RÖNESANS GAYRİMENKUL

INVESTOR PRESENTATION

Annual Results - 2018

March 07, 2019

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2018 Highlights

€2.44bn	€1.37bn	€107m	€102m
Portfolio Valuation	EPRA NAV	Net Operating Income	EBITDA

700k m^2	87 mill.	95.4%	1.4%
Gross Leasable Area	Visitors	Average Retail Occupancy	Bad Debt Ratio

2018 Highlights

Robust operating performance despite challenging market conditions:

- NOI **€107m** (up by **68%** y-o-y)
- Average occupancy of **95.4%**.

Increasing scale benefits of a portfolio of strong individual assets:

- Income producing **11** shopping centers and **2** offices
- Total GLA of **700k m^2**

Reduced exposure to JVs and development

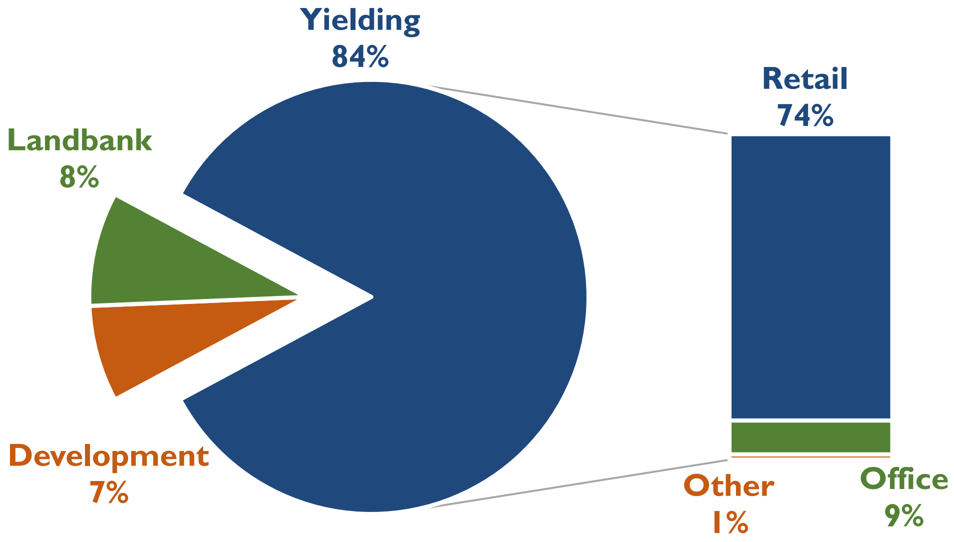
- Number of JVs with yielding properties is down to **4** from 8
- Only one single project under development, **7%** of total GAV

Solid balance sheet maintained with strong liquidity and ample covenant headroom

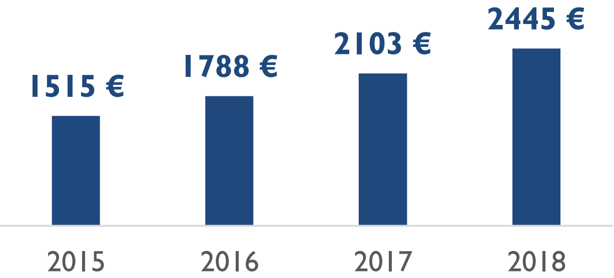
Credit ratings from Moody's (Ba3) and Fitch (BB), both same as the sovereign

NOI has reached **€ 107m** after new acquisitions and openings while EPRA NAV has decreased by **7%** due to like-for-like decrease in valuations.

GAV by Status and Property Type (1)
Dec 2018



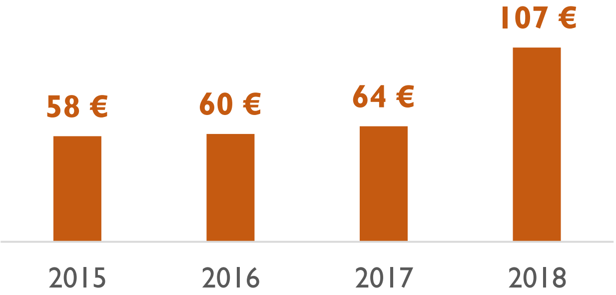
GAV (m) (1)



LfL decrease in 2018: **5.1%**

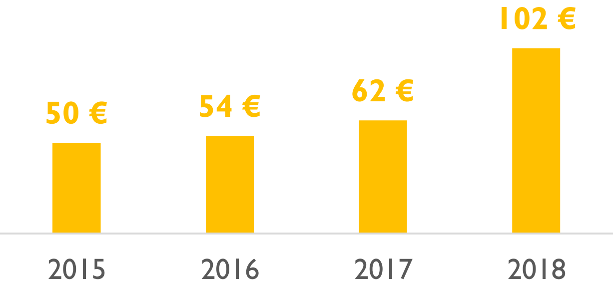
EPRA NAV (m) (1)

Net Operating Income (m) (1)



LfL decrease in 2018: **6.9%**

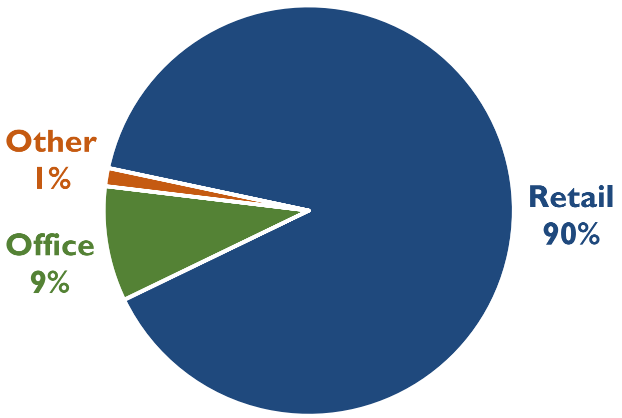
EBITDA (m) (1)



