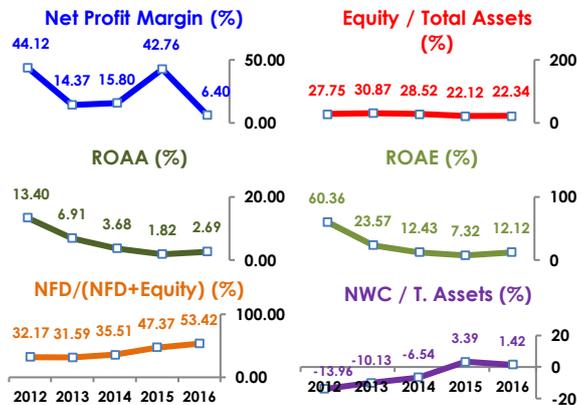


Corporate Credit & Issue Rating
Construction

Ağaoğlu Architect of Life		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A- (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016

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Strengths

- Reputable brand name granting robustness to market sensitivities
- Sustained robust real estate sales stemming from flagship projects
- Ability to fund large share of operations with customer advances, contributing to liquidity management
- International marketing capabilities successfully generating revenue from overseas investors diversifying the country risk
- Valuable and sizable investment portfolio generating room for future growth
- Experienced and competent management team
- Efforts to diversify the dependence on construction sector revenues through investments into other sectors
- Profitable operations of the Company during the review periods

Constraints

- Increased external funding and financial leverage levels
- Large share of fair value gains in total revenues not contributing to cash inflows and hence liquidity position
- Pressurized political and economic outlook in Turkey and security concerns in the Middle East region increasing operational risks
- Notable increase in FX losses due to increase in net short foreign currency position, increasing the sensitivity to fluctuations in FX rates
- Room for improvement regarding corporate governance compliance policies

AKDENİZ İNŞAAT VE EĞİTİM HİZMETLERİ A.Ş. & ITS SUBSIDIARIES					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (000 USD)	1,619,576	1,719,774	1,562,454	1,457,234	1,710,314
Total Assets (000 TRY)	5,699,613	5,000,415	3,623,176	3,110,175	3,040,255
Equity (000 TRY)	1,273,399	1,106,075	1,033,441	960,216	843,567
Net Sales (000 TRY)	1,489,514	200,533	634,434	1,155,534	643,805
Net Profit (000 TRY)	95,394	85,757	100,264	166,002	284,046
Net Profit Margin (%)	6.40	42.76	15.80	14.37	44.12
ROAA (%)	2.69	1.82	3.68	6.91	13.40
ROAE (%)	12.12	7.32	12.43	23.57	60.36
Equity/Total Assets (%)	22.34	22.12	28.52	30.87	27.75
NWC / T. Assets (%)	1.42	3.39	-6.54	-10.13	-13.96
Asset Growth Rate (%)	13.98	38.01	16.49	2.30	34.09
Net Sales/ NFD (%)	102.01	20.15	111.48	260.64	160.89

(* End of year, NWC: Net Working Capital, NFD: Net Financial Debts)

Overview

Established in 1981, Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş. (hereinafter referred to as "Ağaoğlu", "the Group" or "the Company") is a leading real estate development company based in Turkey specializing in complex and mixed-use projects that include residence, office, commercial, entertainment and leisure spaces and upper segment housing solutions. In addition to real estate development activities, the Group also manages tourism facilities and has investments in the renewable energy production sector. The Group's cement factory investment in Düzce, is expected to be operational within the last quarter of 2018.

Ağaoğlu's increasingly complex and challenging projects have earned the Group a prominent position in the market, as well as attracting interest from international investors. The Group has also managed to form strategic partnerships and business relations with several global real estate investors in recent years.

As of the report date, the Group had one wind, one hydroelectric and one cogeneration operational energy plants. When the Group's remaining four wind and three hydroelectric power plants will be completed, the total portfolio will increase to an installed capacity of 430.1 MW with an expected annual generation of 1,253 GWh/year. The Group's two operational hotels in Uludağ/ Bursa and Istanbul had 59,000 m² of space and room capacity of 311.

As of FYE2016, the Group employed 1,884 employees (FYE2015: 2,137), including subsidiaries and affiliates.

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"Global Knowledge supported by Local Experience"