Corporate Credit & Issue Rating (Update)

Real Estate Investment Trust
REIT

Ata GYO			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–3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB (Trk)	A–3 (Trk)
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 October 7, 2016

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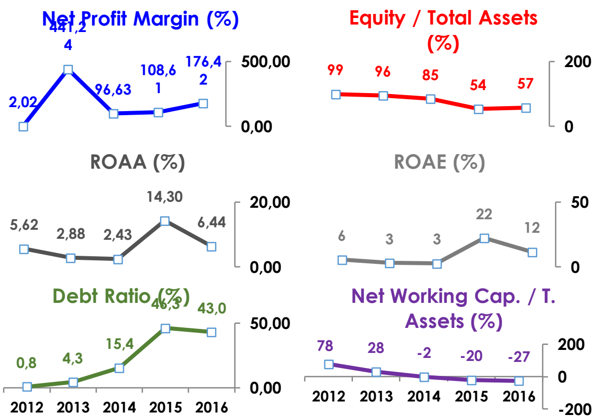
ATA GYO					
Financial Data	**1H2017**	**2016***	**2015***	**2014***	**2013***
Total Assets (000 USD)	19,373	19,777	22,600	14,386	13,791
Total Assets (000 TRY)	67,943	69,598	65,711	33,359	29,434
Equity (000 TRY)	38,631	39,643	35,289	28,205	28,171
Net Profit (000 TRY)	-1,011	4,354	7,083	764	820
Sales (000 TRY)	1,545	2,468	6,522	791	186
Net Profit Margin (%)	-65.45	176.42	108.61	96.63	441.24
ROAA (%)	-1.47	6.44	14.30	2.43	2.88
ROAE (%)	-2.58	11.62	22.31	2.71	2.95
Equity / Total Assets (%)	56.86	56.96	53.70	84.55	95.71
Net Working Capital / T. Assets (%)	-31.66	-26.88	-20.41	-1.61	28.27
Debt Ratio (%)	43.14	43.04	46.30	15.45	4.29
Asset Growth Rate (%)	5.70	5.92	96.98	13.34	6.74

*End of year



Company Overview

Ata Gayrimenkul Yatırım Ortaklığı A.Ş. (herein referred to as 'Ata GYO' or 'the Company'), was founded in 1997 under the name "Ata Yatırım Ortaklığı Anonim Şirketi" before changing its title and status to "Gayrimenkul Yatırım Ortaklığı" in 2012. With roots dating back to 1969, the parent company Ata Holding A.Ş. is one of the largest industrial enterprises in Turkey, with varied operations in the fields of finance, technology, food, logistic, real-estate development, construction material production, fashion, tourism and foreign trade.

Ata GYO operates in real estate investment trust business in which the Company completes real estate projects to sell or rent as well as financial activities of property backed assets. Ata GYO is listed in Borsa Istanbul with ticker **'ATAGY'** and 96,15% of shares are traded publicly. The Company realized its first bond issuance amounting to TRY 25mn in last quarter of 2015.

Currently, 31 REIT companies are active in the market with total asset size over TRY 60bn. Ata GYO has TRY 68mn of assets and a market capitalization of approximately TRY 109mn.

Strengths

- Low debt ratio and strong equity level
- Net profit generation in 2016
- Steady rental income through long term lease contracts with corporate companies
- A strong group, Ata Holding, behind the Company
- High level of financial literacy within the Company and the Group
- Compliant with Corporate Governance Principles due to the fact that being quoted in Borsa Istanbul (BIST) which requires high level of transparency and accountability

Constraints

- Potential contraction in real estate sector may slowdown the speed of new business openings and rentals
- Shorter funding maturities puts pressure on net working capital and liquidity ratios
- Decline in cash inflows in 2016 and first half of 2017
- Non-cash basis revaluation gains stand as main contributor to bottom line profit
- Volatility in macroeconomic indicators and possible increase in market interest rates

Publication Date: September 26, 2017

"Global Knowledge supported by Local Experience"

1. Rating Rationale

The ratings assigned by JCR Eurasia Rating for Ata GYO are a reflection of the Company's independent audit reports prepared in conformity with International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, information and clarifications provided by the Company, and non-financial figures.

Ata GYO's balance sheet composition, liquidity profile, solvency indicators, capitalization level, asset quality, risk management policies and management and ownership profile have been taken into consideration for assigning the long term national and international local and foreign currency grades. As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bonds issued by Ata GYO, the note assigned for the TRY dominated bond issuance has been assigned as the same as the Company's Long and Short Term National Local Ratings.

Fundamental rating considerations are as below;

Low Debt Ratio and Strong Equity Level

Ata GYO's debt ratio, calculated by liabilities divided by total assets, closed the year of 2016 with 43.04% and the first half of 2017 with 43.14%. More than half of the Company's assets are financed by equity, indicating that the Company's external liability dependency is at low level. The equity level of Ata GYO is in good level in terms of standing alone capacity, external resource dependency and financial cost management. It also means that the Company is relatively free to compensate a possible loss or contraction in business via its own resources in the future.

Net Profit Generation in 2016

In 2016, Ata GYO generated TRY 4.3mn of net profit. Compared to 2015, the Company couldn't increase rental revenues. However, the cost of sales declined dramatically and gross profit ended up with TRY 2.1mn. Financial expenses continued to be a large account on the income statement in 2016 which is related with the issued bond. Thanks to the revaluation gains on the real estate portfolio, the Company's year-end net profit was positive.

Steady Rental Income

The single customer risk in the Company's activities indicates a notable customer concentration risk mainly derived from the realization of rental income from Tab Gıda, Ata Group's company. On the other hand, as the major tenant of the Company, Tab Gıda is the franchise of Burger King, providing Ata GYO a steady rental income via strong brand value. Obviously, customer concentration may lead the Company to face with drawbacks of a bad scenario. However, since the concentrated customer operates under the roof of same Holding, the risk may easily be deemed low.

Existence of Ata Holding Behind the Company

Ata Holding actively provides operational support for Ata GYO. In terms of strategic decision processes, Ata Holding developed a business model, called 'Atametrics', to evaluate profit potential on properties and predicting turnover by utilizing location information, street properties and real estate analysis. Legal, IT, administrative affairs and similar functions are supported by Ata Holding to the Company. Moreover, Ata Holding companies, i.e. Tab Gıda, stand as biggest leaseholder of Ata GYO that minimizes collection risk as well as a possible landlord-tenant conflict

High Level of Financial Literacy within the Company and the Group

Ata GYO's asset and liability management is diversified with financial instruments. The Company, which effectively uses financial instruments in balance sheet management, differs positively from other REITs in this regard. In addition to the internal profitability of real estate investments, the Company, which can provide financial management competencies and profit maximization, exhibits an advanced management mentality by taking place in the Borsa Istanbul stock market, issuing bonds and investing in different bonds. The reason behind this scene is that the Group has a lot of experience in financial markets and exist in the market with 'Ata Yatırım' brand. So that the high level of financial literacy within the Group makes Ata GYO to manage its balance sheet effectively.

Compliance with Corporate Governance Regulations

Ata GYO carries out its operation under the Capital Markets Board of Turkey (CMB) Law and relevant regulations and is publicly traded on Borsa Istanbul (BIST). Therefore, the Company sustains its efforts to fulfill the best practices of corporate governance principles and compliance to the regulations of the CMB and has a comprehensive internal control system through the integrated organizational structure which includes committees. The Company displays a relatively high degree of transparency as the Board, shareholders, stakeholders and practices of the Company in terms of public disclosure have been assessed within the framework of CMB regulations and information.

Potential Contraction in Real Estate Sector

Considering the latest macroeconomic conjuncture, it is undeniable that the slowdown in real sector has started to be visible. Especially the slowdown in retail market, whose players are potential tenants for Ata GYO, may lead to less demand for new investments. Consequently, the demand for the properties of Ata GYO may drop. Although the Company's major leaseholder is Ata Holding's affiliate, Tab Gıda, the aforementioned slowdown may prevent the growth opportunities of Ata GYO.

Shorter Funding Maturities Puts Pressure on Net Working Capital and Liquidity

Even if external resources used by Ata GYO are low compared to equity level, it is seen that the majority of these resources are denominated in short-term. As of the first half of 2017, 93% of the total external resources of TRY 29.3mn has less than 1-year maturity. The high level of short-term foreign resources leads to the negative formation of the Company's net working capital and indirectly to the contraction of liquidity ratios. Although the nominal value of TRY 25mn, which constitutes a significant part of short-term borrowings, is likely to be rolled over at the maturity, there is a weakness on the liability side of the balance sheet since this possibility is not reflected in the current balance sheet figures.

