

Corporate Credit Rating

New Update

Sector: Real Estate Investment Trust (REIT)

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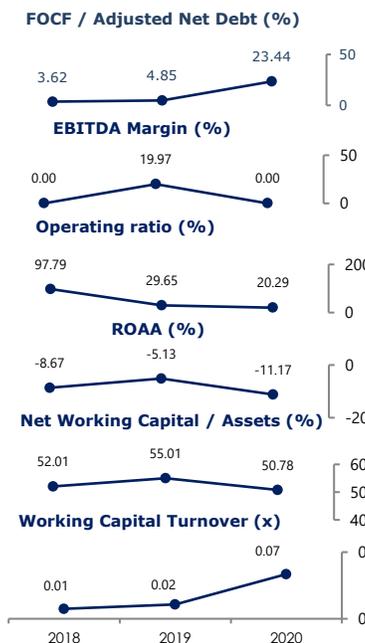
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RATINGS

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

*Assigned by JCR on May 31, 2021



Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated the consolidated structure of "Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. and its subsidiaries" assigned the ratings on Long-Term National Scale at 'BB (Trk)' and the Short-Term National Scale at 'B (Trk)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency ratings and outlooks have been assigned as 'B+ / Stable'.

Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as 'Yeşil GYO' or 'the Group') was established in 1997 under the name of İhlas Gayrimenkul Yatırım Ortaklığı A.Ş. and became Y ve Y Gayrimenkul Yatırım Ortaklığı A.Ş. in 2007, recognized as Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. since 2011.

Yeşil GYO's shares have been listed on the Borsa Istanbul (BIST) index with the ticker of 'YGYO' since 1999 with a current free-float rate of 79.03% whilst the Kamil Engin Yeşil is the qualified shareholder with a share of 11.69%.

As a real estate investment trust, Yeşil GYO has operations and investments in real estate projects and operates as defined in the regulations of the Capital Markets Board ("CMB") regarding real estate investment partnerships. Investment property portfolio of the Group mainly consists of lands and rental properties. As of September 30, 2021, the Group employed a staff force of 27 (FYE2020: 29)

Yeşil GYO's main ultimate controlling shareholder is Kamil Engin Yeşil with 11.69% Type-A share and another important shareholder is Rudolph Younes with %1,73 Type-A share.

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

Strengths

- Refinancing agreement with the bank, which is the main financier of the Group, enabling room for completion of ongoing projects,
- Earning potential with ongoing projects,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance.

Constraints

- High level of financial expenses driving by debt burden,
- Worsening of the profitability indicators due to inefficient income generation capacity,
- Negative cash flow from operating activities,
- Retaining loss leading sizable negative equity,
- Increasing construction costs weaken the appetite for real estate investments,
- Covid-19 outbreak still containing high uncertainty for the upcoming period, despite vaccination efforts which started all over the world.

Considering the aforementioned points, the Group's the Long-Term National Rating has been assigned at 'BB (Trk)'. Considering earning potential with ongoing projects and improvement in debt profile thanks to completed debt restructuring and negotiations related enabling new project credit line as well as vulnerability of the sector to macroeconomic conditions; the Group's outlook for Long and Short-Term National ratings has been determined as "Stable". The Group's equity structure, debt level and ongoing&completed projects 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.

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected support of Kemal Engin Yeşil. The ultimate controller of the Group has limited capability to support long term liquidity and equity depending on the adequacy of their financial strength when required and to provide efficient operational support to Yeşil GYO. In this scope, "Sponsor Support" category has been assigned at (3).

Yeşil GYO's 'Stand-Alone Rating' has been determined with reference to the Group's market share, net asset value and sales growth, asset quality, risk management policies and the trends of the existing risks in the markets and the business environment via its internal means. Considering the Group's equity profile and cash flows, Stand-Alone rating of Yeşil GYO has been determined at (C).