SAHA
Corporate Governance and
Credit Rating Services Inc.

25 August 2015

Credit Rating

Rating (National): Long Term

(TR) AA

Outlook:

Stable

Rating (National): Short Term

(TR) A1+

Outlook:

Stable

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İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. (ISGYO)

Rating Summary

İş Gayrimenkul Yatırım Ortaklığı A.Ş. ("İş GYO") ("the Company", "İş GYO") was originally founded on 6 August 1999 as a result of the merger of two real estate companies: İşbank owned İş Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. and Merkez Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. It has completed its initial public offering in the same year and began trading on BIST.

İş GYO is one of the leading firms in the real estate sector with its solid portfolio and financial structure. The company is focused on assuring the optimum risk versus return balance for its investors on the back of a diversified and well-balanced portfolio. İş GYO, as a REIT, carries out its activities in compliance with the requirements of the Turkish Capital Markets Board (CMB) laws and regulations.

İş GYO's portfolio value increased by 20% by the end of 2014 reaching TL 2.9 billion. The Company has a market value of TL 966 million, representing 4.4% of the sector.

Following our comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market position, İş GYO received a (National) rating of AA.

Strengths and Risks

Strengths

- Rental income currency of the Company has been diversified.
- Relatively low short-term borrowing is an advantage.
- Received advances constitute 19% of total liabilities.

Risks

- The high sensitivity to macroeconomic instability in the real estate sector in which the Company operates.
- Increased VAT rates for newly acquired building permits can adversely affect demand.

Outlook

The main factors that may affect the overall appearance of the Company in the short-term period are as follows:

• Increase in VAT rates on permits for new projects may reduce the sales volume by increasing the final sale price.
• The increase on lending rates may increase funding costs of the Company since its financial liabilities with variable interest rates are relatively higher than the fixed rate liabilities.
• The Company has diversified its rental income currency. The currency distribution of the rental fee calculated pursuant to the lease agreements is composed as 37% in USD, 5% in Euros and 58% as Turkish Lira.
• Received advances constitute 19% of total liabilities. Since these advances correspond to the sale price of the houses which will be built, financing can be achieved without creating cash outflow.

Considering these factors, the Company's outlook is considered to be Stable**.**

Economic Outlook and Analysis of the Sector

Recovery in the global economy in 2014 remained below the forecast. The global economic recovery differed between countries in 2014 rather than an overall improvement. The US economy dissociated from other developed countries with minimal but increasing growth rates during the same period. The economic activity in the Euro Zone continues to exhibit a weak outlook, raising questions on the faith of the economic activity as a result of quantitative easing. Policies implemented since 2013 to combat disinflation in the Japanese economy which entered a recession in the third quarter of this year has not yet have the effect intended.

Growth performance of developing countries in 2014 remained in low levels compared to pre and post global crisis era. In particular, loss of growth momentum in China, the world's second largest economy, has been a factor that increased concerns about the global economy.

The US has terminated the asset purchase program. The US economy showed a poor performance in the first quarter of 2014 due to adverse weather conditions, but we have witnessed a significant rebound in the following period. In the framework of improvement in the economy, US Federal Reserve (FED) has gradually reduced the monthly asset purchase of US $ 85 billion which has been going on for over two years and completely terminated in October 2014. Meanwhile the weak economic activity in the Euro Zone has made it necessary to take additional measures. In 2014 the European Central Bank (ECB) has brought the interest rate level to near zero to support the economy. The ECB has also decided to apply negative interest on deposits held by banks. In addition, the ECB began to supply liquidity to the market with long-term refinancing operations and asset purchase programs.

The most important item on the agenda of the global economy in 2015 is expected to be the normalization process in the Fed's monetary policy. The start of FED's interest rate raise in line with the economic recovery is expected to cause fluctuations on capital flows, particularly to emerging economies. Aftermath the global crisis this is an indication of continuation of the moderate growth also in 2015 in developing countries, including Turkey, which are the locomotive of the world economy. In addition, a recovery in the US economy is expected to show a positive reflection in the economies of countries developing by way of external trade. Continuation of current low level of oil prices also in the coming period is expected to support growth in the energy importer countries such as Turkey. However, oil-exporting countries, especially Russia, which is one of the major export markets of Turkey, will be negatively affected by this situation.

