

## NAV Discount Deep, Rental Flow Strong

We initiate our research coverage on Rönesans Real Estate Investment (RGYAS) with a 78% upside potential, **a target price of TRY 230.00** per share **and outperform** recommendation. We use a valuation methodology based on the Net Asset Value (NAV) approach, which we determine after valuing the real estate using the DCF method. This dual-layered framework allows us to capture both the asset-based "floor valuation" and the market-implied coefficients that are sensitive to macroeconomic dynamics, thereby achieving a balanced view between intrinsic value and prevailing market sentiment over the short to medium term.

With a gross leasable area of approximately 742,000 sqm (650,000 sqm shopping center, 92,000 sqm office) and prime locations spread across eight cities, the portfolio reached a historic high of 98.7% occupancy in the last financial period; the "fixed + revenue" structure of contracts offers a strong revenue shield against inflation and FX volatility. Operating cash flow remained at TL 12 billion in 2024, comfortably covering debt service; net debt/equity ratio down to 0.37x, significantly reducing financing risk.

The stock, trading at **0.37x MCAP/NAV**, is trading at only one-third of the portfolio's net asset value; we expect this discount pressure to gradually disappear under a scenario of interest rate and CDS normalization. Our NAV calculation arrives at an equity value of 101 billion TL by subtracting net debt from the gross portfolio of 16 assets and projects; when we multiply this by the appropriate 0.75x multiple, we arrive at an equity value of 76 billion TL. **Thus, our target price per share reaches 230.00 TRY.**

Major risk factors,

- Possible delays in the portfolio transformation and development schedule,
- The high-interest rate environment increases the cost of debt rollover, putting pressure on cash flow,
- A possible increase in the legal ceiling or withholding tax on commercial rents may limit the rate of rent growth
- A stronger-than-expected weakening in shopping center visitor traffic as e-commerce penetration continues to rise, negatively impacting revenue-based rental revenues.

## Rönesans Real Estate Inv.

**78% Upside Potential**

### Listing Details and View

| Bloomberg Ticker                   | RGYAS TI          |
|------------------------------------|-------------------|
| <b>View</b>                        | <b>Outperform</b> |
| Price per Share, TRY               | 129.20            |
| <b>Target Price per Share, TRY</b> | <b>230.00</b>     |
| Upside                             | 78.0%             |
| Free Float                         | 9.5%              |
| Market cap, TRY mln                | 42,765            |
| Market cap, USD mln                | 1,088             |
| BIST-100 Index Weight              | 0.0%              |
| BIST All Shares Index Weight       | 0.1%              |
| Foreign Share                      | 15.0%             |
| Pension Funds Share                | 15.9%             |
| Mutual Funds Share                 | 6.7%              |

Source: Matriks, PhillipCapital Research

Price & Market Cap. as of 17-Jun

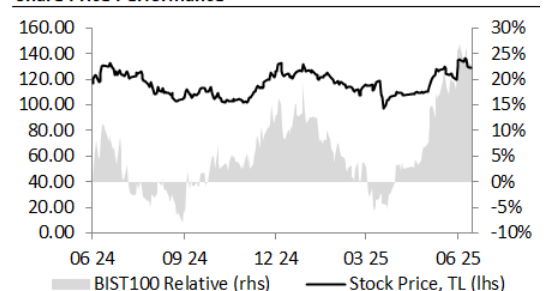
| Key Financials, USD mln | 2023   | 2024   | 2025E   | 2026E   |
|-------------------------|--------|--------|---------|---------|
| Revenues                | 5,011  | 8,223  | 12,334  | 17,268  |
| Growth, y/y             | -      | 64.1%  | 50.0%   | 40.0%   |
| EBITDA                  | 2,998  | 5,351  | 8,163   | 11,475  |
| Growth, y/y             | -      | 78.5%  | 52.6%   | 40.6%   |
| Net Profit              | 18,285 | 4,686  | 6,329   | 8,817   |
| Growth, y/y             | -      | -74.4% | 35.1%   | 39.3%   |
| Equity                  | 55,698 | 89,566 | 123,081 | 156,055 |
| Growth, y/y             | -      | 60.8%  | 37.4%   | 26.8%   |
| Net Debt / Ebitda       | 6.5    | 3.2    | 2.7     | 2.3     |
| P/E                     | -      | 8.22   | 6.76    | 4.85    |
| EV/Ebitda               | -      | 10.35  | 7.91    | 5.98    |
| P/B                     | -      | 0.43   | 0.35    | 0.27    |
| RoAE                    | -      | 6.5%   | 6.0%    | 6.3%    |

Source: PhillipCapital Research, Matriks

| Shareholder Structure | Shares (million) | Rate (%)    |
|-----------------------|------------------|-------------|
| Rönesans Holding      | 225              | 68%         |
| GIC                   | 61               | 18%         |
| Other                 | 45               | 14%         |
| <b>Total</b>          | <b>331</b>       | <b>100%</b> |

Source: Finnet

### Share Price Performance



Source: BIST, Finnet

|                   | 1m  | 3m  | 6m  | 1y  |
|-------------------|-----|-----|-----|-----|
| Nominal           | 2%  | 9%  | 4%  | -1% |
| Relative          | 5%  | 27% | 11% | 10% |
| Trd. Vol. USD mln | 2.1 | 1.9 | 1.8 | 2.2 |

Source: BIST, Finnet

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## Content

|   |    |
|---|----|
| <b>Company Introduction</b> .....       | 3  |
| <b>Asset Portfolio Analysis</b> .....   | 5  |
| <b>Sector &amp; Macro Outlook</b> ..... | 9  |
| <b>Strategic Positioning</b> .....      | 12 |
| <b>Financial Analysis</b> .....         | 14 |
| <b>Valuation</b> .....                  | 18 |

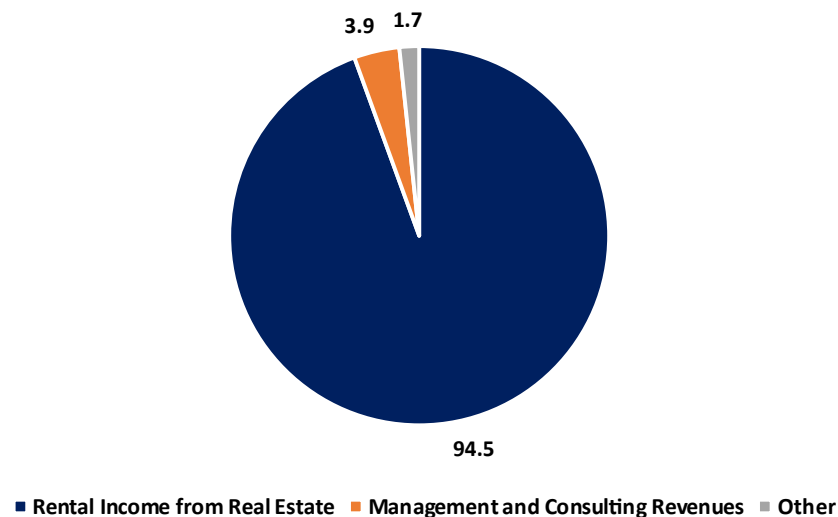
## Company Introduction

RGYAS is the commercial real estate development and investment division of Rönesans Holding Group. Combining the Holding's more than 30 years of construction experience with nearly 20 years of real estate expertise, the platform operates a real estate portfolio of 12 shopping malls and 4 office properties with a leasable area of approximately 742,000 m<sup>2</sup> across Turkey.

The current portfolio includes commercial real estate consisting of 12 shopping malls and 4 offices, as well as the Maltepe Park project under development, Antalya Beachtown project and 1 land plot in Ümraniye, Istanbul.

The total leasable area of the assets included in the portfolio or whose long-term lease rights are owned by the Company is approximately 742,000 m<sup>2</sup>, of which 650,000 m<sup>2</sup> is shopping center and 92,000 m<sup>2</sup> is office space.

