



TORUNLAR  REIC



# INVESTOR PRESENTATION

**09 November 2018**



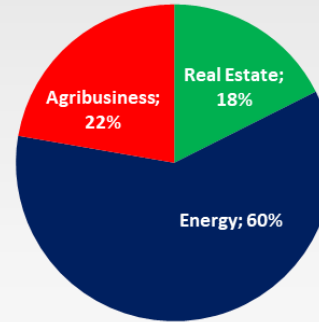
## TORUNLAR GROUP OF COMPANIES TODAY (As of 31.12.2017)

### Key Facts

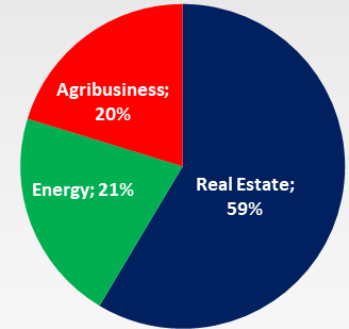
million TRY	2016	2017	Change
Total Assets	15,821	19,355	22%
Total Equity	7,511	9,785	30%
Total Sales	3,841	4,435	15%
Employees	1,201	1,140	-5%
Cities of Operation	12	12	0%

Note: Bařkentgaz, Torunlar Gıda and Torunlar REIC figures are IFRS

### Total Sales



### Total Assets



#### AGRIBUSINESS

- A leading company in oilseed, soybean, sunflower, rice and sugarbeet processing
- **The largest 196<sup>th</sup>** industrial company in ISO 500 (Istanbul Chamber of Industry) ranking (2016)
- Competes against such multinationals as Cargill, Bunge and Noble

#### REAL ESTATE

- The **2<sup>nd</sup> largest REIC** in terms of portfolio value and market cap among the listed REIC's on BIST
- Best and most diversified portfolio
- Exceeding 562,000 m<sup>2</sup> GLA

#### ENERGY

- The **2<sup>nd</sup> largest** natural gas distribution company of Turkey
- 1.8 million total customers
- 3.8 billion m<sup>3</sup> natural gas sales and distribution volume
- 11,781 km of grid length

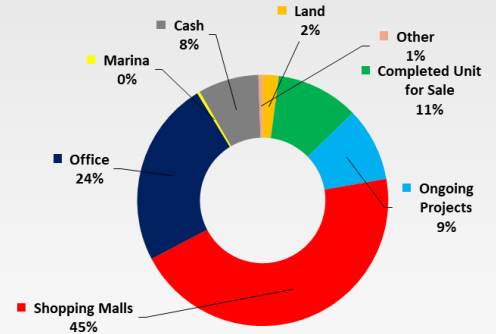


## Torunlar REIC Key Overview

TRY (000)	2014	2015	2016	2017	9M 2018
<b>Sales</b>	773,240	628,038	665,677	780,140	1,668,432
<i>Residence &amp; Office</i>	534,824	249,687	243,273	286,070	1,205,607
<i>Mall &amp; Office rental</i>	177,190	309,864	351,652	411,150	378,683
<i>Other</i>	61,226	68,487	70,752	82,920	84,142
<b>EBITDA</b>	398,358	368,872	361,922	491,066	814,205
<i>EBITDA Margin</i>	51.5%	58.7%	54.4%	62.9%	48.8%
<b>Net Profit</b>	1,057,892	953,604	1,172,384	455,108	-1,042,424

<b>Market Cap</b>	1,725,000	1,625,000	2,075,018	3,330,000	1,770,000
<b>Portfolio Value</b>	6,938,584	8,760,058	9,772,422	10,347,221	10,644,794
<b>Net Asset Value</b>	3,957,423	4,861,088	5,973,549	6,378,657	5,284,198
<b>Capex</b>	578,448	440,241	757,077	717,660	481,719
<b>Net Debt</b>	1,777,147	1,901,906	2,535,224	3,004,044	4,501,298
<b>LTV</b>	30.21%	25.78%	27.30%	29.38%	44.58%

Portfolio Breakdown  
"10.6 billion TRY"



### Strategic Pillars

Strong sales growth with cumulative 6.3 billion TRY within 3 years

Deleveraging from a net debt to a net cash within 2021

Completion of the project pipeline with 1.3 billion TRY capex within 3 years



## Project Locations – Turkey –

### ISTANBUL

- Torium Shopping Mall
- NishIstanbul Mixed-Use Project
- Mall of İstanbul
- Torun Tower
- Torun Center
- 5. Levent Project
- Mall of İstanbul 2. Phase
- Pasabahce Project
- Kemankes Land
- Kayabasi Land
- Mall of İstanbul Phase 3

### SAMSUN

- Bulvar Samsun Shopping Mall

### ANKARA

- ANKA mall Shopping Mall
- Crowne Plaza Hotel

### BURSA

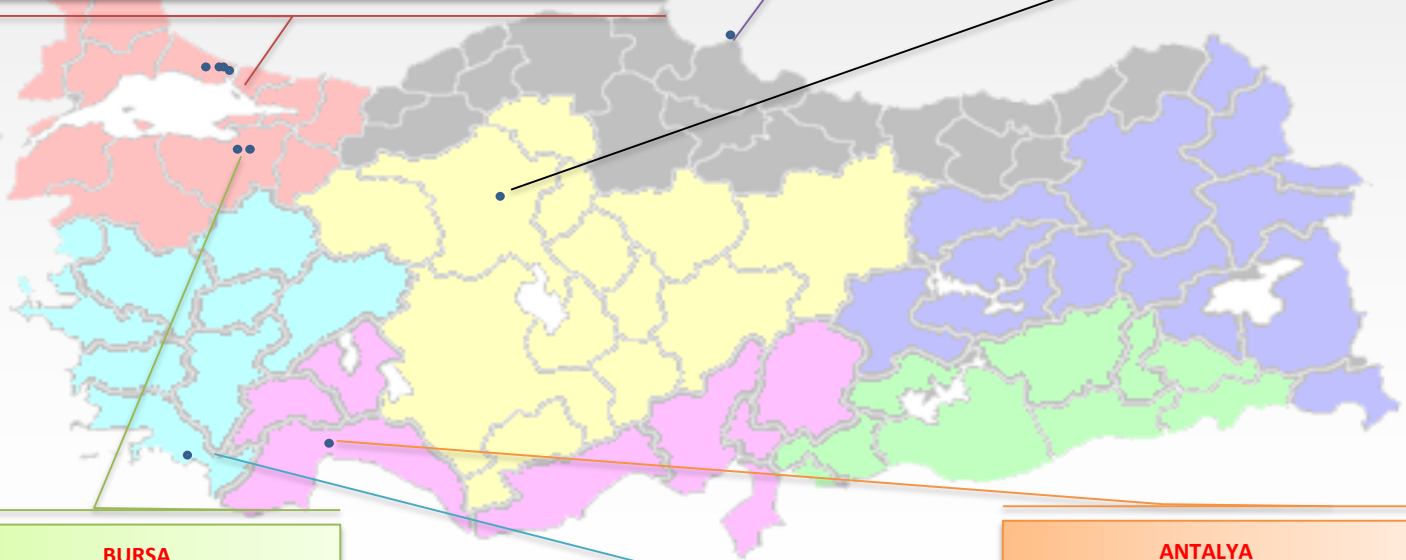
- Zafer Plaza Shopping Mall
- Korupark Shopping Mall
- Korupark Residences Phases I-II
- Korupark Residences Phase III

