

Corporate Credit Rating

New Update

Sector: REIT

Publishing Date: 26/04/2024

Team Leader

Elif Kırılgaç Keçeli

+90 212 352 56 73

elif.keceli@jcrer.com.tr

Assistant Analyst

Esra Bingöl

+90 212 352 56 73

esra.bingol@jcrer.com.tr

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	-
	International LC ICR Outlooks	Negative	-
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 GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as 'Nurol GYO' or 'the Company') 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 generates residential and rental income from several projects such as Nurol Park, Nurol Life and Nurol Tower projects, which are located in İstanbul. The Company also gains rental income from projects located in İstanbul, Bodrum and Ankara.

Nurol Holding A.Ş. is main shareholders of Nurol GYO with the ownership rate of 46.65% as of FYE2023. The Company's shares have been traded on the Borsa İstanbul (BIST) index since 1999 under the ticker-name of NUGYO. The headquarters is located in İstanbul. As of FYE2023, the total number of personnel employed in Nurol GYO was 43 (FYE2022: 45).

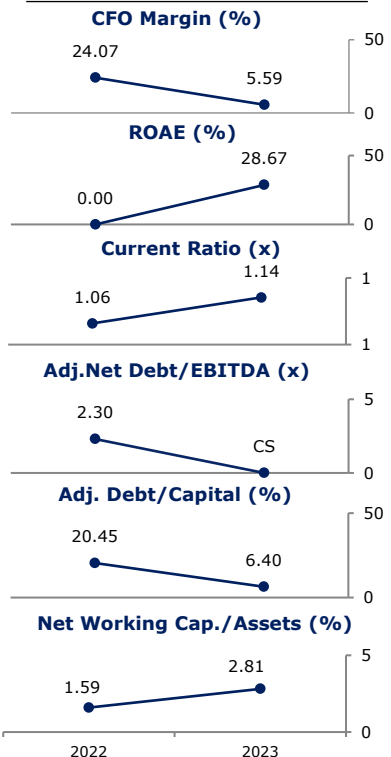
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Favorable leverage figures supported by cash surplus position despite negative EBITDA in 2023,
- Substantial level of investment property maintaining rental income,
- Positive net working capital supporting liquidity management in spite of weakening CFO and negative FFO in FY2023,
- Decent equity structure compared to asset size including revaluation and accumulated loss effects,
- Advantages of operational synergy created within Nurol Group,
- High level of compliance with corporate governance practices.

Constraints

- Decrease in revenue generation in FY2023 due to the completion of the majority of the sales in the projects,
- Deterioration in EBITDA figures, suppressed by operating expenses which are composed of relatively fixed costs,
- Notable non-cash contribution of revaluation gains on operating profit in FY2023,
- Absence of new projects, though purchase of inventories for sale made as of FYE2023,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's cash surplus position, strong equity structure, liquidity profile, sector experience, operating under Nurol Group as well as significant decline in revenue generation, revaluation gains on operating profit, negative EBITDA figures 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 profitability indicators, cost management abilities, leverage profile and equity structure along with liquidity management 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.