

iŖ GYO



**IS REAL ESTATE
INVESTMENT COMPANY
30.06.2017**



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 TL1.334 mn.

Sector Mcap

TL 26.059 mn

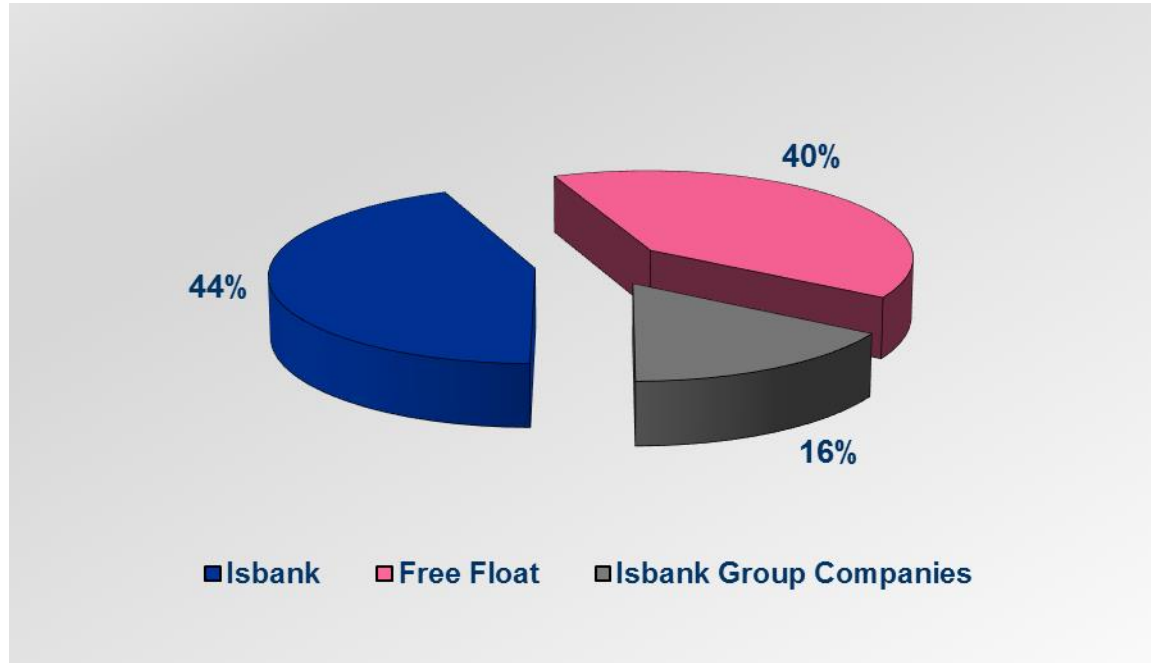
ISREIC

TL 1.334
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 30.06.2017, the free float ratio is 47%. Based on this data, foreign holding ratio is 35% of the free float.*

***17% 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.

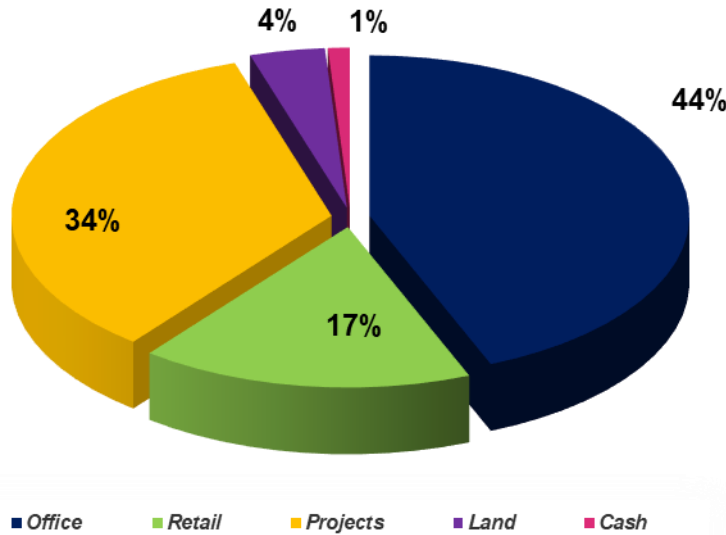
ISGYO PORTFOLIO



Portfolio Breakdown



Total Portfolio	TL mn	%
Real Estate Investments	5.078	99%
Money&Capital Market Instruments	61	1%
Total Portfolio Value	5.139	100%

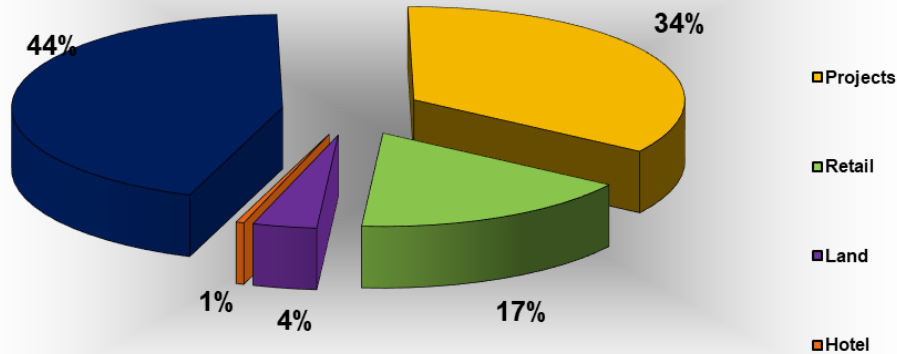


** Projects include Ege Perla Mixed Use, Manzara Adalar Mixed Use, IFC Mixed Use Project and Inistanbul Residential Project.*

