul Residential Project	TL 550-600	30%
Finance Center Project (IFC)	TL 260-280	14%
<b>TOTAL</b>	<b>TL1.880-1.970</b>	<b>100%</b>



In Terms of Type



# EGE PERLA MIXED USE PROJECT



# Ege Perla Mixed Use Project



**Location :** Konak, Izmir

**Land area :** 18.392 sqm



**Estimated development cost :** TL450 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<sup>(1)</sup> :

### **Residentials&Offices:**

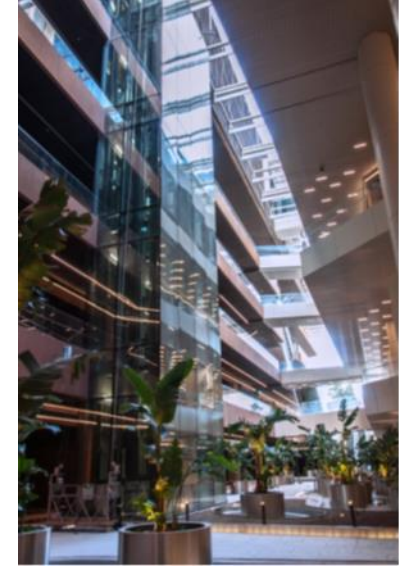
**Total saleable area :** 33.000 sqm

### **Shopping Center:**

**Total GLA** ≈ 23.500 sqm

**Rental income :** TL17-18 mn

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



Ege  
Perla





Ege  
Perla

# MANZARA ADALAR MIXED USE PROJECT

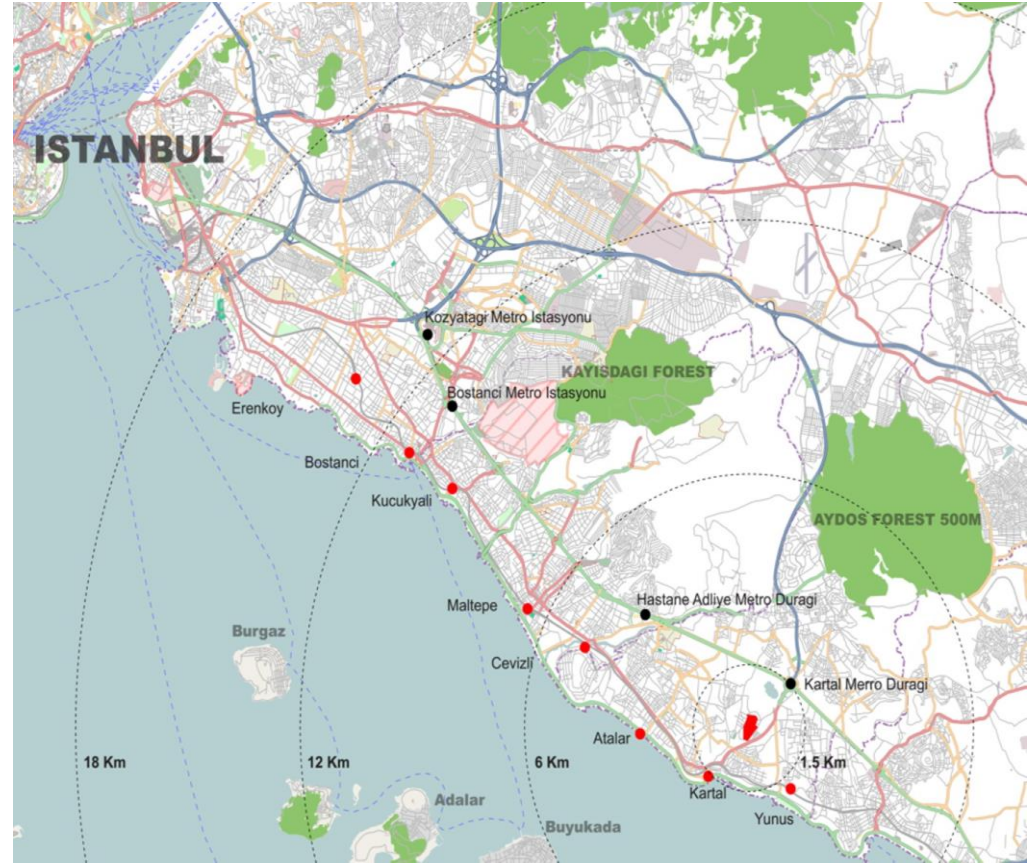






## **Kartal Region:**

- ✓ 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 <sup>(1)</sup>:

**Development cost (excluding land) :** TL620-640 mn

**Saleable area for residential :** 140.000 sqm

**Leasable area :** 50.000 sqm

<sup>1</sup> 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 leasable area :** 50.000 sqm

**Total Expected rental income(İSGYO's share) :** TL24-26 mn

**Total saleable area for residentials :** 140.000 sqm





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.*



**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**



**Number of total residential units  $\approx$  2.740**

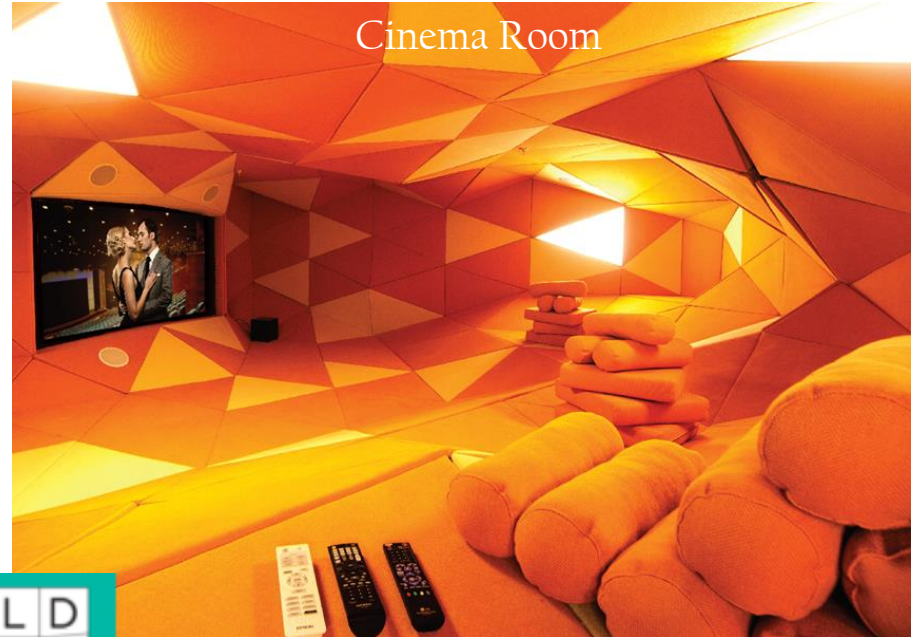
**Presales ratio: 87%**

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

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



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:** TL260-280 mn



*\*Designed by*



**Estimated saleable/leasable area :**  $\approx 32.000$  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:** TL150 mn

**İŞ GYO**





**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







- 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*	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

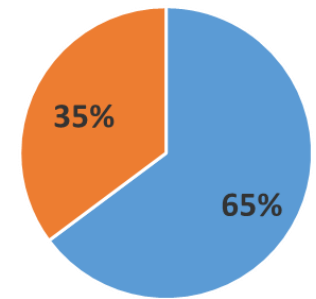


# Debt & Cash Position for 2017 1Q

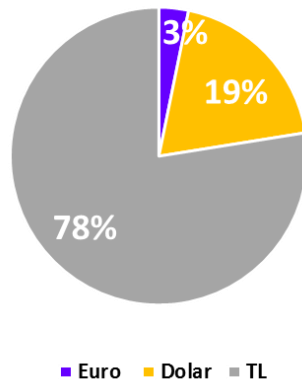
Bank Loans	Original Amount mn	Date of the Loan	Cost	Maturity	Outstanding Loan Original Amount mn	Outstanding Loan TL mn
Euro Loan	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 9,7	37,9 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$61,8	224,6 TL
TL Loan	593,0 TL	Dec.2013-Jan.2017	11,75% -14,50%	4-6 year	485,2 TL	485,2 TL
<b>TOTAL</b>						<b>747,7 TL</b>

