

## Corporate Credit Rating

New  Update

**Sector:** REIT

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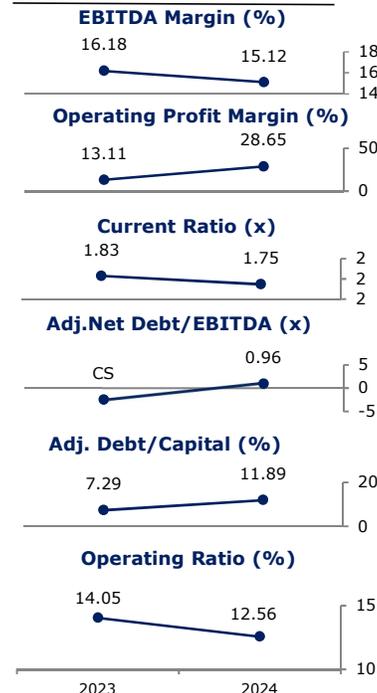
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR 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



CS: Cash Surplus

## EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI 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 and Short-Term National Issuer Credit Rating as '**AAA (tr)**' and '**J1+ (tr)**' with '**Stable**' outlooks, respectively. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings have been affirmed as '**BB**' with '**Stable**' outlooks according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

**Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.** (hereinafter referred to as 'Emlak Konut GYO' or 'the Company' or 'the Group') was established on December 26, 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Group was registered and began its operations on March 6, 1991. On July 22, 2002, the Company became a real estate investment trust ('REIT') and its title changed to 'Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.'. The Company's shares have been listed on Borsa İstanbul ('BIST') on November 26, 2010 with a ticker-name of 'EKGYO'.

As a REIT, the Company organizes projects through tenders awarded to contractors, rather than directly engaging in construction activities, in accordance with the applicable decrees and regulations of the Capital Markets Board (CMB) regarding REITs. Emlak Konut GYO coordinates and executes real estate development projects primarily in residential sector, but also including commercial units, educational facilities, social infrastructure. The Company also provides control and audit services for ongoing projects, as well as marketing and sales of completed housing units.

As of FYE2024, Emlak Konut GYO ranked among the top based on total asset size REITs operating in Türkiye, and holding the third position by market capitalization.

The paid in capital of Emlak Konut GYO amounted to TRY 3.80bn at 1Q2025 (FYE2024: TRY 3.80bn). The shareholding structure consisted of 49.34% owned by T.C. Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Türkiye, 'TOKİ', a state institution under the control of Republic of Türkiye Ministry of Environment Urbanization and Climate Change), remaining 50.66% was comprised of publicly traded shares and others. The ultimate parent and ultimate controlling party of the Group is TOKİ.

Emlak Konut GYO's headquarter and registered address are located in Ataşehir, İstanbul. As of 1Q2025, the Group sustains its operations with 1,228 personnel within its structure (FYE2024: 1,231).

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

### Strengths

- Diversified revenue streams and cash inflows from sales promise contracts support growth and provide visibility, with a notable increase in units sold in 1Q2025 driven by a new campaign
- Resilient profitability profile supported by revenue sharing model and recovery in operating and net profit margins
- Maintained a strong loan to value ratio throughout the reviewed periods, considered a sector specific leverage indicator, despite rising financial liabilities at FYE2024
- Solid equity structure alongside the limited paid-in capital, supported by access to alternative funding sources
- Maintaining its leading position in total asset size among all REITs operating in Türkiye, supported by continued growth and a high value & broad real estate portfolio catering to all segments
- Minimizing operational and construction risks through contractor-based execution, along with non-performance mitigated by guarantees and mortgages
- Deep-rooted operational history and strong state-backed ownership structure
- Compliance with corporate governance practices as a publicly listed company status

### Constraints

- Negative CFO and FOCF driven by increase in land acquisitions and an inventory of ready-to-sell residential and commercial units, leading to external funding at FYE2024
- Rising construction costs may potentially put pressure on profitability
- 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, Emlak Konut GYO's Long-Term National Issuer Credit Rating has been affirmed as '**AAA (tr)**'. The Company's state backed shareholder structure, significant rise in pre-sales in 1Q2025, resilient profitability indicators, strong LTV ratio, brand recognition and long track record in the sector as well as the increasing trend of financial indebtedness, and macroeconomic indicators in domestic and international markets, and global interest rate 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 leverage metrics, liquidity position, profitability indicators, debt structure and developments in the economy along with actions for a global soft landing gaining prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty are the main factors that will be closely monitored by JCR Eurasia Rating in the coming periods. The macroeconomic indicators at national and international markets, as well as the market conditions and the legal framework of the sector will also be monitored.