

## Corporate Credit Rating

New  Update

**Sector:** REIT

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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)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated the "Alarko Gayrimenkul Yatırım Ortaklığı A.Ş." in investment level category and assigned the Long-Term National Issuer Credit Rating as 'AA+ (tr)' and the Short-Term National Issuer Credit Rating as '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.

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as "Alarko GYO" or "the Company" or "the Group") was established in 1978 under the name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi. The Company, converted into "Real Estate Investment Trust" on August 6, 1996, and changed its title to Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi. Alarko GYO's shares have been listed on the Borsa İstanbul (BIST) index with the ticker-name of 'ALGYO' since December, 1996 with a free-float rate of 48.77%. Together with the acquisition of REIT status, the Company operates as a real estate partnership in accordance with the statements and regulations of the Capital Markets Board (CMB). In this context, the Company invests in real estates, real estate projects, and capital market instruments. Alarko GYO's current portfolio includes resort, factory building and facilities, shops, business centres, investment lands, and offices. Hillside Beach Club Holiday Village in Fethiye, Muğla and ongoing hotel project in Bodrum, Muğla are the two key assets in Alarko GYO's real estate portfolio.

The current shareholder structure of the Company is Alarko Holding A.Ş. (16.42%), Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş. (34.78%), and others (48.8%).

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

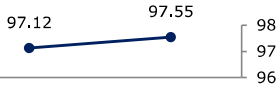
### Strengths

- Significant portion of the real estate portfolio providing predictable cash flows via long term leases
- Solid debt service capacity with cash surplus position thanks to high level of cash equivalents
- Sustainable core profitability indicators with satisfactory margins
- Strong Loan-to-Value (LTV) ratio evaluated as a sector-specific leverage metric, despite a slight increase in 2023
- Satisfactory equity size supported by net profits, mainly stemming from valuation of investment properties
- Proven successful and deep-rooted track record as a part of Alarko Group, together with strong brand recognition
- High level of compliance with corporate governance practices as a publicly traded real estate investment trust company

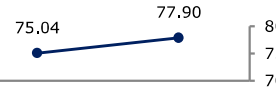
### Constraints

- Expected increase in financial liabilities in the upcoming period due to ongoing hotel investment may put potential pressure on debt service capacity, despite the long-term funding structure
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

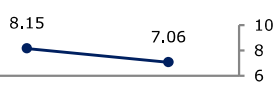
### Gross Profit Margin (%)



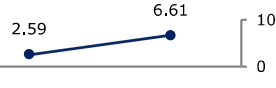
### EBITDA Margin (%)



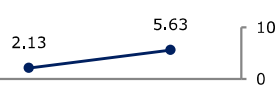
### Current Ratio (x)



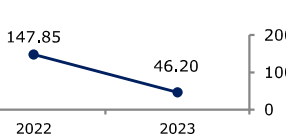
### Loan-to-Value (%)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



Considering the aforementioned points, together the Company's Long-Term National Issuer Credit Rating has been assigned as 'AA+ (tr)'. Additionally, the Company's Loan-to-Value ratio, strong liquidity metrics, large real estate portfolio and predictable cash flows via long term leases, leverage metrics, expected revenue streams from the ongoing hotel investment in the upcoming periods, long lasting presence in the sector and brand recognition 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 level of financial liabilities, coverage profile, asset structure, revenue development, net FX position, LTV ratio and developments regarding the macro conditions 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.