

13 MAY 2026

Fitch Affirms Emlak Konut at 'BB-'; Outlook Stable

Fitch Ratings - London - 13 May 2026: Fitch Ratings has affirmed Emlak Konut Gayrimenkul Yatirim Ortakligi A.S.'s Long-Term Foreign-Currency (LTFC) and Local-Currency (LTLC) Issuer Default Ratings (IDRs) at 'BB-'. The Outlooks are Stable. A full list of rating actions is below.

Emlak Konut's ratings reflect its beneficial revenue-sharing model (RSM) with contractors and its continuing priority agreement with Turkiye's Housing Development Association (TOKI) for land purchases, which reinforces its strong market position. Emlak Konut's 2025 EBITDA comprised about 25% from RSM projects, 47% from turnkey projects, 22% from consultancy services related to design and project implementation, and 3% from land sales. Emlak Konut has high exposure to the Turkish economy.

With its Standalone Credit Profile (SCP) at 'bb-', any upgrade in Turkiye's ratings (and a higher Country Ceiling), on its own, may not lead to an upgrade of Emlak Konut's IDRs.

Key Rating Drivers

TOKI Relationship Continues: Emlak Konut has an exclusive priority agreement with TOKI, under which it can buy land from TOKI at independently appraised values without a tender process. The ability to acquire large plots in prime locations in and around Istanbul and other key cities, including Ankara and Izmir, is a significant competitive advantage. These prime plots are either inaccessible or unaffordable for other Turkish homebuilders.

TOKI is Emlak Konut's largest shareholder (49.4% share) and is mandated to provide social housing across the country. It holds more than 200 million square metres (sqm) of land. TOKI does not receive government funding and benefits from land sale proceeds and dividends from Emlak Konut. The relationship is therefore mutually beneficial, with minimal risk of termination. If it were to end, Emlak Konut's business model would be substantially weakened, although the company could continue to operate under the turnkey model.

RSM Is Successful: Emlak Konut's successful RSM guarantees minimum profit margins and further upside gains, while passing on almost all development risk to third-party contractors. Emlak Konut also oversees these projects, collecting and distributing all cash flow, including revenue from contractors.

At end-2025, Emlak Konut had 36 projects under implementation, valued at about TRY335.2 billion, with about TRY106.5 billion of contracted guaranteed minimum income from RSM contractors. This model is now well-established and has gained wide acceptance in the market, as margins are substantial enough to make the tenders attractive for contractors even after deducting Emlak Konut's guaranteed share. Contractors also benefit from Emlak Konut's strong brand name.

Expanding Outside Turkiye: Emlak Konut's plan to expand outside Turkiye includes a project in Makkah, Saudi Arabia - the Hayat Makkah project - initially consisting of 101 villas. The project is small compared with the core Turkish business and Emlak Konut expects to generate about USD35 million of net profit, less than 10% of its 2025 EBITDA. The project is held in a 100% owned subsidiary. However, Fitch believes the project's cash flow is ring-fenced under the regulatory regime applicable to homebuilding in Saudi Arabia, enabling Fitch to deconsolidate the business, with any cash dividends added to Emlak Konut's core EBITDA.

Project Execution Risk: Fitch does not believe that the RSM can be replicated outside Turkiye. Thus, the Hayat Makkah project will be exposed to the typical risks associated with homebuilding projects, including cost overruns, customer payment delays and supply-chain risks. Emlak Konut has experience managing Turkish turnkey projects, which have similar risks. The company expects good pre-sales before construction starts in September 2026, mitigating some of these risks. Emlak Konut may scale this project up to 1,014 villas, depending on market response and if certain return parameters are achieved.

Low Impact on Financial Profile: Following an initial equity investment of about USD20 million (Saudi riyal equivalent) in 2026 to procure land and fund the initial stages of construction, Emlak Konut expects the Hayat Makkah project to manage its cash flow using escrowed cash from pre-sold units. This cash is released only once the project achieves certain milestones. We assess the project as having a low impact on Emlak Konut's financial profile, which is well supported by its core business. We would reassess this if the company's exposure outside Turkiye were to require frequent equity injections for lower-than-expected returns, thereby weighing on its financial metrics.

Deploying Purchased Land: In 2024 and 2025, Emlak Konut added about TRY22 billion and TRY57 billion of land, respectively, to its untendered land bank. In 2025, Emlak Konut tendered 14 RSM projects from this land bank, valued at about TRY170.9 billion. Fitch expects Emlak Konut to continue deploying its untendered land in 2026. The company also has the option to monetise excess land from this land bank through sales at market prices.

