

PRESS RELEASE

Istanbul – March 11, 2016

JCR Eurasia Rating

has affirmed the credit rating of **Emay İnşaat Taahhüt San. Tic. A.Ş.** and **"Cash flows of the planned bond issue"** at an investment level as **'BBB (Trk)/Stable'** on the Long Term National Scale and **'BBB-/Stable'** on the Long Term International Foreign Currency Scale.

JCR Eurasia Rating has affirmed Emay İnşaat Taahhüt San. Tic. A.Ş.'s credit rating and assigned the **"Cash flows of the planned bond issue"** an investment level credit rating of **'BBB (Trk)/Stable'** on the Long Term National Scale and **'BBB-/Stable'** on the Long Term International Foreign Currency Scale. The credit ratings and their details are given in the table below:

Long Term International Foreign Currency	: BBB- / (Stable outlook)
Long Term International Local Currency	: BBB- / (Stable outlook)
Long Term National Local Rating	: BBB (Trk) / (Stable outlook)
Short Term International Foreign Currency	: A-3 / (Stable outlook)
Short Term International Local Currency	: A-3 / (Stable outlook)
Short Term National Local Rating	: A-3 (Trk) / (Stable outlook)
Sponsor Support	: 2
Stand Alone	: B

Operating in the construction and contracting sector for more than 20 years, Emay İnşaat has completed various contracting works such as schools, hospitals and social housing and it has ventured into the real estate development sector where it has completed several projects of various size and scope. The Company has developed its housing projects mostly under the "Kentplus" brand, in addition to residences appealing high income individuals, shopping malls and hotels developed along with various partnerships. Holding an asset portfolio comprising Hilton Istanbul Kozyatağı Hotel and Brandium Shopping Mall as of FYE2015, Emay İnşaat is currently working on "Kentplus Kadıköy" located in the prominent urban development/gentrification zones of Istanbul. Furthermore, the Group is planning the developments of a thermal facility & timeshare complex in Yalova/Armutlu and a residence project in Istanbul/Ayazaga region. Additionally the Company plans to complete the renovation of a building it acquired recently and transform it into a 100 bed urban hotel located in Istanbul/Gayrettepe, a central business district.

The asset portfolio of the Company reflecting the wealth effect accumulated over several years and projects, long term weighted funding structure, liquidity cushion provided by the growing cash assets, hotel and shopping mall investments providing steady income streams, experienced and proficient management team are the supportive factors for the affirmation of the Group's **"BBB (Trk)/Stable"** Long Term National Rating and Outlook. On the other hand, growing capital increase requirement derived from the relative increase in the financial liabilities and the capital reducing effect of the consolidation with a related company, large share of fair value gains which do not contribute to the cash flows among income streams, the sensitivity induced by the mostly foreign currency denominated loans despite of certain derivative transactions, the dependency of the debt service capacity to the sales performance of the current and planned projects and the preservation of the access channels to the funding channels along with the uncertainties encompassing global and local markets and the lower than expected economic growth trends are the constraining factors of the rating and the outlook. The potential effects of these aforementioned factors will be continuously monitored by JCR-ER in the following periods.

The opportunities and the growth potential embedded in the real estate development sector notwithstanding, the reflections of the deteriorating global and regional economic outlook, increasing pricing risk due to growing uncertainties are pressuring sector. The limitations on the general market liquidity conditions, unfavourable trends of risk appetite and investment costs in the wake of volatilities might induce negative effects on the real estate development sector. On the other hand, Emay İnşaat has employed certain protective management perspective mandating maintenance of a liquidity cushion, adoption of dynamic pricing policy considerations concerning the existing inventories, and the diversification of investments so as to limit these negativities.

Emay İnşaat's controlling shareholders are considered to have the willingness to provide operational and financial support to the Company if such a need arises. Accounting for the Company's income forecasts, planned and ongoing investments, employment opportunities engendered, long years of history in the sector, the utmost shareholders are evaluated to be able to support the Company financially. In this regard, the Emay İnşaat's "Sponsor Support Grade" is affirmed at **(2)**, denoting an adequate level. Additionally, accounting for the Company's structure and diversity of the income streams, funding profile and term structure, the projects in the pipeline the Company's "Stand-Alone Grade", indicating its capacity to meet its commitments without considering whether any external support is proved is determined as **(B)**, displaying a sufficient level.

For more information related with the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Özgür Fuad Engin**.

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