OZKGY – Company Update

October 14, 2025

OZKGY — Outperform

Previous: Marketperform

Target Price	**TL24.00**
Current Price (/aa/2025)	TL13.64
Return Potential	76%

Estimates (TLmn)	2024	2025E	2026E
Revenues	3,917	2,688	9,078
EBITDA	1,352	880	2,221
% margin	34.5%	32.7%	24.5%
Net Income	1,951	1,944	2,302
% margin	49.8%	72.3%	25.4%

Valuation	2024	2025E	2026E
P/E	10.2x	10.2x	8.6x
P/BV	0.35x	0.29x	0.24x
Dividend Per Share	0.00	0.13	0.60
Dividend Yield (%)	0.0%	1.0%	4.4%

Premium developer with an attractive asset mix

We upgrade OZKGY to Outperform as we think the company's diversified asset mix, which offers exposure to housing, tourism and commercial rental assets, is priced attractively while ongoing&new development projects in the pipeline are likely to deliver above-inflation NAV growth rates. OZKGY is in a net cash position and able to generate steady cash flow from its commercial/tourism portfolio (annual rent income of TL1.2bn in 2025) which would support its project development capacity. The company has a strong track record in completing high-end projects, from capital allocation for the land purchase to the timing and sale of the project. We believe the stock offers a good entry level with 71% discount to our NAV estimate. We set our TP at TL24.0/share, after incorporating 50% NAV discount, which offers 76% upside potential.

Progress in housing projects expected to accelerate in 2026

The company's Project pipeline in the housing segment includes both revenue sharing and development projects from owned land assets. There will be a total of 1800 new housing units to be built by OZKGY over the next 3 years, which provides a clear exposure to the recovery in housing sector driven by expected rate cuts. We also note that the company's revenue generation from the sale of remaining units at previously completed high-end Buyukyali Project, which are valued at TL4.5bn (equal to 22% of current mcap) could gain momentum in the coming period.

New hotel projects to drive value creation

Özak has a valuable land portfolio in the Aegean & Mediterranean regions of Türkiye, which are suitable for new premium hotel projects. The company's experience in current tourism operations would be leveraged by increasing number of hotels in the coming years. We think this would also protect Özak against economic downcycles as potential devaluation in the currency would lend support to tourism operations, offsetting potential weakness in the housing. Since details of new hotel projects are not clear yet, we use land values in our NAV estimate, while noting that the projects could create room for further NAV expansion. Total size of the company's land portfolio stands at 936k sqm in 7 unique locations, all with an access to the seaside.

Rental yield stands at 10% even assuming no value for housing&land assets

We estimate rental income to increase to TL1.2bn in 2025 and TL1.5bn in 2026. Taking into account current market cap and net cash position and assuming no value for housing and land assets, we calculate rental yield of 10% in 2026E, which makes the story even more compelling, in our view.

