

iŖ GYO



**IS REAL ESTATE
INVESTMENT COMPANY
30.06.2016**



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 TL1.428 mn.

Sector Mcap

TL 23.884 mn

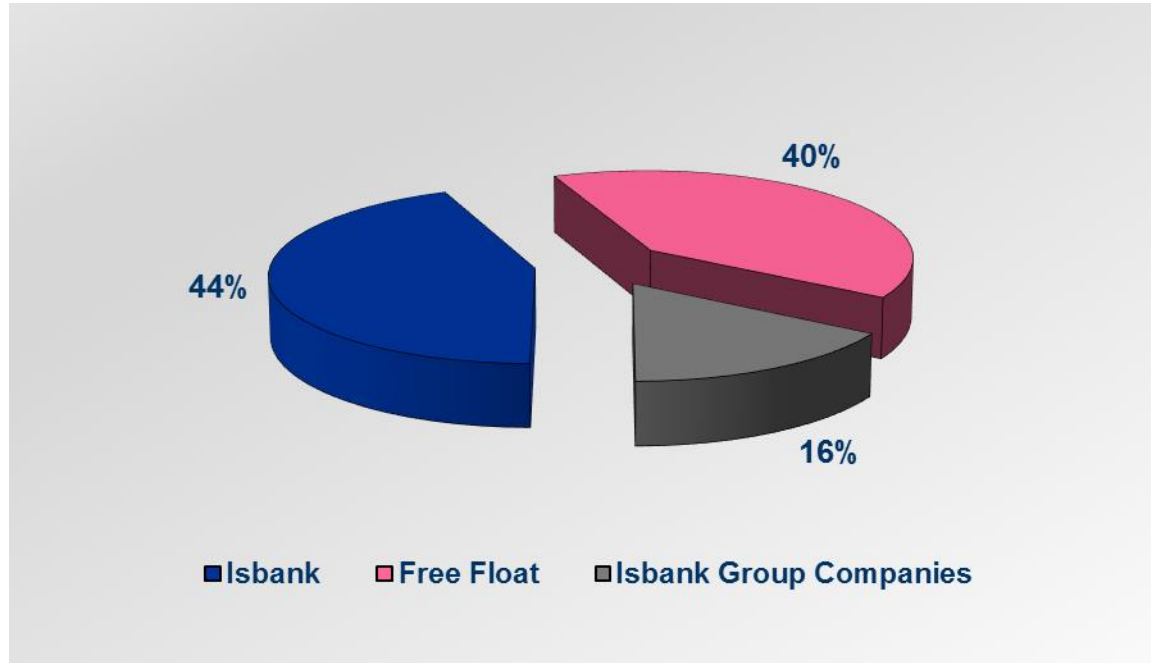
ISREIC

TL 1.428
mn

6,0%

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 30.06.2016, the ratio of the shares in the free float is 48%. Based on this data, foreign holding ratio is 40% 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.

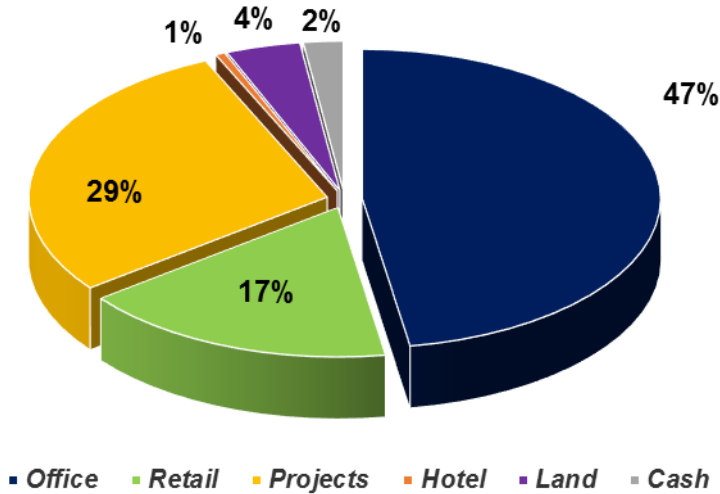
ISGYO PORTFOLIO



Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	4.339	98%
Money&Capital Market Instruments	95	2%
Total Portfolio Value	4.434	100%