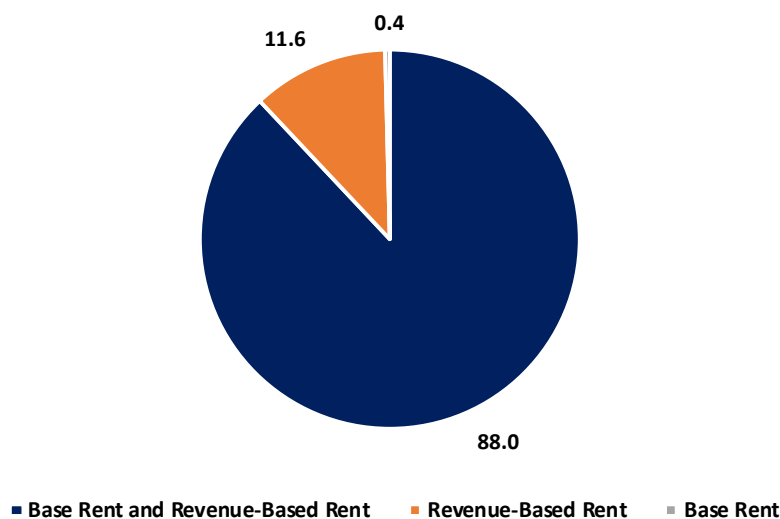
Revenue Breakdown (%)



Source: Company Data

RGYAS is active in all phases of project development and management, including land acquisition, project design, design, construction, leasing, facility and asset management. Rental income, which is the main revenue item in shopping centers, is divided into two groups as **base** rent and **revenue** rent. While base rent represents a fixed amount determined in the contract, revenue-based rent includes an income model that varies depending on the sales of the tenant.

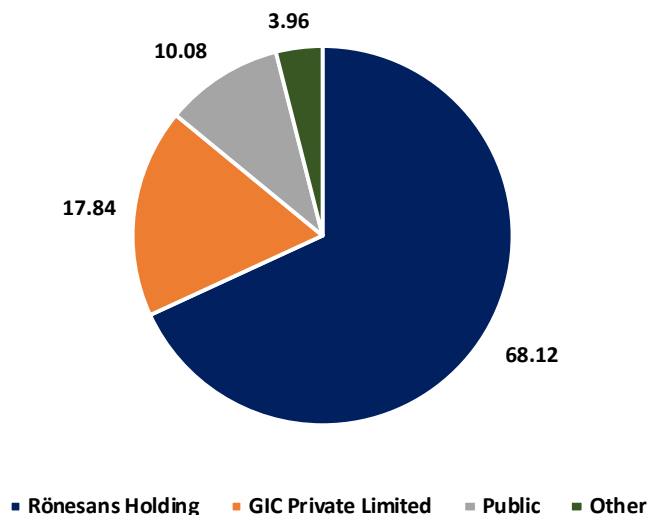
#### Distribution of Contract Types by Gross Leasable Area (%)



Source: Company Data

The fact that the majority of the Company's contracts are based on base and revenue both guarantees the Company's revenues in times of economic slowdown and protects it from inflation volatility. The Group's shopping malls also cater to local residents rather than tourists in their locations. As a result, the Company is less affected by tourism-related seasonality in terms of shopping center occupancy.

#### RGYAS Shareholding Structure (%)

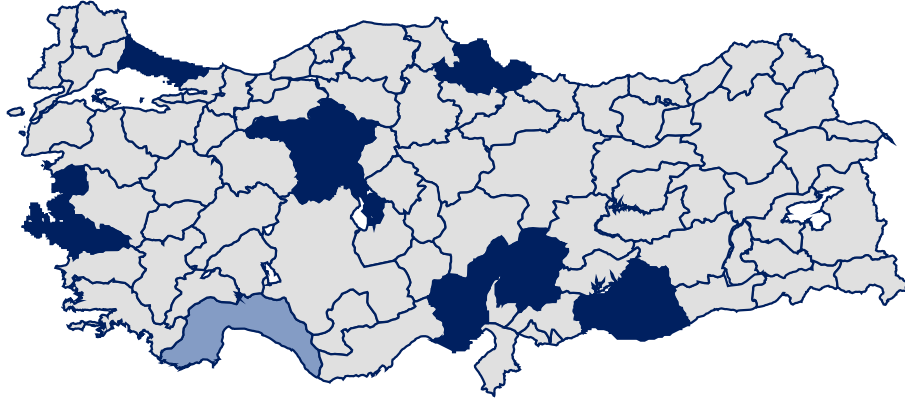


Source: Company Data

Rönesans Holding holds an indirect 68.12% stake as the main shareholder. GIC, owned by the Ministry of Finance of the Government of Singapore, is the second largest shareholder with 17.80%. The publicly traded segment ranks third with a 10.08% share, which includes shares purchased by Rönesans Holding and GIC as part of price stabilization. The "Other" category, consisting of shares held by Kâmil Yanıkömeroğlu and Murat Özgümüş, has a share of 4.00%. Thus, while management control remains largely with Rönesans Holding, international strategic investor GIC and listed shares increase the diversification of the portfolio.

## Asset Portfolio Analysis

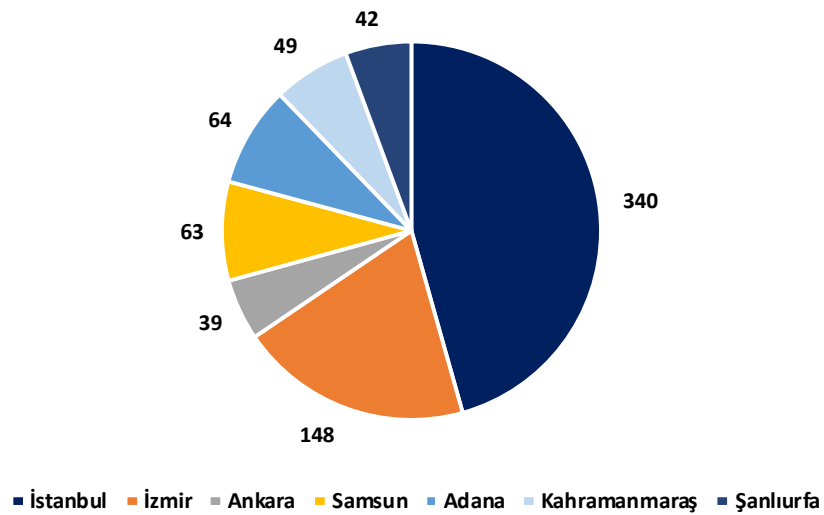
### Cities where the Company operates (Antalya Project is not yet operational)



Source: Company Data

The company currently operates in 7 cities: Istanbul, Ankara, Izmir, Adana, Şanlıurfa, Samsun and Kahramanmaraş. There is also the Beachtown project in Antalya province, which is not yet operational.

### 16 Operational Asset Breakdown (Gross Leasable Area / Land Area) (k m<sup>2</sup>)



Source: Company Data

The Company has 16 operational assets, the majority of which are located in Istanbul.

#### Shopping Mall Assets

|                                | GLA (thousand m <sup>2</sup> ) | Occupancy Rate | Average rent ₺/m <sup>2</sup> /month | Share in Real Estate Portfolio |
|--------------------------------|--------------------------------|----------------|--------------------------------------|--------------------------------|
| Karşıyaka Hilltown             | 64                             | 100%           | 2,275                                | 18%                            |
| Optimum İzmir                  | 84                             | 98%            | 1,700                                | 9%                             |
| Küçükyalı Hilltown AVM ve Ofis | 61                             | 99%            | 1,525                                | 10%                            |
| Maltepe Piazza AVM ve Ofis     | 53                             | 100%           | 1,600                                | 13%                            |
| Samsun Piazza AVM ve Otel      | 63                             | 100%           | 1,250                                | 9%                             |
| Optimum Adana                  | 64                             | 100%           | 1,250                                | 9%                             |
| Optimum Ankara                 | 39                             | 98%            | 1,475                                | 4%                             |
| Optimum İstanbul               | 42                             | 99%            | 1,550                                | 4%                             |
| Kahramanmaraş Piazza           | 49                             | 100%           | 975                                  | 5%                             |
| Maltepe Park AVM ve Ofis       | 77                             | 96%            | 680                                  | 9%                             |
| Şanlıurfa Piazza               | 42                             | 100%           | 930                                  | 4%                             |
| Kozzy                          | 14                             | 89%            | 750                                  | 1%                             |

Source: Company Data, TSKB Real Estate Appraisal

The table above shows the gross leasable area (GLA), occupancy rates, average monthly rent per m<sup>2</sup> and the share of shopping center assets in the real estate portfolio.

