

Corporate Credit Rating

New Update

Sector: REIT

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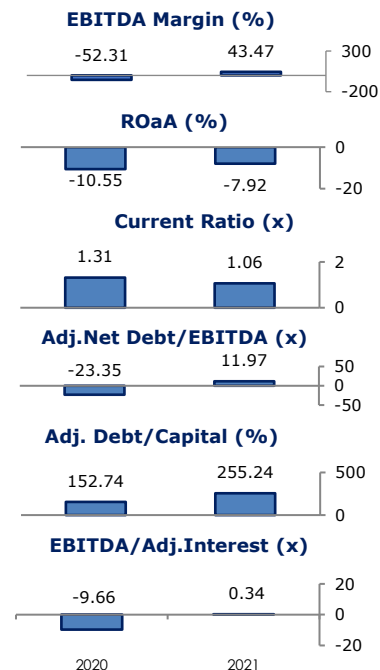
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	B+ (tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	CCC	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	CCC	-
ISRs (Issue Specific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

* Assigned by JCR on Aug 18, 2022



*NM: Not Meaningful

Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of “**Yeşil Gayrimenkul Yatırım Ortaklığı Anonim Şirketi**” and downgraded the Long-Term National Issuer Credit Rating from ‘**BB (tr)**’ to ‘**B+ (tr)**’ and the Short-Term National Issuer Credit Rating as ‘**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 A.Ş. since 2011.

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 85.57% 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 September 30, 2022, the Group employed a staff force of 18 (FYE2021: 27)

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

Strengths

- Expected contribution of ongoing projects supported by completion of Innovia-Arifiye and Elexia-Tuzla,
- As a listed company, compliance with regard to corporate governance principles,
- Renewal of Innovia-4 construction license.

Constraints

- Notably high level of financial expenses driven by debt burden pressuring profitability indicators and inadequate income generation worsening debt repayment capacity,
- Numerous lawsuits against the Group reaching sizable amount in total,
- Delinquency records of the Group in the banks,
- Failure to fully compliance with the conditions of Restructuring Agreements,
- Insufficient cash flow from operating activities,
- High level of related party receivables distorting balance sheet integrity,
- Accumulated losses over the analysed period resulting sizable negative equity,
- Increasing construction costs weaken the appetite for real estate investments,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the Globe deteriorating growth projections.

Considering failure to fully compliance with the conditions of the Restructuring Agreements, ongoing numerous lawsuits and delinquency records in banks as well as efforts to access alternative funding sources evaluated as important indicators for the ratings and the outlooks, the Long-Term National Issuer Credit Rating of the Group has been downgraded from ‘**BB (tr)**’ to ‘**B+ (tr)**’ with ‘**Stable**’ outlook. The Group’s debt and equity level, additional cash flows that will be generated by completed and ongoing projects and profitability indicators 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.