Decline in Cash Inflows in 2016 and First Half of 2017

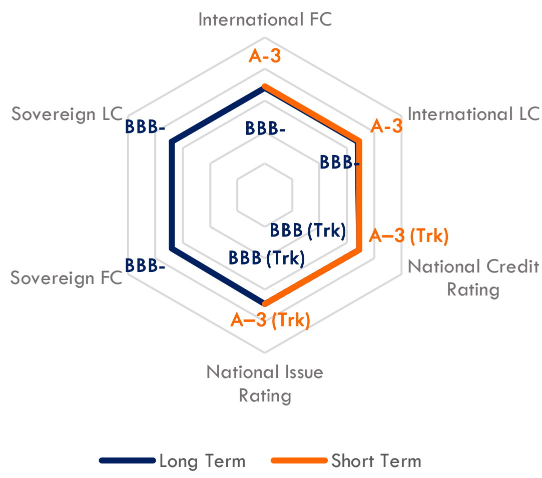
As of FYE2015, the Company's cash balance was TRY 13mn which was mainly developed by bond issuance. The year of 2016 was a calm year meaning that no new debt acquired or any property sold to generate cash, instead revenues were only composed of rental revenues. In that year, the Company's cash balance declined by TRY 8.5mn and in the first half of 2017 an extra TRY 1.6mn was spent as cash. As of 1H2017, Ata GYO's cash balance was TRY 3.2mn. In the lights of the spending trend mentioned above, the Company's cash balance must be supported with new inflows at least in the next year. The Company's budget for 2017 and 2018 suggests that new bond issuances will take place to cover the issue mentioned.

Volatility in Macroeconomic Indicators and Possible Increase in Market Interest Rates

Deterioration in inflation and current account deficit, unrest in the Middle East, results of April 2017 constitutional referendum, possible increases in the future cost of borrowing due to rate hikes by the Federal Reserve and subsequent reduction of inflows into emerging economies as well as rising levels of unemployment and regional tensions are expected to lead to a slowdown in real sector throughout 2017, despite the fact that government subsidized the loans via Credit Guarantee Fund which had a temporary effect. A possible increase in market interest rates and loan rates of commercial banks may negatively affect the financing costs of the Company.

With respect to the factors mentioned above, JCR Eurasia Rating has affirmed the Long Term International Foreign Currency and Local Currency Ratings of Ata GYO as **'BBB-'** and the Long Term National Rating as **'BBB (Trk)'** in JCR Eurasia Rating's notation system. As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bonds issued by Ata GYO, the note assigned for the TRY dominated bond issuance has been assigned as the same as the Company's Long and Short Term National Local Ratings.

The Company's ratings are summarized in the chart below.



2. Outlook

JCR Eurasia Rating has assigned a **'Stable'** outlook on the National Long Term Rating perspectives of **Ata GYO A.Ş.** based on the macroeconomic prospects of Turkey, expectations on real estate sector, and the sector's growth projections. The existing and planned debt instruments and currency and composition of resources have also been evaluated in the assignment of the outlook.

The rating methodology employed in this report evaluates the deterioration of profitability indicators and net working capital and the main shareholder's debt structure to the Company, coupled with aggravated political risks in the local and global markets as negative signals for the outlook.

3. Sponsor Support and Stand-Alone Assessment

The financial strength and expected support of the Company's shareholders lay the foundation for Ata GYO's Sponsor Support assessment. Ata GYO is in tight relationship with the Group, Ata Holding, based on the fact that the service suppliers and tenants of the Company are subsidiaries of Ata Holding. The Group successfully operates in several sectors of food, construction, textile, tourism, finance and so on over 45 years. Both Ata Holding and the other real person investors have the adequate willingness and experience to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to Ata GYO. In this regard, the Company's Sponsor Support

Grade has been determined as **(2)** in JCR Eurasia Rating's notation.

The Company's Stand Alone grade has been constituted with respect to the Company's growth rates, asset quality, equity structure, risk management practices, and the development of existing risks in the markets and business environment by using its internal sources. When the factors above are considered, our opinion is that Ata GYO has reached a level of adequate experience and facilities to manage the occurring risks in its balance sheet through internal means without any assistance by its shareholders, provided that it maintains the current customer level and efficiency in the market. The Stand-Alone rating has been determined as **'B'**, signifying a strong company, sustainable profitability, successful management, and good operating environment.

4. Company Profile

a) History & Activities

Ata GYO has been re-established by review of contract on 11 October 2012, prior to the original contract established on 20 March 1997, and has been conducting business as of then as a REIT. According to the Capital Market Law, it was established with a formal equity ceiling of TRY 50mn, issued capital is TRY 23.75mn.

Ata GYO, in accordance with the Capital Market Board's written documents regarding to real estate investment trust's missions and areas, deals mainly with real estates, real estate related capital market tools, real estate projects, rights concerning real estates and capital market investment tools. The Company's real estate history is back to the first years of Ata Group when the Group built Atatürk Hydroelectricity Power Plant in East Anatolia.

Ata GYO mainly focuses on commercial real estate valuables and projects that both grant a high rent income and future value profit in time. Any leasable real estate, retail, office, logistics are mainly in this category by definition. While genuinely seeking commercial real estate, Ata GYO may also invest in other segments of the sector such as housing, as is stated in its general assembly ruling. However, currently it does not have any investments in housing segment.

The Company's shares are quoted in Borsa Istanbul stock market and the ticker is 'ATAGY'.

b) Organization & Employees

The organizational chart of Ata GYO consists of 3 main units operating under the supervision of the CEO and the Board: Design & Construction, R&D and investments, and financial and administration affairs. As of 1H2017 the total number of employees of Ata GYO was 7.

As of FYE2016, the Board of Directors of the Company consists of 7 members, whom two are independent.

Board of Directors

Korhan Kurdoglu	Chairman
Erhan Kurdoglu	Vice Chairman
Elmas Melih Araz	Member
Murat Ufuk Yılmaz	Member
Tuncer Köklü	Member
Sinan Mert Şener	Independent Member
Engin Eyüp Eyuboglu	Independent Member

As listed above, the Board of Ata GYO contains 7 members. According to the resumes of the Board members published in the annual report, all Board members hold an adequate level of education and background. The existence of independent members on the Board is considered as a positive indicator in terms of principles of corporate governance.

Ata GYO has 3 committees formed under the Board. The committees are responsible to provide sufficient risk management, efficient control environment and alignment with Corporate Governance Principles. Members are provided below.

Committee Name	Member	Duty
Audit Committee	Sinan Mert Şener	President
	Engin Eyüp Eyuboglu	Member
Corporate Governance Committee	Sinan Mert Şener	President
	Elmas Melih Araz	Member
	Ülkü Çelik Usta	Member
Early Detection of Risk Committee	Engin Eyüp Eyuboglu	President
	Elmas Melih Araz	Member

c) Shareholders, Subsidiaries & Affiliates

The table below indicates the shareholding structure of the Company as of 1H2017. The shareholder structure is stayed unchanged within one year from our previous rating report.

Ata GYO A.Ş.

Shareholders	Amount (TRY)	Share
Ata Yatırım Menkul Kıymetler A.Ş.	875,543.59	3.69%
Korhan Kurdoglu	39,399.46	0.16%
Public	22,835,056.95	96.15%
TOTAL	**23,750,000**	**100%**

Ata Yatırım A.Ş.

Shareholders	Amount (TRY)	Share
Ata Holding A.Ş.	28,251,056	91.24%
Korhan Kurdoglu	2,685,000	8.67%
Seniha Ece Kurdoglu	25,000	0.09%
TOTAL	**30,961,056**	**100%**

Ata Holding A.Ş.

Shareholders	Amount (TRY)	Share
Korhan Kurdoglu	5,950,095	60.00%
Co-ownership*	1,244,655	12.55%
Erhan Kurdoglu	1,244,655	12.55%
Tuna Kurdoglu	1,244,655	12.55%
Ece Kurdoglu	34,708	0.35%
Faruk Isik	198,332	2.00%
TOTAL	**9,917,090**	**100%**

**Yurdanur Kurdoglu, Korhan Kurdoglu, Erhan Kurdoglu, Tuna Kurdoglu*

As of reporting date, Ata GYO had no subsidiaries or affiliates.

d) Corporate Governance

According to Capital Market's regulations, corporate governance discipline is mandatory for Ata GYO since it is a publicly traded company on Borsa Istanbul. Capital Market Board's enforcements of regulation and supervision have provided the Company with an organizational structure of corporates, that includes a comprehensive internal control, internal audit and risk management systems. Compliance with corporate governance best practices provides guidance to companies and improves their efficiency through transparent, widely accepted and continuously monitored processes and policies. In that manner, Ata GYO settles and pays utmost attention for executing the Corporate Governance Principles published by the Capital Markets Board of Turkey. Ata GYO manages studies at the Board of Directors level for the adoption of this approach.

Corporate Governance, Audit and, Early Detection of Risk Committees have been established under the scope of the Board of Directors. The members of the committees and their written duties are disclosed to the public via its website.

Besides the committees published, the website includes a vast variety of information to the shareholders and stakeholders in terms of corporate governance. 'Investor Relations' section of the website delivers information about financial reports, announcements, disclosure forms, corporate governance practices, policies, code of ethics, general assembly information and basic corporate information.

