Corporate Credit Rating

☐New ☒Update

Sector: REIT
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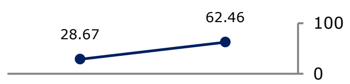
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB- (tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	B	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

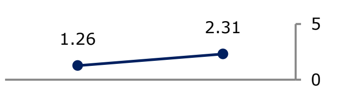
** Assigned by JCR on May 10, 2024*

EBITDA Margin (%)

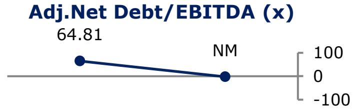
Equity / Tot. Assets (%)



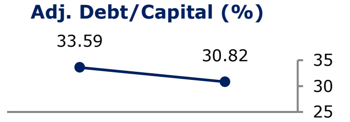
Current Ratio (x)



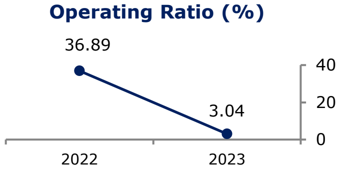
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



Operating Ratio (%)



NM: Not Meaningful

EYG GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated **"EYG Gayrimenkul Yatırım Ortaklığı A.Ş."** in the speculative grade category and affirmed the Long-Term National Issuer Credit Rating at **'BB- (tr)'** and the Short-Term National Issuer Credit Rating at **'J4 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'B/Stable'**.

EYG Gayrimenkul Yatırım Ortaklığı A.Ş. (referred to as **"EYG GYO"** or **"the Company"**) was established in İstanbul in September 2021 through a full spin-off from EYG Konut ve Gayrimenkul Geliştirme A.Ş., primarily focuses on real estate investment trust and residential construction activities. The Company's main areas of operation include investing in real estate, capital market instruments related to real estate, and real estate projects. EYG GYO operates in the residential sector, overseeing various brands such as Narlı Bahçe Evleri, Evvel İstanbul, Adım İstanbul, and Evdeki Fırsat. EYG GYO, with the stock symbol EYGYO, has been traded at the Borsa İstanbul (BIST) Main Market since December 29, 2022. The Company is authorized to engage in activities permitted by capital market legislation. The Çelik family is the ultimate controlling shareholder. The Çelik family owns 68.60% of the Company, and 31.40% of the shares are publicly traded.

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

Strengths	Constraints
• Moderate equity contribution compared to asset size, mainly fed by net monetary position gains, • Reasonable LTV ratio, • The existing housing stock, which also supports the current ratio, is expected to contribute to income generation, for upcoming periods, • Compliance with the corporate governance practices as a publicly listed company.	• Notable decline in revenue in 3Q2024, • Considerable operational losses in FY2023 and 3Q2024 in addition to the sensitivity to construction costs, • High leverage and weak coverage metrics due to increased financial debt coupled with negative EBITDA in FY2023 and 3Q2024, • Sector specific risks as reflected as long cash conversion cycle along with potential operational risks, • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'BB- (tr)'**. EYG GYO's rental incomes, declined revenue due to decrease in sales volume, expected earnings from the planned projects, current market situation in the housing sector, equity structure, operational losses, and rise in financial borrowings are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed at **'Stable'**. The Company's sales volume and profitability metrics, debt service capacity, sustainability of demand in the market, and cash flow indicators 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.