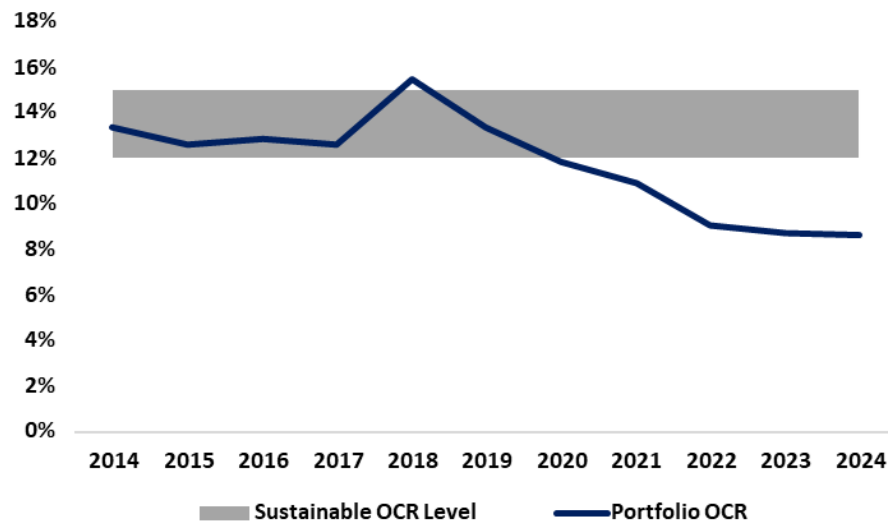
#### Occupancy Rates of Shopping Center Assets by Year and Distances to Public Transportation

|                                | Distance to Metro/Train Station | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|---------------------------------|------|------|------|------|
| Karşıyaka Hilltown             | 850 m                           | 97%  | 97%  | 100% | 100% |
| Optimum İzmir                  | 50 m                            | 98%  | 99%  | 99%  | 98%  |
| Küçükyalı Hilltown AVM ve Ofis | 300 m                           | 96%  | 97%  | 98%  | 99%  |
| Maltepe Piazza AVM ve Ofis     | Direct                          | 98%  | 98%  | 100% | 100% |
| Samsun Piazza AVM ve Otel      | 100 m                           | 99%  | 100% | 100% | 100% |
| Optimum Adana                  | 350 m                           | 97%  | 99%  | 100% | 100% |
| Optimum Ankara                 | 1600 m                          | 97%  | 97%  | 98%  | 98%  |
| Optimum İstanbul               | 650 m                           | 95%  | 97%  | 95%  | 99%  |
| Kahramanmaraş Piazza           | N/A                             | 97%  | 99%  | 99%  | 100% |
| Maltepe Park AVM ve Ofis       | 200 m                           | 90%  | 91%  | 94%  | 96%  |
| Şanlıurfa Piazza               | N/A                             | 97%  | 98%  | 99%  | 100% |
| Kozzy                          | 1.300 m                         | 98%  | 83%  | 95%  | 89%  |

Source: Company Data

Mall occupancy rates recovered rapidly in the post-COVID period and the company reached the highest occupancy rate in its history with 98.7% as of the last financial period. It should also be noted that most of the shopping malls are close to public transportation and highly accessible.

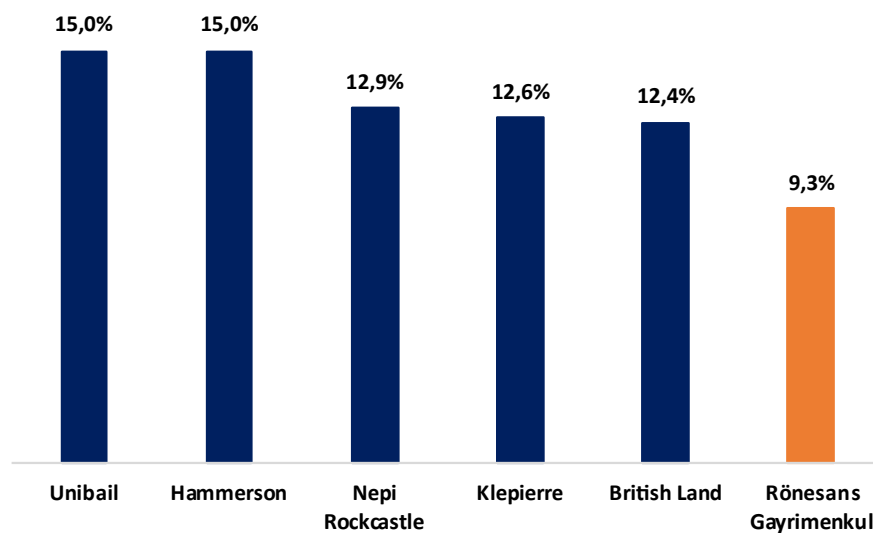
#### Portfolio OCR (last 12 months)



Source: Company Data

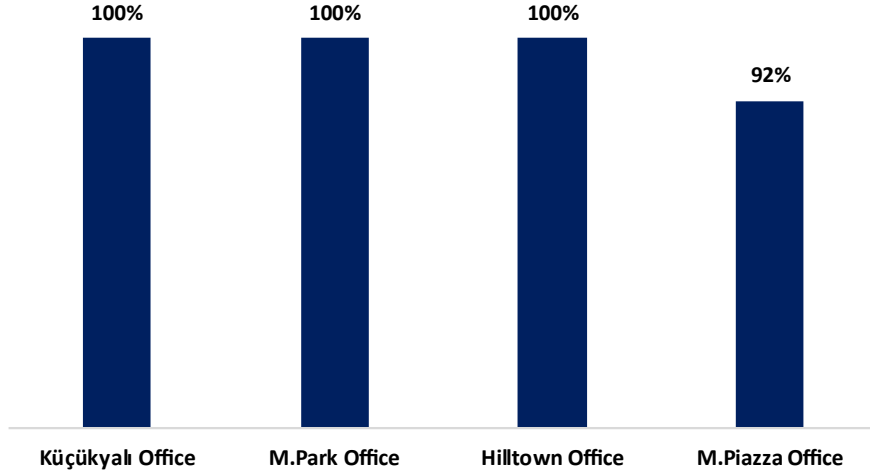
Occupancy Cost Ratio (OCR) is the ratio obtained by comparing the total rental income from a tenant at a given location with the revenue of the same tenant at that location. This indicator is frequently used to measure a tenant's financial soundness, to identify the potential to increase rental income and to serve as a reference for investment decisions. As tenant sales have increased above inflation (43%), the OCR of the portfolio was 9.3% as of March 31, well below the sustainable OCR of ~12%-15%. This indicates an upside potential of 50%.

#### OCR Competitor Analysis



Source: Company Investor Presentation

2024 Year End Office Occupancy Rate



Source: Company Data

While supply in the Istanbul office market remained stable, the vacancy rate declined significantly in the same period. This increase in demand pushed up both sales prices and rental yields. It can be said that the main reason for the increase in demand is the continuation of the post-COVID return to office space.

When the Istanbul office market is analyzed, the vacancy rate, which was recorded as 14.3% at the end of 2023, decreased to 10.41% in 2024 due to the increasing demand. Average office rents/square meter can be expected to continue to rise in euro terms due to the limited supply despite the increasing demand.