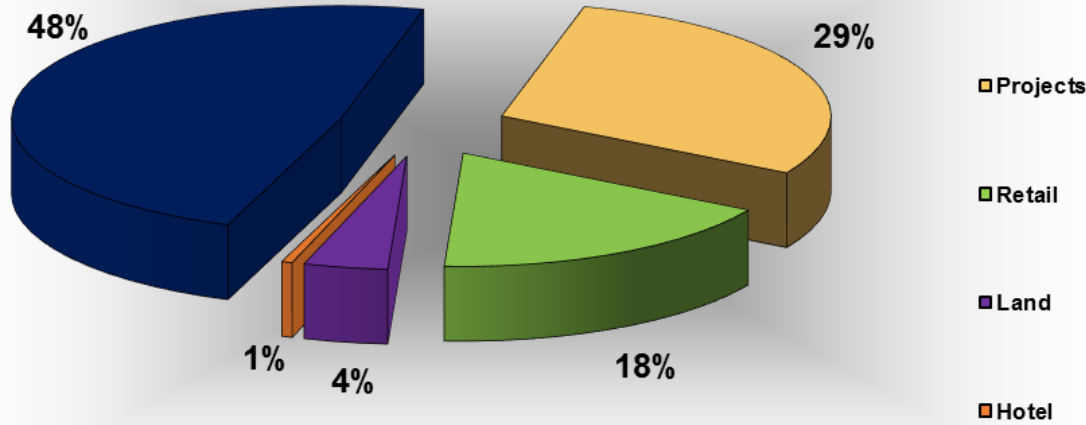


* *Projects include Ege Perla Mixed Use, Manzara Adalar Mixed Use, IFC Mixed Use Project and Inistanbul Residential Project.*

Real Estate Portfolio Breakdown



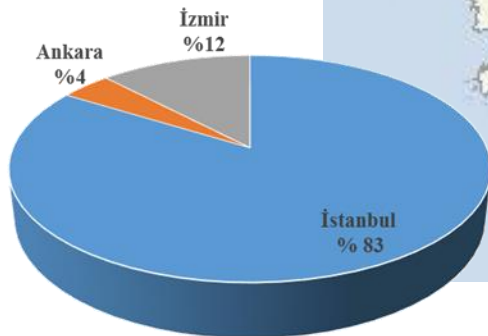
Real Estate Portfolio	TL mn
Office	2.104
Projects	1.274
Retail	760
Land	178
Hotel	23
TOTAL	4.339



RENT GENERATING ASSETS



İSGYO- Properties Map



Office Investments



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



Office Investments

Total Appraisal Value, TL mn 2.104



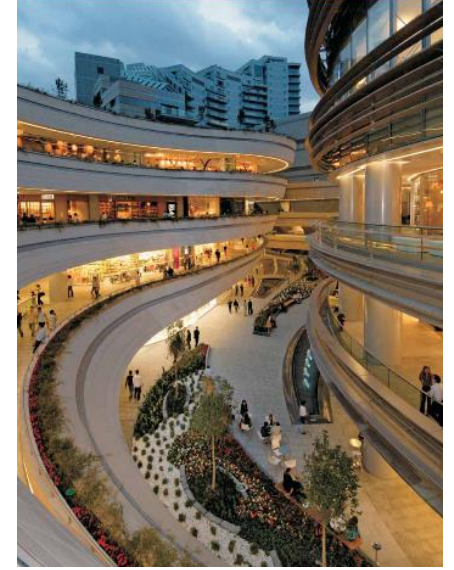
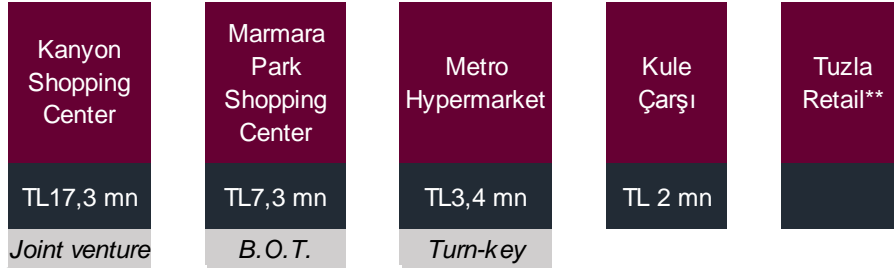
*Figures represent the collected rent of the office investments as of 30.06.2016.

