



INVESTOR PRESENTATION



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

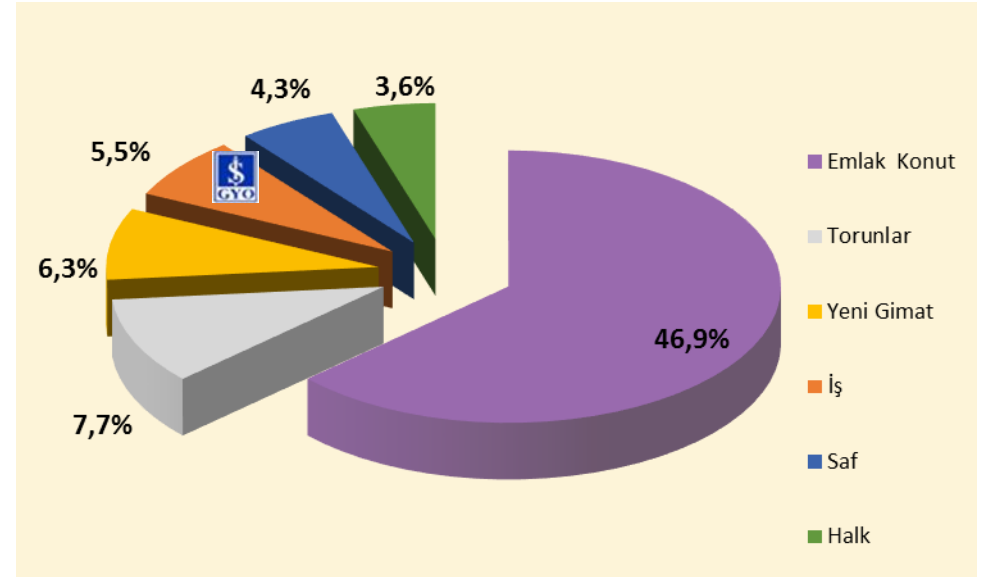
- Real estate,
- Rights and capital market instruments backed by real estate,
- Real estate projects and
- Money&capital market instruments.





Mcap of the REIC Sector

REICs	30.06.2014 (\$ mn)
Emlak Konut	3.904
Torunlar	638
Yeni Gimat	526
İş	455
Saf	356
Halk	301
Other REITs	2.152
TOTAL	8.332





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 30.06.2015 IS GYO represents;

- 5,5 % of the sector with its \$ 455 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?

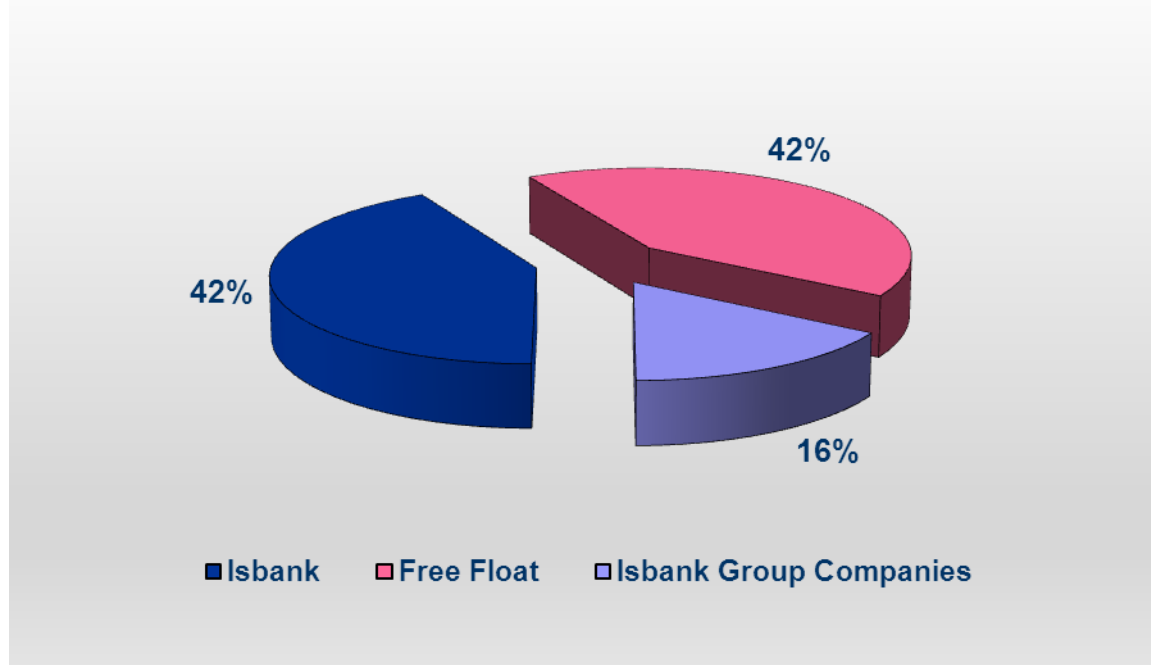
- Diversified real estate portfolio,
- Well-qualified assets leased to financially strong and qualified tenants,
- Solid and steady rental income,
- Strong project pipeline,
- Low and manageable debt ratio,
- Stable cash dividend payments,
- Strong shareholder structure,
- Brand value as a symbol of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

differentiate ISGYO among its peers.





