

iŖ GYO



**IS REAL ESTATE
INVESTMENT COMPANY
31.12.2017**



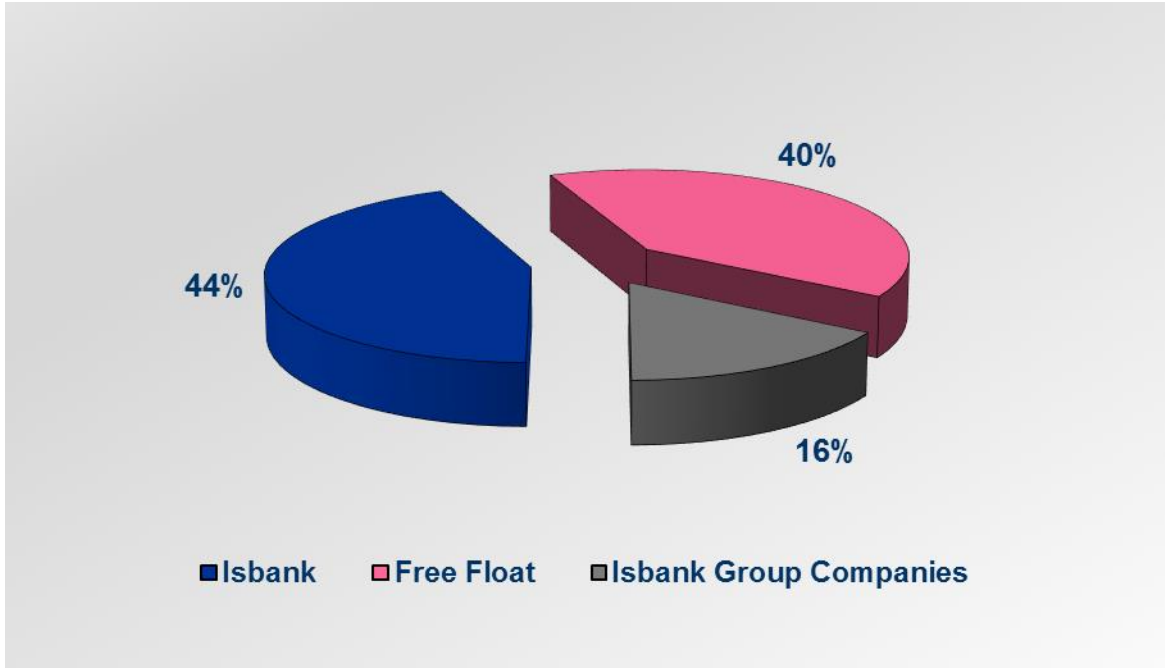
ISGYO

- 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 TL1.243 mn.



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



**14% 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.



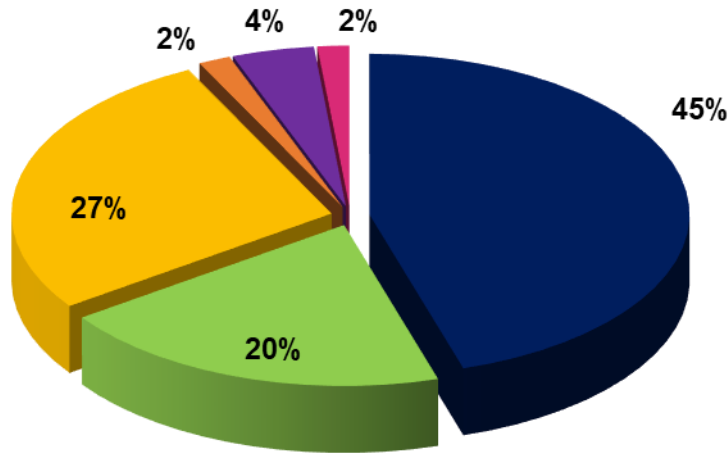
ISGYO PORTFOLIO



Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	5.132	98%
Money&Capital Market Instruments	83	2%
Total Portfolio Value	5.215	100%



