

Corporate Credit Rating

☐ New ☒ Update

Sector: Construction

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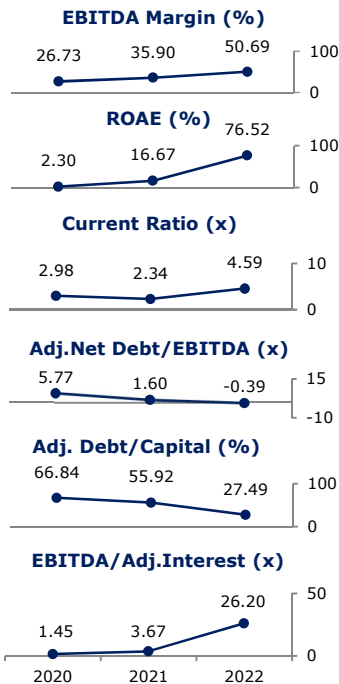
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| RATINGS | | Long Term | Short Term |
|-------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Profile) | National ICR | A (tr) | J1 (tr) |
| | National ICR Outlooks | Stable | Stable |
|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

* Assigned by JCR on August 18, 2022



Piyalepaşa Gayrimenkul Geliştirme Yatırımı ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Piyalepaşa Gayrimenkul Geliştirme Yatırımı ve Ticaret A.Ş.** in investment-level category and upgraded the Long-Term National Issuer Credit Rating to '**A (tr)**' from '**A- (tr)**' and affirmed 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 at '**BB/Negative**' according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of Republic of Türkiye.

Piyalepaşa Gayrimenkul Geliştirme Yatırımı ve Ticaret A.Ş. (Piyalepaşa Gayrimenkul" or "the Company") was established in 2012. The main activity of the Company is the construction, sale and renting of housings, offices and residential projects in Piyalepaşa, İstanbul under urban transformation project. Piyalepaşa Gayrimenkul completed 989 houses, 149 commercial real estate and plans to complete 348 houses, 77 commercial real estate and 1 hotel until 2025.

As of June 2023, the Company's paid in capital amounts to TRY 265.35mn and the Company's shareholders are Polat İnşaat Sanayi ve Ticaret A.Ş. (28.62%), Polat Turizm Otelcilik Ticaret ve Sanayi A.Ş. (22.97%), Polat Holding A.Ş. (18.73%), İbrahim Polat Holding A.Ş. (13.37%), Adnan Polat (16.28%), İbrahim Polat and Murat Polat with a total of 0.04% share.

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

Strengths

- Strong financial leverage and coverage metrics with a cash surplus against financial debts
- Continuous improvement in profitability indicators
- Sound cash flow metrics easing liquidity management
- Solid equity level supported by internal resource generation
- Demand for the Company's projects boosted by the foreigners due to granting of citizenship to foreigners
- Supported by experienced shareholders in construction sector

Constraints

- Structural sensitivity of the sector to macroeconomic conditions
- Improvement needs in the level of corporate governance practices
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been upgraded to '**A (tr)**' from '**A- (tr)**'. The Company's strong financial leverage and coverage metrics, continuous improvement in profitability indicators, sound cash flow metrics, solid equity level supported by internal resource generation, demand for the Company's projects boosted by the foreigners due to granting of citizenship to foreigners and supported by experienced shareholders in construction sector as well as geopolitical risks-driven uncertainties and global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National ratings are determined as '**Stable**'. The Company's revenue and profitability performance, liquidity position, financial indebtedness, developments in the global economy and also impact of global recession concerns are the main factors that 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 frame about the sector will be monitored as well.