

Structured Finance

Asset Lease Certificates – Sukuk (Preliminary Report)

ALC - Asset Lease Company

Aktif Bank Sukuk Varlık Kiralama A.Ş.	
Type of Asset-Backed Securities	Asset Lease Certificates - Sukuk
Tender Authority	Emlak Konut GYO A.Ş. (Emlak Konut REIT)
Successful Bidder	Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş. (Ağaoğlu Group)
Originator	İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.
Servicer	Aktif Yatırım Bankası A.Ş.
Wakeel	İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.
Asset Lease Company	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Trustee	None
Promoter	Aktif Yatırım Bankası A.Ş. & Akdeniz İnşaat ve Eğitim A.Ş.
Guarantor	None
Issuer	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Custody	Merkezi Kayıt Kuruluşu A.Ş.
Muwakil	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Transaction Administrator	Aktif Yatırım Bankası A.Ş.
Investment Bank	Aktif Yatırım Bankası A.Ş.
Insurance Agencies for obligors	None
Takaful	None
Issue Principal Size	Up to TRY 200 million
Expected Rate of Return	Between the range of risk-free Turkish government bonds+ (300 - 400 Basis Points)
Coupon %	Expected rate of return
Payment Frequency - Principal	At maturity
Payment Frequency - Return	At maturity
Tenor (Year)/ Final Maturity	1-2 Year
Expected Offering Date	November, 2013
Average Life	12-24 Months

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Strengths

- Asset and Project constituting the baseline for the issuance and lease possessing high trading capability and public importance
- Service quality of the issuer and the bank
- Sales prices to be determined by an authorized valuation company and limited not fall below the minimum price to be approved by Emlak Konut REIT
- Necessary expertise, know-how and management skills possessed by the Originator with regard to the performance of the Wakeel title
- With regard to the performance of its Muwakil title, ALC possessing a structure able to act to the favor of the investors and the financial strength necessary to finance the project
- Revenues to accumulate in the project reserve account to be withheld until it reaches the redemption value of certificates
- Existence of a pledge in favor of the ALC regarding the project based sales receivables from Emlak Konut REIT
- Originator to be obliged to purchase property on market prices in case of insufficiency of cash flows
- Cash flows secured through assignment of rights to claims on the project
- Absence of any encumbrances on the project of any restrictive or qualifying kind whatsoever
- Abated risks of deterioration in the cash flow through high trading ability

Asset Lease Sukuk Certificates to be issued by Aktif Bank Sukuk Varlık Kiralama A.Ş.		Long Term	Short Term
International Foreign Currency		BBB-	A-3
National Local Currency		AA-(Trk)	A-1+(Trk)
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC	Stable
LC		Positive	-

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

Overview

“Aktif Bank Sukuk Varlık Kiralama A.Ş.” (hereinafter to be referred as **Asset Lease Company, ALC** or **Muwakil**) was established on April 22, 2013 for an infinite term by **Aktif Yatırım Bankası A.Ş. (Aktif Bank)** (the latest rating action by JCR-ER on May 31, 2013, denoting AA(Trk) Stable outlook in the Long Term National Scale) to issue asset lease sukuk certificates.

The asset which is subject to lease is the property with newly started construction with such marketable project units as residential units, offices, commercial areas and congress center of 233,850 m² area with a total construction area of 833,000 m² on a total area of 115,497.01 m² of land. The construction of the property will be carried out by **İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.** on the basis of revenue sharing with **Emlak Konut GYO A.Ş. (Emlak Konut REIT)**, a subsidiary of **TOKI**.

İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş. 95% of which is owned by **Agaoglu Group** is the originator and Wakeel. **Aktif Bank** is the transaction administrator and **Aktif Bank Sukuk Varlık Kiralama A.Ş.** is the issuer and Muwakil. The Project is estimated to be completed in 2016 and the certificates to be issued will be offered to qualified investors in the BIST. The ALC has also realized an issue similar to this type amounting to TRY100 mn on May 31, 2013.

Constraints

- Different interpretations of law throughout the legislative process
- Absence of guarantor and takaful mechanisms
- Issue including market rate of return within the innate structure of the certificates with regard to volatility of relevant market indicators within their maturities
- Realization of sales revenues including the risk of delay regarding the project schedule
- The securities to be issued lacking ubiquity in Turkish financial markets

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