



REAL ESTATE INVESTMENT TRUST



**OCTOBER 2017**

**Company Name** : **TSKB REAL ESTATE INVESTMENT TRUST**

**Date of Establishment** : **03.02.2006**

**Share Capital** : **150.000.000 TL**

**Listing** : **Borsa Istanbul**

**Ticker Symbol** : **TSGYO**

**Address** : **Meclisi Mebusan Cad. Mollabayırı Sk. No:1**  
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Disclaimer:

*This presentation must be read with the disclaimer in the Appendix*

**Section I**

**The Company**

**Section II**

**Real Estate Portfolio**

**Section III**

**Financial Data**

**Section IV**

**TSGYO Stock Performance**

**Section V**

**Appendix**

# Highlights

- Established in 2006 as a real estate investment and development company
- Developer of new projects, has demonstrated its ability to ensure profitable project development
- Asset size grew from TL12m (2006) to TL 428 m (3Q2017)
- Strong real estate portfolio with a commercial focus enabling reliable revenues derived from rental income
- Aims to achieve sustainable growth – leasable area up from 3k sqm to 66k sqm
- Income-sharing and joint-venture projects under evaluation

**TSKB REIT aims to be a leading player in the Turkish real estate sector**

# Vision & Mission

## VISION

To be a “reliable business partner” with a “pioneering role“ in its sector.

The logo for TSKB REIT is a red oval with the text "TSKB REIT" in white, bold, sans-serif capital letters.

**TSKB REIT**

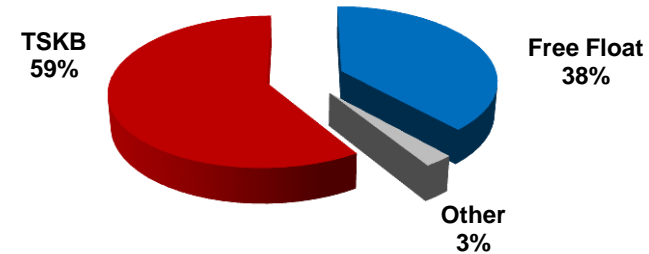
## MISSION

To establish and maintain a growing and sustainable investment portfolio with high returns.

# Shareholder Structure

- ✓ Experienced main shareholder, Turkey's oldest and largest investment and development bank TSKB, part of the Is Bank Group.

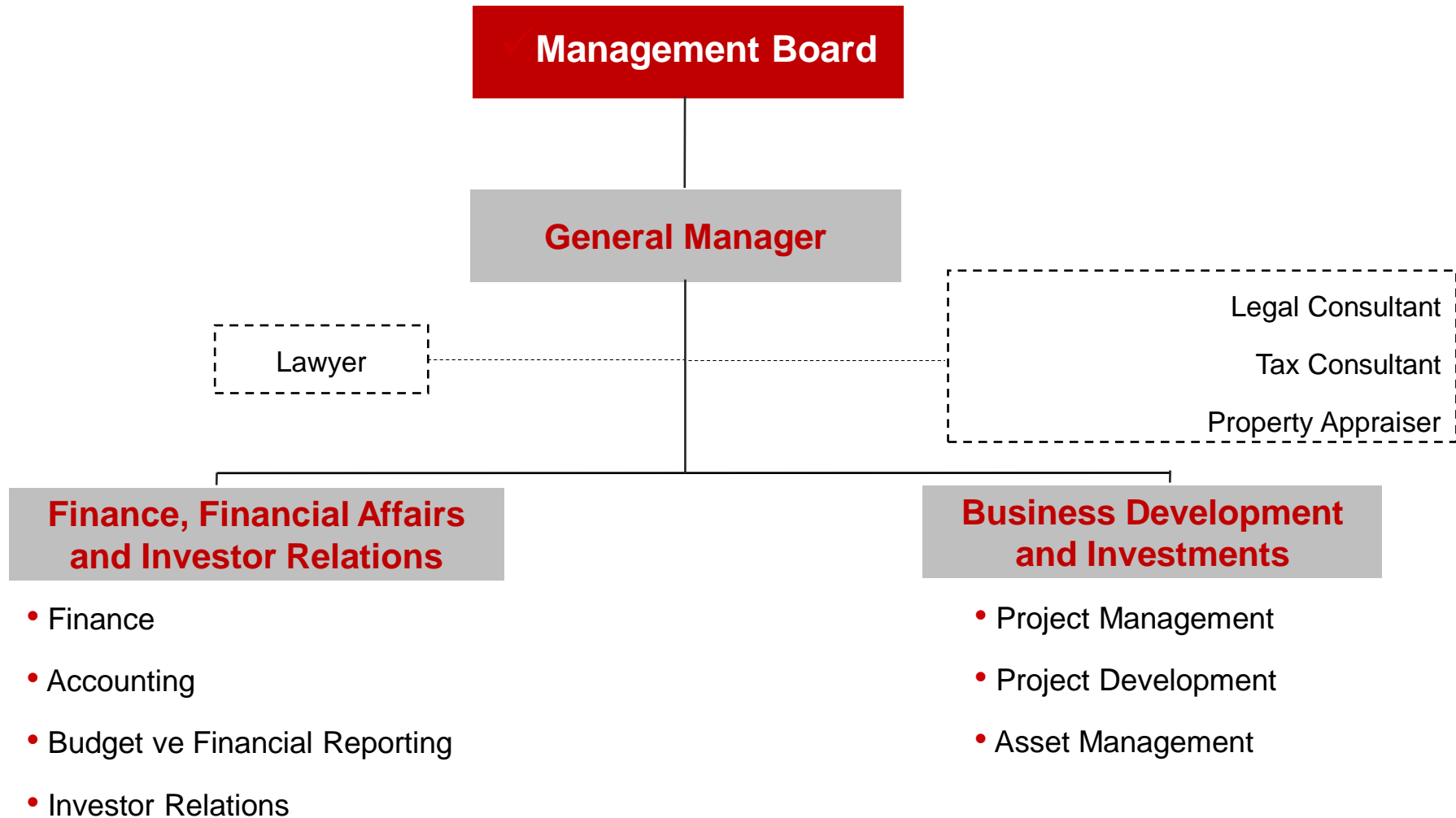
Shareholder	Stake (%)
<b>TSKB</b>	<b>59.00</b>
YF Securities	1.33
TSKB Employees Pension Fund	1.04
TSKB Real Estate Appraisal	0.30
<b>Free Float on ISE*</b>	<b>38.33</b>
<b>Total</b>	<b>100.00</b>



