

## Corporate Credit Rating

New  Update

**Sector:** REIT

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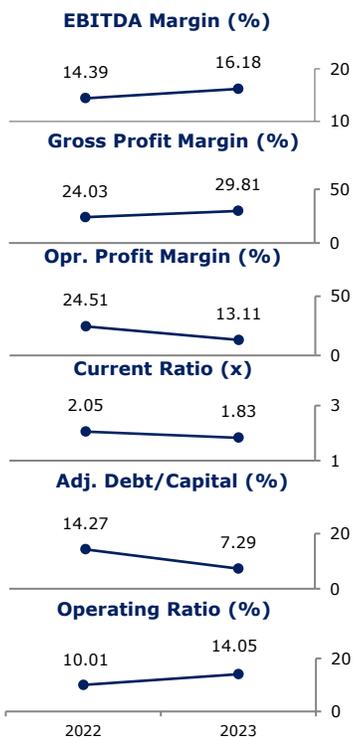
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR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

\* Assigned by JCR on May 10, 2024



## Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating, has evaluated "Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment grade category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at '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.

**Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.** (hereinafter referred to as "Emlak Konut" or "the Company") was established on December 26, 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Company registered and started its activities on March 6, 1991, then transformed into a Real Estate Investment Company on August 4, 1999. Emlak Konut became a Real Estate Investment Trust ("REIT") on July 22, 2002, and subsequently listed on Borsa Istanbul ("BIST") on November 26, 2010. As a REIT, Emlak Konut operates and invests in real estate projects according to the regulations set by the Capital Markets Board ("CMB") regarding real estate investment partnerships. In FY2023, the Company's sales revenues were TRY 28.5bn (FY2022: TRY 21.22bn), and as of FYE2023, total assets were TRY 121.48bn (FYE2022: TRY 120.94bn). Additionally, significant part of the Company's pre-sales is not recorded as net sales. The Company's pre-sales revenue was TRY 53.2bn in FY2023 (FY2022: TRY 57.4bn).

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

### Strengths

- Consistent EBITDA generation and revenue expansion capacity,
- In addition to the decline in the financial liabilities, cash surplus position thanks to high cash assets,
- Reasonable leveraged balance sheet thanks to strong equity level despite the decline as of FYE2023,
- Prestigious ongoing/completed projects in prime locations,
- Becoming the Company with the highest asset size in the sector,
- Enhanced business model through guaranteed income streams from revenue-sharing projects and the transfer of project-related risks to contractor companies,
- High level of compliance with the corporate governance practices as a publicly listed company.

### Constraints

- In addition to the contraction in operating profitability in FY2023, the net loss due to the effect of the net monetary position,
- High sensitivity of real estate demand to fluctuations in mortgage rates,
- Potential risks associated with contractor failure owing to the nature of the business, albeit mitigated by several types of sureties and careful contractor selection,
- Variations in construction expenses could strain profitability margins,
- 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.

Considering the aforementioned points, the Company's Long-Term National Rating has been affirmed at 'AAA (tr)'. The Company's strong EBITDA generation capacity, sustainable leverage ratios, liquidity metrics, prestigious projects on prime locations have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as 'Stable'. Sustainability of the Company's profitability performance, changes in market share and equity level together with the trends in REIT sector will be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.