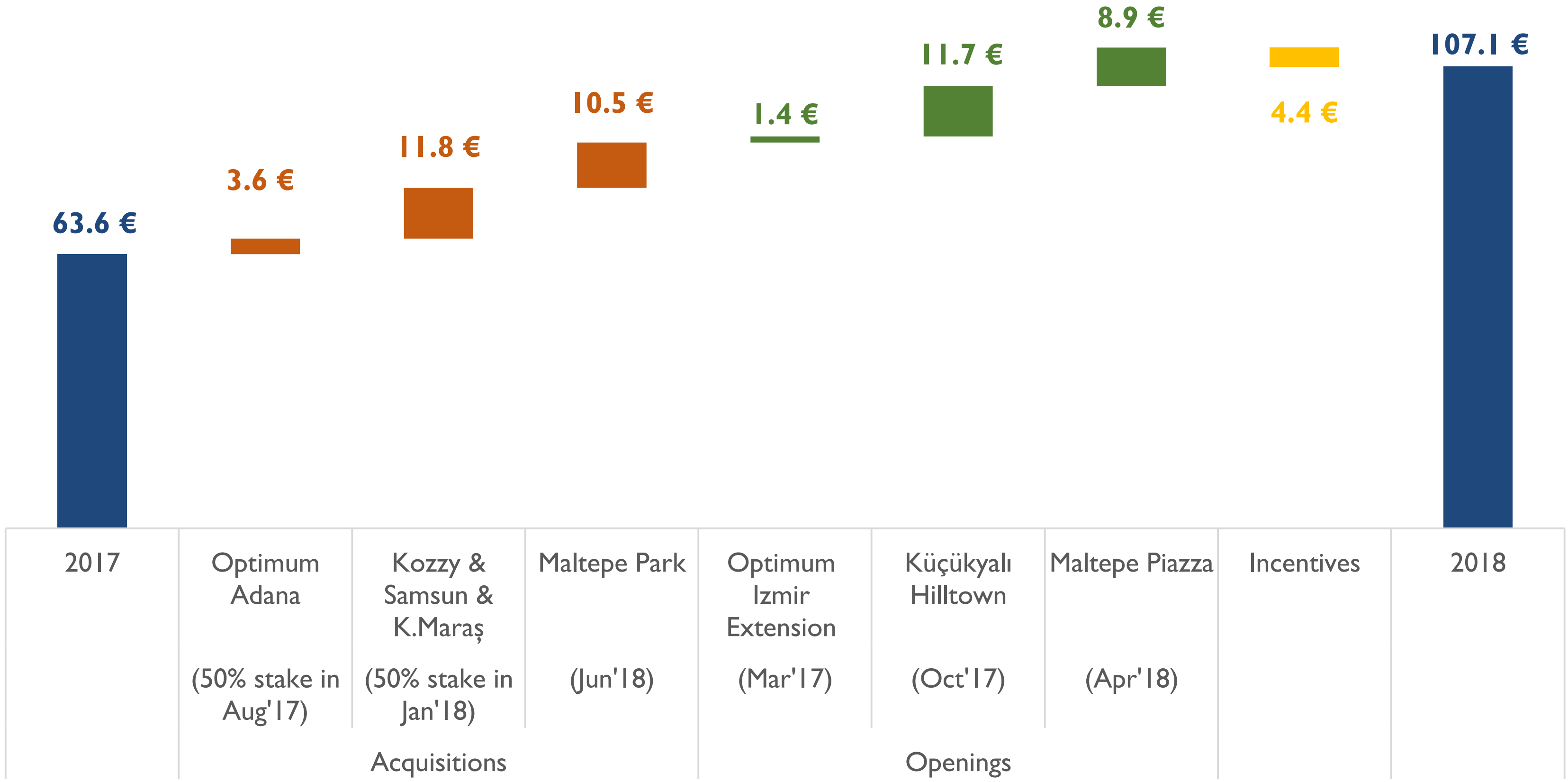
(1) Proportionate figures for the assets fully consolidated and the ownership at share of the assets accounted for using the equity method.

Net operating income has grown by **68%** to **€ 107m** in 2018 through new openings and acquisitions.

NOI by Property Type [1]
2018



NOI Evolution (m) [1]
2017 - 2018



(1) Proportionate figures for the assets fully consolidated and the ownership at share of the assets accounted for using the equity method.

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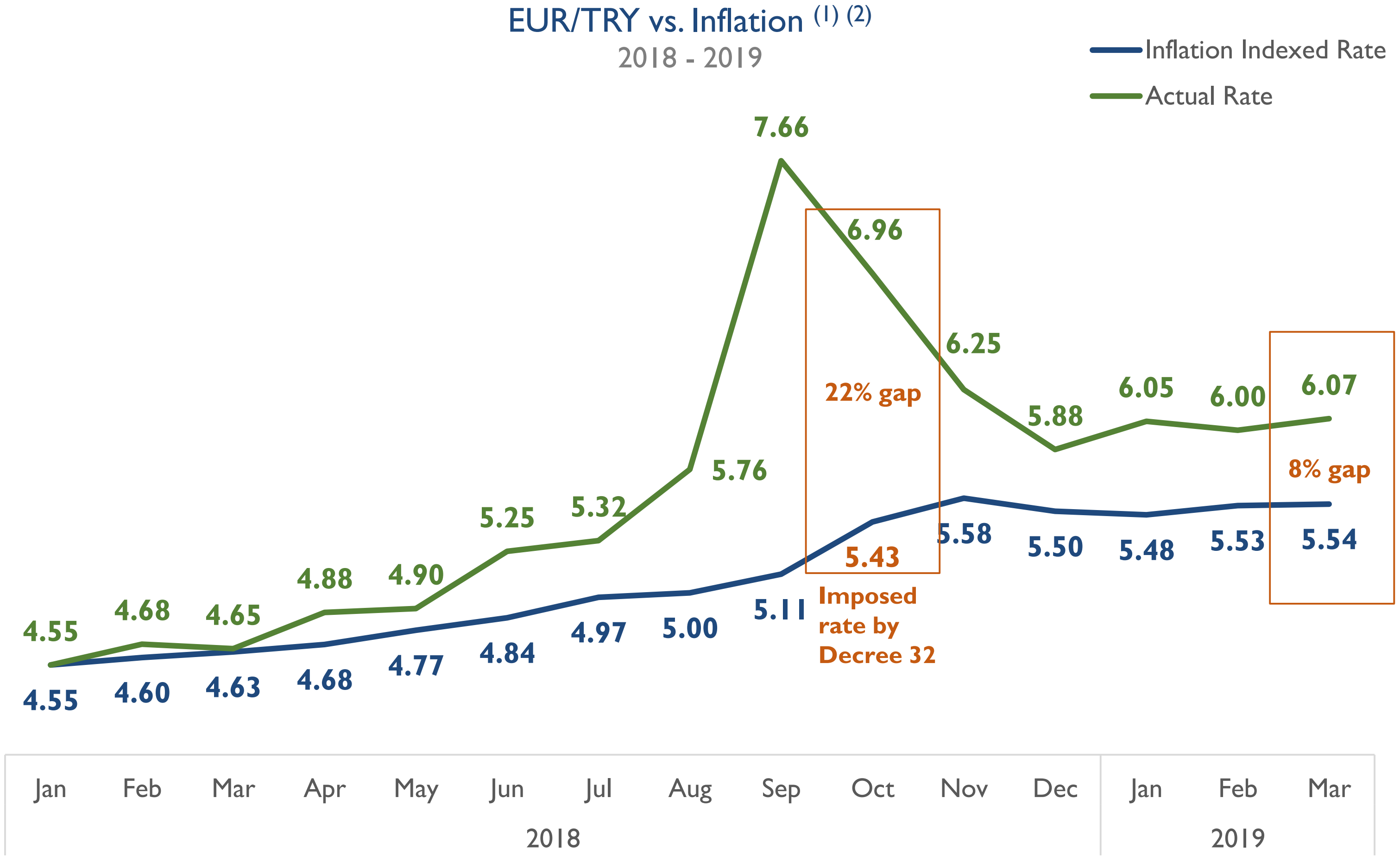
Turkish Lira overshot in August, but has recovered fast.

Actual and inflation indexed exchange rates have been converging since August.



(1) The exchange rate on the first day of each month.
(2) The EUR/TL rate on Jan 02, 2018 which is 4.55 is the base for calculation of inflation indexed rates as per Decree 32.