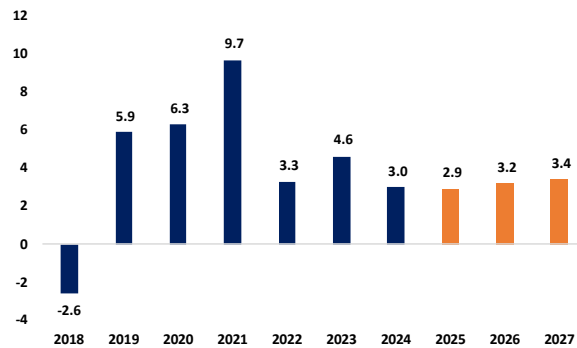
When the developed projects are analyzed, Maltepe Park Residential and Office Projects are at a construction progress level of 19%.

The lands in Antalya and Ümraniye are not under any development and the company currently has 30-year usage rights with renewable utilization rights.



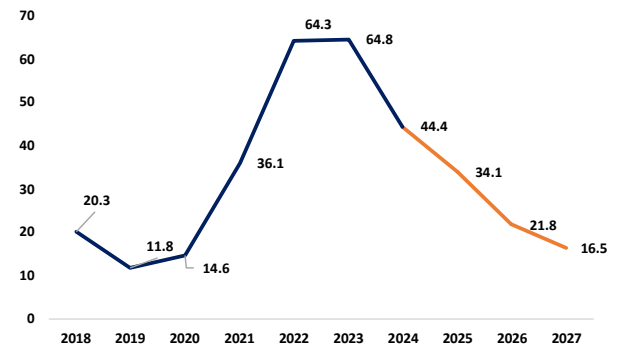
## Sector & Macro Outlook

**Turkey GDP Change (Annual %)**



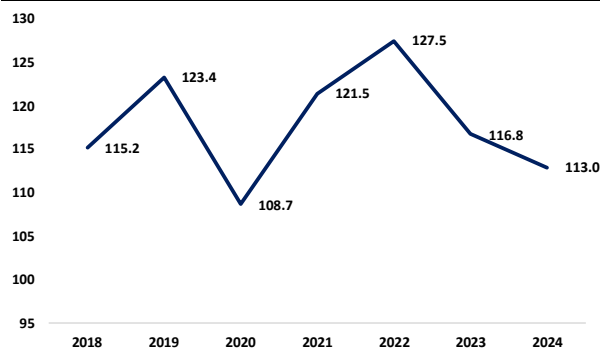
Source: TurkStat; Bloomberg Terminal

**Turkey Inflation Rate (Annual %)**



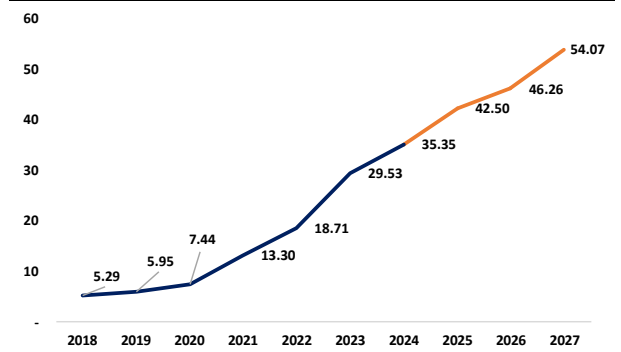
Source: TurkStat; Bloomberg Terminal

**Retail Trade Confidence Index (Year-End)**



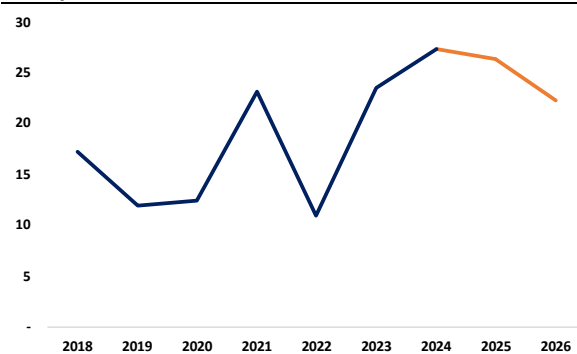
Source Bloomberg Terminal

**USD/TRY (Year-end)**



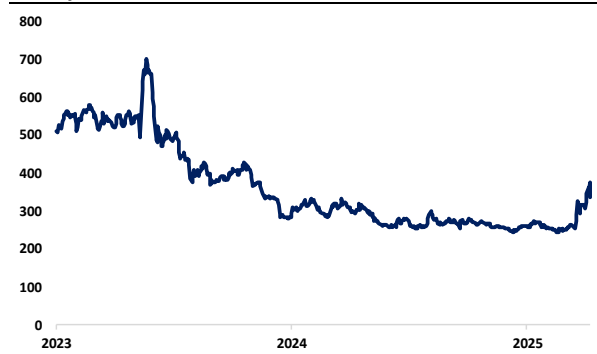
Source: Bloomberg Terminal

**Turkey 10-Year Bond Yield**



Source Bloomberg Terminal

**Turkey CDS 5 Year USD**

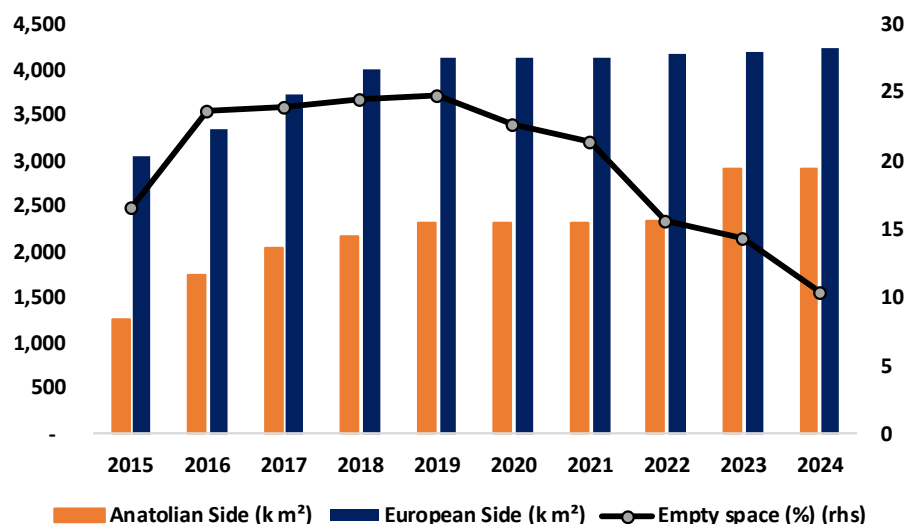


Source: Bloomberg Terminal

The current macro set of the Turkish economy reinforces the "moderate growth - tight money" dilemma on the retail real estate segment. After a sharp rebound of 9.7% in 2021, GDP growth slowed to 3-4% and forecasts point to a similar path in 2025-27. While the economy avoiding contraction mitigates a potential demand shock in shopping centers, it simultaneously restrains tenants' appetite for opening new stores, leaving revenue growth largely dependent on inflation-driven price increases. Although Rönesans Gayrimenkul Yatırım's high occupancy rates and prime location portfolio provide a buffer against volume contraction, the company is entering a period where operational income growth will be predominantly driven by rental escalations.

The ongoing disinflationary trajectory is expected to impact rental dynamics. Projections indicating a decline in CPI from over 60% in 2022–2023 to around 16% by 2027 suggest a deceleration in nominal rent increases under CPI-indexed lease agreements. However, given RGYAS's high proportion of FX-linked rental contracts, the company is likely to maintain substantial real income protection amid the gradual depreciation of the Turkish lira. That said, an average annual currency weakening of approximately 13–14% may continue to exert discount pressure on the TL-reported NAV.