Ata GYO has a separate policy about charity and grants. In the policy, the Company declares the purpose and the methods of grants for charities in terms of social responsibility.

e) The Company & Its Group Strategies

Ata GYO basically targets commercial real estate assets and projects which will provide both rental income and potential value increase. The Company, which primarily targets commercial real estate, invests in different segments such as housing within the real estate sector depending on the management decision. Priority in the goal of creating a rental real estate portfolio is primarily 'retail sector-focused'.

Basically, the Company has 2 types of investments, leasing and selling properties. Primary strategy of the Company is renting the properties and earning rental from leaseholders. The current portfolio of rentals provided below.

Project Name	Tenant	Length	Contract Signed
Giresun Project	Burger King	10 Years	7.01.2013
Düzce Project	Beko	10 Years	18.01.2017
Adana Project 1	Burger King	10 Years	27.10.2013
Ordu Project	Burger King	10 Years	27.12.2013
Gebze Project	Burger King	10 Years	13.03.2014
Adana Project 2	Vakıfbank	10 Years	30.06.2014
Adana Project 3	Popeyes	10 Years	11.08.2014
Bahçeşehir Project	Burger King	10 Years	13.08.2014

The Company has properties in Nevsehir, Luleburgaz and Kayseri where there is no rental revenue gained currently. Geographic distribution of total portfolio is provided below.

The majority of tenants are Burger King branches whose distribution and franchise rights are held by Ata Holding, the umbrella group of Ata GYO. Considering that contracts are long-lasting and the tenants are under the roof of Ata Holding, collection quality of receivables of Ata GYO may be deemed as high.

A project completed in Çorlu/Tekirdag district was sold in 2015 April on the amount of TRY 4mn. The build and sell strategy worked at 60% project profit, compared to the valuation report of the property. The majority of net sales in 2015 income statement came from the amount collected from this sale.

5. Sector Overview & Operational Environment

In Turkey, real estate investment trusts (REIT) started to establish in 1995 and companies began to listed at Stock Exchange Istanbul (BIST) according to Capital Markets Board (CBM) communiques since 1997. The number of authorized real estate investment partnerships operating in Turkey has not changed since the beginning of 2014 and as of the end of 2016, 31 real estate investment partnerships operate in the Istanbul Stock Exchange. The total market value of REITs, which amounted to TRY 21.28bn (US $ 7.3 billion) by the end of 2015, increased by 17.31% in TL terms and reached TRY 24.96bn (US $ 7.1 billion) by the end of 2016.

Real estate investment trusts in Turkey can be established either by establishing a new company in accordance with the Turkish Commercial Code or by amending the founding contract of a company established in accordance with the provisions of the Securities Exchange Law to REITs. Permission for establishment of real estate investment partnership should be granted by CMB, application for establishment shall be made to the Ministry of Industry and Trade and then the establishment information should be published in the Turkish Trade Registry Gazette.

REITs are evaluated as a capital market institution pursuant to the Capital Market Legislation and it is evaluated that real estate provides protection for investors against inflation. REITs are investing in real estate, capital market instruments based on real estates, real estate projects and rights based on real estates.

REIT activities are subject to certain restrictions and can only be used in the field of real estate-based portfolio management. For this reason, real estate investment trusts cannot have machinery and equipment assets.

On the other hand, REITs in Turkey have a distinctive asset combination compared to other global REITs. Although there are investment products, REITs in Turkey prefer to develop their own real estate projects with existing active structures.

Thereunder the Corporate Tax Law, real estate investment trusts are exempted from corporate taxation in order to institutionalize in the construction sector and to encourage public offerings in sector companies and to reduce unregistered activities in the sector. The REIT's capital should not be less than TRY 30mn and if the founding capital is less than TRY 60mn, 10% of the shares representing the capital of the company should be put in cash. On the other hand, if the capital of the company is over TRY 60mn, shares representing minimum TRY 60mn should be put in cash.

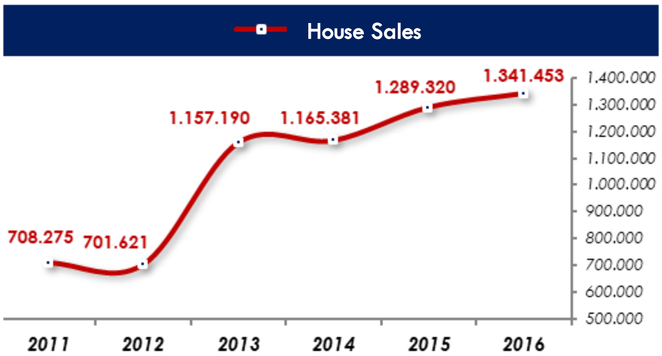
Another advantage compared to its counterparts in other countries established REITs to established in Turkey is the lack of dividend payments to shareholders every year requirement.

Total asset size, market value and paid-in capital of REITs operating in Turkey by the end of 2016 are presented in the table below.

	(in million TRY)	Assets	Market Cap.	Capital
1	AKFEN GAYRİMENKUL Y.O.	1,098	239	184
2	AKİŞ GAYRİMENKUL Y.O.	2,002	1,178	430
3	AKMERKEZ GAYRİMENKUL Y.O.	233	768	37
4	ALARKO GAYRİMENKUL Y.O.	718	399	11
5	ATA GAYRİMENKUL Y.O.	70	109	24
6	ATAKULE GAYRİMENKUL Y.O.	322	218	84
7	AVRASYA GAYRİMENKUL Y.O.	132	90	72
8	DENİZ GAYRİMENKUL Y.O.	198	94	50
9	DOĞUŞ GAYRİMENKUL Y.O.	1,042	1,023	239
10	EMLAK KONUT G.Y.O.	18,702	11,362	3,8
11	HALK GAYRİMENKUL Y.O.	1,855	719	790
12	İDEALİST GAYRİMENKUL Y.O.	9	16	10
13	İŞ GAYRİMENKUL Y.O.	4,887	1,326	850
14	KİLER GAYRİMENKUL Y.O.	1,391	188	124
15	KÖRFEZ GAYRİMENKUL Y.O.	126	99	66
16	MARTI GAYRİMENKUL Y.O.	564	42	110
17	NUROL GAYRİMENKUL Y.O.	1,861	330	80
18	ÖZAK GAYRİMENKUL Y.O.	1,828	468	250
19	ÖZDERİCİ GAYRİMENKUL Y.O.	470	126	100
20	PANORA GAYRİMENKUL Y.O.	788	385	87
21	PERA GAYRİMENKUL Y.O.	207	36	89
22	REYSAŞ GAYRİMENKUL Y.O.	1,519	165	246
23	SAF GAYRİMENKUL Y.O.	2,434	754	887
24	SERVET GAYRİMENKUL Y.O.	304	148	52
25	SİNPAŞ GAYRİMENKUL Y.O.	2,209	348	600
26	TORUNLAR GAYRİMENKUL Y.O.	10,356	2,075	500
27	TSKB GAYRİMENKUL Y.O.	438	99	150
28	VAKIF GAYRİMENKUL Y.O.	1,029	492	213
29	YAPI KREDİ KORAY GYO	98	48	40
30	YENİ GİMAT GAYRİMENKUL Y.O.	1,858	1,484	108
31	YEŞİL GAYRİMENKUL Y.O.	1,855	134	235
	Total (TRY)	**60,602**	**24,962**	**10,517**

By the end of the 2016, total market value of REITs operating in Turkey reached 24.96 billion TL (2015: 21.28 billion TL) and total assets reached 60.60 billion TL (2015: 52.53 billion TL). The largest 5 firms in the industry account for about 64% of the total sector assets, 70% of the total market value and 66% of the total capital. When the said rates are taken into consideration, it is observed that the 5 most important players of the sector are dominant ones.

When the construction industry's recent developments are evaluated, it is observed that housing sales have increased continuously after a strong increase in 2013, despite a slight decline in housing sales in 2012 compared to the previous year. Increased home sales are seen as an important indicator in terms of reflecting the vitality of the sector.



In the last few years total housing sales have strong increase, that is increased by 4.04% over the previous year and reached 1.34 million in 2016. In 2016, a monthly average of 112 thousand homes sold, a daily average of 3,675 units sold (2015: 107 thousand, 3,532).

Residential sales grew at a compound annual growth rate (CAGR) of 13.84% between 2012 and 2016. This ratio is above the GDP growth rate of Turkey in the relevant period and in this sense the construction sector contributed positively to increase the economic growth rate of Turkey in the related period.

Monthly sales figures for the years 2015 and 2016 are presented in the table below. As seen in the table, total housing sales, which declined compared to the previous year in the first half of 2016, increased significantly in September, October and November compared to the previous year. The strong increase observed in the fall of 2016 is due to the Central Bank's decision to reduction of interest that is finish in October as well as the program that TOKI puts into practice to stimulate the housing market and affords affordable housing, and flexible and low interest rate 20 deferred payment plans were effective.