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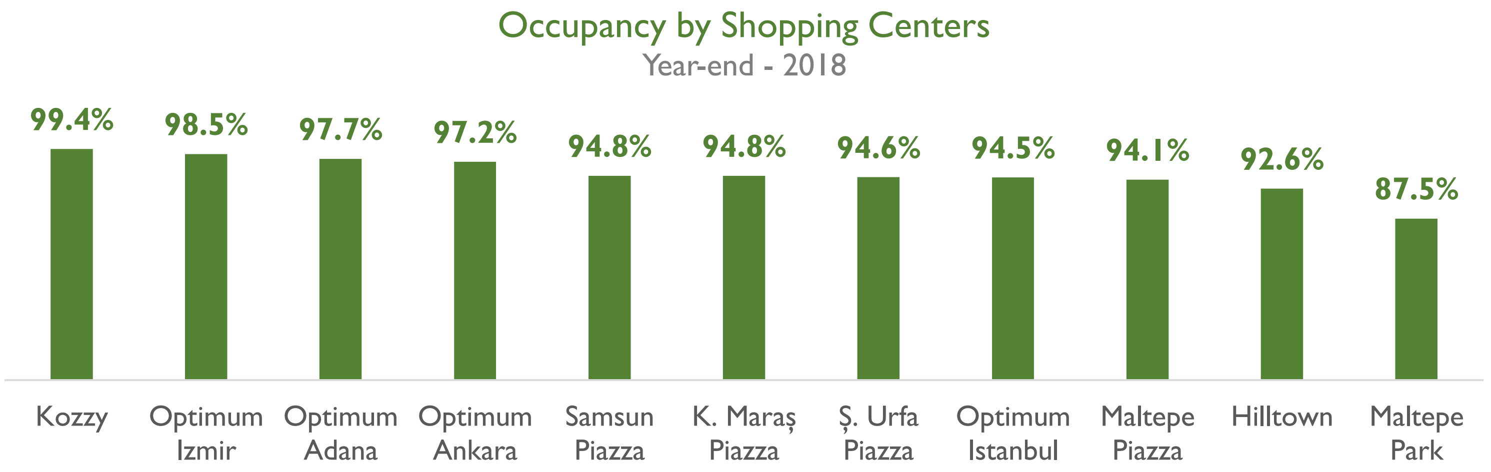
Occupancy level has slightly declined in 2018 but still robust at **94.7%**.

Acquisition of Maltepe Park (87.5%) in line with the strategy and eviction of some weakly performing tenants were the main drivers of the drop.

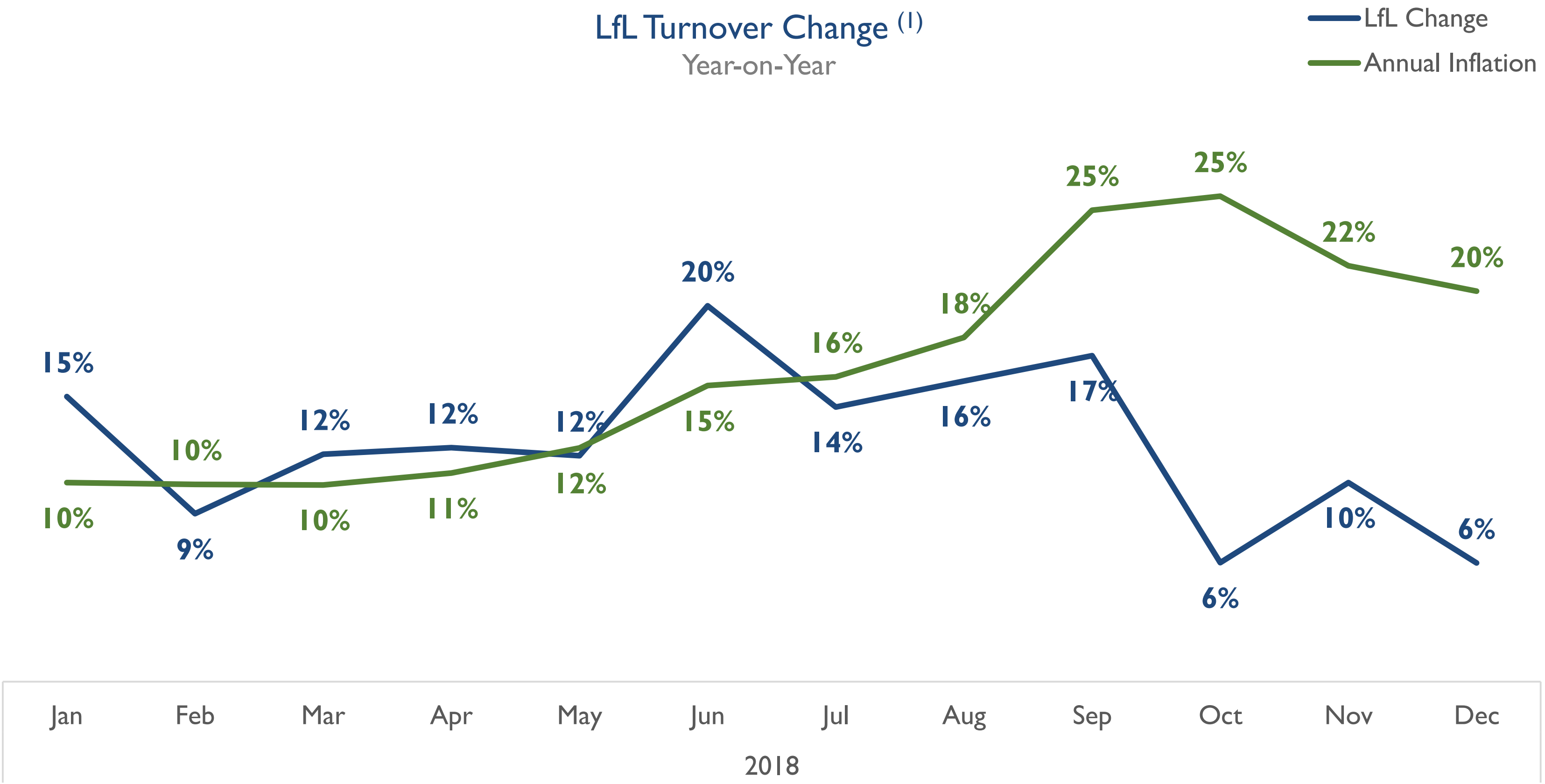
The occupancy excluding Maltepe Park is **95.7%**.



Tenants' sales increased below the inflation in the last quarter of 2018.

Tenants' performance was in line with annual inflation until the currency shock in August 2018, but later fell short in the last quarter.

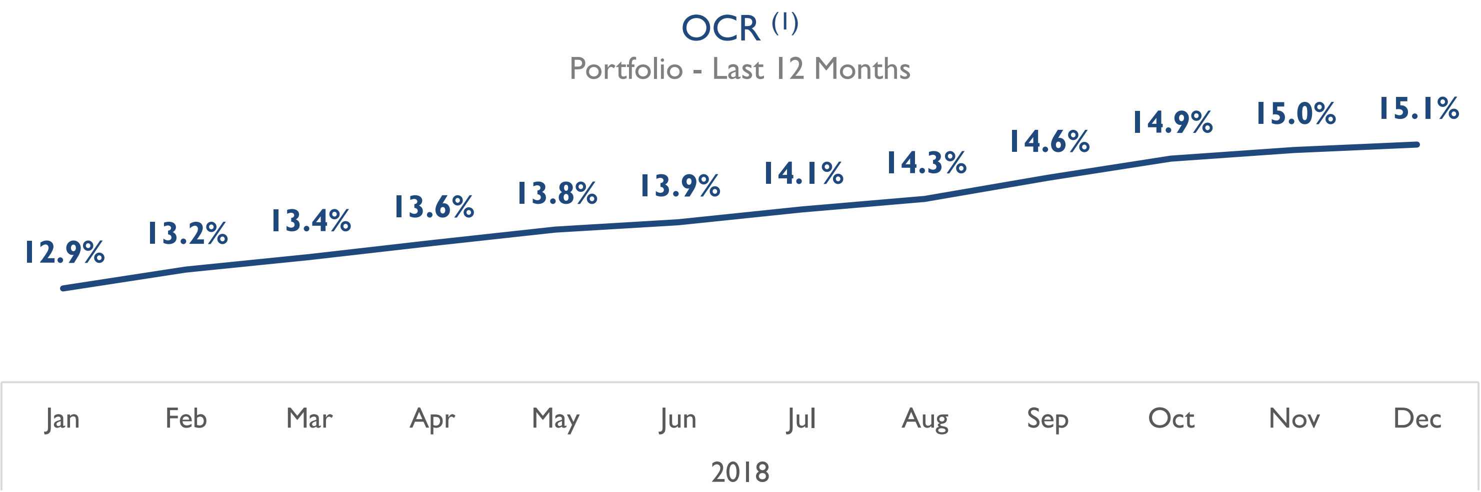
They were able to grow their sales by only **7.6%** in the last quarter while the average inflation was **22.4%** in the meantime.