### MUGLA

- Netsel Marina

### ANTALYA

- Deepo Outlet Mall
- Mall of Antalya

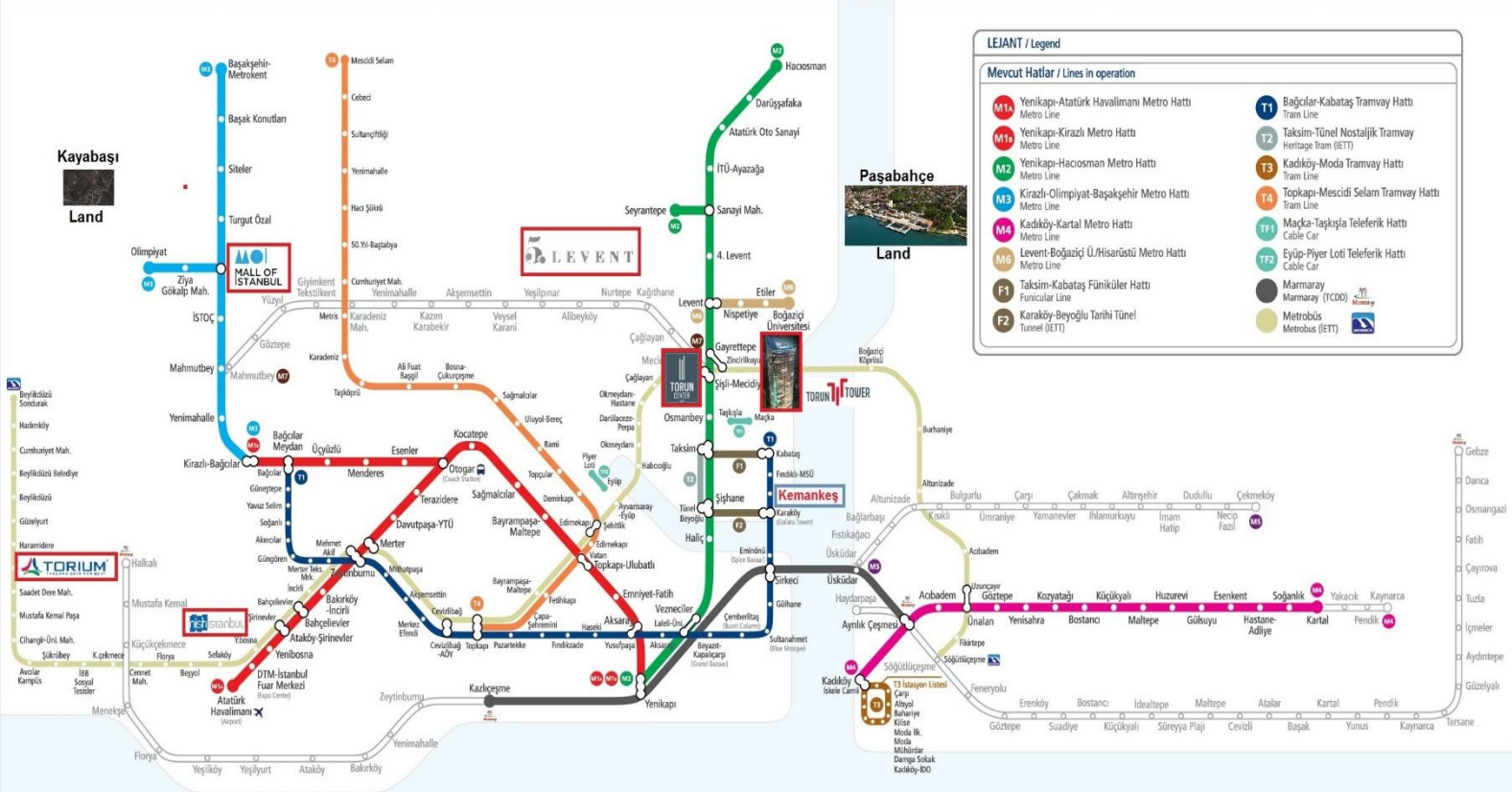




# Project Locations – Istanbul –

Kayabaşı  
Land

Paşabağçe  
Land





## 9M 2018 Highlights and Forward Strategy

- Portfolio size 10.6 billion TRY.
- Solid operational performance with 1,668 million TRY sales revenue and 814 million TRY EBITDA.
- Residential deliveries increased to 1,206 million TRY with 5<sup>th</sup> Levent deliveries.
- Rental income at 379 million TRY up by 25.9% y-o-y.
- Loan to value at 44.58% and cost of debt in FX is at 5.08%.
- The Company purchased the whole land, adjacent to Mall of Istanbul shopping center, on 10.01.2018 for a total value of TRY 75,100,000 + VAT,
- The Company purchased 100% shares of TRN Hotel Management and Investment Inc. for a total value of TRY 109,130.26 in March 2018.
- Focus on:
  - completing MOI 2<sup>nd</sup> Phase Hotel, Convention Center and Residential project,
  - delivering the remaining residential units at 5<sup>th</sup> Levent in 2018,
  - destocking of remaining residences and leasing of selected offices and retail area at Torun Center.
- Leverage will be ended within the year of 2021.



## Build to Rent Assets

(TRY)	Operation Date	Land Cost	Construction Cost	Total Cost	Appraisal Value		
					2015	2016	2017
<b>Malls - in operation</b>		<b>497,270,282</b>	<b>909,517,721</b>	<b>1,406,788,003</b>	<b>3,753,614,326</b>	<b>4,210,292,000</b>	<b>4,487,800,000</b>
Zafer	1999		18,448,375	18,448,375	312,857,000	329,020,000	291,600,000
Korupark	3Q 2007	6,719,681	77,315,718	84,035,399	1,007,213,000	1,201,798,000	1,293,000,000
Deepo Outlet	4Q 2004	625,562	12,935,803	13,561,365	292,988,326	286,823,000	299,600,000
Torium	4Q 2010	54,857,072	221,069,212	275,926,284	522,572,000	525,190,000	465,200,000
MOI	2Q 2014	434,000,000	427,000,000	861,000,000	1,617,984,000	1,640,914,000	1,860,000,000
Mall of Antalya	2Q 2017	1,067,967	152,748,613	153,816,580	0	226,547,000	278,400,000
<b>Offices - in operation</b>		<b>779,800,000</b>	<b>315,037,703</b>	<b>1,094,837,703</b>	<b>2,781,258,000</b>	<b>2,520,604,000</b>	<b>2,553,605,000</b>
Torun Tower	2Q 2014	268,800,000	135,578,740	404,378,740	1,178,280,000	1,492,410,000	1,532,000,000
Torun Center	1H 2017	511,000,000	179,458,963	690,458,963	1,602,978,000	1,028,194,000	1,021,605,000
<b>Hotels - upcoming</b>		<b>177,500,000</b>	<b>262,014,976</b>	<b>439,514,976</b>	<b>452,460,000</b>	<b>607,330,000</b>	<b>754,600,000</b>
Hotel Paşabahçe*	1H 2020	177,500,000	262,014,976	439,514,976	452,460,000	607,330,000	754,600,000
<b>TOTAL</b>		<b>1,454,570,282</b>	<b>1,486,570,400</b>	<b>2,941,140,682</b>	<b>6,987,332,326</b>	<b>7,338,226,000</b>	<b>7,796,005,000</b>

(TRY)	GLA (sqm)	2016			2017			2018 F			
		Rental Revenues	NOI	Yield	Rental Revenues	NOI	Yield	Rental Revenues	NOI	Yield	
<b>Malls - in operation</b>		<b>400,458</b>	<b>358,618,000</b>	<b>251,128,000</b>	<b>6.30%</b>	<b>417,385,000</b>	<b>299,412,000</b>	<b>6.67%</b>	<b>416,803,000</b>	<b>378,124,240</b>	<b>8.43%</b>
Zafer	23,449	30,000,000	21,876,000	6.65%	28,800,000	21,003,000	7.20%	32,400,000	23,412,240	8.03%	
Korupark	71,267	98,816,000	80,072,000	6.66%	107,503,000	87,826,000	6.79%	105,089,000	103,564,000	8.01%	
Deepo Outlet	19,584	25,562,000	17,451,000	6.08%	25,178,000	16,980,000	5.67%	23,214,000	20,613,000	6.88%	
Torium	88,503	49,137,000	24,632,000	4.69%	49,596,000	22,981,000	4.94%	37,812,000	25,334,000	5.45%	
MOI	154,479	155,103,000	107,097,000	6.53%	188,677,000	146,072,000	7.85%	187,633,000	175,554,000	9.44%	
Mall of Antalya**	43,176	0	0	N/A	17,631,000	4,550,000	3.27%	30,655,000	29,647,000	10.65%	
<b>Offices - in operation</b>		<b>134,960</b>	<b>61,723,000</b>	<b>60,391,000</b>	<b>4.05%</b>	<b>74,961,000</b>	<b>74,518,000</b>	<b>4.85%</b>	<b>95,560,500</b>	<b>94,997,000</b>	<b>5.38%</b>
Torun Tower***	66,286	61,723,000	60,391,000	4.05%	74,805,000	74,362,000	4.85%	82,963,500	82,400,000	5.38%	
Torun Center****	68,674				156,000	156,000	0.02%	12,597,000	12,597,000	1.23%	
<b>Hotels - upcoming</b>		<b>25,000</b>									
Hotel Paşabahçe*	25,000										
<b>TOTAL</b>	<b>560,418</b>	<b>420,341,000</b>	<b>311,519,000</b>	<b>5.46%</b>	<b>492,346,000</b>	<b>373,930,000</b>	<b>6.21%</b>	<b>512,363,500</b>	<b>473,121,240</b>	<b>7.86%</b>	

\*Paşabahçe land cost and construction cost include the only hotel portion.