**Rent generation will start in Sep. 2016.

***The collected rent represents the 4 month rent of the main tenant BRSA who left the building and 6 month rent of the other tenant Isbank.

Retail Investments

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



Retail Investments

Total Appraisal Value, TL mn 760

*Figures represent the collected rent of the retail investments as of 30.06.2016.

**Rent generation will start in 2H2016.

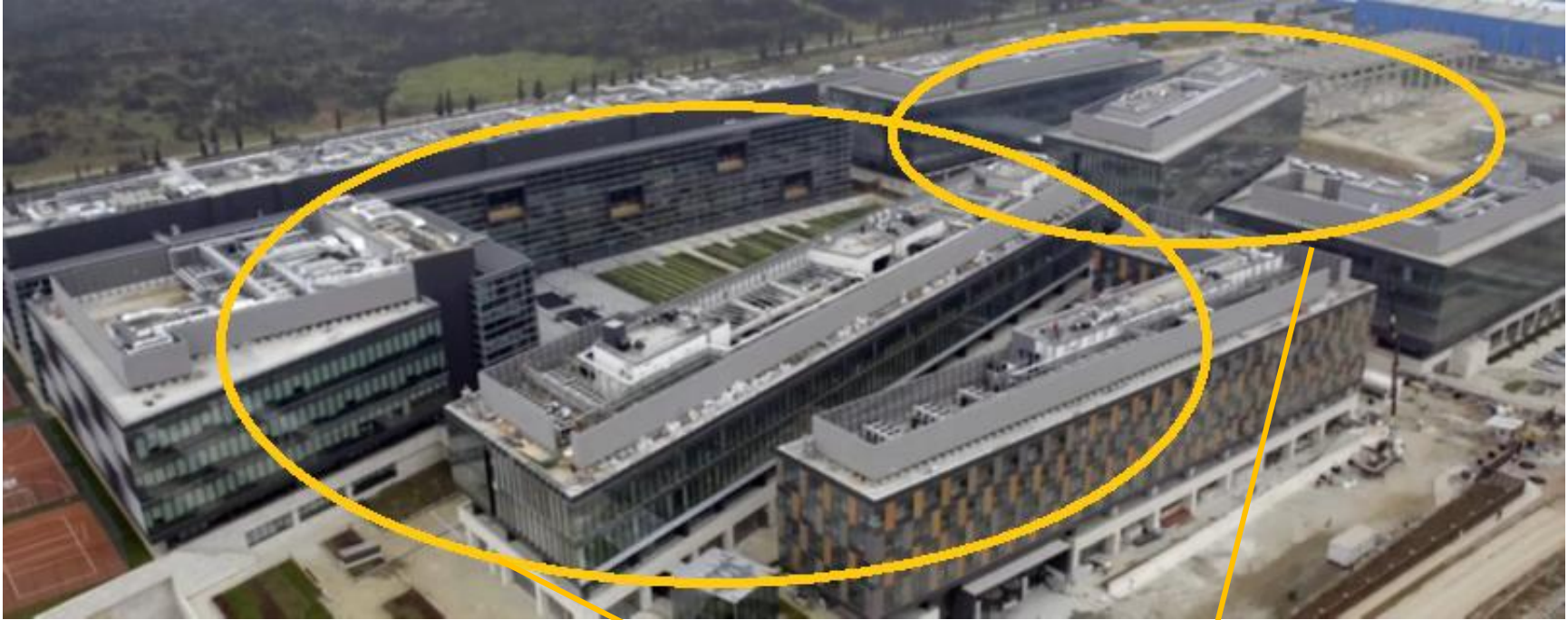


Lately Completed Projects

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)

TÜRKİYE  BANKASI



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 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