(1) Optimum İzmir Extension (opened in Mar'17), Hilltown (opened in Oct'17), Maltepe Piazza (opened in Apr'18), and Maltepe Park (acquired in Jun'18) are excluded for a like-for-like comparison.

Depreciation of Turkish lira has translated into higher OCR for the tenants but it is still sustainable at **15.1%**.

Conversion of contracts into Turkish Lira will reduce the indirect exposure of tenants to currency risks due to the mismatch between euro-linked leases and local-currency revenue.



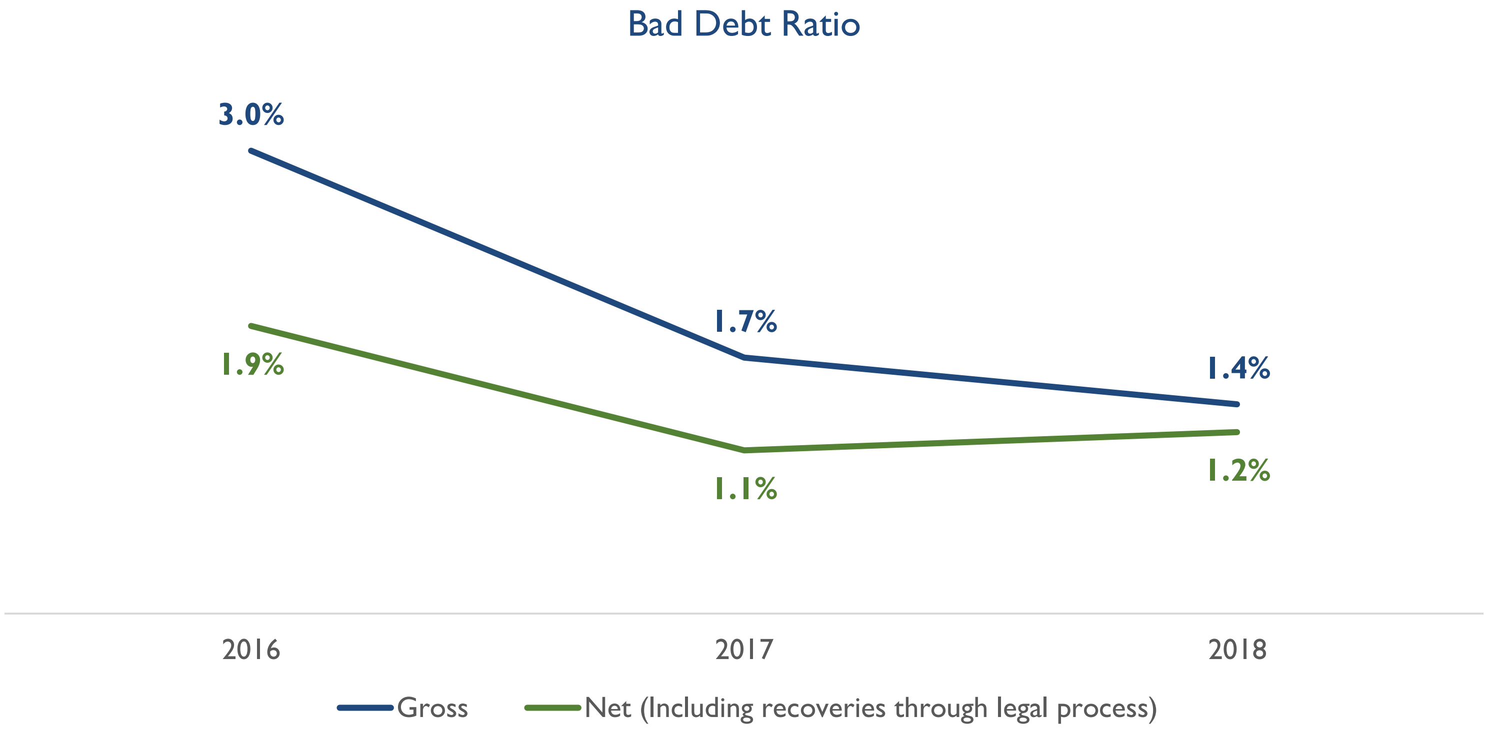
(1) Occupancy Cost Ratio = (Base rent + turnover rent + service charges [incl. management costs] + marketing contribution) / tenants' sales in preceding 12 months

Despite the rising number of tenants making arrangement with the creditors, bad debt ratio has improved to 1.4% thanks to successful asset management.

Active tenant management and high quality and diverse tenant base kept bad debts under control.

Letter of guarantees and cash collaterals received from the tenants prior to contract signing were the other reasons behind low bad debt ratio.

After making arrangement wit the creditors, tenants have been paying their rents without any delay.

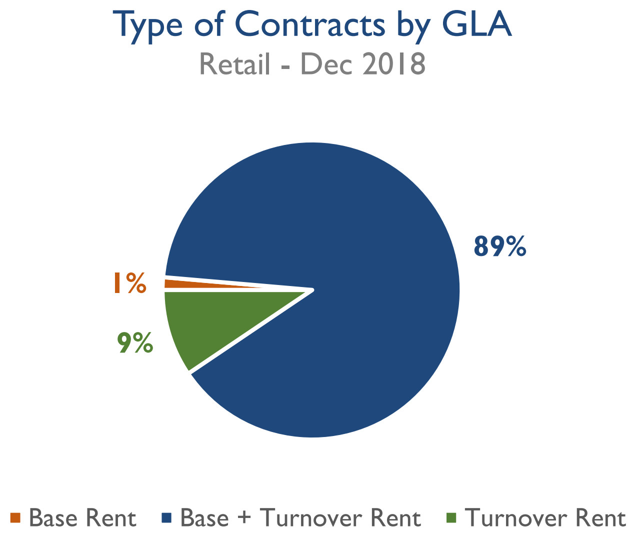


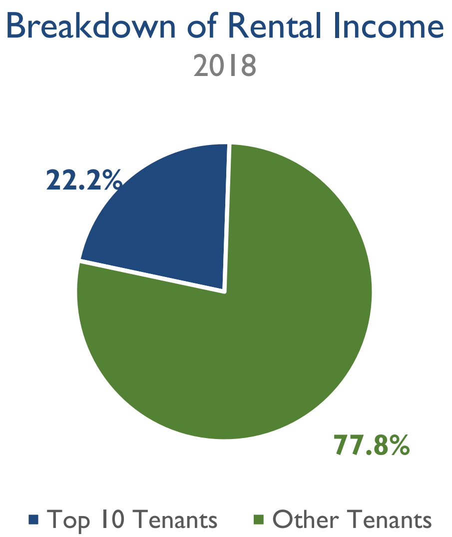
Active tenant management ensures sustainable rental income through long term contract profile and low concentration to any single tenant.

