

## Corporate Credit Rating

New  Update

**Sector:** REIT

**Publishing Date:** 26.10.2022

### Chief Analyst

Fatih Lap

+90 212 352 56 73

[fatih.lap@jcrer.com.tr](mailto:fatih.lap@jcrer.com.tr)

### Senior Analyst

Derya Atalay Nemli

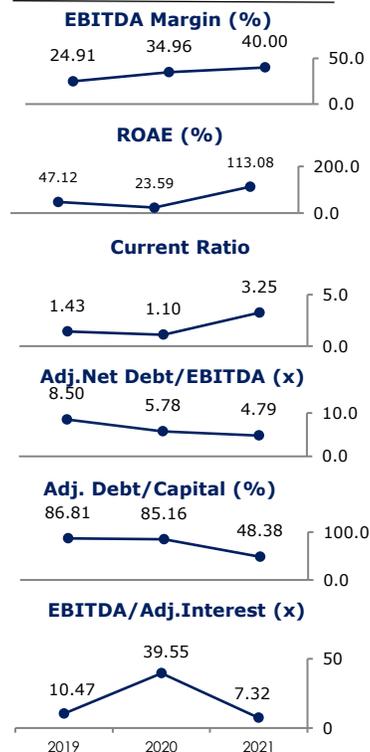
+90 212 352 56 73

[derya.nemli@jcrer.com.tr](mailto:derya.nemli@jcrer.com.tr)

## RATINGS

R A T I N G S		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	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	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 investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' and assigned 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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş. (hereinafter "the Company" or "the Group" or "Sinpaş GYO") is the real estate investment company. Sinpaş İnşaat A.Ş., which was established on December 22, 2006 with the aim of transforming into a Real Estate Investment Trust, applied to the Capital Markets Board with a request for conversion to a REIT. Following its approval, it was registered to the trade registry on May 3, 2007 and transformed into a REIT and its name was changed to Sinpaş Gayrimenkul Yatırım Ortaklığı A.Ş.. The main field of activity of the Company; real estate, real estate-based capital market instruments, real estate projects, real estate-based rights and investing in capital market instruments, is to engage in the purposes and matters written in the regulations of the Capital Markets Board regarding real estate investment partnerships.

The current shareholder structure of the Company is Avni Çelik (43.39%), Ahmet Çelik (4.55%), Arı Finansal Kiralama A.Ş. (9.96%), Sinpaş Gayrimenkul Yat. Ort. A.Ş. (9.20%) and others (32.90%). As of 1H2022, the number of personnel of the Group is 156. (FYE2021: 194)

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

### Strengths

- Solid progress in EBITDA generation capacity for the periods reviewed,
- Long-term weighted financial structure and downward trend in debt ratio exerts relief on liquidity management in a certain extent,
- Increase in profitability indicators mainly thanks to the value increases of investment properties in FY2021,
- Strong cash metrics along with positive net working capital level and satisfactory current ratio,
- Downward trend in Loan-to-Value (LTV) ratio evaluated as a sector-specific leverage metric,
- High level of compliance in corporate governance practices,
- Proven successful track record and project portfolio.

### Constraints

- Sizeable non-cash contribution of revaluation gains in equity,
- High level of financial leverage, though downward trend in reviewed years,
- Weak profitability performance in 1H2022 compared to the same period of the previous year,
- Foreign currency risk due to the FX-based bank loans,
- Pending legal proceeding regarding Kızılıbük Thermal Wellness Resort Project,
- The geopolitical risks stemming from the Russia-Ukraine war and global recession concerns creating uncertainty.

Considering the aforementioned points together the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'BBB+ (tr)'. Increase in profitability indicators, level of indebtedness, strong cash metrics 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 growth strategy, profitability indicators, level of indebtedness and asset quality 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.