There are many factors that can affect the inflation outlook both positively and negatively in 2015. The gradual realization of the anticipated recovery in economic activity and aggregate demand are expected to support the disinflation process. Tight stance in the monetary policy and macro precautionary measures are positively affecting mainly energy and non-food (core) inflation indicators. Falling commodity prices, especially oil, supports the disinflation process. This increase in exchange rates should be expected to begin to feel the negative effects of inflation towards the middle of the year. An upward pressure on interest rates might likely occur if the cost inflation is not kept under control.

Domestic demand has slowed down considerably as a result of tight monetary policy implemented by the Central Bank of Turkey. In this context, the contribution of private consumption expenditure to growth has been decreasing and Turkey has achieved a net export-oriented composition of growth. In line with the strong trend of net exports, the foreign trade deficit at the end of 2014 declined by 15.4% compared to the same period of the previous year and stood at 84.5 billion US dollars. The share of Turkey's exports to EU countries rose in 2014, but the conflict in the Middle East has led to a decrease in the share of exports in this region. Current account deficit has narrowed considerably in 2014 due to weak domestic demand conditions and developments in the trade balance. The current account deficit in 2014 decreased by 18.8 billion US dollars compared to end 2013, backing to 45.8 billion US dollars level.

Turkish economy grew by 2.3% in the first quarter of 2015 compared to the same quarter of the previous year. 2.3% GDP growth in the first quarter stemmed from 3.3 points (consumption 3.3, investment 0) of domestic demand and 0.2 points from stocks. Net external demand had an effect of 1.2 points decline. Leading indicators are showing that this trend will continue in the second quarter and a moderate growth is on the way.

Entire 7.4% growth experienced in the construction sector in 2013 is attributed to growth in public construction spending. On the other hand, the private sector construction spending declined 0.7 percent in 2013. Following two consecutive years of shrinkage, private sector construction spending rose by 9.4 percent for in 2014. Public construction spending shrank by 10.8% in 2014 after the 30.2% growth in 2013.

Compared to the previous year, number of structures with building permits issued by municipalities in 2014 increased by 13.5%, total area by 24.3%, the value by 37.2%, while the number of apartments increased by 21.2%. According to the intended use, residential buildings with two and more apartments had the highest share with 156.2 million square meters (71.7%), followed by office (business) buildings with 12.8 million square meters (5.9%). As for the ownership structure, the private sector had the largest share with 187.9 million m^2 (86.3%). During the same period, the number of use and occupancy permits went up by 9.4%. Building construction cost index increased by 0.1% in the fourth quarter of 2014, compared to the previous quarter, by 9.5% compared to the same quarter of 2013 and by 10.7% when compared with the four-quarter average.

In 2014, residential unit sales went up by 0.7% and numbered 1,165,381. In residential unit sales Istanbul claims the highest share with 225,454 units (19.3%). While the mortgage loan allocation volume, which directly impacts the housing demand, shrank due to the high loan rates in connection with the CBT’s interest rate policy in the first quarter of 2014 and the restriction imposed on loans, adopted an upturn in conjunction with the increased demand toward the end of the second quarter.

Residential unit sales in June 2015 amounted to 110,657 units, an increase by 19.1% compared to the same period last year. The monthly housing sales increased by 2.6% despite the upward trend in mortgage rates. The number of residential units sold between January and June 2015 grew by 21% compared to the same period of last year and reached to 635,000 units.

Company Overview

İş GYO was originally founded on 6 August 1999 as a result of the merger of two real estate companies: İşbank owned İş Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. and Merkez Gayrimenkul Yatırım ve Proje Değerlendirme A.Ş. It has completed its initial public offering in the same year and began trading on BIST.

The Company shares are traded under “ISGYO” code at BIST Collective Products Market and İş GYO is a constituent of BIST 100 (XU100), BIST All Shares (XUTUM), BIST 100-30 (XYUZO), BIST Real Estate Investment Trusts (XGMYO), BIST Dividend 25 (XTM25), BIST Dividend (XTMTU), BIST 50 (XU50), BIST Financials (XUMAL) and BIST Corporate Governance (XKURY) indices.

