## Corporate Credit Rating

☐New ☒Update

**Sector:** Construction

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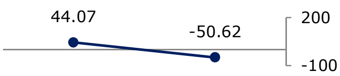
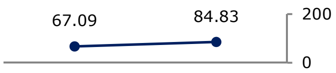
| RATINGS | | Long Term | Short Term |
|---|---|---|---|
| ICRs (Issuer Credit Rating Profile) | **National ICR** | **A (tr)** | **J1 (tr)** |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Stable | - |
| | International LC ICR | BB | - |
| | International LC ICR Outlooks | Stable | - |
| 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*

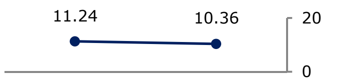
**EBITDA Margin (%)**



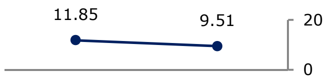

**Gross Profit Margin (%)**



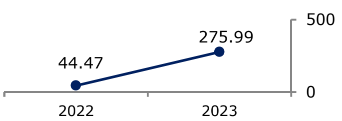

**Current Ratio (x)**




**Adj. Debt/Capital (%)**




**Net Profit Margin(%)**




# Piyalepaşa Gayrimenkul Geliştirme Yatırımı ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Piyalepaşa Gayrimenkul Geliştirme Yatırımı ve Ticaret A.Ş.** in investment-grade category with high credit quality category and affirmed the Long-Term National Issuer Credit Rating as **'A (tr)'** and the Short-Term National Issuer Credit Rating as **'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/Stable'** 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 estates in Piyalepaşa İstanbul project and plans to complete 348 houses, 77 commercial real estates, 1 show center and 1 hotel in Piyalepaşa İstanbul Premium project.

As of May 2024, 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 | Constraints |
|---|---|
| • Continuous cash surplus position thanks to high cash assets which is maintained as of 1Q2024<br>• High level of equity sustained by retained earnings and capital adjustment differences<br>• Low external resources needed for the project finance thanks to advances received<br>• Backed by İbrahim Polat Holding, a reputable group tracing back to 1955 | • Operating loss and negative EBITDA in FY2023 due to not reflecting prepaid housing sales in the income statement<br>• Escalating construction costs may pressure profitability in the sector<br>• Slowdown in house sales to foreigners due to alternative countries<br>• Improvement needs in the level of corporate governance practices<br>• Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side |

Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been affirmed as **'A (tr)'**. The Company's continuous cash surplus position thanks to high cash assets which is maintained as of 1Q2024, high level of equity sustained by retained earnings and capital adjustment differences, low external resources needed for the project finance thanks to advances received and backed by İbrahim Polat Holding, a reputable group tracing back to 1955 as well as the 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 Credit Ratings are determined as **'Stable'**. The Company's, revenue and profitability performance, adequacy of liquidity, indebtedness level, market position and regulations in the sector 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 framework about the sector will be monitored as well.