

Corporate Credit Rating

New Update

Sector: Homebuilders
Publishing Date: 31/08/2023

Team Leader

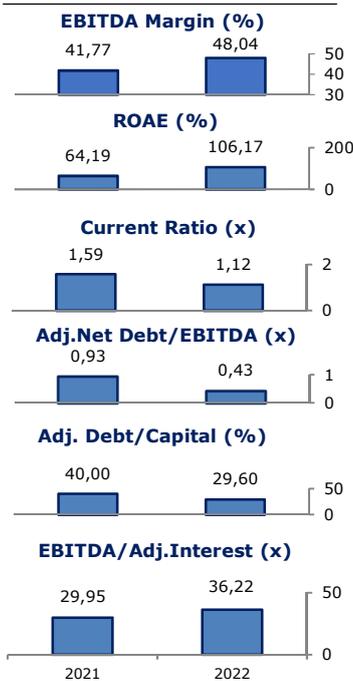
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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



DAP GAYRİMENKUL GELİŞTİRME A.Ş.

JCR Eurasia Rating evaluated "Dap Gayrimenkul Geliştirme A.Ş." in the investment grade category at national level and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'AA (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to International ratings and outlooks of Türkiye.

Dap Gayrimenkul Geliştirme A.Ş. (hereinafter referred to as "Dap Gayrimenkul or "the Company") was established with the name of "Eltes İnşaat Tesisat Sanayi ve Ticaret A.Ş." in Istanbul by "Elginkan Holding" in 1981 and has been developing real estate projects since 1988. The name of the Company was changed to "Dap Gayrimenkul Geliştirme A.Ş" as of December 6, 2021. Dap Gayrimenkul shares have been listed on the "Borsa Istanbul (BIST)" index with the ticker symbol of 'DAPGM' since February 2022, with a current free-float rate of 18%.

Dap Gayrimenkul is one of the leading real estate development companies in Turkey and specializes in complex and mixed-use projects, including residence, office, commercial, entertainment, and leisure spaces and upper segment housing solutions. Since its establishment, Dap Gayrimenkul has built more than 5,000 residences with a total construction area of 1 million m².

The shareholding structure of the Dap Gayrimenkul has changed many times since its establishment, and Yılmaz Family members bought all the shares of the Company in 2015 in order to benefit from the Company's work completion certificates.

Dap Gayrimenkul's ultimate controlling shareholder is Yılmaz Family members (direct and indirect ownership) as of 2015, and the Company continues its activities under the umbrella of Dap Group.

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

Strengths

- Satisfactory cash buffer against financial debts as of H1-2023 and improvement in financial risk indicators in FY2022,
- Remarkable EBITDA growth with notable margin level in 2022 and H1-2023,
- Sturdy bottom-line profit in 2022 led to improvement in equity ratio,
- Ongoing upper-segment projects offering lucrative opportunities,
- Sizable accumulation of finalized projects providing new tender bidding for upper segment projects of Emlak Konut,
- As a company subject to Capital Market Law, improved transparency with regard to corporate governance compliance.

Constraints

- Negative CFO and FOCF over the years due to an increase in working capital needs,
- Challenges in the sector due to an upward trend in input costs,
- The increase in mortgage rates and soaring prices putting pressure on sales in the sector,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, coupled with domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised as 'AA (tr)'. Sizable accumulation of completed projects, high earning potential with ongoing projects, and strong brand recognition of DAP are evaluated as 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 achievement of budget targets, debt ratio, profit margins, and sustainability of domestic and international demands as well as market conditions regarding the sector will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and the legal framework of the sector will be monitored as well.