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OZAK GYO: NAV

Mn TL		Value	Land Area (m2)	m2 Price (YF Estimate)	Ownership	Özak Share	Valuation Method	Comments
Lands	Bodrum Arsası (Akyarlar	8,922	254,928	35,000	Full	100.0%	Comparable	Comparison with comparable Lands
	Göktürk (198 Nolu Ada)	153	6,969	21,978	Partial	38.7%	Comparable	Comparison with comparable Lands
	Didim Arsa	1,942	163,799	11,857	ROS	100.0%	Comparable	Comparison with comparable Lands
	Demre Arsa	838	70,699	11,852	ROS	100.0%	Comparable	Comparison with comparable Lands
	Kemer Arsası	5,177	293,505	17,639	ROS	100.0%	Comparable	Comparison with comparable Lands
	Topkapı Arsası	1,733	13,726	126,277	Full	100.0%	Comparable	Comparison with comparable Lands
	Kemer Çamyuva Arsası	1,440	132,269	10,888	ROS	100.0%	Comparable	Comparison with comparable Lands
	Total	**20,206**	**935,896**					
			Rentable Area					
Rent-generating Assets	Ela Resort Excellence Otel	10,616	90,150	117,760	ROS	100.0%	Rent Multiple	15x gross rent multiplier
	Ataşehir Bina (Bulvar 216 Avm)	2,883	24,198	119,160	Full	100.0%	Rent Multiple	15x gross rent multiplier
	Güneşli Bina(İş İstanbul 34 Plaza)	1,709	27,278	62,636	Full	100.0%	Rent Multiple	15x gross rent multiplier
	İkitelli Bina (34 Portal Plaza)	4,627	88,276	52,418	Full	100.0%	Rent Multiple	15x gross rent multiplier
	Bayrampaşa Bina (Hayattepe)	2,073	19,478	106,447	Full	100.0%	Rent Multiple	15x gross rent multiplier
	Büyükyalı Ofis	1,119	4,487	249,439	Full	100.0%	Valuation Report	Valuation Report
	Büyükyalı Ticari Alanlar	1,586	35,490	-	Partial	-	Rent Multiple	15x gross rent multiplier
	Antalya Lojman Binası	279	5,451	51,242	Full	100.0%	Valuation Report	Valuation Report
	Total	**24,894**	**294,808.1**					
Housing Projects	Completed projects inventory	6,465	-		-	100.0%	Appraised Value	
	Ongoing Projects	15,142	-			100.0%	DCF	DCF method is used
	Total	**21,607**						
Subsidiary	Ela Hospitality Turizm ve Otelcilik A.Ş	577	-		-	-	6M25 Book Value	-
	Büyükyalı Otel İşletmeciliği A.Ş.	0	-		-	-	6M25 Book Value	-
	Total	**577**					6M25 Book Value	-
(+)Cash&Finansal Investments		4,516	-		-	-	6M25 Book Value	-
(+)Other Assets		3,989	-		-	-	6M25 Book Value	-
(-)Other Liabilities		6,003	-		-	-	6M25 Book Value	-
(-)Liabilities		601	-		-	-	6M25 Book Value	-
	Net Asset Value	**69,185**	-		-	-	6M25 Book Value	-

VALUATION

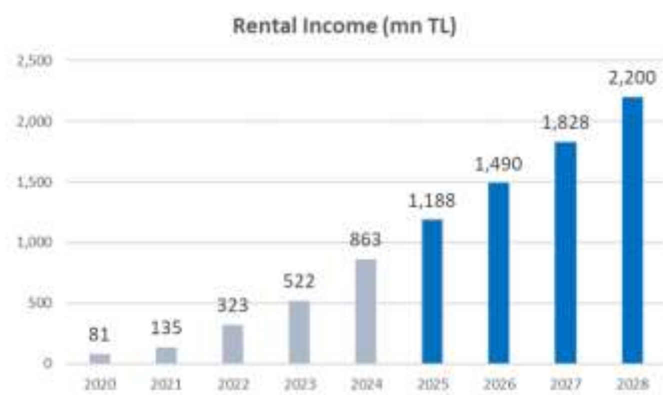
NAV Analysis (mn TL)	6M2025	Valuation Notes
Lands	20,206	**Comparable**
Rent-generating Assets	24,894	**Rent Multiple**
Completed Projects Inventory	6,465	**Valuation Reports**
Ongoing Projects	15,142	**DCF**
Property Portfolio	**66,707**	
Subsidiaries	577	6M25
(+)Cash&Financial Investments	4,516	6M25
(+)Other Assets	3,989	6M25
(-)Other Liabilities	6,003	6M25
(-)Liabilities	601	6M25
Net Asset Value (NAV)	**69,185**	
Target NAV Disout	50.00%	
Calculated Equity Value	**34,592**	
Market cap	19,860	
# of shares	1,456	
12M Target Price	**24**	
Current Price	13.64	
12M Return Potential	**76%**	