■ Office ■ Retail ■ Projects ■ Inventories* ■ Land ■ Cash

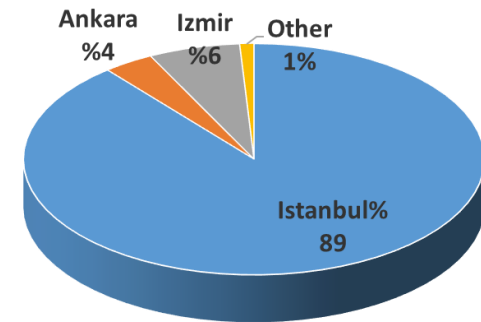
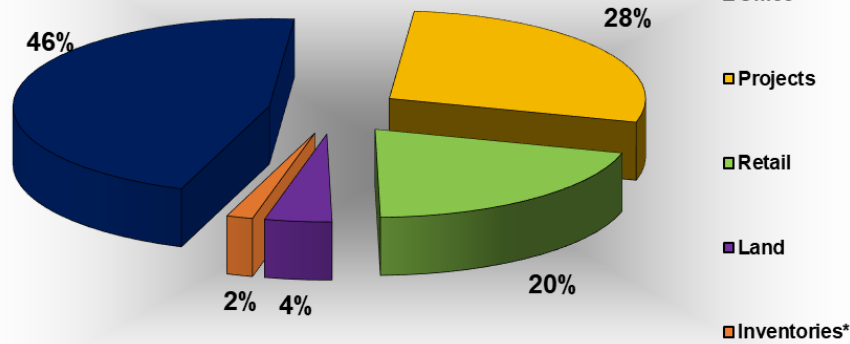
**Inventories include offices and residential units on sale in Ege Perla.*

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

Real Estate Portfolio Breakdown



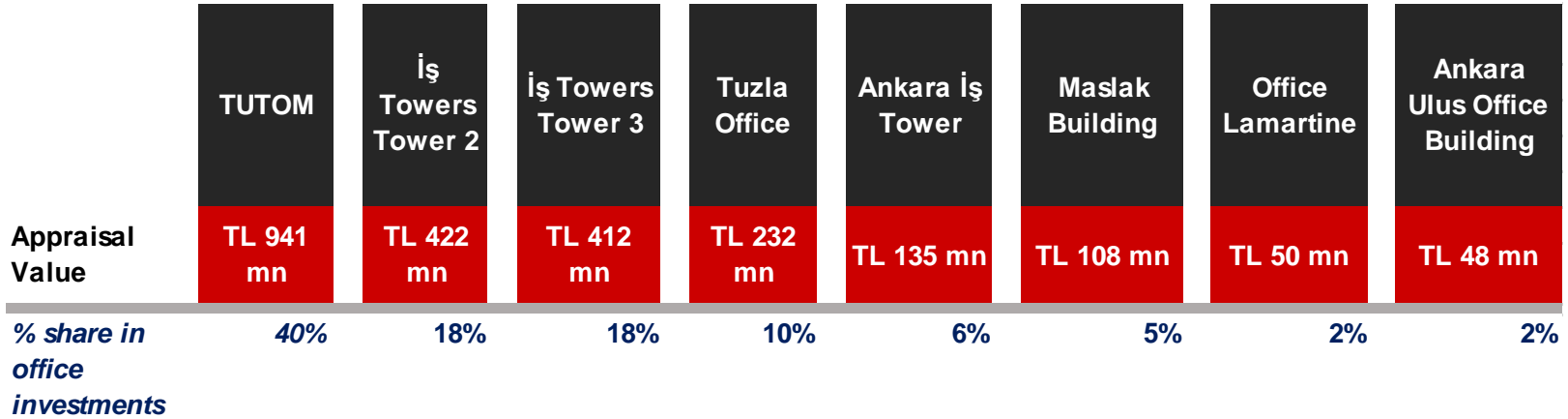
Real Estate Portfolio	TL mn
Office	2.349
Projects	1.420
Retail	1.037
Land	216
Inventories*	85
Hotel	25
TOTAL	5.132



