

# Akiş REIT Investor Presentation (Dec'18)



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- 1 Group Presentation**
- 2 Company Overview**
- 3 Snapshot as of 3Q18**
- 4 Breakdown of Portfolio**
- 5 Market & Portfolio Overview**
- 6 Portfolio Performance**
- 7 Planned Projects**
- 8 Financials' Overview & Guidance**

# Akiş REIT Investor Presentation (Dec'18)



## 1 Group Presentation



Founded in 1952 by Raif Dinçök, Akkök Holding is one of the most well established industrial groups in Turkey.

The Group conducts operations in the fields of chemicals, energy and real estate, with 18 commercial and industrial enterprises, one of which is overseas, and with 18 production plants. Total combined turnover of the group is USD 3.1 billion.

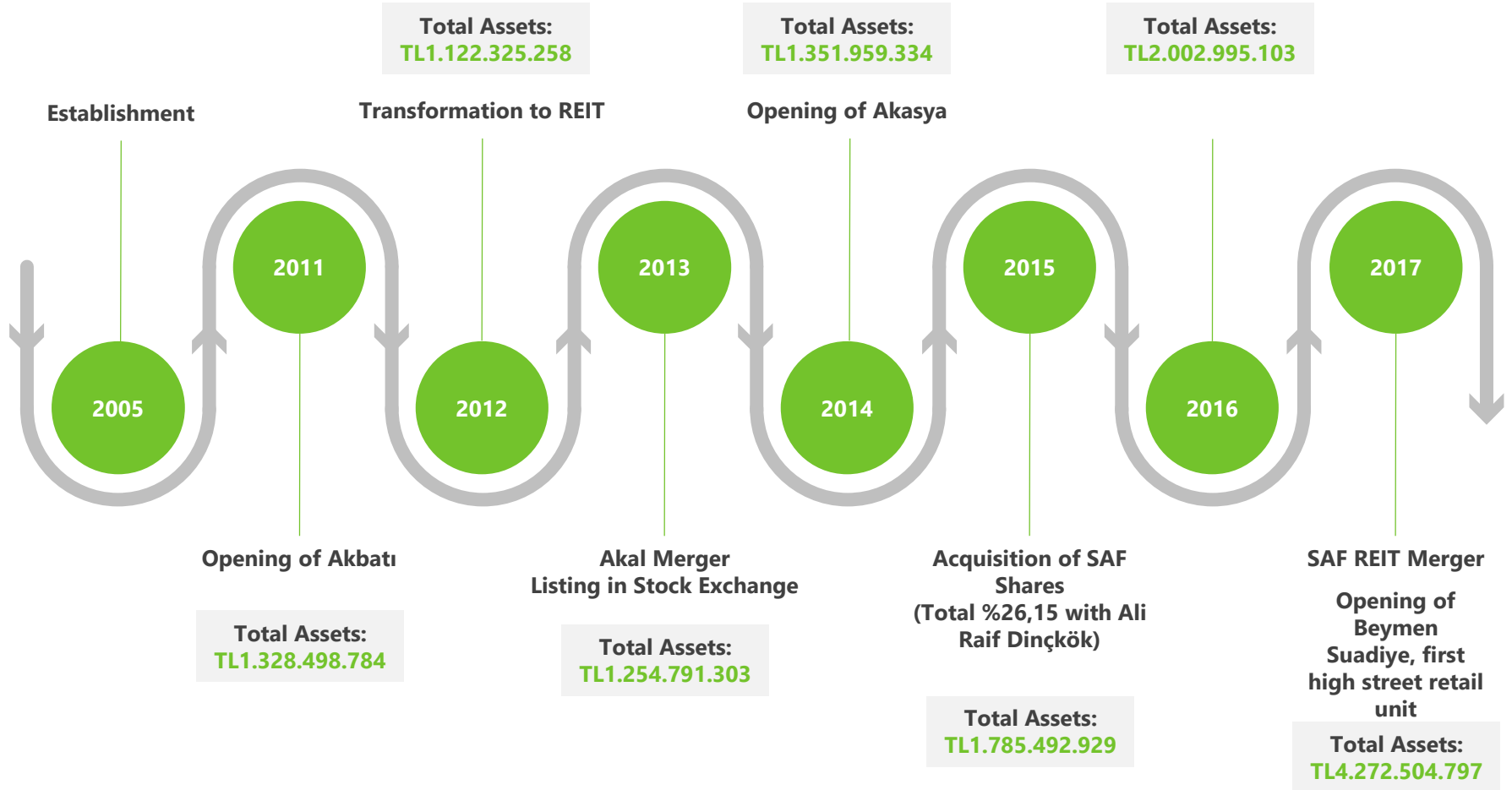
## 2 Company Overview (Ownership Structure)

Shareholders (as of 30.09.2018 )	Shares (%)	Nominal Value of Shares (TL)
Ali Raif Dinçkök	24,19%	104.022.994
Akkök Holding Inc.	14,66%	63.065.857
Nilüfer Dinçkök Çiftçi	9,21%	39.605.908
Emniyet Ticaret ve Sanayi Inc.	9,13%	39.267.011
EBRD	7,36%	31.650.000
Raif Ali Dinçkök	6,56%	28.196.104
Others ( including Free Float )	28,90%	124.283.975
<b>Total</b>	<b>100,00%</b>	<b>430.091.850</b>

# Akiş REIT Investor Presentation (Dec'18)



## 2 Company Overview (History)



# Akiş REIT Investor Presentation (Dec'18)



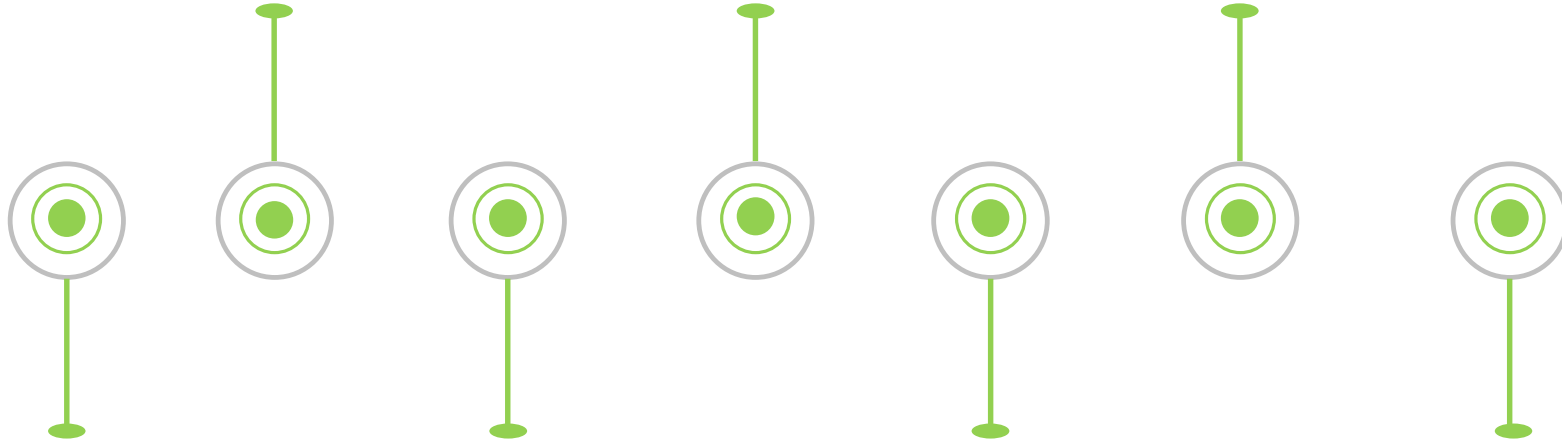
## 2

## Company Overview (2018 in a nutshell)

On **10/04/2018**, European Bank for Reconstruction and Development (EBRD) invested c.TL102mn (US\$25.2mn equivalent) to Akiş REIT along with some other individual/institutional investors during the "Accelerated Book Building Process" to sell 17.39% shares bought back during the merger process with SAF REIT.

Akiş REIT has secured a US\$40mn loan from HSBC bank in **August 2018** to extend average debt maturity

The Communiqué Regarding Amendment on the Communiqué Regarding Decree No. 32 on the Protection of the Value of the Turkish Lira Currency (Communiqué No: 2018-32/34) is published in the Official Gazette dated **06.10.2018**, numbered 30557 and came into force on the publication date (Communiqué No: 2018-32/51, the "Communiqué").



Akiş REIT has been included in FTSE EPRA/NAREIT Global Emerging Markets Index as of **19 March 2018**.

Akiş REIT has taken part as 51% shareholder in a residential project in Aldgate (London) in **June 2018**

Akiş REIT initiated a buy-back in **3rd of August** in order to protect the right of its investors' from market fluctuation

Akiş REIT signed a "liquidity provider" agreement with Gedik Securities on **2nd of November 2018** in order to increase liquidity and depth of its shares

## 2 Company Overview (Investment Theme)



Prime assets with high rental yields in unique locations

Akasya:

7,74%

Akbatı:

8,18%

Suadiye Beymen:

7,83%



Regular dividend distribution policy, attractive dividend yield,

Average dividend distribution:

USD42 mn

Average dividend yield:

10%



Proven corporate governance and dividend record

Corporate governance rating:

9,54 out of 10

Dividend Index

BIST 25

Integrated sector know-how, total control over the value chain (including development, leasing and management phases)

Proven real estate transaction track record (completed 11 sales in 2015 – 2017 with 45% above the appraisal values)

Address of The Real Estate	Type Of Real Estate	Date	Appraisal Value (TL)	Sales Value (TL)
İstanbul İli Esenler İlçesi, Atışalanı mahallesi Teksitlkent	Store	10.03.2015	310.000	368.960
Bilecik İli, Bozüyük İlçesi, Yaftı Mevki	Land/Building	25.08.2015	11.500.000	13.897.550
Yalova İli, Çiftlikköy İlçesi Deniz Çalı Köyü Topçuçiftliği Mevkii	Land/Building	7.09.2015	45.100.000	46.149.700
Tekirdağ ili, Çerkezköy İlçesi, Fevzipaşa Mahallesi	Land/Building	30.12.2015	50.300.000	71.814.009
İstanbul İli, Üsküdar İlçesi, Kısıklı Mahallesi	Land	23.03.2016	49.200.000	58.020.870
Tekirdağ ili, Çerkezköy İlçesi, Fevzipaşa Mahallesi	Land	26.04.2016	10.448.295	14.562.961
Tekirdağ ili, Çerkezköy İlçesi, Fevzipaşa Mahallesi	Land	9.06.2016	18.378.866	26.935.085
İstanbul İli, Üsküdar İlçesi, Kısıklı Mahallesi	Land	23.06.2016	9.175.000	20.400.641
Bilecik İli, Bozüyük İlçesi, Yaftı Mevki	Land	29.09.2016	165.000	190.000
Tekirdağ ili, Çerkezköy İlçesi, Fevzipaşa Mahallesi	Land/Building	23.11.2016	40.022.839	52.050.419
Kocaeli ili, Gebze İlçesi, Balçık Köyü	Storage Facility	1.12.2017	40.000.000	93.740.678
<b>Total</b>			<b>274.600.000</b>	<b>398.130.873</b>