\* As of September 30, 2017, listed shares were held by TSKB, thus, the total share of TSKB was 70.84% as of the date given.

- ✓ The Company is one of the subsidiaries established by TSKB in the real estate market, demonstrating the parent company's commitment to the sector:
  1. TSKB Real Estate Investment Company
  2. TSKB Real Estate Appraisal

# Organizational Chart



# History

- TSKB REIT established in February.
- TSKB contributed the Tahir Han Building as capital in kind in March.



- TSKB acquired the construction permit for PSC in July.
- TSKB REIT laid the foundation for PSC in November.
- Paid in capital was increased to TL100m.



- PSC completed and opened to shoppers in December.



- Construction on the Adana hotel (Divan Adana) project.
- Divan Adana has been in operation on September 2015.

2006

2007

2008

2009

2010

2011-2017



- Land for Pendorya Shopping Center (PSC) purchased in July.
- Land for Adana hotel project purchased in 50% partnership in November.
- Paid in capital upped from TL10m to TL75m.
- Fındıklı Buildings added to the Company's portfolio in December.

- TSKB REIT on the ISE in April.
- Paid in capital was increased to TL150m.

# Investment Strategy

## Industrial and Geographical Focus

- TSKB REIT's investment strategy is concentrated on commercial real estate due to the regular rent income and cash flow pattern which can be obtained from these kinds of assets.
- Business and shopping centers, tourism facilities, logistic warehouses and industrial plants are typical investment projects that the Company would like to add to its real estate portfolio.
- Residential investments can be another area of attraction as a part of a mixed use project or with respect to their potential profitability in stand-alone cases.

## The Goal of Growth by Project Development

- TSKB REIT adheres to an investment strategy which seeks to take a project from its initial conception and to develop it, to organize all project-essential activities in the developmental process, and to complete the project in such a way as to ensure its viability.
- By holding onto the investments which are added to its property portfolio on a long-term basis, the Company's aim is not only to achieve sustainable growth but also to take advantage of the likely appreciation in the properties' value in the long run.

## Risk Calculation

- TSKB REIT engages in a painstaking planning process in order to minimize risk factors as much as possible by verifying a project's commercial viability before starting it, making sure that the financial resources required by the project will be available, and ensuring that the project is in compliance with existing laws and regulations.

