

Corporate Credit Rating

Construction

SURYAPI		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a	n.a		
National	Local Rating	BBB+ (Trk)	A-2 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Issue Rating		n.a	n.a	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

Sur Yapı, Gayrimenkul Geliştirme ve Enerji Şirketleri				
Financial Data	2016*	2015*	2014*	2013*
Total Assets (000 USD)	916,096	857,280	846,605	653,466
Total Assets (000 TRY)	3,223,925	2,492,627	1,963,193	1,394,693
Equity (000 TRY)	801,778	696,080	640,902	368,244
Net Profit (000 TRY)	131,793	67,774	305,609	314,293
Sales (000 TRY)	380,758	354,034	376,811	270,440
Net Profit Margin (%)	34.61	19.14	81.10	116.22
ROAA (%)	4.44	2.84	20.37	n.a
ROAE (%)	16.96	9.47	67.78	n.a
Equity / Total Assets (%)	24.87	27.93	32.65	26.40
Net Working Capital / T. Assets (%)	-5.70	1.84	-0.92	-5.97
Debt Ratio (%)	75.13	72.07	67.35	73.60
Asset Growth Rate (%)	29.34	26.97	40.76	n.a

*End of Year

*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

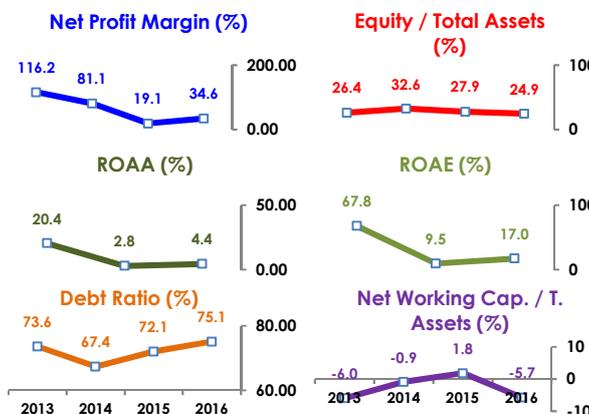
Analyst:
Bora PAKYUREK / +90 212 352 56 74
bora.pakyurek@jcrer.com.tr

Overview

Suryapi, Real Estate Development and Energy Companies (hereinafter referred to as "Sur Yapı" or "the Company" or "the Group") is a leading real estate development company based in Turkey. The Group's main operation is to develop residential real estate projects primarily for sale and to undertake construction contracts. In addition, the Group develops office buildings and other commercial real estate projects, lease and manage shopping malls and has investments in the renewable energy production sector.

With an operational track record spanning 25 years, the Group has built thousands of branded residences, offices, commercial & business centers, and shopping malls, with more than 3.5mn square meters living space. The Company has completed many remarkable residential real estate projects such as Exen İstanbul, Vitrin, İdlia, Tilia, Metrogarden, and Corridor. In the context of shopping center projects, the Company has built outstanding projects of Axis İstanbul, Axis Kağıthane, Marka Bursa and Metrogarden.

Core projects expected to generate revenue in the upcoming years include the prestigious Kosuyolu Excellence project in Kadıköy, İstanbul and the Tempo City, Bahçekent, Bahçeyaka and Topkapı on the European side and the Lavender, Gölbağçe, Şehir Konakları, Muhit, Yeşilnıvı and İlkbahar projects located in fast-growing locations on the Anatolian side of İstanbul. As of the first half of 2017, the Group began work on rebuilding projects in cooperation with the existing landlords in the Kepez and Santral districts of Antalya. As of 31 December 2016, the Group employed a workforce of 477 (FYE2015:347).



Strengths

- Remarkable sales growth fueled by new projects and contribution of foreign currency denominated rental income
- Continuous improvement in assets base and equity over the reviewed period
- Ability to fund large share of operations with customer advances, contributing to liquidity management despite being displayed as debt in accounting standards and accounting
- Prestigious and reputable brand granting robustness to market sensitivities
- Operations in different fields apart from housing sales creating revenue diversification and steady income generation
- Increased visibility for future revenues arising from the Company's proven track record, expanding business territory, and sound project backlog
- Demographic figures underpinning the Turkish housing market
- Robust cash cushions reflecting increasing prudence in liquidity preferences

Constraints

- Increasing share of property valuation gains in the total income, which do not contribute to cash inflows
- Notable dependence on external resource use and sensitivity to foreign currency liabilities, increasing financing expenses and pressuring profitability
- Highly competitive and fragmented market structure and increase in housing prices and mortgage interest rates temporarily constraining the investor appetite
- Considerable commitments and contingencies on asset portfolio
- Need for a separate and efficient risk management unit and risk committee in the Board of Directors
- Lack of independent members in the Board of Directors
- Geopolitical and economic concerns along with persisting regional tensions harboring uncertainties and wielding pressure on business prospects

Publication Date: August 23, 2017

"Global Knowledge supported by Local Experience"

Copyright © 2007 by JCR Eurasia Rating, 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90.212.352.56.73 Fax: +90 (212) 352.56.75
Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. <http://www.jcrer.com.tr>