Monthly House Sales			
Months	2015	2016	% Change
January	86,167	84,556	-1.9
February	95,021	101,703	7.0
March	116,030	117,205	1.0
April	119,317	106,348	-10.9
May	107,888	114,800	6.4
June	110,657	106,187	-4.0
July	96,589	81,343	-15.8
August	112,463	114,751	2.0
September	92,483	108,918	17.8
October	104,098	130,274	25.1
November	106,008	132,655	25.1
December	142,599	142,713	0.1
Total	**1,289,320**	**1,341,453**	**4.0**

Another important indicator in the housing sector is home sales, with mortgaged home sales, which lagged behind the previous year in the first 10 months of 2016, up 3.48% over the full year of 2016, posting a rapid increase in the last months of the year. While the ratio of mortgaged residential sales to total residential sales in 2013 was 40%, this ratio declined to 33% in 2014-2016 period.

(Units)	Mortgage Sales	Other Sales	Total
2015	434,388	854,932	1,289,320
2016	449,508	891,945	1,341,453
% Change	3.48	4.33	4.04

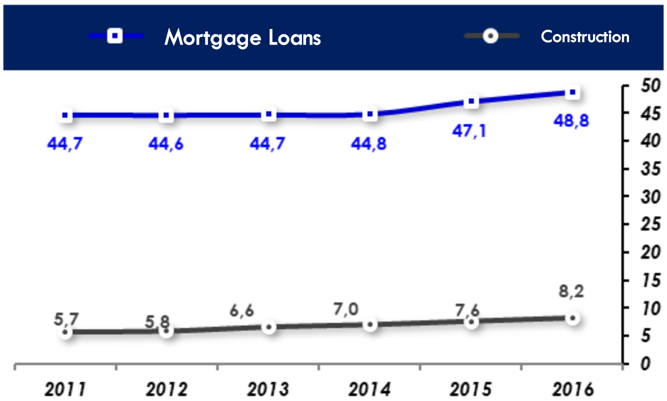
Another issue that has attracted attention in the construction sector in recent years is housing sales carried out with foreigners and housing sales realized abroad in 2016 lag behind 2014 and 2015 and it is observed that housing sales realized with foreigners in 2016 decreased by 20.3% by comparison to previous year.

Istanbul, Ankara and Bursa are the most preferred cities by foreigners in 2014-2016, and 66% of real estate sales with foreigners in this period were occurred in these three cities. Residential sales with foreigners in the July were the month in which the least sales were occurred in 2016, and house sales increased in October and November. It is thought that the rapid increase in foreign exchange rates in the related period is caused to the increase in the purchases of foreign investors in October and November. Looking at the year 2016 as a whole, the monthly sales with foreigners remained below 2015, except for January and February. When examined with cities, housing sales with foreigners remained below the previous year in almost all cities in 2016.

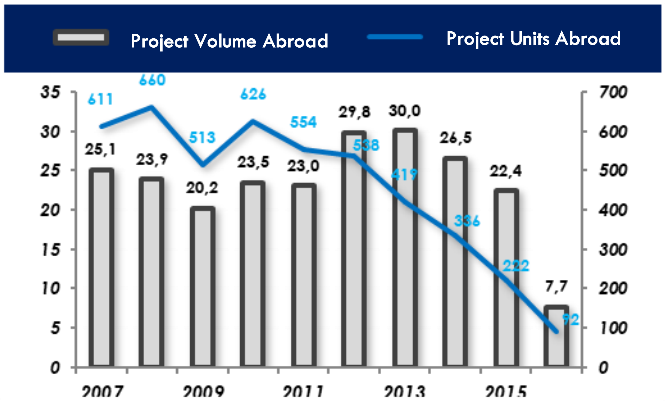
House Sales to Non-Citizens			
(Units)	2014	2015	2016
İstanbul	5,580	7,493	5,811
Antalya	6,542	6,072	4,352
Bursa	954	1,501	1,318
Ankara	369	599	623
Other	5,514	7,165	6,085
Total	**18,959**	**22,830**	**18,189**

Another important indicator of sectoral demand and sectoral revitalization that supports the growth of the construction sector is the volume of loans extended to the sector. The total amount of mortgage loans granted to consumers in 2016 increased by 14.27% compared to the previous year and reached TL 167.78 billion (2015: TL 144.2 billion). The share of mortgage lending in total consumer loans has increased from 2014 to 48.8% by the end of 2016 *. As of 2016, the total amount of loans used by construction sector increased by 25.73% compared to the previous year and reached 146.17 billion TL (2015: $ 116.26 billion). As of the end of December 2016, the ratio of loans extended to firms operating in the construction sector to total loans has increased regularly since 2011 and reached 8.2%.

(*) Excluding individual and corporate credit card debts and installment commercial loans.



According to the Ministry of Economy data, in the first 11 months of 2016, Turkish contractor firms signed a contract worth US $ 7.7 billion for 92 projects abroad. Considering the data that are in our country in the last 10 years, it is observed that the sector exhibited the weakest performance of the last 10 years in 2016, there is constriction in 59% on the project number basis and 65% on the project value basis. The decline in the incomes of countries that have exited energy exports in the Middle East due to the decline in oil prices and in addition to the political tensions with Russia had a particularly significant effect on the construction activities carried out by these countries the declining trend in 2015 and especially in in 2016.



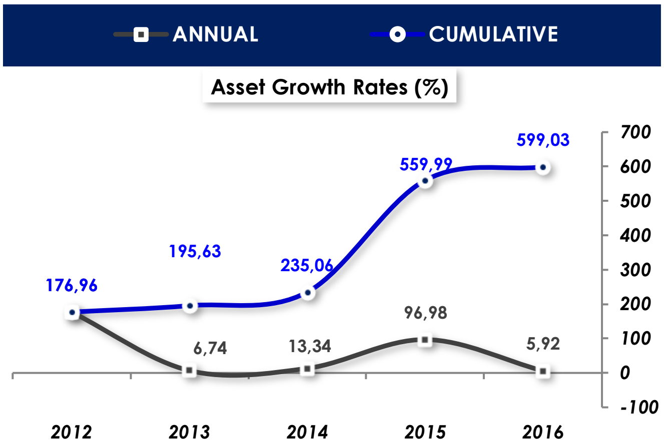
It is expected that developments in exchange rates and interest rates (mortgage interest on mortgage loans) will be decisive factors in the construction sector's 2017 performance. It can be said that the demand-oriented potential of Turkey in the construction sector is continue when Turkey's young population dense demographic structure, the investments of the real estate sector is come to the forefront in the savings and investment preferences of Turks, and the additional housing demand created by more than 3 million Syrian immigrants are evaluated. When the size of the ongoing and planned urban transformation, projects is evaluated together with the current demand, it is expected that the housing sector will continue to be the locomotive of the Turkish economic growth in 2017. However, the economic recession observed in the third quarter of 2016, the forecasts weak economic growth for Turkey in 2017 from the World Bank and international organizations like the IMF and TL's depreciated Exchange rates against the others (especially against the USD) increase the construction cost of the housing sector and overall which reduces the predictability of performance of the construction sector in 2017. It is expected that new and ongoing projects consisting of 1915 Çanakkale Bridge, 3rd Istanbul Airport, Izmir-Ankara Highway, Akkuyu and Sinop Nuclear Power Plants and city hospitals will make a positive contribution to the growth of the construction sector in 2017 and after. It is expected that in 2017 Turkey will continue to seek to support its existing markets in the Middle East which are adversely affected by low oil prices and political turmoil with alternative markets such as Africa, Iran and South America.

6. Financial Foundation

a) Financial Indicators & Performance

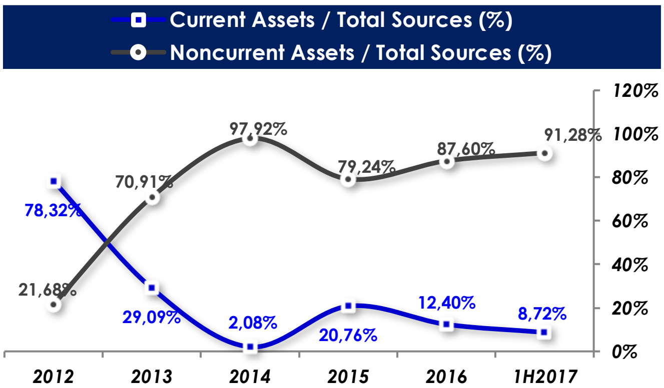
- Indices relating to size

As a natural result of being a REIT, Ata GYO's total assets are mostly consisted of tangible assets. A breakthrough in total asset size is dependent to the Company's new real estate investments. During 2016, Ata GYO's real estate portfolio didn't exhibited a major change. However, revaluation gains on the current portfolio led to an increase in total asset size. The TRY 52mn of total portfolio at the beginning of 2016, ended up with TRY 59mn of total value as of FYE2016.



