

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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating 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 10, 2024

DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated "Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment grade category and revised the Long-Term National Issuer Credit Rating from 'BBB (tr)' to 'BBB+ (tr)' and affirmed the Short-Term National Issuer Credit Rating at '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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

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) with the ticker symbol of "DGGYO" since March 1998 as the third REIT listed on BIST. In March 2023, Doğuş Otomotiv Servis ve Ticaret A.Ş. acquired the majority of the Doğuş Holding's shares in Doğuş REIT with an amount of TRY 5.12bn. As of the report date, Doğuş Otomotiv has 94.44% of the Company's shares. 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 11.36bn as of 1Q2024.

The head office of the Company is in Maslak/İstanbul. The Company has totally 12 employees in 1Q2024 (FYE2023: 12).

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

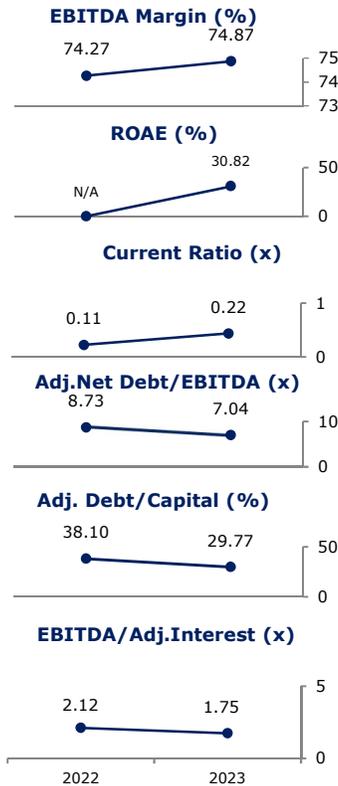
Strengths

- Steady revenue and EBITDA generation in 2023,
- Valuable and diversified property portfolio with satisfactory rental income as well as continued significant occupancy rates,
- Ensuring predictable cash flows through long-term leases and tenants portfolio consisting mainly of Doğuş Group companies,
- Ongoing recovery in LTV ratio evaluated as a sector specific leverage metric in 1Q2024, thanks to valuable properties in the portfolio despite ongoing indebtedness,
- Moderate cash flow metrics in 2023,
- Conformity of compliance with corporate governance practices as publicly a traded company.

Constraints

- Financial debts' dominant share and rising borrowing costs, despite the slight recovery in leverage indicators,
- Exposure to high exchange rate risk due to mainly FX financial liabilities,
- Ongoing dominance of the non-cash revaluation gains in net profit and equity composition over the years,
- Quantitative tightening actions aiming to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'BBB (tr)' to 'BBB+ (tr)'. Additionally, brand recognition in the sector, sustained increase in EBITDA and revenue generation, diversified and valuable real estate portfolio and predictable cash flows via long term leases especially arising from group companies tenants, reasonable Loan-to-Value ratio, high occupancy rates, and high level of compliance with the corporate governance practices, as well as ongoing indebtedness level are important indicators for the stability of the ratings, and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed as 'Stable'. The Company's revenue and profitability performance, cash generation capacity, indebtedness level, coverage and leverage indicators, asset quality, net FX position, LTV ratio and developments regarding the macro conditions 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.



N/A: Not Applicable