

Corporate Credit Rating

New Update

Sector: REIT

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB-(tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

EYG GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated "EYG Gayrimenkul Yatırım Ortaklığı A.Ş." in the speculative grade category and assigned the Long-Term National Issuer Credit Rating as 'BB- (tr)' and the Short-Term National Issuer Credit Rating at 'J4 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'B/Negative'.

EYG Gayrimenkul Yatırım Ortaklığı A.Ş. (referred to as "EYG GYO" or "the Company") was established in İstanbul in September 2021 through a full spin-off from EYG Konut ve Gayrimenkul Geliştirme A.Ş., primarily focuses on real estate investment trust and residential construction activities. The Company's main areas of operation include investing in real estate, capital market instruments related to real estate, and real estate projects. EYG GYO operates in the residential sector, overseeing various brands such as Narlı Bahçe Evleri, Evvel İstanbul, Adım İstanbul, and Evdeki Fırsat. The Company is authorized to engage in activities permitted by capital market legislation.

The Company has been rated mainly due to its cash and non-cash credit limit/risk level.

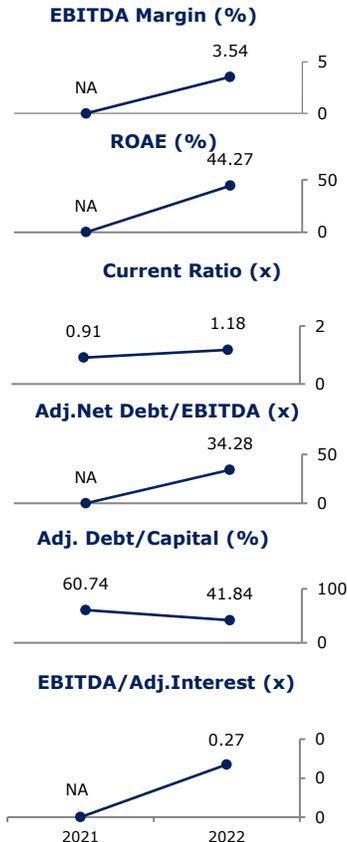
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable increase in revenues with the contribution of rental income in addition to the sales of the completed project in 3Q2023,
- Expected revenue streams from planned project and valuable real estate portfolio in İstanbul,
- Sizeable share of advances received among funding resources,
- Moderate level of equity base compared to asset size despite partially supported by one-off income and revaluation gains.

Constraints

- Lack of availability of full period independent audit report before FY2022, limiting trend analysis,
- Heightened working capital needs absorbing cash assets and augmenting necessity on borrowing in 3Q2023,
- Additional borrowings for planned projects in addition to existing financial liabilities may further distort leverage metrics although the current LTV ratio is at reasonable levels,
- Increasing construction costs pressuring profitability in the construction industry along with the contraction in the housing market in 2023 due to rising housing prices and mortgage rates,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BB- (tr)'. EYG GYO's rental incomes, increased revenue thanks to the completed project, expected income due to the planned project which is located in a valuable area, reducing the need for external resources by advances received and, partially adequate level of equity base 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 profitability metrics, cash generation capacity, debt ratio, sustainability of demand in the market, progress of the planned projects, and cash loan exposure trend 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.