The Company's increase in asset size was 5.92% in 2016 and reached to TRY 69.6mn. In the first half of 2017, total asset size dropped to TRY 67.9mn but it is expected to be much higher at the end of the year, thanks to the revaluation gains to be recorded.

The Company's cumulative growth between 2012 and 2016 reached up to 600%. In 2014 and 2015, the Company exhibited 13.34% and 96.98% of asset growth respectively. The growth in 2015 mostly financed by bond issued of TRY 25mn and sale of property amounted TRY 4mn.



Ata GYO's current assets constitutes 12.40% of total assets as of FYE2016 and 8.72% as of 1H2017. As per the Company invests in real estates and properties, non-current assets cover the big portion of total assets. Therefore, the dense investments are expected to be covered by earning assets via generating net profit. In the next header, the profitability of the Company is examined.

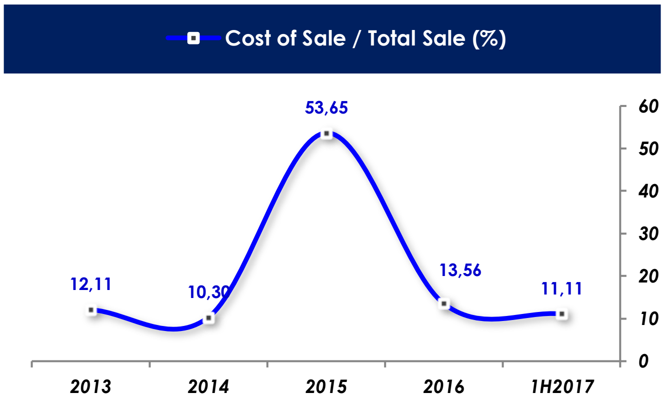
- **Indices Relating to Profitability**

Ata GYO's strategic standing is as follows; the real estates are primarily hold for rental and the Company collects revenue from renters. The sales of real estates are also in scope but not primarily preferred. Ata GYO favorites the retail business renters to rent its portfolio. The Company's key customers are the affiliates of common group, Ata Holding A.Ş. (i.e. *Tab Gida-Burger King* or *Popeyes Fast Food Restaurant*). In the light of the strategic standing explained, the Company generated TRY 4.4mn of net profit in 2016 (2015: TRY 7.1mn).

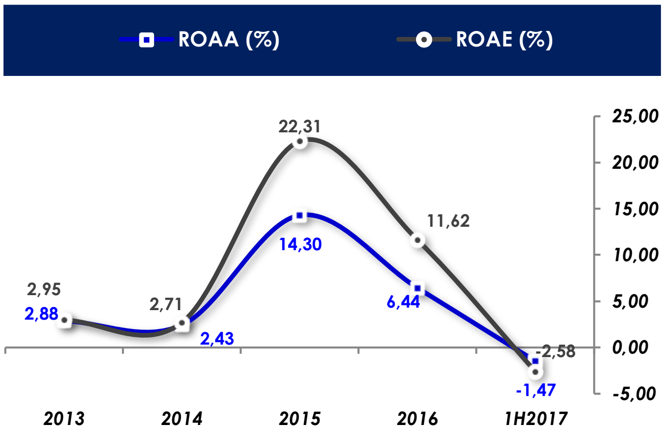
The net profit for the year of 2016 exhibited a decline compared to the results of 2015. The decline emanated from the fact that Ata GYO sold a property in 2015 and gained one-off revenue amounted TRY 4mn, while no property was sold in 2016. Selling, general and administrative cost did not exhibit a major change between the mentioned years.

Ata GYO's revenue composition includes vast amount of revaluation gains and fair value adjustments. Discarding these revenues from the income statement, Ata GYO's gross profit and operational profitability stays still positive as around TRY 2mn, as of FYE2016.

Cost of Sale over Total Sales ratio was 53.65% in 2015 and sharply dropped to 13.56% in 2016. In the first half of 2017, the ratio declined to 11.11%, indicating a good level of gross profitability from core operations.

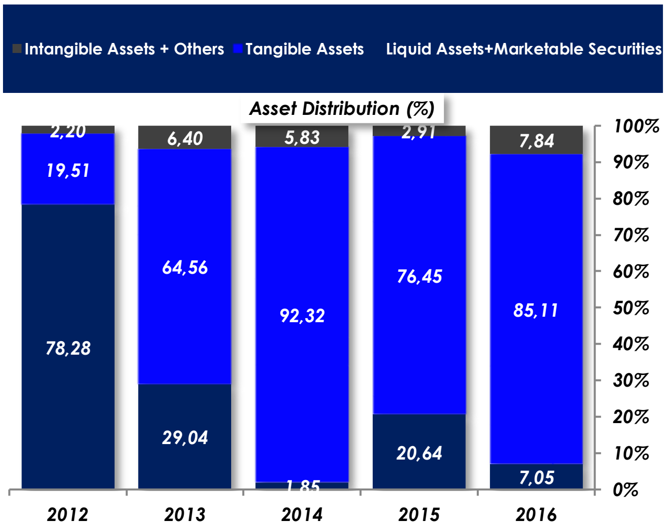


As per the Company's assets are mostly consisted of the properties hold for investment activities, ROAA and ROAE can be interpreted as good indicators for investors to assess profitability. Ata GYO's profitability indicators of ROAA and ROAE exhibited a good performance in 2016 at 6.44% and 11.62%, respectively. Due to the lack of revaluation gains, half-year net profit was negative that led to negative ROAA and ROAE.



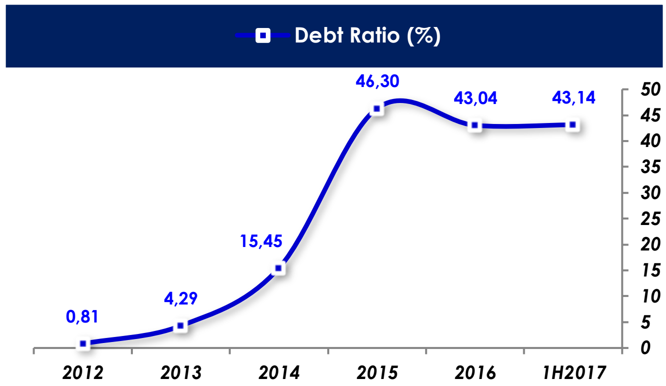
b) Asset Quality

A healthy asset structure is a key for a sustainable business cycle. The Company's assets are mainly consisting of non-current assets, properties for investment purposes. As of FYE2016, 85.11% of the assets are tangible assets, amounting TRY 59.2mn (FYE2015: TRY 50.2mn).

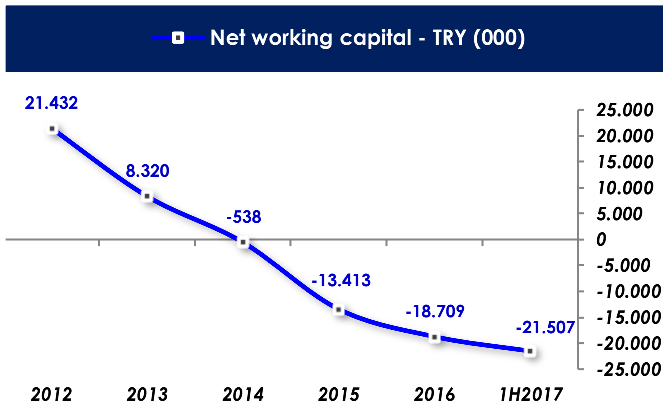


Tangible assets of Ata GYO are subject to fair value calculations periodically to reflect the real correspondence of investments in financial statements. In 2016, the Company earned TRY 7.4mn of fair value gain based on revaluation of properties (2015: TRY 7mn).

The Company's receivables are quite health and there are no impaired receivables recorded. Majority of tenants that pays rent to Ata GYO are the subsidiaries of Ata Holding. Therefore, the collection risk of Ata GYO is found low and the receivable quality deemed high.



Ata GYO's debt ratio, calculated by short and long term liabilities divided by total assets, exhibited an increasing trend during the years between 2012 and 2015. The Company's debts increased in 2015 significantly, due to the issuance of bond amounted TRY 25mn. The bond is leveraged the asset size by enabling new investments. In 2016, debt ratio of the Company slightly declined and exhibited a flat position during the first half of the current year around 43%. Roughly speaking, 43% of debt ratio share is low enough to ensure adequate equity level.