Shareholders Structure by Ownership



According to the Central Registry Agency of Turkey(MKK), as of 30.06.2015, the ratio of the shares in the free float is 49%. Based on this data, foreign holding ratio is 35% of the free float.



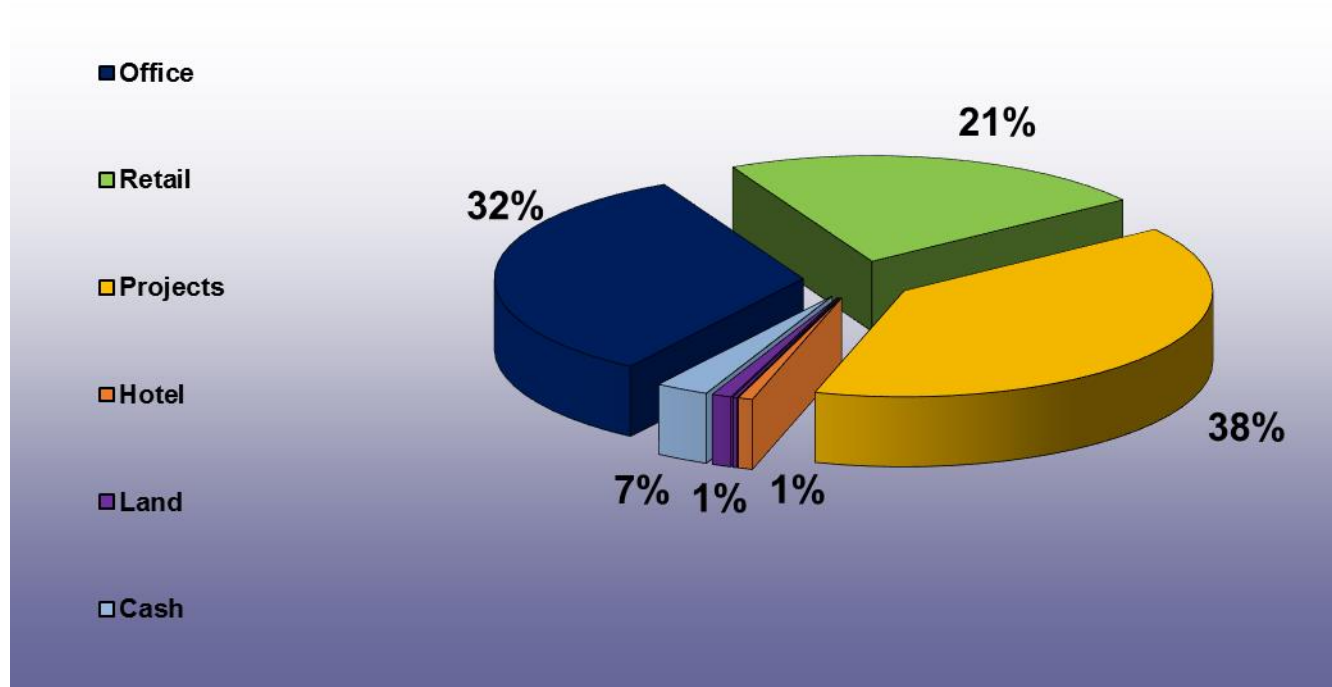
ISGYO PORTFOLIO





Portfolio Breakdown

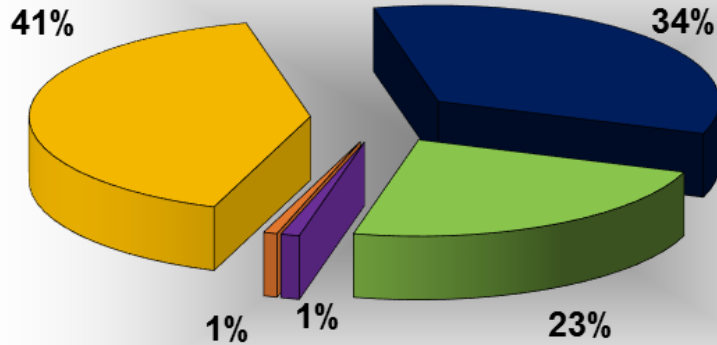
Total Portfolio	\$ mn	%
Real Estate Investments	1.031	93%
Money&Capital Market Instruments	77	7%
Total Portfolio Value	1.108	100%



* *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



■ Projects

■ Office

■ Retail

■ Land

■ Hotel

Real Estate Portfolio	(\$ mn)
Projects	419
Office	354
Retail	239
Land	11
Hotel	8
Residential	1
TOTAL	1.031





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.
- Gunesli O.B.
- Sirkeci O.B.
- Office Lamartine

Office Investments

Total Appraisal Value, \$ mn	354
Total Rental Income, \$ mn	28,5
Average Yield	8%