Real Estate Portfolio Breakdown



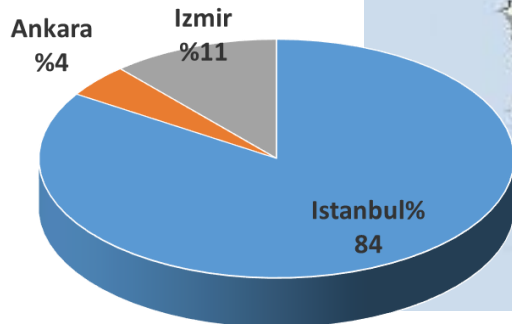
Real Estate Portfolio	TL mn
Office	2.239
Projects	1.762
Retail	859
Land	194
Hotel	24
TOTAL	5.078



RENT GENERATING ASSETS

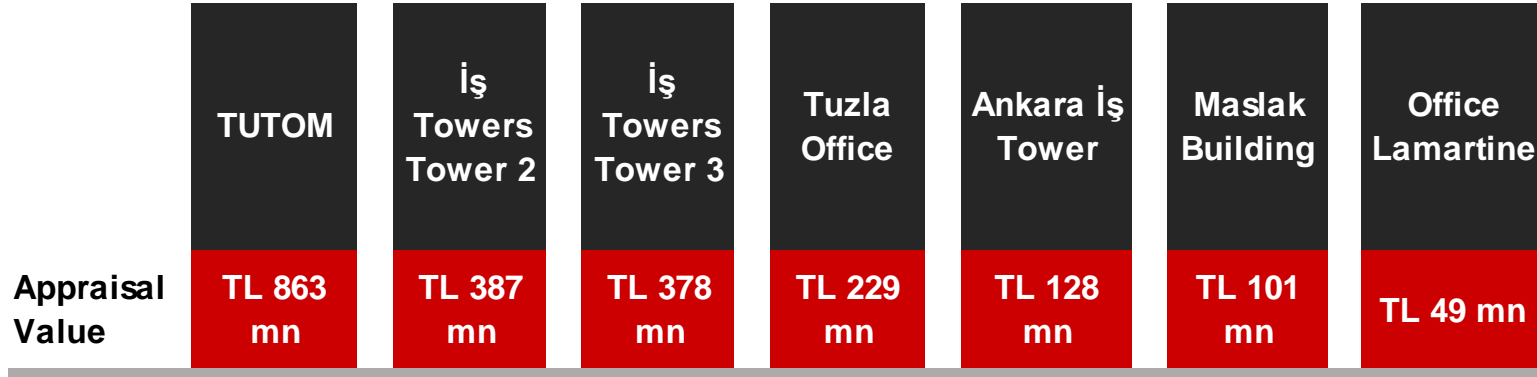


İSGYO- Properties Map



Office Investments – Appraisal Values

➤ 72% of the rental portfolio is in office sector.