# Akiş REIT Investor Presentation (Dec'18)



## 3 Snapshot as of 3Q18

Net asset value:

**TL3.7bn**

Current mcap:

**TL1.1bn**

Shopping centers:

**85%**

\*in terms of portfolio breakdown

Gross yield:

**7.96%**

\*on two shopping centers

9M18 NAV discount:

**70%**

Revenue generating assets

**TL5.0bn**

9M18 Current ratio:

**69%**

9M18 net debt:

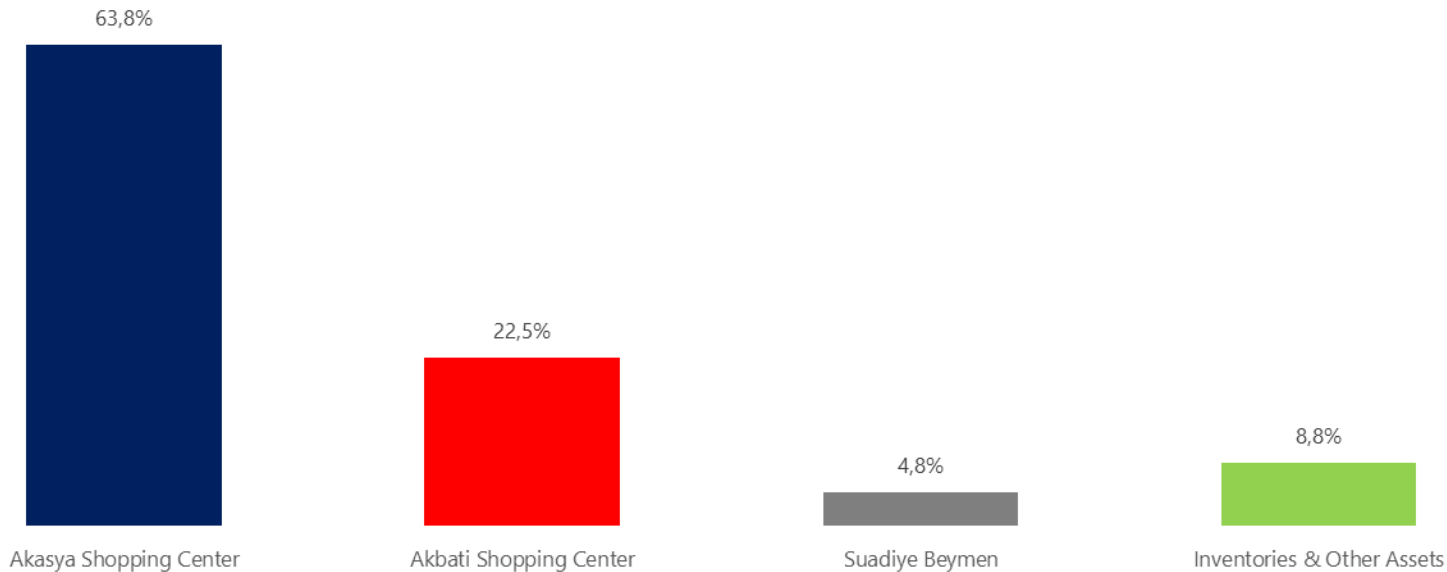
**TL2.0bn**

\*current assets/short-term liabilities

# Akiş REIT Investor Presentation (Dec'18)

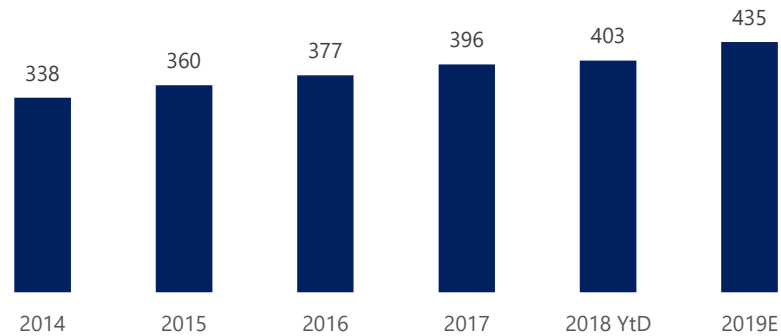


## 4 Breakdown of Portfolio (as of 30.09.2018)

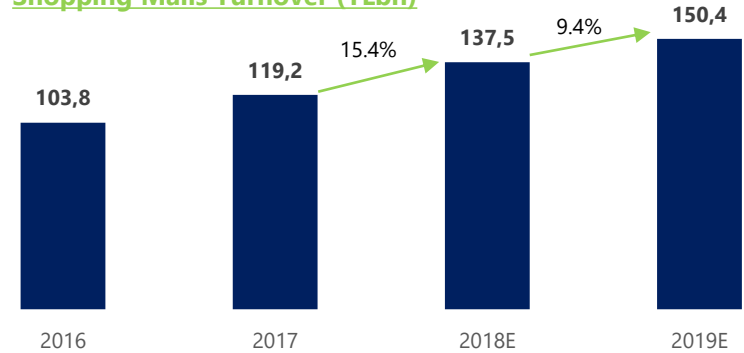


## 5 Market Overview

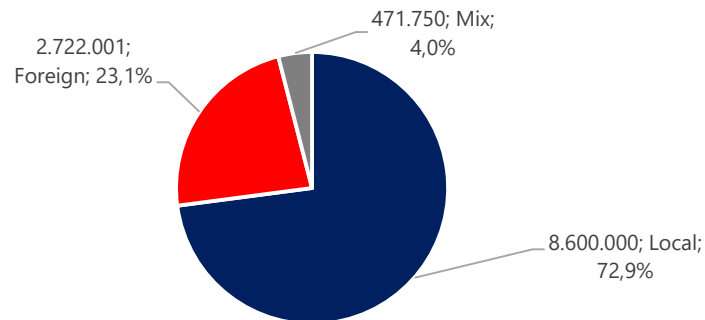
### Number of Shopping Malls



### Shopping Malls Turnover (TLbn)



### Breakdown of Investments by Investor (sqm)



- ✓ Competition is getting more intense every year
- ✓ Planned supply and demand dynamics should be more carefully analysed than ever
- ✓ Shopping Malls are not just malls but living spaces where technology and social media intersect
- ✓ Location; closeness to customer is more important than ever
- ✓ İstanbul is home to c.40% of Gross Leasable Area
- ✓ Akasya Shopping Mall still holds its title as the only almost fully let A+ shopping mall status on the Anatolian side of İstanbul whereas Akbatı Shopping Mall is still the very first and only attraction centre in its hinterland

Source: AYD, Akiş GYO

## 5 Market Overview – Game Changers

**Blurring Lines Between Online and Offline Shopping**

**The Indispensability of Product/Service Customization, Consumers Holding the Power Over Brands**

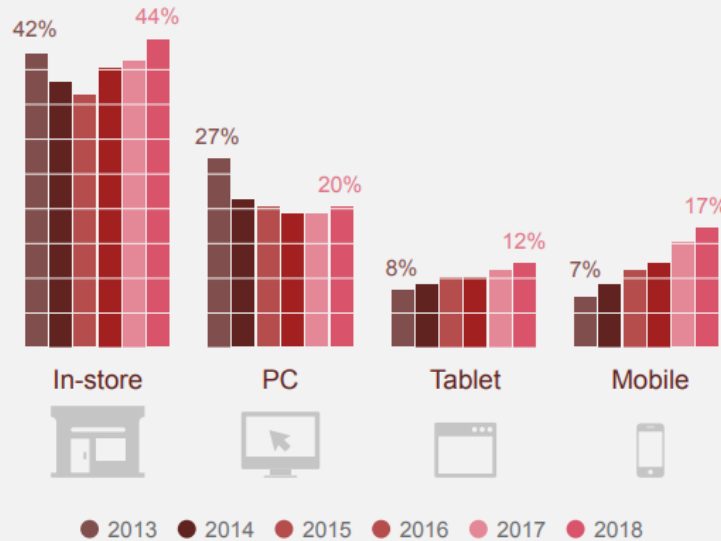
**Providing More Value to Consumers with Digital Solutions**

**Providing Differentiation with Customer Experience**

**Subscription & Sharing Economy**

## 5 Market Overview – Importance of Physical Store

Figure 2: The six year reflection: store resiliency and the rise of mobile



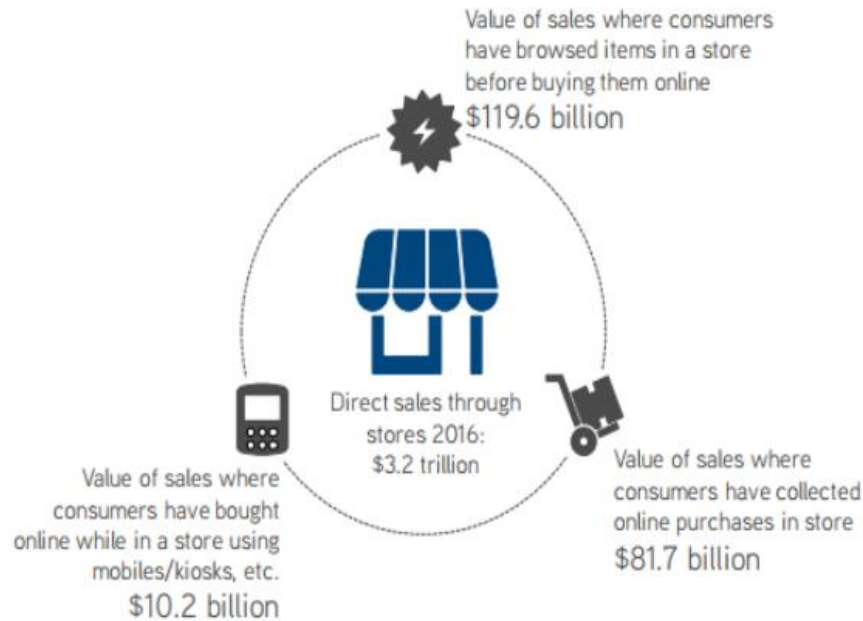
Q. How often do you buy products (e.g. clothes, books, electronics) using the following shopping channels?