#### Istanbul Office Supply and Vacancy Rates

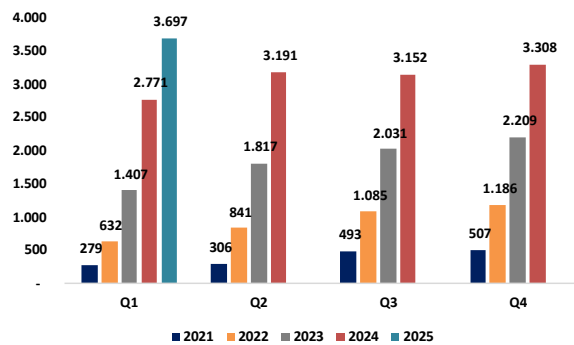


Source: Cushman & Wakefield | TR International

One of the headlines that marked the office market in 2024 was that limited Grade A supply continued to slow new leasing volumes. While the completion of Sapphire Office and Ataşehir Plaza increased the total stock by around 40,000 sqm, there remains a shortage of quality office space. This shortage is pushing companies to retain their existing offices, downsize or move to alternative locations where they can optimize space utilization. The vacancy rate in the Central Business District (CBD) declined to 9.40% at the end of Q4 2024 on the back of strong demand, while the vacancy rate in Levent increased from 7.88% to 8.66% with the opening of Sapphire Office. With limited new supply and primary rent levels continuing to rise, demand is expected to cool slightly in the CBD in the short-medium term, easing the upward pressure on rents.

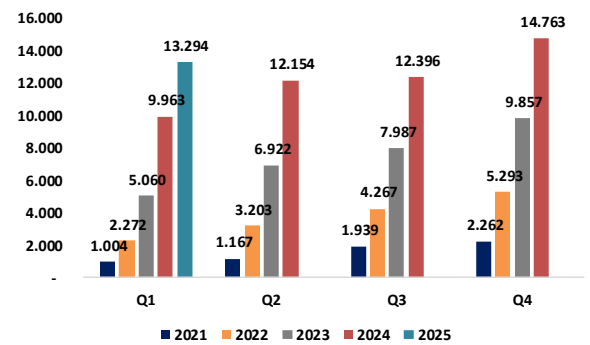
Investment transactions are expected to accelerate in the medium and long term.

#### Quarterly m<sup>2</sup> Productivity Index



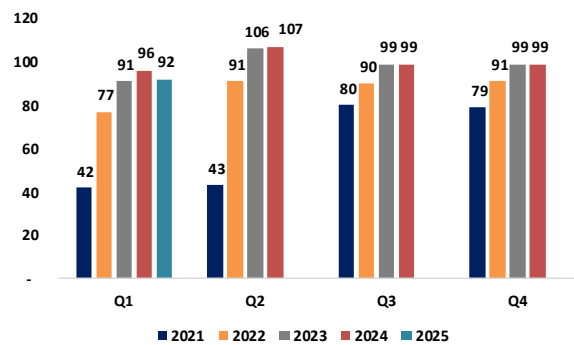
Source: Association of Shopping Centers and Investors

#### Quarterly Revenue / m<sup>2</sup> Efficiency (TL)



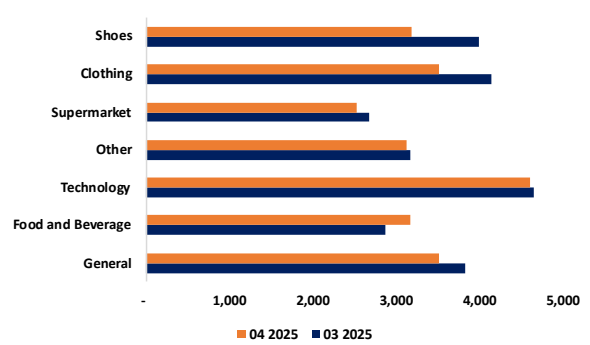
Source: Association of Shopping Centers and Investors

#### Quarterly Visitor Index



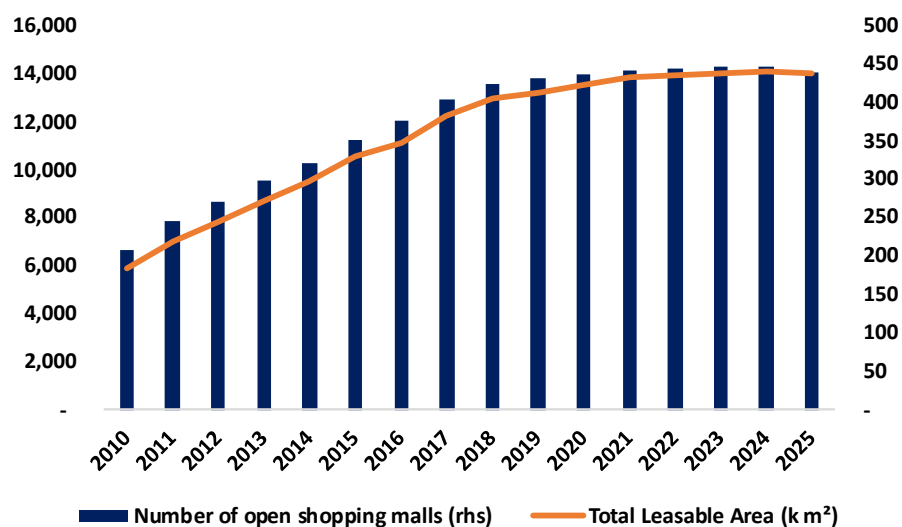
Source: Association of Shopping Centers and Investors

#### m<sup>2</sup> Productivity Index by Category



Source: Association of Shopping Centers and Investors

#### Number of Shopping Malls and Total Leasable Area in Turkey



Source: Cushman & Wakefield I TR International

## Strategic Positioning

### SWOT Analysis

#### *Strengths*

- Scale and diversity: 12 shopping centers and 4 offices, totaling 742,000 m<sup>2</sup> of gross leasable area.
- Income protection model: Revised contracts with "fixed + revenue share" formula; average lease term of 3.6 years, real income protection against inflation.
- Anatolian Side cluster: Maltepe Piazza, Hilltown, Kozzy, Optimum Istanbul, Maltepe Park synergy; 78% of 2 000+ tenants are in fashion-technology-experience segments.

#### *Weaknesses*

- Geographic concentration: Portfolio focused on Istanbul's Anatolian Side & Central/Southeast axis; low asset share in European Side and touristic coastal locations.
- Demand sensitivity: In an environment of high interest rates and weak credit growth, the disposable income of the middle-income group is vulnerable to erosion.

#### *Opportunities*

- Rate cut scenario: Gradual policy rate cuts expected in H2 2025; additional spread narrowing and cash flow strengthening from debt repricing.
- Portfolio expansion & transformation: Brownfield projects on the European side of Istanbul and Izmir-Bursa corridor; transformation to shopping mall warehouse-pick-up areas due to e-commerce demand for "dark stores".

#### *Threats*

- Macroeconomic uncertainty: Persistent double-digit inflation and potential depreciation of the Turkish lira; weak consumer confidence.
- Regulation risk: Possibility of extending the rent increase ceiling to shopping malls or upward regulation in tax-stopage rates.
- E-commerce competition: Online penetration approaching 20%; suppressing physical store traffic, especially in electronics and fast fashion categories.

