

PRESS RELEASE
Istanbul – June 6, 2017

JCR Eurasia Rating, in its periodic review, has affirmed the ratings and outlook of the **Consolidated Structure of 'Metal Yapı Konut A.Ş.'** as **'BBB(Trk)'** on the Long Term National Local Scale, **"A-3 (Trk)'** on the Short Term National Scale, and **'BBB-'** on the Long Term International Foreign and Local Currency Scales. All outlooks have been affirmed as **'Stable'**.

JCR Eurasia Rating, in its periodic review, has affirmed the credit ratings of the **"Consolidated Structure of Metal Yapı Konut A.Ş."** at the investment grade of **"BBB(Trk)/Stable"** on the Long Term National Scale. In addition, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Scale as **'BBB-'**. Other notes and details of the ratings are given in the table below:

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

With foundations laid by Ömer Saçaklıoğlu in 2000, Metal Yapı develops high-value real estate projects on Istanbul's European side and maximizes its market value by reaching a portfolio size ensuring its continuity. The Company continues to gain an advantage in the tough competitive environment through diversification of cash flows via the varied sales income of its group companies while the activities carried out by the Group in different sectors continue to serve as buffer against possible risks. The Company has also increased its income diversification by entering into the education sector. The Company has strengthened its current profile via innovative designs and folding value concept projects created with quality materials and modern construction techniques in cooperation with international architects, high quality real estate assets, and steady rental income. The customer portfolio of the Company consists of individuals with high income levels, corporate inter/national large-scale firms, and overseas investors investing in luxury projects, therefore differentiating itself from the sector.

The Company's ongoing and projected delivery of high value projects support the stability of cash flows and profit generation, the high quality of its real estate assets, income generated from fuel and shopping mall management and regular and long-term rental income, asset portfolio accumulated over several years and projects, the buffering of probably cash needs from the high level of profit from the previous year together are the main supportive factors behind the affirmation of the Group's **"BBB (Trk)"** Long Term National Rating. The Company's equity significantly increased in 2016 as the main shareholder of the related company Karmen Yapı A.Ş., Ömer Saçaklıoğlu, sold his shares to Metal Yapı and added a portion of the Company's receivables to the capital. On the other hand, the capital-reducing effect of the consolidation with a related company pressuring equity level. The large share of fair value gains which do not contribute to payment ability and the cash flows among income streams despite increasing asset quality. On the other hand, factors that may constrain the rating and outlook are: the potential of to be affected by extreme FX movements due to the foreign currency of borrowings as the external financing the company has applied to finance its growth is in foreign currency; the dependency of the debt service capacity on sales performance and the preservation of the access to funding channels; the internal equity generation capacity depending on housing sales capability; the effect of continued construction projects on the Company's net working capital; the market structure and its severe price competition and constrained market and investor appetite due to increases in housing prices and mortgage interest rates; and the uncertainties encompassing global and local markets. The potential effects of these factors will be continuously monitored by JCR Eurasia Rating in the following periods.

In addition, as the Group's assets are heavily composed of real estate, stocks, and stable rental income, their market value is dependent on economic conjuncture and asset quality is subject to the future economic environment. Other factors that will also be watched by JCR Eurasia Rating and play a role in affirmation of Short and Long term outlooks as **'Stable'** include the improved effect on the net working capital through the forecasted revenue and cash from the **Blue Lake, Levent Tower**, and the **Göktük projects**; funding diversification via borrowing from international institutions; the FX risk stemming from foreign exchange volatilities considering the foreign currency-weighted borrowing structure and its effect on profitability; the attainability of the Company's future sales plan; and the generation of internal resources and cash flows to meet debt payments.

The only shareholder, Ömer Saçaklıoğlu, has sufficient propensity and operational support capability as the result of his experience dating back to before the establishment of **Metal Yapı Konut A.Ş.**. Considering the increase in equity, the Group's 'Sponsor Support Grade' has been defined as **(2)**, indicating an 'adequate level'. On the other hand, regardless of the support from its shareholders, taking into consideration the Company's rental income, the supported sales revenue through gas station and mall management, the expected increase in revenue and cash with the completion of projects, and liquid portfolio, it is considered that Metal Yapı Konut A.Ş. has reached a level of experience to manage the incurred risks on its balance sheet provided that the current customer base and effectiveness in the market is preserved along with the maintenance of current macro-economic conditions. In the light of such circumstances, Metal Yapı Konut A.Ş. has been assigned a Stand Alone grade of **(B)** on JCR Eurasia Rating's notation system, denoting an adequate level.

For more information regarding the rating results, you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Ms. Merve HAYAT**.

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