

## Structured Finance Rating

Asset Lease Certificates – Sukuk (Preliminary Report)

New Update

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Aktif Bank Sukuk Varlık Kiralama A.Ş. Lease Certificate Issue for YEDAŞ Electricity Distribution Investment Revenues	
<b>Type of Securities</b>	Asset Lease Certificates - Sukuk
<b>Asset Lease Company</b>	Aktif Bank Sukuk Varlık Kiralama A.Ş.
<b>Issuer</b>	Aktif Bank Sukuk Varlık Kiralama A.Ş.
<b>Originator</b>	Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)
<b>1<sup>st</sup> Musharik</b>	Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)
<b>2<sup>nd</sup> Musharik</b>	Aktif Bank Sukuk Varlık Kiralama A.Ş.
<b>Type of Sukuk</b>	Sukuk al-Musharaka Contractual Partnership (Shirkat al-aqd)
<b>Specific Applicable Laws</b>	The CMB Communiqué "III-61.1 Kira Sertifikaların Tebliği" named "Lease Certificates" Electricity Market Law No.6446
<b>Trustee</b>	Aktif Bank Sukuk Varlık Kiralama A.Ş. Merkezi Kayıt Kuruluşu A.Ş.
<b>Listing</b>	Aktif Yatırım Bankası A.Ş.
<b>Investment Bank</b>	None
<b>Takaful</b>	Electricity Distribution Investment Revenues over Regulated Asset Base
<b>Underlying Revenues / Assets</b>	TRY 600 million (aggregated in 4 tranches)
<b>Issue Principal Size</b>	Differing between 30.00% to 38.00% (Annual)
<b>Expected Rate of Return</b>	At maturity
<b>Payment Frequency – Principal</b>	At maturity
<b>Payment Frequency – Return</b>	At maturity
<b>Tenor (Year)/ Final Maturity</b>	3, 6, 9 and 12 Months
<b>Expected Offering Date</b>	August 18, 2023

## RATINGS

Aktif Bank Sukuk Varlık Kiralama A.Ş. TRY 600 million Lease Certificates		Long Term	Short Term	
International Local Currency		BB	-	
<b>National Note</b>		<b>AAA (tr)</b>	<b>J1+ (tr)</b>	
Sovereign *	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Assigned by JCR on Aug 18, 2022

## OVERVIEW

"Aktif Bank Sukuk Varlık Kiralama A.Ş." (hereinafter referred to as "Asset Lease Company" or "2<sup>nd</sup> Musharik") 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 19 June 2023, denoting AA+(tr) Stable outlook in the Long-Term National Scale) solely to issue asset lease sukuk certificates.

The lease certificates issuance has been based on Electricity Distribution Investment Revenues over the Regulated Asset Base owned by Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) through the Project (Subject of Partnership) of collection of electricity bills from individual consumers by incumbent supply company Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ) and transfer of these amounts to the Originator, collection and monitoring of project revenues, and realization and management of electricity distribution investments within the framework of the investment program approved by EPDK (EMRA-Energy Market Regulatory Authority).

Within a framework of a contractual partnership based on a Sukuk al-Musharaka structure, Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) is the Originator and the 1<sup>st</sup> Musharik. Aktif Bank Sukuk Varlık Kiralama A.Ş. is the Issuer, Trustee and the 2<sup>nd</sup> Musharik. The Project Revenues have already been accrued and construction of the assets regarding the revenues has already been completed within the relevant applicable law.

The lease certificates to be issued will be offered to qualified investors.

Strengths	Constraints
<ul style="list-style-type: none"> <li>Regulated Asset Base constituting the baseline for the Project Revenues already having been completed &amp; owned by the Originator,</li> <li>Cash inflows secured to a great extent through EMRA approval for the investment and CPI-linked revenues and homogeneous &amp; multitudinous profile of individual invoice payers,</li> <li>Existence of an assignment agreement to establish rights for the ALC to predetermined parts of revenues flowing to YEDAŞ,</li> <li>Surplus OC over-committed one,</li> <li>Originator, with regard to the performance of 1<sup>st</sup> Musharik title, possessing necessary expertise, sufficient know-how and management skills to manage the project revenues with a high collection capacity of invoices supported by the vitality of electricity usage,</li> <li>ALC, with regard to the performance of its 2<sup>nd</sup> Musharik title, possessing a structure and experience to act in the favour of the investors,</li> <li>Well track record and redemption performance of the previous issuances.</li> </ul>	<ul style="list-style-type: none"> <li>Recourse facility being limited to the proceeds of the assets and not to cover any other obligors in that related institutions under Çalık Group will not have any obligation regarding repayment of the Sukuk certificates and repayment is only linked to collection performance of the project revenues whereof any institution under Çalık Group will not consolidate,</li> <li>Project revenues partially exposed to market risk,</li> <li>Narrow scope and diversity of default events.</li> </ul>