İş GYO’s capital structure is as follows:

Capital Structure		
Shareholder	**Share (TL)**	**Stake Held (%)**
Türkiye İş Bankası A.Ş.	315,073,304.03	42.23
Anadolu Hayat Emeklilik A.Ş.	53,028,605.40	7.11
Other	377,898,090.57	50.66
	746,000,000.00	**100.00**

The division of tasks in the İş GYO Board is as follows:

İşGYO Board of Directors	
Name	**Duty**
Levent KORBA	Chairman
M Kemal FETTAHOĞLU	Vice-chairman
D. Sevdil YILDIRIM	Independent Board Member Corporate Governance Committee Chairwoman Audit Committee Member
Süleyman H. Özcan	Member
H. Cemal KARAOĞLU	Independent Board Member Audit Committee Chairman Early Detection of Risk Committee Chairman
Mete ULUYURT	Member
Murat Doğan	Member Corporate Governance Committee Member Early Detection of Risk Committee Member

As of fiscal year 2014 real estate rental income derived mainly consists of office and shopping center investment and the breakdown of the fair value of such investments is; 58% offices, 41% shopping malls and 1% hotel. Real estate rental income and appraisal values obtained are presented in the table below. The deed transfer on sale of Güneşli Office Building for TL 69,500,000 + VAT has been completed on August 3, 2015 and the sale price of TL 82,010,000 (with VAT) has been collected.

Buildings	Purchase Date	Appraisal Date	Appraisal Value	Allocation
Istanbul İş Towers Complex - Towers 2&3	11 OCT 1999	19 DEC 2014	546,000,000	34%
Ankara İş Tower	01 OCT 1999	23 DEC 2014	107,300,000	7%
Istanbul Maslak Office Building	14 MAY 2001	26 DEC 2014	82,248,600	5%
Güneşli Operations Building	28 APR 2008	26 DEC 2014	46,600,000	3%
Istanbul Sirkeci Office Building	18 APR 2008	26 DEC 2014	37,200,000	2%
Ankara Ulus Office Building	28 DEC 2004	23 DEC 2014	31,590,000	2%
Ankara Kızılay Office Building	28 DEC 2004	23 DEC 2014	29,500,000	2%
Antalya Office Building	29 DEC 2004	23 DEC 2014	17,200,000	1%
Istanbul Taksim Office Lamartine	24 AUG 2010	18 DEC 2014	44,295,000	3%
Istanbul Kanyon Shopping Mall	24 JAN 2001	19 DEC 2014	390,000,000	24%
Istanbul Real Hypermarket Building	28 JUN 2001	19 DEC 2014	81,000,000	5%
Kule Çarşı	11 OCT 1999	19 DEC 2014	54,000,000	4%
Muğla Marmaris Mallmarine Shopping Mall	28 JUN 2001	23 DEC 2014	10,142,650	1%
İstanbul Marmara Park Shopping Mall	28 JUN 2001	23 DEC 2014	106,600,000	7%
Nevşehir Kapadokya Lodge Hotel	07 OCT 2010	23 DEC 2014	21,505,000	1%
Total			**1,605,181,250**	**100%**

The breakdown of investments in the real estate sector on the basis of appraisal value is; offices (34%), hotel (1%), shopping malls and hypermarkets (23%), ongoing projects (41%) and land (1%). The Company's real estate investments are mainly in Istanbul with 86%. Ankara and Izmir with 6% each and Antalya and Nevşehir with 1% each completes the geographical distribution.

Ongoing Projects:

Superstructure construction work on the Company's "Technology and Operation Center" located in Istanbul's Tuzla district is still ongoing. The total development cost, including finance and land development costs, is expected to be around USD 265 – 270 million. This turnkey investment model project is leased to T. İş Bankası A.Ş. for a period of 25 years. The project's total value is determined as TL 304,100,000 by ACE Property Valuation and Consulting A.Ş.'s appraisal report dated 25 December 2014.

