

## High earnings momentum prevails

21/04/2026

**Strong earnings backed by rising sales and rental income**

We raised our TP for TRGYO to TL125.50 from TL91.80 per share and our recommendation to “Outperform” from “Marketperform”. We expect 2026-27E net earnings of TRGYO to expand an average 93% y/y on rising efficiency, higher rental income and well-managed costs. Earnings should be strong on rising rental income, high financial gains and potential increase in housing sales particularly in 2H26-27E on expected monetary easing of the CBRT in tandem with retreating inflation. Performance in office rentals has been going quite well, as businesses move into safe locations in order to be protected against potential earthquake in Marmara region. TRGYO has renewed most of its expired rental agreements based on average inflation for offices, which should support earnings over the next two years, in our view. We factored in 50% dividend payout for TRGYO over the next two years as this lowers the effective tax rate to 10% from 30%. Note also that deleveraging has already been finalized at TRGYO as such TRGYO had TL30.9bn of net cash as of 25YE.

**EBITDA appears strong; two malls are added to the portfolio**

We expect 2026-27E sales revenues to grow by an average 30%, while EBITDA to expand by an average 28% over the same period. We envisage rental revenues to be the main contributor of the top-line by marking an average 34% y/y growth in 2026-27E. After the sale of Torun Tower last year, two big shopping malls, namely Forum Mersin and Kayseri, were added to the portfolio in February, which have already begun to contribute to the results.

**Cash position keeps growing into 2026-27E**

TRGYO plans to spend TL8.1bn for the completion of projects namely Torun Center East Tower, Karakoy Hotel, 5. Levent Phase 2 and Pasabahce Bosphorus, over the next 3 years. However, strong sales growth and high-profit-margin generating mall business should support cash generation going forward, in our view. We expect net cash position to reach TL45bn in 2027, recording 24% 3Y (2024-27E) CAGR growth. An agreement with a potential international luxury brand for the hotel at the Pasabahce project and unit sales from this project could be named as medium-term catalysts for the stock.

**High dividend on the cards; attractive valuation**

Assuming 50% dividend payout, full utilization of tax shield, we calculate a dividend payment per share of TL5.06 from 2025 earnings, indicating a yield of 5.4%. TRGYO trades at a 31% discount to its current NAV on a 26E P/E of 5.3x and P/B of 0.6x. We find its current valuation attractive considering existing catalysts, rising EPS momentum and potential increase in net cash position.

**TRGYO**

Bloomberg/Reuters Code	TRGYO TI / TRGYO.IS
Recommendation	Outperform (previous: Marketperform)
Current Price (TL)	93.00
Target Price (TL)	125.50 (previous: 91.80)
Upside Potential	35%

Market Cap (TL mn)	93,000
Free Float (%)	21%
12M high/low (TRL)	93.00 / 55.85
ADV (3M avg - \$mn)	2.6

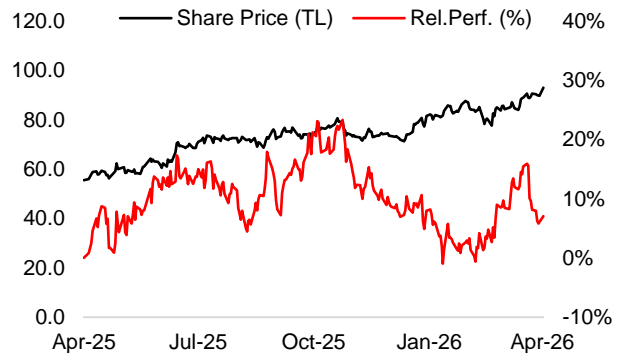
Summary Financials*	2024	2025	2026E	2027E
Revenues (mTL)	16,065	14,526	18,861	24,535
% growth	-	-10%	30%	30%
EBITDA (mTL)	9,345	10,095	12,617	16,601
% growth	-	8%	25%	32%
Net Income (mTL)	10,868	7,149	17,685	24,418
% growth	-	-34%	147%	38%
RoE	9.4%	5.5%	12.6%	15.2%
EPS (TL)	10.87	7.15	17.68	24.42
DPS (TL)	2.35	3.50	5.06	7.27

**Multiples**

P/E	8.56x	13.01x	5.26x	3.81x
P/B	0.73x	0.71x	0.63x	0.54x

Performance	1M	3M	12M	YTD
Rel. Performance	-1%	1%	8%	-2%
Absolute	0%	14%	68%	26%

\*IAS29 applied

Analyst: Ovunc Gursoy, PhD, CFA

**Exhibit 1: SOTP Valuation**

Sum of Total Parts Valuation	Method	Appraisal Value (TLm)	Fair Value (TLm)	Weight (%)
Landbank	@30% discount to appraisal value	2,646	1,852	2%
Operational assets	DCF	91,931	64,352	67%
Ongoing Projects	@30% discount to appraisal value	15,913	11,139	12%
Buildings	@30% discount to appraisal value	15,183	10,628	11%
Participations	@30% discount to appraisal value	4,850	8,283	9%
<b>Total Real Estate</b>		<b>130,523</b>	<b>96,254</b>	
Cash & Securities	@4Q25		19,563	
Other Assets	@4Q25		13,580	
Liabilities	@4Q25		-25,863	
NPV of Opex	DCF		-3,328	
<b>Total Fair Value</b>			<b>100,205</b>	
12M forward target value			125,457	
Current market cap			93,000	
Current share price (TL)			93.00	
<b>Target Price (TL)</b>			<b>125.50</b>	
Upside Potential			35%	

Source: Company, BIST, Oyak Yatirim

\* on WACC of 27% and terminal growth 13.4%

**Risks**

Key downside risks to our SOTP-based TP include a deterioration in the macroeconomic environment, sharp contraction in economic activity, increasing volatility of the TRY against the USD and EUR, and potential delays in ongoing and planned projects.