	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

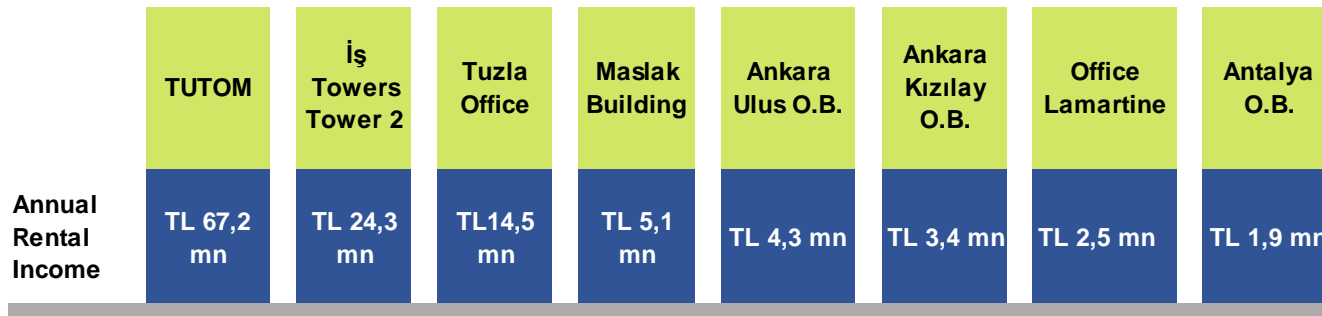
Total Appraisal Value, TL mn 2.239



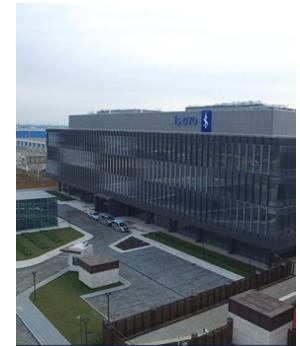
Office Investments – Rental Income

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

**Current Rental
Income
≈ TL 125 mn**

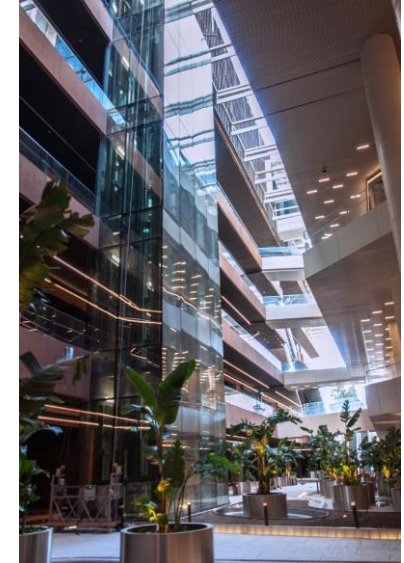
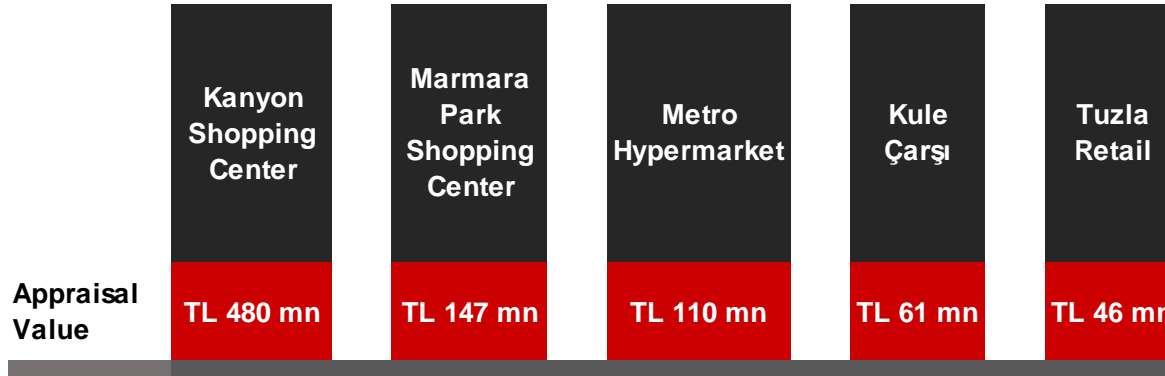


**Figures represent the annual rental income of office investments.*



Retail Investments - Appraisal Values

➤ 28% of the rental portfolio in retail sector.