RENT GENERATING ASSETS



Office Investments – Appraisal Values



Office Investments

Total Appraisal Value, TL mn 2.349



Office Investments – Rental Income

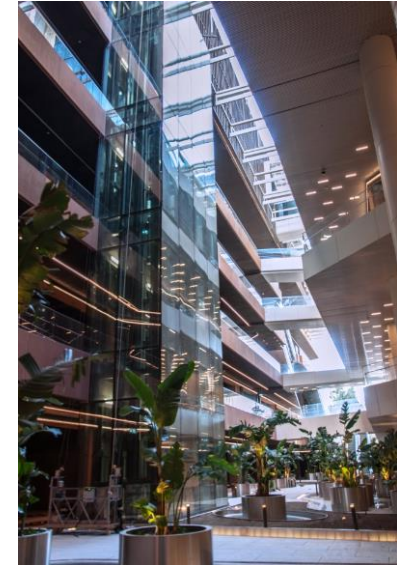
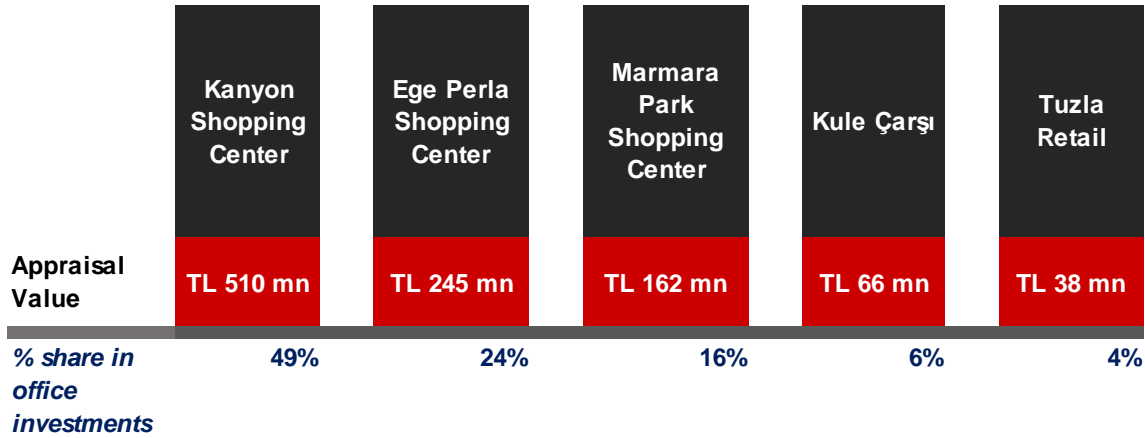


Figures represent the annual rental income in 2017.



**Annual Rental
Income
≈ TL 120 mn**

Retail Investments - Appraisal Values

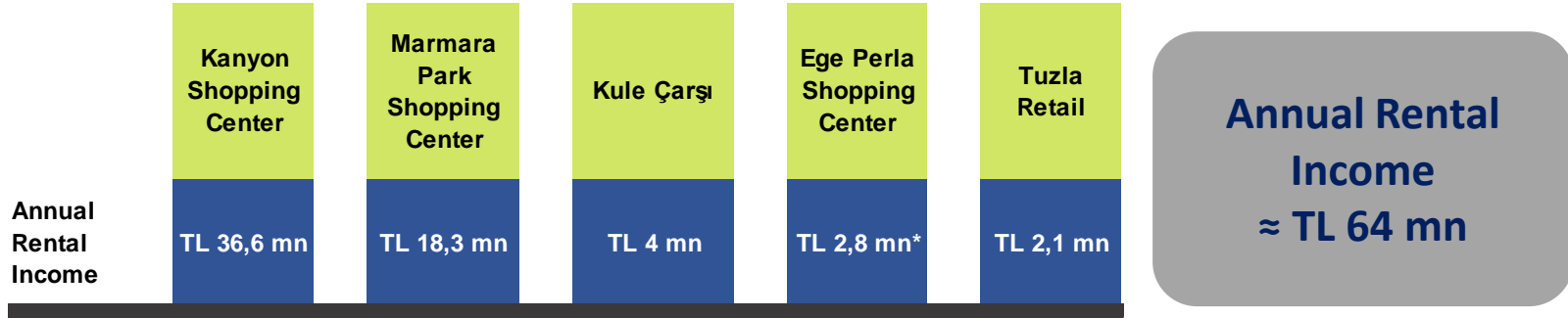


Retail Investments

Total Appraisal Value, TL mn

1.037

Retail Investments - Rental Income



*Operational since Sep.2017.

