

Corporate Credit Rating

☐ New ☒ Update

Sector: REIT

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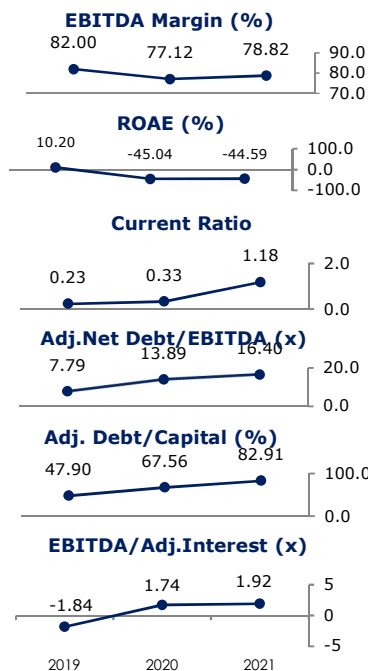
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| R A T I N G S | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | BBB- (tr) | J3 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | J3 |
| | International FC ICR Outlooks | Stable | Stable |
| | International LC ICR | BB | J3 |
| | International LC ICR Outlooks | Stable | Stable |
| ISRs (Issue Specific Rating Profile) | National ISR | - | - |
| | International FC ISR | - | - |
| | International LC ISR | - | - |
| Sovereign* | Foreign Currency | BB (Stable) | - |
| | Local Currency | BB (Stable) | - |

* Affirmed by JCR on May 31, 2021



DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated "Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş." and affirmed the Long-Term National Issuer Credit Rating at 'BBB- (tr)' and the Short-Term National Issuer Credit Rating at 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Stable'.

Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. (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 93.98%. 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 (an Office Building, a Sports Center), Gebze Center (Shopping Center, Hotel-Hyatt House Gebze, Automotive Showroom and Service) and thus the Company's investment property portfolio reached TRY 2.37bn as of FYE2021. As of 08.04.2022, there is only a sports center operated by D-Gym in the Doğuş Center Etiler real estate, which is in the company's portfolio.

According to the GYODER, Doğuş GYO ranked 19th in REIT sector in terms of asset size as of FYE2021. As of March 2022, the Company has 13 employees totally. (FYE2021: 13)

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

Strengths

- High occupancy rates of the Company's real estate portfolio,
- Predictable income structure consisted of inherently regular rental income although temporarily encumbered with the pandemic,
- Recovery in core operational profitability indicators,
- The majority of the tenants consists of Doğuş Group companies, providing revenue predictability,
- Reputable brand name with a sector knowledge dating back many years of experience supported by well-established parent company,
- High level of compliance with the Corporate Governance Principles.

Constraints

- Pressure of financing expenses largely stemming from FX losses on net profitability,
- Deteriorated equity level with net losses over the last two years,
- High level of financial leverage despite long-term funding structure and increased net financial debt to EBITDA ratio,
- High level of foreign currency risk exposure due to FX based financial debt amount.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'BBB- (tr)'. Additionally, partnership structure, brand recognition in the sector, asset quality, increase in occupancy rates, predictable cash flow, access channels to the financial markets are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's equity structure, indebtedness level, occupancy rates, profitability 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.