The weighted average unexpired lease term stands at **7.1** years for shopping centers while the majority of lease contracts (**53%**) will expire after 5 years thanks to long term contracting profile.

Approximately **99%** of rental contracts have turnover rent component which enables RGY to benefit from tenants' growth.

Tenant concentration remains low as the top 10 tenants hold only **22.2%** of the rental income.





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Project under development is progressing as planned without any further equity need.

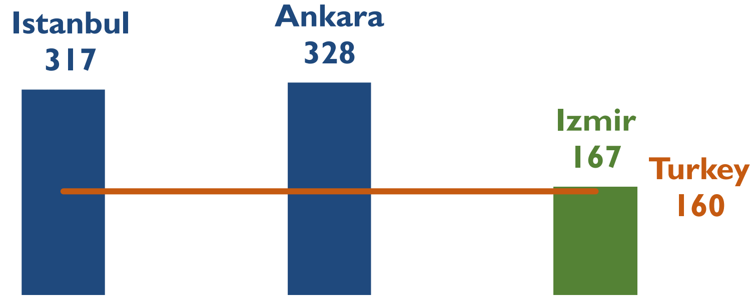
Type / GLA (sqm) / Pre-lease (1)
Retail / 62,900 / 51%

Expected Opening Date (2)
October 2019

Remaining Equity Need
-

Total Loan Facility / Current Loan / Lender
€ 155m / € 89.3m / Akbank

Shopping Center GLA Per 1000 Capita (3)



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(1) Contract and letter of intent signed
(2) The latest project completion date committed as per project finance documentation is October 2020.
(3) Source: Cushman & Wakefield

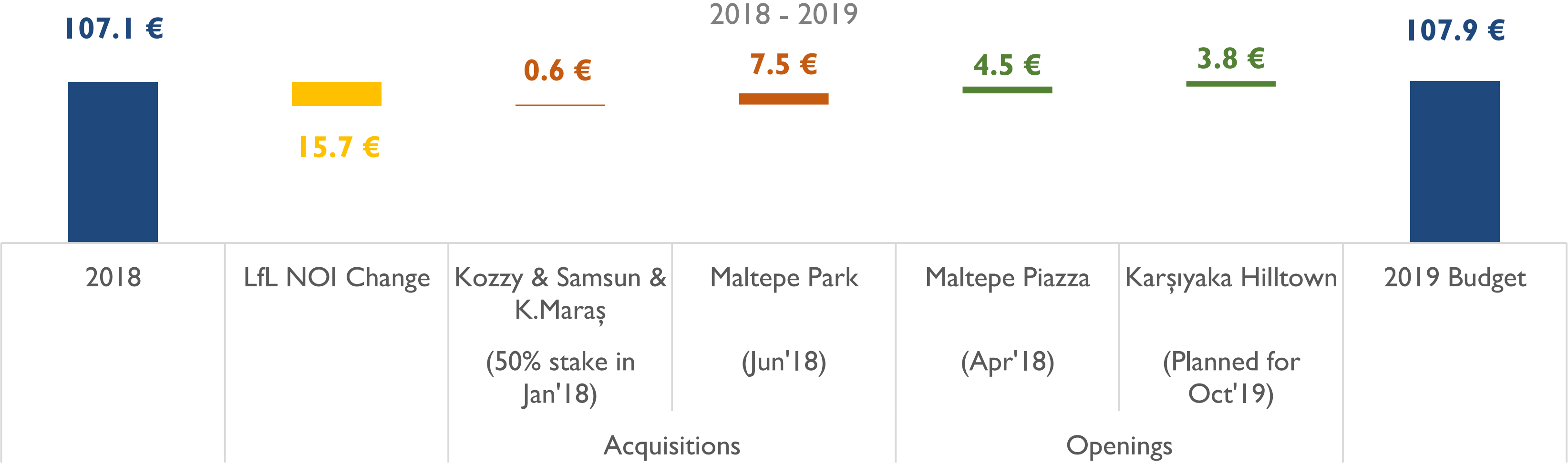
New acquisitions support strategy to reduce JV exposure.

Acquired Asset	Ex-Owner	RGY Stake	Date	GLA
Samsun Piazza	AGP	50% ➔ 100%	Jan'18	60,300
K.Maraş Piazza	AGP	50% ➔ 100%	Jan'18	48,400
Kozzy	AGP	50% ➔ 100%	Jan'18	14,100
Maltepe Park	CarrefourSA	100%	Jun'18	87,800


Net operating income is expected to remain flat in 2019 due to slowdown in consumer demand.

We expect to see the impact of currency depreciation and increased inflation in 2019. Expected NOI is **€ 108m** in 2019, which is slightly over the NOI in 2018.

NOI Projection (m) (1)
2018 - 2019

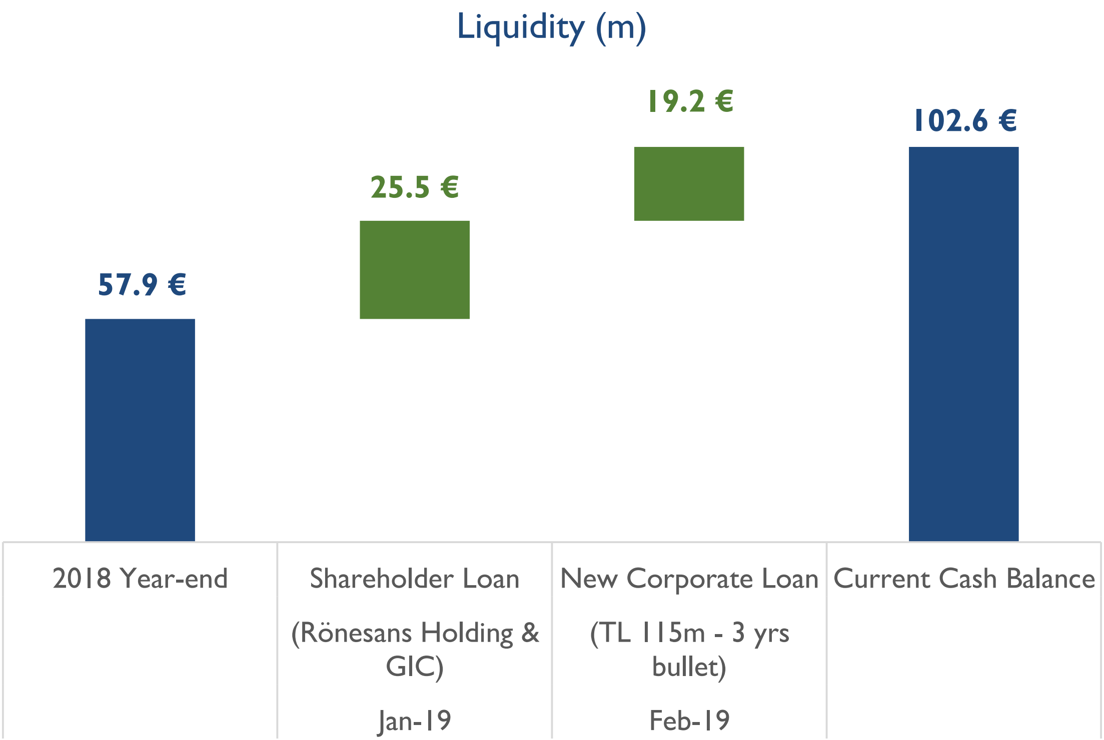


Assumptions for 2019:

- Decrease in average retail occupancy from 95.4% in 2018 to 93% in 2019
- Bad debt ratio increasing to 2.5% from 1.4%
- Tenants' turnover increase will be limited around 10% in TL basis, which is lower than the expected inflation.
- OCR target is temporarily 14% in 2019 to provide room for the tenants with additional incentives.
- Average EUR/TRY rate is assumed to be 6.75 for 2019.
- Maltepe Piazza Office (GLA: 35k sqm) and Hilltown Office (GLA: 8k sqm) are vacant.