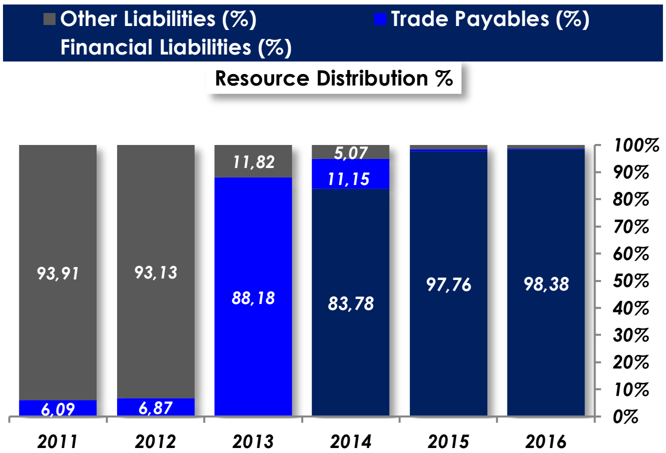


Net Working Capital (NWC) of the Company continued its journey below zero in 2016 and 2017. As of 1H2017, Ata GYO's net working capital gap reached its highest at TRY 21.5mn. The reason behind the gap in NWC was that the majority of the assets are real estates recorded as non-current assets but the liabilities are recorded as current assets due to the maturity of issued bond below 1-year. Obviously, NWC indicates a need for resource to cover liabilities in the short term. TRY 21.5mn of NWC gap corresponds to almost 1/3 of total assets of the Company and nominal value is quite high. However, the Company's short term liability is an issued bond amounted TRY 25mn and the amount can be rolled at the maturity. Another positive thing is about the capital of the Company, TRY 39.6mn, is above the short term liabilities and the Company's total debt ratio is relatively low. Therefore, it is undeniable that negative NWC exerts pressure on the balance sheet and creates a threat for asset-liabilities stability. On the other hand, refinancing capability of the Company both from rolling issued bonds or possible support from the Group when needed are relieving facts about the position of NWC.

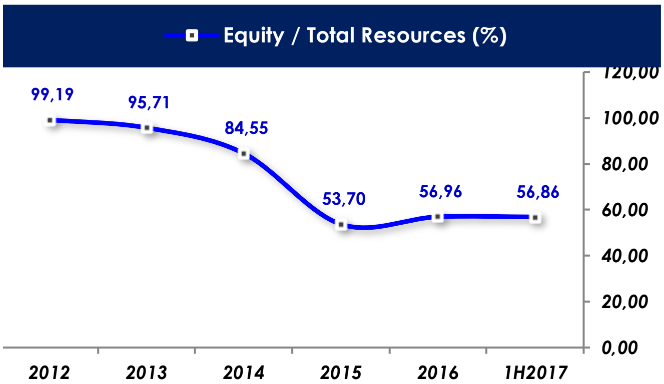
c) Funding & Adequacy of Capital

The right side of the Ata GYO's balance sheet depicts a picture that 57% of assets are financed by equity and the rest, 43%, is primarily by financial liabilities. Majority of the liabilities are consisting of the bond issued by the Company amounted TRY 25mn. The relatively high level of equity among resources enables the Company to have enough room to increase liabilities that can make the Company to enjoy the leverage.

External resources structure of the Company is provided below and as seen almost all is from financial liabilities.



After the issuance of first tranche of bond in November 2015, the majority of liabilities was consisted of financial liabilities. The bond was rolled in 2016 with the same amount and the composition in the balance sheet stayed same. Bank loans are relatively low compared to the amount of the issued bond.



Bond issuance in November 2015 also resulted with a decline in equity to total resources ratio. After the year of 2015, first tranche issued, ratio dropped from over 80% to 50% level. As of 1H2017, the ratio was 56.86%. Although the share of liabilities slightly increased among total resources in 2016 and 2017, equity still funds a large portion of total assets which is a positive indicator for capital adequacy.

7. Risk Profile and Management

a) Risk Management Organization & Its Function-General Information

Ata GYO is mainly exposed to market, liquidity, operational, and credit risks. Defining, monitoring, mitigating and managing the risk are vital integral parts of the Company's everyday operations. Although the risk culture is inherently adopted by the organization, risk is ever-changing concept and needs to be follow up closely. In that manner, Ata GYO formed several committees that enables the Company to manage the risks exposed.

Ultimately responsible for risk management, the Board of Directors has established different committees to maintain risk management strategies. The Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee are formed under the Board. The **Audit Committee** is responsible for reviewing the internal control performance with the aspects of inherent and residual risks. The **Corporate Governance Committee** evaluates the governance practices and risk management systems comprehensively. The **Early Detection of Risk Committee** is accountable for the analysis of risk exposure with potential likelihood and loss in short and long term projections. However, there is no separate audit department formed in organization chart, considering the fact that total number of employees was quite low, only 6 to 7 during the current year.

The Company is listed in Borsa Istanbul and subject to the regulations of Capital Markets Board of Turkey. The Company's operations are audited quarterly by independent auditing firms.

b) Credit Risk

As a matter of fact, credit risk of a company faced is emanated from the possibility of delinquency of receivables or delay in collection. The majority of Ata GYO's exposed credit risk emanated from deposits in the banks that the risk level is deemed low. The Company has no overdue receivables in its balance sheet as of 1H2017. Considering the fact that majority of the leaseholders are within the same group, Ata Holding, collection risk exposure is very low for Ata GYO. All in all, it is inferred that Ata GYO is subject to a very limited level of credit risk.

c) Market Risk

The Company is mainly exposed to currency risk and interest rate risk through the use of financial instruments.

Interest rate

Interest risk is derived from interest rate volatility. Ata GYO's main exposure against interest rate risk has arisen from financial liabilities, more specifically issued bonds. The Company's TRY 25mn of bond was issued with floating interest rate. Changes in market interest rate is expected to have an effect on this flexible term financial bond. Getting an approach of sensitivity, 100 basis point of change in market interest rate is expected to have an effect on pre-tax profit by TRY 47k as of FYE2016. This effect was calculated larger in 1H2017 as TRY 125k and showing that fragility against interest rate has been increased in the first half of 2017. Fluctuations in this figure may be relatively easy for Ata GYO to cope with since the group company, Ata Yatırım, may easily help the Company to actively manage its financial assets portfolio with its experience in financial markets.

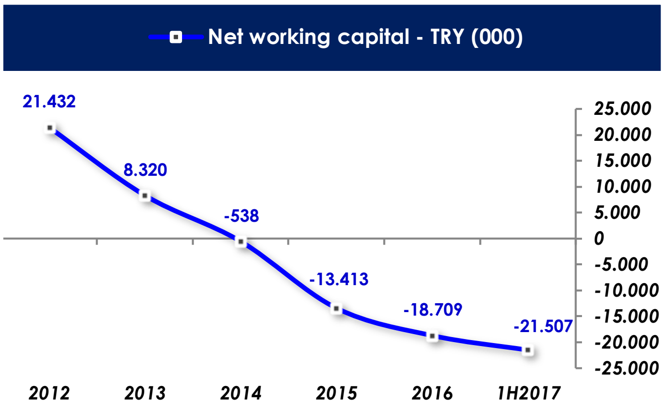
Foreign Exchange Risk

Ata GYO is exposed to FX risk stemmed from bank loans placed in USD. Compared to the 2015, the Company's TRY correspondence of USD denominated loans are declined in 2016. Amount of FX loans was USD 1.5mn as of FYE2015 and USD 1.1mn as of FYE2016. In the first half of 2017, the loan dropped to TRY 901k. There are no hedging instruments used by the Company so the bank loan is subject to currency risk. However, the total amount of the exposure is quite low compared to the balance sheet's total magnitude. Due to the FX risk exposure, Ata GYO's profit/loss figure indicated a variance of (+/-) TRY 316k as of 1H2017, assuming an increase or decrease of 10% in USD against TRY, and that all other variables remain constant (FYE2016: TRY 388k). The sensitivity analysis shows that the possible effects on profit by interest rate and foreign exchange risks are within acceptable levels.

In addition to the two market risk types mentioned above, interest rate and foreign exchange rate risks, the Company is exposed to price risk either. However, due to the low scale and expected loss are low, price risk is assumed negligible.

d) Liquidity Risk

The Company's liquidity management consists of matching the maturities of financial assets and liabilities and closely monitoring the cash flows generated from operations.



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e) Operational, Legal Regulatory & Other Risks

The Company actively monitors and assesses operation risk level. Risk management procedures and policies are in place to define risks, establish control environment and monitor operational risk exposure. Operational risks primarily include human based risks, IT risks, legal risks, reputational risks and physical security risks.

Ata GYO exhibits maximum effort to comply with local regulations of Capital Markets Board of Turkey. The Company operates under the roof of Ata Group, which provides operational and expertise support actively.

8. Budget & Debt Issue

Below is the table comparing the last year's projections versus realized values. The results reveal that the Company overperformed in profitability, asset size and equity level in 2016, compared to the projections put forward previous year.

Evaluation of Last Year's Projection

(TRY 000)	2016 (projected)	2016 (realized)
Total Assets	67,175	69,598
Current Assets	5,916	8,631
Non-Current Assets	61,260	60,967
Short Term Liabilities	26,436	27,339
Long Term Liabilities	2,068	2,615
Equity	38,672	39,643
Net Sales	2,442	2,468
Profit	3,383	4,354

Ata GYO's projected balance sheet and P&L table are provided below.