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 : \$15,4 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	3,3	1,7	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	Gunesli Office
Location	Ankara	Ankara	Antalya	İstanbul	İstanbul
GLA, sqm	6.194	5.175	3.353	4.170	20.805
Annual Rent, \$ mn	1,4	1,2	0,6	1,5	2,7
Occupancy	100%	100%	100%	100%	100%
Acquisition Date	2004	2004	2004	2008	2008
Acquisition Cost	14,1	12,0	5,9	17,3	29,7
Accumulated rent as of 2014YE	17,3	14,6	7,4	9,8	16,8



Retail Investments



➤ *Almost 40% of the rent generating assets in retail sector.*

- Kanyon Shopping Center
- Marmara Park S.C.
- Real Hypermarket
- Kule Çarşısı S.C.

Retail Investments

Total Appraisal Value, \$ mn	239
Total Rental Income, \$ mn	20
Average Yield	8,4%



Kanyon Shopping Center

Kanyon Shopping Center

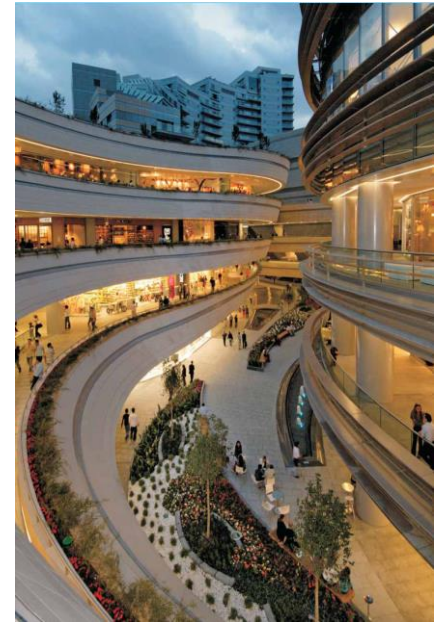
- *Open air shopping center in the central business district.*
- *Part of Kanyon Complex which comprises also residential units and an office building.*

Location : Istanbul

Total GLA* : 38.940 sqm

Occupancy : 100%

Annual Income :** \$11,4 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 : 95%

Annual Rent : \$1,4 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 : \$2,1 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

**Estimated rental income. 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

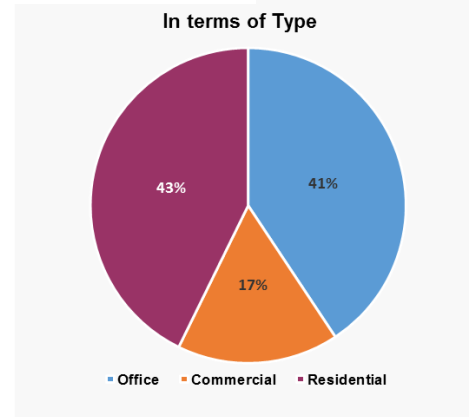




Projects Under Development

Development Cost	\$ Mn	%
Tuzla Technology&Operation Center	\$265-270	25%
Tuzla Mixed Use Project	\$100-105	9%
Ege Perla Mixed Use Project	\$160-170	15%
Kartal Manzara Adalar Mixed Use Project*	\$240-250	23%
Topkapı İstanbul Residential Project*	\$190-205	18%
Finance Center Project (IFC)	\$100-110	10%
TOTAL	\$1.055-1.110	100%

*Project figures in TL currency. FX rate of 30 June 2015 is 1\$=2,6863 TL





Tuzla Projects



Tuzla Projects



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



	Acquisition Date	Project Name	Status	Completion Date
Parcel no 1	Dec. 2010	Technology and Operation Center Project	Under development	3Q 2015
Parcel no 2	Dec. 2010	Tuzla Mixed Use Project	Under development	3Q 2015



Technology & Operation Center - Mixed Used Project



**Designed by SOM and Dizayn Group.*



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): \$265-270 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