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

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

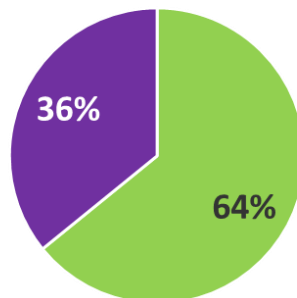


■ bank loans ■ bonds



■ Euro ■ Dolar ■ TL

Cash, TL mn	136 TL
Total Financial Debt, TL mn	1.148 TL
Net Debt, TL mn	1.012 TL



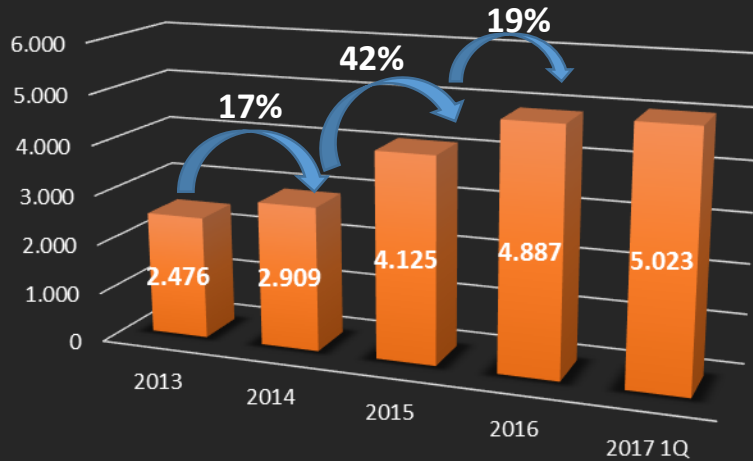
■ Fixed rates ■ Floating rates



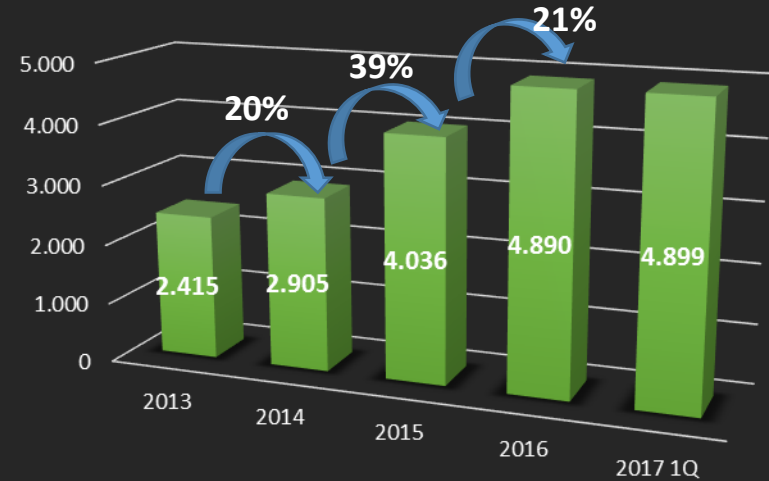


# Financials

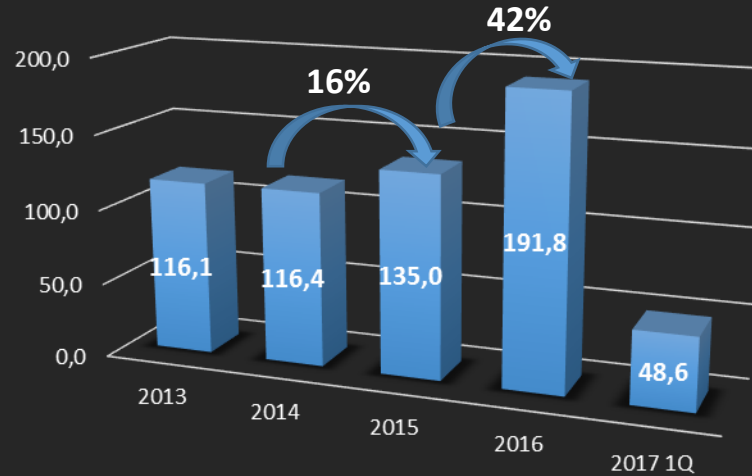
Total Assets TL mn



Total Portfolio TL mn



Rental Income TL mn



TL, mn	31.03.2017	31.12.2016	% Change
<b>ASSETS</b>	<b>5.023,2</b>	<b>4.887,0</b>	<b>3%</b>
<i>Current Assets</i>	<i>339,3</i>	<i>323,0</i>	<i>5%</i>
<i>Long-term Assets</i>	<i>4.684,0</i>	<i>4.564,0</i>	<i>3%</i>
<b>LIABILITIES</b>	<b>5.023,2</b>	<b>4.887,0</b>	<b>3%</b>
<i>Short-term Liabilities</i>	<i>248,4</i>	<i>188,5</i>	<i>32%</i>
<i>Long-term Liabilities</i>	<i>1.656,6</i>	<i>1.537,2</i>	<i>8%</i>
<i>Shareholders' Equity</i>	<i>3.118,2</i>	<i>3.161,3</i>	<i>-1%</i>

## Of the total Liabilities (Short&Long Term):

- the amount regarding the financial liabilities constitutes the 62%,
- the amount regarding advances received from presales of the units in Ege Perla Mixed Use Project, Manzara Adalar Project and İnistanbul Project constitutes the 32%.





