

Corporate Credit Rating

New Update

Sector: REIT

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Senior Analyst

Ezgi Çiçek YILMAZ
+90 212 352 56 73

ezgi.yilmaz@jcrer.com.tr

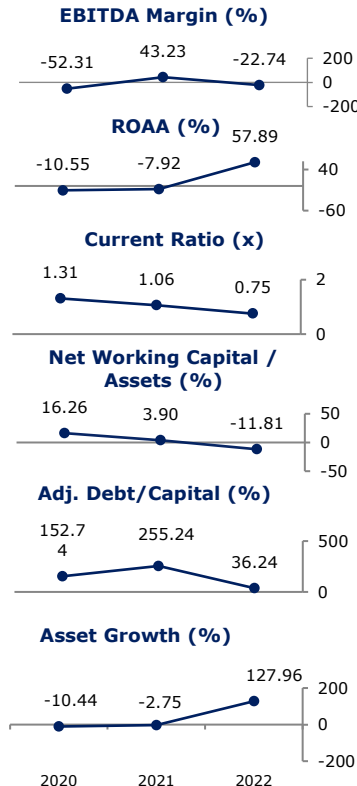
Analyst

Büke BORA
+90 212 352 56 73

buke.bora@jcrer.com.tr

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

* Assigned by JCR on Aug 18, 2022



Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of "Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" and affirmed the Long-Term National Issuer Credit Rating at 'B+ (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 determined as 'CCC/Negative'.

Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (hereinafter referred to as 'Yeşil GYO' or 'the Group') was established in 1997 under the name of İhlas Gayrimenkul Yatırım Ortaklığı A.Ş. and changed its commercial title to Y ve Y Gayrimenkul Yatırım Ortaklığı A.Ş. in 2007, finally recognized as Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi since 2011.

Yeşil Global İnşaat Turizm Otelcilik A.Ş. ('Yeşil Global İnşaat') was the subsidiary of Yeşil GYO with the share of 91.38%, as of the reporting date. Yeşil Global İnşaat operates in construction and contracting sector including various tourism facilities and housing estates.

Yeşil GYO is also shareholding Zincir Yapı A.Ş. ('Zincir Yapı') as an affiliate with 33.25% shares, as of September 30, 2023. Zincir Yapı operates in construction, rental and sales of residences, workplaces and business centers.

Yeşil GYO's shares have been listed on the Borsa İstanbul (BIST) with the ticker of 'YGYO' since 1999 with a current free-float rate of 84.49% whilst Mr. Kamil Engin Yeşil is the qualified shareholder with a share of 11.69%.

As a real estate investment trust, Yeşil 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. Investment property portfolio of the Group mainly consists of lands and rental properties. As of December 31, 2022, the Group employed a staff force of 16 (FYE2021: 18)

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

Strengths

- Revenue expectation from ongoing projects including Innovia-Arifiye and Elexia-Tuzla afterward the delivery of real estates,
- Renewal of Innovia-4 construction license and expected completion of construction servitude,
- Compliance with corporate governance principles thanks to being a listed company.

Constraints

- Notably high level of debt burden and lack of income generation capability worsening debt repayment performance,
- Ongoing numerous and sizeable amount lawsuits against the Group in total,
- Delinquency records of the Group in the banks,
- Failure to fully compliance with the conditions of Restructuring Agreements,
- Insufficient cash flow generation capacity and negative EBITDA in FY2022,
- High level of related party receivables distorting balance sheet integrity,
- Accumulated losses pressuring equity quality in the analysed period though profit from investments valued by equity method contributing equity size to a certain degree,
- Headwinds in construction costs decreasing the appetite for real estate investments and supply,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned factors, the Group's the Long-Term National Rating has been affirmed at 'B+ (tr)'. Efforts to access alternative funding sources as well as failure to fully compliance with the conditions of the Restructuring Agreements, ongoing numerous lawsuits and delinquency records in banks and macroeconomic uncertainties globally have been evaluated as important for the stability of the ratings and the outlooks for Long- and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's debt and equity level, liquidity and profitability indicators will be closely monitored by JCR Eurasia Rating in the 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.