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 TRY 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 TRY 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 TRY. **Thus, our target price per share reaches 230.00 TRY.**

Major risk factors,

i. Possible delays in the portfolio transformation and development schedule,
ii. The high-interest rate environment increases the cost of debt rollover, putting pressure on cash flow,
iii. A possible increase in the legal ceiling or withholding tax on commercial rents may limit the rate of rent growth
iv. 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**
View	**Outperform**
Price per Share, TRY	129,20
Target Price per Share, TRY	**230,00**
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

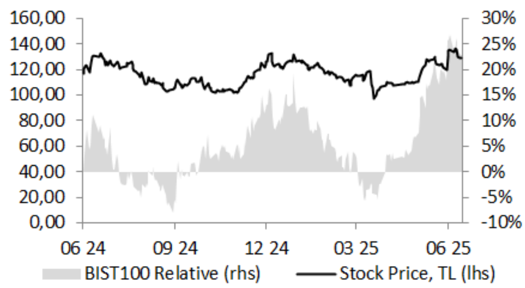
Key Financials, TRY mln	2023	2024	2025E	2026E
Revenues	5.011	8.223	12.334	17.268
Growth, y/y	-	64,1%	50,0%	40,0%
EBITDA	2.998	5.351	8.163	11.475
Growth, y/y	-	78,5%	52,6%	40,6%
Net Profit	18.285	4.686	6.329	8.817
Growth, y/y	-	-74,4%	35,1%	39,3%
Equity	55.698	89.566	123.081	156.055
Growth, y/y	-	60,8%	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%
Total	**331**	**100%**

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

Sadrettin BAĞCI
sadrettin.bagci@phillipcapital.com.tr
Irfan Kemal ÖZER
kemal.ozer@phillipcapital.com.tr

Content

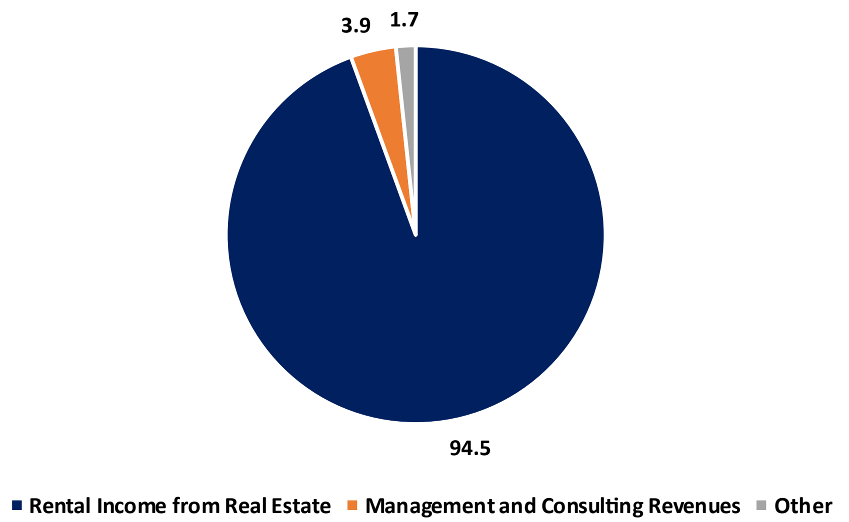
Company Introduction

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 m² 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 m², of which 650,000 m² is shopping center and 92,000 m² is office space.