Base: 22,481 (Chart represents percentage of daily and weekly usage combined)  
Source: PwC, Global Consumer Insights Survey, 2018

- ✓ In store shopping has increased for the third year straight. (In store pick-ups via online shopping is helping)
- ✓ Increasing for six years straight: Mobile shopping.
- ✓ Stores provide sensory and social experiences for consumers, creating differentiation from online shopping.
- ✓ Akasya Click&Collect spot provides a convenient way for consumers to collect their online shopping items in our shopping mall.
- ✓ Estimated share of tourist turnover in Akasya in the first 8 months of 2018: ~%8

## 5 Market Overview – Importance of Physical Store

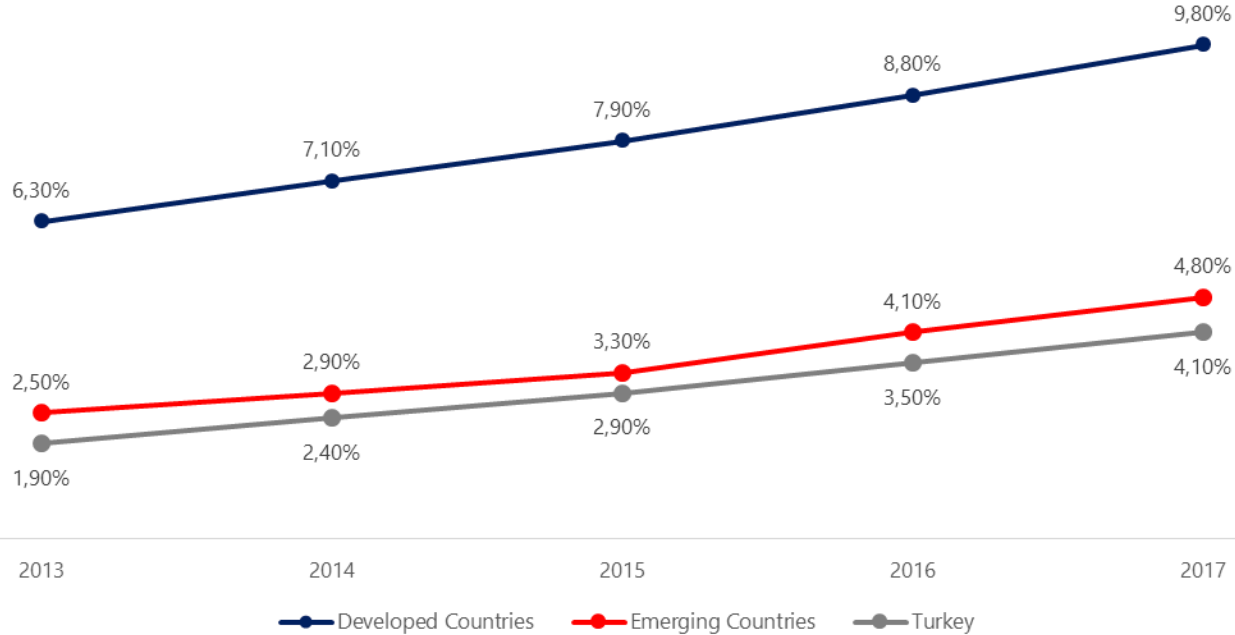
### The True Value of A Physical Store



Source: GlobalData

- ✓ The true value of a physical store is increasingly being measured not only with direct sales that are generated inside, but as a step in the customers' shopping journey.
- ✓ In US, the share of online shopping sales which are generated after the customer saw/tried the product inside a store is 26%.

## 5 Market Overview – Share of E-commerce (as % of total retail sales)



- ✓ Turkish e-commerce market is growing with in parallel to other emerging markets such as India, Brazil, Russia, Poland.
- ✓ In Turkey, 4 out of 10 people are shopping online. Men shop online twice more frequently compared to women.
- ✓ 5 out of 10 people are intimidated by online shopping due to security concerns.
- ✓ 29% of Akasya visitors shop online each month. This figure is %19,5 for Akbatı visitors.
- ✓ The reason why Akasya visitors prefers buying products online which they originally see in stores: Cheaper Prices (Akasya %72, Akbatı: %68)

## 5 Market Overview – Experiential Spaces

✓ The growing focus on experience has led to a rising share in non-retail/experiential tenants, including food and beverage (F&B), salons, movie theaters, fitness centers and medical clinics. According to a recent study by ICSC, non-retail and non-restaurant space in shopping centers increased from 19.2 percent to 23.1 percent from 2012 to 2018. Shoppers who patronize these service-oriented tenants visit shopping centers more frequently (38 percent) and spend more time when they come (45 percent). Shoppers also say these service tenants make visits more enjoyable and efficient..

Elbet Steakhouse



Akasya Kültür Sanat



Zuhal Müzik - Tamirane



## 5 Market Overview – Example of Amazon

Figure 1. Selected Countries: Key Facts

Year	Country	Amazon's Internet Retailing Market Share in Country (2016)	Number of Internet Shoppers in the Country (Million, 2016)	Internet Shoppers as a % of the Total Population (2016)	Individuals Using the Internet as a % of the Total Population (2016)
1994	US	33.0%	209.6	65%	88%
1998	UK	26.5%	42.9	65%	95%
1998	Germany	40.8%	40.7*	49%	90%
1998	India	N/A	50**	4%	30%
2000	France	10.7%	34.4*	51%	86%
2000	Japan	N/A	77**	61%	92%
2002	Canada	N/A	21.5	59%	90%
2004	China	1.3%	466.7	34%	53%
2010	Italy	14.4%	12*	20%	61%
2011	Spain	7.9%	15*	32%	81%
2012	Brazil	1.1%	87.3	42%	60%
2013	Australia	8.7%	15***	62%	88%
2013	Netherlands	N/A	10.1	59%	90%
2013	Mexico	5.5%	7.2	6%	60%
2017	Singapore	N/A	1.8****	32%	81%
2017	UAE	N/A	4.5	50%*	91%

\*2014 \*\*2015 \*\*\*Estimated number in 2016. \*\*\*\*Estimated number in 2014.

Source: eMarketer/VoucherCodes.co.uk/PFSweb/Centraal Bureau voor de

Statistiek/Webalive.com.au/CNNIC/Data.gov.sg/MasterCard/Google and AT Kearney/Statista Digital Market Outlook/World Bank/Pew Research Center/Euromonitor International/FGRT

- ✓ Amazon's success in its expansions varies in terms of online retail market shares in different countries.
- ✓ Examples such as China, Brazil, Mexico show that it is harder for Amazon to generate a massive market share in emerging countries.

## 5 Portfolio Overview



### Akasya Commercial Center

Opening Date	2014
Number of Shops	260
Gross Leasable Area (sqm)	80.000
Occupancy Rate	96%
Rent per sqm	US\$56/month
Rent for last Full Year	US\$57mn
International Awards	91



### Akbatı Commercial Center

Opening Date	2011
Number of Shops	173
Gross Leasable Area (sqm)	65.500
Occupancy Rate	98%
Rent per sqm	US\$27/month
Rent for last Full Year	US\$23mn
International Awards	87



### Suadiye Beymen

Opening Date	2017
Number of Shops	1
Gross Leasable Area (sqm)	c.5.000
Occupancy Rate	100%
Rent per sqm	US\$50/month
Rent for last Full Year	US\$3.2mn
International Awards	-

## 6

## Portfolio Performance (Akasya Shopping Mall)

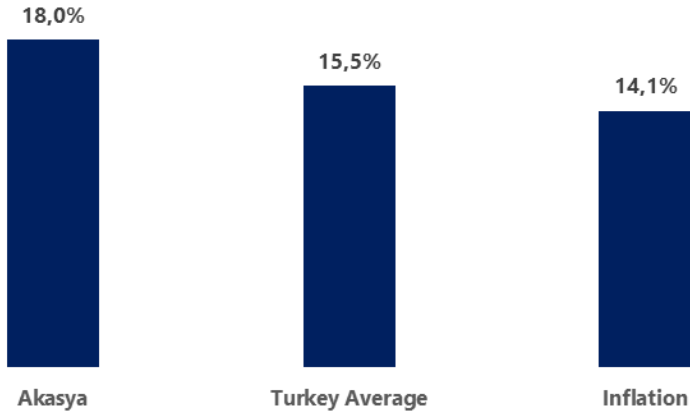


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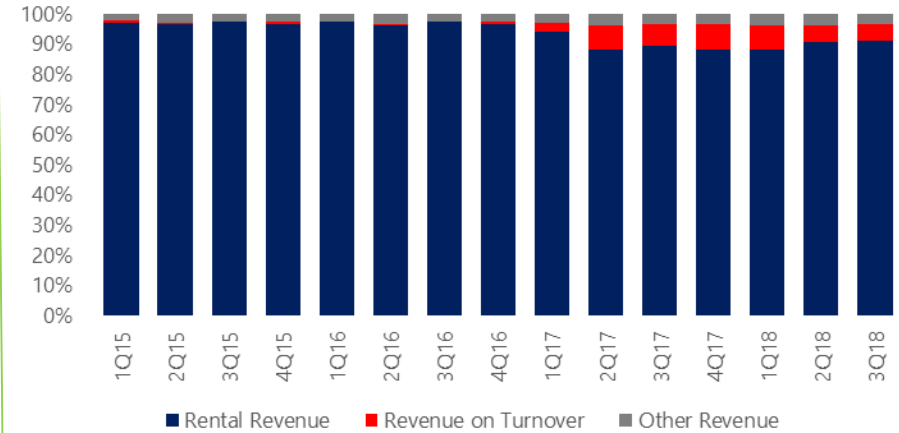
## Akasya Shopping Mall – General Overview



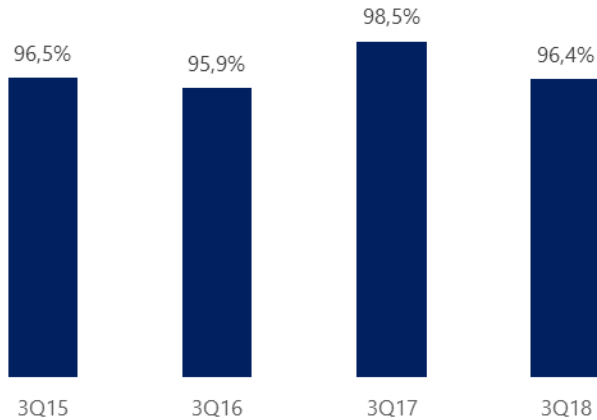
Akasya stores' total TL turnover growth CAGR (Sep'18 vs. Sep 15') above benchmarks



