JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Press Release

Istanbul – September 26, 2018

JCR Eurasia Rating, in its periodic review, has evaluated **'Ata Gayrimenkul Yatırım Ortaklığı A.Ş.'** in an investment-level category on the national and international scales and affirmed the ratings on the Long Term National Scale as **'BBB (Trk)'** and determined the Short Term National Scale as '**A-3 (Trk)'** with **'Stable'** outlooks. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as **'BBB-'**.

Ata Gayrimenkul Yatırım Ortaklığı A.Ş. (Ata GYO), a publicly investment trust company, was established as Ata Yatırım Ortaklığı A.Ş. in 1997 and obtained its current title and statue in 2012 upon conversion to an incorporated company. As a compulsory legal requirement relating to real estate investment trusts determined by the Capital Markets Boards of Turkey, Ata GYO is a publicly listed company and the shares are traded in Borsa Istanbul with the ticker of ATAGY.

Ata GYO's business cycle is mostly based on earning rental revenue from its property portfolio while it generates revenue from property sales occasionally. The Company's portfolio is concentrated on retail businesses and restaurants. Majority of current tenants are fast-food restaurants under the brand of Burger King® and Popeyes® operated by 'Tab Gıda', which is a group company of Ata Holding. It promises a sustainable cash flow to Ata GYO that the tenants are the companies of Ata Holding and the rental contracts are signed in long-term scale. The Company continued to expand its geographically diversified portfolio in 2018 with new investments in Çanakkale and Ceyhan/Adana. In the current year, Ata GYO sold its property located in Başakşehir/İstanbul, with a premium over its valuation price. The Company's latest project, Ata Corner Shopping Mall located in Lüleburgaz district, is planned to be completed at the end of this year and some tenants have already signed lease agreement in advance.

According to the results drawn in 2017, the Company increased its revenues over 35% compared to previous year. The low collection risk due to the majority of tenants are within group companies and revenue generated through property sale in 2018 are deemed as two positive indicators. Thanks to the bond issued in 2017 amounted TRY 50mn with 2-year maturity enabled the Company to decrease its short term liabilities. In addition, Ata GYO's equity level remains strong. On the other hand, considering the negative macroeconomic signals on property market, fair value gains, which constitute an important place in income statement, is about to be pressured together with profitability in the following periods. In addition, despite it is not specific to the Company but a market-wide problem, the upward trend in market interest rates, is a negative factor in financing costs. When the points aforementioned above are evaluated together, the Company's Long Term National Rating has been affirmed as **'BBB (Trk)/Stable'**. Together with the market conditions, gross and net profitability level of the Company, debt-the-equity ratio, efficiency of new and current projects, liquidity level and debt-maturity structure are going to be monitored by **JCR Eurasia Rating**. No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments.

It is inferred that Ata GYO is in tight relationship with the Group, **Ata Holding**, based on the fact that the service suppliers and tenants of the Company are subsidiaries of Ata Holding. It is considered that the Group, successfully operates in several sectors over 45 years, and the other real person investors have the adequate willingness and experience to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to Ata GYO. In this regard, the Company's Sponsor Support Grade has been determined as **(2)** in **JCR Eurasia Rating**'s notation.

Considering the Company's current equity level, ongoing operations, liquidity availability, and internal equity generation capacity, we, as JCR Eurasia Rating, are of the opinion that the Company has reached the level of adequate experience to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency, and existing macroeconomic level in the market. Within this context, the Stand Alone grade of the Company has been determined as **(B)** in the **JCR Eurasia Rating** notation system.

For more information, related with the rating results you may visit our internet site http://www.jcrer.com.tr or contact our senior analyst **Mr. Utku KARAGÜLLE**.

JCR EURASIA RATING
Administrative Board

"JCR Eurasia Rating, has affirmed the ratings of **Ata Gayrimenkul Yatırım Ortaklığı A.Ş.** as **'BBB (Trk)'** and **'A-3 (Trk)'** on the long and short term national scale and determined the outlooks on the ratings as **'Stable'**."

RATINGS

			Long Term	Short Term
International	Foreign Currency		BBB-	A-3
	Local Currency		BBB-	A-3
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating		-	-
National	Local Rating		BBB (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB (Trk)	A-3 (Trk)
Sponsor Support			2	-
Stand-Alone			B	-

Sector: REIT
Report Date: 26/09/2018

Senior Analyst
Utku Karagülle
+90 212 352 56 73
utku.karagulle@jcrer.com.tr

Copyright © 2007 by JCR Eurasia Rating. 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90(212)352.56.73 Fax: +90 (212) 352.56.75 Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. http://www.jcrer.com.tr