# Income Statement

TL, mn	Jan.-Mar. 2017	Jan.-Mar. 2016
Sales Revenue	61,5	51,9
Cost of Sales	-14,5	-4,9
Gross Profit/Loss	47,0	47,0
General Administrative Expenses	-6,8	-5,0
Marketing, Sales and Distribution Expenses	-4,0	-2,7
Other Operating Income	0,5	12,0
Other Operating Expense	-	-
Operating Profit/Loss	36,8	51,3
Share of Profit of Equity-Accounted Investees	0,3	0,1
Operating Profit Before Finance Expense	37,1	51,3
Finance Expense	-16,5	-1,0
Profit Before Tax	20,6	50,3
Tax Expense	-	-
Net Profit for the Period	20,6	50,3



# Income Statement

Financials (TL, mn)	Jan.-Mar. 2017	Jan.-Mar. 2016
<b>Sales Revenue</b>	61,5	51,9
Cost of Sales	-14,5	-4,9
<b>Gross Profit/Losses</b>	47,0	47,0
<i>General Administrative Expenses</i>	-6,8	-5,0
<i>Marketing, Sales and Distribution Expenses</i>	-4,0	-2,7
<i>Other Operating Income</i>	0,5	12,0
<b>EBIT</b>	<b>36,8</b>	<b>51,3</b>
<b>Net Period Income</b>	<b>20,6</b>	<b>50,3</b>
<b>Gross Margin</b>	<b>76%</b>	<b>91%</b>
<b>EBIT Margin</b>	<b>60%</b>	<b>99%</b>
<b>Net Margin</b>	<b>33%</b>	<b>97%</b>