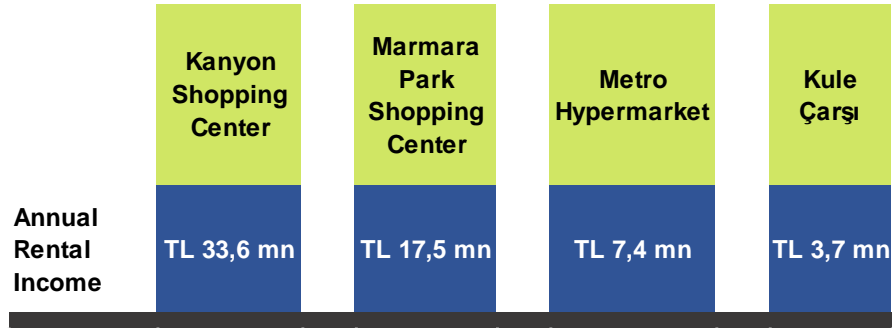


Retail Investments

Total Appraisal Value, TL mn

859

Retail Investments - Rental Income



**Current Rental
Income
≈ TL 62 mn**

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

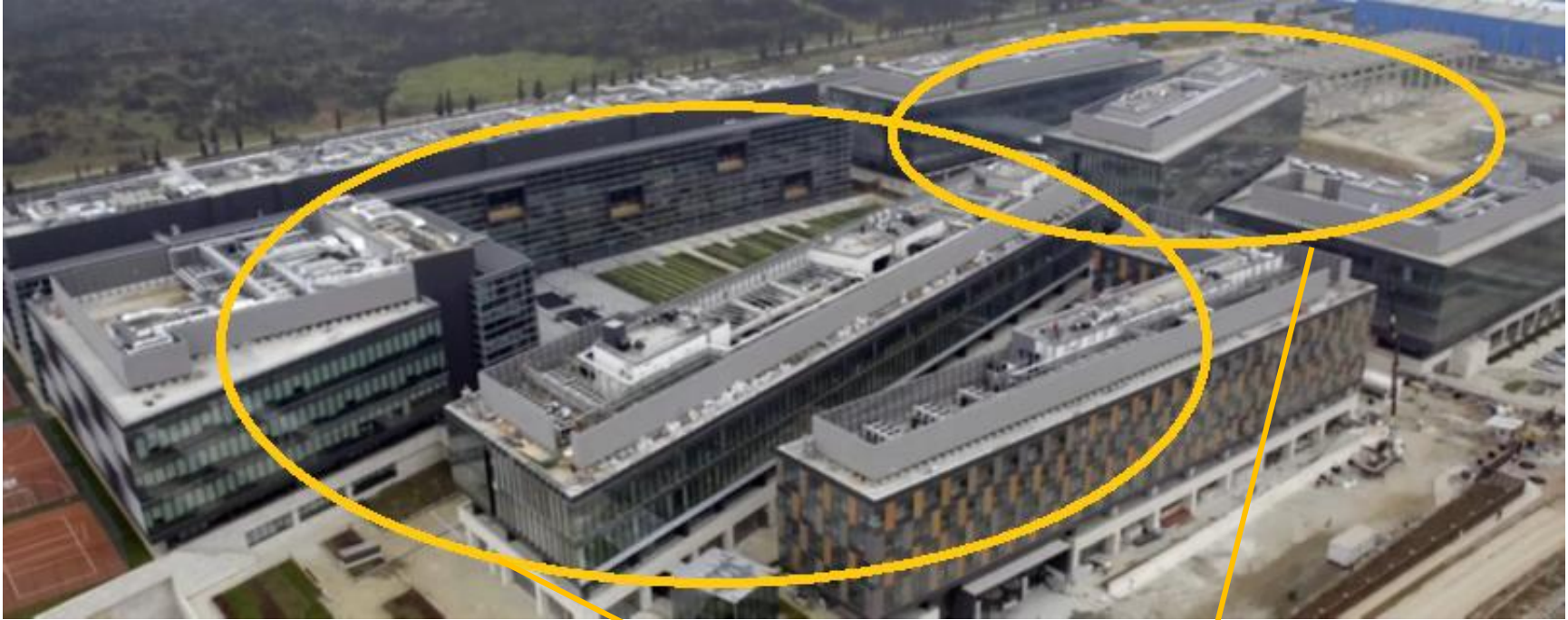


TUTOM&Tuzla Mixed Use



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

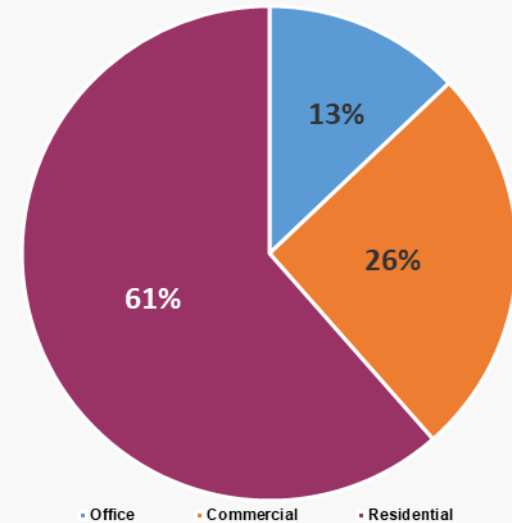


Projects Under Development

Development Cost	TL Mn	%
Ege Perla Mixed Use Project	TL 460	24%
Manzara Adalar Mixed Use Project	TL 620-640	32%
İnistanbul Residential Project	TL 550-600	29%
Finance Center Project (IFC)	TL 280-300	15%
TOTAL	TL1.910-2.000	100%



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 : TL460 mn

Project type : Mixed use project
comprising residentials, home-offices
and a shopping center

**Designed by Emre Arolat.*



Ege Perla Mixed Use Project



Projections⁽¹⁾ :

Residential&Offices:

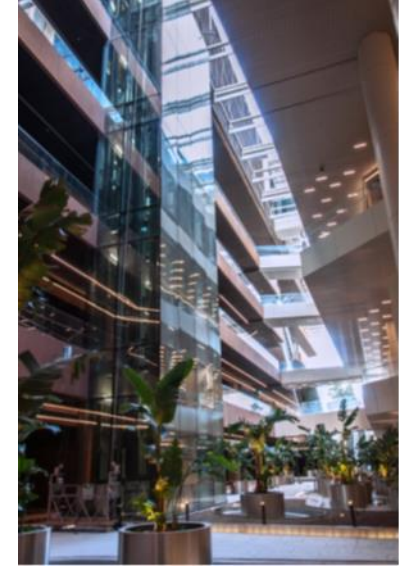
Total saleable area : 33.000 sqm

Shopping Center:

Total GLA \approx 23.500 sqm

Rental income : TL17-18 mn

¹ *The estimated figures.*

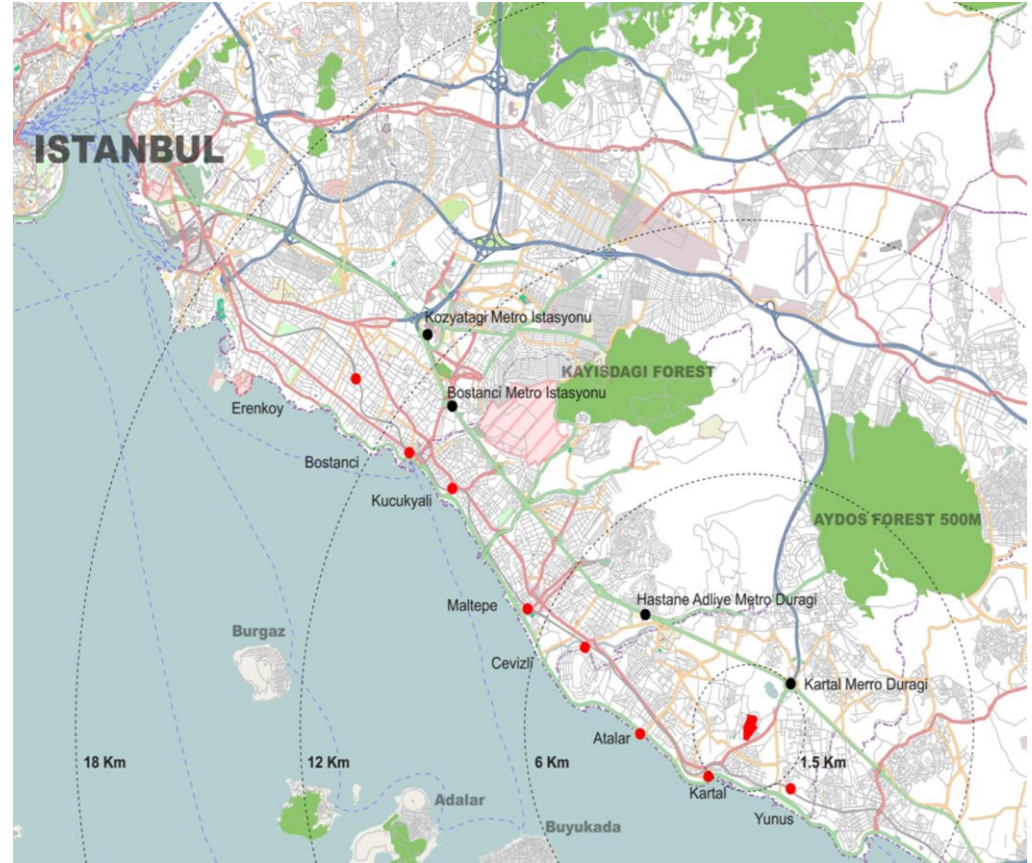


Ege Perla Mixed Use Project



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

Project type : Mixed use project

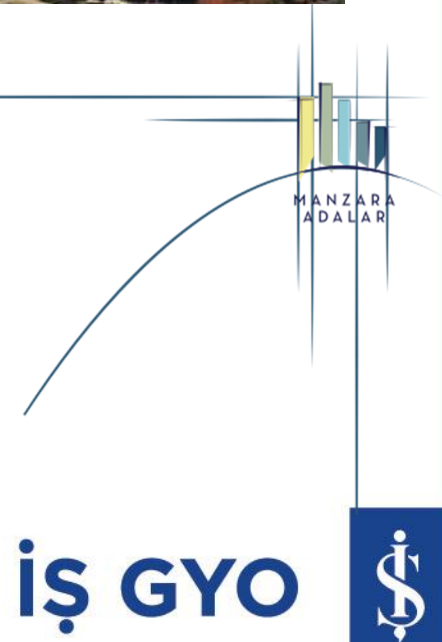
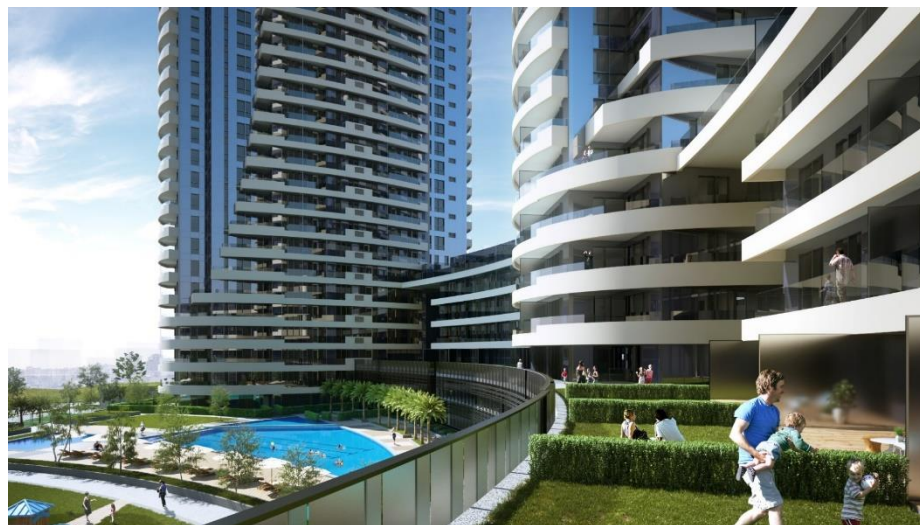