Graphs

Net Asset Value

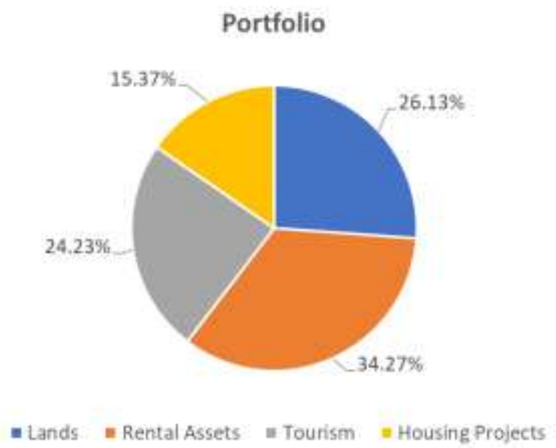
Source: Company Data

Tourism Focused Rental Income



Source: Company Data, YF Research

Breakdown of NAV



Source: YF Research

Türkiye 2024-2025 House Sales

Source: YF Research

ÖZAK REIT: Ongoing Housing Projects

Having distinguished itself with projects like Büyükyalı and Göktürk projects in recent years, Özak GYO plans to complete new residential projects in Istanbul in the near term. Pre-sales have already started for Maltepe Dragos, Hayat City Mahmutbey, Özak Duyu Göktürk and Hayat Flora, while Özak Palas Balmumcu and Topkapı projects are on the pipeline. We note that the completion of these projects will lead to a significant increase in the company's finished inventory. Revenue from residential sales is projected at TL1.5bn in 2025 and TL7.6bn in 2026, with a total of 1,800 units expected to be built over the three-year period. We also note that revenue recognition will occur in 2026, upon the completion and delivery of the projects currently under pre-sale.

Completion Date		Project	Proje Area (m2)	# of units	Project Value
2026	February	Hayat City Mahmutbey	29,426	146	TL2.2bn
	May	Özak Duyu Göktürk	27,202	141	TL4.1bn
	July	Maltepe Dragos	87,596	466	TL6bn
	December	Özak Palas Balmumcu	16,424	34	TL5.6bn
2027	November	Topkapı Project	82,529	389	TL6.8bn
2029	Şubat	Hayat Flora	311,792	1433	TL19bn

Source: Company Presentation

Valuation

In the sales projections of the projects, the residential unit prices per square meter were based on the values provided in the valuation reports and actual market transactions. For 2025, market transaction prices were used, while for 2026, a 30% increase in price per square meter was assumed. Different growth rates were applied for the subsequent years. It is projected that 20% of the units will be sold in both 2025 and 2026, with all sales expected to be completed during the 2025–2028 period. In determining investment expenses and construction costs, the investment expenditure amounts stated in the valuation reports were taken as the basis and adjusted upward in line with the target inflation rate.

DCF was used in the valuation of ongoing projects. In our analysis, we calculated a COE of 36%, based on a risk-free rate of 30%, an erp of 5%, and a beta assumption of 1.2. Considering the company's debt-free financial structure, the cost of debt was assumed to be 0%, resulting in a WACC of 36%.

Hayat City Mahmutbey

Project Area: 29,426 m2
# of units: 146
Completion Date: February 2026

Özak Duyu Göktürk

Project Area: 27,202 m2
# of units: 141
Completion Date: Mayıs 2026

Maltepe Dragos (Ownership: %58)

Project Area: 87,596 m2
# of units: 466
Completion Date: Temmuz 2026

Özak Palas Balmumcu

Project Area: 16,424 m2
# of units: 34
Completion Date: Aralık 2026

Hayat Flora

Project Area: 311,792 m2
# of units: 1433
Completion Date: February 2029

ÖZAK REIT: Rental Assets

The company generates the majority of its rental income from the Ela Hotel, while also earning rental income from other commercial properties in its real estate portfolio, such as offices and retail units. We highlight that rental income could increase significantly in the coming years with the completion of tourism projects and the renewal of lease agreements for other commercial properties; however, the upcoming tourism projects have not been included in our projections. The valuation of the income-generating properties has been based on actual and appraised rental levels using the gross rental income multiplier (income capitalization) method. Average of projected rental income for 2025 and 2026 are used in the valuation of assets.

Ela Resort Excellence Hotel

A nominal increase of 35% in rental income has been assumed, and a 15x rental multiple has been applied in the valuation.

Ataşehir Building (Bulvar 216 Mall)

Considering the current low rent level and the low occupancy rate, a 35% increase in the appraised rental income stated in the valuation report has been assumed. A 15x rental multiple is used in the valuation.

Güneşli Building (İş İstanbul 34 Office)

Taking into account the current low rent level and the low occupancy rate, a 35% increase in the appraised rental income stated in the valuation report has been assumed. A 15x rental multiple has been used in the valuation.

İkitelli Building (34 Portal Plaza)

A nominal increase of 35% in the appraised rental income per square meter stated in the valuation reports has been assumed, and a 15x rental multiple has been applied in the valuation.