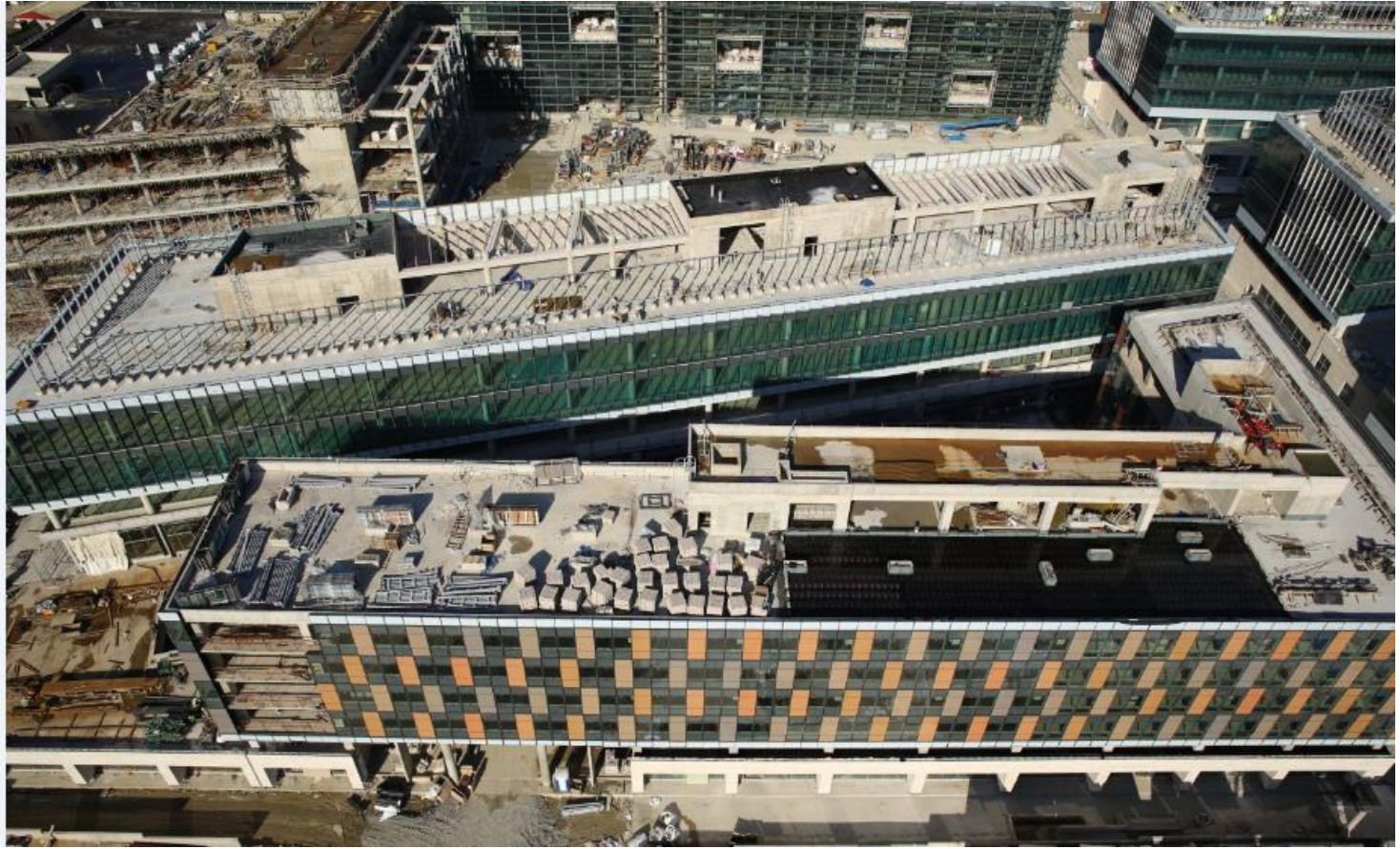
Projections: (1)

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.



Technology & Operation Center - Mixed Used Project





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

Number of units sold : 474

**Çınarlı Bahçe is the winner of “Sign of the City Award, 2014” for “Best High-Rise Residence”.*





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) : \$160-170 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 : \$8-10 mn

Residentials&Offices:

Total saleable area⁽²⁾ : 32.000 sqm

Total net profit for the unit sales⁽³⁾ : \$10-15 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 :** \$160-170 mn

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

✓ **Remaining cost for the shopping center:** \$75-80 mn

✓ **Rental income of the shopping center:** \$8-10 mn

✓ **Pay back period \approx 9 years**



**Estimated figures.*



Ege Perla Mixed Use Project





Manzara Adalar Kartal Mixed Use Project

MANZARA
ADALAR



Manzara Adalar



Kartal Region:

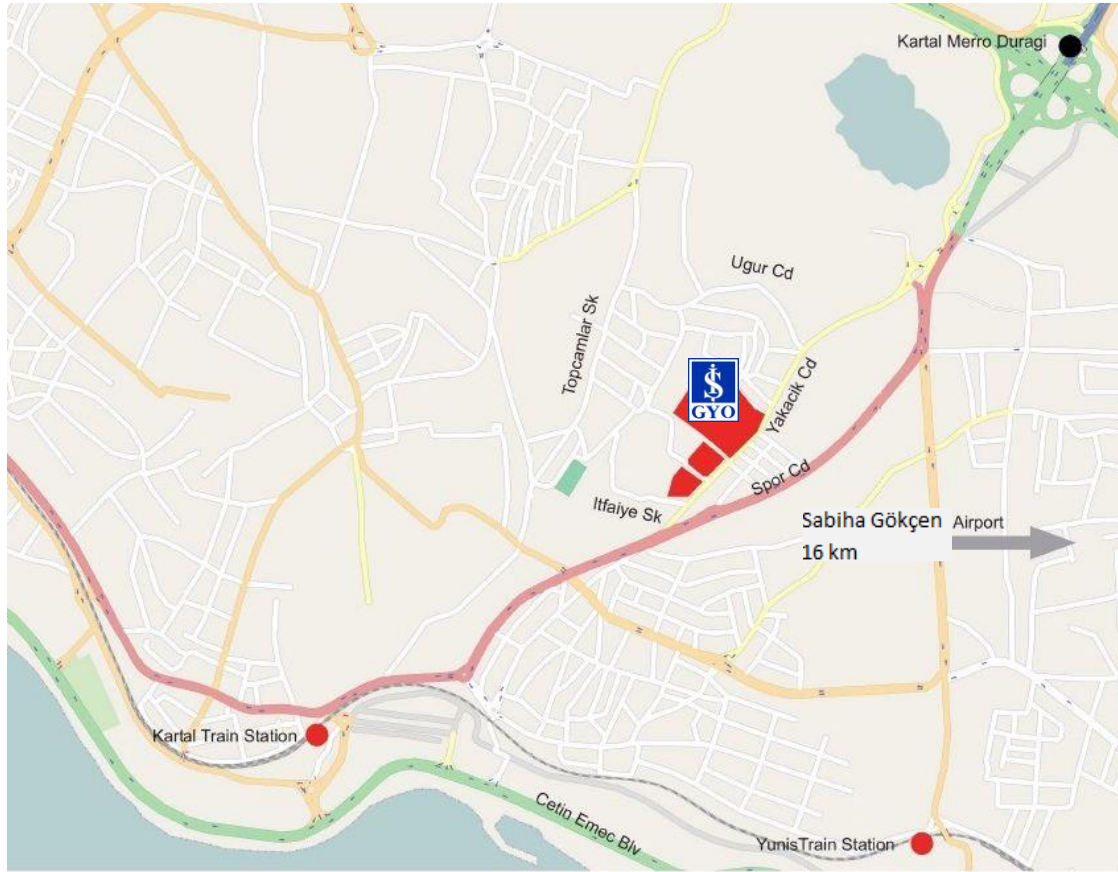
- ✓ one of the developing areas on the Asian side,
- ✓ ongoing urban transformation in the region,
- ✓ easy access supported with different means of transportation,
- ✓ close to the industrial zone of Istanbul and planned to be «the commercial center of the future».



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



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

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.





Manzara Adalar



MANZARA
ADALAR



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, İstanbul
Acquisition Date : December, 2013

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

Total Development Cost* : TL1-1,1bn

Total saleable area for residential: 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 - 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%



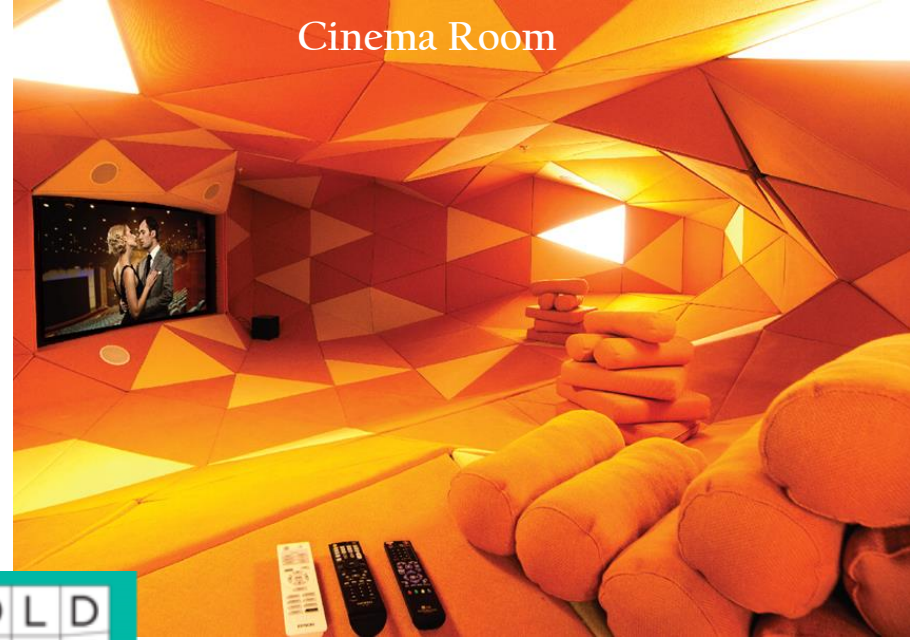
**ISGYO has 50% share in the project.*

¹ Including borrowing cost.

Basketball Court



Cinema Room



FOLD
HOME

Guest Room



Music Room





Mixed Use Project in Istanbul International Financial Center (IFC Project)