Upside risks include a potential acceleration in mortgage lending at lower interest rates, stable currency and a potential increase in housing demand domestically and internationally. An agreement with a potential tenant for the hotel at the Pasabahce project coupled with higher unit sales at the 5<sup>th</sup> Levent and Torun Center projects could be positive catalysts for the stock.

**Exhibit 2: Torunlar REIT Summary Financials (with IAS29)**

<b>INCOME STATEMENT</b>				
TLm	2024	2025	2026E	2027E
Revenues	16,065	14,526	18,861	24,535
COGS	(6,346)	(4,001)	(5,704)	(7,284)
<b>Gross profit</b>	<b>9,719</b>	<b>10,525</b>	<b>13,157</b>	<b>17,251</b>
<b>EBITDA</b>	<b>9,345</b>	<b>10,095</b>	<b>12,617</b>	<b>16,601</b>
Depreciation expenses	26	24	26	29
<b>EBIT</b>	<b>9,319</b>	<b>10,071</b>	<b>12,591</b>	<b>16,572</b>
Other operating income	5,958	1,521	1,141	856
Operating expenses	(5,595)	(612)	(734)	(855)
Other income, net	157	1,089	1,133	1,178
Financial income, net	5,900	9,197	11,036	13,243
Net monetary gain	(4,386)	(7,274)	(6,084)	(4,542)
<b>Pre-tax earnings</b>	<b>11,753</b>	<b>14,446</b>	<b>19,649</b>	<b>27,131</b>
Income tax	0	(1,900)	(1,965)	(2,713)
Deferred tax	(885)	(5,397)	0	0
<b>Net earnings</b>	<b>10,868</b>	<b>7,149</b>	<b>17,685</b>	<b>24,418</b>
<b>BALANCE SHEET</b>				
TLm	2024	2025	2026E	2027E
<b>CURRENT ASSETS</b>	<b>29,584</b>	<b>27,741</b>	<b>28,649</b>	<b>37,429</b>
Cash and cash equivalents	12,646	15,268	14,963	21,696
Marketable Securities	7,057	4,294	4,509	5,411
Short-term trade receivables	1,281	972	1,167	1,400
Other short-term receivables	15	12	18	27
Inventories	8,018	6,797	7,477	8,224
Other current assets	567	397	516	670
<b>LONG TERM ASSETS</b>	<b>121,479</b>	<b>129,188</b>	<b>147,448</b>	<b>164,499</b>
Long-Term trade receivables	65	84	88	93
Long-Term Financial Investments	6,664	12,062	12,424	18,636
Associates	3,864	4,512	5,053	5,659
Investment property	110,804	112,474	120,460	129,013
Tangible fixed assets	66	48	59	72
Other long-term assets	16	8	9,363	11,025
<b>TOTAL ASSETS</b>	<b>151,063</b>	<b>156,929</b>	<b>176,097</b>	<b>201,928</b>
<b>CURRENT LIABILITIES</b>	<b>5,345</b>	<b>4,053</b>	<b>4,517</b>	<b>4,811</b>
Financial loans	1,142	637	765	688
Trade payables	361	357	392	432
Other payables	61	52	52	52
Debt provisions	67	51	56	62
Other current liabilities	3,714	2,956	3,252	3,577
<b>LONG TERM LIABILITIES</b>	<b>17,854</b>	<b>21,891</b>	<b>22,910</b>	<b>24,030</b>
Financial loans	1,479	124	136	116
Deferred tax	16,279	21,677	22,761	23,899
<b>TOTAL LIABILITIES</b>	<b>23,199</b>	<b>25,944</b>	<b>27,428</b>	<b>28,840</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>127,864</b>	<b>130,984</b>	<b>148,669</b>	<b>173,087</b>
Paid-in capital	1,000	1,000	1,000	1,000
Other shareholders' equity	126,864	129,984	147,669	172,087
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>151,063</b>	<b>156,929</b>	<b>176,097</b>	<b>201,928</b>

Source: Company, Oyak Yatirim

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**Valuation Approach**

Valuation tools employed most frequently are Discounted Cash Flow (DCF) and International Peer Group Comparison, though other metrics such as Dividend Discount, Gordon Growth, and Replacement Value Methods are also used wherever appropriate. Oyak Securities analysts may calculate the target return of each stock considering only one method or assigning different weights to more than one method depending on the analyst's opinion. The "Expected Market Return" (EMR) of the BIST-100 is determined through aggregate target returns of each stock under coverage based on their respective free float market capitalization.

**Rating Methodology**

Oyak Securities assigns recommendations to each stock according to the following criteria:

Price target for a stock represents the value analyst expects the stock to reach during our performance horizon, which is 12 months. For stocks with an OUTPERFORM recommendation, target return must exceed the EMR by at least 40% over the next 12 months. For a stock to be classified as UNDERPERFORM, the stock must be expected to underperform the EMR more than 25% over the next 12 months. Stocks that an analyst expects to perform parallel to the EMR within a band of +40%/-25% are rated as MARKETPERFORM. Oyak Securities analysts review their recommendations under continuous screening. Nevertheless, at times, target return of a stock may be allowed to move outside our rating intervals as a result of share price fluctuations. Under such circumstances, the analyst may choose not to change his/her recommendation.