\*\*MOA Yield is adjusted to full year

\*\*\*Offices in Operation Yield reflects only Torun Tower

\*\*\*\*Torun Center consists of offices and retail area



## Build to Sell Assets

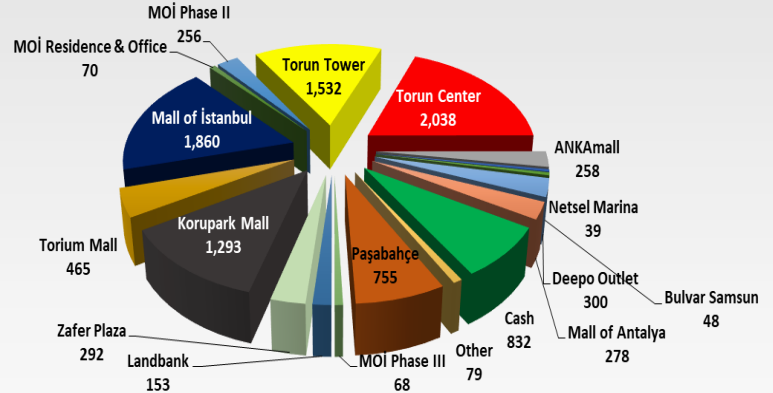
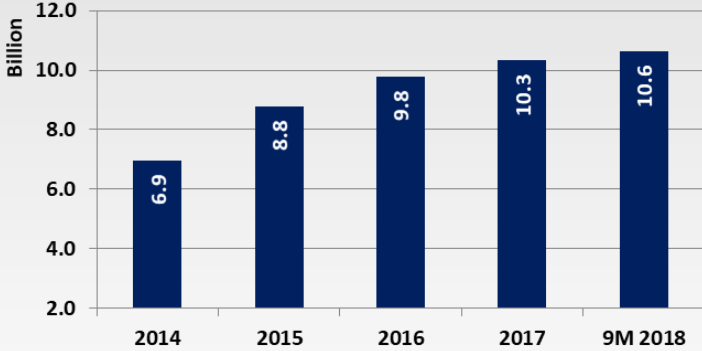
(Million TRY)	2018 F			2019 F			2020 F			2021 F			2022 F			PROJECT TOTAL		
	Unit	sqm	Revenue	Unit	sqm	Revenue	Unit	sqm	Revenue	Unit	sqm	Revenue	Unit	sqm	Revenue	Unit	sqm	Revenue
<b>Completed Projects</b>	<b>327</b>	<b>51,369</b>	<b>457</b>	<b>263</b>	<b>39,829</b>	<b>396</b>	<b>99</b>	<b>16,864</b>	<b>333</b>	<b>125</b>	<b>20,400</b>	<b>420</b>	<b>133</b>	<b>22,660</b>	<b>489</b>	<b>947</b>	<b>151,122</b>	<b>2,095</b>
<b>Korupark Residences Ph. III</b>	<b>14</b>	<b>2,668</b>	<b>10</b>													<b>14</b>	<b>2,668</b>	<b>10</b>
<b>Torun Center Residences</b>	<b>16</b>	<b>2,142</b>	<b>37</b>	<b>18</b>	<b>2,288</b>	<b>40</b>	<b>99</b>	<b>16,864</b>	<b>333</b>	<b>125</b>	<b>20,400</b>	<b>420</b>	<b>133</b>	<b>22,660</b>	<b>489</b>	<b>391</b>	<b>64,354</b>	<b>1,319</b>
<i>South Tower</i>	<i>16</i>	<i>2,142</i>	<i>37</i>	<i>18</i>	<i>2,288</i>	<i>40</i>	<i>24</i>	<i>4,864</i>	<i>93</i>	<i>50</i>	<i>8,400</i>	<i>168</i>	<i>54</i>	<i>9,077</i>	<i>191</i>	<i>162</i>	<i>26,771</i>	<i>528</i>
<i>East Tower</i>							<i>75</i>	<i>12,000</i>	<i>240</i>	<i>75</i>	<i>12,000</i>	<i>252</i>	<i>79</i>	<i>13,583</i>	<i>299</i>	<i>229</i>	<i>37,583</i>	<i>791</i>
<b>5. Levent 1. &amp; 2. Phases</b>	<b>297</b>	<b>46,559</b>	<b>410</b>	<b>245</b>	<b>37,541</b>	<b>356</b>										<b>542</b>	<b>84,100</b>	<b>765</b>
<b>Upcoming Projects</b>	<b>82</b>	<b>17,257</b>	<b>464</b>	<b>349</b>	<b>47,547</b>	<b>911</b>	<b>317</b>	<b>43,000</b>	<b>980</b>	<b>300</b>	<b>34,000</b>	<b>374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,048</b>	<b>141,804</b>	<b>2,729</b>
<b>5. Levent Phase 3</b>				<b>300</b>	<b>33,000</b>	<b>297</b>	<b>300</b>	<b>33,000</b>	<b>330</b>	<b>300</b>	<b>34,000</b>	<b>374</b>				<b>900</b>	<b>100,000</b>	<b>1,001</b>
<b>Paşabahçe</b>	<b>11</b>	<b>6,000</b>	<b>330</b>	<b>14</b>	<b>9,000</b>	<b>540</b>	<b>17</b>	<b>10,000</b>	<b>650</b>							<b>42</b>	<b>25,000</b>	<b>1,520</b>
<b>MOİ Phase 2 - Residences</b>	<b>71</b>	<b>11,257</b>	<b>134</b>	<b>35</b>	<b>5,547</b>	<b>74</b>										<b>106</b>	<b>16,804</b>	<b>208</b>
<b>TOTAL</b>	<b>409</b>	<b>68,626</b>	<b>921</b>	<b>612</b>	<b>87,376</b>	<b>1,307</b>	<b>416</b>	<b>59,864</b>	<b>1,313</b>	<b>425</b>	<b>54,400</b>	<b>794</b>	<b>133</b>	<b>22,660</b>	<b>489</b>	<b>1,995</b>	<b>292,926</b>	<b>4,824</b>



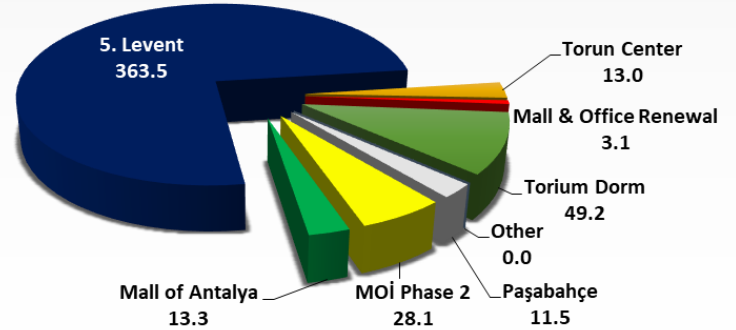
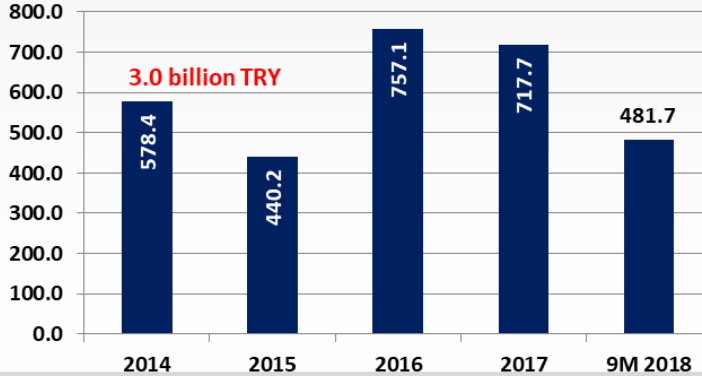


# Financial Highlights (million TRY)

## PORTFOLIO VALUE



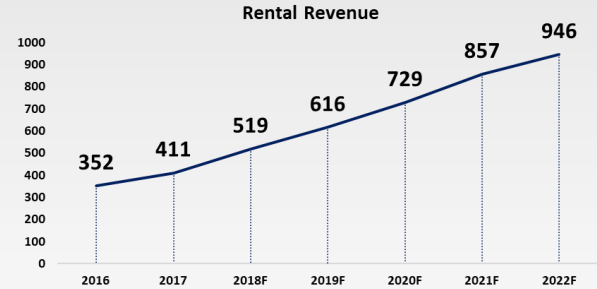
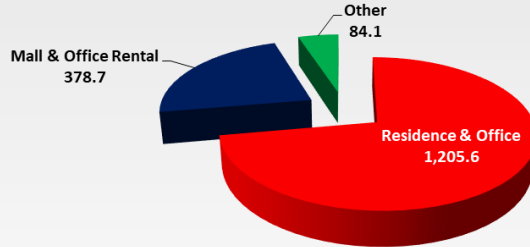
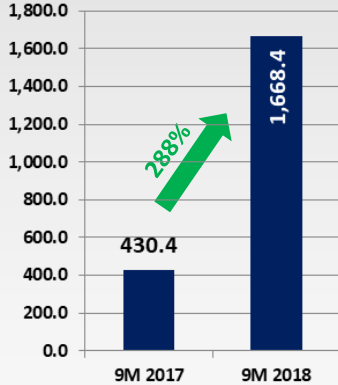
## CAPEX



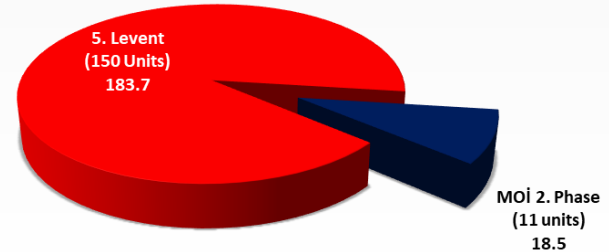
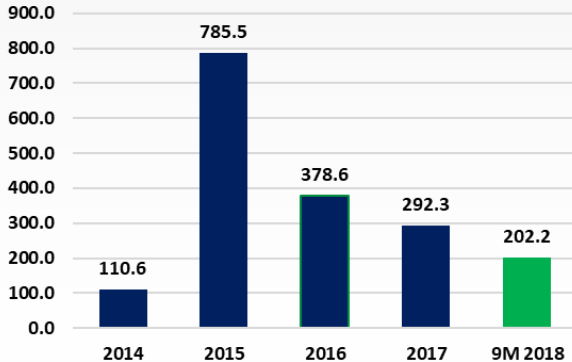


