

## Corporate Credit Rating

New  Update

**Sector:** REIT

**Publishing Date:** 29.01.2024

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## RATINGS

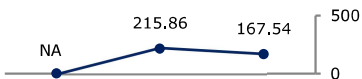
RATINGS		Long Term	Short Term
<b>ICRs</b> (Issuer Credit Rating Profile)	National ICR	<b>A (tr)</b>	<b>J1 (tr)</b>
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
<b>ISRs</b> (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
<b>Sovereign*</b>	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

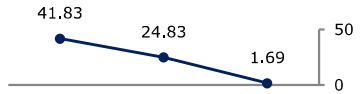
### Loan-to-Value (%)



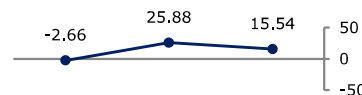
### Asset Growth (%)



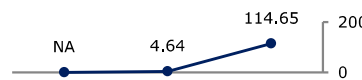
### Current Ratio (x)



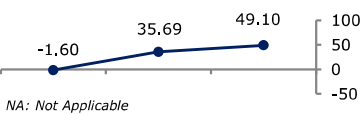
### Adj. Debt/Capital (%)



### ROAE (%)



### Equity / Tot. Assets (%)



## PASİFİK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated the "Pasifik Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment level category and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'A (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Pasifik Gayrimenkul Yatırım Ortaklığı (hereinafter referred to as "Pasifik GYO" or "the Group" or "the Company") was established in 2020. Pasifik GYO's shares have been listed on the Borsa İstanbul (BIST) index with the ticker-name of 'PSGYO' since December 2021. Although the Company was established in 2020, the experience of the founding partners in the construction sector is based on the activities in Pasifik Gayrimenkul Yatırım İnşaat A.Ş., which was established in 2008. Pasifik Gayrimenkul Yatırım İnşaat A.Ş. has completed projects exceeding 4,000 independent sections, mainly residential.

As a real estate investment trust, Pasifik 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. The investment property portfolio of the Company mainly consists of a shopping mall under construction and residences and offices for sale. The Company's portfolio includes the ongoing Merkez Ankara, Next Level İstanbul, Next Level Kemer, Next Kemer Country projects, and the Next Level Bodrum project, which is in the construction permit stage.

The current shareholder structure of the Company is Fatih Erdoğan with 17.61%, Abdulkemir Fırat with 17.61%, Mehmet Erdoğan with 17.61%, Pasifik Holding A.Ş. with 14.06%, and others with 33.11%. The Group's head office located in Çankaya/Ankara and maintains 267 personnel within its structure as of 3Q2023 (FYE2022: 300 personnel).

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

### Strengths

- Reasonable level of Loan-to-Value (LTV) ratio evaluated as a sector-specific leverage metric and significant improvement in sector ranking in terms of asset size as of 3Q2023
- Expected high revenue streams from ongoing and planned projects, and diversified real estate portfolio in key locations
- Contribution of advances received through Merkez Ankara project to liquidity management
- Equity structure supported by paid-in capital increases over the periods, despite a partial decline in equity to total assets as of 3Q2023
- Collaboration with Emlak Konut GYO, Türkiye's largest REIT company, in projects
- Compliance with corporate governance practices as a publicly traded real estate investment trust company

### Constraints

- Increasing construction costs and mortgage interest rates may put pressure on profitability margins and sales figures
- High sensitivity to interest rate risk due to variable interest bank loans
- 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 together the Company's the Long-Term National Issuer Credit Rating has been revised from 'A- (tr)' to 'A (tr)'. The Company's reasonable Loan-to-Value ratio, expected strong cash flow from real estate development projects, asset portfolio, development in market share have been evaluated as important indicators for the determination of the ratings and the outlooks for the Long and Short-Term National Ratings are determined as 'Stable'. The Company's ongoing projects' progress level and sales performance, realization of expected revenue streams from the ongoing projects, loan to value ratio, global banking concerns, risks associated with market fluctuations and regulatory factors 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.