

Corporate Credit Rating

New Update

Sector: REIT

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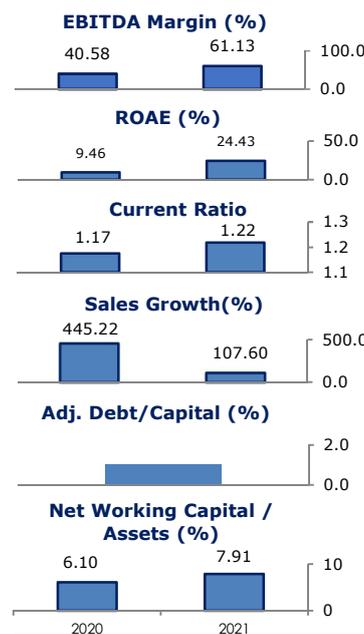
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	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 Aug 18, 2022



VAKIF GAYRİMENKUL YATIRIM ORTAKLIđI A.Ş

JCR Eurasia Rating has evaluated "Vakıf Gayrimenkul Yatırım Ortaklıđı A.Ş" in the highest investment grade category at national level and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (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 the International ratings and outlooks of the Turkish Republic.

Vakıf Gayrimenkul Yatırım Ortaklıđı A.Ş. (Vakıf GYO or the Company) was established in 1996 as an affiliate of Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank", was evaluated by JCR Eurasia Rating and assigned the Long-Term National Note at "AAA (tr)" as of May 2022).

Vakıf GYO's shares have been listed on the Borsa Istanbul (BIST) index with the ticker symbol of 'VKGYO' since December 1996 with a current free-float rate of 47.28%, whilst the Vakıfbank is the qualified shareholder with a rate of 48.95%.

As a real estate investment trust, Vakıf 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 lands and rental properties.

The Company's main ultimate controlling shareholder is "Vakıfbank Finance Group" with a 63.34% share, and another important shareholder is the Housing Development Administration of the Republic of Turkey (TOKI) with a %3,66 share.

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

Strengths

- Reputable shareholder structure with high brand recognition,
- Strong and high-quality equity base supported by paid-in capital rise through mainly cash injection,
- Notable cash surplus against financial debts,
- Deferred income supports revenue visibility,
- Revenue diversification supporting bottom-line profit,
- High earning potential with ongoing projects,
- High level of compliance with Corporate Governance Practices.

Constraints

- Increasing construction costs suppressing profitability in the industry,
- The risks stemming from the global economic environment increasing uncertainty for the industry.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. Notable cash surplus against its financial debt and solid equity level as well as high earning potential with ongoing projects are 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 achievement of budget targets, debt ratio, profit margins, and sustainability of domestic and international demands as well as market conditions regarding the sector, will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and the legal framework of the sector, will be monitored as well.