** Figures represent the annual rental income in 2017.



PROJECTS UNDER DEVELOPMENT





Projects Under Development

Manzara Adalar Mixed Use

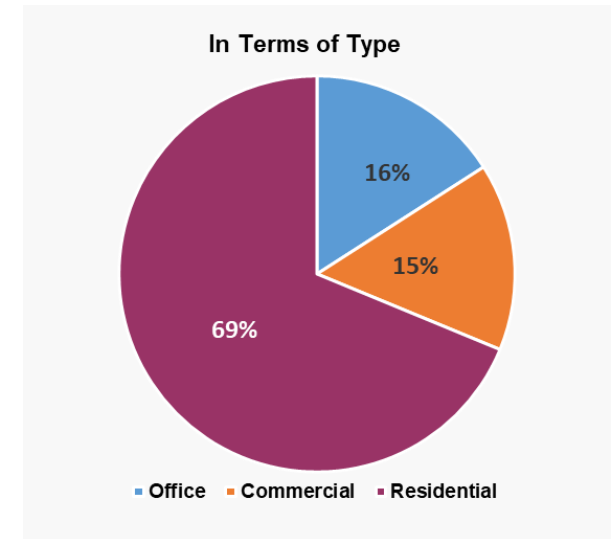
İstanbul Residential

Istanbul Finance Center Project



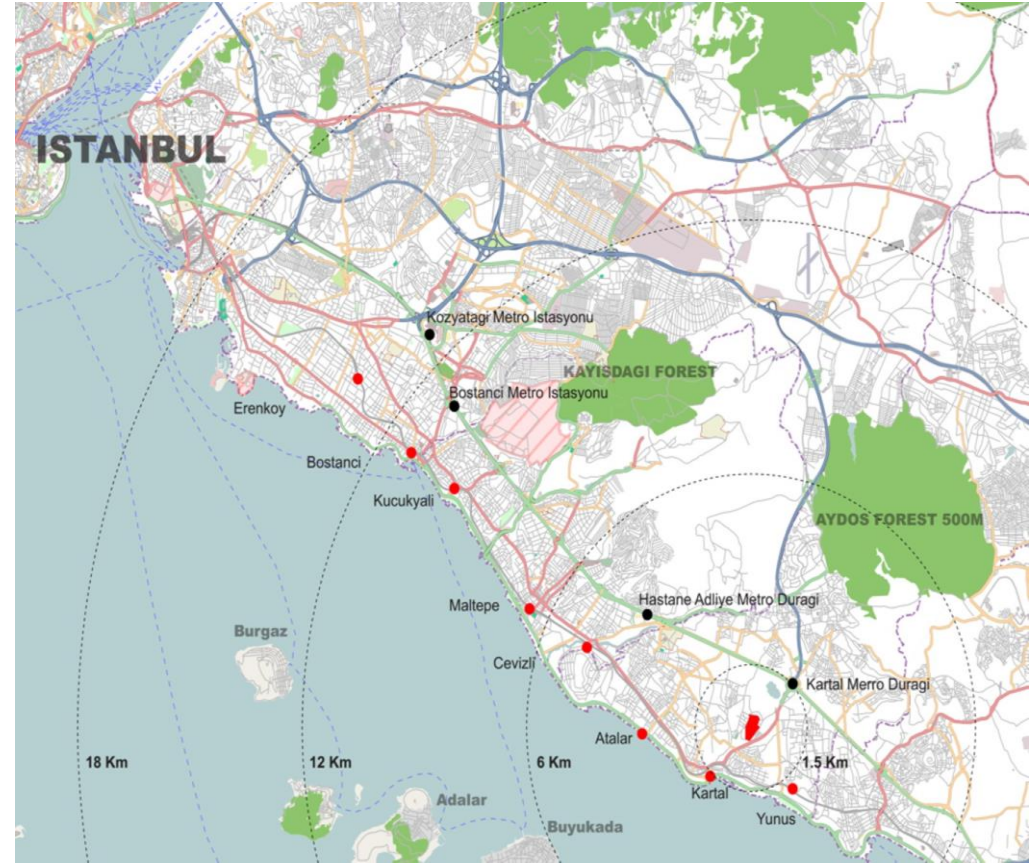
Projects Under Development

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%
TOTAL	TL1.430-1.520	100%



MANZARA ADALAR MIXED USE PROJECT





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».



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**



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

Projections ⁽¹⁾:

Development cost (excluding land) : TL620-640 mn

Saleable area for residential : 140.000 sqm

Leasable area : 49.000 sqm

¹ The estimated figures.



