

## Corporate Credit Rating

New  Update

**Sector:** REIT

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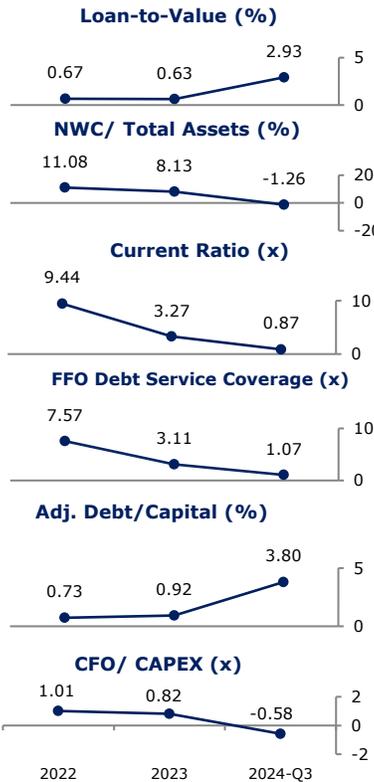
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024



## KIZILBÜK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated the "Kızılıbük Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment grade category and assigned the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating as '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.

Kızılıbük Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as "the Company" or "the Group" or "Kızılıbük GYO") is a real estate investment trust company. Kızılıbük GYO was established on March 30, 2021 through partial demerger with the decision taken at the ordinary general assembly meeting of its parent company Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş. (Sinpaş GYO) held on March 22, 2021. The key asset in the Company's real estate portfolio and the first investment is the Kızılıbük Thermal Wellness Resort project located in İçmeler, Marmaris, Muğla. According to the valuation report dated July 12, 2024, the appraisal value of the project is TRY 23.78bn. Kızılıbük Thermal Wellness Resort Project consists of 1,309 timeshare units, a 5-star hotel with a capacity of 206 rooms, an apart-hotel with a capacity of 10 rooms, thermal SPA, congress centre, shopping areas, aquapark and wellness services. As of 3Q2024, the main shareholder of the Company is Sinpaş GYO with a 65.2% ownership, while the rest of the shares are publicly held. Currently, with 34.8% actual outstanding shares ratio the Company have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "KZBGY" since 2021. As of 3Q2024, the number of personnel employed within the Group is 23. (FYE2023: 23)

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

### Strengths

- Strong loan-to-value (LTV) ratio, evaluated as a sector-specific leverage metric,
- Contribution of deferred income arising from pre-sales to the funding composition reduced the external funding needs to a certain extent,
- Satisfactory equity size supported by retained earnings and net profit, mainly stemming from valuation of investment properties as of 3Q2024,
- Potential for regular income generation through timeshares, commercial areas, and hotel revenues upon the completion of the Kızılıbük Thermal Wellness Resort Project,
- Integrated nature of Sinpaş Group operations and the Group's sectoral know-how,
- Compliance with the corporate governance practices as a publicly listed company.

### Constraints

- Ongoing legal processes regarding the Kızılıbük Thermal Wellness Resort Project,
- Concentration risk of investment portfolio,
- Net working capital deficit and low level of current ratio as of 3Q2024 put pressure on the liquidity structure,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. On the other hand, access to financial resources, experienced and qualified organizational structure 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 sales performance, ongoing legal proceedings of Kızılıbük Thermal Wellness Resort Project, trend of the LTV ratio, developments in the real estate projects planned by Kızılıbük Kuşgölü Gayrimenkul Yatırımları A.Ş., a subsidiary of Kızılıbük GYO, and developments regarding the macro conditions 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.