

## Corporate Credit Rating

New  Update

**Sector:** REIT

**Publishing Date:** 21.06.2023

**Manager**

Abdullah DEMİRER

+90 212 352 56 73

[abdullah.demirer@jcrer.com.tr](mailto:abdullah.demirer@jcrer.com.tr)

**Analyst**

Pelin HÜRATA

+90 212 352 56 73

[Pelin.hurata@jcrer.com.tr](mailto:Pelin.hurata@jcrer.com.tr)

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

\* Assigned by JCR on August 18, 2022

## Özak Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated "Özak Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment-level category 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/Negative' 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 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. In addition to housing sales revenue from ongoing and completed projects, the Company is able to collect a yearly income from hotel investment named as Ela Excellence Resort Hotel in Antalya, and its commercial real estate which is 34 Portall Plaza, İş İstanbul 34, Metro Gross Market and Bulvar 216 which are located in different districts of İstanbul. As of June 2023, Özak GYO's real estate portfolio value reached to TRY 15.1bn, consisted of commercial properties which generate rental income (41.03%), ongoing and completed housing projects (6.19%), and land which are maintained for further possible investments (26.1%). Büyükyalı İstanbul project, whose construction began in 2016 over a sellable area of 282,746 m2 and rentable area of 34,430 m2, is expected to be fully completed in 2023 with an expected revenue of TRY 15.9bn. Özak GYO's other ongoing projects Özak Göktürk 1, has sellable area of 32,000m2, an expected project revenue of TRY 661mn. Construction started on Özak Göktürk 2 project, which is a 2-stage project in Göktürk region, in Q22022. Sellable area is 11,765m2 and total expected revenue is TRY 1.1bn until end of 2023. Özak GYO has 3 new projects expected to be completed in December 2024, first one is the third project in Göktürk named as Özak Duyu and second one is Hayat City project in Mahmutbey of which the both constructions began in May,2023. Last project construction in Balmumcu is expected to start in June,2023.

The Company's main shareholder is Ahmet Akbalık (47.22%) and Ürfi Akbalık (25.97%) as of Q12023. Özak GYO shares have been traded on Borsa İstanbul Index (BIST) since 2012 under ticker-name of "OZKGY".

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

### Strengths

- Robust growth in assets and real estate portfolio value
- Upward trend in profitability indicators
- Solid balance sheet with net cash position
- Well diversified real estate portfolio providing satisfactory shield against any potential risk and cyclical fluctuations
- Noteworthy portion of the real estate portfolio providing predictable cash flow via long-term leases
- Notable increase in net working capital surplus and current ratio in 2022
- Strong Loan-to-Value (LTV) rate of the key assets
- Paid-in-capital increase in 2022
- High compliance with corporate governance practices owing to listed status

### Constraints

- Significant effect of fair value increases and revaluation gains in equity base
- Fluctuations in construction costs may put pressure on profitability margins
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The Company's revenue growth, net cash position, noteworthy increase in total asset size, improvement in liquidity indicators, diversified real estate portfolio and experience in the sector along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's liquid position, sales and profitability performance, continuity of EBITDA generation capacity and developments in the domestic and global economy together with the trends in the industry will be closely monitored by JCR Eurasia Rating in the 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.