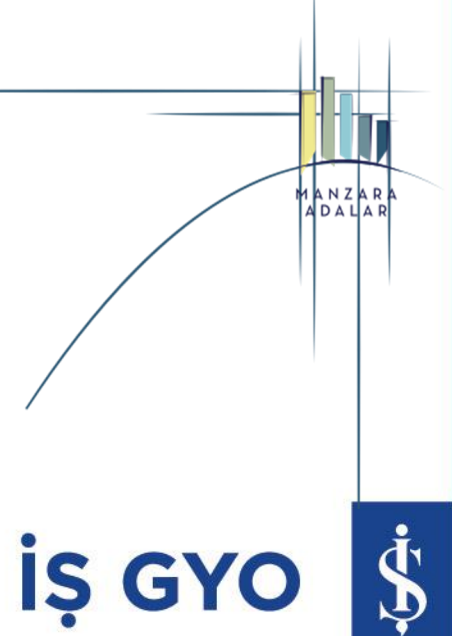
Manzara Adalar - Projections



Total leasable area : 49.000 sqm

Expected rental income(İSGYO share) : TL16-17 mn

Total saleable area for residentials : 140.000 sqm



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



Location : Topkapı, İstanbul



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

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

Total sales revenues* : TL 1,5-1,6 bn

Total saleable area*: \approx 250.000 sqm



**Total figures.*



Designed by

PERKINS+WILL

İstanbul Residential Project



1st Project
İstanbul GALA

3rd Project
İstanbul HAYAT

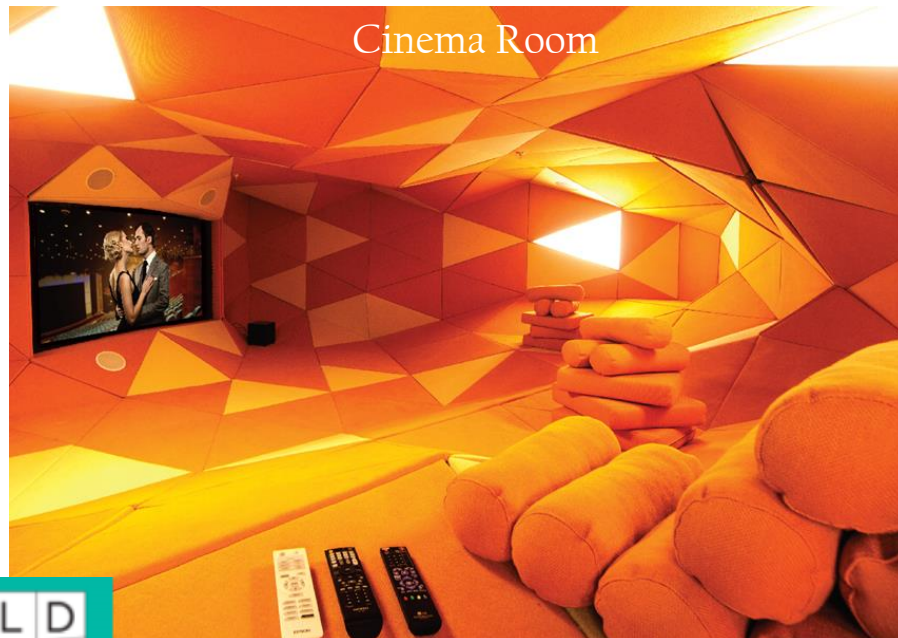
2nd Project
İstanbul LOKAL

4th 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 : TL 45-50 mn

**Designed by*



PIPELINE PROJECTS





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





Location : Tuzla, Istanbul

Acquisition date: January, 2016

Project Land area: \approx 53.460 sqm

Land value: TL168 mn



Location : Kadikoy, Istanbul

Acquisition date: December, 2016

Project Land area: \approx 8.293 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: TL41 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
Period Income according to IFRS	53,2	60,4	61,1	67,0	65,5	247,9	328,4	555,9	420,5
Period Income according to LR**	55,0	48,7	47,9	58,3	63,8	99,3	71,3	131,5	155,2
Cash Dividend	22,5	22,5	22,5	30,0	30,0	31,5	47,6	52,2	63,8
Dividend per share	0,05	0,05	0,05	0,05	0,05	0,05	0,07	0,07	0,075
Cash Dividend/ Period Income (LR**)	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.

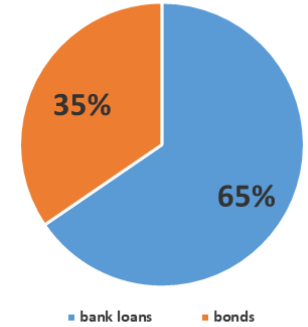
**Legal Records(LR)