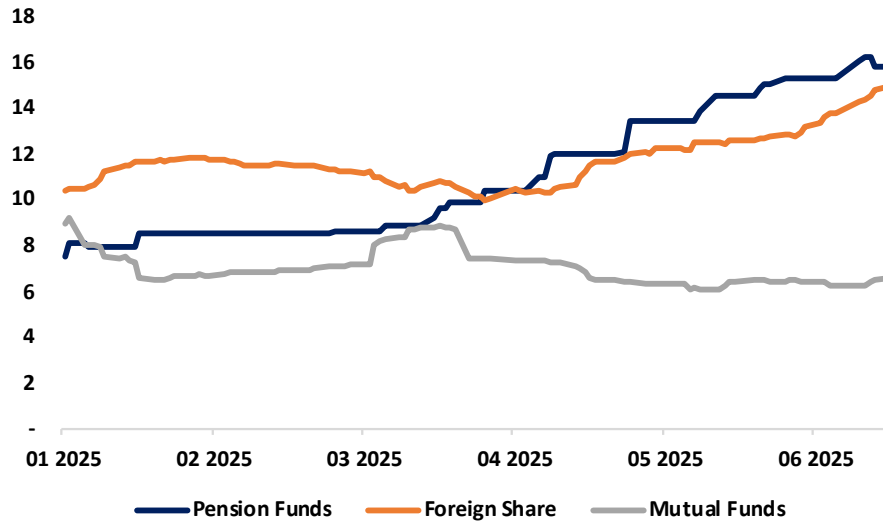
**Selected REIT Companies and Valuations from Yıldız Market**

| Kod             | Ad               | Market Value (million TL) | NAV (million TL) | Mcap/NAV    |
|-----------------|------------------|---------------------------|------------------|-------------|
| AKSGY           | Akiş GMYO        | 15,142                    | 32,167           | 0.47        |
| AVPGY           | Avrupakent GMYO  | 23,600                    | 32,578           | 0.72        |
| EKGYO           | Emlak Konut GMYO | 57,418                    | 152,562          | 0.38        |
| HLGYO           | Halk GMYO        | 9,936                     | 32,142           | 0.31        |
| ISGYO           | İş GMYO          | 15,052                    | 39,666           | 0.38        |
| OZKGY           | Özak GMYO        | 15,477                    | 6,374            | 2.43        |
| RYGYO           | Reysaş GMYO      | 31,400                    | 57,999           | 0.54        |
| TRGYO           | Torunlar GMYO    | 62,300                    | 100,720          | 0.62        |
| <b>Medyan</b>   |                  |                           |                  | <b>0.51</b> |
| <b>Ortalama</b> |                  |                           |                  | <b>0.73</b> |

Source: Finnet, Turkish Capital Markets Association

According to our latest valuations, Rönesans Real Estate is trading at a MCAP/NAD multiple of 0.37x, meaning that investors can take a position by paying only 37% of the portfolio's net asset value. While this level is already attractive, slightly below the average of selected REITs across the sector, the multiple is expected to decline further as indebtedness decreases thanks to strong operating cash flow. Continued deleveraging could increase the potential for additional returns for the stock in the medium term. You can review selected peer companies in the table above.

**Institutional Investor Ratios**



Source: PhillipCapital Research, Matriks

## Financial Analysis

Balance sheet, TL million

|                                | 2022          | 2023          | 2024           |
|--------------------------------|---------------|---------------|----------------|
| <b>Assets</b>                  |               |               |                |
| <b>Current Assets</b>          | <b>7,221</b>  | <b>2,576</b>  | <b>4,969</b>   |
| Cash and Cash Equivalents      | 6,176         | 1,645         | 3,632          |
| Trade Receivables              | 364           | 405           | 660            |
| Inventories                    | -             | 1             | 2              |
| Other                          | 681           | 525           | 675            |
| <b>Non-Current Assets</b>      | <b>69,205</b> | <b>81,179</b> | <b>118,002</b> |
| Fixed Assets                   | 105           | 84            | 146            |
| Investment Property            | 59,764        | 67,647        | 98,320         |
| Other                          | 9,335         | 13,449        | 19,536         |
| <b>Total Assets</b>            | <b>76,426</b> | <b>83,755</b> | <b>122,971</b> |
| <b>Liabilities</b>             |               |               |                |
| <b>Current Liabilities</b>     | <b>16,936</b> | <b>5,324</b>  | <b>5,985</b>   |
| Short-Term Debt                | 16,317        | 3,111         | 3,552          |
| Trade Payables                 | 396           | 454           | 1,027          |
| Other                          | 223           | 1,759         | 1,406          |
| <b>Non-Current Liabilities</b> | <b>22,077</b> | <b>22,734</b> | <b>27,421</b>  |
| Long-Term Debt                 | 10,675        | 16,077        | 14,762         |
| Other                          | 11,403        | 6,656         | 12,659         |
| <b>Total Liabilities</b>       | <b>39,014</b> | <b>28,057</b> | <b>33,405</b>  |
| <b>Shareholders Equity</b>     | <b>37,412</b> | <b>55,698</b> | <b>89,566</b>  |

Source: Finnet

Total assets grew by 61% from 2022 to 2024, from TL 76,426 million to TL 122,971 million. Almost all of this increase was driven by non-current assets; the share of current assets remained at only 4%, while the balance sheet gradually evolved into an asset-intensive structure. In the same period, total liabilities decreased from TRY39,014 million to TRY33,405 million, bringing the "net debt/equity" ratio down from 1.04x to 0.37x, while the share of short-term debt in total debt declined from 42% to 19%.

Increased cash position and extended maturity structure significantly reduce interest rate and liquidity risk. The strengthening capital structure allows the company to both finance planned capital expenditures with equity and increase its dividend capacity, which is an important catalyst supporting valuation multiples in the medium term.

Income Statement, TL million

|                                  | 2022          | 2023          | 2024         |
|----------------------------------|---------------|---------------|--------------|
| <b>Revenue</b>                   | <b>4,201</b>  | <b>5,011</b>  | <b>8,223</b> |
| <i>Revenue Growth</i>            | -             | 19%           | 64%          |
| Cost of Goods Sold               | 1,581         | 1,842         | 2,510        |
| <b>Gross Profit</b>              | <b>2,620</b>  | <b>3,169</b>  | <b>5,713</b> |
| <i>Gross Margin</i>              | <b>62%</b>    | <b>63%</b>    | <b>69%</b>   |
| Operating Expenses               | 131           | 202           | 382          |
| <i>Operating Expenses Growth</i> | -             | 54%           | 90%          |
| <b>EBIT</b>                      | <b>2,489</b>  | <b>2,967</b>  | <b>5,331</b> |
| <i>EBIT Margin</i>               | <b>59%</b>    | <b>59%</b>    | <b>65%</b>   |
| Other Operating Income/Expense   | 9,659         | 9,172         | 1,782        |
| Operating Profit                 | 12,148        | 12,139        | 7,113        |
| <i>Operating Margin</i>          | <b>289%</b>   | <b>242%</b>   | <b>87%</b>   |
| Financial Income/Expense         | - 9,253 -     | 12,316 -      | 6,288        |
| Other Income/Expense             | -             | 12,073        | 8,715        |
| Profit Before Tax                | 18,115        | 14,108        | 9,677        |
| Tax Rate                         | 20%           | -30%          | 52%          |
| Tax Expense                      | 3,545 -       | 4,177         | 4,991        |
| <b>Net Profit</b>                | <b>14,570</b> | <b>18,285</b> | <b>4,686</b> |
| <i>Net Profit Margin</i>         | <b>347%</b>   | <b>365%</b>   | <b>57%</b>   |
| Depreciation                     | 20            | 31            | 19           |
| <b>EBITDA</b>                    | <b>2,509</b>  | <b>2,998</b>  | <b>5,351</b> |
| <i>EBITDA Margin</i>             | <b>60%</b>    | <b>60%</b>    | <b>65%</b>   |

Source: Finnet

Total revenue in 2024 was up 64% to TL 8.2 billion, while gross margin improved 7pp to 69.5%, a clear indication of strong pricing discipline and economies of scale. Operating expenses rose sharply (90%) in nominal terms, but are still only 4.6% of revenue. As a result, EBIT margin improved from 59% to 65%.

However, one-off revenues in "other operating" and "financial" items, which inflated profitability in 2022-2023, declined significantly in 2024 (TRY1.8 billion), pulling net profit down to TRY4.7 billion and reducing the net profit margin to 57%. Operating margin (core profitability adjusted for one-off effects) was at 86%, but the year-on-year decline was notable due to the base effect. This decline can be attributed to IAS 29 (Inflation Accounting), other operating income/expenses and valuation differences.

In sum, while core operating profitability gained momentum (gross and EBIT margins increased), the withdrawal of one-off revenues pulled net profit down. Valuations for 2025 should be based on this "normalized" profit level and focus on profit quality.