(1) Proportionate figures for the assets fully consolidated and the ownership at share of the assets accounted for using the equity method.

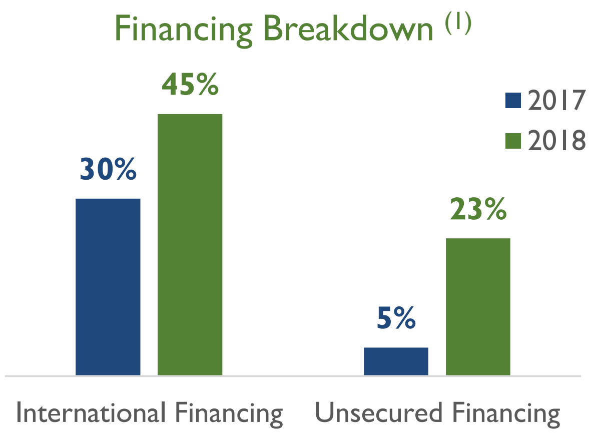
Strong liquidity profile is maintained as current cash balance is **€ 103m.**

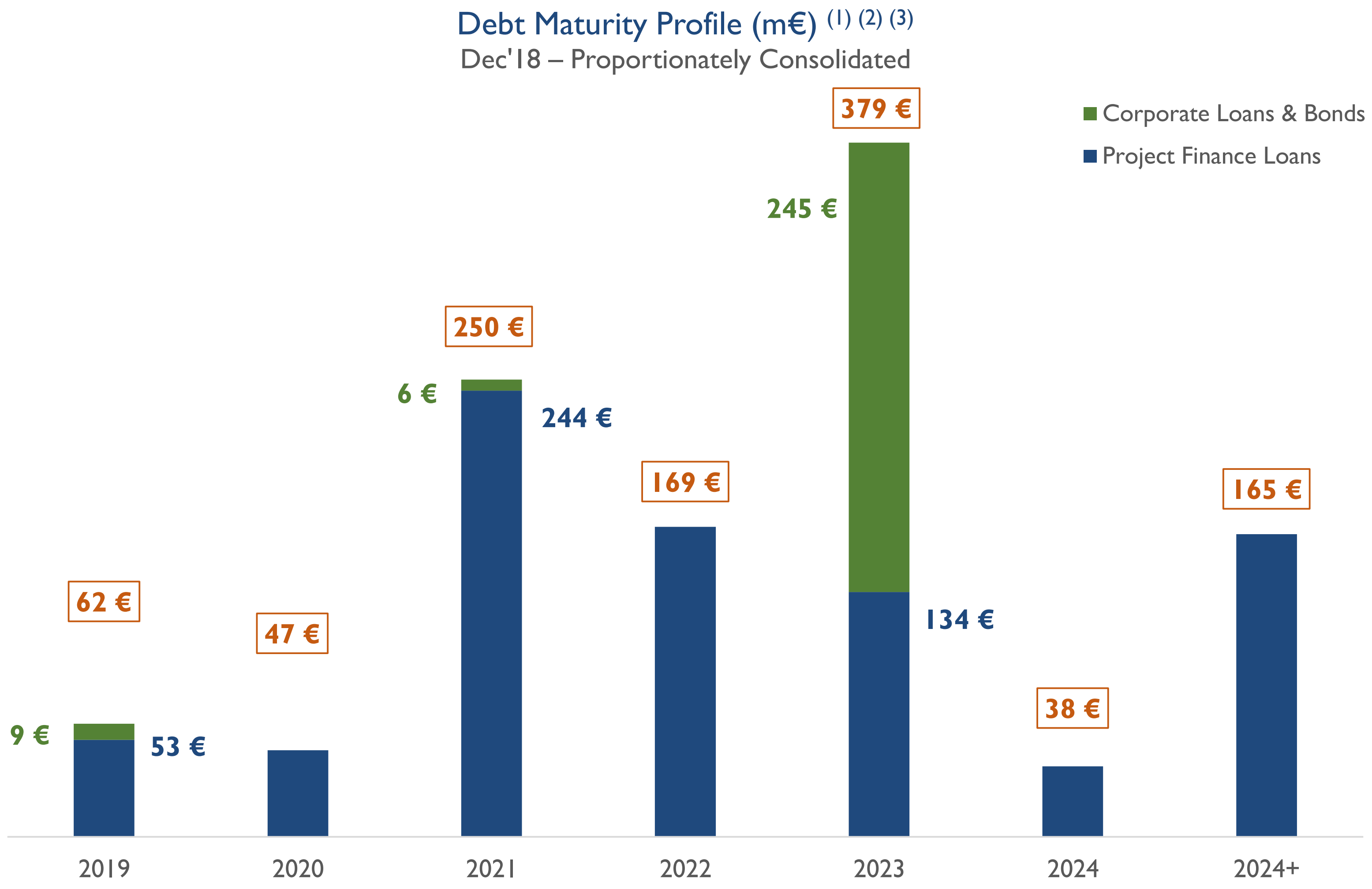


After Eurobond issue, capital structure has improved and there is no bullet repayment in short term.

The level of amortizing debt has declined, reliance on secured lending from local banks is reduced and funding sources are diversified.

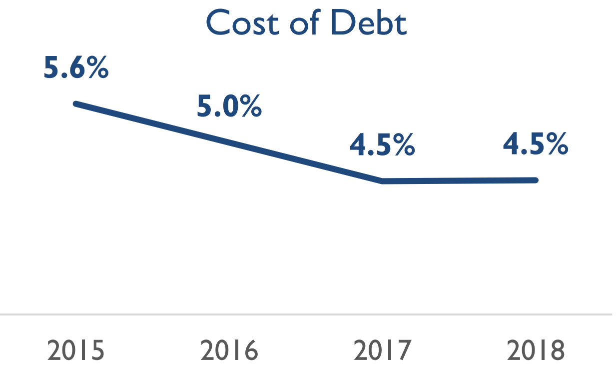
The earliest substantial bullet repayment is due in **May 2021**.

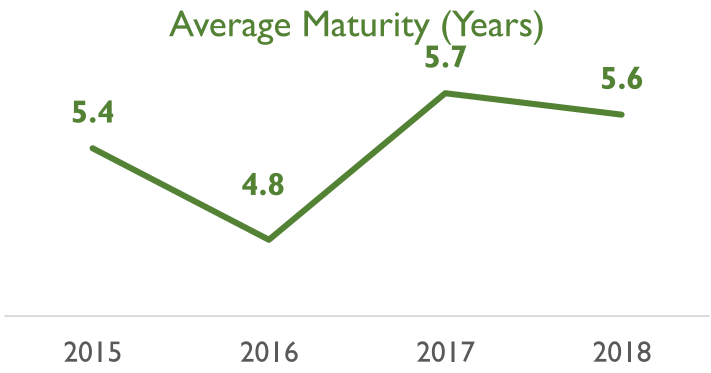


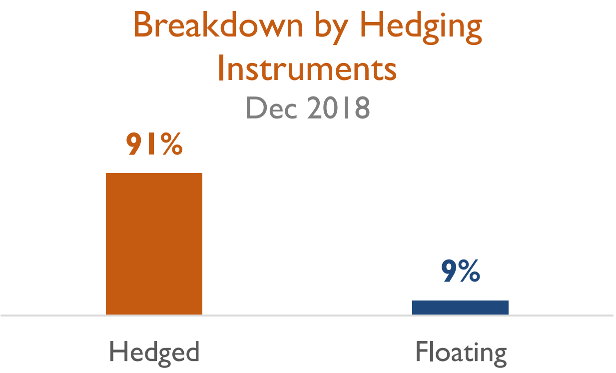


(1) Proportionate figures for the assets fully consolidated and the ownership at share of the assets accounted for using the equity method.
(2) Interest accruals are excluded. Besides, swapped value of Eurobond (€ 245m) is taken into account instead of the book value ($ 300m), which brings c.€ 17m difference with the audited financials.
(3) There is also € 65.7 committed loan facility available for Karşıyaka project with repayment in 2023.