Bayrampaşa Hypermarket (Hayattepe)

Due to its below-market rent under a long-term lease agreement, the appraised rental income per square meter stated in the valuation reports has been used. A nominal increase of 30% in the appraised rental income has been assumed, and a 15x rental multiple has been applied in the valuation.

Büyükyalı Office

The appraised amount stated in the valuation report has been increased by 35%.

Büyükyalı Retail Area

Rental income is generated from the properties located in Fişekhane.

ÖZAK REIT: Lands

The company's land portfolio mainly consists of lands located in tourism regions. We note that the hotel projects to be developed could significantly increase the company's net asset value, which are not included in our current valuation. The valuation of the lands owned by the company, whether under full ownership or usufruct rights, is based on valuation reports, comparable lands, and recent transaction data.

Bodrum (Akyarlar)

The company purchased the land in 2021 for a price of TL348 million, excluding VAT. In the valuation of the property, nearby zoned properties were taken as reference. Given the significant increase in land prices in the region over the past period, we believe the property's value should have appreciated substantially. A tourism project is planned to be developed on the land in the future.

Kemer

A hotel project is planned to be developed on a 293,000 m² land plot located in Kemer, Antalya, which was previously the site of the former Club Med Hotel. The valuation has been based on appraisal reports, while current market prices in the area have also been taken into consideration. We expect construction process of the hotel project to start in the near term.

Didim

The company plans to develop a hotel project on a 164,000 m² land plot located in Aydın, for which it holds surface rights.

Topkapı

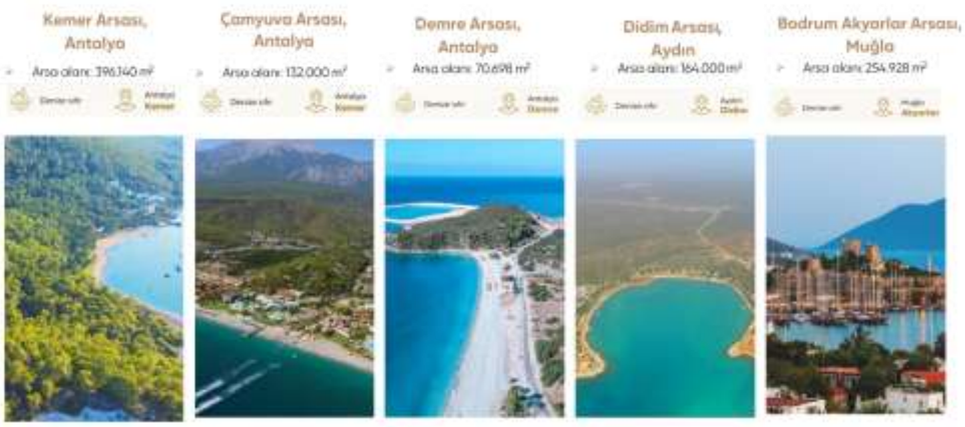
A residential project is planned to be developed on the 14,000 m² Topkapı land plot, which was purchased from Tekfen Holding in 2023 for TL744 million, excluding VAT. The project is currently at planning stage.

Demre

The company plans to develop a hotel project on a 71,000 m² land plot located in Antalya, for which it holds a leasehold interest.

Kemer Çamyuva

The company purchased the land in Antalya in 2024 for TL 625 million, excluding VAT. Holding surface rights over the 132,000 m² plot, the company plans to develop a hotel project on the site.



Source: Özak REIT Investor Presentation

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# of shares	1,456	
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12M Return Potential	**76%**	

Summary of Valuation

Lands

Valuation reports, current comparable properties, and actual transactions were used in the valuation of the lands owned by the company under full ownership and usufruct rights.

Rental Assets

For income-generating properties, the net operating income multiplier and rental yield multiplier were used. Rental income is projected to grow by 35% nominally in 2025 and by 25% in 2026. For properties generating rental income significantly below the appraised rent stated in the valuation reports, the valuation report figures were taken as the basis, while different assumptions were applied for properties generating rental income in foreign currency.

Completed Projects Inventory

Valuation reports were used for the existing units in the company's inventory.

Ongoing Projects

The DCF method was used for the valuation of ongoing projects. In our valuation study, we calculated a cost of equity of 36% based on the assumptions of a 30% risk-free rate, a 5% equity risk premium, and a beta of 1.2. Considering the company's debt-free financial structure, the cost of debt was assumed to be 0%, and the WACC was used as 36%.

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