Corporate Credit Rating

☐New ☒Update

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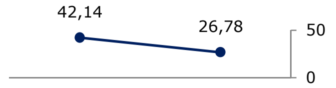
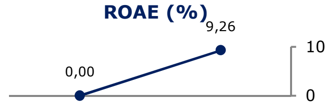
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Profile)	National ISR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

** Assigned by JCR on August 18, 2022*

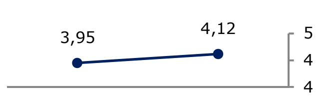
EBITDA Margin (%)



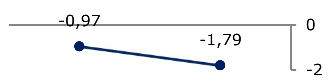
ROAE (%)



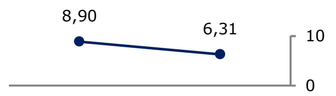
Current Ratio (x)



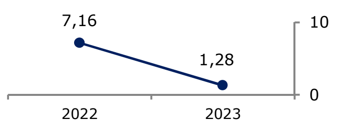
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Özak Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated **"Özak Gayrimenkul Yatırım Ortaklığı A.Ş."** in the investment grade category with very high credit quality on the national scales and affirmed the Long-Term National Issuer Credit Rating at **'AA+ (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.

Özak Gayrimenkul Yatırım Ortaklığı A.Ş. (Özak GYO or "the Company") was established in 2008 in İstanbul and operates in the fields of investing in real estate, real estate projects and other market instruments, as described on Capital Markets Board (CMB) Communiqué. Özak GYO shares have been traded on Borsa İstanbul Index (BIST) since 2012 under ticker-name of "OZKGY". In addition to residence and commercial unit sales revenue from ongoing and completed projects, the Company is able to generate revenue stream from hotel investment named as Ela Excellence Resort Hotel in Antalya as well as other real estate investments named as 34 Portall Plaza, İş İstanbul 34, Metro Gross Market, Bulvar 216, Büyükyalı Office and Fişekhane which are located in different districts of İstanbul. As of FYE2023, Özak GYO's real estate portfolio value reached to TRY 27bn, consisted of commercial properties which generate rental income from commercial units , ongoing and projects and lands which are maintained for further possible investments .

The Company's registered capital was TRY 2.00bn and the paid in capital was TRY 1.46bn as of FYE2023 (FYE2022: TRY 728mn). The Company's main shareholders are Ahmet Akbalık (47.22%) and Ürfi Akbalık (25.97%) and the Company's 25% of shares are publicly traded on the BIST as of FYE2023.

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

Strengths	Constraints
• Solid balance sheet with net cash position maintained over the analyzed years • Adequate level of interest coverage metrics despite the decline experienced in EBITDA margin in FY2023 according to inflation adjusted financials • Robust level of equity base mainly strengthened by period profit and retained earnings • Operating with net working capital surplus and satisfactory level of liquidity ratios during the analyzed years • Strong Loan-to-Value (LTV) rate of the key assets • Sizeable contribution of real estate portfolio providing predictable cash flow via long-term leases • High compliance with corporate governance practices owing to listed status	• Significant decline in sales revenue figure in FY2023 due to slowdown of residence and commercial unit sales albeit the notable contribution of tourism segment income • Fluctuations in construction costs may put pressure on 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 Issuer Credit Rating has been affirmed at **'AA+ (tr)'**. The Company's EBITDA generation capacity, equity structure, maintained net cash position, diversified real estate portfolio, liquidity and debt structure along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 revenue and profitability performance, liquidity metrics, equity and indebtedness level 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.

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