# Financial Highlights (million TRY)

## SALES REVENUE



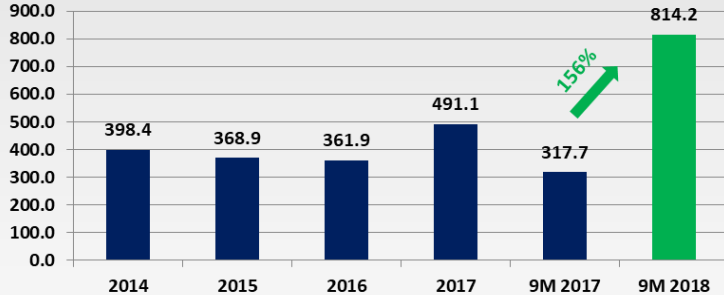
## PRESALES & SALES



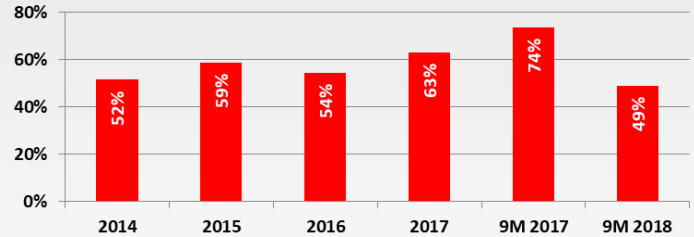


## Financial Highlights (million TRY)

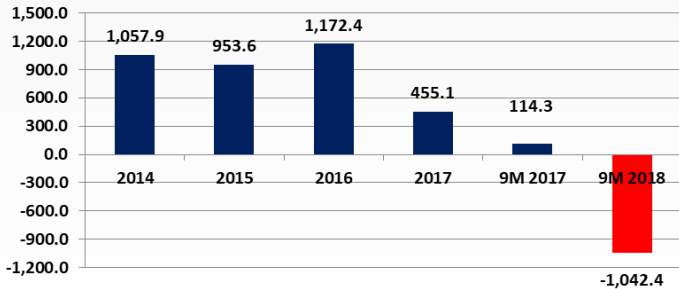
### EBITDA



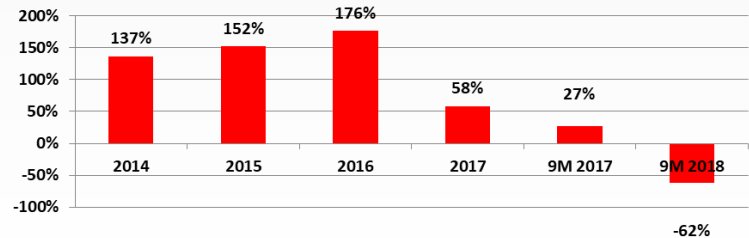
### EBITDA Margin



### NET PROFIT



### Net Profit Margin





## KPI Summary

	2017/12	2018/09	Change
Total net debt (000 TRY)	3,004,044	4,501,298	49.84%
Average loan term (years)	5	5	
Average overall interest rate*	4.99%	5.08%	0.08 pp
Leverage (financial loans as % of total assets)	31.8%	47.6%	15.82 pp
Net debt to Equity ratio	47.1%	85.2%	38.09 pp
Net debt/Assets (%)	26.5%	40.2%	13.71 pp
Equity to Assets ratio	56.3%	47.2%	-9.07 pp
Loan to Property value ratio (LTV)	29.4%	44.6%	15.19 pp
Interest coverage ratio (times)	3.8	3.5	-8.39%
Net debt/EBITDA (times)	6.12	4.15	-32.22%
Net Debt/Mcap	90.2%	254.3%	164.10 pp
Headcount	176	125	-28.98%

\* Excl. TRY Loans

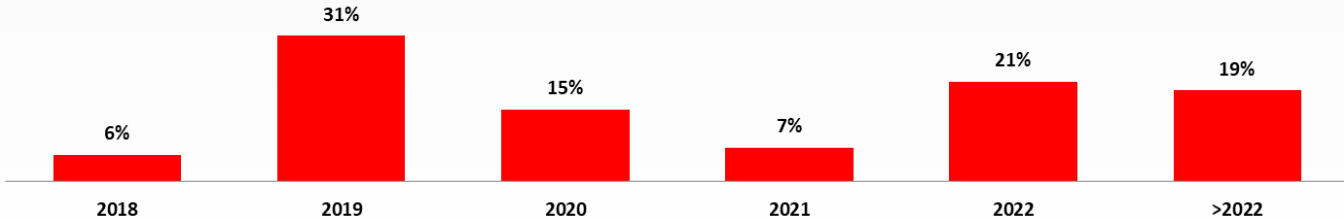
Net Balance Sheet Position (000)	31.12.2017	30.09.2018	Change
USD	-527,663	-512,575	-2.86%
EUR	-158,610	-183,192	15.50%
TRY Equivalent	-2,706,486	-4,343,702	60.49%



## Mall Portfolio Encompasses Entire Retail Spectrum

9M 2018	Antalya Deepo	Zafer Plaza	Istanbul Torium	Bursa Korupark	MOI	Total	MOA
Rent + Common Area Revenues (MillionTRY)	28.5	24.3	42.3	97.2	175.1	367.5	30.8
LfL Rent + Common Area Revenue Growth Rate	51.7%	17.4%	11.0%	21.4%	27.7%	24.7%	N/A
NOI (Million TRY)	21.8	17.7	20.1	79.0	135.4	274.0	19.3
LfL NOI Growth Rate	74.4%	17.4%	0.6%	19.9%	30.1%	25.9%	N/A
Footfall (Million)	3.5	8.5	7.5	8.7	11.1	39.2	3.0
LfL Footfall Growth Rate	-4.7%	-3.6%	1.4%	1.1%	3.6%	0.3%	N/A
Retail Sales (Million TRY)	172.6	181.4	263.2	567.4	1,113.4	2,297.9	225.6
LfL Retail Sales Growth Rate	38.0%	11.1%	19.3%	15.7%	28.1%	23.0%	N/A

### Expiration of Lease Contracts in terms of Fixed Rent





## The Home of the Flagships

Top 10 tenants account for **28.45%** of total GLA and **17.81%** of total fixed rent revenues



- Rank: 1
- GLA: 20,527 (6.5%)
- 4.1% of Monthly Fixed Rent

- Rank: 2
- GLA: 10,026 (3.2%)
- 2.3% of Monthly Fixed Rent

- Rank: 3
- GLA: 17,889 (5.7%)
- 2.0% of Monthly Fixed Rent

- Rank: 4
- GLA: 10,062 (3.2%)
- 1.7% of Monthly Fixed Rent

- Rank: 5
- GLA: 2,549 (0.8%)
- 1.7% of Monthly Fixed Rent



- Rank: 6
- GLA: 5,620 (1.8%)
- 1.4% of Monthly Fixed Rent

- Rank: 7
- GLA: 4,039 (1.3%)
- 1.2% of Monthly Fixed Rent

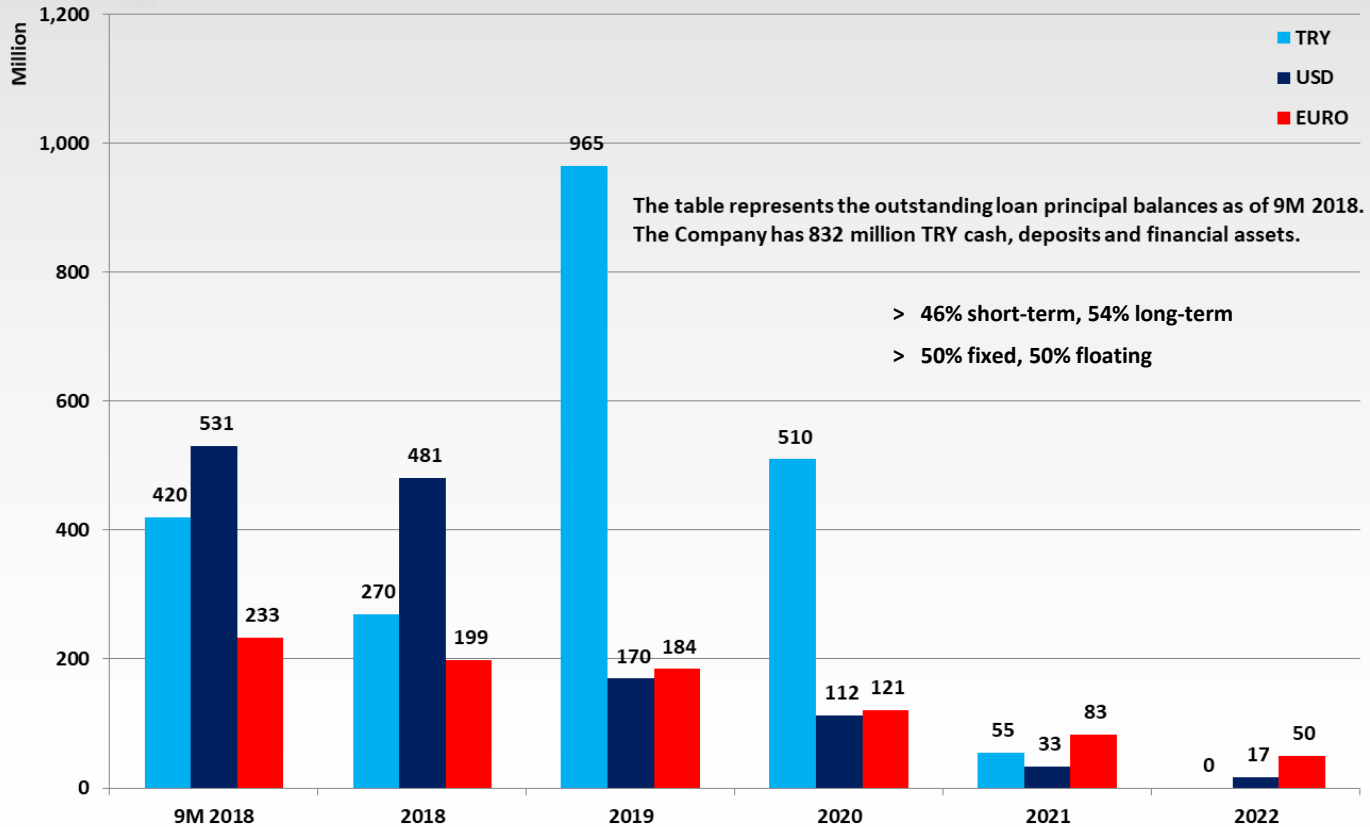
- Rank: 8
- GLA: 4,067 (1.3%)
- 1.2% of Monthly Fixed Rent

