

## 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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	National ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating has evaluated 'Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.' in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AA- (tr)' and the Short-Term National Issuer Credit Rating affirmed 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/Stable' 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 trade name Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi. On August 6, 1996, the Company was converted into a 'Real Estate Investment Trust', and changed its trade 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). Alarko GYO's current portfolio includes a holiday village, factory building, shops, business centres, investment lands, offices and a hotel project under construction. As of the credit rating report date, 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.

As of FYE2024, the 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%). The head office of the Company is located in Beşiktaş, İstanbul, and the average number of employees of the Group is 18 as of FYE2024 (FYE2023: 20).

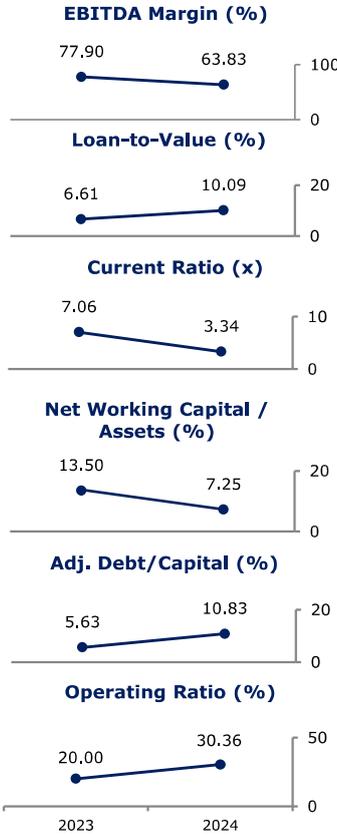
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Predictable revenue stream and strong EBITDA generation capacity provided by a substantial portion of the real estate portfolio through long-term rental contracts, despite the concentration risk of hotel investments
- Satisfactory level of Loan-to-Value (LTV) ratio during the periods analyzed, evaluated as a sector-specific leverage metric, despite a partial increase as of FYE2024 due to additional financial liabilities related to funding of the ongoing hotel project
- Strong financial leverage profile with maintaining short-term cash surplus position as of FYE2024
- Substantial equity structure underpinned by internal resource generation capacity during the periods analyzed
- Deep-rooted operating history in the sector, with high brand recognition as a subsidiary of Alarko Holding
- Compliance with the corporate governance practices as a publicly listed company

### Constraints

- Increased capital expenditures due to the ongoing hotel development project may lead to a further rise in external funding needs and leverage metrics in the upcoming period
- 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, together the Company's Long-Term National Issuer Credit Rating has been revised from 'AA+ (tr)' to 'AA- (tr)'. The Company's strong Loan-to-Value ratio, predictable cash flows via long term leases, satisfactory leverage metrics, high sector knowledge of Alarko Group, and experience in the sector 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 leverage metrics, asset structure, revenue streams, 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.