**Section I**

**The Company**

**Section II**

**Real Estate Portfolio**

**Section III**

**Financial Data**

**Section IV**

**TSGYO Stock Performance**

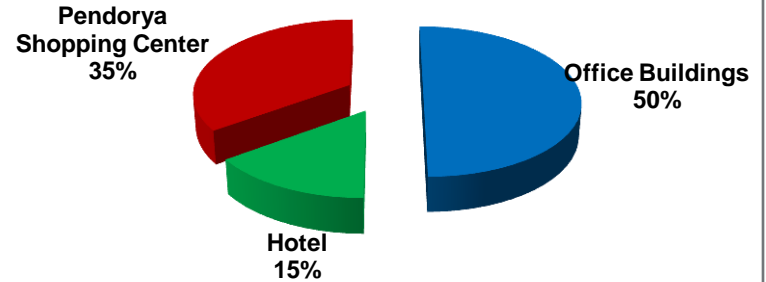
**Section V**

**Appendix**

# Portfolio Breakdown





As of 30.09.2017	( TL )
Hotel	64.622.500
Divan Adana Hotel	64.622.500
Office Buildings	208.575.000
Findıklı Buildings	185.555.000
Tahirhan Building	23.020.000
Shopping Center	144.163.857
Pendorya Shopping Center	144.163.857
Total Real Estate Value	417.361.357
Participations	-
Marketable Securities	626.965
Total Portfolio Value	417.988.322

Breakdown of Real Estate Portfolio\*



\*Proportion of Total Portfolio Value.

# Real Estate Portfolio Summary

		Value (TL 000)*
	■ Pendorya Shopping Center	143,690
	■ Fındıklı Office Buildings	185,555
	■ Tahir Han Office Building	23,020
	■ Divan Adana Hotel	64,613
<b>Total</b>		<b>416,878</b>

\* Valuations carried out by independent real estate appraisal companies. (as of Decemler 29, 2016)

# Pendorya Shopping Center



# Pendorya Shopping Center (contd.)

Location	Pendik - Istanbul
TSKB REIT Stake	100%
Operational Date	December 2009
Land Area (sqm)	23,183
Construction Area (sqm)	80,648
Leasable Area (sqm)	30,573
Number of Stores	92
Anchor Tenants	Eskidji Bazaar (8,255 sqm), MediaMarkt (5,322 sqm), Cinemaximum (2,529 sqm), Migros (1,1001 sqm)
Appraisal Value (TLm)	144.1



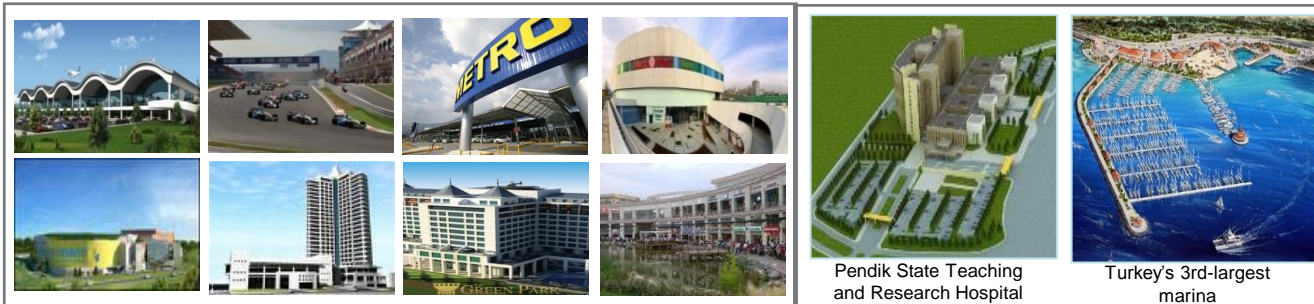
- 100% of Pendorya is held by TSKB REIT.
- The center features a 1,000-person capacity food court and 1,000 vehicle parking lot. Annual expected footfall is 6 million.



# Pendorya Shopping Center (contd.)

- The Pendorya site was selected after careful evaluation of the surrounding region to ensure appropriate demographics and growth dynamics as well as unsaturated market conditions and potential.
- Pendorya is located at the crossroads of two of Istanbul's main highways, and is 8 km distant from the Sabiha Gokcen (SG) International Airport.
- The Pendik area on the Asian side of Istanbul has a rapidly growing catchment population of Grade B income consumers. Ongoing boutique residential projects and other nearby tourism investments increase the attraction of Pendorya's location.
- The construction of a 4,000-person Garanti Bank Operations Center in the neighbouring plot is ongoing. Also located in the vicinity, Turkey's largest state teaching and research hospital (540 beds) was opened at January 2011.

## Real Estate Investments in Pendik Area



# Fındıklı Office Buildings



# Findıklı Office Buildings (contd.)

## Findıklı Building I

Location	Istanbul
TSKB REIT Stake	100%
Land Area (sqm)	1,696
Leasable Area (sqm)	7,102
Number of Floors	7
Tenant	TSKB
Appraisal Value (TLm)	93.2



- TSKB REIT is the 100% owner of the building.
- The building of some 7,102 sqm of covered space was purchased from TSKB in 2007.
- Currently, it is rented by TSKB and serves as the headquarters of the bank.
- The building was renovated in September 2007, and no major maintenance outlays are expected in the near future.
- Close proximity to Bosphorus foreshore and mass transit options also have positive effect on site's exclusivity. Galata Port operations will likely increase the site's future appraisal value.