- Rank: 9
- GLA: 2,301 (0.7%)
- 1.2% of Monthly Fixed Rent

- Rank: 10
- GLA: 13,818 (4.1%)
- 1.0% of Monthly Fixed Rent



## Outstanding Bank Loans as of 9M 2018





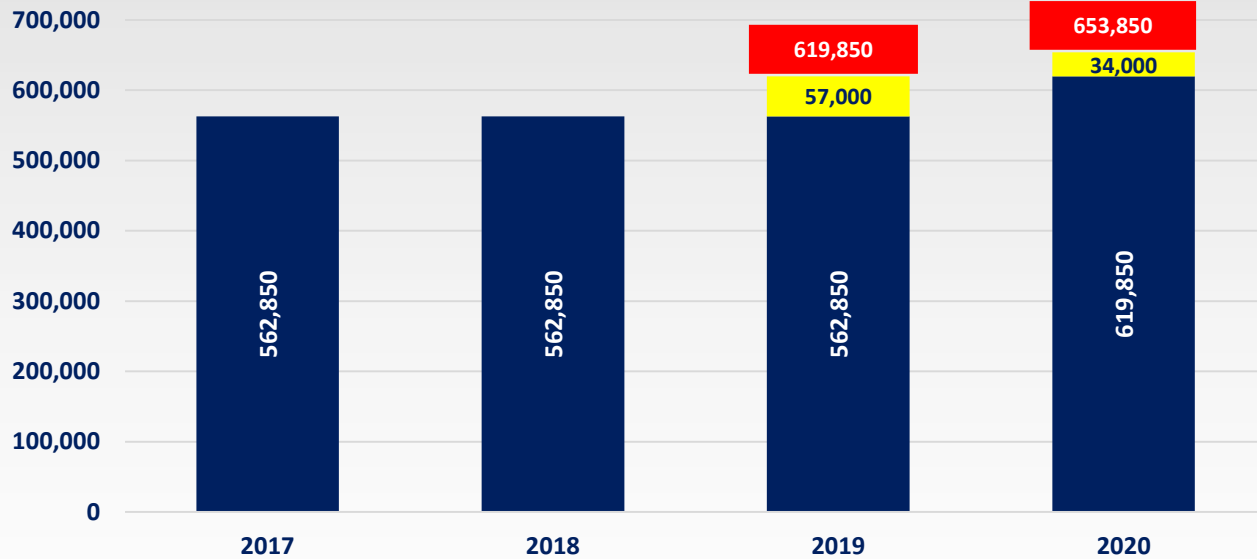
## Project Pipeline – CAPEX (million TRY)

CAPEX	Budget	Actual Spent to Date	2018	2019	2020	2021	2022
MOI 2 <sup>nd</sup> Phase Hotel, Residences and Convention Center Project	244.0	119.5	12.1	112.4			
Torun Center	680.1	677.8	2.4				
5. Levent	1,865.1	1,452.8	50.8	80.9	128.9	120.3	31.5
Pasabahce Bosphorus Project	403.9	21.0	2.2	203.1	177.7		
Mall of Antalya - Shopping Center	196.8	195.1	1.8				
Mall of Antalya - Hotel	37.5	0.0	0.4	37.1			
Torium - Dorm	58.9	47.9	7.5	3.5			
Torium - University	16.2	0.0	0.0	16.2			
Karaköy Hotel	32.4	0.2	0.2	21.8	10.2		
<b>TOTAL</b>	<b>3,535.1</b>	<b>2,514.3</b>	<b>77.3</b>	<b>475.0</b>	<b>316.7</b>	<b>120.3</b>	<b>31.5</b>





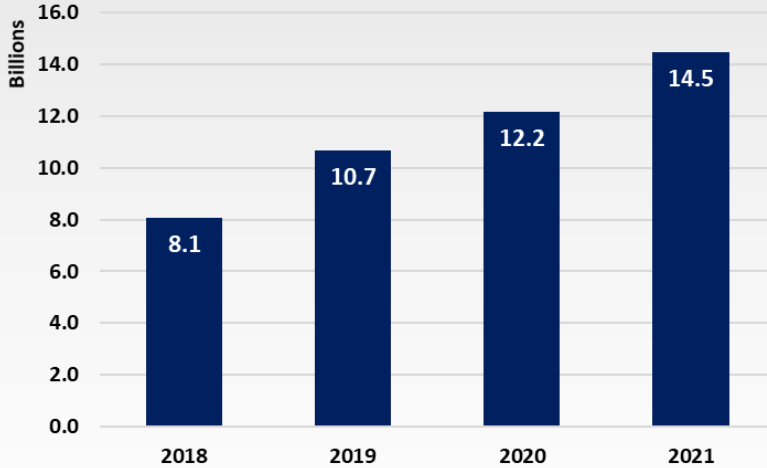
## Total GLA in Years (m<sup>2</sup>)



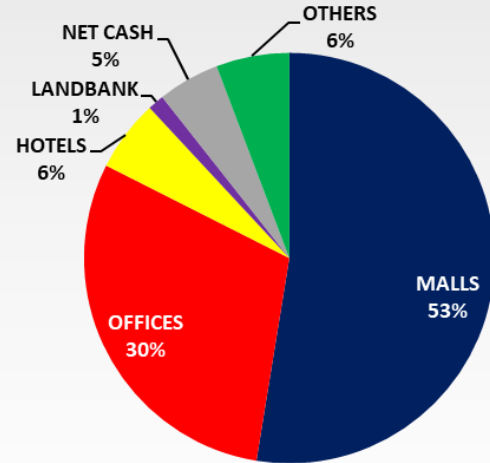
Year	New GLA (m <sup>2</sup> )	Asset
2019	57,000	-Mall of İstanbul Phase 2 – Hotel, Convention Center -Mall of Antalya - Hotel
2020	34,000	-Paşabahçe Bosphorus Hotel -Karaköy Hotel



## NAV Evolution (Billion TRY)



## 2021 NAV Breakdown



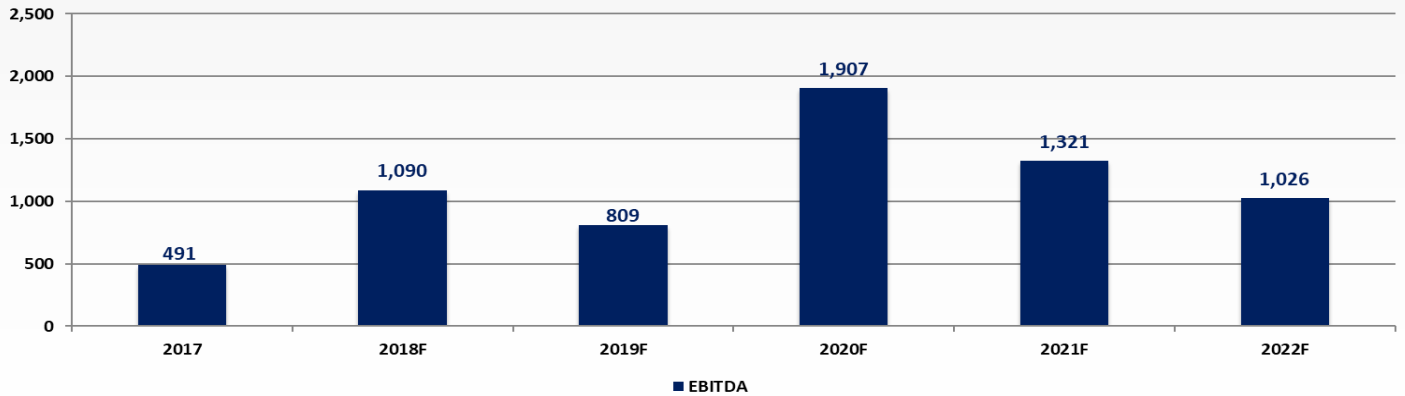
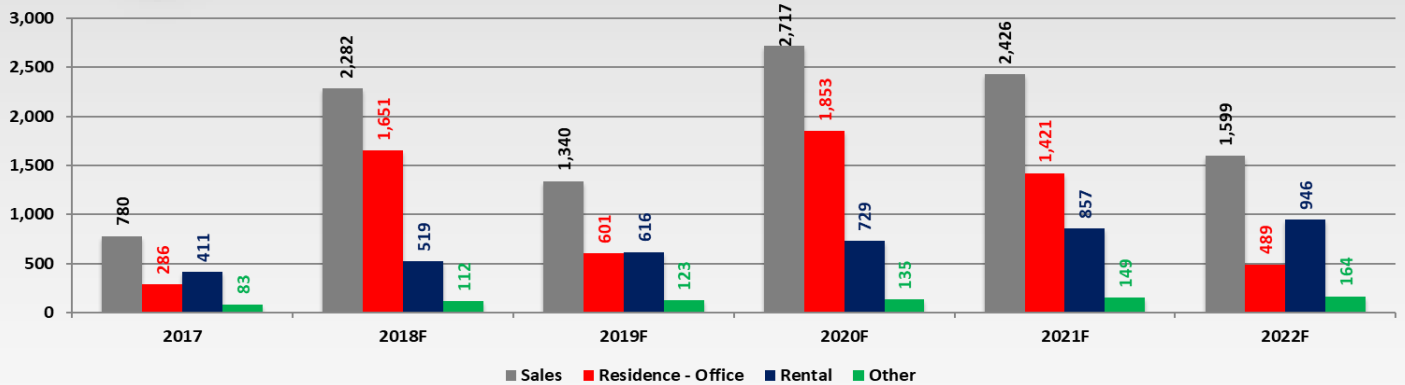