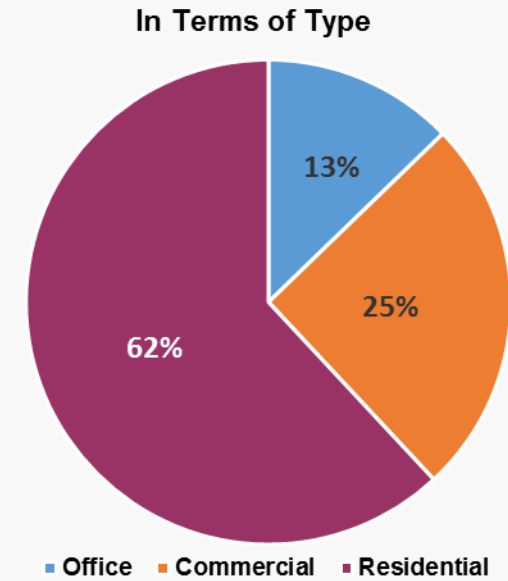
İnistanbul Residential

Istanbul Finance Center Project



Projects Under Development

Development Cost	TL Mn	%
Ege Perla Mixed Use Project	TL 415-420	23%
Manzara Adalar Mixed Use Project	TL 620-640	34%
İstanbul Residential Project	TL 500-550	29%
Finance Center Project (IFC)	TL 260-270	14%
TOTAL	TL1.795-1.880	100%



EGE PERLA MIXED USE PROJECT





Location : Konak, Izmir

Land area : 18.392 sqm



Estimated development cost : TL415-420 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

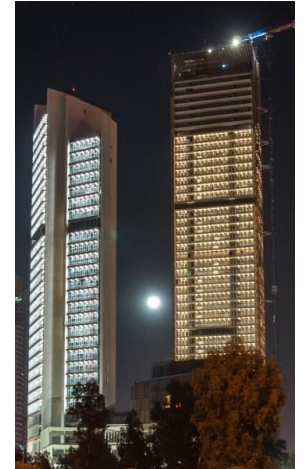
Shopping Center:

Leasable area : 22.000 sqm

Expected Rental income : TL18-20 mn



**Ege
Perla**



¹ The estimated figures.



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



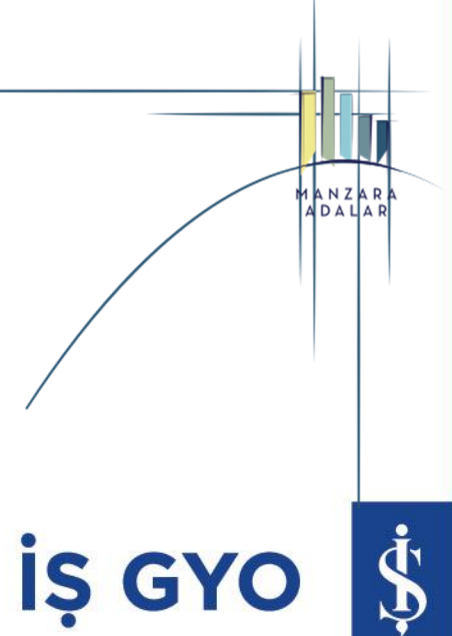
Strategy : To sell the residentials and keep the rent generating offices & retail area in the portfolio.

Total saleable area for residentials : 140.000 sqm

Total leasable area : 50.000 sqm

Total Expected rental income : TL35-40 mn

* The estimated figures.



