

## Corporate Credit Rating

New  Update

**Sector:** REIT

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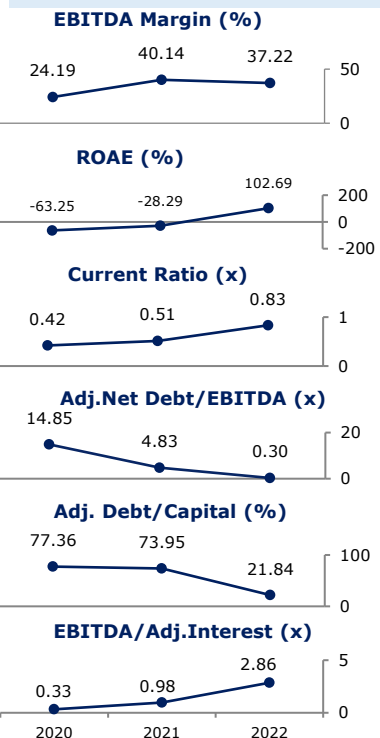
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	National ISR		
	International FC ISR		
	International LC ISR		
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022



## Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating has evaluated "Nurol Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'BBB+ (tr)' to 'A (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

**Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.** (referred to as 'the Company' or 'Nurol GYO') was established in 1997. Main field of activity of the Company is to invest in real estate, real estate-based capital market instruments, real estate projects and capital market instruments in accordance with the purpose and matters written in the regulations of the Capital Markets Board ("CMB") regarding Real Estate Investment Trust. Nurol GYO has 3 projects that the Company continues to sell actively, Nurol Life, Nurol Park and Nurol Tower. As of March 2022, the remaining salable area is 12,738 m<sup>2</sup>, 19,394 m<sup>2</sup> and 13,668 m<sup>2</sup> 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. is main shareholders of Nurol GYO with the shares of 46.39% as of FYE2022. The Company's shares have been traded on the Borsa Istanbul (BIST) index since 1999 under the ticker-name of NUGYO. Headquartered in İstanbul, the Company has 45 employees as of FYE2022 (FYE2021: 49).

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

### Strengths

- Notable improvement in sales revenues with the contribution of increasing demand in FY2022,
- Sizeable key assets volume providing sustainable and predictable rental income,
- Material enhancement of leverage structure in 2022,
- Favourable location of project portfolio appealing to highly foreign customers,
- Satisfactory equity level supported by increased EBITDA generation as well as substantial valuation gains in 2022,
- Advantages of well-known and supporting shareholder structure,
- High level of compliance with corporate governance practices.

### Constraints

- Maintenance of net working capital deficit despite improvement in 2022,
- Worsening of operating ratio mainly due to increasing marketing expenses,
- Significant share of non-cash contribution of valuation gains on net profit in 2022,
- Lack of new projects that may contribute to revenue generation capacity,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, together with such additional support factors as income generation capacity from operating activities, positive outlook on foreign exchange position, increasing gross profitability, risk management practices and the general outlook of the sector, the Company's the Long-Term National Issuer Credit Rating has been revised from 'BBB+ (tr)' to 'A (tr)'. The Company's notable sales growth, improvement in leverage structure, brand recognition, experience in the sector and past credentials, strong equity structure via net profit and capital injections, liquidity structure, significant operational expenses, noticeable revaluation gains, lack of backlog and global macroeconomic concerns have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's debt ratio, equity trend and turnover growth will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.