DEBT & CASH POSITION



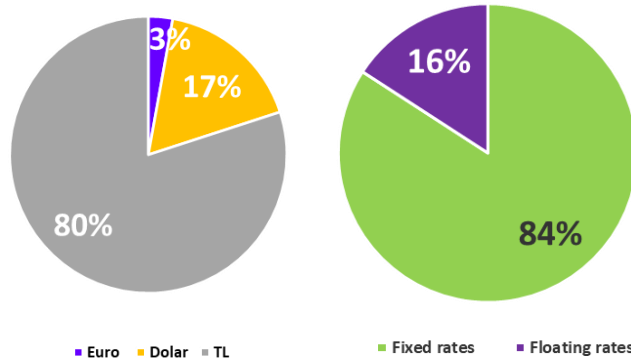
Bank Loans	Outstanding Loan				Outstanding Loan TL mn
	Original Amount mn	Date of the Loan	Cost	Maturity	
Euro Loan	€ 7,3	Dec. 2010	Euribor+350 bps	10 year	32,9 TL
Dolar Loan*	\$53,7	Oct. 2013	Libor +425 bps	10 year	202,5 TL
TL Loan	546,6 TL	Dec.2013-May.2017	11,75% -15,10%	4-6 year	546,6 TL
TOTAL					781,9 TL

Bond Issues	Outstanding Loan				Outstanding Loan TL mn
	Original Amount mn	Date of the Issue	Cost	Maturity	
Bond	213,0 TL	Apr. 2016	Benchmark+250 bps**	3 year	213,1 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	89,7 TL
TOTAL					402,8 TL



* The fx rate is fixed to 3,5655USD/TRY and the cost is fixed to 13,05% in TL terms by using CCS.

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

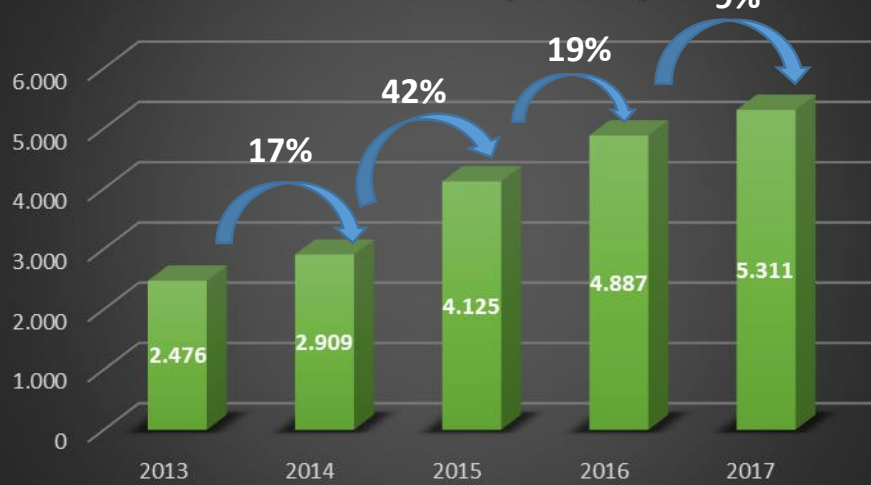


Cash, TL mn	83 TL
Total Financial Debt, TL mn***	1.185 TL
Net Debt, TL mn	1.102 TL

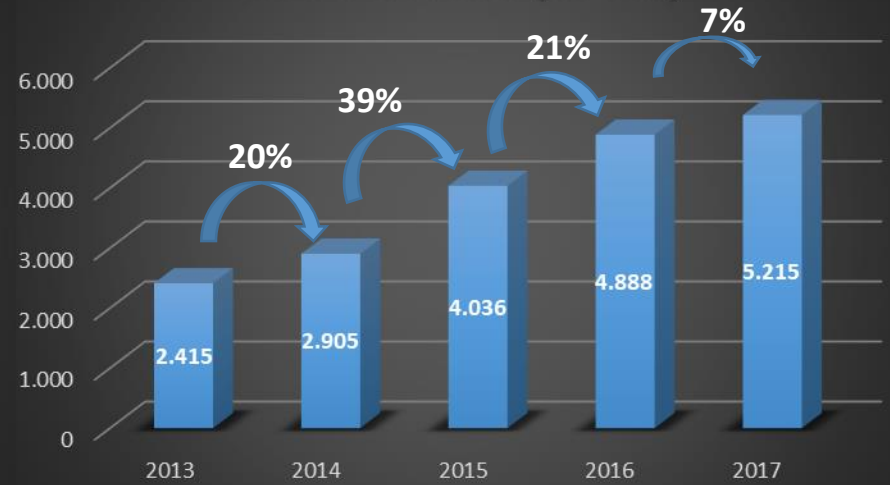
*** Including financial leases and borrowings