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.*



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".*



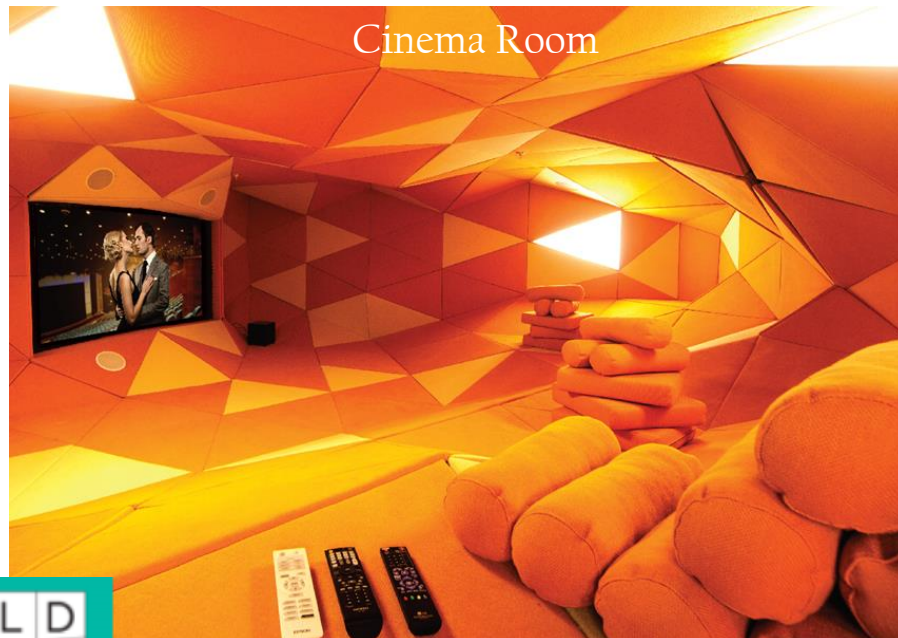
2nd Project
İstanbul LOKAL

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: TL260-270 mn



*Designed by



Estimated saleable/leasable area : \approx 32.000 sqm

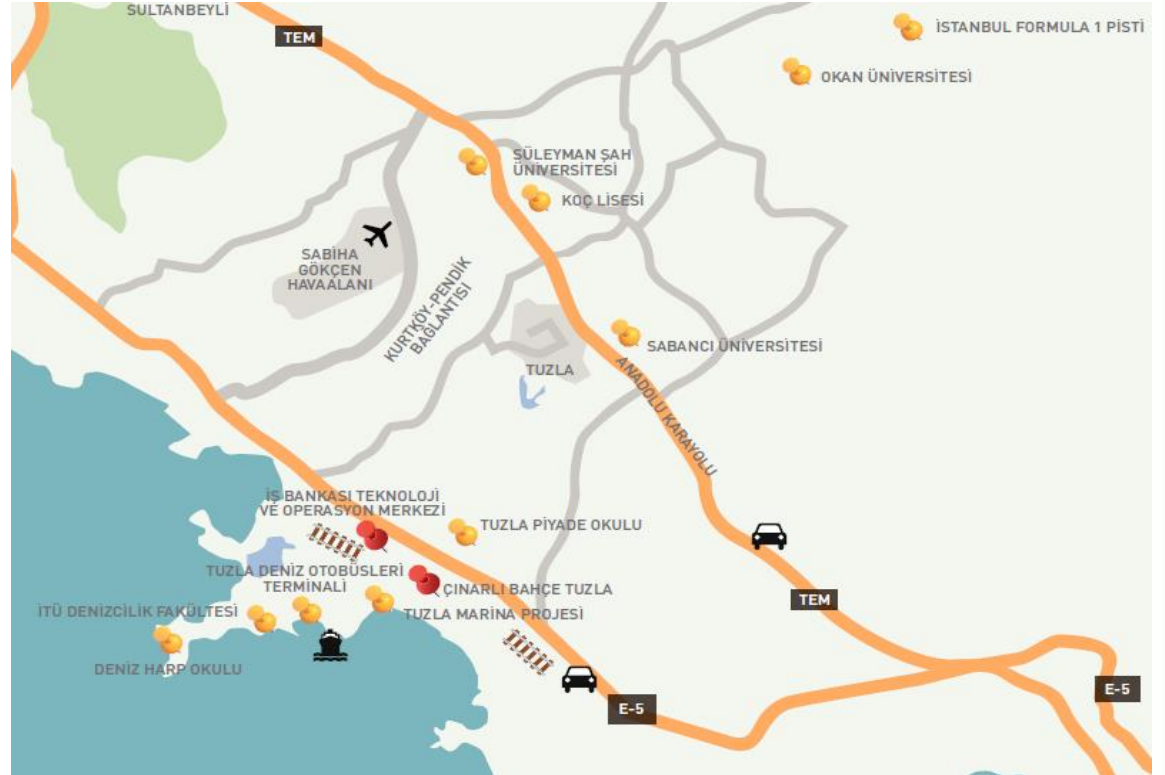
Estimated rental Income : TL37-40 mn

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

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



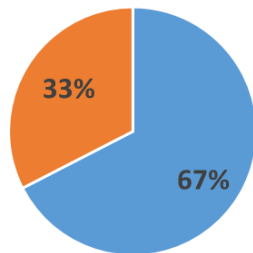
Debt & Cash Position for 1H2016

Type of the loan	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	38,9 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$70,6	190,9 TL
TL Loans	473,0 TL	Dec. 2013- Jan.2016	11,75%-14,50%	4-6 year	419,1 TL	419,1 TL
TOTAL						648,9 TL

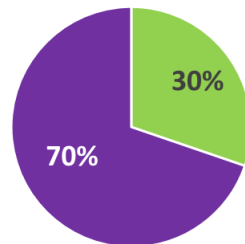
*Interest accruals are not included.