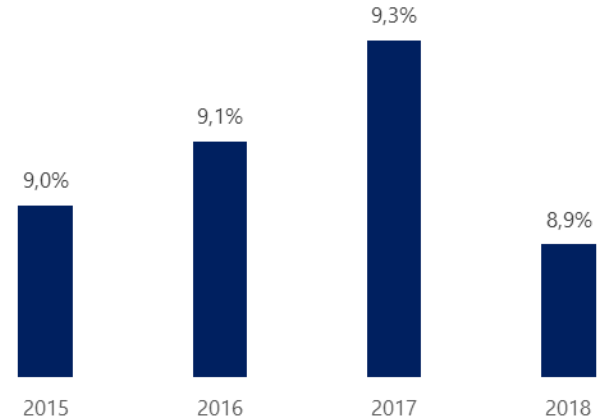
Income breakdown



Occupancy Ratio ~ 2% store mix change effect

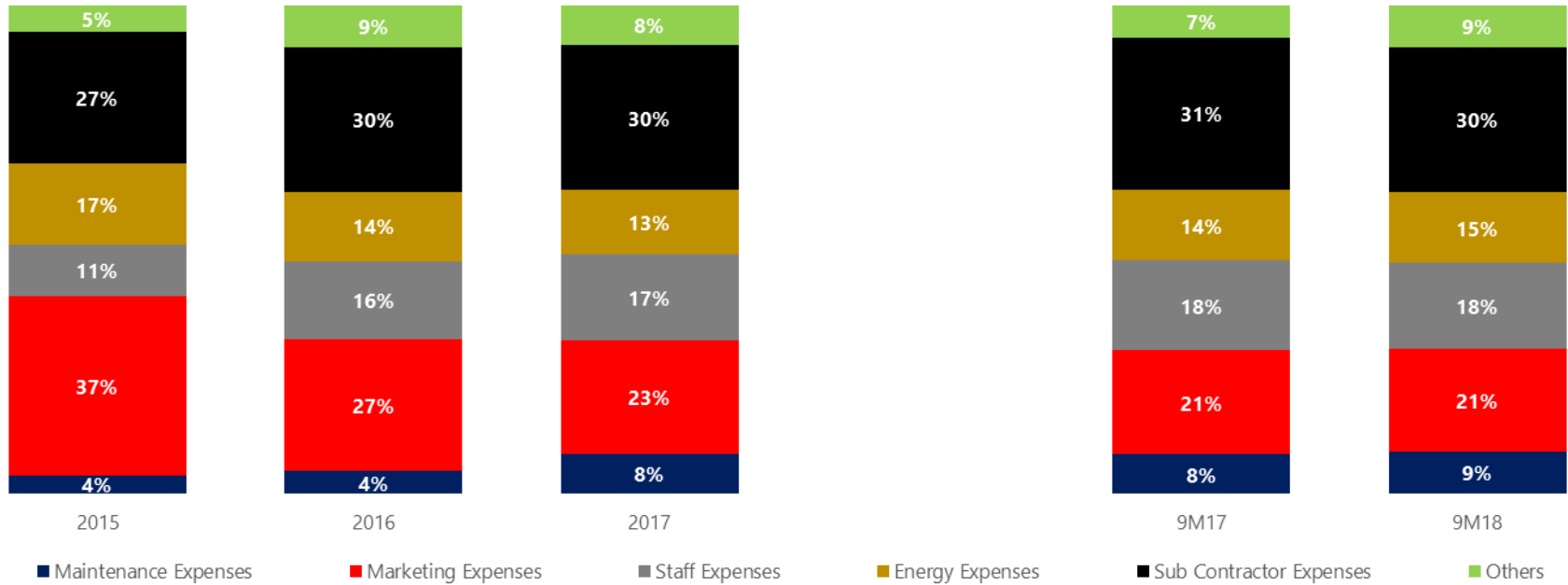


Average Store Churn Rate



# Akiş REIT Investor Presentation (Dec'18)

## Akasya Shopping Mall – Expenditures breakdown

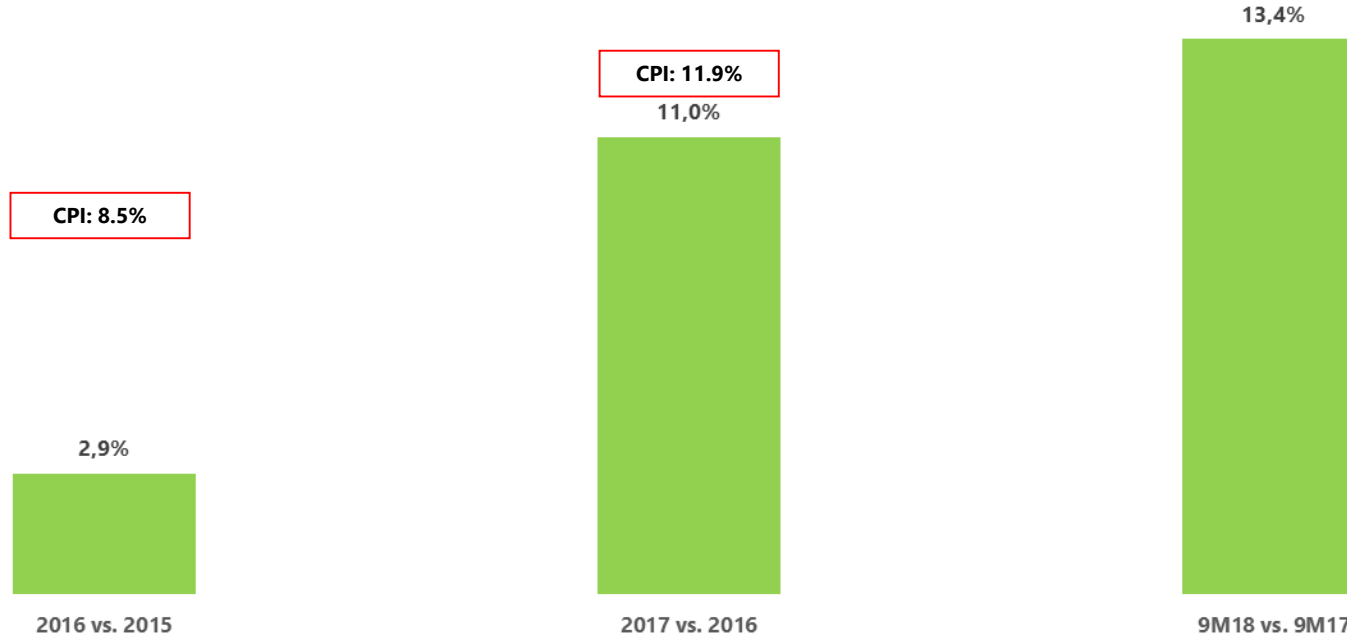


# Akiş REIT Investor Presentation (Dec'18)

## Akasya Shopping Mall – Expenditures growth (YoY)

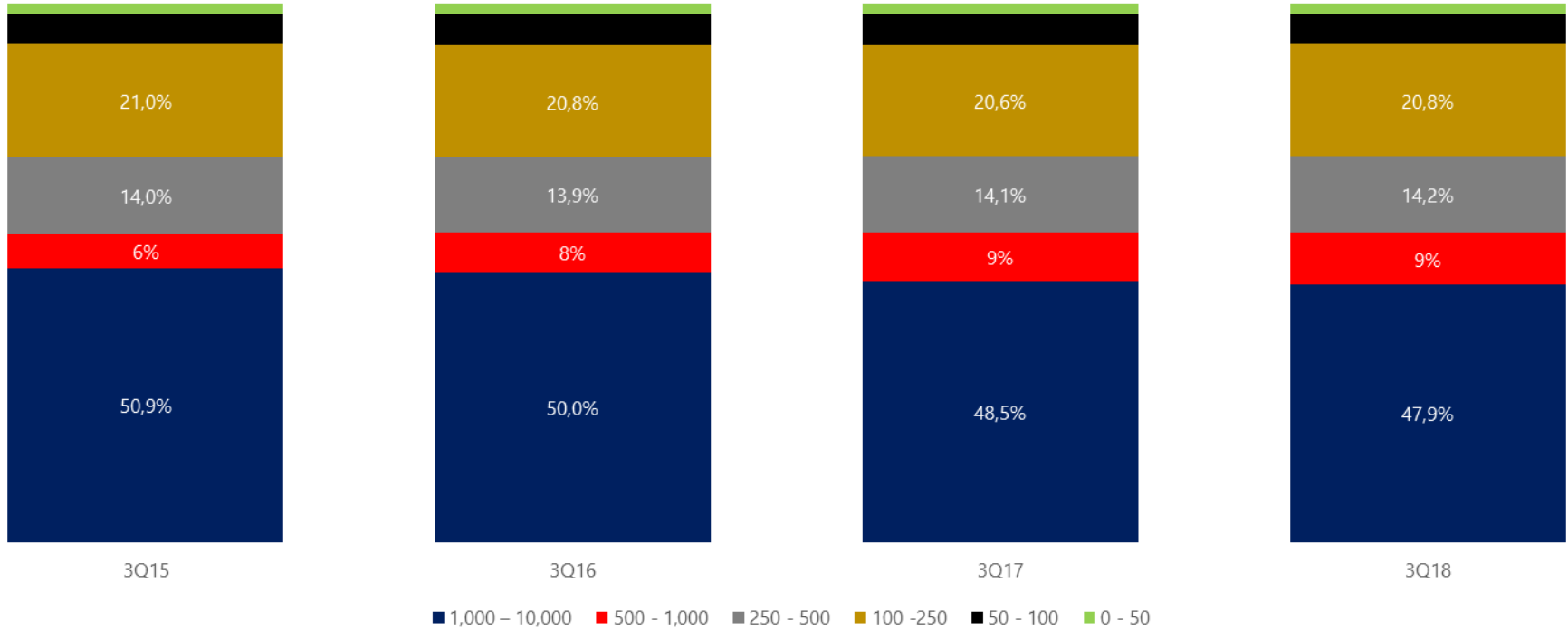


CPI: 24.5%



# Akiş REIT Investor Presentation (Dec'18)

## Akasya Shopping Mall – Store mix by size (sqm)



# Akiş REIT Investor Presentation (Dec'18)

## Akasya Shopping Mall – Store mix by category (in terms of sqm %)



Category	Jan'15	Sep'18	
Shoes/Bag	3,8%	4,6%	
Men/Women Clothing	7,8%	6,9%	
Underwear	2,3%	2,5%	
Women Clothing	5,3%	4,7%	
Department Store	17,8%	18,4%	
Men's Clothing	2,5%	2,6%	
Home/Decoration	6,2%	3,1%	
Supermarket etc.	2,5%	2,5%	
Cafe/Restaurant	6,9%	7,2%	7.7% with new comers
Kids	2,3%	1,9%	
Toys	1,5%	1,9%	
Leisure/Cinema	21,6%	23,0%	24.2% with new comers
DCG/Electronics	4,9%	5,2%	
Fast Food	1,1%	1,7%	
Service	1,1%	0,9%	
Casual Clothing	4,9%	4,6%	
Optics/Watch	0,8%	0,9%	
Design/Accessorize	0,9%	0,8%	
Book/Stationery	1,9%	1,6%	
Health/Cosmetics	1,8%	2,5%	
Sport	1,7%	2,2%	
Others	0,3%	0,3%	

# Akiş REIT Investor Presentation (Dec'18)

## Akasya Shopping Mall – Financials



### Income yield

Akasya Shopping Mall (US\$mn)	2015	2016	2017
Revenue	58,4	58,9	57,5
NOI	44,5	45,0	45,3
EBITDA	45,5	45,9	46,0
Latest Appraisal Value	603,8	627,6	631,0
Yield	7,54%	7,31%	7,30%