## FUTURE OUTLOOK- 2018 Forecast Income Statement (TRY)

(000) TRY	2017	2018F	Change
<b>Sales</b>	<b>780,140</b>	<b>2,281,716</b>	<b>192.5%</b>
Residence & Office	286,070	1,651,008	477.1%
Mall & Office rental	411,150	518,832	26.2%
Common area revenues & Other revenues	82,920	111,876	34.9%
<b>Cost of sales</b>	<b>(271,486)</b>	<b>(1,145,166)</b>	<b>321.8%</b>
Cost of Residence & Office sales	(150,946)	(980,801)	549.8%
Rent expenses and management fees of shopping malls	(27,613)	(18,000)	-34.8%
Common area expenses & Other expenses	(92,927)	(146,365)	57.5%
<b>Gross profit</b>	<b>508,654</b>	<b>1,136,550</b>	<b>123.4%</b>
<i>Gross Margin</i>	65.2%	49.8%	-15.39 pp
<i>Gross Margin (Residence &amp; Office)</i>	47.2%	40.6%	-6.64 pp
<i>Gross Margin (Mall &amp; Office rental)</i>	75.6%	73.9%	-1.66 pp
<b>Opex</b>	<b>(55,964)</b>	<b>(70,000)</b>	<b>25.1%</b>
General & Admin expenses	(44,913)	(56,000)	24.7%
Marketing & Selling expenses	(11,051)	(14,000)	26.7%
Other income (expenses)	17,621	0	-100.0%
Net gain (loss) fair value adjustments on investment property	374,050	500,000	33.7%
<b>Operating profit</b>	<b>844,361</b>	<b>1,566,550</b>	<b>85.5%</b>
<b>Operating profit excluding fair value adjustment</b>	<b>470,311</b>	<b>1,066,550</b>	<b>126.8%</b>
Dividends received from associates	18,761	20,637	10.0%
<b>EBIT</b>	<b>489,072</b>	<b>1,087,187</b>	<b>122.3%</b>
<i>EBIT margin (%)</i>	62.7%	47.6%	-15.04 pp
Depreciation	1,994	2,500	25.4%
<b>EBITDA</b>	<b>491,066</b>	<b>1,089,687</b>	<b>121.9%</b>
<i>EBITDA margin (%)</i>	62.9%	47.8%	-15.19 pp
Gain (Loss) from associates	11,400	10,000	-12.3%
Net financial interest income (expense)	(128,331)	(170,849)	33.1%
Other net financial income (expense)	4,009	0	-100.0%
Forex gain (loss)	(295,092)	(155,596)	-47.3%
Profit before tax	<b>455,108</b>	<b>1,270,742</b>	<b>179.2%</b>
Corporate tax	0	0	NM
<b>Net profit</b>	<b>455,108</b>	<b>1,270,742</b>	<b>179.2%</b>
<i>Net profit margin (%)</i>	58.3%	55.7%	-2.64 pp



## Long Term Sales & EBITDA Forecast (million TRY)





## Cash Flow Statement (Forecast)

Cash Flow Statement (Forecast)	2018	2019	2020	2021	2022
Cash at the beginning of the term	602,432,000	248,068,880	299,023,903	679,875,457	1,052,740,911
<b>CASH FLOW FROM OPERATIONS</b>					
From Mall Rentals ( + )	388,782,902	440,530,351	480,582,279	532,408,753	586,133,304
From Office Rentals ( + )	95,560,500	134,938,913	177,022,441	216,155,731	236,916,333
From Hotel Rentals ( + )	0	3,675,000	31,531,679	65,207,944	77,584,146
From Residence Pre-Sales and Sales ( + )	917,598,243	1,306,574,730	1,312,800,000	794,000,000	489,443,000
Change in Trade Receivables ( + )	82,000,000	74,000,000	-	-	-
Operational Expenses ( - )	63,000,000	69,300,000	76,230,000	83,853,000	92,238,300
<b>Net Cash Flow from Operations</b>	<b>1,420,941,646</b>	<b>1,890,418,993</b>	<b>1,925,706,399</b>	<b>1,523,919,428</b>	<b>1,297,838,483</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Construction Costs ( - )	547,932,719	424,218,852	292,296,352	120,271,314	31,499,630
Shopping Mall Renewal Costs ( - )	9,000,000	4,650,000	5,115,000	5,626,500	9,725,050
<b>Net Cash Flow from Investing Activities</b>	<b>-556,932,719</b>	<b>-428,868,852</b>	<b>-297,411,352</b>	<b>-125,897,814</b>	<b>-41,224,680</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Cash receipt from	79,749,130	851,426,259	67,164,529	117,542,756	206,690,444
Cash paid for ( - )	1,298,121,176	2,262,021,378	1,314,608,023	1,142,698,917	487,091,784
<b>Net Cash Flow from Financing Activities</b>	<b>-1,218,372,046</b>	<b>-1,410,595,119</b>	<b>-1,247,443,494</b>	<b>-1,025,156,161</b>	<b>-280,401,340</b>
Cash generated throughout the term	-354,363,120	50,955,023	380,851,554	372,865,454	976,212,463
<b>Net Cash at End Of Term</b>	<b>248,068,880</b>	<b>299,023,903</b>	<b>679,875,457</b>	<b>1,052,740,911</b>	<b>2,028,953,374</b>



# TURKEY REAL ESTATE MARKET REVIEW – Long-Term Demand Forecasts

	Population (mn)	Urbanization	Urban Population	Household Size	Urban Household	Demographic- based Housing Need (mn)	Renewal	Urban Transformation	Total
2012	75.6	77.3%	58.4	4.10	14.3	0.33	0.05	0.0	0.41
2013	76.7	77.8%	59.6	4.08	14.6	0.38	0.05	0.1	0.52
2014	77.5	78.3%	60.7	4.06	15.0	0.33	0.05	0.2	0.58
2015	78.3	78.8%	61.8	4.03	15.3	0.36	0.05	0.2	0.61
2016	79.2	79.4%	62.9	4.00	15.7	0.38	0.05	0.2	0.63
2017	80.0	80.0%	64.0	3.97	16.1	0.39	0.05	0.2	0.64
2018	80.7	80.7%	65.1	3.95	16.5	0.40	0.05	0.2	0.65
2019	81.5	81.3%	66.3	3.92	16.9	0.43	0.05	0.2	0.68
2020	82.3	82.0%	67.5	3.88	17.4	0.44	0.05	0.2	0.69
2021	83.0	82.7%	68.6	3.85	17.8	0.44	0.05	0.2	0.69
2022	83.7	83.4%	69.8	3.82	18.3	0.45	0.05	0.2	0.70
2023	84.4	84.0%	71.0	3.79	18.7	0.45	0.05	0.2	0.70
<b>2014-2023 total</b>						<b>4.09</b>	<b>0.50</b>	<b>2.00</b>	<b>6.59</b>

Source: Turksat, GYODER, BofAML Global Research

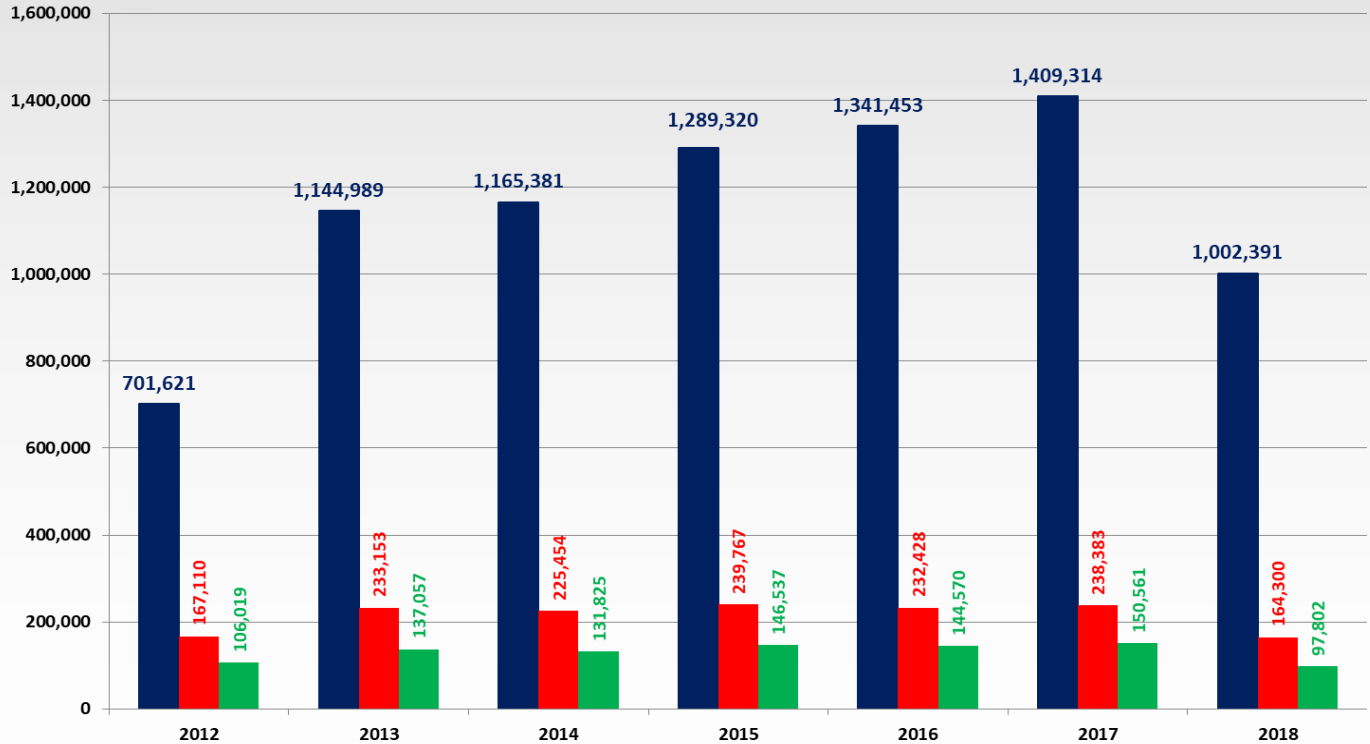
## Housing Needs in Turkey, 2014-2020

In millions, except household size	2013	2014e	2015e	2016e	2017e	2018e	2019e	2020e
Population	76.5	77.3	78.2	79.0	79.8	80.6	81.3	82.1
Household size	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Households	20.1	20.3	20.6	20.8	21.0	21.2	21.4	21.6
New houses needed		0.44	0.44	0.43	0.42	0.41	0.41	0.43
2nd homes and urban transformation		0.37	0.37	0.38	0.37	0.37	0.37	0.37
Foreigners property acquisition	0.01	0.02	0.05	0.05	0.06	0.06	0.06	0.07
<b>Total needed (2015-2020)</b>								<b>5.12</b>