Bond Issues	Original Amount mn	Date of the Issue	Cost	Maturity	Outstanding Loan TL mn
Bond (2 nd Issue)	100,0 TL	July 2014	Benchmark+200 bps	2 years	100,0 TL
Bond (3 rd Issue)	213,0 TL	April 2016	Benchmark+250 bps*	3 years	213,0 TL
TOTAL					313,0 TL

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



■ bank loans ■ bonds



■ Floating rates ■ Fixed rates

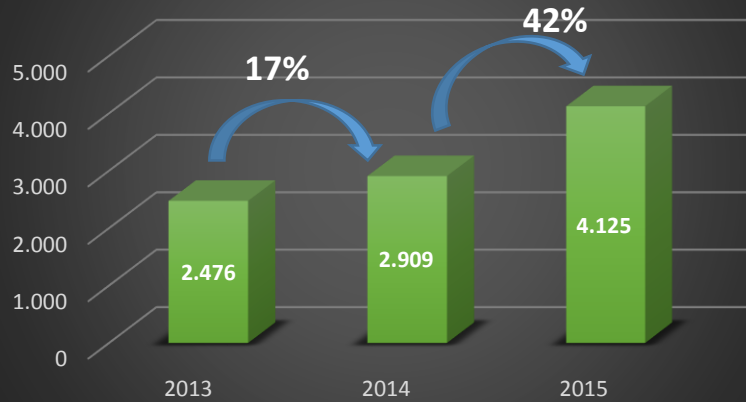
Cash, TL mn	95 TL
Total Financial Debt, TL mn	962 TL
Net Debt, TL mn	867 TL

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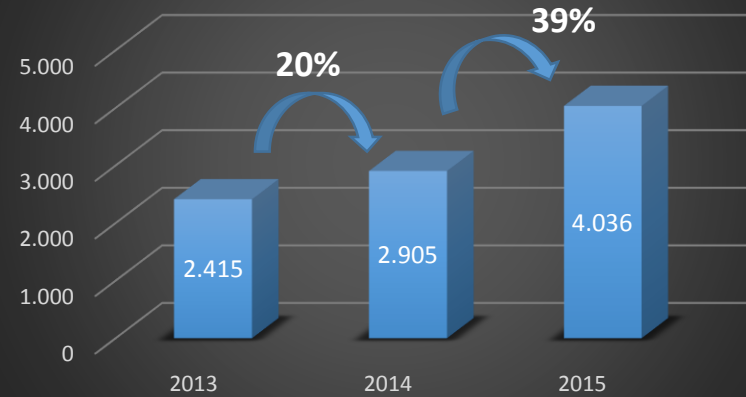




