

Corporate Credit & Issue Rating

New Update

Sector: Real Estate
Publishing Date: 14/03/2019

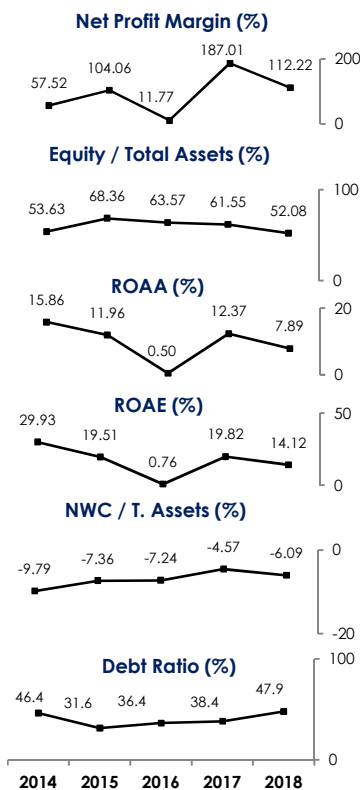
Analyst

Fatih Sevimli
+90 212 352 56 73
fatih.sevimli@jcrer.com.tr

RATINGS

		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Negative LC Negative	Negative Negative
	Issue Rating	BBB-	A-3
National	Local Rating	A+ (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	A+ (Trk)	A-1 (Trk)
Sponsor Support	Stand-Alone	2	-
	Stand-Alone	AB	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative LC Negative	- -

*Affirmed by JCR on November 27, 2018



Özak Gayrimenkul Yatırım Ortaklığı A.Ş.

Company Overview

Financial Data	2018	2017	2016	2015	2014
Total Assets (000 USD)	679,028	637,269	505,536	574,929	656,912
Total Assets (000 TRY)	3,572,299	2,403,714	1,779,081	1,671,664	1,523,314
Equity (000 TRY)	1,860,466	1,479,573	1,131,009	1,142,715	816,989
Net Profit (000 TRY)	236,018	258,982	13,197	191,377	220,254
Sales (000 TRY)	210,321	138,484	112,094	183,914	382,949
Net Profit Margin (%)	112.22	187.01	11.77	104.06	57.52
ROAA (%)	7.89	12.37	0.50	11.96	15.86
ROAE (%)	14.12	19.82	0.76	19.51	29.93
Equity / Total Assets (%)	52.08	61.55	63.57	68.36	53.63
Net Working Capital / T. Assets (%)	-6.09	-4.57	-7.24	-7.36	-9.79
Debt Ratio (%)	47.92	38.45	36.43	31.64	46.37
Asset Growth Rate (%)	48.62	35.11	6.43	9.74	19.20

Özak Gayrimenkul Yatırım Ortaklığı A.Ş. ('Özak GYO' or 'the Company') commenced its operations in 2009 as a real estate investment trust as the leading firm of Özak Global Holding ('the Group') in the real estate sector. The Group had initiated its investments in the construction industry firstly through İnter Yapı İnşaat Yatırım ve Dış Ticaret A.Ş. (İnter Yapı) in 1995, since then gained know-how in the various branches of the field, and currently concentrates most of its construction activities within the body of Özak GYO.

Özak GYO's real estate portfolio consists of commercial properties which generate rental income (61%), ongoing housing projects (21%), and land which are maintained for further possible investments (18%) with respect to their updated valuations. The Company is now able to collect a yearly rental income of more than TRY 95mn through Ela Quality Resort Hotel in Antalya, and its commercial real estates such as 34 Portall Plaza, İş İstanbul 34, Metro Gross Market and Bulvar 216 which are located in different districts of İstanbul. Furthermore, the Company has 60% of the shares of the Özak, Yenigün, Ziylan Partnership which carries out the Büyükyalı İstanbul project with the assurance of Emlak Konut GYO, which is currently one of the major ongoing housing projects in Turkey. Büyükyalı İstanbul project, whose construction began in 2016 over a land area of 111,200 m², is due to be fully completed in the current year with an expected project cost of TRY 3,700mn and sales revenue of TRY 5,400mn. The Company has a real estate portfolio value of TRY 2.71bn, a net asset value of TRY 2.05bn, and accordingly is ranked 6th among the 33 real estate investment trusts in Turkey.

Strengths

- Stable growth in the real estate portfolio and net asset value
- Rising rental income which is projected to grow faster than total assets
- Low indebtedness
- Raising cash ratio despite the negative net working capital in the recent years
- Strong internal resource generation and preservation capacity
- Solid corporate governance structure

Constraints

- Limited but continuous exposure to the exchange rate risk due to the financial liabilities denominated in foreign currencies
- Shrinkage in net profit due to the rise in financial expenses as of FYE2018
- Ongoing dependency on revaluation gains in spite of the growing rental income in the recent years
- Overall downturn in the macroeconomic environment which pressurizes the demand for real estates due to the rising interest rates