

Corporate Credit Rating

☐ New ☒ Update

Sector: REIT

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated "Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş." and revised the Long-Term National Issuer Credit Rating from 'BBB- (tr)' to 'BBB (tr)' and the Short-Term National Issuer Credit Rating from 'J3 (tr)' to 'J2 (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'.

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 İstanbul (BIST) with the ticker symbol of "DGGYO" since March 1998 as the third REIT listed on BIST whilst Doğuş Holding A.Ş. is the qualified shareholder with a rate of 0.78%. Doğuş Otomotiv Servis ve Ticaret A.Ş. has 93.65% of the Company's shares as of the report date. 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 (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 5.05bn as of 1Q2023.

According to the GYODER, Doğuş GYO ranked 19th in REIT sector in terms of asset size as of FYE2022. As of March 2023, the Company has 13 employees totally (FYE2022: 13).

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

Strengths

- Diversified real estate portfolio and continued improvement in occupancy rates of the key assets in the Company portfolio in comparison to the previous year,
- Doğuş Group companies' weighted tenant portfolio and long-term contracts support income predictability,
- Sustainable core profitability indicators with satisfactory margins,
- Improvement in LTV ratio with the effect of value increases of investment properties in 2022,
- Strong brand recognition of the Doğuş Group through its long-lasting presence and successful track record,
- High level of compliance with corporate governance practices owing listed status.

Constraints

- Continued high indebtedness and significant level of financial expenses particularly from FX losses suppressing the bottom line,
- Financial leverage still stands at a high level despite the reduction over the past two years,
- Equity structure mainly consisting of net profit from revaluation gains on investment properties in 2022,
- Net working capital deficit pressuring liquidity management,
- Currency mismatch between FX financing and lease income, due to regulations enforcing local currency contracts, resulting FX deficit position,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, while domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'BBB- (tr)' to 'BBB (tr)'. Additionally, increase in revenue and predictable revenue structure, EBITDA generation capacity, shareholder structure, long-track record and brand recognition in the sector, asset quality, increase in occupancy rates, access channels to the financial markets as well as political tensions and other global downsides 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 indebtedness level, revenue and profitability performance, indebtedness and equity level, net FX position, cash flow and liquidity level and effects of the global recession 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.