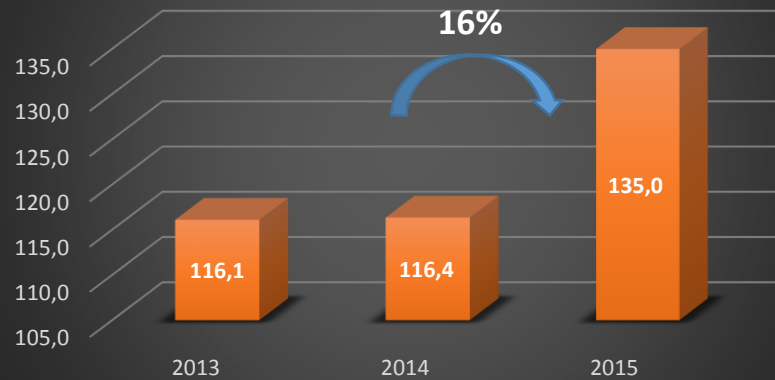
Total Assets TL mn



Total Portfolio TL mn



Rental Income TL mn



TL, mn	30.6.2016	31.12.2015	% Change
ASSETS	4.432,8	4.125,2	7%
<i>Current Assets</i>	<i>374,4</i>	<i>459,9</i>	<i>-19%</i>
<i>Long-term Assets</i>	<i>4.058,4</i>	<i>3.665,3</i>	<i>11%</i>
LIABILITIES	4.432,8	4.125,2	7%
<i>Short-term Liabilities</i>	<i>312,7</i>	<i>556,0</i>	<i>-44%</i>
<i>Long-term Liabilities</i>	<i>1.274,7</i>	<i>778,6</i>	<i>64%</i>
<i>Shareholders' Equity</i>	<i>2.845,4</i>	<i>2.790,6</i>	<i>2%</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.-June 2016	Jan.-June 2015
Sales Revenue	248,6	73,1
Cost of Sales	-139,1	-15,2
Gross Profit/Loss	109,6	57,9
General Administrative Expenses	-10,1	-7,9
Marketing, Sales and Distribution Expenses	-14,8	-10,6
Other Operating Income	74,9	20,0
Other Operating Expense	-30,4	-8,2
Operating Profit/Loss	129,1	51,3
Share of Profit of Equity-Accounted Investees	0,3	-0,3
Operating Profit Before Finance Expense	129,4	51,0
Finance Expense	-22,4	-22,5
Profit Before Tax	107,0	28,4
Tax Expense	-	-
Net Profit for the Period	107,0	28,4



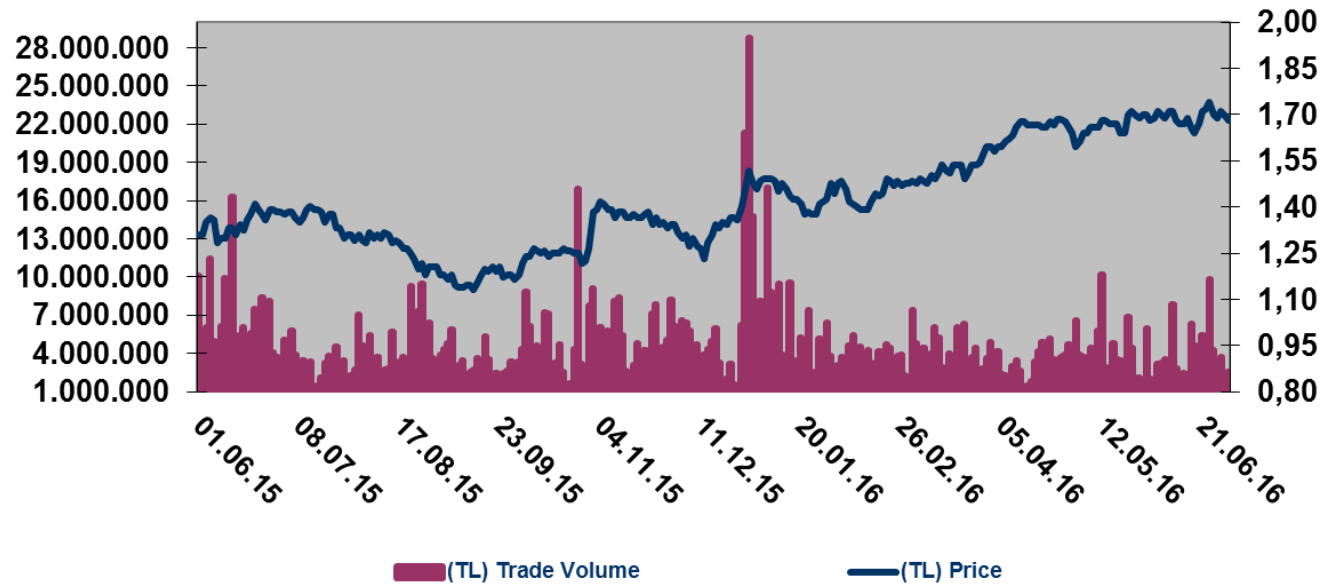
Financials (TL, mn)	Jan.-June 2016	Jan.-June 2015
Sales Revenue	248,6	73,1
Cost of Sales	-139,1	-15,2
Gross Profit/Losses	109,6	57,9
<i>General Administrative Expenses</i>	-10,1	-7,9
<i>Marketing, Sales and Distribution Expenses</i>	-14,8	-10,6
<i>Other Operating Income</i>	74,9	20,0
<i>Other Operating Expense</i>	-30,4	-8,2
EBIT	129,1	51,3
Net Period Income	107,0	28,4
Gross Margin	44%	79%
EBIT Margin	52%	70%
Net Margin	43%	39%