Moderate cost of debt, long average maturity, low floating interest rate risk







60% of rental income in 2019 is hedged at an average EUR/TL forward rate of **6.95**.

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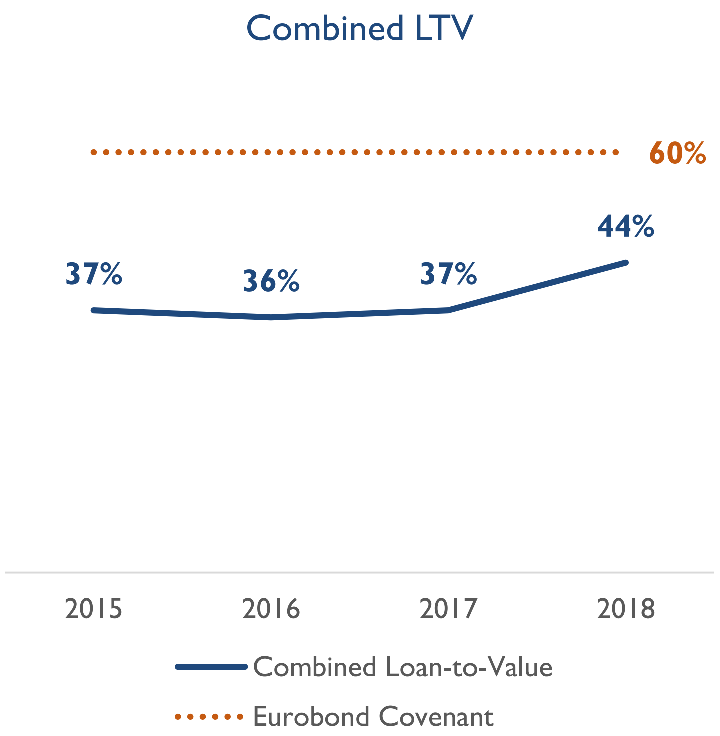
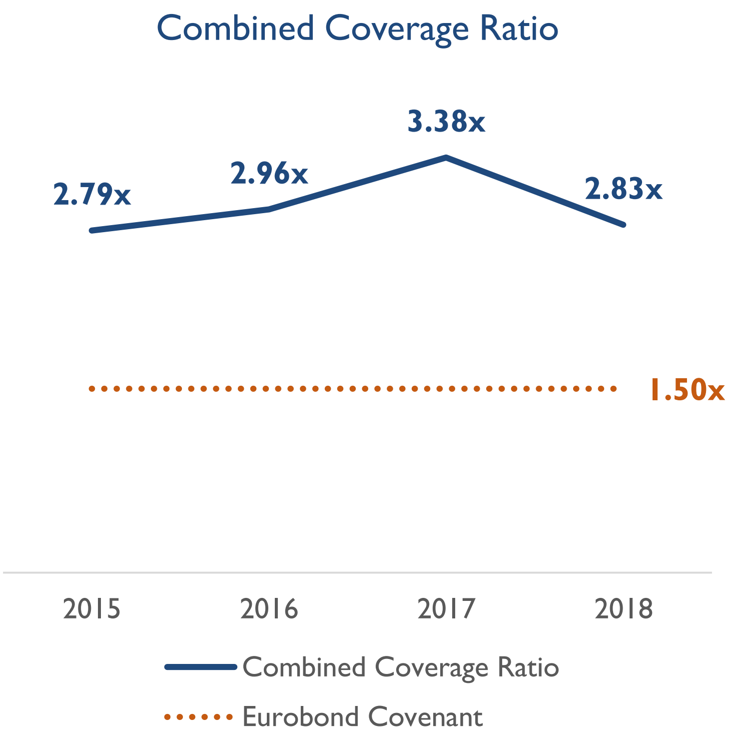
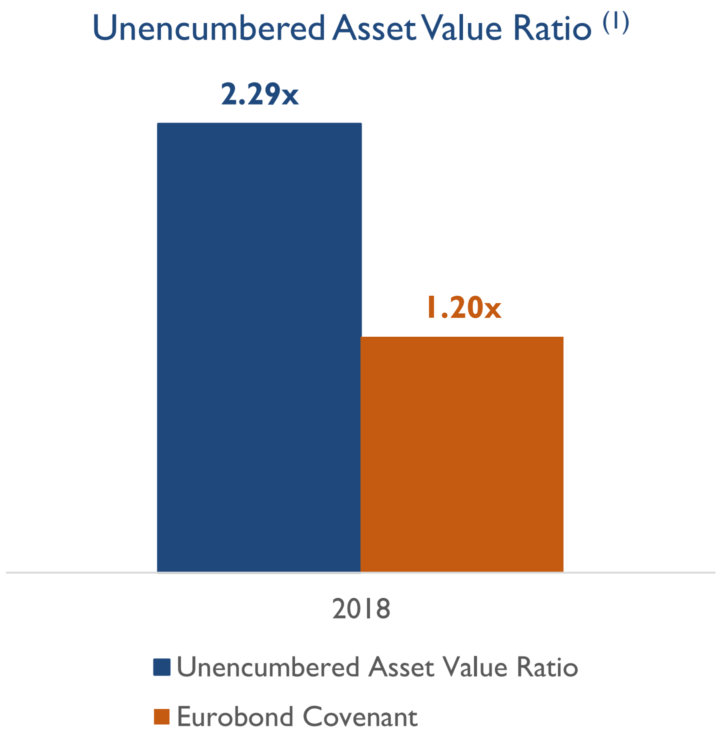
Financial ratios comfortably satisfy covenant levels.