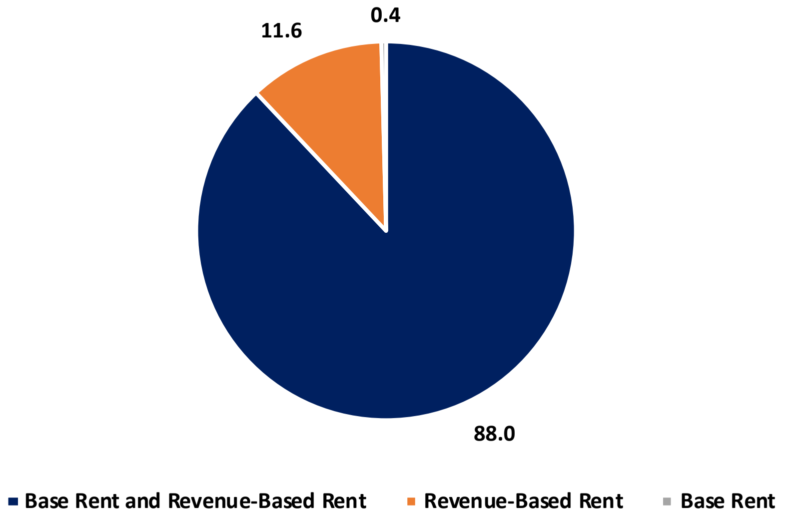
Revenue Breakdown (%)



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.

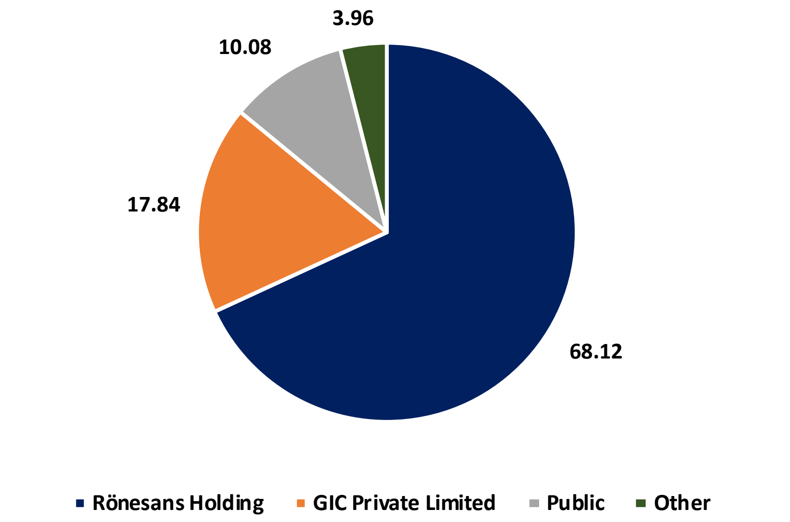
Distribution of Contract Types by Gross Leasable Area (%)



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.

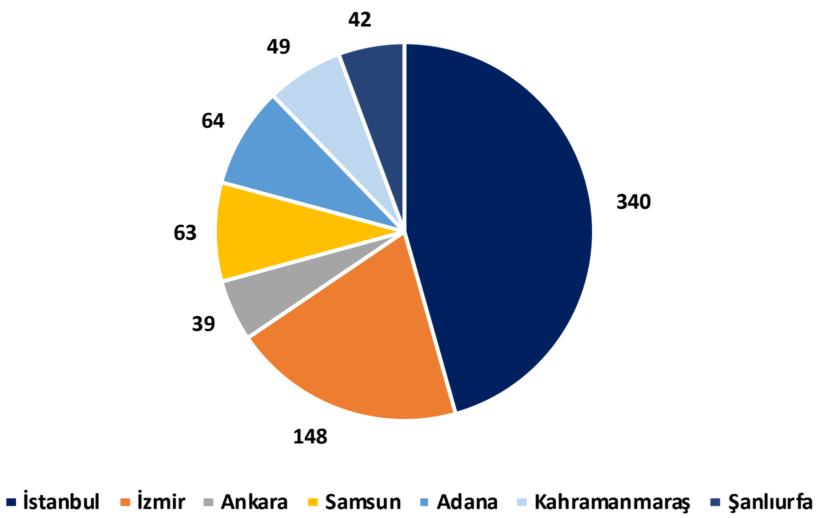
Asset Portfolio Analysis

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 m²)



Source: Company Data

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

Shopping Mall Assets

	GLA (thousand m²)	Occupancy Rate	Average rent ₺/m²/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 m² and the share of shopping center assets in the real estate portfolio.