Tuzla Mixed-Use Project is located right next to the "Technology and Operation Center". The total development cost, including land, is expected to be approximately USD 100 – 105 million and the superstructure construction work keeps going. The project's total value is determined as TL 174,500,000 by ACE Property Valuation and Consulting A.Ş.'s appraisal report dated 25 December 2014.

Izmir Ege Perla Project has an investment value of approximately USD 160 – 170 million. Located in Konak, Izmir, the first mixed-use project in the area, houses a shopping mall and residential and home-office units in different sizes and plans ranging from 1+1 to 5+1 executive units. The project's total value is determined as TL 167,652,000 by Reel Property Valuation A.Ş.'s appraisal report dated 29 December 2014.

Office and commercial spaces are developed at Istanbul International Financial Center Project. The total development cost, including land, is expected to be approximately USD 100 – 110 million. The project's total value is determined as TL 122,455,000 by Nova Real Estate Valuation and Consulting A.Ş.'s appraisal report dated 24 December 2014.

The Company is developing a mixed-use project at Kartal, Istanbul called Istanbul Kartal Manzara Adalar Project. The project is carried out by revenue sharing model and it covers residential, office and commercial areas. Expected revenue from residential sales is TL 750 – 800 million and expected rental income of office and commercial space is around TL 30 – 35 million. The project's total value is determined as TL 168,225,000 by ACE Property Valuation and Consulting A.Ş.'s appraisal report prepared on November and December.

The property located in the Zeytinburnu district of Istanbul (former Topkapı Plant belonging to Şişecam Group) has been purchased at the last quarter of 2013 for the development of a project with Timur Real Estate (NEF). This project called Topkapı Inistanbul will be developed as four different projects and the revenue from unit sales is expected to achieve TL 1.1 – 1.4 billion. The project's total value is determined as TL 375,925,000 by Nova Real Estate Valuation and Consulting A.Ş.'s appraisal report dated 25 December 2014 in which İş GYO's 50% stake corresponds to TL 187,962,500.

Consolidated Balance Sheet and Income Statement of İş GYO (TL)

Main Balance Sheet Items		
TL Million	31 DEC 2013	31 DEC 2014
Current Assets	233.0	251.6
Fixed Assets	1,435.7	1,608.2
Total Assets	1,668.7	1,859.9
Short-term Liabilities	162.0	67.1
Long-term Liabilities	350.6	581.3
Equity	1,156.1	1,211.5
Total Liabilities	1,668.7	1,859.9
Main Income Statement Items		
TL Million	31 DEC 2013	31 DEC 2014
Revenue	371.2	234.1
Cost of Sales	225.1	119.8
Gross Profit / Loss	146.1	114.3
Operating Profit	146.7	91.5
Operating Profit Margin	40%	39%
Net Profit	116.2	86.8
Net Profit Margin	31%	37%

Overall the Company's financial statements show a total asset increase by 11% compared to the previous period, reaching to TL 1,859.9 million. The net profit for the year 2014 decreased by 25% compared to last year, backing to around TL 87 million. Relatively high profit of last year is due to the inclusion of bulk of sales revenues of hotel and Çınarlı Bahçe housing sales in the figures of 2013.

İş GYO's portfolio value increased by 20% by the end of 2014 reaching to TL 2.9 billion. On April 8th and July 9th, 2014 the Company issued bonds within the issuance limit of TL 200,000,000 to qualified investors through İş Yatırım Menkul Değerler A.Ş.. The total was TL 200,000,000 with nominal value of TL 100,000,000 each, with a 2 year term, carrying variable interest rate and with quarterly coupon payments.

Ratio Analysis

Profitability Ratios	2014	2013
Return on equity	0.07	0.10
Net Profit / Total Assets	0.05	0.07
Return on Assets	0.05	0.09
Economic Profitability	0.14	0.29
Gross Profit / Assets	0.06	0.09
Operating Profit / Net Sales	0.39	0.40
Gross Profit	0.49	0.39
EBIT / Sales	0.39	0.40
Net Profit / Net Sales	0.37	0.31
Cost of sales / Net Sales	0.51	0.61
General and Administrative Expenses / Net Sales	0.08	0.03

Despite the fall on return on equity the Company continued its activities by increasing its net profit margin, which is considered positive by us. However, the proportion of Company's general and administrative expenses in sales has increased. Nevertheless, the ratio of cost of goods sold to sales has fallen as a result of effective management.