STOCK PERFORMANCE



Price- Trade Volume



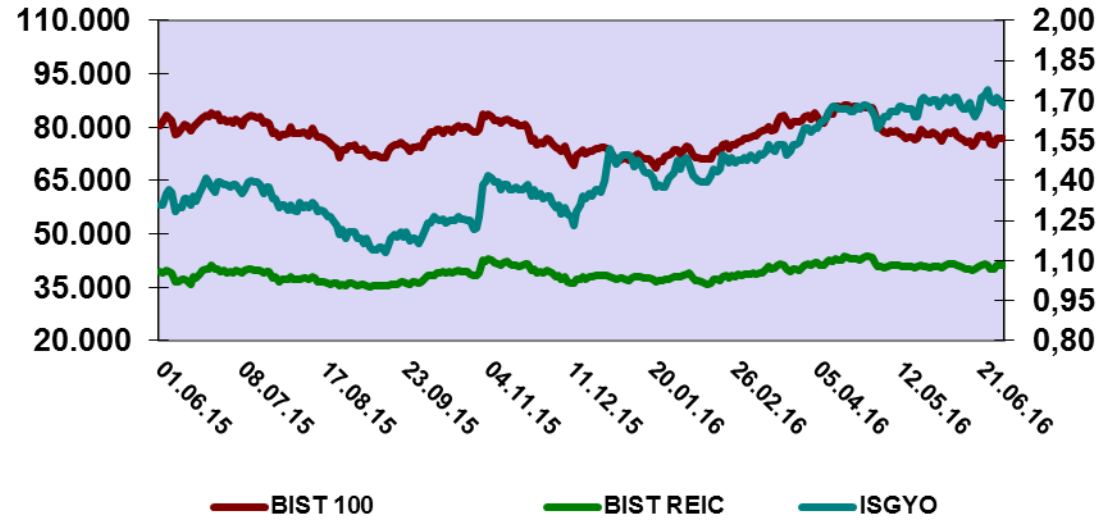
ISGYO	Average Daily Trade Volume	Price change in TL terms
2015	TL 5,7 mn	42%
2016 1H	TL 4,0 mn	13%



Stock Price vs. Index Performance



BIST 100 & BIST REIC Index, ISGYO



Stock Price & Performance as of 30.06.2016			
	1 year	3 year	5 year
ISGYO	21%	83%	136%
BIST REIC	4%	10%	1%
BIST 100	-7%	1%	21%



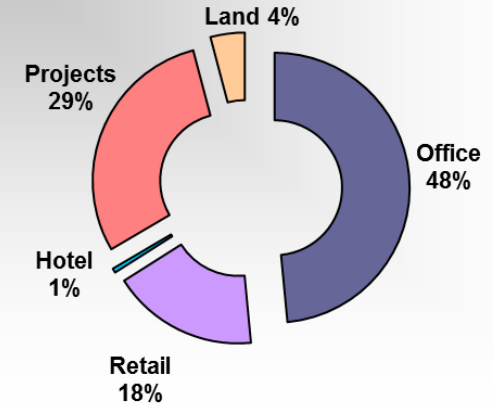
REAL ESTATE PORTFOLIO



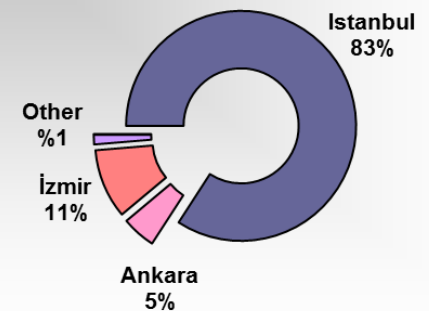
Appraisal Value of the Real Estate Portfolio

<i>Property Name</i>	<i>Appraisal Value TL mn</i>	<i>%</i>
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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