# Fındıklı Office Buildings (*contd.*)

## Fındıklı Building II

Location	Istanbul
TSKB REIT Stake	100%
Land Area (sqm)	2,430
Leasable Area (sqm)	10,724
Number of Floors	10
Tenants	TSKB, TSKB Foundation, TSKB RE Appraisal
Appraisal Value (TLm)	92.3



- TSKB REIT is the 100% owner of the property.
- The building has 10,724 sqm of enclosed area and was purchased from TSKB in 2007.
- Currently rented by TSKB and other TSKB Group companies.
- The building was renovated in September 2007, and no major maintenance outlays are expected in the near future.
- Close proximity to Bosphorus foreshore and mass transit options also have positive effect on site's exclusivity. Galata Port operations will likely increase the site's future appraisal value.

# Tahir Han Office Building



# Tahir Han Office Building (*contd.*)

Location	Istanbul
TSKB REIT Stake	74%
Land Area (sqm)	607
Leasable Area (sqm)	3,198
Number of Floors	8
Tenants	Various
Appraisal Value (TLm)	23



- TSKB REIT owns 74% of the building. Tahir Han is a seven-story building on 607 sqm plot and has a built up area of 3,198 sqm.
- Building has full sea views from the third story and up.
- Tahir Han is located on the border of a major redevelopment project. It is suitable for conversion to more lucrative activities. Galata Port operations will likely increase the site's future appraisal value.
- At present, the offices are rented out to various companies and individuals.

# Divan Adana Hotel



# Divan Adana Hotel (contd.)

<b>Location</b>	<b>Adana-City Center</b>
<b>TSKB REIT Stake</b>	<b>50%</b>
<b>Operational Date</b>	<b>September 2015</b>
<b>Appraisal Value (TLm)</b>	<b>64.6</b>
<b>Rooms</b>	<b>180</b>
<b>Ballroom</b>	<b>516 sqm / 450 people</b>
<b>Bar</b>	<b>340 sqm / 120 people</b>
<b>Meeting Rooms</b>	<b>7</b>
<b>Lobby Bar</b>	<b>442 sqm / 250 people</b>



- TSKB REIT acquired a 50% share of hotel located in a central area of Adana.
- 5-star, 180 room Hotel (Divan Adana) has been in operation on September 1, 2015.
- Divan Adana Hotel features 1 disabled room, 2 grand suits, 12 suit rooms and 165 standard type rooms and has business centre, fitness centre, SPA, indoor swimming pool, 7 meeting rooms, lobby bar, ballroom, roof bar, TV lounge, Divan Pub, Divan Patisserie and a private car parking area.

# Divan Adana Hotel (contd.)

## Divan Adana fills need for a comfortable city hotel...

- Adana is one of Turkey's main industrial cities, with additional business growth potential due to investments in the energy and petrochemical sectors.
- The occupancy rate of the existing 5-star hotels has increased remarkably in the past new years in Adana because of the significant commercial and industrial progress.
- Adana also lacks alternative places for social activities such as conferences, wedding ceremonies, social occasions and MICE (Meetings, Incentives, Conferencing, Exhibitions) tourism.
- The project is located some 2.5 km from the airport and 5.5 km from the bus terminal.