Liquidity Ratios	2014	2013
Liquid Assets / Assets	0.07	0.06
Liquid Assets / Liabilities	0.19	0.20
Liquid Assets / Equity	0.10	0.09
Liquidity Size	0.10	0.04
Current Ratio	3.75	1.44
Acid Test	3.69	1.41
Cash Ratio	1.85	0.62
Inventories / Current Assets	0.02	0.02
Inventories / Total Assets	0.04	0.02
Short-Term Receivables / Current Assets	0.16	0.15
Short-Term Receivables / Total Assets	0.02	0.02
Interest Recompense	16.51	4.74
Financing Expenses / Total Assets	0.00	0.02

Significant improvement in the liquidity ratio of İş GYO, calculated as the ratio of net working capital to total assets, offers new opportunities for the Company. İş GYO has reduced the rate of net financial expense to total assets compared to the previous year by effective use of resources provided by cash and cash equivalents.

Operating Ratios	2014	2013
Revenue Capacity of Competitiveness	0.13	0.22
Equity Turnover	0.19	0.32
Profit Growth	-0.25	0.78
Total Asset Growth	0.11	0.20
Equity Growth	0.05	0.08
Accounts Payable Turnover	22.22	10.09
Receivables Turnover	4.98	6.52
Working Capital Turnover	0.93	1.59
Net Working Capital Turnover	1.27	5.23
Investment Property Turnover	0.15	0.27
Current Assets Turnover	0.15	0.26

When all the operating ratios are considered as a whole, the effect of one-time income of the previous year is seen. Despite the impact of income resulted from hotel and Çınarlı Bahçe housing sales the net sales / net working capital ratio, which measure competitiveness is quite good compared to the sector.

Asset Quality	2014	2013
Doubtful Receivables / Accounts Receivable	0.02	0.02
Net Foreign Currency Position / Total Assets	0.01	0.01
Net Foreign Currency Position / Equity	0.03	0.01

The Company's asset quality is in pretty good level compared to the industry. Looking at the last 10 years history of doubtful receivables, collections are generally realized with the exception of one or two companies holding certificate of insolvency. In addition, the Company's foreign currency position is balanced, an indication of protection against any exchange rate risk.

Financial Structure Rates	2014	2013
Financial Leverage (Equity / Total Debt)	1.87	2.26
Short-Term Liabilities / Total Liabilities	0.04	0.10
Long-Term Liabilities / Total Liabilities	0.31	0.21
Long-Term Liabilities / Continuous Capital	0.32	0.23
Fixed Assets / Total Debt	2.48	2.80
Fixed Assets / Continuous Capital	0.90	0.95
Short Term Liabilities / Total debt	0.10	0.32
Total Financial Debt / Total Assets	0.26	0.21
Market Value Leverage	1.49	1.72
Short-Term Bank Loans / Total Short-Term borrowings	0.85	0.83
Investment Property / Long-term Liabilities	2.64	3.94
Total Financial Liabilities / Total debt	0.74	0.68
Reserves / Total Assets	0.11	0.10
Tangible Assets + Investment Property / Total Assets	0.83	0.83

Looking at end 2014 data, the ratio of short-term liabilities to total assets compared to the same period last year has decreased significantly. During the same period İş GYO was able to manage self-finance by long-term liabilities and the extension of debt maturity is considered positive by us. The financial leverage ratio which is calculated as the rate of the Company’s total equity to total debt, has decreased compared to the previous year, showing increased indebtedness. Keeping the Company's solvency ratio at the optimum balance level is important for sustainable profitability. Finally, the improvement on the ratio of tangible and intangible assets to total debt compared to the previous year is considered to be positive.