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 : \approx 32.000 sqm

Estimated Rental Income : \$9-11 mn



Rental Income Projections





Rental Income Projection



Rental Income Projection for 2016

\$ mn	Current	2016
Rental Income	\$49	\$80-85

**Including Technology and Operation Center, Tuzla Mixed Use and Ege Perla Shopping Center.*

*** Partial rent is taken for Ege Perla Shopping Center, since it is estimated to be fully operational in 2017.*

Rental Income Projection for 2019

\$ mn	Current	2019
Rental Income	\$49	\$95-100

**Including IFC Project and commercial units in Kartal Mixed Use Project.*

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

**** Partial rent is taken for Kartal Mixed Use, since it is estimated to be fully operational in 2020.*



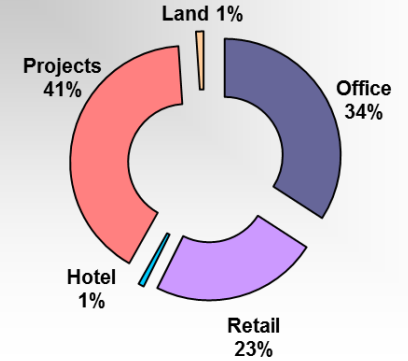


Appraisal Value of the Real Estate Portfolio

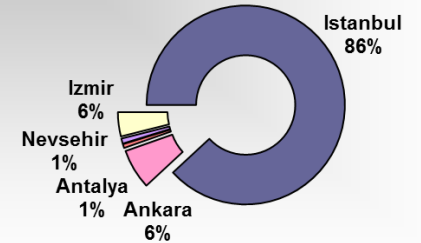
Property Name	Appraisal Value (\$ mn)	%
Real Estate Projects	418,8	40,6%
Is Towers II&III	203,3	19,7%
Kanyon Shopping Center	145,2	14,1%
Ankara Is Tower	39,9	3,9%
Marmara Park Shopping Center	39,7	3,8%
Maslak Building	30,6	3,0%
Real Hypermarket Building	30,2	2,9%
Gunesli Office Building	20,5	2,0%
Kule Carsi Shopping Center	20,1	1,9%
Office Lamartine	16,5	1,6%
Sirkeci Office Building	13,8	1,3%
Ankara-Ulus Office Building	11,8	1,1%
Lands	11,0	1,1%
Ankara-Kizilay Office Building	11,0	1,1%
Kapadokya Lodge Hotel	8,0	0,8%
Antalya Office Building	6,4	0,6%
Mallmarine Shopping Center	3,8	0,4%
Çınarlı Bahçe Residentials	1,0	0,1%
Total	1.031	100%

Total Property Value : \$ 1.031 mn (June 30,2015 1\$=TRY 2,6863)

Real Estate Portfolio in terms of Type



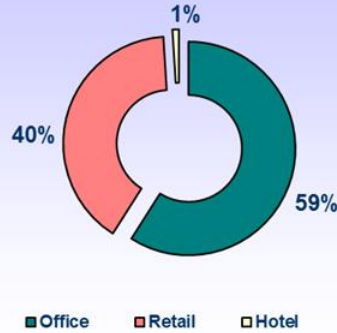
Real Estate Portfolio in terms of Region



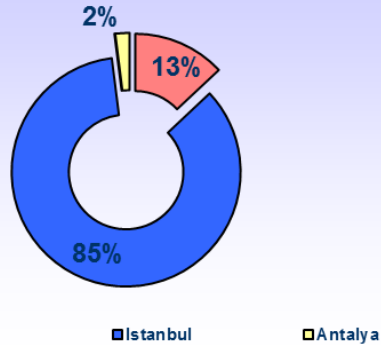


Rental Income

Rental Income
in terms of Type



Rental Income
in terms of Region



Property Name	Annual Rent \$ mn (without VAT)	%
Is Towers II & III	15,4	31,3%
Kanyon Shopping Center	11,4	23,2%
Marmara Park Shopping Center	5,0	10,2%
Ankara İş Kulesi	3,3	6,8%
Gunesli Office Building	2,7	5,4%
Real Hypermarket Building	2,1	4,4%
Maslak Office Building	1,7	3,4%
Sirkeci Office Building	1,5	3,1%
Ankara- Ulus Office Building	1,4	2,9%
Kule Carsi Shopping Center	1,4	2,8%
Ankara-Kızılay Office Building	1,2	2,4%
Office Lamartine	0,7	1,4%
Antalya Office Building	0,6	1,3%
Kapadokya Lodge Hotel	0,4	0,9%
Mallmarine Shopping Center	0,2	0,4%
Total	49,1	100%

Total Annual Rent Including VAT : \$ 58 mn (June 30, 2015 1\$ = TRY 2,6863)