**Section I**

**The Company**

**Section II**

**Real Estate Portfolio**

**Section III**

**Financial Data**

**Section IV**

**TSGYO Stock Performance**

**Section V**

**Appendix**

# Balance Sheet

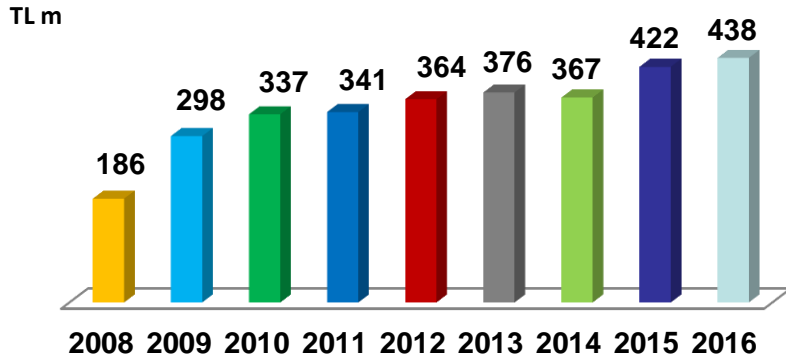
(TL 000)	2010	2011	2012	2013	2014	2015	2016	3Q17
<b>Current Assets</b>	<b>35,242</b>	<b>20,178</b>	<b>26,502</b>	<b>32,914</b>	<b>11,709</b>	<b>8,458</b>	<b>13,419</b>	<b>3,413</b>
Cash and Banks	30,218	15,154	22,073	28,794	7,601	4,365	8,973	627
Financial Investments	1,450	1,888	1,338	900	1,129	924	918	575
Other Current Assets	3,573	3,136	3,091	3,220	2,979	3,169	3,528	2,213
<b>Non-Current Assets</b>	<b>301,937</b>	<b>320,386</b>	<b>337,872</b>	<b>343,275</b>	<b>355,083</b>	<b>413,227</b>	<b>424,235</b>	<b>424,097</b>
Investment Property	290,261	309,835	328,080	335,460	348,665	403,950	416,878	417,361
Fixed Assets	39	85	43	24	29	126	433	392
Other Non-Current Assets	11,637	10,466	9,749	7,791	6,389	9,151	6,924	6,344
<b>Total Assets</b>	<b>337,179</b>	<b>340,564</b>	<b>364,374</b>	<b>376,188</b>	<b>366,792</b>	<b>421,685</b>	<b>437,654</b>	<b>427,510</b>
<b>Short-term Liabilities</b>	<b>22,977</b>	<b>11,636</b>	<b>13,096</b>	<b>17,466</b>	<b>37,351</b>	<b>172,137</b>	<b>81,251</b>	<b>93,860</b>
Bank Debts	20,170	10,734	11,009	16,195	35,741	164,484	66,856	78,405
Trade Payables	988	573	733	716	990	892	838	480
Other	1,819	329	1,354	555	620	6,761	13,557	14,975
<b>Long-term Liabilities</b>	<b>93,268</b>	<b>110,832</b>	<b>116,134</b>	<b>149,727</b>	<b>118,929</b>	<b>30,001</b>	<b>163,503</b>	<b>170,114</b>
Bank Debts	93,161	110,685	115,908	149,406	118,239	27,287	159,527	165,219
Other	107	147	226	321	690	2,714	3,976	4,895
<b>Shareholders' Equity</b>	<b>220,934</b>	<b>218,096</b>	<b>235,144</b>	<b>208,995</b>	<b>210,513</b>	<b>219,547</b>	<b>192,900</b>	<b>163,536</b>