Stable Financial Profile: Emlak Konut's debt/EBITDA at end-2025 was about 2.5x, above its negative rating sensitivity of 2.0x, as the company used short-term debt to finance land purchases. We expect debt/EBITDA to fall to about 1.7x at end-2028 as large RSM tenders in 2025 and 2026 add to EBITDA. Fitch assumes that the group's business model and the TOKI relationship remain unchanged.

Peer Analysis

Emlak Konut has no direct peers. Its beneficial relationship with TOKI and its RSM are unique among Fitch-rated homebuilders. The TOKI priority agreement provides access to competitively priced, well-located land parcels, which EMEA peers do not have. Under the RSM, the company contributes only land to a project with guaranteed minimum revenue covering the cost of land and providing upside gains, while transferring development risk to contractors.

In contrast with other EMEA homebuilders, Emlak Konut's relationship with TOKI relationship exposes it to potential political and regulatory risks. Turkiye's economy continues to be affected by high

inflation, but demand for housing is strong, driven by a large housing deficit and population growth. The company's unique business model, together with differing operating environments across EMEA, makes direct comparisons difficult.

Emlak Konut's net debt/EBITDA was about 2.1x at end-2025, which is better than Maison Bidco Limited (Keepmoat; BB-/Stable; FYE25: 2.4x) and Miller Homes Group (Finco) PLC (B+/Stable; 2025: 3.2x). Emlak Konut is rated at the same level as, or higher than, these two issuers, despite its stronger leverage metrics. This reflects the higher risk stemming from its difficult operating environment and our expectation that it would have to operate with higher leverage in the absence of the beneficial relationship with TOKI.

Fitch's Key Rating-Case Assumptions

- Sustainable EBITDA margin of about 20% in 2026-2028, reflecting lower multiples from RSM projects
- EBITDA gross leverage falling below 2.0x by 2028, as debt-funded land purchased in 2024-2025 is deployed into new RSM or turnkey projects
- Stable dividend policy, with dividends averaging 30% of net income
- Relationship with TOKI unchanged
- No cash dividends from the Hayat Makkah project during the forecast period because profits are reinvested.

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): Management (bbb-, Lower), Sector Characteristics (bb+, Moderate), Market and Competitive Positioning (b, Moderate), Diversification and Asset Quality (bb, Moderate), Company Operational Characteristics (bb+, Higher), Profitability (b+, Moderate), Financial Structure (bb-, Higher), and Financial Flexibility (b-, Moderate).
- The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the forecast year 2026, 40% for the forecast year 2027 and 40% for the forecast year 2028.
- The Governance assessment of 'Good' results in no adjustment.
- The Operating Environment assessment of 'bb-' results in no adjustment.
- The SCP is 'bb-'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

LTLC IDR

- Deterioration of the operating environment
- Material changes in the relationship with TOKI, causing deterioration of Emlak Konut's financial profile and financial flexibility
- Debt/EBITDA above 2.0x
- Deterioration in the liquidity profile over a sustained period

LTFC IDR

- Downgrade of the LTLC IDR
- A downward revision of Turkiye's Country Ceiling to 'B+'

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

LTLC IDR

- Material improvement in the operating environment, assuming debt/EBITDA remains below 1.0x
- Reduced volatility of profits derived from the Turkish housing market

LTFC IDR

- Upgrade of the LTLC IDR to 'BB'
- Upward revision of Turkiye's Country Ceiling to 'BB'

Liquidity and Debt Structure

Emlak Konut's liquidity is supported by end-2025 cash of about TRY7.9 billion. Its 2026 debt maturities of about TRY28.1 billion consist mainly of very short-term (one-year) liquidity instruments typical of the local market, drawn down to finance land purchases. Fitch expects Emlak Konut to be able to refinance these with similar instruments, or longer-term bank debt.

The company's weighted-average debt maturity, at less than three years, is short compared with other EMEA real estate peers', due to the lack of long-term funding in the Turkish market.

Issuer Profile

Emlak Konut is the largest real estate investment company in Turkiye, focused primarily on developing residential projects, mainly in Istanbul, the country's largest city.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for Emlak Konut.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Emlak Konut Gayrimenkul Yatirim Ortakligi A.S.	LT IDR	BB- 	Affirmed	BB- 
	LC LT IDR	BB- 	Affirmed	BB- 
	Natl LT	AA+(tur) 	Affirmed	AA+(tur) 

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Corporate Rating Criteria \(pub.09 Jan 2026\) \(including rating assumption sensitivity\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub.02 Aug 2024\) \(including rating assumption sensitivity\)](#)

[National Scale Rating Criteria \(pub.22 Dec 2020\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub.09 Jan 2026\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 [\(1\)](#)

Additional Disclosures

Solicitation Status

Endorsement Status

Emlak Konut Gayrimenkul Yatirim Ortakligi A.S. UK Issued, EU Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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