

Corporate Credit Rating

New Update

Sector: Homebuilders
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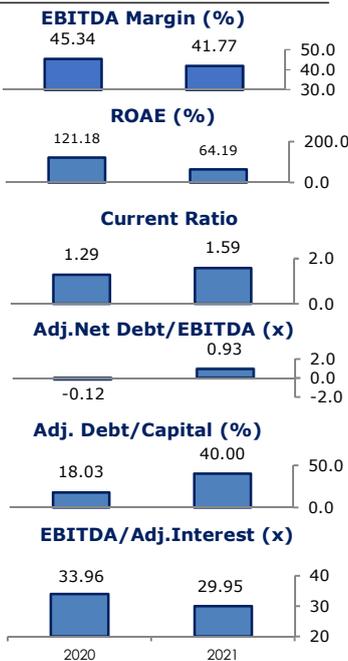
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	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 Gayrimenkul Geliřtirme A.ř.

JCR Eurasia Rating evaluated the consolidated structure of "Dap Gayrimenkul Geliřtirme A.ř." in investment grade category at national level and revised the Long-Term National Issuer Credit Rating from 'A+ (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 Turkish Republic.

Dap Gayrimenkul Geliřtirme A.ř. (hereinafter referred to as "Dap Gayrimenkul or "the Company" or "the Group") was established with the name of "Eltes İnřaat Tesizat Sanayi ve Ticaret A.ř." 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 Geliřtirme A.ř." 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 15.01%.

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. Dap Gayrimenkul usually carries out its projects through joint ventures, and three subsidiary companies (joint ventures) were fully consolidated under the Company's financial statements.

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 profitability margins enhancing the internal equity generation capacity in reviewed years,
- High debt service capabilities and financial flexibility with long-term maturity structure,
- The newly created "Healthy Home" concept supporting revenue and profitability in recent years,
- High earning potential with ongoing upper segment project in Istanbul,
- 2022-H1 results pointing to the continuation of solid performance,
- Strong Market Presence and Solid Contract Performance
- Collaboration with Emlak Konut GYO, Turkey's largest REIT company, in more than one project strengthens operational power,
- High level of compliance with Corporate Governance Practices.

Constraints

- Negative CFO and FOCF arising from working capital needs,
- Increasing construction costs suppressing profitability in the industry,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty,

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised as 'AA- (tr)'. Satisfactory 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.