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

37% \$, 5% Euro and 58% 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%

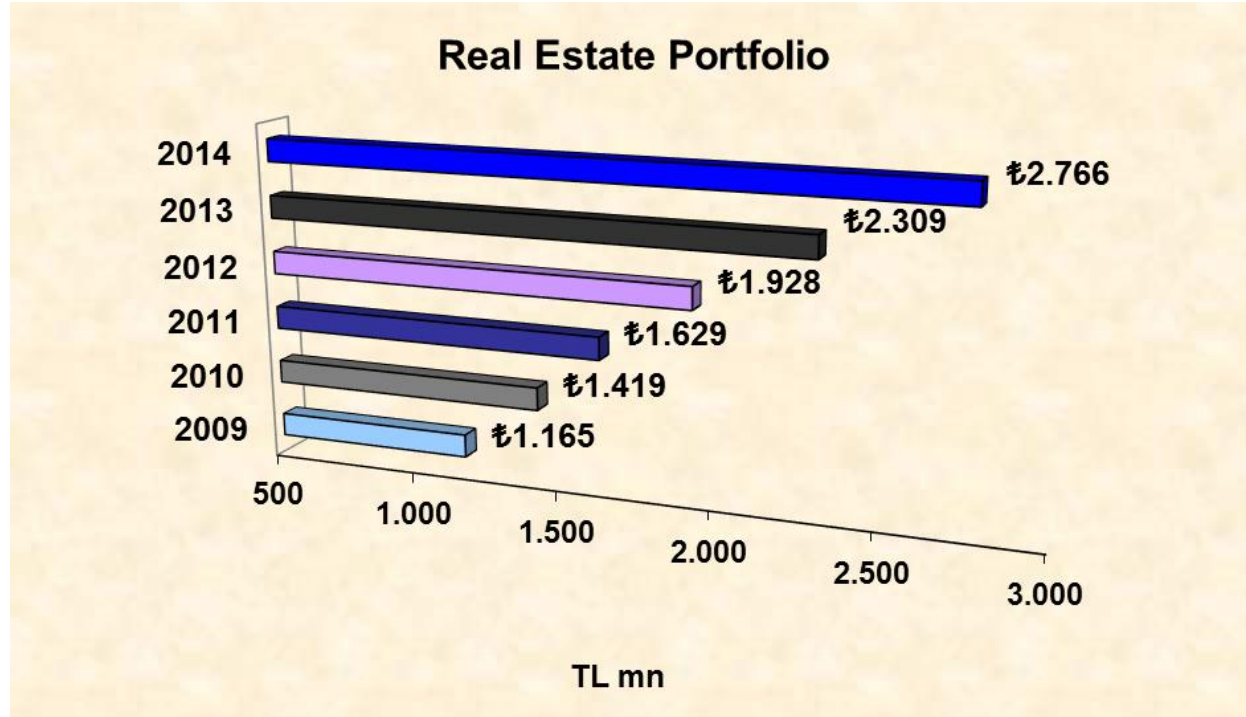


FINANCIALS





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	\$16,2
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	\$94,2
Bond (1 st Issue)	100,0 TL	April 2014	Benchmark+225 bps	2 year	100,0 TL	\$37,2
Bond (2 nd Issue)	100,0 TL	July 2014	Benchmark+200 bps	2 year	100,0 TL	\$37,2



Cash	\$77
Total Financial Debt	\$260
Net Debt	-\$183

CASH

DEBT



Balance Sheet

TL, mn	30.6.2015	31.12.2014	% Change
ASSETS	2.293,2	1.859,9	23%
<i>Current Assets</i>	<i>463,9</i>	<i>251,7</i>	<i>84%</i>
<i>Long-term Assets</i>	<i>1.829,4</i>	<i>1.608,2</i>	<i>14%</i>
LIABILITIES	2.293,2	1.859,9	23%
<i>Short-term Liabilities</i>	<i>372,5</i>	<i>67,1</i>	<i>455%</i>
<i>Long-term Liabilities</i>	<i>735,7</i>	<i>581,3</i>	<i>27%</i>
<i>Shareholders' Equity</i>	<i>1.185,0</i>	<i>1.211,5</i>	<i>-2%</i>

Of the total Liabilities (Short&Long Term);

- the amount regarding the bank loans constitutes the 64%,
- 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 30%,
- the amount regarding the purchase of Kartal Land (TRY 36 mn), constitutes the 3%.



Income Statement

TL, mn	Jan.-June 2015	Jan.-June 2014
Sales Revenue	73,1	68,3
Cost of Sales	-22,5	-20,9
Gross Profit/Loss	50,6	47,4
General Administrative Expenses	-7,9	-7,0
Marketing, Sales and Distribution expenses	-10,6	-0,3
Other Operating Income	20,0	15,5
Other Operating Expense	-8,2	-14,4
Operating Profit/Loss	44,0	41,4
Share of Profit of Equity-Accounted Investees	-0,3	0,4
Operating Profit Before Finance Expense	43,7	41,8
Finance Income	0,0	1,8
Finance Expense	-22,5	-2,1
Profit Before Tax	21,2	41,5
Tax Expense	-	-
Net Profit for the Period	21,2	41,5





Income Statement

Financials (TL, mn)	Jan.-June 2015	Jan.-June 2014
Sales Revenue	73,1	68,3
Cost of Sales	-22,5	-20,9
Gross Profit/Losses	50,6	47,4
<i>General Administrative Expenses</i>	-7,9	-7,0
<i>Marketing, Sales and Distribution expenses</i>	-10,6	-0,3
<i>Other Operating Income</i>	20,0	15,5
<i>Other Operating Expense</i>	-8,2	-14,4
EBIT	44,0	41,4
EBITDA	52,9	50,5
Net Period Income	21,2	41,5
Gross Margin	69%	69%
EBIT Margin	60%	61%
EBITDA Margin	72%	74%
Net Margin	29%	61%





