

Corporate Credit Rating
 (Update)

Construction and Contracting

VARYAP		Long-Term	Short-Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	Stable	Stable	
National	Local Rating	BBB- (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		BC	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

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VARYAP VARLIBAŞLAR YAPI SAN. TUR. YAT. TİC. VE ELEKTRİK ÜRETİM A.Ş.					
Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	307,886	413,581	453,856	459,319	419,771
Total Assets (000 TRY)	713,957	881,093	806,775	867,607	645,439
Equity (000 TRY)	119,434	103,934	103,832	146,930	103,485
Net Profit (000 TRY)	15,500	102	-43,097	43,444	117,151
Sales (000 TRY)	437,119	93,111	665,253	281,929	254,541
Net Profit Margin (%)	3.55	0.11	-6.48	15.41	46.02
ROAA (%)	3.28	-0.77	-4.14	5.32	38.62
ROAE (%)	23.44	-6.25	-27.65	32.12	240.85
Equity / Total Assets (%)	16.73	11.80	12.87	16.94	16.03
Net Working Capital / T. Assets (%)	17.96	-1.11	-2.53	-6.47	-9.84
Debt Ratio (%)	83.27	88.20	87.13	83.06	83.97
Asset Growth Rate (%)	-18.97	9.21	-7.01	34.42	n.a

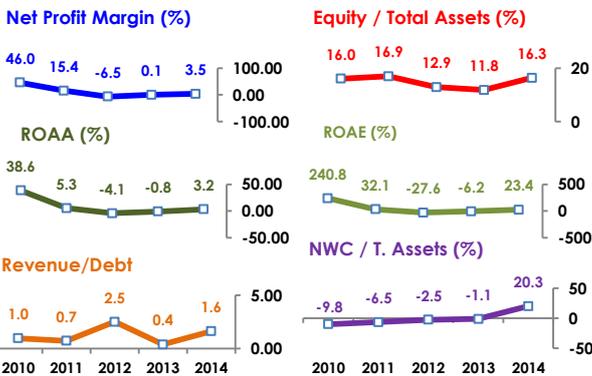
*End of year

Overview

Varyap Varlıbaşlar Yapı Sanayi ve Turizm Yatırımları Ticaret ve Elektrik Üretim A.Ş. (hereinafter referred to as "Varyap", "the Company" or "the Group") is a real estate development and contracting company with an operational background of 20 years, while the construction sector experience of the founder Varlıbaş Family exceeds that of Varyap.

The Company completed various large scale project public and private contracts including Ali Sami Yen Sports Complex, İstanbul Court of Justice and Varyap Meridian Residence Complex and various contracting works such as schools, social housing projects and municipal works. In the recent the years, Varyap focused on high value added mixed use real estate development projects comprising residences, shopping malls, office buildings and commercial areas such as Metropol İstanbul.

Varyap is currently focused on a luxurious villa project named Varyap Elements and another residence & hotel project on a proprietary land plot of Varlıbaş Family in the desirable touristic zone in Bodrum Yalıkavak.


Strengths

- Improved foreign currency position shielding the Company from fluctuations in the FX markets
- Investment property portfolio and ability to generate cash flows through sales of such assets
- Use of alternative financing facilities and capital markets, providing liquidity management flexibility
- Valuable land bank in Bodrum owned by the shareholders supporting the profitability potential of the ongoing real estate development projects
- Steady and experienced ownership structure in the contracting and real estate development sector

Constraints

- Considerable leverage and extensive use of external resources, while a widespread practice in the sector
- Limited funds from operations in the previous periods due to notable cost of sales
- Pressures on debt service capacity stemming from the constrained internal resource generation capacity
- The difficulties involved with finalizing the transactions regarding the Metropol Shopping Mall, due to the sheer size of the complex
- Significantly large off-balance sheet commitments and contingencies, potentially restricting the discretion of managerial decisions over certain assets
- Room for improvement in compliance with Corporate Governance best practices

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