

## Corporate Credit Rating

New Update

**Sector:** REIT

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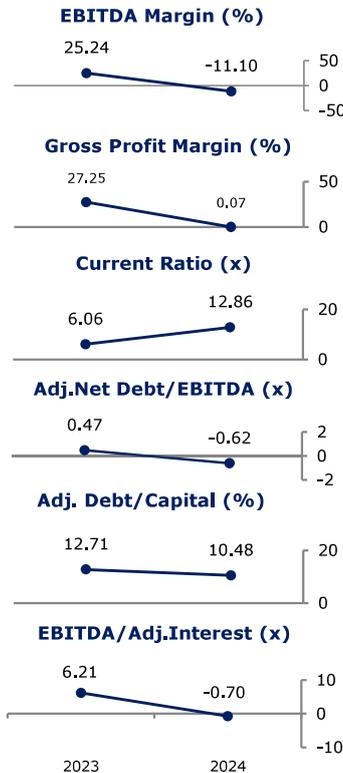
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

\* Assigned by JCR on May 10, 2024



## Fuzul Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Fuzul Gayrimenkul Yatırım Ortaklığı A.Ş." in investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A- (tr)' and revised the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J2 (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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

**Fuzul Gayrimenkul Yatırım Ortaklığı A.Ş.** (hereinafter referred to as 'Fuzul GYO' or 'the Company') was established in 1992 with the title of "Fuzul Dış Ticaret Anonim Şirket" in Istanbul. The amendment to the articles of association regarding the transformation of the Company into a REIT and the change of title was registered on March, 2023 and its title became "Fuzul Gayrimenkul Yatırım Ortaklığı Anonim Şirketi". Fuzul GYO started operating in the construction sector in 2000 and has turned to the development of branded housing projects since 2009. The projects undertaken by Fuzul GYO include the completed Kent Evila, Kent Ariva, Olimpa Park, Vadiyaka Başakşehir, Başakcity, Tem Avrasya, Başakşehir Avrasya, Fatih Hotel and the ongoing Barbaros 48, Başakşehir Avrasya 2, Başakşehir Avrasya 3 and Başakşehir Avrasya Residences Street projects. The Company employed a total workforce of 44 as of FYE2024 (FYE2023: 38). Fuzul GYO's shares have been listed on the Borsa Istanbul (BIST) with the ticker symbol of 'FZLGY' since July 2023 with a current free-float rate of 31.8%. The main partner of the Company, Fuzul Holding, started its activities in 1992 with Fuzul Oto. Fuzul Holding, which has expanded its activities since its establishment, operates in the finance, insurance, tourism, electronic payment systems, real estate sales and development sectors. Among the companies operating under the holding are Fuzul Yapı, FuzulEv, FuzulOto, Nevita, Akva Sigorta, Rubik Para, Olimpa Avm, NewInn brands.

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

### Strengths

- Solid debt-to-capital ratio and leverage metrics as of FYE2024, despite funding needs of ongoing projects
- Sustained favorable Loan-to-Value (LTV) ratio evaluated as a sector-specific leverage metric, despite partial increase as of FYE2024
- Operating with net working capital surplus and strong level of current ratio
- Contribution of deferred income arising from pre-sales to funding composition and revenue predictability to a certain extent
- Compliance with the corporate governance practices as a publicly listed company

### Constraints

- Significant decline in sales revenue and profitability ratios due to absence of completed construction projects in FY2024 coupled with lack of EBITDA generation
- Long cash conversion cycle as a nature of business
- Increasing construction costs and market volatility may put pressure on profitability and suppress sales figures
- Potential operational risks due to the nature of construction business
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. The Company's sizeable share of deferred revenue, satisfactory leverage metrics and liquidity indicators, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 growth strategy, profitability indicators, financial leverage and asset quality 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.