

## Corporate Credit Rating

New  Update

**Sector:** REIT

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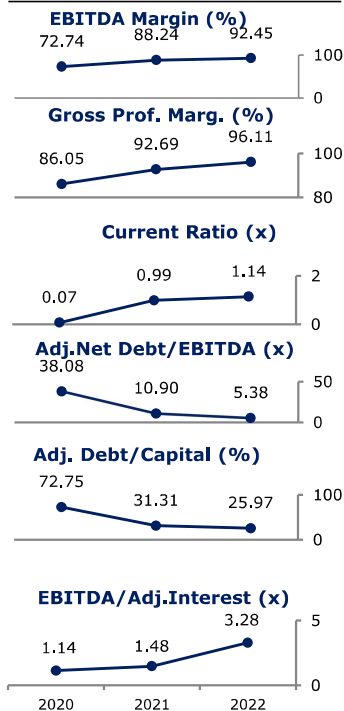
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

\* Assigned by JCR on Aug 18, 2022



## Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated "Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" in the investment-level category and revised the Long-Term National Issuer Credit Rating from 'A-(tr)' to 'AA-(tr)' and assigned the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (referred to as 'Akfen GYO' or 'the Company' or 'the Group') was established on June 25, 1999, 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. The Company's portfolio includes hotels and holiday resorts in Türkiye, Russia and the TRNC, office building in Russia, and dormitory complexes in Türkiye. In addition, ongoing projects include a villa project in Bodrum/Yalıkavak, a train station and commercial area project in Kadıköy/Söğütlüçeşme, and a land in Milas/Kıyıkışlacık. The Group employed 37 and 20 employees as of FYE2022 and FYE2021, respectively. 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 share code "AKFGY" since 11 May 2011. The free float by the end of 2022 is at the level of 44.55%. The remaining part of the shares belongs to the actual entity and other Companies in the Akfen Group, the ultimate owner of the Group.

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

### Strengths

- Stable income from assets, newly added to the portfolio and growing through revaluation,
- Relatively improvement in financial leverage outlook in FYE 2022,
- Satisfactory cash flow outlook, mostly in FX,
- Decrease in Loan-To-Value (LTV) ratio of the key assets, evaluated as a sector-specific leverage metric,
- The global brand advantage with solid and well-established collaborations in the hospitality sector,
- Establishment of Akfen Group, one of the leading investment groups in Türkiye,
- Improvement in operative performance in 2022,
- Operations carried out with the importance given to sustainability policies,
- High compliance with corporate governance practices owing to listed status.

### Constraints

- Despite the significant growth in FX assets, the FX short position continued in 2022,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been upgraded from 'A-(tr)' to 'AA-(tr)'. Strong asset structure, stable income generation capacity, ultimate shareholder support, and corporate management model, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate hiking cycle, 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 profitability performance, cash level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.