**Cash Flow Statement, TL million**

|  | 2022           | 2023           | 2024          |
|--|----------------|----------------|---------------|
| Cash Opening                           | 4,228          | 1,789          | 2,307         |
| Net Earnings                           | 14,570         | 18,285         | 4,686         |
| <b>Cash Flow from Core Operations</b>  | <b>9,933</b>   | <b>24,024</b>  | <b>11,959</b> |
| Adjustments to Net Earnings            | - 4,991        | 6,710          | 10,153        |
| Depreciation                           | 20             | 31             | 19            |
| Change in Working Capital              | - 354          | 970            | 2,880         |
| <b>Cash from Investment Operations</b> | <b>- 1,654</b> | <b>- 467</b>   | <b>555</b>    |
| <b>Cash from Financial Operations</b>  | <b>- 2,502</b> | <b>- 2,754</b> | <b>2,819</b>  |
| Change in Financial Debt               | - 493          | - 927          | 4,168         |
| Dividends Paid                         | -              | -              | -             |
| Total Cash Flow                        | - 2,440        | 191            | 1,280         |
| Cash at the End of the Quarter         | 1,789          | 1,598          | 3,632         |

Source: Finnet

Operating cash flow in 2024 is still strong at TRY11.959mn, but down to half of 2023's exceptional level, driven by a TRY2.880mn cash outflow related to working capital as profits normalized. Free cash flow is positive as capex remains limited (-555 million TL). On the financing side, total cash rose to TRY3,632 million as a result of TRY4,168 million of new borrowings, strengthening the short-term liquidity buffer.

**Selected Financial Ratios**

|                                | 2022   | 2023   | 2024   |
|--------------------------------|--------|--------|--------|
| P/E                            | -      | -      | 9.3    |
| EV/EBITDA                      | -      | -      | 10.9   |
| P/B                            | 0.0    | 0.0    | 0.5    |
| ROE                            | 78%    | 39%    | 6%     |
| ROIC                           | 6%     | 3%     | 5%     |
| NWC / Sales                    | 10%    | -26%   | -13%   |
| Current Ratio                  | 0.4    | 0.5    | 0.8    |
| Net Debt                       | 20,816 | 17,544 | 14,681 |
| Net Debt / EBITDA              | 8.3    | 5.9    | 2.7    |
| Net Debt / Shareholders Equity | 0.6    | 0.3    | 0.2    |

Source: Finnet

The current ratio is close to the critical threshold at 0.83, indicating a clear liquidity recovery compared to previous years.



Financial Forecasts (TRY million)

|                   | 2023   | 2024    | 2025E   | 2026E   |
|-------------------|--------|---------|---------|---------|
| Cash              | 1,645  | 3,632   | 3,939   | 5,792   |
| Trade Receivables | 405    | 660     | 1,014   | 1,419   |
| Real Estate       | 81,706 | 118,679 | 166,895 | 209,776 |
| Total Assets      | 83,755 | 122,971 | 171,848 | 216,987 |
| Financial Debt    | 20,995 | 20,522  | 25,765  | 31,680  |
| Trade Payables    | 494    | 1,027   | 1,521   | 2,129   |
| Other Liabilities | 6,569  | 11,857  | 21,481  | 27,123  |
| Equity            | 55,698 | 89,566  | 123,081 | 156,055 |
| Total Liabilities | 83,755 | 122,971 | 171,848 | 216,987 |
| Revenues          | 5,011  | 8,223   | 12,334  | 17,268  |
| Gross Profit      | 3,169  | 5,713   | 8,634   | 12,088  |
| Opex              | 202    | 382     | 501     | 760     |
| Depreciation      | 31     | 19      | 29      | 147     |
| EBITDA            | 2,998  | 5,351   | 8,163   | 11,475  |
| Net Profit        | 18,285 | 4,686   | 6,329   | 8,817   |
| Net Debt          | 19,350 | 16,890  | 21,827  | 25,888  |
| Net Debt / Ebitda | 6.5    | 3.2     | 2.7     | 2.3     |
| P/E               | -      | 8.22    | 6.76    | 4.85    |
| EV/Ebitda         | -      | 10.35   | 7.91    | 5.98    |
| P/B               | -      | 0.43    | 0.35    | 0.27    |
| RoAE              | -      | 6.5%    | 6.0%    | 6.3%    |

Source: Company Data, PhillipCapital Research

## Valuation

We like Rönesans Real Estate Investment (RGYAS) thanks to its qualified portfolio in prime locations, both revenue-indexed and base-indexed lease agreements, and sustainable transformation steps that emphasize customer experience; we include the stock in our research scope with an Outperform recommendation.

We have determined our 12-month target price for RGYAS using the NAV method.

For multiples, we considered the Mcap/NAV multiples of publicly traded comparable companies.

### Other shopping malls (except Kozzy) NAV contribution

|  | 2025          | 2026          | 2027          | 2028          | 2029          | 2030          | 2031          | 2032          | 2033          | 2034          | 2035          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Leasable Area (sqm)                              | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       | 568,247       |
| Rental Rate (%)  | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           | 99%           |
| Leased Area (sqm)                                      | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       | 562,565       |
| Unit Rental Value (TL/m <sup>2</sup> /month)           | 1,373         | 1,685         | 1,972         | 2,258         | 2,540         | 2,826         | 3,144         | 3,497         | 3,891         | 4,328         | 4,815         |
| <b>Commercial Unit Revenues (TRY million)</b>          | <b>9,269</b>  | <b>11,377</b> | <b>13,312</b> | <b>15,242</b> | <b>17,147</b> | <b>19,076</b> | <b>21,222</b> | <b>23,610</b> | <b>26,266</b> | <b>29,221</b> | <b>32,508</b> |
| Other Income Ratio                                     | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           |
| Other Income (TRY million)                             | 1,390         | 1,707         | 1,997         | 2,286         | 2,572         | 2,861         | 3,183         | 3,541         | 3,940         | 4,383         | 4,876         |
| <b>Total (TRY million)</b>                             | <b>10,659</b> | <b>13,084</b> | <b>15,308</b> | <b>17,528</b> | <b>19,719</b> | <b>21,938</b> | <b>24,405</b> | <b>27,151</b> | <b>30,206</b> | <b>33,604</b> | <b>37,384</b> |
| Expected Operating Expenses (TL/m <sup>2</sup> /month) | 493           | 605           | 708           | 811           | 912           | 1,015         | 1,129         | 1,256         | 1,397         | 1,554         | 1,729         |
| Expected Operating Expenses (TRY million)              | 3,362         | 4,127         | 4,828         | 5,528         | 6,219         | 6,919         | 7,697         | 8,563         | 9,526         | 10,598        | 11,790        |
| Expenses Collected from Tenants (TRY million)          | 2,689         | 3,301         | 3,862         | 4,423         | 4,975         | 5,535         | 6,158         | 6,850         | 7,621         | 8,479         | 9,432         |
| Expected Expenses to be Covered by the Company         | 672           | 825           | 966           | 1,106         | 1,244         | 1,384         | 1,539         | 1,713         | 1,905         | 2,120         | 2,358         |
| <b>Total Project Revenues (TRY million)</b>            | <b>9,987</b>  | <b>12,259</b> | <b>14,343</b> | <b>16,422</b> | <b>18,475</b> | <b>20,554</b> | <b>22,866</b> | <b>25,438</b> | <b>28,300</b> | <b>31,484</b> | <b>35,026</b> |
| Renewal Cost (TRY million)                             | 100           | 123           | 143           | 164           | 185           | 206           | 229           | 254           | 283           | 315           | 350           |
| Property Tax Amount (TRY million)                      | 50            | 61            | 72            | 82            | 92            | 103           | 114           | 127           | 142           | 157           | 175           |
| Building Insurance Premium (TRY million)               | 60            | 74            | 86            | 99            | 111           | 123           | 137           | 153           | 170           | 189           | 210           |
| <b>Total Costs (TRY million)</b>                       | <b>210</b>    | <b>257</b>    | <b>301</b>    | <b>345</b>    | <b>388</b>    | <b>432</b>    | <b>480</b>    | <b>534</b>    | <b>594</b>    | <b>661</b>    | <b>736</b>    |
| <b>Project Net Income (TRY million)</b>                | <b>9,777</b>  | <b>12,001</b> | <b>14,042</b> | <b>16,078</b> | <b>18,087</b> | <b>20,122</b> | <b>22,386</b> | <b>24,904</b> | <b>27,706</b> | <b>30,823</b> | <b>34,291</b> |
| <b>Project Present Values (TRY million)</b>            | <b>7,981</b>  | <b>7,998</b>  | <b>7,638</b>  | <b>7,140</b>  | <b>6,557</b>  | <b>5,955</b>  | <b>5,408</b>  | <b>4,911</b>  | <b>4,460</b>  | <b>4,051</b>  | <b>3,679</b>  |
| <b>NAV Contribution (TRY million)</b>                  | <b>88,141</b> |               |               |               |               |               |               |               |               |               |               |