Manzara Adalar - Projections



Total leasable area : 50.000 sqm

Total Expected rental income(İSGYO's share) : TL19-21 mn



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



1st Project
İstanbul GALA

3rd Project
İstanbul HAYAT

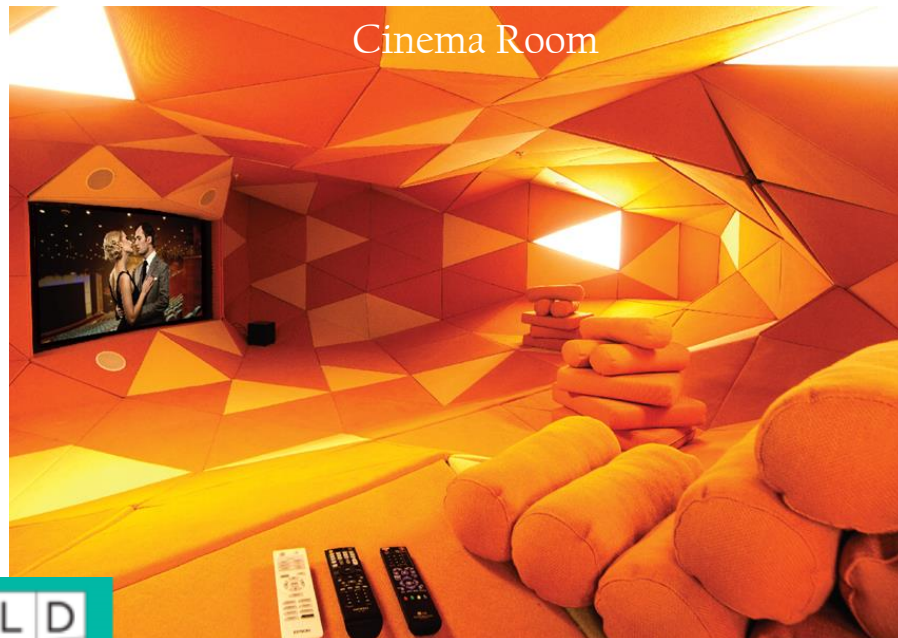
2nd Project
İstanbul LOKAL

4th 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



Estimated saleable/leasable area : \approx 33.000 sqm

Estimated rental Income : TL45-50 mn



**Designed by*



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



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
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

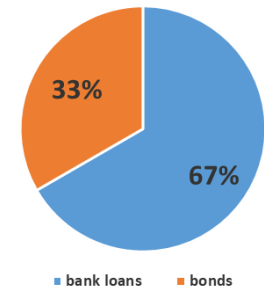


Debt & Cash Position for 2017 2Q

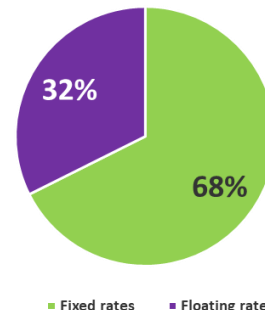
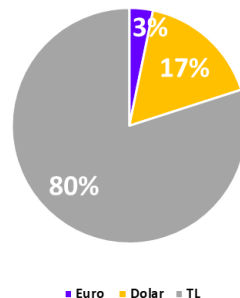
Bank Loans	Original Amount mn	Date of the Loan	Cost	Maturity	Outstanding Loan Original Amount mn	Outstanding Loan TL mn
Euro Loan	€ 24,2	Dec. 2010	Euribor+350 bps	10 year	€ 9,7	38,9 TL
Dolar Loan	\$75,0	Oct. 2013	Libor +425 bps	10 year	\$57,4	201,7 TL
TL Loan	593,0 TL	Dec.2013-May.2017	11,75% -15,10%	4-6 year	559,6 TL	559,6 TL
TOTAL						800,2 TL

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
TOTAL	400,0 TL			

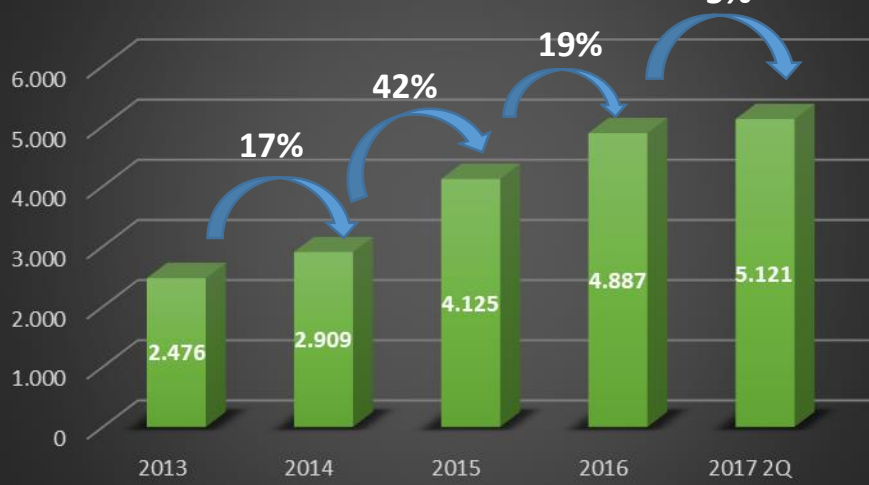
* The cost is fixed to 12,2% by using IRS transaction



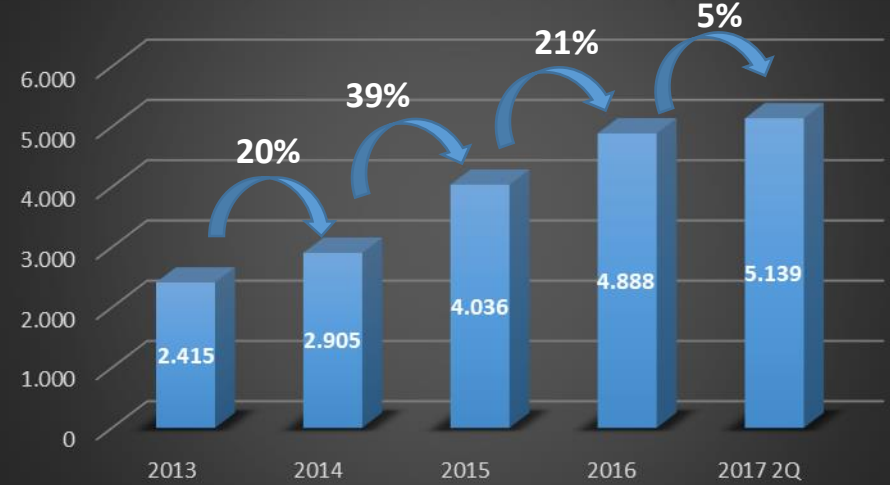
Cash, TL mn	61 TL
Total Financial Debt, TL mn	1.200 TL
Net Debt, TL mn	1.139 TL



