

Corporate Credit Rating

New Update

Sector: REIT

Publishing Date: 30.10.2023

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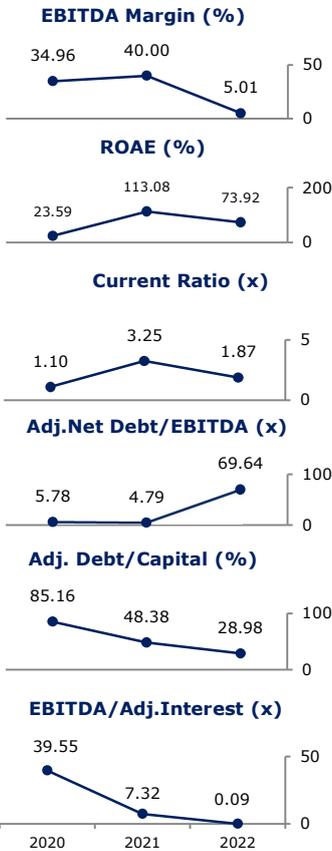
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RATINGS

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 August 18, 2022



SİNPAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

JCR Eurasia Rating, has evaluated the "Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş." in the investment-level 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 as 'J2 (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.

Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter referred to as "the Company" or "the Group" or "Sinpaş GYO") is a real estate investment trust company. Sinpaş İnşaat A.Ş., which was established on 22 December 2006 to transform into a Real Estate Investment Trust, was registered in the trade registry on 3 May 2007 following the approval of the Capital Markets Board and transformed into a REIT and its title was changed as Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş. The Company has 20 completed projects and 8 ongoing projects. The Company's ongoing projects are; Boulevard Çankaya, Ege Vadisi, Ege Vadisi, Finans Şehir, Kuru Aura, Metrolife Premium, More Suites&Residences, Queen Bomonti, Sinpaş Altınoran.

The current shareholder structure of the Company is Avni Çelik (43.39%), Ahmet Çelik (2.55%), Arı Finansal Kiralama A.Ş. (9.96%), Sinpaş Gayrimenkul Yat. Ort. A.Ş. (0.13%) and others (43.97%). As of 1H2023, the number of personnel of the Group is 262. (FYE2022: 175)

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

Strengths

- Downward trend in Loan-to-Value (LTV) ratio evaluated as a sector-specific leverage metric with the effect of value increases of investment properties,
- Available credit lines and access to capital markets provide financial flexibility,
- Ranking as the 5th largest REIT company in terms of asset size as of 2022 thanks to large real estate portfolio,
- Ongoing demand of foreign investors for the real estate sector in Türkiye,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance,
- Strong brand recognition through its long-lasting presence, extensive diversification, ability to provide niche residential projects to the high-income consumer segment, and successful track record.

Constraints

- Deterioration in most operational profitability ratios, leverage and coverage profile along with the decline in sales performance in FY2022,
- Equity structure is mainly consisted of the net profit obtained from the revaluation gains of investment properties over the periods analyzed, rather than internal resource generation and cash inflows as seen across the entire REIT sector structurally,
- Foreign currency risk due to the FX-based bank loans, despite the downward trend in the share of foreign currency bank loans in total bank loans,
- Ongoing legal processes regarding the Kızılıbük Thermal Wellness Resort Project,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Rating has been revised from 'BBB+ (tr)' to 'BBB (tr)'. On the other hand, the Company's strong liquidity metrics supported by net working capital and current ratio levels, high receivable collection capability, large real estate portfolio, long lasting presence in the sector have been 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 level of financial liabilities, coverage profile, asset, sales units and revenue development, progress of the new projects planned to be developed in the upcoming periods, net FX position, completion rates and sales performance of Kızılıbük Thermal Wellness Resort Project, development of the 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.