

## Corporate Credit Rating

New  Update

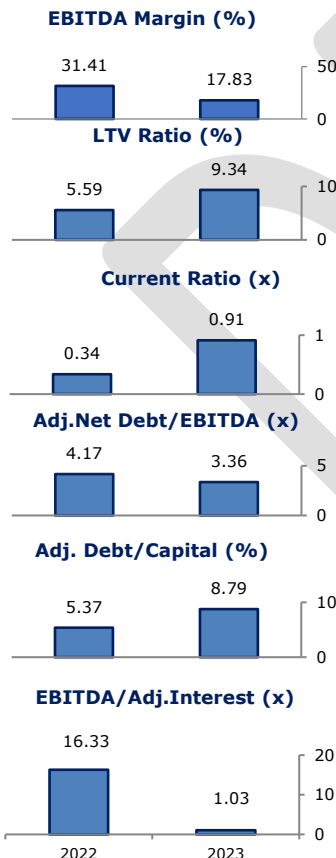
**Sector:** REIT  
**Publishing Date:** 24/10/2024  
**Senior Analyst**

Ezgi Çiçek Yılmaz  
 +90 212 352 56 73  
[ezgi.yilmaz@jcrer.com.tr](mailto:ezgi.yilmaz@jcrer.com.tr)

**Analyst**  
 Ezgi Özkan  
 +90 212 352 56 73  
[ezgi.ozkan@jcrer.com.tr](mailto:ezgi.ozkan@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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	-
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 May 10, 2024



## ZİRAAT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment grade category with 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 determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as "Ziraat GYO" or "the Company") was established on November 1, 2016 as a 100% subsidiary of T.C. Ziraat Bankası A.Ş. in order to offer its shares to the public and operate according to registered capital principles within the framework of the provisions of the Turkish Commercial Code (TCC) and the Capital Markets Law and in accordance with the Capital Markets Board's Communiqué on Principles Regarding Real Estate Investment Trusts. The main operating field of Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. is to operate a portfolio consisting of real estate, real estate projects, rights based on real estate, capital market instruments and other assets and rights to be determined by the Capital Market Board ("CMB"). Investment property portfolio of the Company consists of lands and rental properties which are mostly used as bank branches, bank headquarters, hotels and etc. Ziraat GYO has 100% 3 consolidated subsidiaries under the name of "Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.", "Ziraat GYO d.o.o Sarajevo" and "TOO Ziraat GYO Kazakhstan". Ziraat GYO and its consolidated subsidiary are hereinafter referred to as "the Group". The Group employed a total workforce of 37 as of 1H2024 (FYE2023: 40).

As of 1H2024, the paid-in capital of Ziraat GYO is TRY 4,693.62mn. Ziraat GYO's shares have been listed on the Borsa Istanbul (BIST) with the ticker symbol of 'ZRGYO' since May 2021 with a current free-float rate of 18.94% whilst T.C. Ziraat Bankası A.Ş. (hereinafter referred to as "Ziraat Bank") is the qualified shareholder with a rate of 81.06%. Ziraat Bank has started operation in 1863 and one of the oldest national banks, leads the sector with its asset size, loans, deposits, equity and number of branches / employees. All of the Bank's shares belong to Türkiye Wealth Fund as of June 30, 2024. The Bank provides services through a network of 1,780 branches, 30,028 employees, over 7,300 ATMs, online and mobile systems as of 1H2024.

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

### Strengths

- Rental income besides real estate sales providing resilience for the Group's revenue structure,
- Solid equity structure and reasonable level of paid-in capital in the analysed period,
- Strong Loan-To-Value (LTV) ratio of the key assets, evaluated as a sector-specific leverage metric,
- Valuable real estate portfolio placing the Company as one of the prominent among REIT companies,
- Reputable shareholder structure with high brand recognition,
- Compliance with corporate governance principles.

### Constraints

- Increasing financial debt level in FYE2023 due to ongoing projects and expected to continue in 2024 financials,
- Net working capital deficit and negative cash flow metrics in FY2023,
- Increasing construction costs pressuring profitability in the industry along with the contraction in the housing market,
- 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, Group's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. The Group's regular revenue generation capacity via rental income, solid equity level, strong LTV ratio, brand recognition in the sector and shareholder structure 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 Group's financial structure, market conditions, profitability indicators, leverage metrics, liquidity ratios, the attainability of the Group's budgeted projections and the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Group's activities will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.