

## Corporate Credit Rating

New  Update

**Sector:** Homebuilders  
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RATINGS		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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 18, 2024.

## DAP GAYRİMENKUL GELİŞTİRME A.Ş.

JCR Eurasia Rating evaluated "Dap Gayrimenkul Geliştirme A.Ş." in the investment grade category at national level and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' 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 at 'BB/Stable' 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's shares have been listed on the "Borsa İstanbul (BIST)" index with the ticker symbol of 'DAPGM' since February 2022, with free-float rate of 18% as of FYE2023.

Dap Gayrimenkul is one of the leading real estate development companies in Türkiye and specializes in complex and mixed-use projects, including residence, office, commercial, entertainment, and leisure spaces and upper segment housing solutions.

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

- Solid financial leverage in analyzed years, further strengthen by significant jump in liquid assets,
- Long-term financial borrowings structure easing liquidity management by providing financial flexibility,
- Sturdy profitability margins in analysed years driven by high value-added real estate sales,
- Robust equity level backed by cash injection and profit retention policy,
- Advance received arising from pre-sales providing funding ability for ongoing projects,
- Focusing on corporate governance compliance through being subject to capital market regulations.

### Constraints

- Despite partial improvements, negative CFO generation stems from intense expenditure on ongoing construction works,
- The increased mortgage interest rates and high level of selling prices putting pressure on sales,
- Elevated input costs in construction business pose for the main issue for the sector,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

The Company's audited financial statements include inflation adjustments. Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2023. Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Strong profitability margins, decreasing net financial liabilities thanks to capital advance injection, 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 revenue generation performance, leverage profile, liquidity metrics, profitability margins 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.