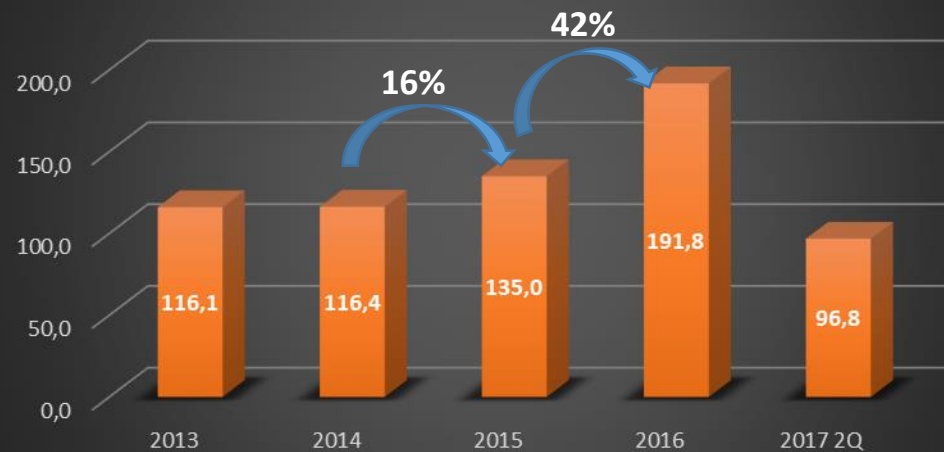
Total Assets (TL mn)



Total Portfolio (TL mn)



Rental Income (TL mn)



TL, mn	30.06.2017	31.12.2016	% Change
ASSETS	5.121,0	4.887,0	5%
<i>Current Assets</i>	<i>584,8</i>	<i>323,0</i>	<i>81%</i>
<i>Long-term Assets</i>	<i>4.536,2</i>	<i>4.564,0</i>	<i>-1%</i>
LIABILITIES	5.121,0	4.887,0	5%
<i>Short-term Liabilities</i>	<i>457,3</i>	<i>188,5</i>	<i>143%</i>
<i>Long-term Liabilities</i>	<i>1.514,0</i>	<i>1.537,2</i>	<i>-2%</i>
<i>Shareholders' Equity</i>	<i>3.149,7</i>	<i>3.161,3</i>	<i>0%</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 Manzara Adalar Project and İstanbul Project constitutes the 33%.



Income Statement

TL, mn	Jan.-June 2017	Jan.-June 2016
Sales Revenue	124,8	248,6
Cost of Sales	-30,8	-139,1
Gross Profit/Loss	94,0	109,6
General Administrative Expenses	-11,9	-10,1
Marketing, Sales and Distribution Expenses	-5,9	-14,8
Other Operating Income	41,5	74,9
Other Operating Expense	-48,8	-30,4
Operating Profit/Loss	68,9	129,1
Share of Profit of Equity-Accounted Investees	0,5	0,3
Operating Profit Before Finance Expense	69,5	129,4
Finance Expense	-17,3	-22,4
Profit Before Tax	52,1	107,0
Tax Expense	-	-
Net Profit for the Period	52,1	107,0



Income Statement

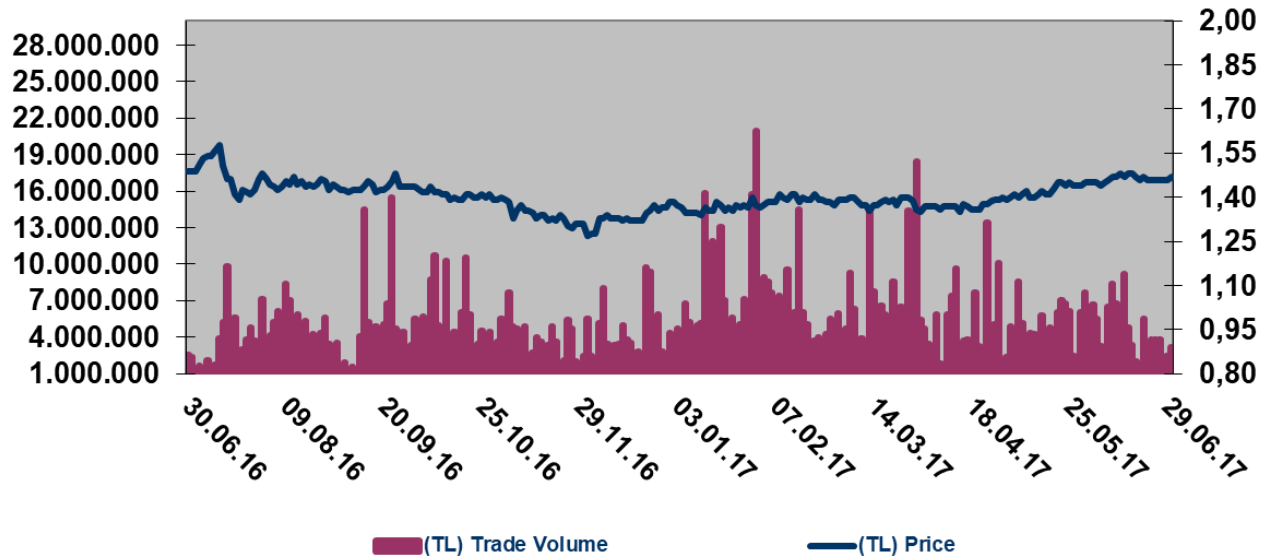
Financials (TL, mn)	Jan.-June 2017	Jan.-June 2016
Sales Revenue	124,8	248,6
Cost of Sales	-30,8	-139,1
Gross Profit/Losses	94,0	109,6
<i>General Administrative Expenses</i>	-11,9	-10,1
<i>Marketing, Sales and Distribution Expenses</i>	-5,9	-14,8
<i>Other Operating Income</i>	41,5	74,9
EBIT	68,9	129,1
Net Period Income	52,1	107,0
Gross Margin	75%	44%
EBIT Margin	55%	52%
Net Margin	42%	43%