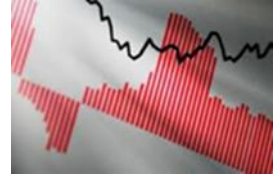
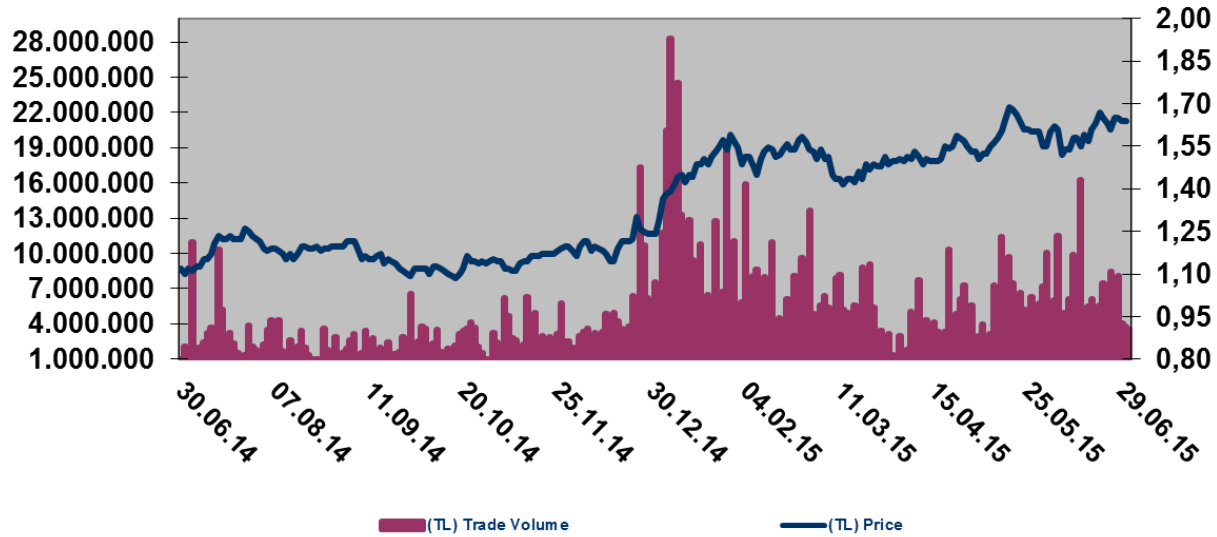
Stock Performance





Trade Volume

Price- Trade Volume

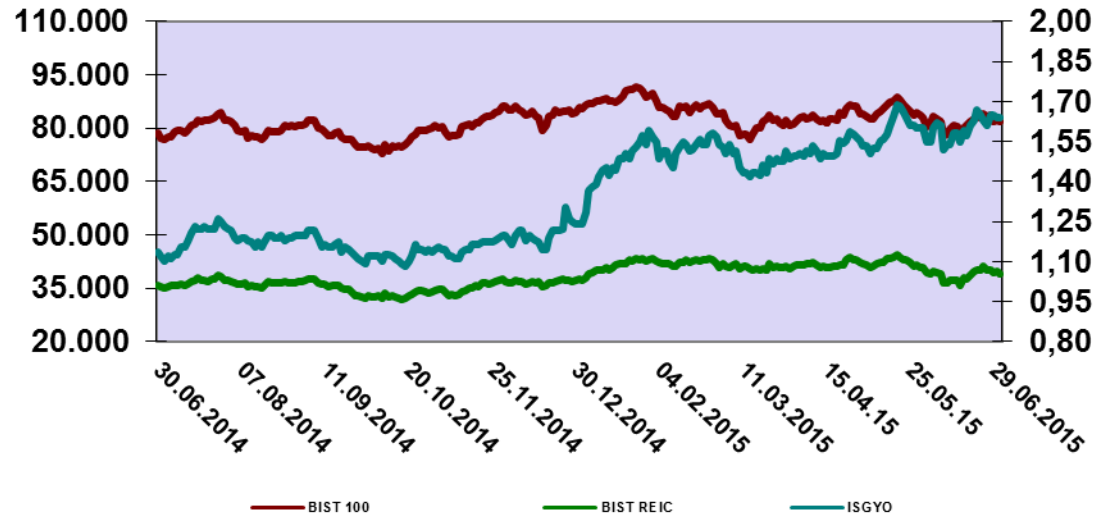


ISGYO	Average Daily Trade Volume	Price change in TL terms
2014	\$ 1,2 mn	14%
Jan-June 2015	\$ 2,5 mn	32%



Stock Price vs. Index Performance

BIST 100 & BIST REIC Index, ISGYO



Stock Price & Performance as of 30.06.2015			
	1 year	3 year	5 year
ISGYO	44%	101%	117%
BIST REIC	11%	22%	38%
BIST 100	5%	32%	50%





Ayşegül Şahin Kocameşe

Head

Investor Relations

Phone : +90 0212 325 23 50

E-mail : 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

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



Architect of Change



İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

www.isgyo.com.tr