9M17	9M18	YoY
42,5	39,9	-6%
32,9	32,3	-2%
33,5	32,7	-2%

- ✓ Net Operational Margin remained around c.83% well above the last 3 years thanks to ongoing efforts on;
  - ✓ Effective cost management
  - ✓ Rise in complimentary income
  - ✓ Positive FX impact
- ✓ We focus on slightly changing store mix with new attraction areas with a further emphasis on entertainment and F&B segment

## Portfolio Performance (Akbatı Shopping Mall)

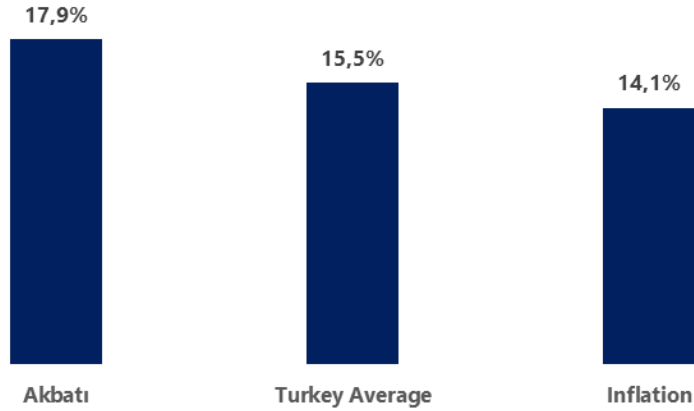


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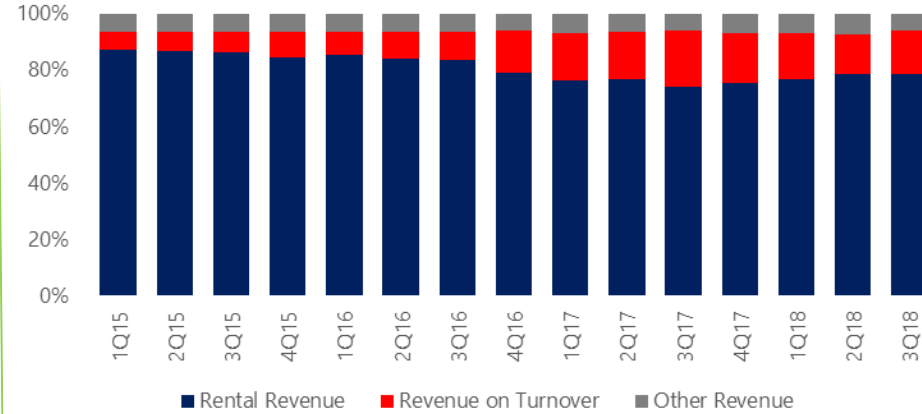
## Akbatı Shopping Mall – General Overview



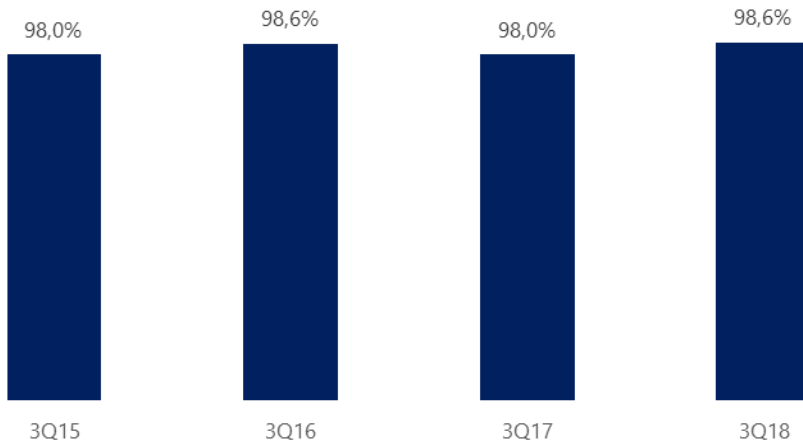
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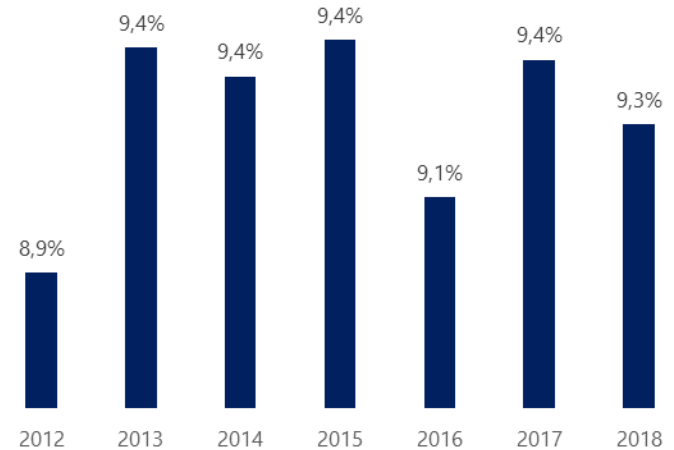
Income breakdown



Occupancy Ratio ~ Near All Times High

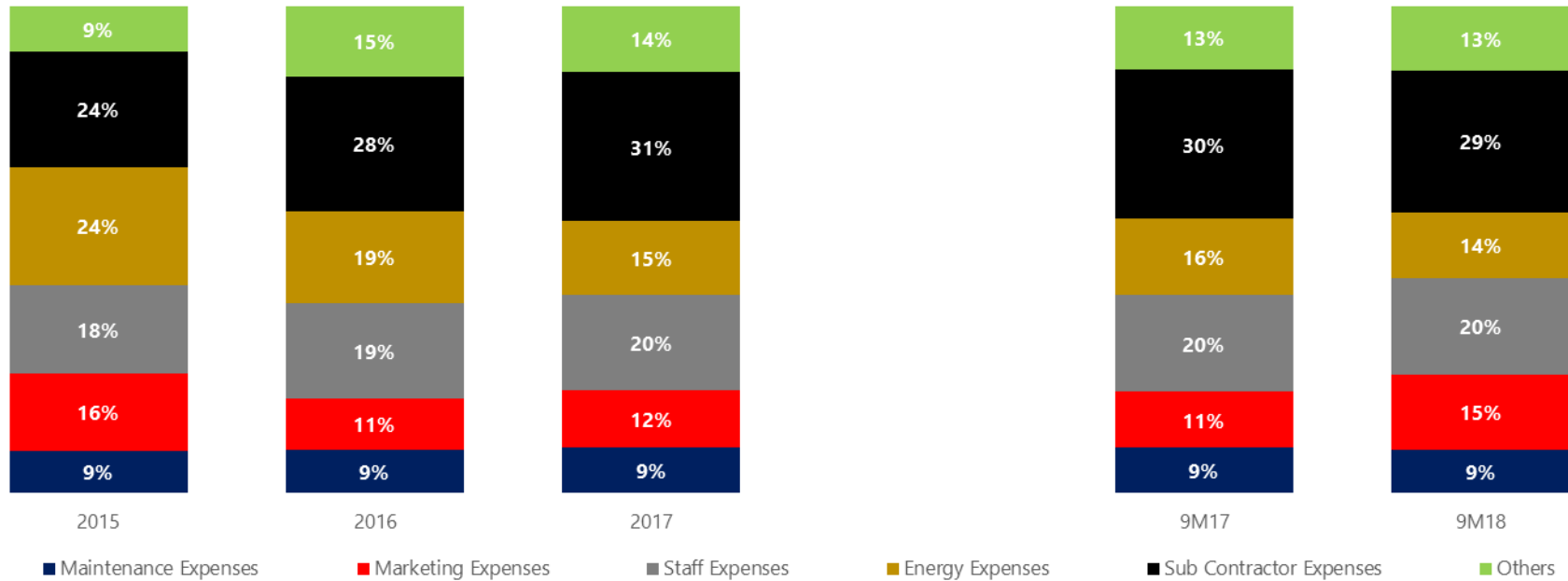


Average Store Churn Rate



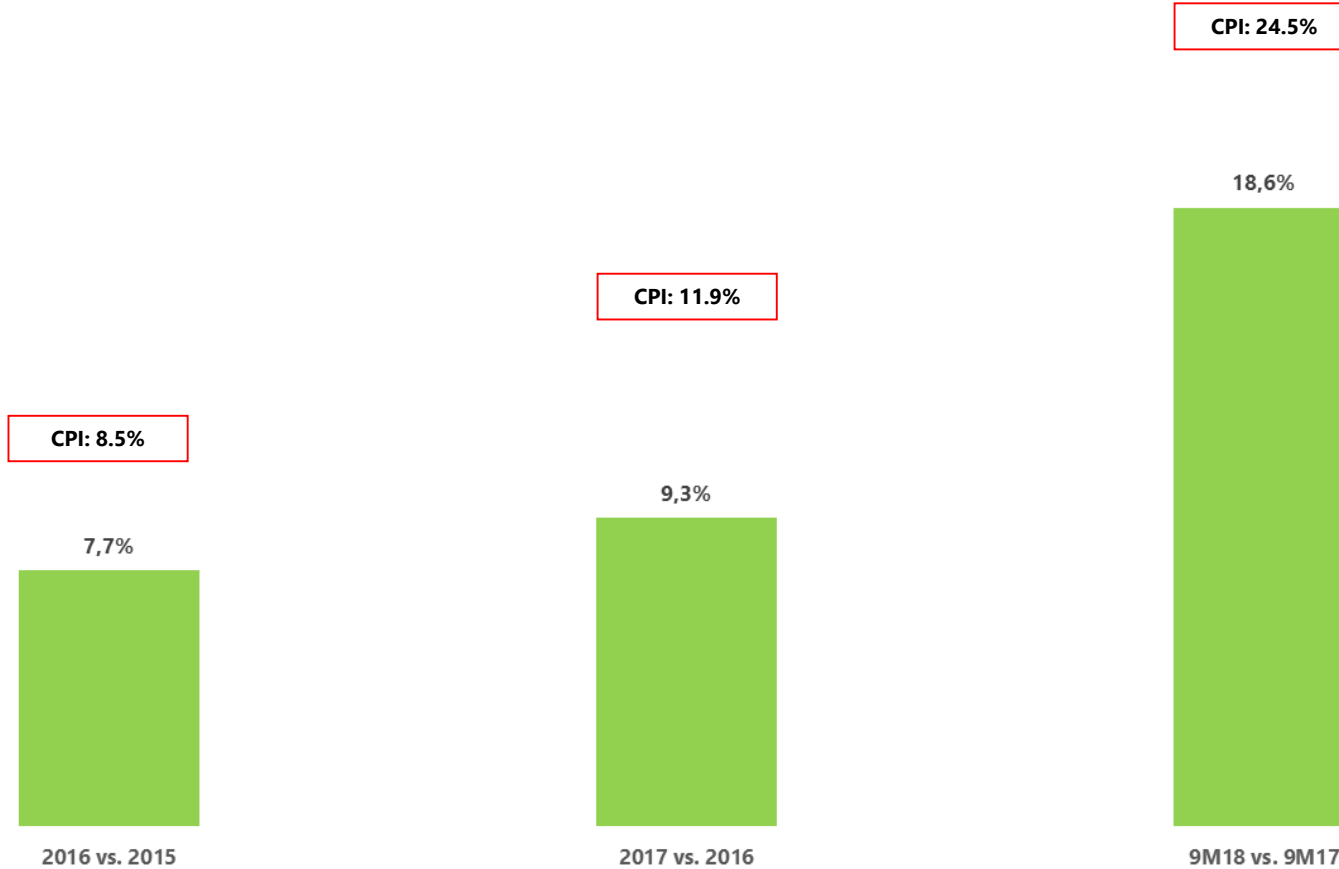
# Akiş REIT Investor Presentation (Dec'18)