STOCK PERFORMANCE



Price - Trade Volume



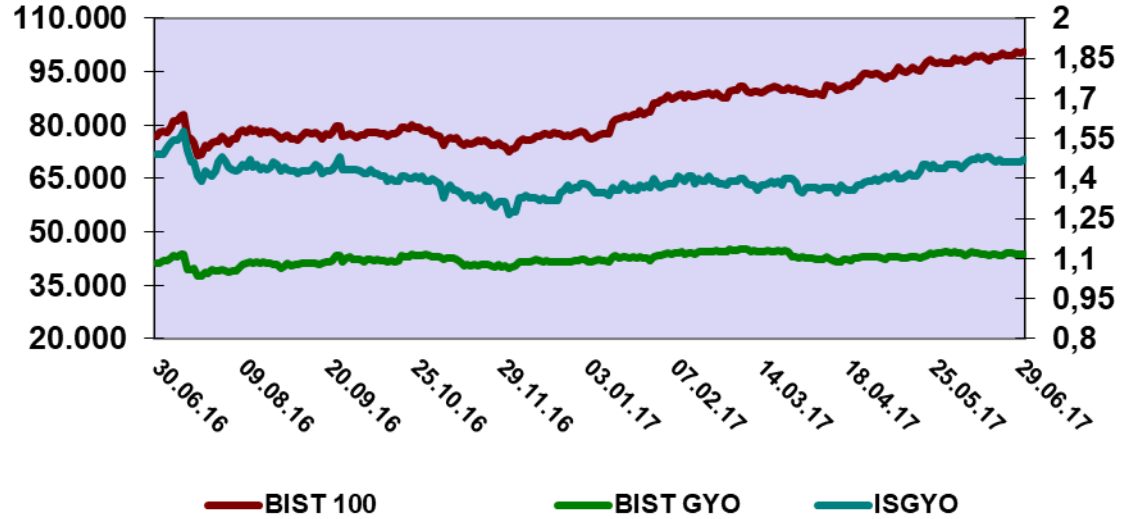
ISGYO	Average Daily Trade Volume	Price change in TL terms
2016	TL 4,1 mn	5%
2017	TL 5,7 mn	6%



Stock Price vs. Index Performance



BIST 100 - BIST REIC Index and ISGYO



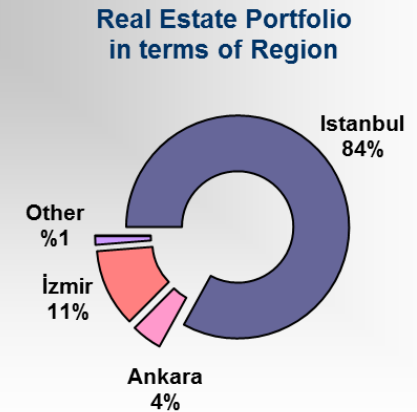
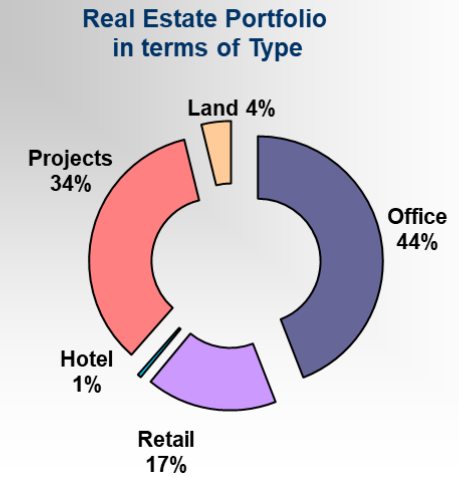
Stock Price & Performance as of 30.06.2017			
	1 year	3 year	5 year
BIST 100	11%	9%	57%
ISGYO	-4%	72%	162%
XGMYO	6%	21%	38%

REAL ESTATE PORTFOLIO



Appraisal Value of the Real Estate Portfolio

Property Name	Appraisal Value TL mn	%
Real Estate Projects	1.762,0	35%
TUTOM	862,6	17%
Is Towers II&III	764,9	15%
Kanyon Shopping Center	480,0	9%
Tuzla Office&Retail	274,8	5%
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	0%
Antalya Office Building	22,0	0%
Other	14,9	0%
Total	5.077,5	100%



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

Mine Kurt Yıldırım

Assistant Manager

Investor Relations

Phone : +90 0212 325 23 50

E-mail : mine.kurt@isgyo.com.tr

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For more information : investorrelations@isgyo.com.tr