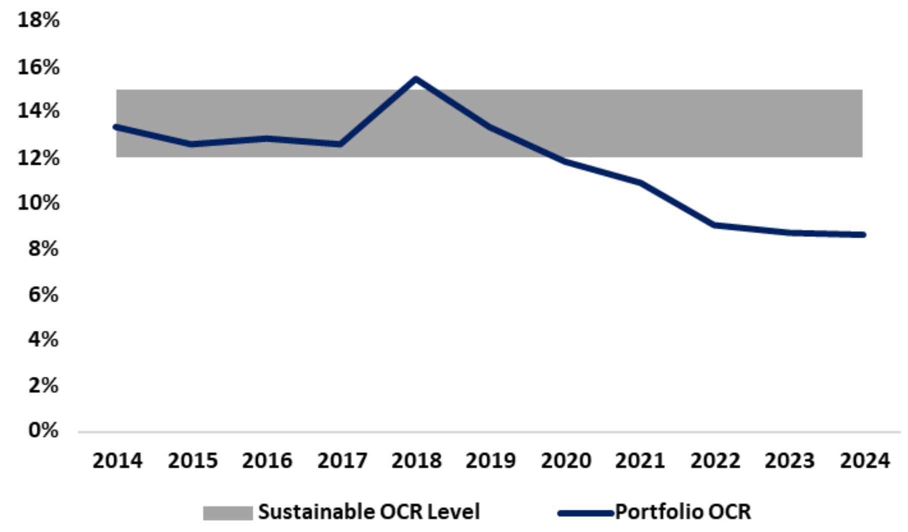
Occupancy Rates of Shopping Center Assets by Year and Distances to Public Transportation

	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.

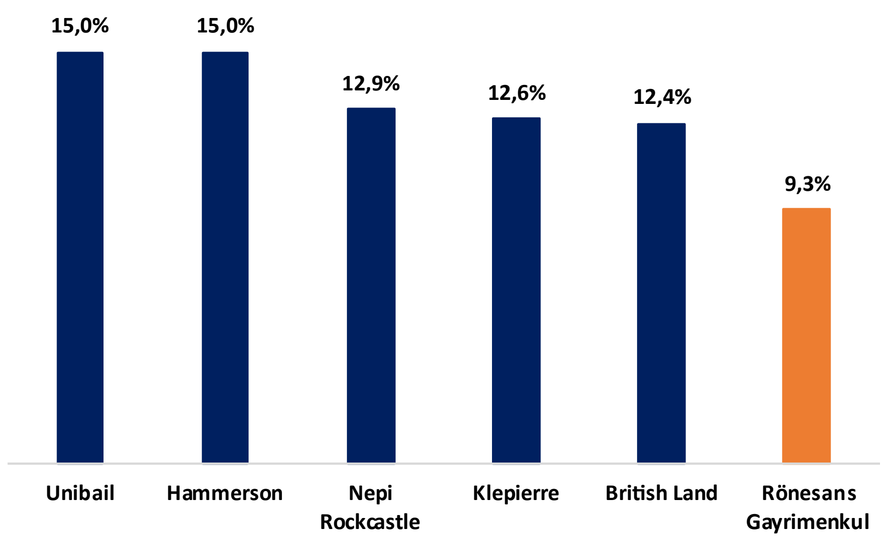
Portfolio OCR (last 12 months)