## Akbatı Shopping Mall – Expenditures breakdown



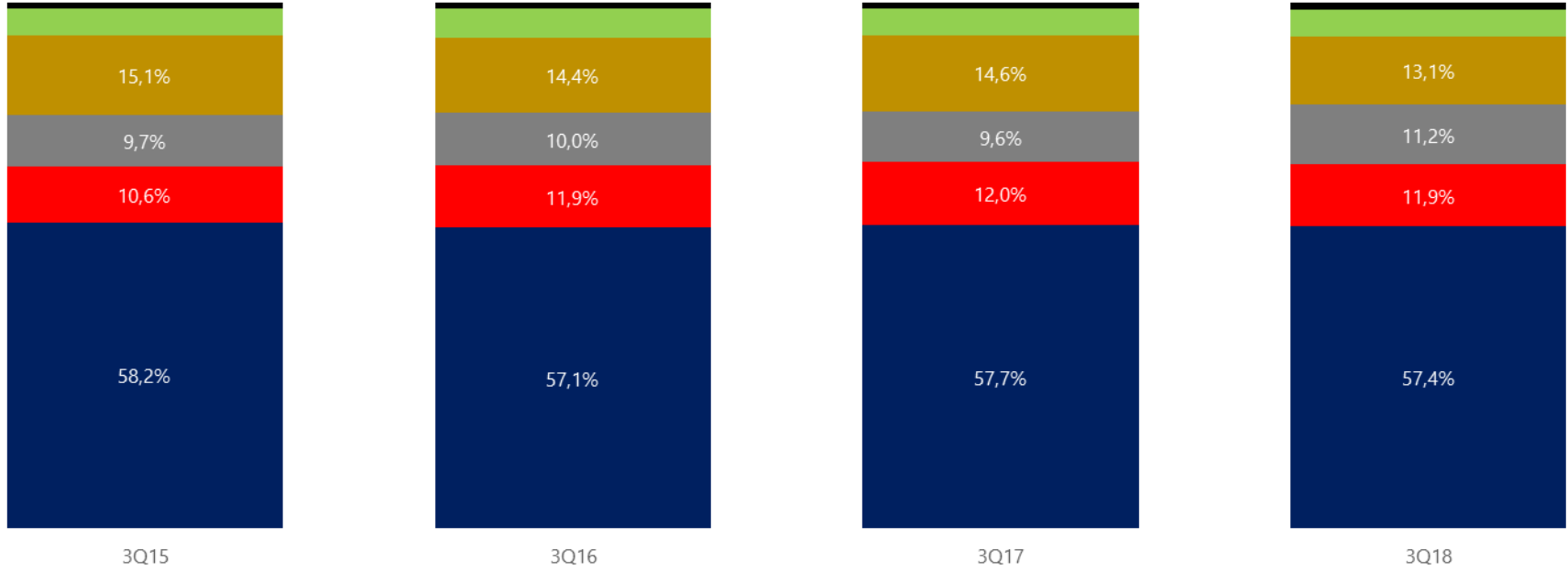
# Akiş REIT Investor Presentation (Dec'18)

## Akbatı Shopping Mall – Expenditures growth (YoY)



# Akiş REIT Investor Presentation (Dec'18)

## Akbatı Shopping Mall – Store mix by size (sqm)



■ 1,000 – 10,000 ■ 500 - 1,000 ■ 250 - 500 ■ 100 - 250 ■ 50 - 100 ■ 0 - 50



# Akiş REIT Investor Presentation (Dec'18)

## Akbatı Shopping Mall – Store mix by category (in terms of sqm %)



Category	Jan'15	Sep'18
Shoes/Bag	2,8%	4,0%
Men/Women Clothing	6,8%	6,1%
Underwear	1,0%	1,0%
Women Clothing	2,4%	1,8%
Department Store	21,1%	21,1%
Men's Clothing	1,7%	2,1%
Home/Decoration	5,3%	4,9%
Supermarket etc.	22,8%	22,3%
Cafe/Restaurant	2,0%	2,3%
Kids	1,5%	1,3%
Toys	1,1%	1,2%
Leisure/Cinema	10,4%	10,9%
DCG/Electronics	7,1%	7,5%
Fast Food	1,3%	1,3%
Service	1,2%	1,2%
Casual Clothing	3,7%	3,1%
Optics/Watch	1,0%	0,8%
Design/Accessorize	0,5%	0,3%
Book/Stationery	1,4%	1,8%
Health/Cosmetics	1,7%	1,7%
Sport	3,1%	3,1%
Others	0,3%	0,2%

# Akiş REIT Investor Presentation (Dec'18)

## Akbatı Shopping Mall – Financials



### Income yield

Akbatı Shopping Mall (US\$mn)	2015	2016	2017
Revenue	23,8	24,1	23,2
NOI	16,5	16,7	16,9
EBITDA	16,6	16,8	17,1
Latest Appraisal Value	267,4	253,5	239,4
Yield	6,22%	6,64%	7,13%

9M17	9M18	YoY
16,7	16,2	-3%
12,0	11,9	-1%
12,1	12,0	-1%

- ✓ Net Operational Margin remained around c.76% well above the average over the last 3 years thanks to ongoing efforts on;
  - ✓ Effective cost management
  - ✓ Rise in complimentary income
  - ✓ Positive FX impact

## 6

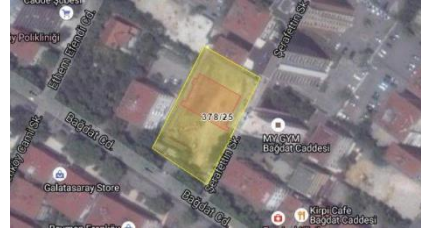
## Portfolio Performance (High Street Retail)



**Uşaklıgil (Suadiye Beymen)**



**Ak Apartmanı**



**Erenköy**



**Caddebostan**

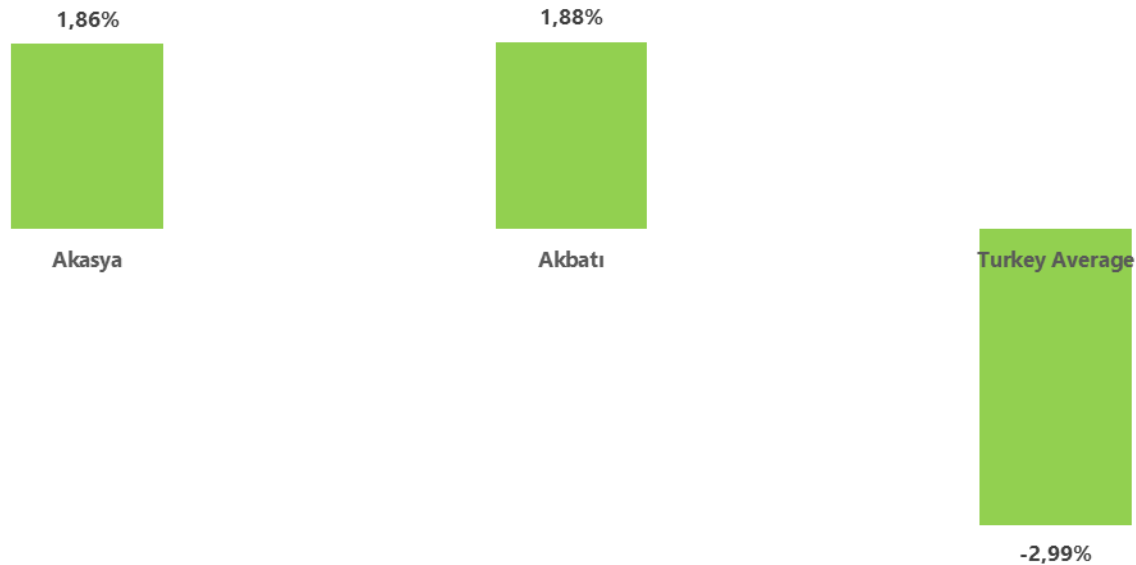
Current Status	Operational	Completed	Under Construction	On Hold
Est. Opening Date	Sep' 17	Jan' 19	Sept' 20	Sept' 20
Usage	Commercial	Mix	Commercial	Commercial
GLA (sqm)	c.5,000	c.1,250	c.6,925	c.2,000
GSA (sqm)	-	c.1,070	-	c.1,365
Est. Remaining Capex	-	-	US\$7mn	US\$2.1mn
Est. Rental Income	US\$3.0mn-US\$3.2mn	US\$0.5mn	US\$2.7mn	US\$1.25mn
Est. Sales Income	-	US\$4mn	-	US\$5mn

6

## Portfolio Performance (Turnover Growth CAGR Sep'18-Sep'15)



## 6 Portfolio Performance (Visitor Growth CAGR Sep'18-Sep'15)



# Akiş REIT Investor Presentation (Dec'18)

## Our Track Record on High Street Retail



15 year lease contract

Located in one of the most prestigious Shopping Street

US\$5mn Tenant Capex

Catchment Area Population:  
~850,000 (5km radius)

Luxury Market Leader Tenant

# Akiş REIT Investor Presentation (Dec'18)

## Our Track Record on High Street Retail



## 7 Planned Projects - Beykoz

We plan on developing a residential/commercial project in Beykoz, one the most upmarket districts in Istanbul, seizing the opportunity of supply deficit in the region. The expected date for the project kick-off is 2020.



Project Kick-Off Date: **2020**



Project Area: **45.000 m<sup>2</sup>**



Total Investment Value: **TL240mn**  
**(TL90mn realized)**



**Expected IRR: 25%** (in TL terms)



Expected Project Income: **TL370mn**

### Investment Rationale:

- Limited modern residential supply in the area
  - Most of the available land plot is protected area
  - Residential density one the lowest of Istanbul
- Looking over the forest and the sea
- New and upcoming infrastructure will make commuting easier

## 7 Planned Projects – Aldgate (London)

We have acquired a site on Aldgate, one of the most dynamic regions of London real estate market, where we will be developing a residential project consisting of 42 flats. The expected date for the project kick-off is 2019.



