

Corporate Credit

☒ New ☐ Update

Sector: REIT

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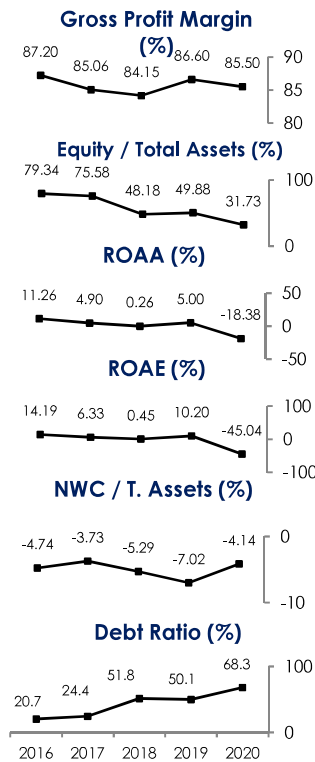
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RATINGS

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

* Assigned by JCR on May 31, 2021



Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.

JCR Eurasia Rating, has evaluated National Corporate credit ratings of “Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.” in an investment grade category and assigned the ratings as “BBB- (Trk)” on the Long-Term National Scale and as “A-3 (Trk)” on the Short-Term National Scale with “Stable” outlooks. Long-Term International Foreign and Local Currency Notes were assigned as “BB” with “Stable” outlooks within the scope of JCR Eurasia Rating’s current mapping system.

“Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.” (hereinafter referred to as “Doğuş GYO” or the “Company”) was established on 25 July 1997 in accordance with the provisions of the Capital Markets Law. Doğuş GYO’s shares have been listed on the Borsa Istanbul (BIST) index with the ticker symbol of “DGGYO” since March 1998 as the third REIT listed on BIST whilst the “Doğuş Holding A.Ş.” is the qualified shareholder with a rate of 94.08%. As a real estate investment trust, Doğuş GYO has operations and investments in real estate projects and operates as defined in the regulations of the Capital Markets Board (“CMB”) regarding real estate investment partnerships.

Doğuş GYO’s real estate investment portfolio includes; Doğuş Center Maslak, D-Office Maslak, Doğuş Center Etiler (Office Building, Sports Center), Gebze Center (Shopping Center, Hotel-Hyatt House Gebze, Automotive Showroom and Service) and thus the Company’s investment property portfolio reached TRY 1.91 billion as of FYE2020.

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

Strengths	Constraints
<ul style="list-style-type: none"> High brand recognition provided by sector knowledge dating back many years of experience supported by well-established parent company Continuous and considerable occupancy rates of key assets in the Company real estate portfolio as of FY2020 Steady revenue level despite the negative effects of Covid-19 outbreak in real estate sector The majority of the tenants consists of Doğuş Group companies provides revenue predictability The commercially advantageous location of the real estate positively affects their awareness and visibility High level of compliance with the Corporate Governance Principles 	<ul style="list-style-type: none"> Contraction in EBITDA margin and profit indicators mainly stemming from the restrictions and precautionary action in global and local scale in FY2020 High interest rates have a negative impact on net asset values Degradation in the net asset and real estate portfolio value particularly due to Gebze Center Shopping Mall, though expected to recover Notable debt loads due to renovation expenditures result in sizable financing expenses, affecting profitability and increasing debt service requirement High amount of loan due in FY2022 needing restructuring Net working capital indicators require enhancement

Considering the aforementioned drivers, the Company’s the Long-Term National Rating has been assigned as “BBB- (Trk)”. The competitive advantage obtained through the growth in the real estate portfolio, steady occupancy rates supported by Doğuş Group companies, brand recognition in the sector, protection of asset quality, organizational framework compatible with the group size as well as deterioration on local and global economic outlook due to Covid-19 pandemic on economic activities constitute the principle reasons underlying the assignment the outlooks for the Long and Short-Term National Ratings as “Stable”. The Company’s equity structure, debt level, recovery in lease income and portfolio net asset valuations 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.

Main shareholder of Doğuş GYO is “Doğuş Holding A.Ş.”, which is owned by the Şahenk family, ultimate shareholder of the Doğuş Group. The main shareholders are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to Doğuş GYO. In this scope, “Sponsor Support” category has been assigned as (2), which denotes a strong level.

Taking into account the Company’s market share, net asset value and net sales growth, asset quality, risk management policies and the trends of the existing risks in the markets and the business environment by taking its internal sources into account, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities 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 assigned at (B) in the JCR Eurasia Rating notation system, signifying an adequate structure.