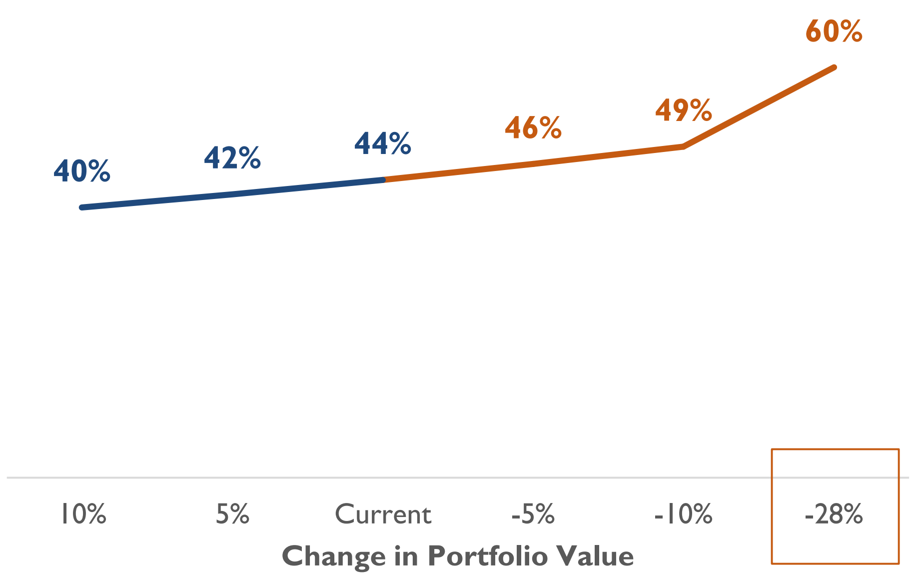


Yielding	425 €
Land	198 €
Total Unencumbered GAV	**623 €**

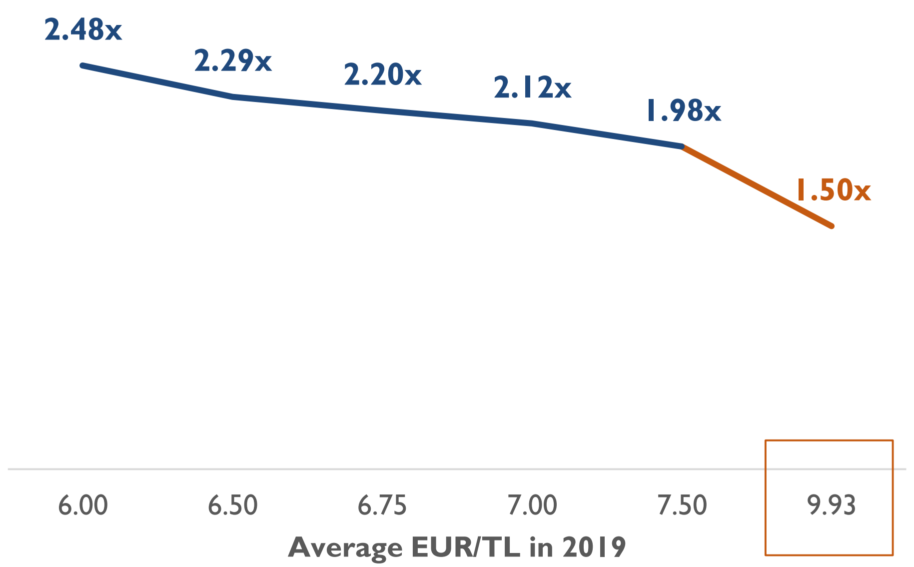
(1) Previous years are not provided as there was a little amount of unsecured debt.

Portfolio valuation and net operating income leave significant headroom on the covenants.

Combined LTV Headroom Sensitivity to Valuation Change



Combined Coverage Ratio Headroom Sensitivity to EUR/TL Change



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APPENDIX

RÖNESANS GAYRİMENKUL

2018 Financial Highlights

	Consolidated (000 TRY)		Combined (000 TRY) [1]		Combined (000 EUR) [1]	
	2018	2017	2018	2017	2018	2017
Cash and cash equivalents	316,356	693,169	349,005	793,583	57,897	175,746
Trade Receivables	88,817	44,349	340,716	182,092	56,522	40,326
Investments accounted for using the equity method	1,814,356	1,798,481	--	--	--	--
Investment Properties	11,686,567	6,299,142	14,736,605	9,495,157	2,444,692	2,102,792
VAT Receivable	395,312	289,889	408,796	323,470	67,816	71,635
Other Assets	322,318	291,434	380,168	304,043	63,067	67,333
Total Assets	14,623,726	9,416,464	16,215,290	11,098,345	2,689,995	2,457,833
Financial Borrowings	5,471,293	2,436,401	6,477,080	3,807,059	1,074,499	843,109
Trade Payables	230,968	161,056	262,653	177,313	43,572	39,268
Deferred Tax Liabilities	1,035,356	598,345	1,478,814	1,007,310	245,324	223,078
Other Liabilities	920,774	564,384	1,031,412	450,385	171,104	99,742
Total Liabilities	7,658,391	3,760,186	9,249,959	5,442,067	1,534,499	1,205,197
Total Shareholders' Equity	6,965,335	5,656,278	6,965,335	5,656,278	1,155,497	1,252,636
Revenue	787,091	169,263	980,922	395,773	172,743	96,157
Cost of Sales	(326,304)	(63,536)	(355,709)	(108,272)	(62,641)	(26,306)
Gross Profit	460,787	105,727	625,213	287,501	110,102	69,851
Operating Expenses	(35,954)	(20,539)	(44,798)	(30,783)	(7,889)	(7,479)
EBITDA	424,833	85,188	580,415	256,718	102,213	62,372
NOI	446,367	79,914	608,128	261,688	107,093	63,580

(1) Proportionate figures for the assets fully consolidated and the ownership at share of the assets accounted for using the equity method.

Covenant Calculation

2018 (000)	TRY	EUR
Short term portion of long term borrowings (1)	323,882	53,730
Long term borrowings (1)	5,147,411	853,917
Current Financial Debts of JVs (2)	39,092	6,485
Non-Current Financial Debts of JVs (2)	1,329,669	220,582
Off Balance Sheet (3)	334,961	55,568
Total Indebtedness	**7,175,015**	**1,190,281**
Total Assets (4)	**16,215,290**	**2,689,995**
Combined LTV	**44.2%**	**44.2%**
Gross Profit (5)	625,213	110,102
Operating Expense (6)	(44,798)	(7,889)
Combined Adjusted EBITDA	**580,415**	**102,213**
VAT Recovery (7)	**65,983**	**11,620**
Interest Expenses (8)	(236,158)	(41,588)
Interest Income (9)	8,067	1,421
Combined Interest Expense	**(228,091)**	**(40,168)**
Combined Coverage Ratio	**2.83x**	**2.83x**
Short term portion of issued corporate bonds (10)	20,747	3,442
Corporate bonds (10)	1,578,270	261,823
Corporate Loans (11)	90,988	15,094
Combined Unsecured Indebtedness	**1,690,005**	**280,359**
Unencumbered Total Assets (12)	**3,864,852**	**641,150**
Unencumbered Asset Value Ratio	**2.29x**	**2.29x**

Related Footnotes in the Independent Auditor's Report 2018

(1) Balance Sheet (p.2)

(2) Share of RGY (50%) in joint ventures' financial debts, Note 3 (p. 31)

(3) Second paragraph, Note 14 (p. 59)

(4) "Combined" line, Note 4a (p.35)

(5) "Combined" line, Note 4e (p.39)

(6) "Combined" line, Note 4f (p.40)

(7) (2017 balance minus 2018 balance for yielding assets named Bostancı, Esentepe, Mecidiyeköy, Mel4) + (2017 balance times two minus 2018 balance for yielding assets named Mel3, Kozyatağı, Mel2) + (2018's gross profit times 0.18 for yielding assets named Tarabya, Salacak, Bakırköy), Note 4d (p.38)

(8) "Combined" line, Note 4h (p.41)

(9) "Combined" line, Note 4g (p.42)

(10) Note 29 (p.74) (Refers to unsecured Eurobond issued by RGY)

(11) Note 29h (p.75) (Refers to unsecured corporate loans utilized by RGY)

(12) Sum of assets of Balmumcu, Kabataş Rönesans, Nakkaştepe, Nisbetiye, Pendik, Mel3, Florya, Bostancı, Bakırköy, Kavacık, Kuzguncuk, Sancaktepe, Akatlar, Kandilli, Rönesans Gayrimenkul Yatırım, Rönesans Yönetim and Other, Note 4a (p.35)

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2018 ending EUR/TRY: 6.028
2018 average EUR/TRY: 5.6785