Project Kick-Off Date: **2019**



Project Area: **2.650 m<sup>2</sup>**



Total Investment Value: **£4mn**



**Expected IRR: 20%** (in £ terms)



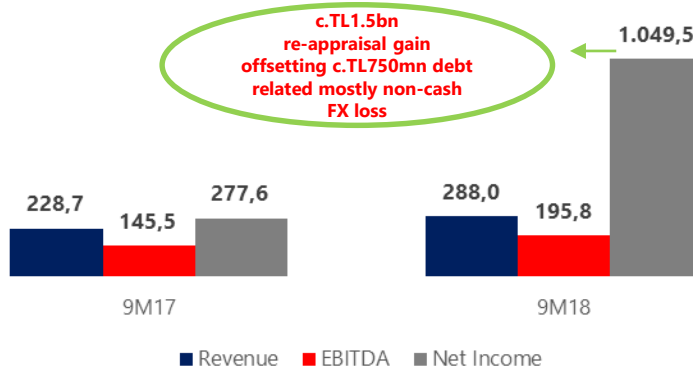
Expected Project Income: **£6.7mn**

### Investment Rationale:

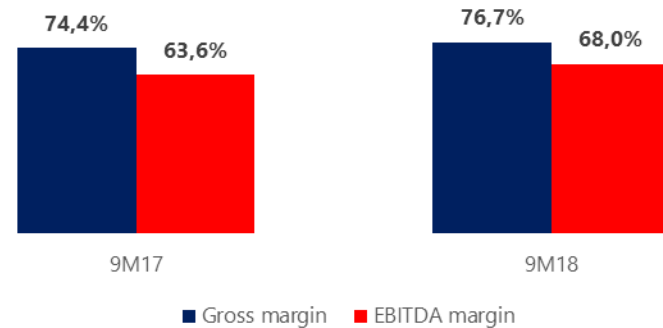
- Up and coming residential market, due to mass re-development projects in the area.
- New schools in the region are raising the demand.
- New Chinese Embassy will be located within a 10 minute walk of the project.

## 8 Financials' Overview (TLmn)

Net profit of 9M18 is mainly due to revaluation gain of Investment Properties



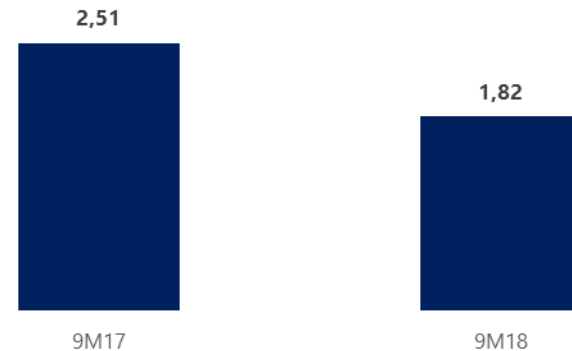
EBITDA margin improved thanks to c.27% rise in store rent revenues and significant jump in other revenues coupled with a good cost management



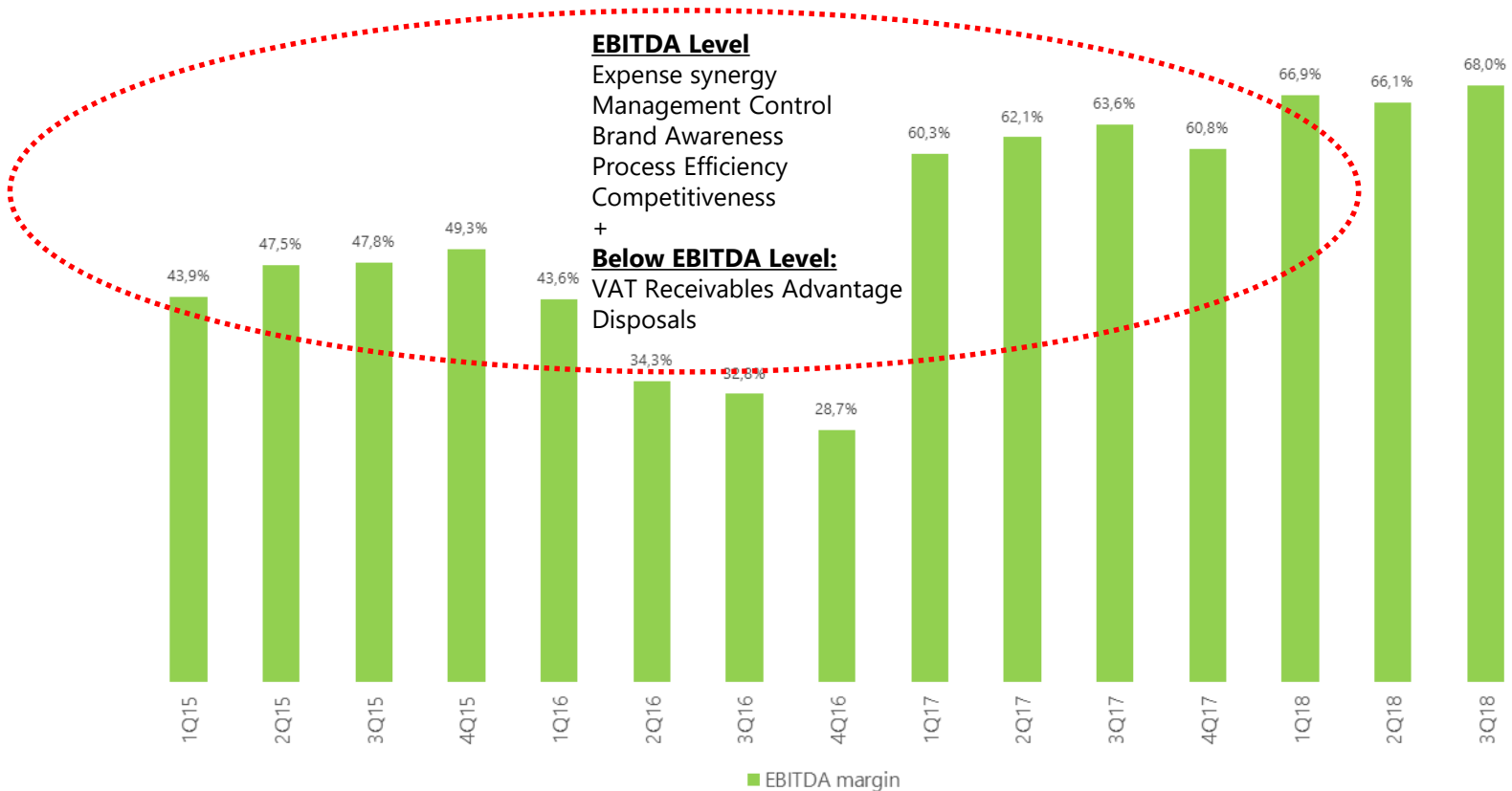
EBITDA/Interest Expense



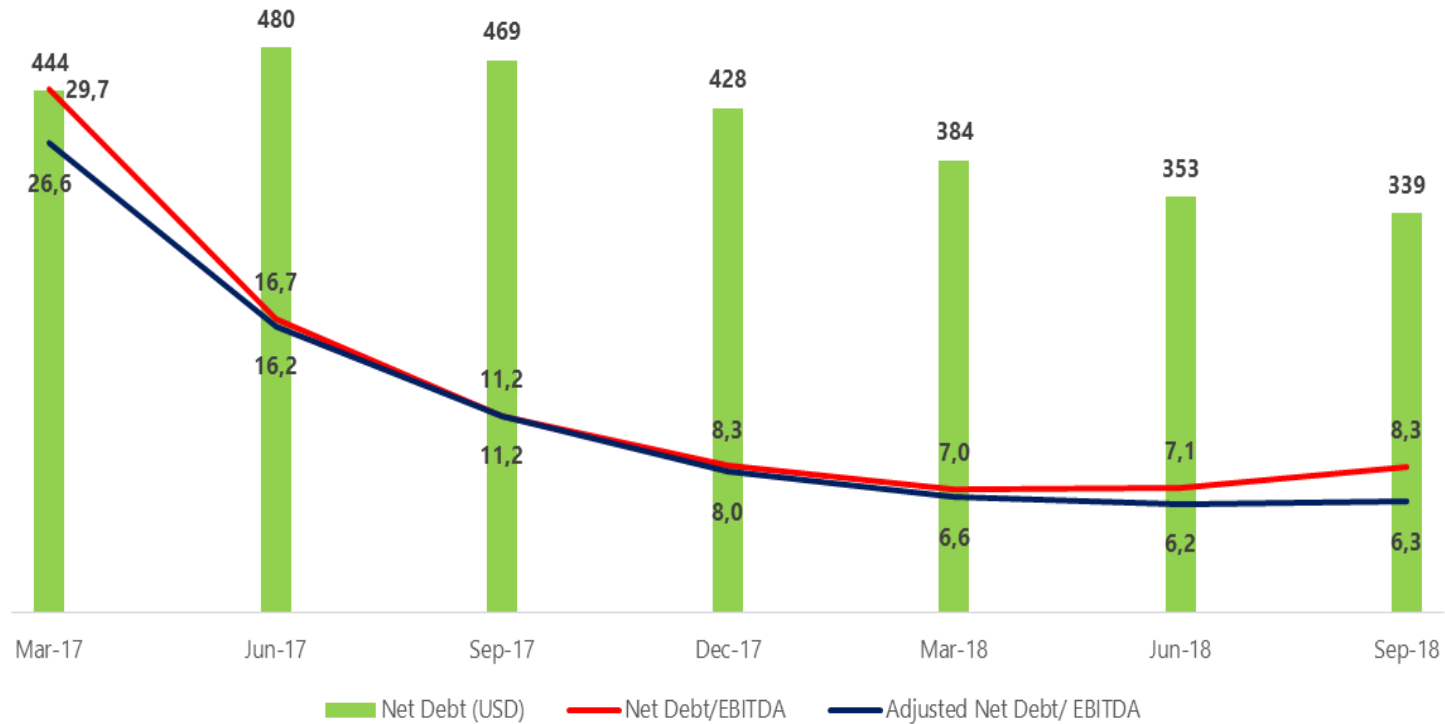
Average Debt Maturity has fallen significantly due to hefty previously long term payments being now recorded as short term. We target to lengthen average debt maturity.



