

Corporate Credit Rating

New Update

Sector: REIT

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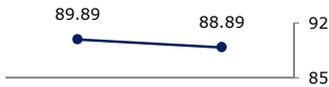
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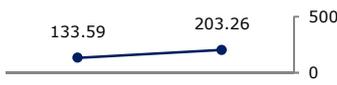
| RATINGS | | Long Term | Short Term |
|---|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | AA (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Stable | - |
| | International LC ICR | BB | - |
| ISRs (Issue Specific Rating Profile) | International LC ICR Outlooks | Stable | - |
| | National ISR | - | - |
| | International FC ISR | - | - |
| Sovereign* | International LC ISR | - | - |
| | Foreign Currency | BB (Stable) | - |
| | Local Currency | BB (Stable) | - |

* Assigned by JCR on May 10, 2024

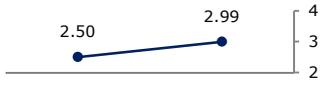
EBITDA Margin (%)



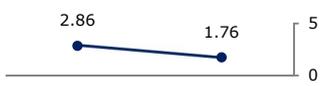
Oper. Profit Margin (%)



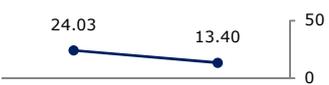
Current Ratio (x)



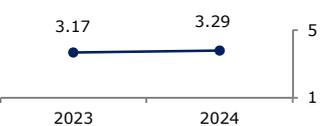
Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Interest (x)



Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated "Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" in investment-grade category with very high credit quality on the national scale and affirmed the Long-term National Credit Rating as 'AA (tr)' and the Short-Term National Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Company were affirmed as 'BB' and outlooks revised as 'Stable' as parallel to international ratings and outlooks of the Republic of Türkiye.

Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (hereinafter referred to as "Akfen GYO" or 'the Company' or 'the Group') was established on June 25, 1997, with the title of "Aksel Turizm Yatırımları ve İşletmecilik A.Ş.". Akfen GYO underwent restructuring in 2006 with the acquisition of the shares of the other founding partner outside the Akfen Group, and subsequently, the Company became a REIT. Akfen GYO's current portfolio in Türkiye, Russia and USA includes resorts, hotels, factory buildings, student dormitories, investment lands, and offices, as well as residential units and a terminal project with cultural events, food and beverage and shopping areas, elderly care centre project in Florida (USA) which are currently ongoing. It is announced on the Company's website that the real estate portfolio has an investment cost of over EUR 400mn, and as stated in the annual report that the total appraisal values are EUR 776mn as of 31.12.2024.

Akfen GYO is part of Akfen Group, one of Türkiye's leading investment groups, and its shares have been traded on Borsa İstanbul with the ticker "AKFGY" since 11 May 2011. As of the report date, the Company's free float is 44.5%. The remaining part of the shares belongs to Akfen Holding and Hamdi Akın.

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

Strengths

- Reasonable financial leverage profile with significant reduction in borrowing as of FYE2024 and ongoing cash surplus position in the short-term
- Satisfactory loan-to-value (LTV) ratio in reviewed periods and decreased significantly in FY2024, is considered as a sector specific benchmark
- Considerable increase in profit before tax thanks to the reduction of net financing expenses
- Equity level with substantial share in asset size, supported by retained earnings and capital adjustment differences
- Sustainable cash flow through long-term contracts and strategic co-operation with global brands
- Compliance with corporate governance practices as a publicly listed Company
- Supported by Akfen Group, one of the most experienced brands in Türkiye

Constraints

- Contraction in revenue in FY2024 as a result of asset sale despite maintaining solid EBITDA margins both in FY2023&24
- Exposure to foreign currency short position on the balance sheet in reviewed periods due to the FX based financial liabilities, despite the natural hedging mechanism of FX basis rental income and derivative instruments
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA (tr)'. The Group's sustainable cash flow with long-term contracts, notable income expectation from ongoing investment projects, satisfactory LTV ratio, reasonable financial leverage profile, EBITDA generation capacity along with contraction in revenue due to the asset sale, exposure to FX short position as well as ongoing uncertainties with potential to adversely affect global trade have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's project portfolio with ongoing investments, profitability performance, cash generation capacity, indebtedness level, together with the trends in the tourism sector 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 frames about the sector, will be monitored as well.