Source: World Bank, TUIK, IMF, HSBC estimates



## TURKEY REAL ESTATE MARKET REVIEW – Turkey Residential Sales (in units) (9M 2018)

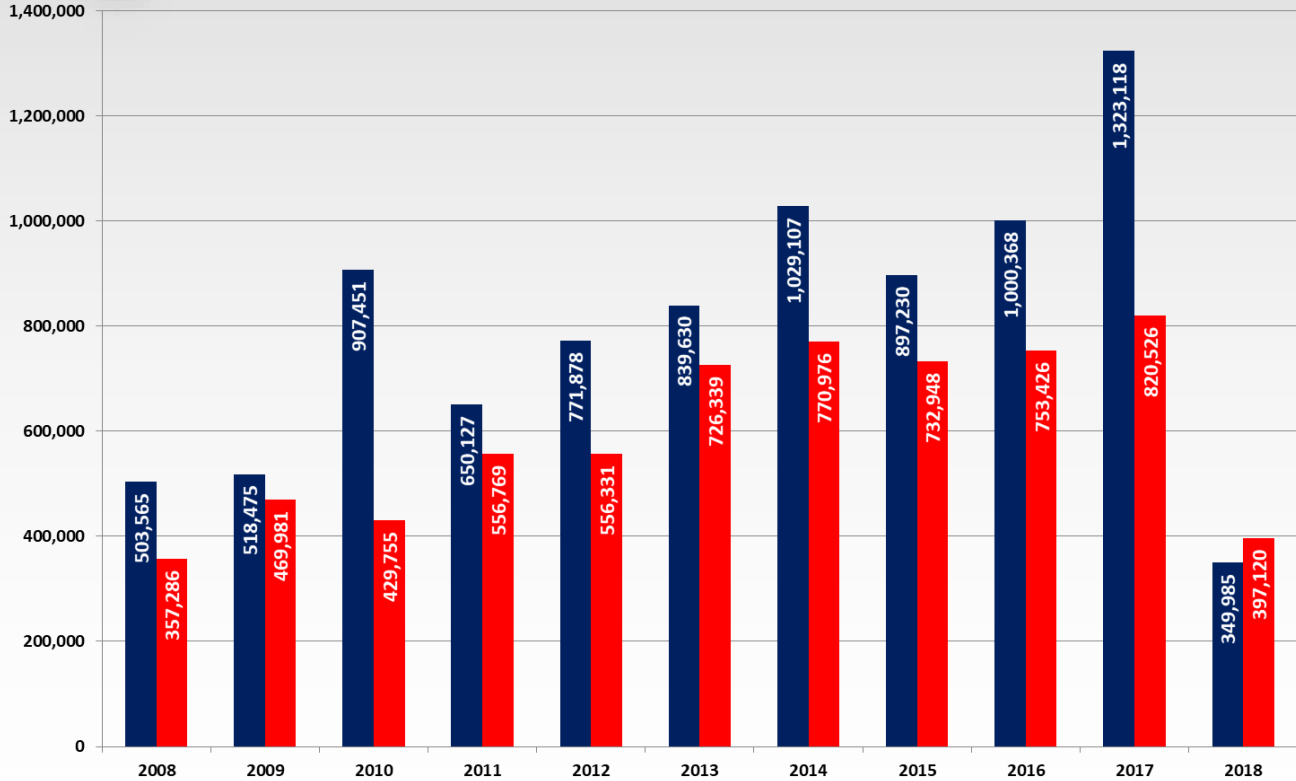


Source: Turkish Statistical Institute

■ TURKEY ■ ISTANBUL ■ ANKARA



## TURKEY REAL ESTATE MARKET REVIEW – Turkey Residential Permits (in units) (H1 2018)



Source: Turkish Statistical Institute

■ Construction Permit

■ Building Occupancy Permit





## TURKEY REAL ESTATE MARKET REVIEW – Shopping Mall Development

	Istanbul		Ankara		Other Cities		Turkey	
	Units	GLA (million m <sup>2</sup> )	Units	GLA (million m <sup>2</sup> )	Units	GLA (million m <sup>2</sup> )	Units	GLA (million m <sup>2</sup> )
Operational as of 2016 Year End	108	4.1	38	1.5	229	5.6	375	11.2
Under construction*	32	1.6	7	0.2	22	0.9	61	2.7
<b>Total</b>	<b>140</b>	<b>5.7</b>	<b>45</b>	<b>1.7</b>	<b>251</b>	<b>6.5</b>	<b>436</b>	<b>13.9</b>

\* Expected completion date is 2019

Source: JLL

### Retail Density (m<sup>2</sup> per 1,000 people)

	2015 Year End	2016 Year End	2019 Year End
Ankara	288	284	298
Istanbul	278	281	357
Bolu	278	272	259
Bursa	179	176	220
Antalya	153	163	233
<b>Turkey</b>	<b>140</b>	<b>142</b>	<b>166</b>

Source: JLL



## TURKEY REAL ESTATE MARKET REVIEW – Turkey's Mall League

Mall	Opening Date	GLA	Location	Developer
1 Forum Istanbul	2009	178,834	Istanbul	Multi Turkmall
2 Mall of Istanbul	2014	154,713	Istanbul	Torunlar REIC
3 Marmara Forum	2011	137,500	Istanbul	Multi Turkmall
4 Cevahir	2005	110,000	Istanbul	Kuwait Investment Authority
5 Vialand	2013	110,000	Istanbul	Gursoy & Via Grup
6 ANKAmall	1999	107,804	Ankara	Migros / Yeni Gimat REIC
7 Marmara Park	2012	100,000	Istanbul	Ece Turkey
8 IstinyePark	2007	88,490	Istanbul	Dogus, Orjin
9 Torium	2010	88,455	Istanbul	Torunlar REIC
10 Akasya Acibadem	2014	86,500	Istanbul	Saf REIC / Akis REIC
11 Anatolium	2010	84,165	Bursa	Corio
12 Antares	2007	84,000	Ankara	Dolunay
13 Panora	2007	82,591	Ankara	Polat Holding
14 Forum Ankara	2008	80,000	Ankara	Multi Development TR
15 Kent Park	2008	79,478	Ankara	Mega Turk Construction
16 M1 Merkez Adana	2000	76,500	Adana	Metro
17 Maltepe Park	2013	75,000	Istanbul	CarrefourSA / Ece Turkey
18 Cepa	2007	73,242	Ankara	CarrefourSA
19 Korupark	2007	71,267	Bursa	Torunlar REIC
20 Forum Mersin	2007	71,125	Mersin	Multi Turkmall
21 Anatolium Ankara	2011	70,000	Istanbul	Corio
22 M1 Meydan Umraniye	2007	70,000	Istanbul	Metro
23 Optimum Outlet	2011	69,000	Adana	Ronesans REIC
24 Zorlu Center	2013	66,600	Istanbul	Zorlu Real Estate Group

Source: Akademetre Research and Eva Real Estate



## Current and Upcoming A – Class Office Supply

	European-Side				Asian Side		Total	
	CBD		Non CBD		GLA		GLA	
	Unit	GLA (million m <sup>2</sup> )	Unit	GLA (million m <sup>2</sup> )	Unit	(million m <sup>2</sup> )	Unit	(million m <sup>2</sup> )
2016	89	1.8	50	1.3	114	1.7	253	4.8
2019	95	2.1	59	1.8	128	3.0	282	6.9

- While the office supply in Q1 2016 was 4.4 million m<sup>2</sup>, it reached 4.9 million m<sup>2</sup> in Q1 2017
- The Asian-side covers 67% of new office projects in the under construction office stock
- The ongoing declining trend in office leases has continued in Q1 2017
- Primary rent price per m<sup>2</sup> has decreased to \$37 in Q1 2017 from \$45 in Q1 2016

Source: JLL



## FINANCIAL STATEMENT - Income Statement

(000) TRY	Q3 2017	Q3 2018	Change
<b>Sales</b>	<b>165,570</b>	<b>340,542</b>	<b>105.7%</b>
Residence & Office	34,736	166,834	380.3%
Mall & Office rental	108,027	140,984	30.5%
Common area revenues & Other revenues	22,807	32,724	43.5%
<b>Cost of sales</b>	<b>(47,844)</b>	<b>(205,248)</b>	<b>329.0%</b>
Cost of Residence & Office sales	(6,831)	(170,461)	2395.4%
Rent expenses and management fees of shopping malls	(3,671)	(4,549)	23.9%
Common area expenses & Other expenses	(37,342)	(30,238)	-19.0%
<b>Gross profit</b>	<b>117,726</b>	<b>135,294</b>	<b>14.9%</b>
<i>Gross Margin</i>	71.1%	39.7%	-31.37 pp
<i>Gross Margin (Residence &amp; Office)</i>	80.3%	-2.2%	-82.51 pp
<i>Gross Margin (Mall &amp; Office rental)</i>	68.7%	80.0%	11.32 pp
<b>Opex</b>	<b>(14,207)</b>	<b>(10,188)</b>	<b>-28.3%</b>
General & Admin expenses	(11,191)	(9,198)	-17.8%
Marketing & Selling expenses	(3,016)	(990)	-67.2%
Other income (expenses)	8,806	74,421	745.1%
Net gain (loss) fair value adjustments on investment property	0	0	NM
<b>Operating profit</b>	<b>112,325</b>	<b>199,527</b>	<b>77.6%</b>
<b>Operating profit excluding fair value adjustment</b>	<b>112,325</b>	<b>199,527</b>	<b>77.6%</b>
Dividends received from associates	0	0	NM
<b>EBIT</b>	<b>112,325</b>	<b>199,527</b>	<b>77.6%</b>
<i>EBIT margin (%)</i>	67.8%	58.6%	-9.25 pp
Depreciation	490	244	-50.2%
<b>EBITDA</b>	<b>112,815</b>	<b>199,771</b>	<b>77.1%</b>
<i>EBITDA margin (%)</i>	68.1%	58.7%	-9.47 pp
Gain (Loss) from associates	5,962	4,439	-25.5%
Net financial interest income (expense)	(27,261)	(107,179)	293.2%
Other net financial income (expense)	10	(12,237)	-122470.0%
Forex gain (loss)	(73,667)	(1,058,854)	1337.4%
<b>Profit / Loss before tax</b>	<b>17,369</b>	<b>(974,304)</b>	<b>-5709.4%</b>
Corporate tax	0	0	NM
<b>Net profit / loss</b>	<b>17,369</b>	<b>(974,304)</b>	<b>NM</b>
<i>Net profit margin (%)</i>	10.5%	-286.1%	-296.59 pp



