

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.
Mudarib	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.
Rabb-ul-mal	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	10% (Annual)
Coupon %	Annual 10% expected rate of return
Payment Frequency - Principal	At maturity
Payment Frequency - Return	Annual
Tenor (Year)/ Final Maturity	2 Years
Expected Offering Date	April, 2013
Average Life	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 - founder of Rabb-ul-mal
- Sales prices to be determined by an authorized valuation company and limited not fall below the minimum price to be approved by Emlak GYO
- Originator possessing necessary expertise, sufficient know-how and management skills to fulfill the project with regard to the performance of the Mudarib title
- ALC, with regard to the performance of its Rabb-ul-mal title, 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 provision in the Articles of Association to establish pre-emptive rights in the land registry in favor of the ALC
- In case of insufficiency of cash flows, originator to be obliged to purchase property on market prices
- Securing cash flows through assignment of rights to claims on the project
- Absence of any encumbrances on the project of any restrictive or qualifying kind whatsoever
- High trading ability denoting abated risks of deterioration in the cash flow

Aktif Bank Sukuk Varlık Kiralama A.Ş.		Long Term	Short Term
International Foreign Currency		BB	B
National Local Currency		AA-(Trk)	A-1+(Trk)
Sovereign*	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC	Stable
LC		Positive	Stable

*Assigned by Japan Credit Rating Agency, JCR on June 28, 2012

Overview

“Aktif Bank Sukuk Varlık Kiralama A.Ş.” (hereinafter to be referred as **Asset Lease Company** or **Rabb-ul-mal**) is established for an infinite term by **Aktif Yatırım Bankası A.Ş. (Aktif Bank)** (the latest rating action by JCR-ER on May 23, 2012, denoting A+(Trk) Positive 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 Mudarib. **Aktif Bank** is the transaction administrator and **Aktif Bank Sukuk Varlık Kiralama A.Ş.** is the issuer and Rabb-ul-mal. The Project is estimated to be completed in 2016 and the certificates to be issued will be offered to qualified investors in the ISE.

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
- Regarding the project schedule, realization of sales revenues including the risk of delay
- The securities to be issued lacking ubiquity in Turkish financial markets

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