Source: Company Data

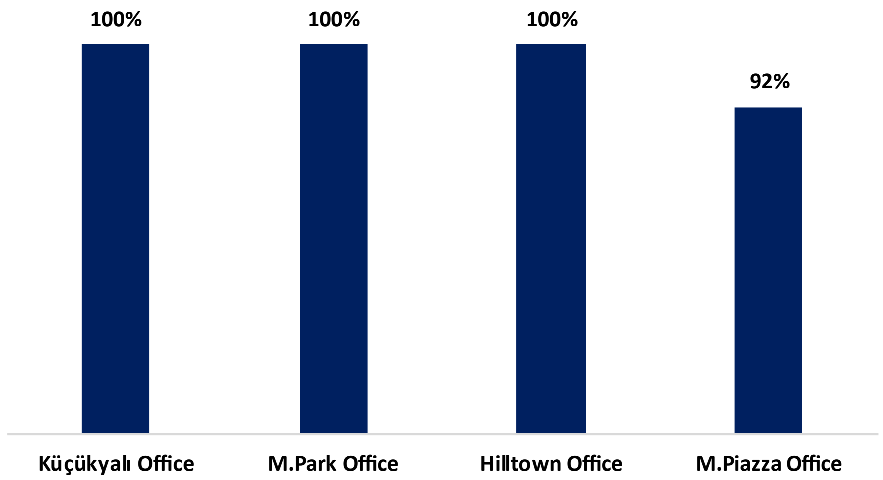
Occupancy Cost Ratio (OCR) is the ratio obtained by comparing the total rental income from a tenant at a given location with the revenue of the same tenant at that location. This indicator is frequently used to measure a tenant's financial soundness, to identify the potential to increase rental income 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.

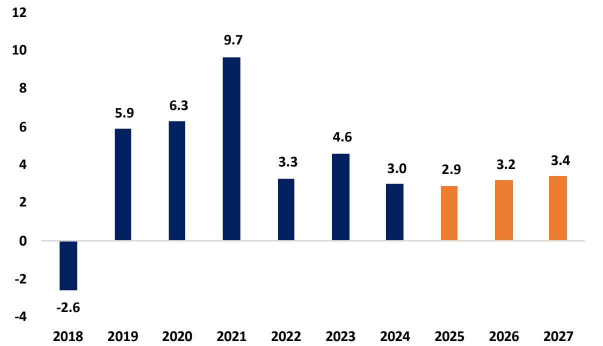
When the Istanbul office market is analyzed, the vacancy rate, which was recorded as 14.3% at the end of 2023, decreased to 10.41% in 2024 due to the increasing demand. Average office rents/square meter can be expected to continue to rise in euro terms due to the limited supply despite the increasing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

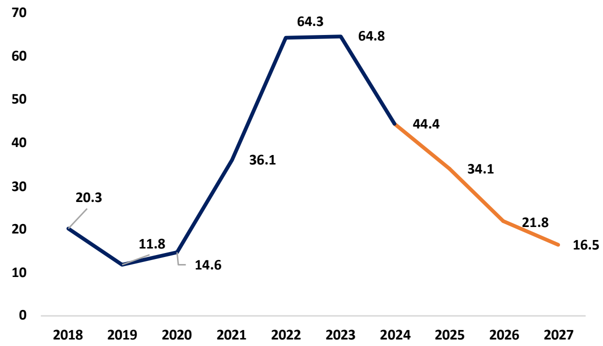
Sector & Macro Outlook

Turkey GDP Change (Annual %)



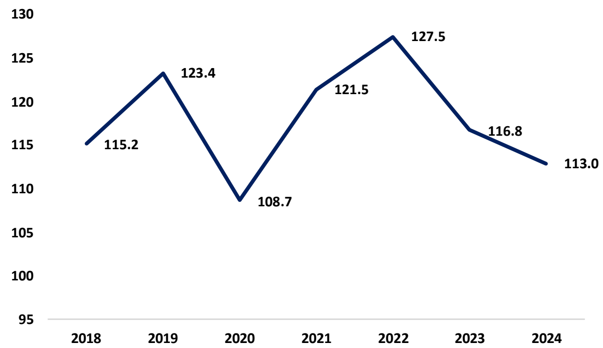
Source: TurkStat; Bloomberg Terminal

Turkey Inflation Rate (Annual %)



