

## Corporate Credit Rating

New  Update

Sector: REIT

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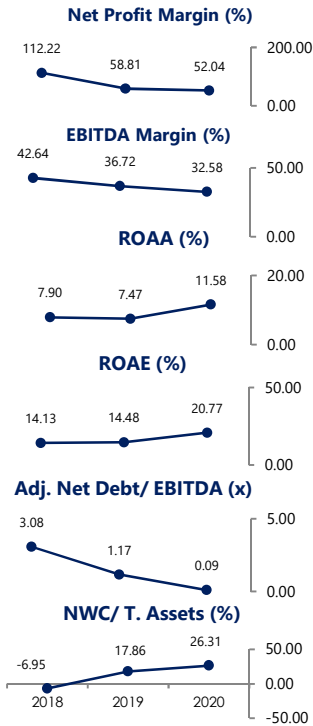
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### RATINGS

		Long Term	Short Term	
National	Local Rating	<b>AA (Trk)</b>	<b>A-1+ (Trk)</b>	
	Outlook	<b>Stable</b>	<b>Stable</b>	
	Issue Rating	-	-	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Sponsor Support	2	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Assigned by JCR on May 31, 2021



## Özak Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating evaluated “**Özak Gayrimenkul Yatırım Ortaklığı A.Ş. and Consolidated Structure**” (referred to as ‘the Company’ or ‘Özak GYO’) in investment level category and assigned the Long-Term National Note at ‘**AA (Trk)**’ and the Short-Term National Note at ‘**A-1+ (Trk)**’ with a ‘**Stable**’ outlooks. The Long Term International Foreign and Local Currency ratings and outlooks were also assigned at ‘**BB/Stable**’.

With foundation dating back 2008, **Özak GYO** operates in the fields of investing in real estate, real estate projects and other market instruments, as described on Capital Markets Board (CMB) Communiqué. In addition to housing sales revenue from ongoing and completed projects, the Company able to collect a yearly income from hotel investment 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. As of Q12021, Özak GYO’s real estate portfolio value reached to TRY 3.84bn, consisted of commercial properties which generate rental income (61.33%), ongoing and completed housing projects (33.20%), and land which are maintained for further possible investments (5.46%). Büyükyalı İstanbul project, whose construction began in 2016 over a sellable area of 283,015 m<sup>2</sup> and rentable area of 33,735 m<sup>2</sup>, is expected be fully completed in 2H2021 with an expected project cost of TRY 4.4bn and revenue of TRY 6.5bn. Özak GYO’s other ongoing projects Özak Göktürk, has sellable area of 49,000m<sup>2</sup>, is expected to complete in 3Q2022 with an expected project cost TRY 633.6mn and revenue of TRY 968.1mn.

The Company’s main shareholder is Ahmet Akbalk (47.22%) and Ürfi Akbalk (25.97%) as of Q12021. Özak GYO shares have been traded on Borsa İstanbul Index (BIST) since 2012 under ticker-name of “OZKGY”.

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

### Strengths

- Well diversified real estate portfolio providing satisfactory shield against any potential risk and cyclical fluctuations
- Robust revenue growth performance over the last three years supported by Büyükyalı İstanbul and will be supported in the forthcoming period with ongoing and planned projects
- Solid cash position and working capital level due to ongoing projects
- Declining indebtedness
- High compliance with corporate governance practices owing to listed status

### Constraints

- Reduction in income from hotel and commercial properties caused by restrictions and precautionary action on global and local scale in 2020 due to outbreak
- Covid-19 outbreak still containing high uncertainty for the upcoming period, despite vaccination efforts which started all over the world
- Increasing construction costs weaken the appetite for housing investments

Considering the aforementioned points, the Company’s the Long Term National Rating has been assigned at ‘**AA (Trk)**’. Despite contraction in the Company’s rental income from hotel and commercial properties due to Covid-19 outbreak, net sales and profitability were supported by robust cash flow from ongoing project’s residential sales at FYE2020. In this regard, JCR Eurasia Rating has assigned a ‘**Stable**’ outlook on the long and short term national ratings of Özak GYO. The Company’s profitability performance, predicted cash flow from ongoing projects, asset quality, equity structure and debt level together with the legal framework about the REIT are to be monitored by JCR Eurasia Rating. The main shareholders of the Company are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to Özak GYO. In this regard, the Company’s Sponsor Support Grade has been assigned at (2), denoting sufficient level of external support in JCR Eurasia Rating’s notation system. Taking into account the Company’s robust revenue growth performance, low indebtedness, asset quality, equity structure, risk management practices, Özak GYO own financial structure is determined as satisfactory to manage the risks it faces through internal means. In this context, the Stand-Alone grade of the Company has been assigned at (A) in the JCR Eurasia Rating notation system.