Paid-in Capital	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Share Premium	593	593	593	593	593	593	593	593
Reserves	153	153	153	153	153	153	153	153
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss	-	-	-	18	(7)	(10)	(12)	(12)
Retained Earnings	63,980	70,188	67,350	84,398	58,231	59,775	68,811	42,166
Net Income (Loss)	6,208	(2,838)	17,048	(26,167)	1,543	9,036	(26,645)	(29,364)
<b>Total Liabilities and Shareholders Equity</b>	<b>337,179</b>	<b>340,564</b>	<b>364,374</b>	<b>376,188</b>	<b>366,792</b>	<b>421,685</b>	<b>437,654</b>	<b>427,510</b>

# Income Statement

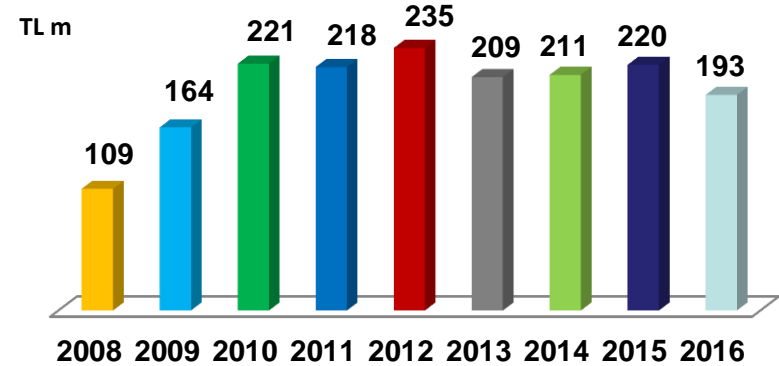
(TL 000)	2010	2011	2012	2013	2014	2015	2016	3Q17
<b>Revenues</b>	<b>14,381</b>	<b>14,734</b>	<b>17,794</b>	<b>17,476</b>	<b>16,634</b>	<b>16,590</b>	<b>17,631</b>	<b>14.555</b>
Operating Costs (-)	(12,230)	(8,446)	(8,447)	(8,544)	(9,274)	(9,838)	(10,268)	(7.773)
<b>Net Operating Profit</b>	<b>2,151</b>	<b>6,288</b>	<b>9,347</b>	<b>8,932</b>	<b>7,360</b>	<b>6,752</b>	<b>7,363</b>	<b>6.782</b>
Income from Other Operations	5,444	15,455	7,933	469	12,992	52,469	26,940	785
Expenses from Other Operations (-)	(249)	(70)	(51)	(5,968)	(13,085)	(12,731)	(14,286)	(17)
<b>Operating Profit</b>	<b>7,346</b>	<b>21,673</b>	<b>17,229</b>	<b>3,433</b>	<b>7,267</b>	<b>46,490</b>	<b>20,016</b>	<b>7.549</b>
Financial Income	5,650	1,639	4,888	43	312	33	27	21
Financial Expenses (-)	(6,787)	(26,150)	(5,069)	(29,643)	(6,036)	(37,487)	(46,688)	(36,942)
<b>Profit Before Tax</b>	<b>6,208</b>	<b>(2,838)</b>	<b>17,048</b>	<b>(26,167)</b>	<b>1,543</b>	<b>9,036</b>	<b>(26,645)</b>	<b>(29,364)</b>
Tax	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>55,346</b>	<b>(2,838)</b>	<b>(2,838)</b>	<b>17,048</b>	<b>1,543</b>	<b>9,036</b>	<b>(26,645)</b>	<b>(29,364)</b>