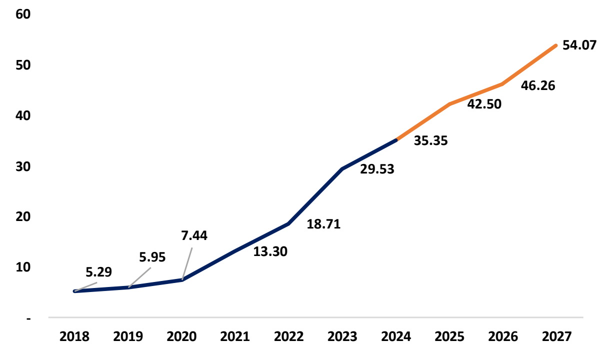
Source: TurkStat; Bloomberg Terminal

Retail Trade Confidence Index (Year-End)



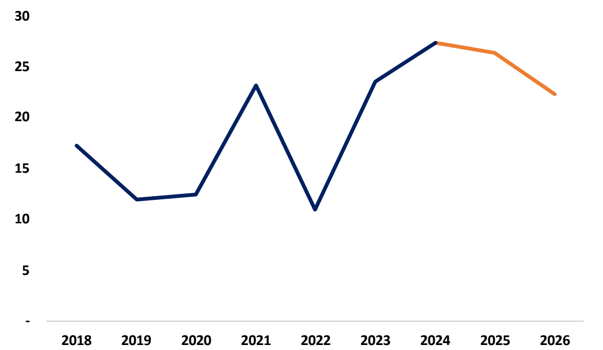
Source Bloomberg Terminal

USD/TRY (Year-end)



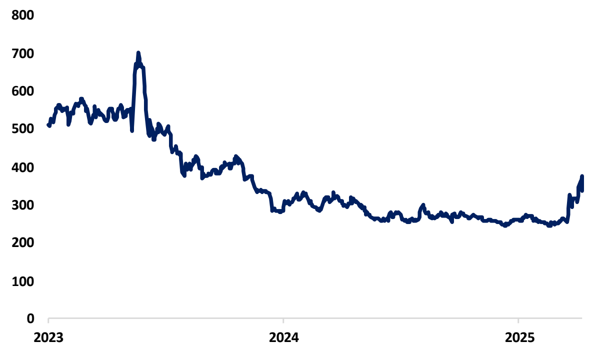
Source: Bloomberg Terminal

Turkey 10-Year Bond Yield



Source Bloomberg Terminal

Turkey CDS 5 Year USD

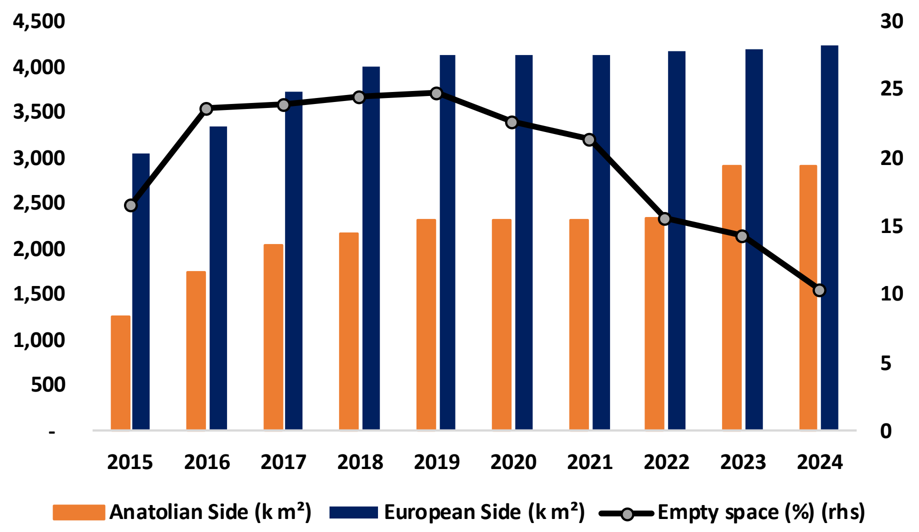


Source: Bloomberg Terminal

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 TRY-reported NAV.