## FINANCIAL STATEMENT - Income Statement

(000) TRY	9M 2017	9M 2018	Change
<b>Sales</b>	<b>430,356</b>	<b>1,668,432</b>	<b>287.7%</b>
Residence & Office	68,822	1,205,607	1651.8%
Mall & Office rental	300,833	378,683	25.9%
Common area revenues & Other revenues	60,701	84,142	38.6%
<b>Cost of sales</b>	<b>(114,682)</b>	<b>(935,663)</b>	<b>715.9%</b>
Cost of Residence & Office sales	(19,260)	(834,254)	4231.5%
Rent expenses and management fees of shopping malls	(11,502)	(12,847)	11.7%
Common area expenses & Other expenses	(83,920)	(88,562)	5.5%
<b>Gross profit</b>	<b>315,674</b>	<b>732,769</b>	<b>132.1%</b>
<i>Gross Margin</i>	73.4%	43.9%	-29.43 pp
<i>Gross Margin (Residence &amp; Office)</i>	72.0%	30.8%	-41.21 pp
<i>Gross Margin (Mall &amp; Office rental)</i>	73.6%	78.1%	4.48 pp
<b>Opex</b>	<b>(41,470)</b>	<b>(36,430)</b>	<b>-12.2%</b>
General & Admin expenses	(32,939)	(31,878)	-3.2%
Marketing & Selling expenses	(8,531)	(4,552)	-46.6%
Other income (expenses)	23,253	97,180	317.9%
Net gain (loss) fair value adjustments on investment property	0	0	NM
<b>Operating profit</b>	<b>297,457</b>	<b>793,519</b>	<b>166.8%</b>
<b>Operating profit excluding fair value adjustment</b>	<b>297,457</b>	<b>793,519</b>	<b>166.8%</b>
Dividends received from associates	18,761	19,386	3.3%
<b>EBIT</b>	<b>316,218</b>	<b>812,905</b>	<b>157.1%</b>
<i>EBIT margin (%)</i>	73.5%	48.7%	-24.76 pp
Depreciation	1,462	1,300	-11.1%
<b>EBITDA</b>	<b>317,680</b>	<b>814,205</b>	<b>156.3%</b>
<i>EBITDA margin (%)</i>	73.8%	48.8%	-25.02 pp
Gain (Loss) from associates	(2,076)	2,324	-211.9%
Net financial interest income (expense)	(85,940)	(232,256)	170.3%
Other net financial income (expense)	4,786	(24,772)	-617.6%
Forex gain (loss)	(118,646)	(1,600,625)	1249.1%
<b>Profit / Loss before tax</b>	<b>114,342</b>	<b>(1,042,424)</b>	<b>-1011.7%</b>
Corporate tax	0	0	NM
<b>Net profit / loss</b>	<b>114,342</b>	<b>(1,042,424)</b>	<b>NM</b>
<i>Net profit margin (%)</i>	26.6%	-62.5%	-89.05 pp

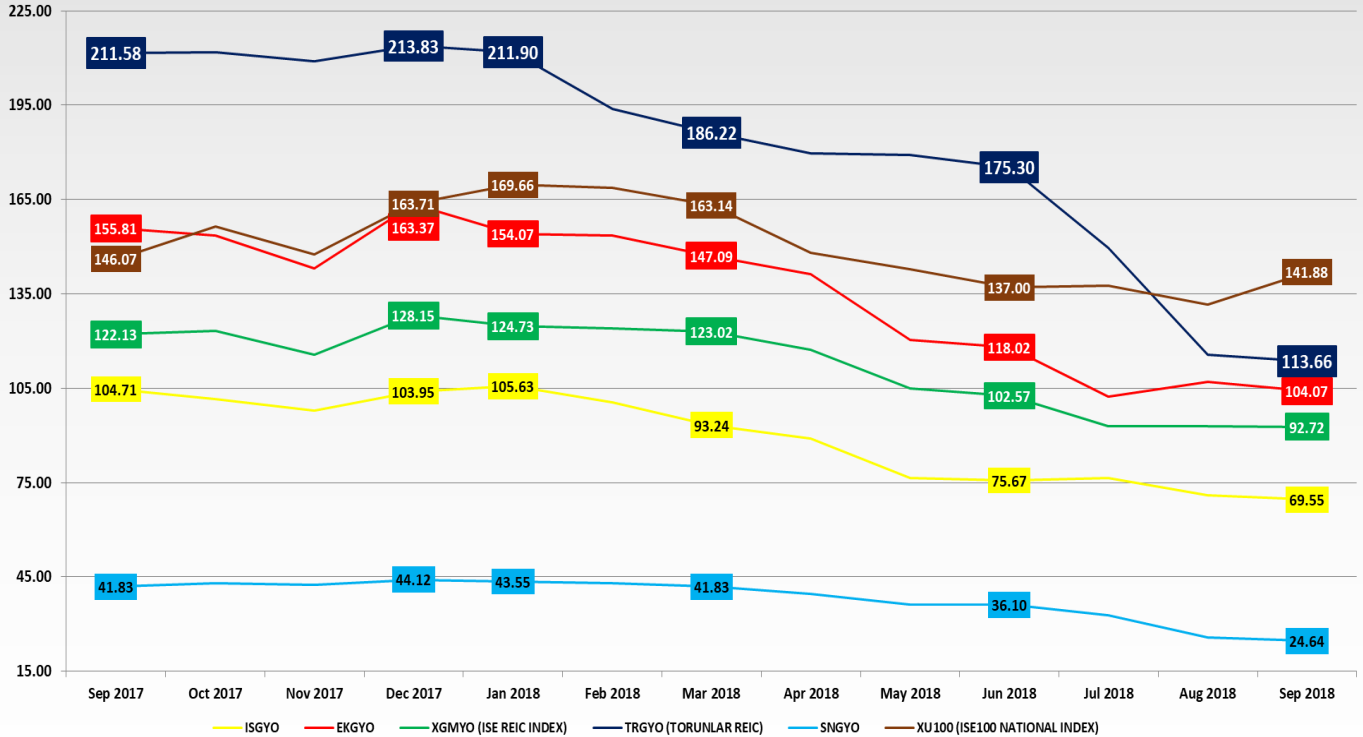


## FINANCIAL STATEMENT - Balance Sheet

(000 TRY)	2017	2018/09	Change
Cash and cash equivalents	602,432	832,020	38.1%
Financial assets	0	0	NM
Trade & Other receivables	174,273	180,800	3.7%
Inventories	1,624,998	1,317,985	-18.9%
Prepaid expenses	52,555	34,467	-34.4%
Derivative financial instruments	0	0	NM
Other current assets	147,226	21,684	-85.3%
<b>CURRENT ASSETS</b>	<b>2,601,484</b>	<b>2,386,956</b>	<b>-8.2%</b>
Trade receivables	33,498	15,067	-55.0%
Investments accounted by equity method	315,593	315,882	0.1%
Investment properties	8,282,529	8,464,045	2.2%
Property, plant and equipment	9,416	9,069	-3.7%
Intangible assets	295	126	-57.3%
Inventories	0	0	NM
Prepaid expenses	93,002	4,326	-95.3%
Derivative financial instruments	0	0	NM
Other non-current assets	0	0	NM
<b>NON-CURRENT ASSETS</b>	<b>8,734,333</b>	<b>8,808,515</b>	<b>0.8%</b>
<b>TOTAL ASSETS</b>	<b>11,335,817</b>	<b>11,195,471</b>	<b>-1.2%</b>
Short-term borrowings	469,671	587,392	25.1%
ST portion of LT borrowings	396,372	1,859,940	369.2%
Derivative financial instruments	277	20,593	7334.3%
Trade payables	119,224	106,814	-10.4%
Other payables	35,278	46,238	31.1%
Current tax liabilities	0	0	NM
Deferred income	1,176,510	153,591	-86.9%
Others	18,195	199,043	993.9%
<b>CURRENT LIABILITIES</b>	<b>2,215,527</b>	<b>2,973,611</b>	<b>34.2%</b>
Long-term borrowings	2,740,433	2,886,085	5.3%
Trade payables	0	0	NM
Long-term provisions for employee benefits	1,200	1,157	-3.6%
Others	0	50,420	NM
<b>NON-CURRENT LIABILITIES</b>	<b>2,741,633</b>	<b>2,937,662</b>	<b>7.2%</b>
Share capital	1,000,000	1,000,000	0.0%
Share premium	25,770	25,770	0.0%
Legal reserves	65,153	74,255	14.0%
Treasury shares (-)	-1,195	-3,230	170.3%
Prior years' profit	4,833,821	5,229,827	8.2%
Net profit / loss for the period	455,108	-1,042,424	-329.0%
<b>TOTAL EQUITY</b>	<b>6,378,657</b>	<b>5,284,198</b>	<b>-17.2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,335,817</b>	<b>11,195,471</b>	<b>-1.2%</b>



## LISTED REIC's - Torunlar REIC Performance (As of 30.09.2018)



IPO Date (October 2010) = 100



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## Disclaimer

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.

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