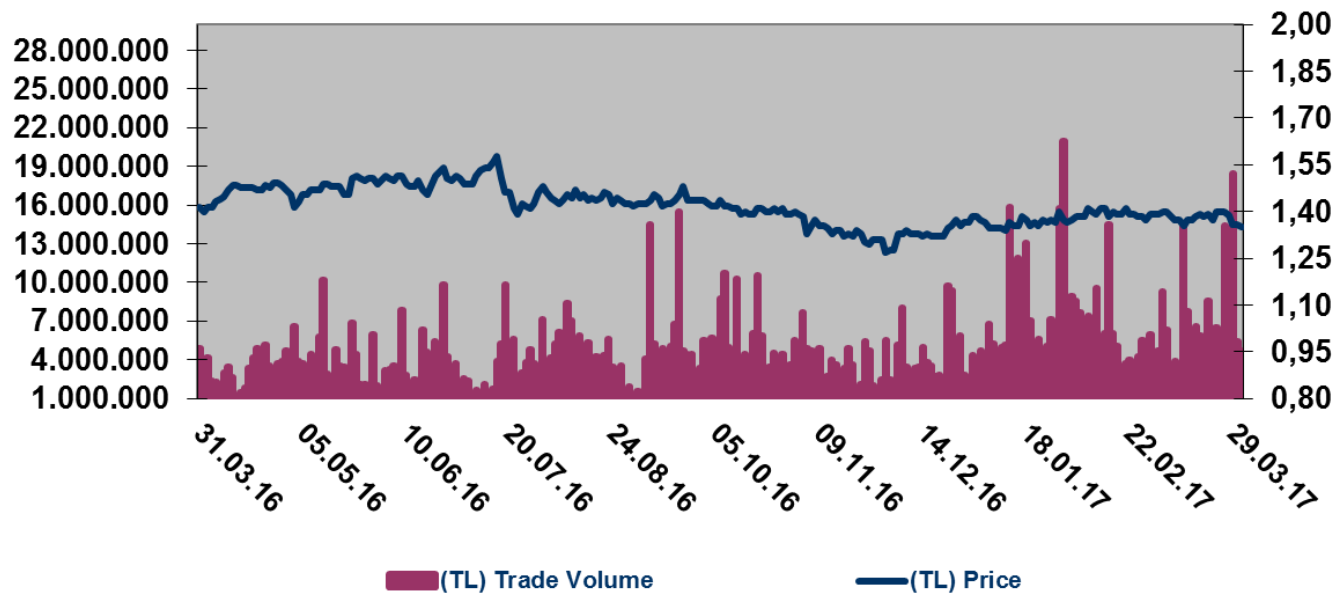


# STOCK PERFORMANCE





## Price - Trade Volume



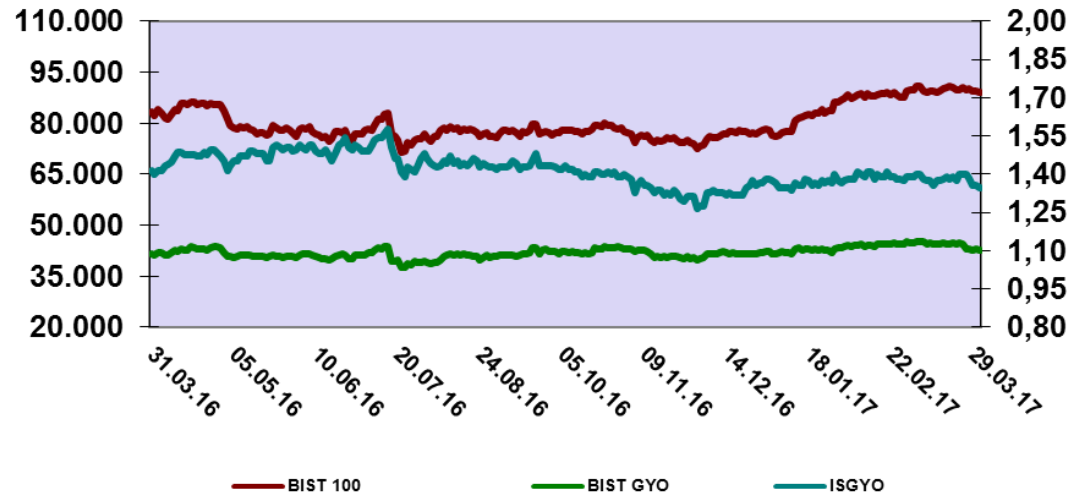
ISGYO	Average Daily Trade Volume	Price change in TL terms
2016	TL 4,1 mn	5%
2017	TL 6,6 mn	-2%



# Stock Price vs. Index Performance



BIST 100 - BIST REIC Index and ISGYO



Stock Price& Performance as of 31.03.2017			
	1 year	3 year	5 year
BİST 100	3%	15%	46%
ISGYO	-4%	65%	132%
XGMYO	3%	15%	25%



# REAL ESTATE PORTFOLIO

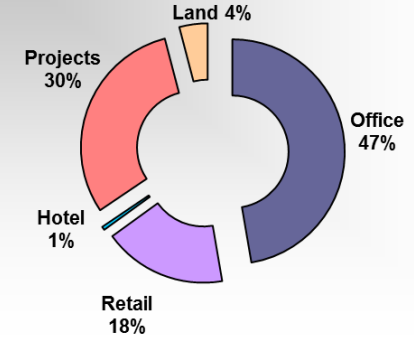




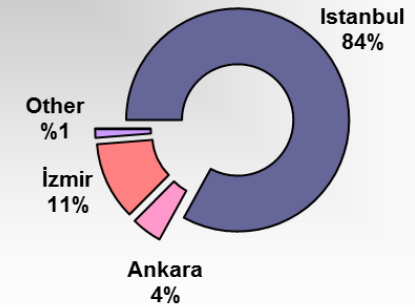
# Appraisal Value of the Real Estate Portfolio

Property Name	Appraisal Value TL mn	%
Real Estate Projects	1.447,1	30%
TUTOM	862,6	18%
Is Towers II&III	764,9	16%
Kanyon Shopping Center	480,0	10%
Tuzla Office&Retail	274,8	6%
Lands	194,0	4%
Marmara Park Shopping Center	146,6	3%
Ankara Is Tower	128,0	3%
Metro Hypermarket Building	110,0	2%
Maslak Building	101,0	2%
Kule Carsi Shopping Center	60,9	1%
Office Lamartine	48,9	1%
Ankara-Ulus Office Building	44,3	1%
Ankara-Kızılay Office Building	38,3	1%
Kapadokya Lodge Hotel	24,3	1%
Antalya Office Building	22,0	0%
Other	14,9	0%
<b>Total</b>	<b>4.762,5</b>	<b>100%</b>

Real Estate Portfolio in terms of Type



Real Estate Portfolio in terms of Region



# 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.



**Ayşegül Şahin Kocameşe**

**Head**

**Investor Relations**

*Phone : +90 0212 325 23 50*

*E-mail : [aysegul.sahin@isgyo.com.tr](mailto:aysegul.sahin@isgyo.com.tr)*

**Mine Kurt Yıldırım**

**Assistant Manager**

**Investor Relations**

*Phone : +90 0212 325 23 50*

*E-mail : [mine.kurt@isgyo.com.tr](mailto:mine.kurt@isgyo.com.tr)*

**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.**

**ISGYO management and employees can not be held responsible for any damages or losses arising from the direct/indirect use of content in this presentation.**

**For more information : [investorrelations@isgyo.com.tr](mailto:investorrelations@isgyo.com.tr)**