Strengths

Rental income currency of the Company has been diversified:

The currency distribution of the rental fee calculated pursuant to the lease agreements is composed as 37% in USD, 5% in Euros and 58% as Turkish Lira. The average lease term of real estate generating rental income is 5 years and rental period can vary depending on the type of contract or investment models. While lease agreements in turnkey projects can exceed 15 years, longer periods may be the case on investment models such as build-operate-transfer model which is an advantage for a sustainable cash flow.

Relatively low short-term borrowing is an advantage:

Distribution of liabilities according to their maturities is important in terms of cash management. As a result of establishment of an appropriate liquidity risk management by the Company for short, medium and long-term funding and liquidity requirements 12% of total financial liabilities have less than one year maturity.

Received advances constitute 19% of total liabilities:

The high level of advances received is the key indicator of confidence in the Company. Since these advances correspond to the sale price of the houses which will be built, advance sales of planned units can be achieved without creating cash outflow. Thus, resource costs are managed effectively by low-cost funding.

Risks

The high sensitivity to macroeconomic instability in the real estate sector in which the Company operates:

Housing loans allocated by credit institutions are the basic source for corporate housing financement. Economic stability can pave the way for a decline in mortgage costs, can provide price accessibility with significantly longer maturities and therefore support the market development. An increase in real interest rates and / or inflation as a result of political or economic instability can cause a decline in housing loan demand. Mortgage sales share in total sales of housing by the end of 2014 was 32% (İş GYO: 21%). This poses a risk of instability on the sector and hence Company sales.

Increased VAT rates for newly acquired building permits can adversely affect demand:

Changes realized on VAT rates in June 2012 is feared to lead to a decrease in housing demand by increasing prices and have a negative impact on the sector. The law “Amending the Procedure Law on Collection of Public Claims and Some Other Laws” issued on 21 June 2012 abolished 1% VAT rate implemented in residential sales below 150 square meters and authorized Council of Ministers on determining the VAT rate on buildings which received permits after June 1st, 2012 according to the criteria of land and tax value, plus location. Since most of the projects developed by the Company are within the areas affected by this law, it poses a risk for the Company and the sector.

Corporate Governance

The Company has provided substantial compliance with the Capital Markets Board's (CMB) Corporate Governance Principles and has implemented all of the necessary policies and measures. Management and internal control mechanisms have been created effectively and are in operation. All of the corporate governance risks are identified and managed actively. The rights of shareholders and stakeholders are respected in a fair manner and public disclosure and transparency is at superior levels. Structure and operation of the board of directors is in the category of best practice. There are almost no weaknesses in these areas.

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections to affect the final note with specific weights. Quantitative analysis components consist of company's distance from the point of default, its performance compared to the sector, analysis of the financial risks, and the assessment of cash flow projections. Default point analysis measures the distance from the point of default and it is based on relevant sector firms' past financial performances, ratios derived from a distinctive default statistics, and statistically derived coefficients. This analysis is based on genuine statistical study of SAHA, covering real estate investment trusts in Turkey. Comparative performance analysis of the sector determines the position of the company concerned in comparison with the sector firms' recent financial performances. Financial risk analysis covers the evaluation of the company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers operational issues such as sector and company risks as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency outshines once again in the current global financial crisis we witness. Our methodology consist of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at www,saharating,com.

Rating Definitions

Our long term credit rating results start from AAA showing the highest quality and continue all the way to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction between the categories of AA and CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered "investment worthy" by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Ability to meet financial obligations is extremely high. If securities; carries a little more risk than the risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company and economic and financial conditions may increase investment risk, but not at a significant level.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer's capacity to fulfill its obligations may weaken due to adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B, C categories should be considered "speculative" by the market.

(TR) B	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but face to face with negative financial and economic conditions. If securities; under the investment level, but on-time payment exist, or under less danger than other speculative securities. However, if the issuer's capacity to fulfill its obligations weakens, serious uncertainties may appear.
(TR) C	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk of on-time payment. Financial protection factors can show high fluctuations according to the status of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below the category of investment. In danger, and economic, sectoral and financial conditions should have a positive development to fulfill its financial obligations. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. Company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with İş GYO A.Ş. and is based on information disclosed to public by İş GYO A.Ş.

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