

Corporate Credit Rating

New Update

Sector: REIT

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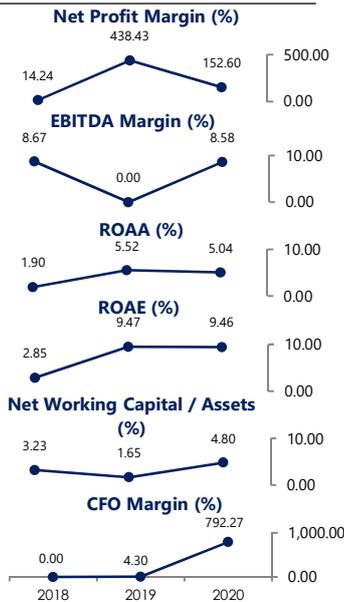
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RATINGS

		Long Term	Short Term	
		AAA (Trk)	A-1+ (Trk)	
National	Local Rating	AAA (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Sovereign	Sponsor Support	1	-	
	Stand-Alone	A	-	
	Foreign	BB	-	
	Local	BB	-	
Outlook	FC	Stable	-	
	LC	Stable	-	

*Assigned by JCR on May 31, 2021



Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş

JCR Eurasia Rating, has evaluated the “**Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş**” in the highest investment-level category and assigned the Long-Term National Note at ‘**AAA (Trk)**’ and the Short-Term National Note at ‘**A-1+ (Trk)**’ with ‘**Stable**’ outlooks. On the other hand, the Long Term International Foreign and Local Currency ratings and outlooks were assigned as ‘**BB/Stable**’ as parallel to international ratings and outlooks of Republic of Turkey.

Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (Vakıf GYO or the Company) was established in 1996 as an affiliate of Türkiye Vakıflar Bankası T.A.O. (“Vakıfbank”, was evaluated by JCR Eurasia Rating and assigned the Long-Term National Note at “**AAA (Trk)**” as of May 2020).

Vakıf GYO’s shares have been listed on the Borsa Istanbul (BIST) index with the ticker symbol of ‘VKGYO’ since December, 1996 with a current free-float rate of 47.28% whilst the Vakıfbank is the qualified shareholder with a rate of 48.95%.

As a real estate investment trust, Vakıf 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. Investment property portfolio of the Company mainly consists of lands and rental properties.

The Company’s main ultimate controlling shareholder is “Vakıfbank Finance Group” with 62.61% share and another important shareholder is Housing Development Administration of the Republic of Turkey (TOKİ) with %3,66 share.

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

Strengths

- Reputable shareholder structure with high brand recognition,
- Strong and high-quality equity base supported through paid-in capital rise by mainly cash injection,
- Revenue diversification and advances taken for ongoing projects supporting bottom line profit,
- Notable cash surplus against financial debts,
- High earning potential with ongoing projects,
- High level of compliance with Corporate Governance Practices.

Constraints

- Negative effects of pandemic weaken the demand for office buildings,
- Increasing construction costs weaken the appetite for real estate investments.

Considering the aforementioned points, the Company’s the Long-Term National Rating has been assigned as ‘**AAA (Trk)**’. Reputable shareholder structure, strong and high-quality equity base and low level of financial borrowings 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 equity structure, debt level and ongoing projects 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.

Sponsor Support notes and their risk estimations reflect the financial and non-financial states and expected support by the qualified shareholder – Türkiye Vakıflar Bankası T.A.O (Vakıfbank, “**AAA (Trk)**”) whose qualified shareholders are Turkey Wealth Fund and Ministry of Treasury and Finance of Turkey. Vakıfbank is one of the leading banks in Turkey and due to its state-owned status along with large size, strong support is expected when financial needs arise in the short or long-term perspective. Within the consideration of these assessments, the Sponsor Support note of the Bank has been determined as “**1**”, which denotes a strongest external support prospect.

Vakıf GYO’s ‘Stand-Alone Rating’ has been determined with reference to the Company’s market share, net asset value and sales growth, asset quality, risk management policies and the trends of the existing risks in the markets and the business environment via its internal means. Considering the Company’s strong equity profile and cash flows, Stand-Alone rating of Vakıf GYO has been determined as (**A**), indicating highest level.