Istanbul Office Supply and Vacancy Rates

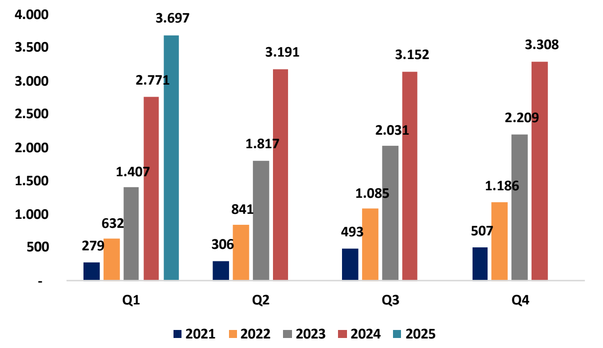


Source: Cushman & Wakefield I TR International

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.

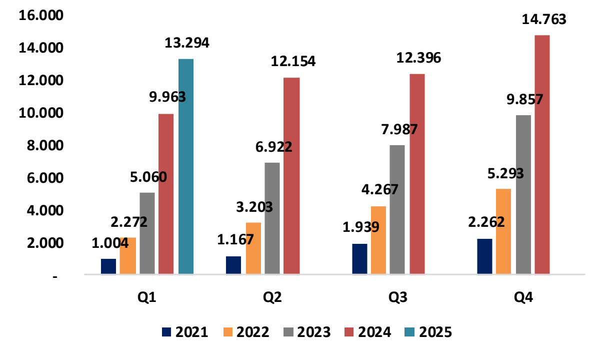
Investment transactions are expected to accelerate in the medium and long term.

Quarterly m² Productivity Index



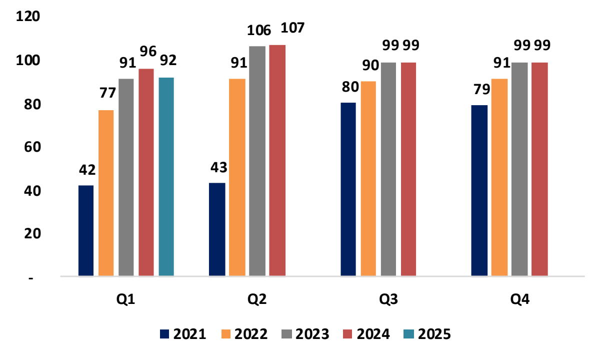
Source: Association of Shopping Centers and Investors

Quarterly Revenue / m² Efficiency (TRY)



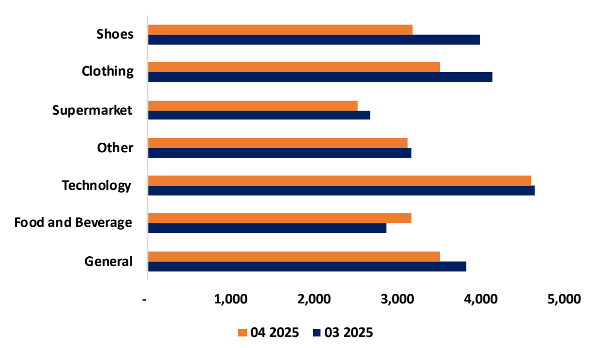
Source: Association of Shopping Centers and Investors