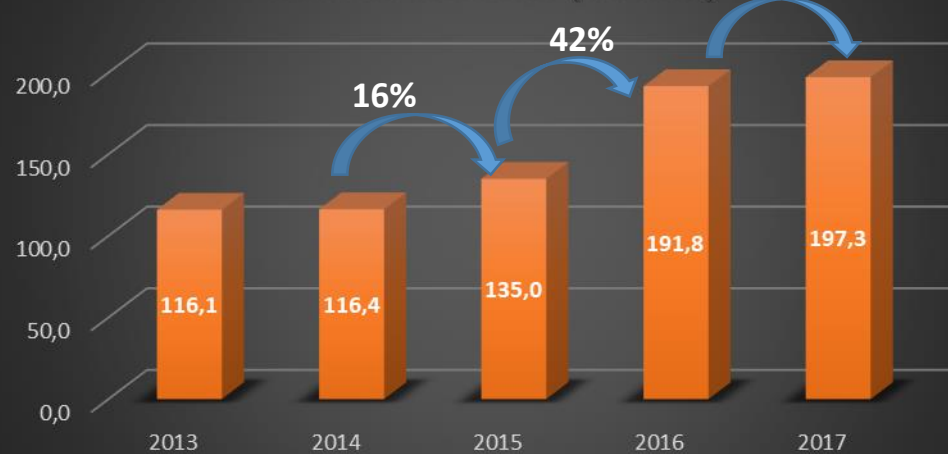
Total Assets (TL mn)



Total Portfolio (TL mn)



Rental Income (TL mn)



TL, mn	31.12.2017	31.12.2016	% Change
ASSETS	5.311,9	4.887,0	9%
<i>Current Assets</i>	<i>968,0</i>	<i>323,0</i>	<i>200%</i>
<i>Long-term Assets</i>	<i>4.344,0</i>	<i>4.564,0</i>	<i>-5%</i>
LIABILITIES	5.311,9	4.887,0	9%
<i>Short-term Liabilities</i>	<i>873,3</i>	<i>188,5</i>	<i>363%</i>
<i>Long-term Liabilities</i>	<i>1.158,0</i>	<i>1.537,2</i>	<i>-25%</i>
<i>Shareholders' Equity</i>	<i>3.280,6</i>	<i>3.161,3</i>	<i>4%</i>

Of the total Liabilities (Short&Long Term):

- the amount regarding the financial liabilities constitutes the 58%,
- the amount regarding advances received from presales of the units in Manzara Adalar Project and İstanbul Project constitutes the 36%.



TL, mn	Jan.-Dec. 2017	Jan.-Dec. 2016
Sales Revenue	439,7	404,5
Cost of Sales	-261,8	-209,7
Gross Profit/Loss	177,8	194,8
General Administrative Expenses	-20,3	-18,4
Marketing, Sales and Distribution Expenses	-15,6	-18,7
Other Operating Income	207,7	376,9
Other Operating Expense	-123,9	-40,2
Operating Profit/Loss	225,8	494,4
Share of Profit of Equity-Accounted Investees	1,4	0,7
Operating Profit Before Finance Expense	227,2	495,1
Finance Income	3,8	-
Finance Expense	-51,0	-74,6
Profit Before Tax	179,9	420,5
Tax Expense	-	-
Net Profit for the Period	179,9	420,5