# Key Parameters

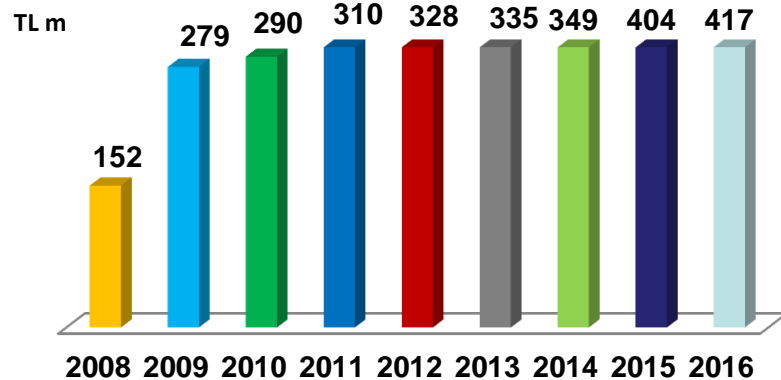
## Total Assets



## Shareholders' Equity



## Real Estate Portfolio Assets



**Section I**

**The Company**

**Section II**

**Real Estate Portfolio**

**Section III**

**Financial Data**

**Section IV**

**TSGYO Stock Performance**

**Section V**

**Appendix**

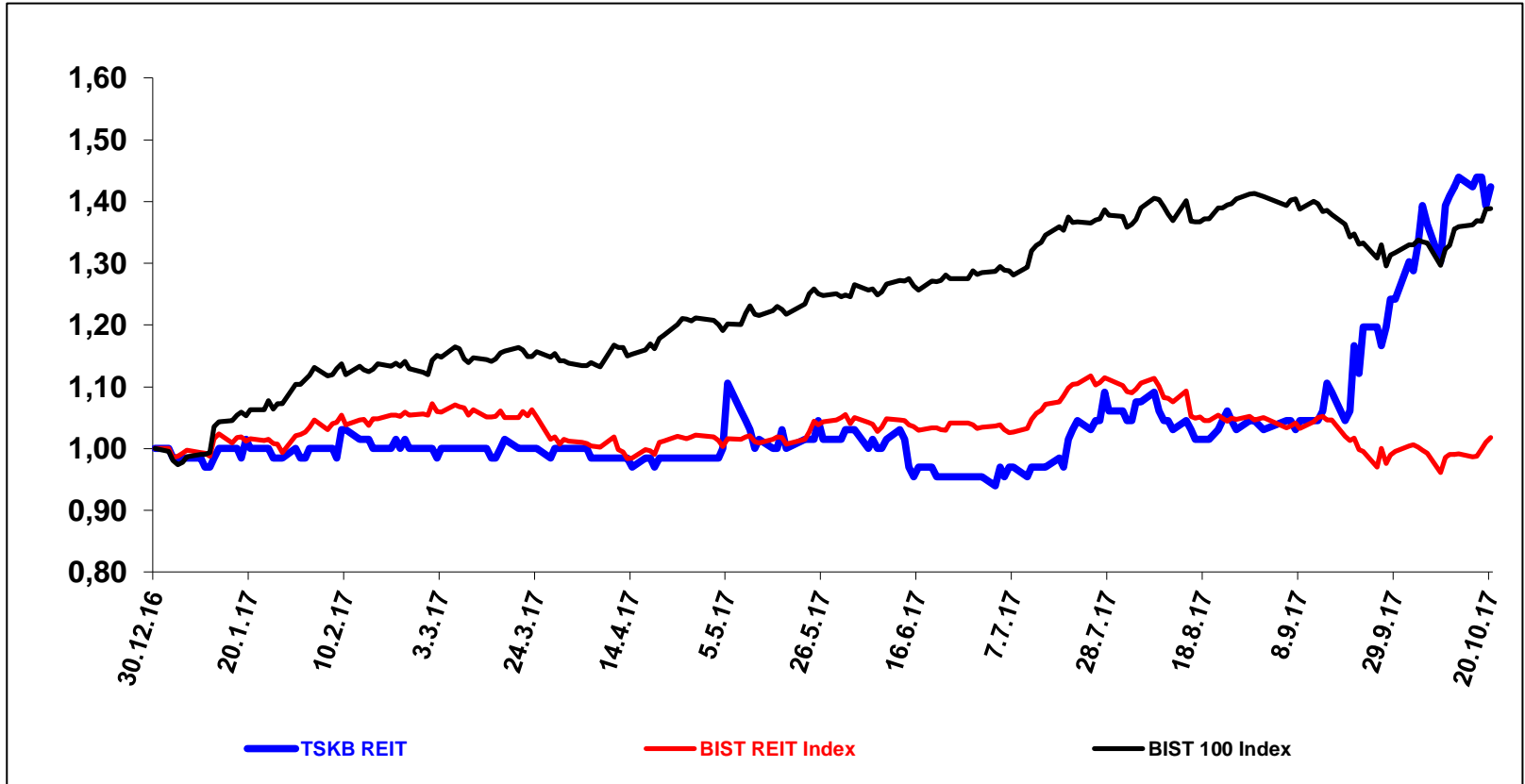
# TSGYO Stock Performance

	31.12.16	30.09.17	20.10.17	Performance 31.12.16-30.09.17	Performance 30.09.2017-20.10.2017
<b>BIST 100 Index</b>	<b>78,139</b>	<b>102,908</b>	<b>108,489</b>	<b>32%</b>	<b>5%</b>
<b>BIST REIT Index</b>	<b>42,248</b>	<b>42,065</b>	<b>42,998</b>	<b>-0.4%</b>	<b>2%</b>
<b>TSGYO</b>	<b>0.66</b>	<b>0.85</b>	<b>0.94</b>	<b>29%</b>	<b>11%</b>

	31.12.16	30.09.17	20.10.17	Performance 30.12.16-30.09.17	Performance 30.09.17-20.10.17
<b>TSGYO Market Cap (TL mn)</b>	<b>99</b>	<b>128</b>	<b>141</b>	<b>29%</b>	<b>11%</b>
<b>TSGYO Market Cap (USD mn)</b>	<b>28</b>	<b>36</b>	<b>39</b>	<b>28%</b>	<b>7%</b>

