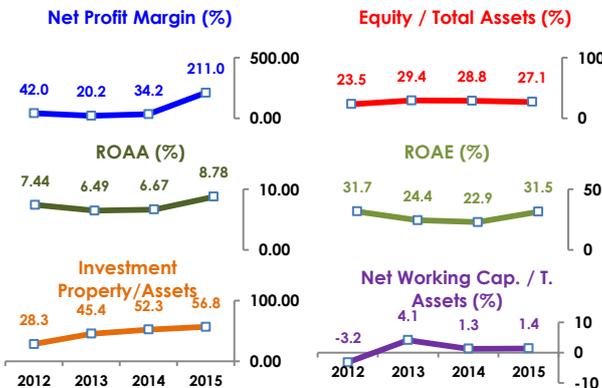


Corporate Credit Rating
 (Update)

Construction and Contracting

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

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

Analyst : Özgür Fuad ENGIN +90 212 352 56 73
ozgur.engin@jcrer.com.tr

Strengths

- Potentially profitable and diversified projects added to the pipeline, expected to generate fund flow up to 2020
- Completed and ongoing investments in periodic income generating assets, namely Hilton Kozyatagi Hotel, Brandium Shopping Mall and Gayrettepe Hotel project
- Long-term concentration of external resources and financial liabilities, alleviating the liquidity pressure
- Ability to generate non-cash requiring advances received, supporting the funding composition
- Established brand name of projects, contributing to the sales performance and supporting the market position
- Long track record of timely and successful completion of contracting works and real estate development projects on a solo basis or with partners
- Experienced and proficient management team

Overview

Founded in 1995, Emay İnşaat Taahhüt San. Tic. A.Ş. (hereinafter "Emay İnşaat", "the Company" or "the Group") commenced its activities as construction-contracting company based in Ankara. The Company won and completed numerous tenders for public service contracts such as social housing complexes, schools, hospitals and service buildings for public institutions. In the last decade, the Group changed its focus to real estate development projects consisting of mixed use projects, residences, shopping malls and hotels. The Group's shareholders are the Gören and Çağlar Families.

The Company's real estate development project are mainly marketed with the KentPlus brand, covering several projects mainly in the Anatolian side of Istanbul. Emay İnşaat completed Brandium complex, comprising residences, hotels and a shopping mall - co-owned by the land owner and Emay, and Hilton Kozyatagi Hotel, co-owned with the land owner as well. The Group engenders steady income streams via these investment properties.

The Group is concentrated on the KentPlus Kadıköy project, a 1,276 unit housing project that is among the first gentrification projects in the region. Additionally, Emay is developing a brand new residence project in Ayazaga region, a timeshare & thermal facilities complex in Armutlu and a hotel renovation project in Gayrettepe.

The Group employed a total of 131 people as of 2015, on average, excluding subcontracted workers.

Constraints

- Notable financial liabilities and external resource use, engendering financing expenses constraining profitability
- Sensitivity to foreign currency volatilities due to predominance of FX denominated loans, despite of moderate derivate instrument use
- Despite of underlying a valuable real estate portfolio, significant share of fair value gains among reported income reduces the earnings' contribution to cash flows
- Considerable commitments and contingencies on asset portfolio
- Global and regional macroeconomic pressures as the growth rates are pressured with downside risks
- Geopolitical risks and uncertainties in the local market constraining the prospects and exposing vulnerabilities to the foreign currency markets and interest rates

"Global Knowledge supported by Local Experience"
Publication Date: March 11, 2016

Copyright © 2007 by JCR Eurasia Rating, 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90.212.352.56.73 Fax: +90 (212) 352.56.75

Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. <http://www.jcrer.com.tr>