Projected Balance Sheet

(TRY 000)	2017 (projected)	2018 (projected)
Current Assets	16,814	5,688
Liquid Assets	13,341	2,836
Marketable Sec.	1,143	0
Other Receivables	25	29
Other Current Assets	2,305	2,823
Non-Current Assets	70,338	92,083
Tangible Assets	70,338	92,083
Total Assets	87,152	97,771
Short Term Liabilities	1,862	1,336
Financial Liabilities	1,507	917
Issued Bonds	0	0
Other Liabilities	355	419
Long Term Liabilities	42,365	41,498
Financial Liabilities	917	0
Provisions	222	255
Issued Bonds	41,226	41,243
Equity	42,925	54,937
Shareholders' Equity	39,644	42,923
Profit/Loss	3,281	12,014
Total Liabilities	**87,152**	**97,771**

Projected Income Statement

(TRY 000)	2017 (projected)	2017 (projected)
Net Sales	3,291	4,234
Cost of Sales	304	326
Interest Income	840	445
Other Income	5,284	15,605
Gross Profit	9,112	19,958
Activity Expenses	1,640	1,929
Financial Expenses	4,190	6,015
Profit	3,281	12,014

The Company projects a net profit of TRY 3.2mn in 2017. According to the 1H2017 audited results, the Company has recorded net loss of TRY 1mn. However, revaluation gains on the portfolio will be counted at the end of the year so that the net profit target may be achieved based on the aforementioned gains. The estimated income statement displays a picture in which the Company will increase net sales both fed by renting and selling properties. Considering the fact that the Company rents its portfolio to Ata Holding's subsidiaries, no collection risk is expected in near future. However, it may occur that a slowdown in demand side of Ata Holding's subsidiaries that makes them to be reluctant for new property rentals, it may result with slowdown in rental revenues. In that case, properties can be sold to continue generation of revenue. These scenarios are going to be monitored by JCR Eurasia Rating in following periods.

In November 2015, Ata GYO issued bond amounted TRY 25mn and pays coupon every three-month. This bond was paid on time and new issuance took place in October 2016, amounting TRY 25mn. The Company uses bonds to meet cash needed for financial investments. As of reporting date, the Company holds TRY 25mn of bond on track.

BOND ISSUANCE

Issue Date	Amount (TRY)	Maturity Date	Type	Status
24.10.2016	25,000,000	23.10.2017	Coupon	On Track

As there are no additional legal or financial collateral guarantees provided separately for the repayment of the bond issued by Ata GYO, the note assigned for the TRY dominated bond issuance has been assigned as same as the Company's Long and Short Term National Local Ratings which are **'BBB (Trk)'** and **'A-3 (Trk)'**.

ATA GYO BALANCE SHEET - ASSET TRY	(Year end) 2016 USD (Converted)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	(Year end) 2015 TRY (Average)	(Year end) 2014 TRY (Original)	(Year end) 2014 TRY (Average)	(Year end) 2013 TRY (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	2016 Growth Rate	2015 Growth Rate	2014 Growth Rate
I. CURRENT ASSETS	**2.452.473**	**8.630.743**	**11.135.488**	**13.640.232**	**7.166.242**	**692.251**	**4.627.346**	**8.562.441**	**12,40**	**20,76**	**2,08**	**-36,73**	**1.870,42**	**-91,92**
A. Liquid Assets	**1.394.425**	**4.907.261**	9.234.058	**13.560.855**	**7.088.347**	**615.838**	**4.582.480**	**8.549.122**	**7,05**	**20,64**	**1,85**	**-63,81**	**2.102,02**	**-92,80**
B. Marketable Securities	**996.148**	**3.505.644**	**1.752.822**	**0**	**0**	**0**	**0**	**0**	**5,04**	**0,00**	**0,00**	**0,00**	**0,00**	**n.a**
1.Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Share Certificates	996.148	3.505.644	1.752.822	0	0	0	0	0	5,04	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables & Leasing	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1.Customers & Notes Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Doubtful Trade Receivables	0	0	0	0	1	1	1	1	n.a	n.a	0,00	n.a	-100,00	0,00
4.Provision for Doubtful Trade Receivables (-)	0	0	0	0	-1	-1	-1	-1	n.a	n.a	-0,00	n.a	-100,00	0,00
5.Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Due From Related Parties (net)	**0**	**0**	**0**	**0**	**17.256**	**34.512**	**17.256**	**0**	**n.a**	**n.a**	**0,10**	**n.a**	**-100,00**	**n.a**
E. Other Receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1.Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
G. Inventories (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
H. Contract Progress Income (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
I. Deferred Tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
J. Other Current Assets	**61.900**	**217.838**	**148.608**	**79.377**	**60.639**	**41.901**	**27.610**	**13.319**	**0,31**	**0,12**	**0,13**	**174,43**	**89,44**	**214,60**
1.Other Current Assets	61.900	217.838	148.608	79.377	60.639	41.901	27.610	13.319	0,31	0,12	0,13	174,43	89,44	214,60
2.Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	**17.324.141**	**60.967.118**	**56.518.874**	**52.070.630**	**42.368.889**	**32.667.147**	**26.769.487**	**20.871.826**	**87,60**	**79,24**	**97,92**	**17,09**	**59,40**	**56,51**
A. Trade Receivables & Leasing	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
C. Other Receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	**16.832.236**	**59.236.005**	**54.736.173**	**50.236.340**	**40.517.583**	**30.798.826**	**24.900.712**	**19.002.598**	**85,11**	**76,45**	**92,32**	**17,91**	**63,11**	**62,08**
F. Other Fixed Assets	**491.905**	**1.731.113**	**1.782.702**	**1.834.290**	**1.851.306**	**1.868.321**	**1.868.775**	**1.869.228**	**2,49**	**2,79**	**5,60**	**-5,62**	**-1,82**	**-0,05**
TOTAL ASSETS	19.776.614	69.597.861	67.654.362	65.710.862	49.535.130	33.359.398	31.396.833	29.434.267	100,00	100,00	100,00	5,92	96,98	13,34

ATA GYO BALANCE SHEET- LIABILITIES+EQUITY TRY	(Year end) 2016 USD (Converted)	(Year end) 2016 TRY (Original)	(Year end) 2016 TRY (Average)	(Year end) 2015 TRY (Original)	(Year end) 2015 TRY (Average)	(Year end) 2014 TRY (Original)	(Year end) 2014 TRY (Average)	(Year end) 2013 TRY (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	2016 Growth Rate	2015 Growth Rate	2014 Growth Rate
I. SHORT TERM LIABILITIES	**7.768.626**	**27.339.349**	**27.196.136**	**27.052.922**	**14.141.447**	**1.229.971**	**736.313**	**242.654**	**39,28**	**41,17**	**3,69**	**1,06**	**2.099,48**	**406,88**
A. Financial Liabilities	7.681.038	27.031.109	26.786.236	26.541.362	13.792.173	1.042.984	521.492	0	38,84	40,39	3,13	1,85	2.444,75	n.a
B. Trade Payables	29.269	103.002	145.973	188.943	116.357	43.771	113.944	184.117	0,15	0,29	0,13	-45,49	331,66	-76,23
C. Due to Related Parties	3.298	11.606	69.269	126.932	66.641	6.349	4.968	3.586	0,02	0,19	0,02	-90,86	1.899,24	77,05
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I Other Liabilities	55.022	193.632	194.659	195.685	166.276	136.867	95.909	54.951	0,28	0,30	0,41	-1,05	42,97	149,07
II. LONG TERM LIABILITIES	**743.250**	**2.615.647**	**2.992.438**	**3.369.229**	**3.646.621**	**3.924.013**	**2.472.177**	**1.020.340**	**3,76**	**5,13**	**11,76**	**-22,37**	**-14,14**	**284,58**
A. Financial Liabilities	692.709	2.437.780	2.818.982	3.200.184	3.237.630	3.275.076	1.637.538	0	3,50	4,87	9,82	-23,82	-2,29	n.a
B. Trade Payables	0	0	0	0	265.512	531.024	730.278	929.532	n.a	n.a	1,59	n.a	-100,00	-42,87
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	50.542	177.867	173.456	169.045	143.479	117.913	104.361	90.808	0,26	0,26	0,35	5,22	43,36	29,85
I. Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL LIABLITIES	**8.511.877**	**29.954.996**	**30.188.574**	**30.422.151**	**17.788.068**	**5.153.984**	**3.208.489**	**1.262.994**	**43,04**	**46,30**	**15,45**	**-1,54**	**490,26**	**308,08**
F- EQUITY	**11.264.738**	**39.642.865**	**37.465.788**	**35.288.711**	**31.747.063**	**28.205.414**	**28.188.344**	**28.171.273**	**56,96**	**53,70**	**84,55**	**12,34**	**25,11**	**0,12**
a) Prior year's equity	10.027.481	35.288.711	31.747.063	28.205.414	28.188.344	28.171.273	27.761.232	27.351.191	50,70	42,92	84,45	25,11	0,12	3,00
b) Equity (Added from Internal & External Resources in the Current Year)	0	0	0	0	-364.908	-729.816	-364.908	0	n.a	n.a	-2,19	n.a	-100,00	n.a
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	1.237.257	4.354.154	5.718.726	7.083.297	3.923.627	763.957	792.020	820.082	6,26	10,78	2,29	-38,53	827,19	-6,84
TOTAL LIABILITY	**19.776.614**	**69.597.861**	**67.654.362**	**65.710.862**	**49.535.130**	**33.359.398**	**31.396.833**	**29.434.267**	**100,00**	**100,00**	**100,00**	**5,92**	**96,98**	**13,34**
USD Rates 1=TRY		**3,5192**		**2,9076**		**2,3189**		**2,1343**						

