

Corporate Credit Rating

New Update

Sector: REIT

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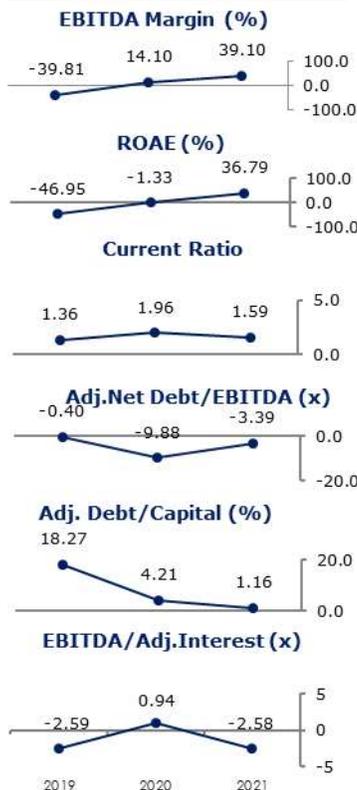
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RATINGS

| RATINGS | | Long Term | Short Term |
|----------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Profile) | National ICR | AA (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 August 18, 2022



Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. and Its Subsidiaries

JCR Eurasia Rating has evaluated **Kiler Gayrimenkul Yatırım Ortaklığı A.Ş.** in the investment level category and assigned the Long-Term National Issuer Credit as '**AA (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 were assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as "Kiler GYO" or "the Company") was established in 2005 by Kiler Family under the name of Kiler İnşaat Sanayi ve Ticaret A.Ş. The Company, converted into "Real Estate Investment Trust" on March 13, 2008, and changed its name to Kiler Gayrimenkul Yatırım Ortaklığı in 2008, was listed on Borsa Istanbul in 2011 with a ticker-name of "KLGYO". Together with obtaining the REIT status of the Company, its main field of activity is to invest in real estate and real estate projects.

The ultimate shareholder of the Company is Kiler Family. As part of its construction activities, which started with the management of real estate development and construction works required by the group companies, Kiler Group has gained extensive experience in the construction and real estate area.

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

Strengths

- Robust level of cash surplus stemming from the funding structure with a high share of advances received
- Improvement in core profitability indicators thanks to increase in income from the investing activities and gross margins of the projects
- Robust growth in assets and real estate portfolio value during the review period
- Low level of leverage indicators
- Cash injection through paid capital increase in 2022 strengthened the equity level further
- High level of liquidity metrics
- Notably low level of loan-to-value (LTV) ratio
- Proven successful track record and project portfolio
- High level of compliance with corporate governance practices

Constraints

- Increasing construction costs may suppress the profitability in the industry
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Ratings has been assigned as '**AA (tr)**'. The Company's level of leverage indicators, improvement in profitability indicators, large experience in the industry, and global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings '**Stable**'. The Company's asset quality, return on investments, profit margins, and liquidity level 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.