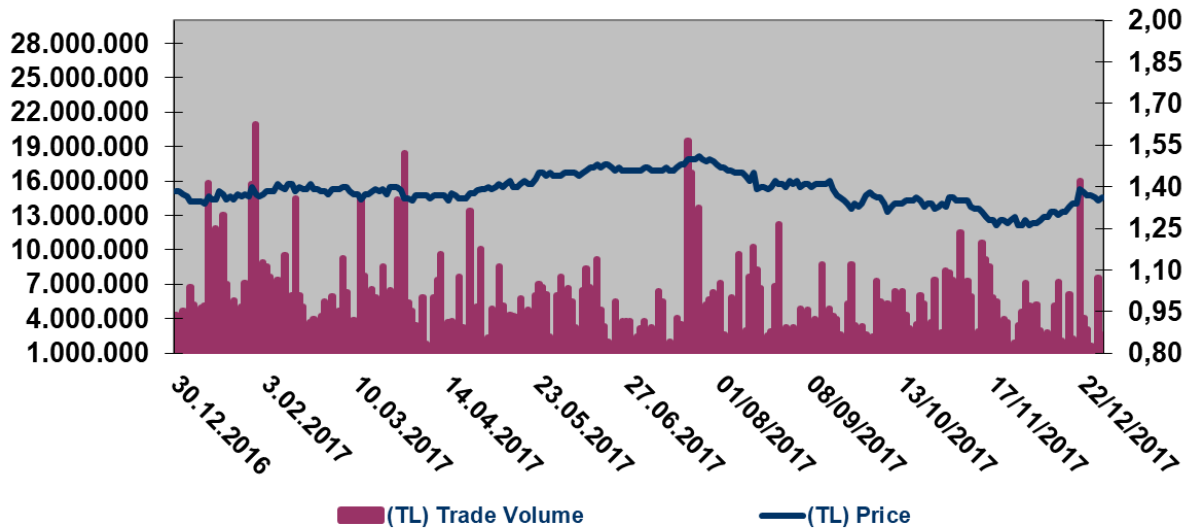
Financials (TL, mn)	Jan.-Dec. 2017	Jan.-Dec. 2016
Sales Revenue	439,7	404,5
Cost of Sales	-261,8	-209,7
Gross Profit/Losses	177,8	194,8
<i>General Administrative Expenses</i>	-20,3	-18,4
<i>Marketing, Sales and Distribution Expenses</i>	-15,6	-18,7
<i>Other Operating Income</i>	207,7	376,9
<i>Other Operating Expense</i>	-123,9	-40,2
EBIT	225,8	494,4
Net Period Income	179,9	420,5
Gross Margin	40%	48%
EBIT Margin	51%	122%
Net Margin	41%	104%



STOCK PERFORMANCE



Price - Trade Volume



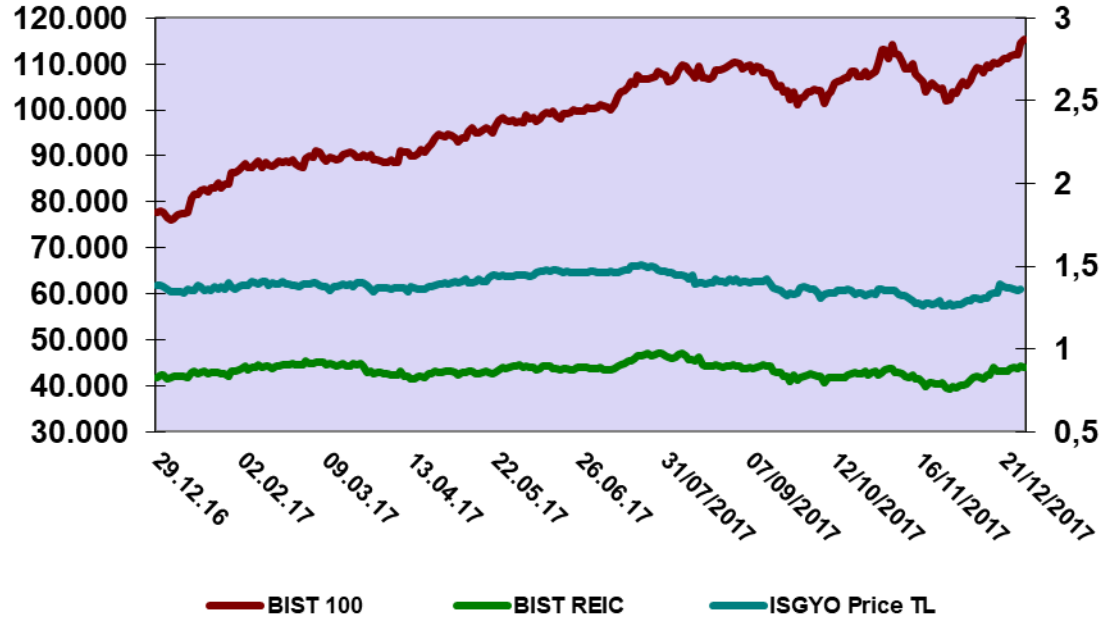
ISGYO	Average Daily Trade Volume	Price change in TL terms
2016	TL 4,1 mn	5%
2017	TL 5,2 mn	-2%



Stock Price vs. Index Performance



BIST 100 - BIST REIC Index & ISGYO Price



Stock Price & Performance as of 31.12.2017		
	1 year	3 year
BİST 100	48%	35%
ISGYO	-2%	47%
XGMYO	4%	18%

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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