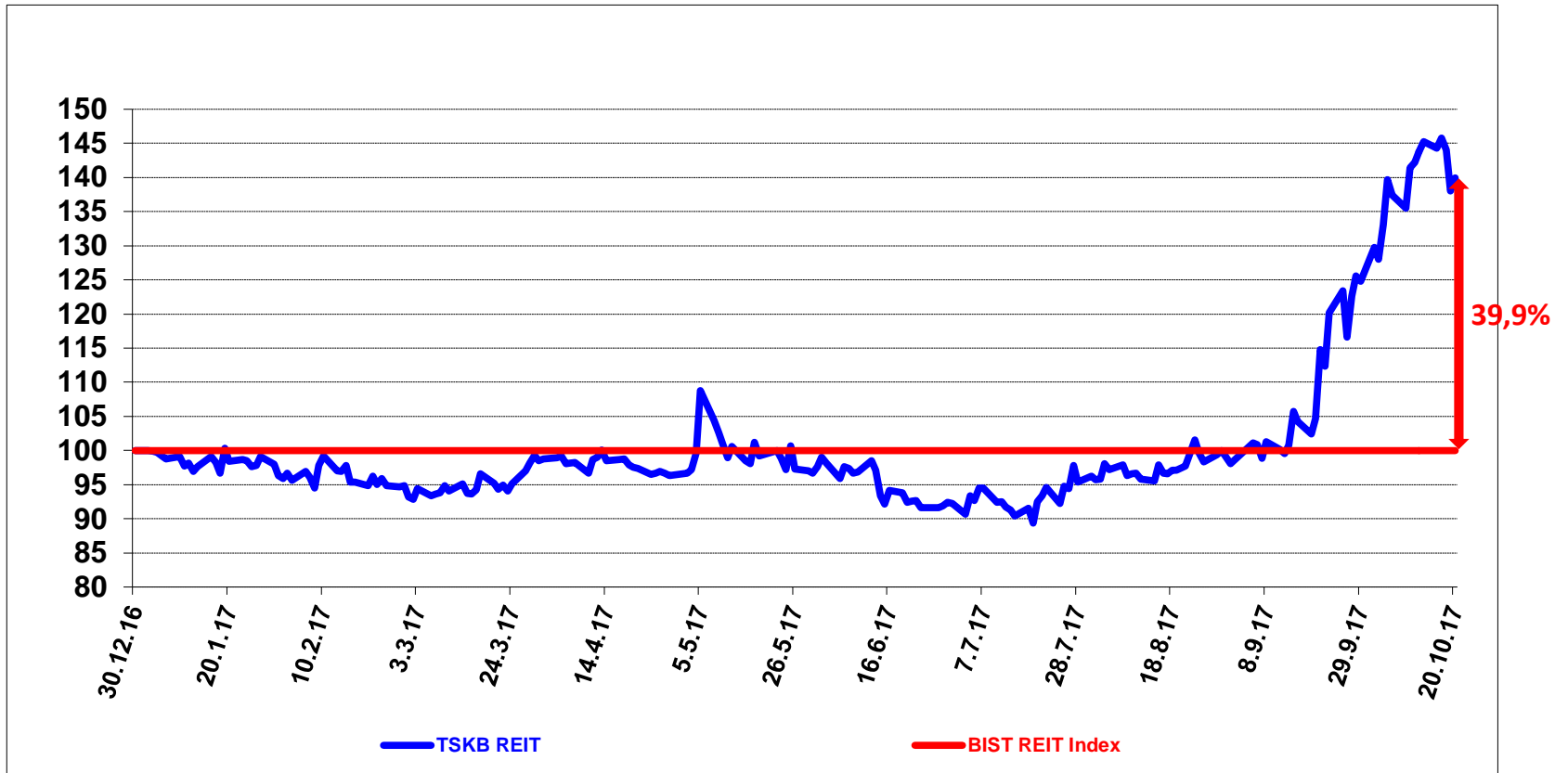
# TSGYO Stock Performance

## TSGYO, BIST REIT Index and BIST 100 Index Performance



# TSGYO Stock Performance

## TSGYO - Relative Performance to BIST REIT Index



# Net Asset Value

<b>TSGYO Net Asset Value (NAV) ( TL )</b>	
<b>Hotel</b>	<b>64,622,500</b>
Divan Adana Hotel	64,622,500
<b>Office Buildings</b>	<b>208,575,000</b>
Fındıklı Buildings	185,555,000
Tahir Han Building	23,020,000
<b>Shopping Center</b>	<b>144,163,857</b>
Pendorya Shopping Center	144,163,857
<b>Total Real Estate Value</b>	<b>417,361,357</b>
Participations	-
Marketable Securities	626,965
<b>Total Portfolio Value</b>	<b>417,988,322</b>
Cash and Banks	-
Receivables	575,502
Other Assets	8,946,654
Payables	263,974,871
<b>NAV*</b>	<b>163,535,607</b>
Market Cap**	141,000,000
<b>Discount to NAV</b>	<b>20%</b>

• as of September 30, 2017

• \*\* as of October 20, 2017

**Section I**

**The Company**

**Section II**

**Real Estate Portfolio**

**Section III**

**Financial Data**

**Section IV**

**TSGYO Stock Performance**

**Section V**

**Appendix**

# Regulation Highlights

- ✓ Capital markets institution, under the supervision of the CMB
- ✓ Corporate tax exemption
- ✓ Allowed to invest in real estate, real estate projects, rights and capital market instruments backed by real estate, and money and capital market instruments
- ✓ >51% of the the portfolio to be invested in real estate
- ✓ Not allowed to carry out construction
- ✓ Properties to be valued by independent and CMB licensed appraisal companies

# Public REITs

- ☐ Akfen REIT
- ☐ Akiş REIT
- ☐ Akmerkez REIT
- ☐ Alarko REIT
- ☐ Ata REIT
- ☐ Atakule REIT
- ☐ Avrasya REIT
- ☐ Deniz REIT
- ☐ Doğuş REIT
- ☐ EGS REIT
- ☐ Emlak REIT
- ☐ Halk REIT
- ☐ İdealist REIT
- ☐ İş REIT
- ☐ Kiler REIT
- ☐ Körfez REIT
- ☐ Martı REIT
- ☐ Mistral REIT
- ☐ Nurol REIT
- ☐ Özak REIT
- ☐ Özderici REIT
- ☐ Pera REIT
- ☐ Reysaş REIT
- ☐ Servet REIT
- ☐ Sinpaş REIT
- ☐ Torunlar REIT
- ☒ **TSKB REIT**
- ☐ Vakıf REIT
- ☐ Yapı Kredi Koray REIT
- ☐ Yeni Gimat REIT
- ☐ Yeşil REIT

# Disclaimer

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This presentation does contain forward-looking statements that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

Neither TSKB REIT nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.



REAL ESTATE INVESTMENT TRUST



*Thank You...*

**OCTOBER 2017**