Avrupakent REIT

Analyst Meeting Notes

Avrupakent REIT targets TRY 4.9 billion in rental income and a TRY 658 million gain on sales at Avrupa Residence TEM in 2027…

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	TRY	US$
Close	45,04	0,89
BIST 100	10.966	217
US$/TRY (CB Bid Rate):	50,63	
52 Week High:	63,83	1,41
52 Week Low:	43,46	0,89
Bloomberg/Reuters Ticker:	AVPGY.TI / AVPGY.IS	
Number of Shares (Mn):	400,0	
	(TRY Mn)	(US$ Mn)
Current Mcap:	18.016	356
Free Float Mcap:	3.603	71

	1 M	YOY	YTD
TRY Return (%):	-5,0	-11,5	-6,2
US$ Return (%):	-6,8	-25,9	-20,4
BIST 100 Relative (%):	-3,7	-12,1	-3,6
Avg. Daily Vol. (TRY Mn):	49,36		
Avg. Daily Vol. (US$ Mn):	1,09		
Beta	0,86		
Volatility (Stock)	0,33		
Volatility (BIST 100)	0,25		

Shareholder Structure	%
ARTAŞ İNŞAAT SANAYİ VE TİCAR ET A Ş	49,48
OTHER	25,67
SÜLEYMAN ÇETİNSAYA	24,20
SHARE BUY BACK	0,65
Total	100,0



Notes from Avrupakent REIT's (AVPGY.TI) analyst meeting held in Istanbul on November 25, 2026:

Avrupakent REIT's analyst meeting on November 25 highlighted the growing contribution of rental properties to the Company's revenue. In the first nine months of 2026, rental income accounted for approximately 63% of total revenue, and the rental portfolio generated TRY 2.21 billion of the company's TRY 2.23 billion in gross profit. Management expects rental income to reach 90% of total revenue in 2027. Alongside rental growth, the pace of sales of the 133 units on offer at Avrupa Residence TEM İstanbul will also be important for profitability next year.

Rental income growth outpaced inflation, while residential sales faced a high comparison base. The Company reported revenue of TRY 4.43 billion and net profit of TRY 1.78 billion in 9M26. Rental income rose 7.4% year on year in real terms to TRY 2.78 billion, while the rental portfolio's gross margin improved by 90 basis points to 79.63%. Revenue from residential and office sales fell 59.1% to TRY 1.63 billion. At Şişli-1, the Company invoiced pre-sold units after obtaining the occupancy permit in June 2025, which raised the prior-year comparison base. This year's revenue was also constrained by the fact that many of the faster-selling units at Şişli-1 and Çamlıvadi had already been sold in earlier periods. The inclusion of inflation-adjusted land values in the cost of sales at Şişli-1 and Demir Life drove the residential gross margin down from 21.24% in 9M25 to 0.31% in 9M26.

New leases in the other commercial property portfolio could make a greater contribution in 2027. Occupancy averaged at 88% in the first nine months and reached 94% at the end of September, with new leases covering 10,290 m² across 22 units. If occupancy holds at this level, management expects these properties to generate nominal rental income of TRY 938 million in 2027. Shopping malls are the largest component of the company's real estate portfolio, accounting for 58.0% of its total appraised value of TRY 59.01 billion. Forum Trabzon and ArmoniPark are fully occupied, while ArenaPark operates at 98% occupancy. The three malls attracted 21 million visitors in the first nine months. Tenant sales totaled TRY 19.21 billion and rental income reached TRY 2.13 billion, resulting in a rent-to-sales ratio of 11.1%. Management targets total nominal rental income from the mall portfolio of TRY 2.72 billion in 2026 and TRY 3.57 billion in 2027.

The expected gain on sales at TEM accounts for around one-sixth of the 2027 EBITDA target. Management targets revenue of TRY 5.66 billion and EBITDA of TRY 3.04 billion for 2026. It expects rental income to rise from TRY 4.06 billion in 2026 to TRY 4.90 billion in 2027 and forecasts TRY 500 million in revenue from residential and office sales in 2027. On these assumptions, management has set its 2027 revenue and EBITDA targets at TRY 5.43 billion and TRY 4.03 billion, respectively. The Company plans to recognize the expected TRY 658 million gain on unit sales at Avrupa Residence TEM İstanbul, which it previously leased as a residential property, under other operating income. The inclusion of this gain in the 2027 EBITDA target, together with the growing share of high-margin rental income, helps explain the projected increase in the EBITDA margin from 53.8% in 2026 to 74.1% in 2027.

Our assessment

We view Avrupakent REIT's rental portfolio and debt-free balance sheet as its main strengths heading into 2027. Income-producing properties account for TRY 53.33 billion of its TRY 59.01 billion real estate portfolio, and the company has no financial debt. This gives the Company, which paid TRY 2.0 billion in dividends in 2026, the financial flexibility to pursue the Forum Trabzon expansion and its hotel investment in Bodrum. Based on the November 24, 2026 closing price, the shares trade at a 70.5% discount to the Company's adjusted net asset value of TRY 61.16 billion, calculated by adding back TRY 11.50 billion in deferred tax liabilities. We will monitor how sustained high occupancy at the malls and new leases across the other commercial properties contribute to rental income, and how much of that growth translates into operating cash flow. For the 2027 EBITDA target, we will also track the pace of sales and the prices achieved for the 133 units on offer at Avrupa Residence TEM İstanbul. These factors will determine how much of the expected TRY 658 million gain the Company realizes and, in turn, how much the project contributes to the TRY 4.03 billion EBITDA target.

Summary Income Statement

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenues	**6.594**	**4.425**	**-32,9%**	**2.956**	**1.174**	**-60,3%**
Gross Profit	**2.898**	**2.233**	**-23,0%**	**845**	**754**	**-10,7%**
Gross Profit Margin	*44,0%*	*50,5%*	*+6,5 pp*	*28,6%*	*64,3%*	*+35,7 pp*
EBIT	**2.729**	**2.081**	**-23,8%**	**809**	**724**	**-10,5%**
EBIT Margin	*41,4%*	*47,0%*	*+5,6 pp*	*27,4%*	*61,7%*	*+34,3 pp*
EBITDA	**2.734**	**2.088**	**-23,6%**	**813**	**729**	**-10,3%**
EBITDA Margin	*41,5%*	*47,2%*	*+5,7 pp*	*27,5%*	*62,0%*	*+34,6 pp*
Net Profit	**2.197**	**1.776**	**-19,2%**	**1.059**	**574**	**-45,8%**
Net Profit Margin	*33,3%*	*40,1%*	*+6,8 pp*	35,8%	*48,9%*	*+13,1 pp*

Source: *PDP, Finnet, Şeker Invest Research*

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