Quarterly Visitor Index



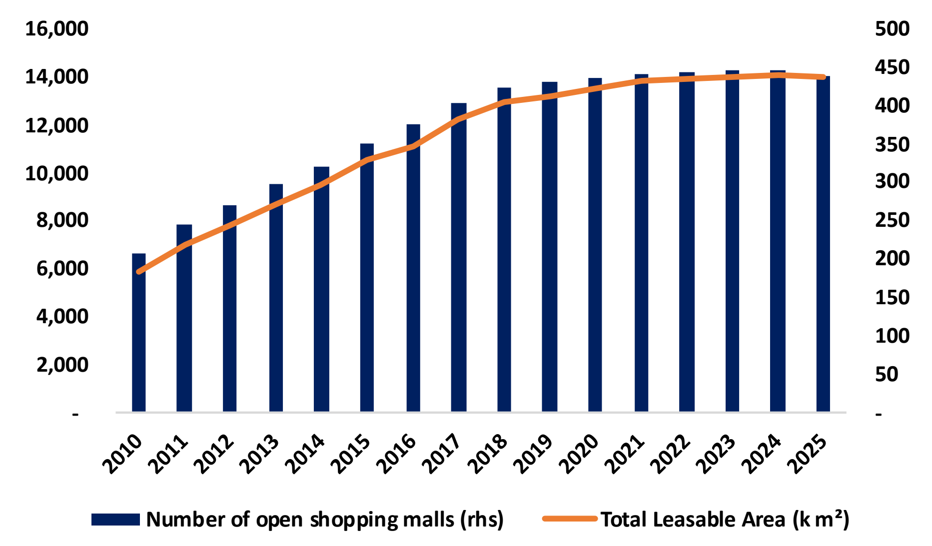
Source: Association of Shopping Centers and Investors

m² 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 m² 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.

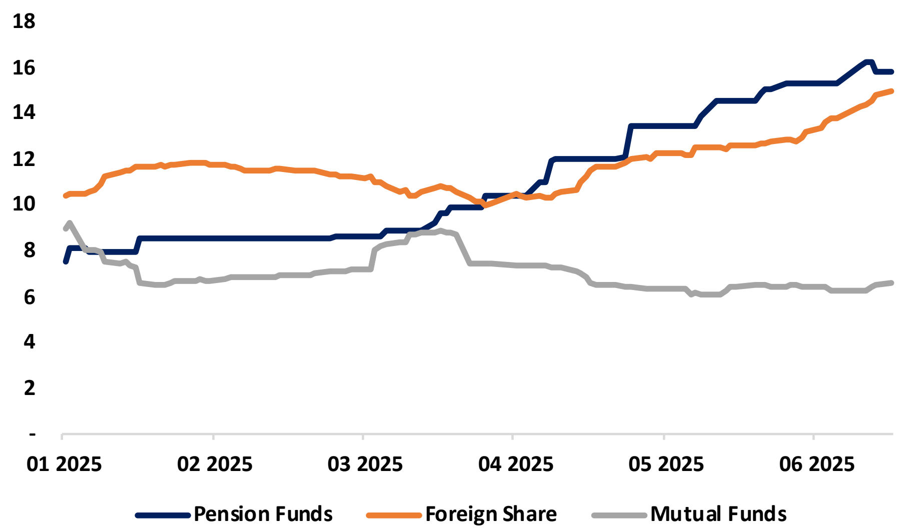
Selected REIT Companies and Valuations from BIST STARS

Ticker	Name	Market Value (TRY Million)	NAV (TRY Million)	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
			Median	***0,51***
			Average	***0,73***

Source: Finnet, Turkish Capital Markets Association

According to our latest valuations, Rönesans Real Estate is trading at a MCAP/NAV 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, TRY million

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

Source: Finnet

Total assets grew by 61% from 2022 to 2024, from TRY 76,426 million to TRY 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, TRY million

	2022	2023	2024
Revenue	**4,201**	**5,011**	**8,223**
Revenue Growth	-	*19%*	*64%*
Cost of Goods Sold	1,581	1,842	2,510
Gross Profit	**2,620**	**3,169**	**5,713**
Gross Margin	***62%***	***63%***	***69%***
Operating Expenses	131	202	382
Operating Expenses Growth	-	*54%*	*90%*
EBIT	**2,489**	**2,967**	**5,331**
EBIT Margin	***59%***	***59%***	***65%***
Other Operating Income/Expense	9,659	9,172	1,782
Operating Profit	12,148	12,139	7,113
Operating Margin	*289%*	*242%*	*87%*
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
Net Profit	**14,570**	**18,285**	**4,686**
Net Profit Margin	*347%*	*365%*	*57%*
Depreciation	20	31	19
EBITDA	**2,509**	**2,998**	**5,351**
EBITDA Margin	***60%***	***60%***	***65%***

