

Corporate Credit Rating

☑ New ☐ Update

Sector: REIT

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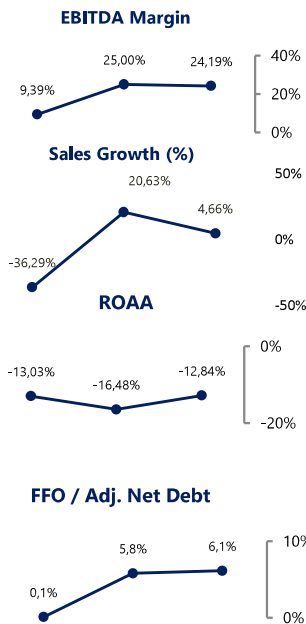
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RATINGS

		Long Term	Short Term
		BBB (Trk)	A-3 (Trk)
National	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Negative LC Negative	Negative Negative
Sponsor Support		1	-
Stand-Alone		B	-
Sovereign*	Foreign Currency	BB+	-
	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	- -

*Assigned by JCR on April 10, 2020



Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating, has evaluated **Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.** in investment-level category on the national scale and determined the ratings on the Long-Term National Scale as '**BBB (Trk)**' and the Short Term National Scale to '**A-3 (Trk)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as '**BB**' with '**Negative**' outlooks.

Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (referred to as 'the Company' or 'Nurol GYO') was established on September 3, 1997. The main field of activity of the Company; real estate, real estate-based capital market instruments, real estate projects, real estate-based rights and investing in capital market instruments, is to engage in the purposes and matters written in the regulations of the Capital Markets Board ("CMB") regarding real estate investment partnerships. The Company have 3 projects that continue to sell actively namely Nurol Life, Nurol Park and Nurol Tower. As of 31.03.2021, the remaining salable area is 18.674 m², 53.247 m² and 22.718 m² in Nurol Life, Nurol Park and Nurol tower projects, respectively. . In addition to office and housing sales, the Company also has a limited rental income.

Nurol Holding A.Ş. and Nurol İnşaat ve Ticaret A.Ş. are main shareholders of Nurol GYO with the shares of 30.51% and 49.23%, respectively as of FYE2020. The Company's shares have been traded on the Borsa İstanbul (BIST) index since 1999 with a current free-float of 10.29% under the ticker-name of NUGYO. As of 2020, the number of employees of the Company is 52 people (FYE2019:53).

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

Strengths

- Reputable brand name with a proven successful track record and project portfolio
- Foreign customer-weighted sales and the ability to access alternative markets
- Equity structure strengthened through capital increases
- Advantages of reputable and supporting shareholder structure
- High compliance with corporate governance practices owing to listed status

Constraints

- Ongoing high debt level and short maturity profile of financial liabilities creating net working capital deficit
- Foreign currency risk exposure through financial liabilities despite FX linked revenues providing natural hedge in a certain extent
- High level of operating expenses exerting pressure on the core operating margin
- Ongoing uncertainties arising from the global Covid-19 pandemic

Considering the aforementioned points, the Company's the Long-Term National Rating has been determined at '**BBB (Trk)**'. Considering income generation from operating activities, expectation of sustenance of sales growth, equity structure, brand recognition, experience in the sector and past credentials, as well as, Covid-19 pandemic and geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been determined as '**Stable**'. The Company's profitability and sales performance, asset quality, equity structure and debt level together with the legal framework about the REIT are to be monitored by JCR Eurasia Rating.

It has been assessed that the main shareholders, Nurol İnşaat ve Ticaret A.Ş. and Nurol Holding A.Ş., have the willingness and financial strength to provide long term liquidity or equity for and the adequate experience to provide efficient operational support to Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. In this regard, the Company's Sponsor Support grade has been determined as **(1)** on JCR Eurasia Rating's notation scale.

Nurol GYO's 'stand-alone rating' has been determined with regard to the Company's asset quality, strengthened equity structure via capital increases, increasing gross profitability, know-how in the sector stemming from a long-track record, risk management practices, and the trends of the existing risks in the markets and the business environment by taking its internal sources into account. Within this context, the Stand Alone note of Nurol GYO has been determined as **(B)** in the JCR Eurasia Rating notation system.