Source: Company Data, PhillipCapital Research

### Hilltown Küçükyalı Shopping Mall NAV Contribution

|  | 2025          | 2026         | 2027         | 2028         | 2029         | 2030         | 2031         | 2032         | 2061          | 13.02.2062   |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Total Leasable Area (sqm)                              | 63,022        | 63,022       | 63,022       | 63,022       | 63,022       | 63,022       | 63,022       | 63,022       | 63,022        | 63,022       |
| Rental Rate (%)  | 99%           | 99%          | 99%          | 99%          | 99%          | 99%          | 99%          | 99%          | 99%           | 99%          |
| Leased Area (sqm)                                      | 62,392        | 62,392       | 62,392       | 62,392       | 62,392       | 62,392       | 62,392       | 62,392       | 62,392        | 62,392       |
| Unit Rental Value (TL/m <sup>2</sup> /month)           | 1,525         | 1,872        | 2,190        | 2,508        | 2,821        | 3,139        | 3,492        | 3,885        | 50,272        | 54,796       |
| <b>Commercial Unit Revenues (TRY million)</b>          | <b>1,142</b>  | <b>1,402</b> | <b>1,640</b> | <b>1,878</b> | <b>2,112</b> | <b>2,350</b> | <b>2,614</b> | <b>2,908</b> | <b>37,639</b> | <b>4,991</b> |
| Other Income Ratio                                     | 15%           | 15%          | 15%          | 15%          | 15%          | 15%          | 15%          | 15%          | 15%           | 15%          |
| Other Income (TRY million)                             | 171           | 210          | 246          | 282          | 317          | 352          | 392          | 436          | 5,646         | 749          |
| <b>Total (TRY million)</b>                             | <b>1,313</b>  | <b>1,612</b> | <b>1,886</b> | <b>2,159</b> | <b>2,429</b> | <b>2,702</b> | <b>3,006</b> | <b>3,345</b> | <b>43,284</b> | <b>5,740</b> |
| Expected Operating Expenses (TL/m <sup>2</sup> /month) | 590           | 724          | 847          | 970          | 1,091        | 1,214        | 1,351        | 1,503        | 19,449        | 21,200       |
| Expected Operating Expenses (TRY million)              | 446           | 548          | 641          | 734          | 825          | 918          | 1,022        | 1,137        | 14,709        | 1,951        |
| Expenses Collected from Tenants (TRY million)          | 335           | 411          | 481          | 550          | 619          | 689          | 766          | 852          | 11,032        | 1,463        |
| Expected Expenses to be Covered by the Company         | 112           | 137          | 160          | 183          | 206          | 230          | 255          | 284          | 3,677         | 488          |
| <b>Total Project Revenues (TRY million)</b>            | <b>1,201</b>  | <b>1,475</b> | <b>1,726</b> | <b>1,976</b> | <b>2,223</b> | <b>2,473</b> | <b>2,751</b> | <b>3,060</b> | <b>39,607</b> | <b>5,253</b> |
| Renewal Cost (TRY million)                             | 12            | 15           | 17           | 20           | 22           | 25           | 28           | 31           | 396           | 53           |
| Property Tax Amount (TRY million)                      | 70            | 86           | 100          | 115          | 129          | 144          | 157          | 171          | 2,078         | 267          |
| Building Insurance Premium (TRY million)               | 9             | 11           | 13           | 15           | 17           | 19           | 21           | 23           | 297           | 39           |
| <b>Total Costs (TRY million)</b>                       | <b>91</b>     | <b>112</b>   | <b>130</b>   | <b>149</b>   | <b>168</b>   | <b>187</b>   | <b>205</b>   | <b>224</b>   | <b>2,771</b>  | <b>359</b>   |
| <b>Project Net Income (TRY million)</b>                | <b>1,111</b>  | <b>1,363</b> | <b>1,595</b> | <b>1,826</b> | <b>2,055</b> | <b>2,286</b> | <b>2,546</b> | <b>2,836</b> | <b>36,836</b> | <b>4,894</b> |
| <b>Project Present Values (TRY million)</b>            | <b>907</b>    | <b>909</b>   | <b>868</b>   | <b>811</b>   | <b>745</b>   | <b>676</b>   | <b>615</b>   | <b>559</b>   | <b>20</b>     | <b>2</b>     |
| <b>NAV Contribution (TRY million)</b>                  | <b>14,358</b> |              |              |              |              |              |              |              |               |              |

Source: Company Data, PhillipCapital Research

Excluding shopping malls, we calculated the NAD contribution of Kozzy Shopping Mall, offices, and other projects to be 14.4 billion TL. After deducting the net debt of 15.4 billion TL, we calculated the net asset value for one year later to be 101.4 billion.

When comparable companies are examined, it can be observed that a Mcap/NAV multiplier of 0.75x is fair. Thus, our target equity value for the next year is TL 76.1 billion, which promises us a return potential of 78%.

|                            |         |
|----------------------------|---------|
| Hilltown Mall              | 14.358  |
| Other Projects             | 14.384  |
| Other Malls (Except Kozzy) | 88.141  |
| Net Debt                   | 15.440  |
| NAV                        | 101.442 |
| Mcap/NAV                   | 0,75x   |
| Target Mcap                | 76.082  |
| Current Mcap               | 42.765  |
| Potential                  | 78%     |

Kaynak: PhillipCapital Research

|  |            |
|--|------------|
| <b>12-Month Target Market Value (million TL)</b> | 76,082     |
| <b>Number of Shares (million)</b>                | 331        |
| <b>12-Month Target Price (TL)</b>                | 230.00     |
| <b>Current Price (TL)</b>                        | 129.20     |
| <b>12-Month Return Potential</b>                 | <b>78%</b> |

Kaynak: PhillipCapital Araştırma

As a result, we have set our 12-month target price for RGYAS at 230.00 TL, offering a potential return of 78%.

## **Methodology**

The target value of a stock represents the value that the analyst expects to be reached at the end of our 12-month performance period.

### **Outperform (OP)**

If this decision is made for a company, it indicates that better returns are expected for the stock compared to the index in the medium and long term. However, this decision does not guarantee that the stock will rise or outperform the index. Any changes in market conditions, developments in the macroeconomy, global economic developments, or news about the company after the report is published can change this decision.

### **In-Line with Index (IL)**

If the decision of "In-Line with Index" is made for the relevant stock, there can be various reasons for this. This decision may have been made if the company's recent data and future estimates do not show significant differences compared to the past. The stock price of the company may be at levels close to what it should be in terms of valuations. Making an "In-Line with Index" decision for a stock does not mean that the stock will not move up or down. Generally, this decision indicates that in the medium and long term, a return similar to the index is expected for the stock. However, every new piece of news and change in market conditions can alter this decision.

### **Underperform (UP)**

If the decision of "Underperform" is made for a stock, it indicates that weaker returns are expected in the medium and long term compared to the index. Even if the "Underperform" decision has been made for a stock, short-term price increases for the stock or short-term technical indicators giving a buy signal are possible. In some cases, even if returns are not expected from the stock in the medium and long term, short-term "Outperform" or "In-Line with Index" returns can be achieved when there is significant news, temporary profit increase news, or developments that will lead to a positive short-term price trend.

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