## 8 Financials' Overview (Synergy of the Saf REIT Merger)

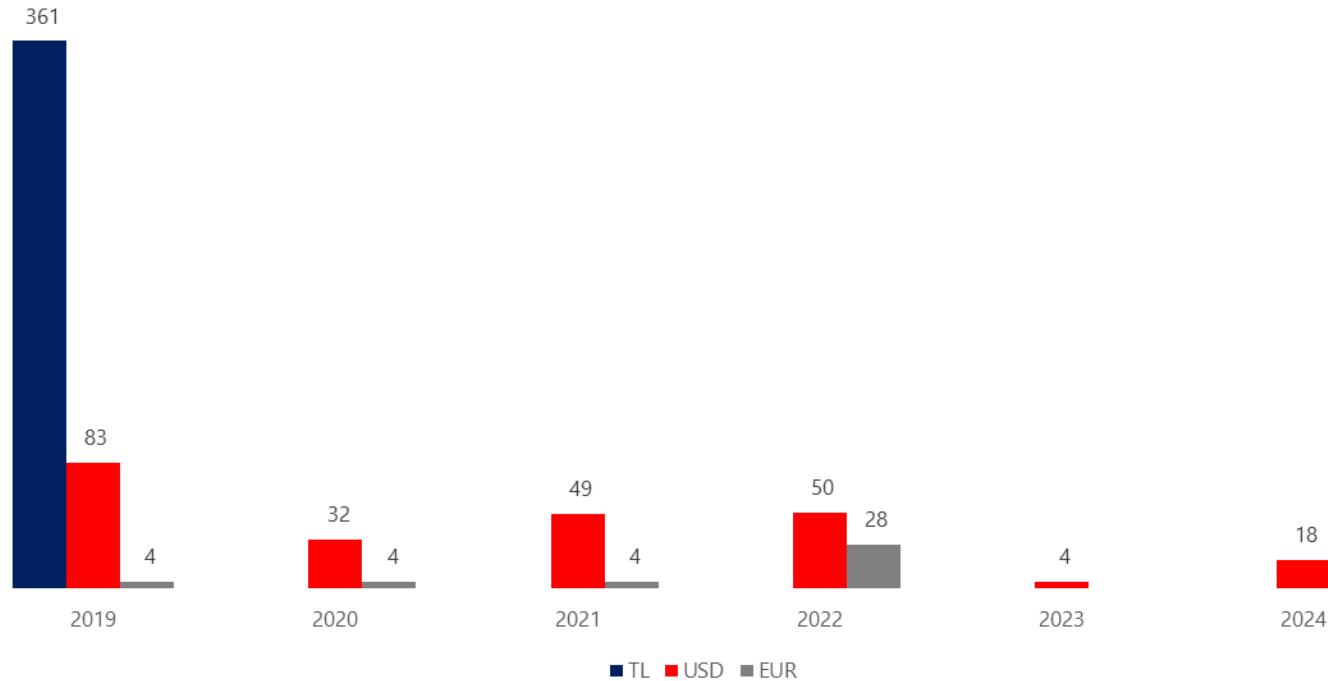


## 8 Financials' Overview (Net Debt Evolution in USDmn)

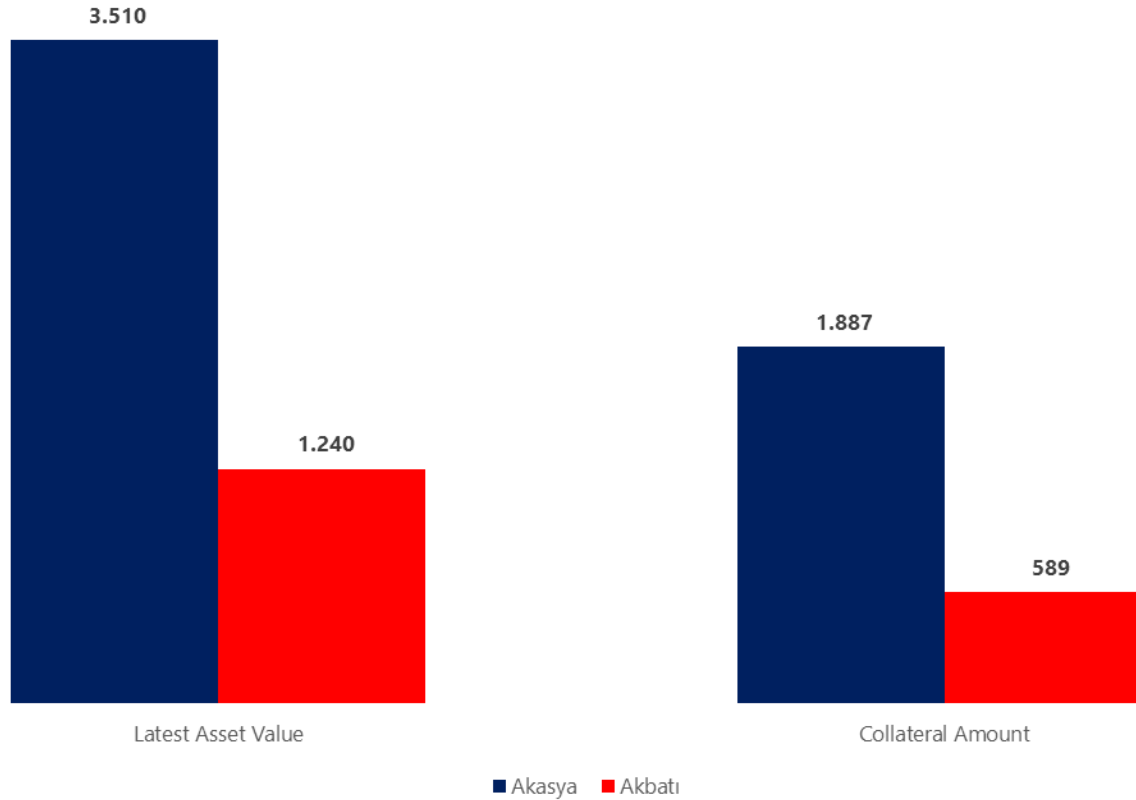


## 9

### Financials' Overview (Debt Payment Schedule by Currency, in mn)



## 8 Financials' Overview (TL, Collateral Status)



## 8 2019 Agenda & Guidance

**Our top priorities for 2019** are to;

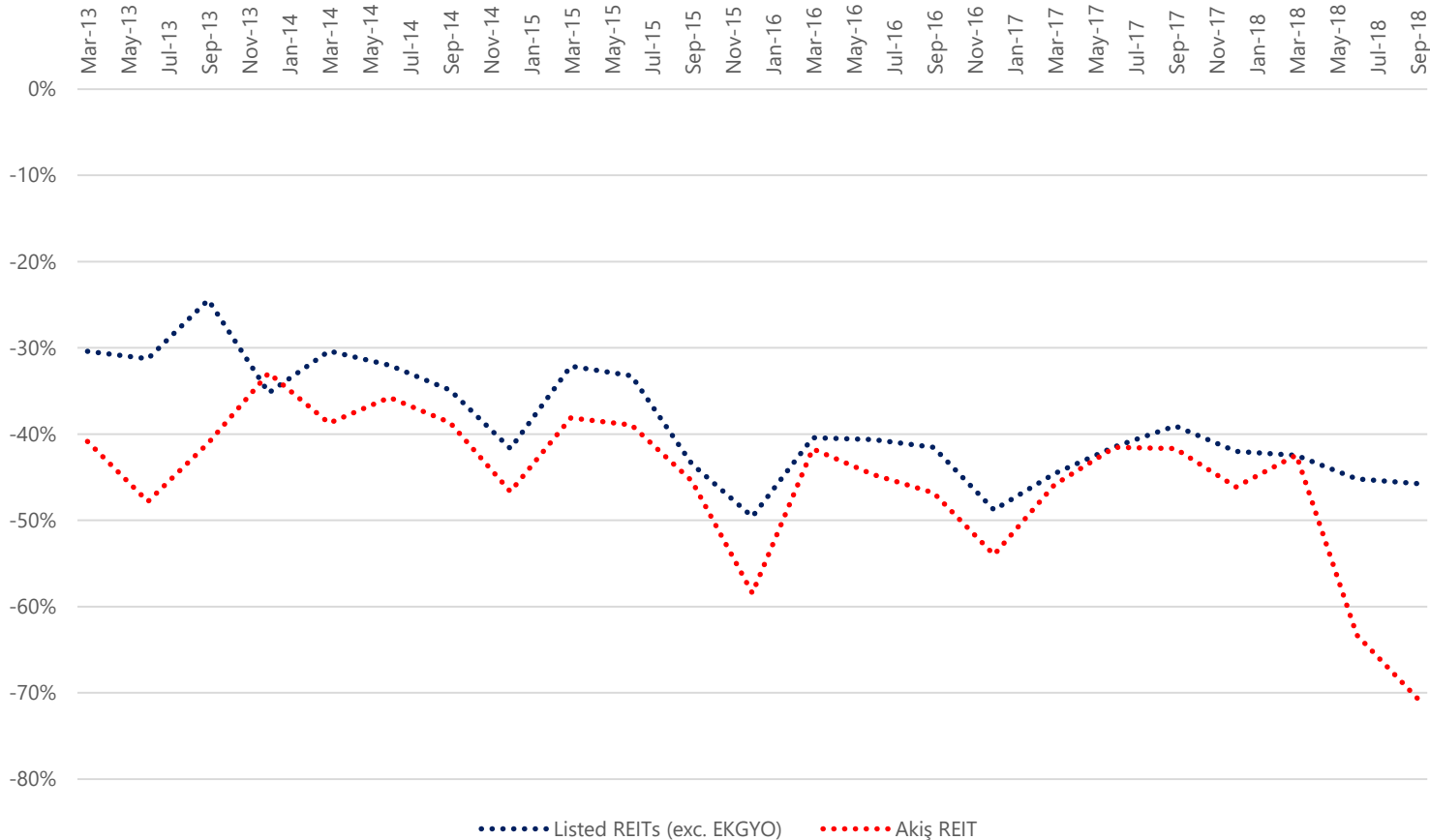
- ✓ Extend debt maturity
- ✓ Manage cash flow successfully
- ✓ Use capital markets products occasionally (derivatives etc.)
- ✓ Increase footfall with more focus on F&B and entertainment

**Our medium term priorities** are to;

- ✓ Diversify portfolio
- ✓ Make our malls a top destination for our visitors while offering a unique experience

TL	2018E	2019E
Akasya Net	203.710.537	
Akbatı Net	77.615.932	
High Street Net	14.599.728	
Sales Revenue (Net)	1.724.539	
<b>Total Revenues (Net)</b>	<b>297.650.736</b>	<b>+19,9%</b>
OPEX	-31.109.297	
<b>NOI</b>	<b>266.541.439</b>	<b>+22,3%</b>
Other Net Income from Operations	18.399.787	
<b>NOI+Other Net Income</b>	<b>284.941.226</b>	<b>+20,7%</b>

## 8 NAV Discount evolution (an unmerited divergence)



# Akiş REIT Investor Presentation (Dec'18)



## Communication

### **Ozan Hançer**

Director

Strategic Planning, Business Development and Investor Relations

E-mail: [ozan@akisgyo.com](mailto:ozan@akisgyo.com)

Telephone: +902123930100

### **Sercan Uzun, CFA**

Assistant Manager

Investor Relations, Strategic Planning and Business Development

E-mail: [sercan.uzun@akisgyo.com](mailto:sercan.uzun@akisgyo.com)

Telephone: +902123930100/53544

### **Disclosure:**

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For more information : [investor.relations@akisgyo.com](mailto:investor.relations@akisgyo.com)