Source: Finnet

Total revenue in 2024 was up 64% to TRY 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, TRY million

	2022	2023	2024
Cash Opening	4,228	1,789	2,307
Net Earnings	14,570	18,285	4,686
Cash Flow from Core Operations	**9,933**	**24,024**	**11,959**
Adjustments to Net Earnings	-4,991	6,710	10,153
Depreciation	20	31	19
Change in Working Capital	-354	970	2,880
Cash from Investment Operations	**-1,654**	**-467**	**555**
Cash from Financial Operations	**-2,502**	**-2,754**	**-2,819**
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 TRY). 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/m²/month)	1,373	1,685	1,972	2,258	2,540	2,826	3,144	3,497	3,891	4,328	4,815
Commercial Unit Revenues (TRY million)	9,269	11,377	13,312	15,242	17,147	19,076	21,222	23,610	26,266	29,221	32,508
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
Total (TRY million)	**10,659**	**13,084**	**15,308**	**17,528**	**19,719**	**21,938**	**24,405**	**27,151**	**30,206**	**33,604**	**37,384**
Expected Operating Expenses (TL/m²/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
Total Project Revenues (TRY million)	**9,987**	**12,259**	**14,343**	**16,422**	**18,475**	**20,554**	**22,866**	**25,438**	**28,300**	**31,484**	**35,026**
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
Total Costs (TRY million)	**210**	**257**	**301**	**345**	**388**	**432**	**480**	**534**	**594**	**661**	**736**
Project Net Income (TRY million)	***9,777***	***12,001***	***14,042***	***16,078***	***18,087***	***20,122***	***22,386***	***24,904***	***27,706***	***30,823***	***34,291***
Project Present Values (TRY million)	***7,981***	***7,998***	***7,638***	***7,140***	***6,557***	***5,955***	***5,408***	***4,911***	***4,460***	***4,051***	***3,679***
NAV Contribution (TRY million)	***88,141***										

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/m²/month)	1,525	1,872	2,190	2,508	2,821	3,139	3,492	3,885	50,272	54,796
Commercial Unit Revenues (TRY million)	1,142	1,402	1,640	1,878	2,112	2,350	2,614	2,908	37,639	4,991
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
Total (TRY million)	**1,313**	**1,612**	**1,886**	**2,159**	**2,429**	**2,702**	**3,006**	**3,345**	**43,284**	**5,740**
Expected Operating Expenses (TL/m²/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
Total Project Revenues (TRY million)	**1,201**	**1,475**	**1,726**	**1,976**	**2,223**	**2,473**	**2,751**	**3,060**	**39,607**	**5,253**
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
Total Costs (TRY million)	**91**	**112**	**130**	**149**	**168**	**187**	**205**	**224**	**2,771**	**359**
Project Net Income (TRY million)	***1,111***	***1,363***	***1,595***	***1,826***	***2,055***	***2,286***	***2,546***	***2,836***	***36,836***	***4,894***
Project Present Values (TRY million)	***907***	***909***	***868***	***811***	***745***	***676***	***615***	***559***	***20***	***2***
NAV Contribution (TRY million)	***14,358***									

Source: Company Data, PhillipCapital Research

Excluding shopping malls, we calculated the NAV contribution of Kozzy Shopping Mall, offices, and other projects to be 14.4 billion TRY. After deducting the net debt of 15.4 billion TRY, 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 TRY 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

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

Kaynak: PhillipCapital Araştırma

As a result, we have set our 12-month target price for RGYAS at 230.00 TRY, 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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