

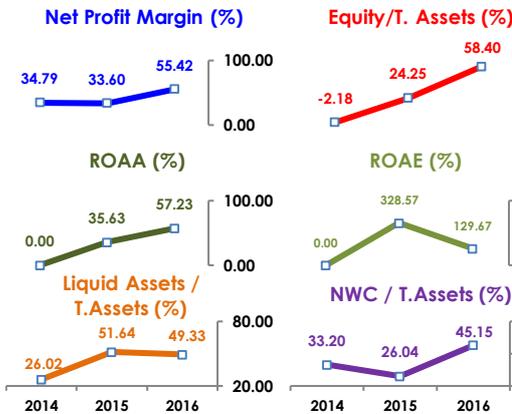
Corporate Credit & Issue Rating
Airport & Terminal Management

| ERGAN HAVALIMANI OPERATED BY T&T AIRPORT | | 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 | BBB+ (Trk) | A-2 (Trk) | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| | Issue Rating | | BBB+ (Trk) | A-2 (Trk) |
| Sponsor Support | | 2 | - | |
| Stand Alone | | B | - | |
| Sovereign* | Foreign currency | BBB- | - | |
| | Local currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

*Assigned by Japan Credit Rating Agency, JCR on November 10, 2017

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* NFD: Net Financial Debts, NWC: Net Working Capital

Strengths

- Monopolistic position in TRNC's airport management sector reinforcing revenue and profit generation capacity
- Consistent and robust increases in revenue generation during the review period
- Notable gross, EBITDA and net profit margins in line with the dynamics of the sector
- Robust funds generation from operations supporting the Company's liquidity profile
- Win-win situation created by the construction of the new airport terminal by Taşyapı
- Parent Group's over 32 years of extensive construction and contracting sector experience, reputable brand name and size support the Company operations
- Low susceptibility of airport management revenues to economic downturns along with diversified revenue generation channels
- Carrying no financial debts and having ample liquid assets significantly reinforcing the Company's financial position

Overview

Established on 22 November 2012 by Taşyapı İnşaat Taahhüt San. Ve Tic. A.Ş. (%70), Terminal Yapı ve Ticaret Ltd. Şti. (%20) and Kaner Travel Ltd. (%10) as a joint venture (JV) company, *T&T Havalimani İşletmeciliği San. ve Tic. Ltd. Şti.* (hereinafter referred to as "T&T" or "the Company") won the build-operate-transfer (BOT) tender for the management, operation and maintenance of Ercan Airport and all of its facilities and services located in Lefkoşa/TRNC* in December 2012. T&T paid EUR 100mn in advance for the transaction of BOT rights in 2012 and considered the initial payment as a prepayment for the first 4 years of operation. The BOT agreement also included the construction of a new terminal building to be completed by T&T at a maximum time period of 48 months following the delivery of lands on which the terminal would be constructed. Due to the late delivery of lands, current business activities are carried upon the existing facilities and the ongoing construction of the new airport terminal is planned to be completed by December 2018 with a total investment of approximately EUR 350mn. In order to compensate for the losses incurred by T&T as a result of the late delivery of lands, the operating term was extended to January 2042. In addition, 47.8% of the airport operating revenues, which amounted to TRY 112mn in FY2016, will be shared with the NCTRG* starting from 1 January 2017 in line with the BOT agreement. T&T employed 85 full-time employees as of FYE2016 (FYE2015: 77).

(* TRNC: Turkish Republic of Northern Cyprus, NCTRG: North Cyprus Turkish Republic Government

Constraints

- Ongoing conflicts of interest between T&T shareholder's
- Withdrawn Share Capital Recorded as Receivables from Related Parties
- Political uncertainties and conflicts in Cyprus and pressurized economic and political outlook in the country and Turkey increasing operational risks
- Lack of adherence to corporate governance principles negatively affect the effective management of the Company
- Expected decline in airport operating and investment progress income downward pressure the revenue generation capacity of the Company
- Investment progress income contributing to the revenue generation but not generating cash inflows to the Company

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