

## Corporate Credit & Issue Rating

New  Update

Sector: Real Estate  
 Publishing Date: 25.01.2021

### Chief Analyst, CFA

Özgür Fuad Engin  
 +90 212 352 56 73  
[ozgur.engin@jcrer.com.tr](mailto:ozgur.engin@jcrer.com.tr)

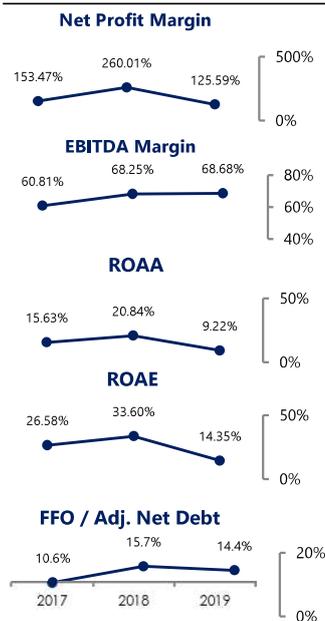
### Assistant Analyst

Özge Deniz Yıldız  
 +90 212 352 56 73  
[ozge.yildiz@jcrer.com.tr](mailto:ozge.yildiz@jcrer.com.tr)

### RATINGS

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

\*Assigned by JCR on April 10, 2020



## Akiş Gayrimenkul Yatırım Ortaklığı AŞ

JCR Eurasia Rating, has evaluated **Akiş Gayrimenkul Yatırım Ortaklığı AŞ** in investment-level category on the national scale and assigned the ratings on the Long-Term National Scale as **'A- (Trk)'** and the Short-Term National Scale as **'A-1 (Trk)'** with **'Stable'** outlooks.

**Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.** (referred to as 'the Company' or 'Akiş REIT'), began its operations in 2005. Akiş REIT assumed the title of Real Estate Investment Trust on May 18, 2012 upon application to the Capital Markets Board. Subsequently Akiş REIT was listed on Borsa İstanbul on January 9, 2013. As a real estate investment trust, Akiş REIT has operations and investments in real estate projects and operates as defined in the regulations of the Capital Markets Board ("CMB") regarding real estate investment partnerships. The Company reached TRY 437mn in sales and TRY 6.2bn in total assets as of FYE 2019, which were TRY 396mn and TRY 5.6bn as of FYE 2018, respectively. As of 3Q2020, while the pandemic and lockdowns resulted in partial and temporary loss of lease income, several efforts to support liquidity helped preserve integrity of the financials.

The Covid-19 epidemic, which increased its spread in the world as of 2020, had an impact on almost every economic and social variable. As an unexpected systemic risk, many managerial processes from global business manners to decision-making processes had to be shaped according to new conditions. As in other sectors, the construction and real estate sectors have been affected by both business and demand-side processes.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
<ul style="list-style-type: none"> <li>Stable growth in net asset and real estate portfolio value</li> <li>Continuous and very high occupancy rates of key assets in the Company portfolio</li> <li>Liquidity support of the planned cash equity increase and restructuring of a certain portion of total debt</li> <li>Solid corporate governance structure</li> <li>Raising cash ratio and liquidity despite the negative net working capital in the recent years</li> </ul>	<ul style="list-style-type: none"> <li>Concentration of assets could pose idiosyncratic risks with respect to valuation and revenue origination</li> <li>The negative impact of the increase in short-term debt on the current ratio balance, though alleviated with completed restructurings</li> <li>Contraction of global and local economic output, triggered by Coronavirus outbreak and reduction in lease income due precautionary and temporary measures</li> <li>Notable effect of revaluation gains from real estate portfolio on equity profile</li> </ul>

Considering the aforementioned points, the Company's Long-Term National Rating has been assigned as **'A- (Trk)'**. Growth in the real estate portfolio, healthy occupancy rates and brand recognition in the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as **'Stable'**. The Company's equity structure, debt level, recovery in lease income and portfolio net asset valuations will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

It is considered that the major controlling shareholders, possess the financial strength and willingness to provide liquidity for Akiş REIT should such a need arise taking into consideration its long operational track record, the wide-recognition of the created brands by consumers, investments dispersed across the country and generated employment opportunities. Within this context, the Sponsor Support grade has been determined as **(1)** on JCR Eurasia Rating's notation scale denoting a highest level.

Akiş REIT's 'stand-alone rating' has been determined with reference to the Company's market share, net asset value and sales growth, asset quality, risk management policies and the trends of the existing risks in the markets and the business environment by taking its internal sources into account. When these factors are considered, our opinion is that the Company has the desired level of experience, know-how and other required capabilities to manage the occurring risks in its financial structure through internal means. As a result of all of these factors, the stand-alone note of Akiş REIT has been determined as **(AB)**.