

Corporate Credit Rating

New Update

Sector: REIT

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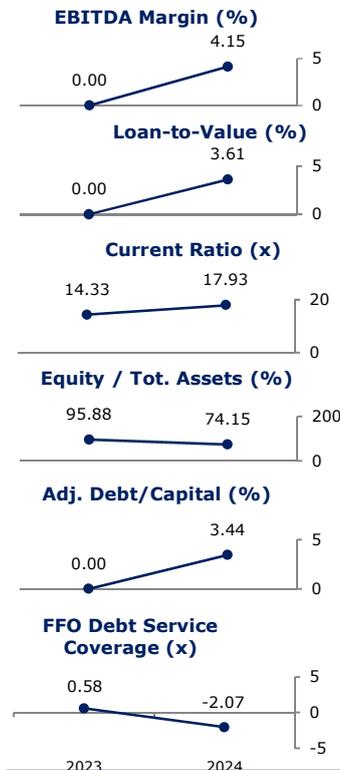
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB+ (tr)	J3 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Positive	-
	International LC ICR	B+	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Positive	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency Local Currency	BB (Stable)	BB (Stable)

* Assigned by JCR on May 10, 2024



Vera Konsept Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating, has evaluated "Vera Konsept Gayrimenkul Yatırım Ortaklığı A.Ş." in the speculative grade category and assigned the Long-Term National Issuer Credit Rating as 'BB+ (tr)' with 'Positive' outlook and the Short-Term National Issuer Credit Rating as 'J3 (tr)' with 'Stable' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'B+ / Positive'.

"Vera Konsept Gayrimenkul Yatırım Ortaklığı A.Ş." (hereinafter referred to as "Vera Konsept GYO" or "the Company") was established in 2018 in Ankara under the title of Vera Grup Mühendislik A.Ş. Following the completion of the legal procedures, the Company was converted into a real estate investment trust (REIT) in 2023 and its title was changed to Vera Konsept Gayrimenkul Yatırım Ortaklığı A.Ş. The Company's shares have been traded on Borsa İstanbul Anonim Şirketi (BIST) since October 27, 2023, under the ticker symbol "VRGYO". As of the report date, 32.60% of the Company's shares are traded on BIST. The Company's main activity is the management of a portfolio comprising real estate properties and real estate development projects.

As of FYE2024, 91.90% of the Company's real estate portfolio consists of the Konsept Vera Project located in Elazığ and the remaining portion consists of land in Ankara/ Gölbaşı. Konsept Vera Project consists of 132 residential units and 84 commercial units, with a total leasable area of 13,783 m² and an overall construction area of 62,807 m². As of December 31, 2024, the completion rate of the project was 94%, while the current completion rate has reached 98%. Additionally, the Company has initiated the development of a commercial real estate project in Gölbaşı, Ankara, which is currently under construction. The project consists of three blocks with a total of 38 independent commercial units, covering an approximate construction area of 10,000 m² and a planned leasable/sellable area of 8,700 m².

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

Strengths

- Revenue expectations in FY2025 and the following periods driven by the impact of the completion of ongoing projects, particularly Konsept Vera Project
- Low Loan-to-Value (LTV) ratio as of FYE2024, evaluated as a sector-specific metric
- Equity structure supported by IPO proceeds incurred in October 2023 and retained earnings as well as high share of equity in asset financing despite slight decrease as of FYE2024
- Compliance with the corporate governance practices as a publicly listed company

Constraints

- Lack of revenue in FY2023 and limited revenue generation in FY2024
- Concentration risk of investment portfolio
- Off-balance sheet commitments arising from payments related to the awarded tenders
- Negative cash metrics driving external funding needs as of FYE2024 indicating to increase in indebtedness the upcoming periods
- High sensitivity of real estate demand to fluctuations in mortgage rates
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade engender considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BB+ (tr)'. On the other hand, the completion level of the Elazığ Konsept Vera Project and the expected revenue increase in FY2025 are evaluated as important indicators for the outlook of the ratings, and the outlooks for Long Term National Issuer Credit Ratings are determined as 'Positive'. Completion and sale performance of projects and the outlook of profitability and leverage metrics, the trend of the LTV ratio, and developments regarding 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 the legal framework about the sector, will be monitored as well.