ATA GYO INCOME STATEMENT TRY	2016	2015	2014	2013	2012
I. Principal Activity Revenues	**3.523.402**	**3.402.689**	**821.963**	**163.356**	**2.190.063**
A. Sales Revenues (Net)	**2.468.010**	**6.521.983**	**790.571**	**185.860**	**52.265.750**
1.Domestic Sales	2.468.010	6.521.983	790.571	185.860	52.265.750
2.Export Sales	0	0	0	0	0
3.Sales Deductions (-)	0	0	0	0	0
B. Cost Of Sales (-)	**-334.752**	**-3.499.267**	**-81.411**	**-22.504**	**-50.474.001**
C. Service Revenues (net)	**0**	**0**	**0**	**0**	**0**
D. Other Revenues From Principal Activities	**1.390.144**	**379.973**	**112.803**	**0**	**398.314**
1.Interest	1.390.144	379.973	112.803	0	398.314
2.Dividend	0	0	0	0	0
3.Rent					
4.Other	0	0	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**3.523.402**	**3.402.689**	**821.963**	**163.356**	**2.190.063**
Activities Expenses (-)	-1.670.697	-1.538.328	-927.919	-841.903	-1.179.106
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**1.852.705**	**1.864.361**	**-105.956**	**-678.547**	**1.010.957**
Income & Profit From Other Activities	7.486.904	7.043.153	812.745	1.069.020	44.326
Expenses & Losses From Other Activities (-)	-400.000	0	-507.628	0	0
Financing Income	81.428	117.717	703.707	430.452	0
Financing Expenses (-)	-4.666.883	-1.941.934	-138.911	-843	-17
OPERATING PROFIT & LOSS	**4.354.154**	**7.083.297**	**763.957**	**820.082**	**1.055.266**
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0	0	0
PRETAX PROFIT & LOSS	**4.354.154**	**7.083.297**	**763.957**	**820.082**	**1.055.266**
Taxes (-/+)	0	0	0	0	0
NET PROFIT FOR THE PERIOD	**4.354.154**	**7.083.297**	**763.957**	**820.082**	**1.055.266**
Total Income	11.426.486	14.062.826	2.419.826	1.685.332	52.708.390
Total Expense	-7.072.332	-6.979.529	-1.655.869	-865.250	-51.653.124
NET INCOMES OR EXPENSES FOR THE PERIOD	4.354.154	7.083.297	763.957	820.082	1.055.266

ATA GYO FINANCIAL RATIOS %	FYE 2016	FYE 2015	FYE 2014
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	11,62	22,31	2,71
ROAA - Pre-tax Profit / Total Assets (avg.)	6,44	14,30	2,43
Total Income / Equity (avg.)	30,50	44,30	8,58
Total Income / Total Asset (avg.)	16,89	28,39	7,71
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	13,33	18,22	2,88
Operating Profit / Total Assets (avg.)	2,74	3,76	-0,34
Financial Expenses / Inventories Ratio (avg.)	0,00	0,00	0,00
Return on Avg. Long Term Sources	10,76	20,01	2,49
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	142,76	52,17	103,97
Operating Matgin = Operating Incomes / Net Sales Income	75,07	28,59	-13,40
Net Profit Margine = Net Profit / Net Sales Income	176,42	108,61	96,63
Cost of Sales / Net sales Income	13,56	53,65	10,30
Activities Expenses / Net Sales Income	67,69	23,59	117,37
Financing Expenses / Net Sales Income	189,09	29,78	17,57
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	365,52	138,38	114,20
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	193,30	464,75	649,96
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	193,30	464,75	649,96
Structure of Income and expenditure account			
Financing Expenses / T. Assset (avg.)	6,90	3,92	0,44
Financial Liabilities / T. Assets	42,34	45,26	12,94
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	12,09	20,64	1,85
(Liquid Assets +Marketable Securities) / T. Liabilities	28,09	44,58	11,95
Net Working Capital / Total Assets	-26,88	-20,41	-1,61
Liquid Assets / Equity	21,22	38,43	2,18
Current Ratio	31,57	50,42	56,28
Acid Test Ratio	30,77	50,13	52,88
Cash Ratio	30,77	50,13	50,07
Inventories / Current Asset	0,00	0,00	0,00
Inventories / Total Asset	0,00	0,00	0,00
Inventories Dependency Ratio	0,00	0,00	0,00
Short Term Receivables / Total Current Assets	0,00	0,00	4,99
Short Term Receivables / Total Assets	0,00	0,00	0,10
III. CAPITAL and FUNDING			
Equity / Total Assets	56,96	53,70	84,55
Equity / Liabilities	132,34	116,00	547,25
Net Working Capital/Total Resources	-26,88	-20,41	-1,61
Equity generation/prior year's equity	0,00	0,00	-2,59
Internal equity generation/prior year's equity	12,34	25,11	2,71
Tangible Assets/Total Asset	85,11	76,45	92,32
Financial Fixed Assets/(Equity +Long Term Liabilities)	0,00	0,00	0,00
Minority Interest/Equity	0,00	0,00	0,00
IV. EFFICIENCY			
Net Profit Margine Growth	62,44	12,39	-78,10
Net Sales Growth	-62,16	724,97	325,36
Equity Growth	12,34	25,11	0,12
Asset Growth	5,92	96,98	13,34
Inventories Turnover	0,00	0,00	0,00
Days Inventories Utilization	0,00	0,00	0,00
Receivables Turnover	0,00	0,00	0,00
Days' Accounts Receivable	0,00	0,00	0,00

ATA GYO FINANCIAL RATIOS %	FYE 2016	FYE 2015	FYE 2014
Efficiency Period	0,00	0,00	0,00
Payables Turnover	229,33	916,35	9,64
Days' Payments In Accounts Payables	159,16	39,83	3.785,00
Cash Turnover Cycle	-159,16	-39,83	-3.785,00
Current Assets Turnover	22,16	91,01	17,08
Net Working Capital Turnover	-15,37	-93,50	20,32
Tangible Assets Turnover	4,51	16,10	3,17
Fix Asset Turnover	4,37	15,39	2,95
Equity Turnover	6,59	20,54	2,80
Asset Turnover	3,65	13,17	2,52
Export sales/Total sales	0,00	0,00	0,00
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	0,00	0,00	100,00
Non-Performing Asset / Total Assets	85,11	76,45	92,32
Financial Fixed Assets / Non-Current Assets	0,00	0,00	0,00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	-5,58	-6,60	0,00
Total Foreign Currencies Position/Equity	-9,79	-12,28	0,00
VII. INDEBTEDNESS			
Debt Ratio	43,04	46,30	15,45
Short Term Liabilities/Total Asset	39,28	41,17	3,69
Long Term Liabilities/Total Asset	3,76	5,13	11,76
Long Term Liabilities/(Equity+ Long term Liabilities)	6,19	8,72	12,21
Fixed Asset/Liabilities	203,53	171,16	633,82
Fixed Asset/(Long Term Liabilities +Equity)	144,27	134,70	101,67
Short Term Liabilities/ T. Liabilities	91,27	88,93	23,86
Short Term Financial Liabilities/Short Term Liabilities	98,87	98,11	84,80
Tangible Assets/Long Term Liabilities	2.264,68	1.491,03	784,88
Financial Liabilities/Total Liabilities	98,38	97,76	83,78
Off Balance Liabilities/(Assets +Off Balance Liabilities)	10,88	11,45	20,31
Off Balance Liabilities/(Equity +Off Balance Liabilities)	17,66	19,41	23,16

Previous ratings issued by JCR Eurasia Rating

<table>
<tr><td colspan="3" rowspan="2">AtaGYO</td><td colspan="2">October 21, 2015</td><td colspan="2">October 7, 2016</td></tr>
<tr><td>Long Term</td><td>Short Term</td><td>Long Term</td><td>Short Term</td></tr>
<tr><td rowspan="4">International</td><td colspan="2">Foreign Currency</td><td>BB+</td><td>B</td><td>BBB-</td><td>A-3</td></tr>
<tr><td colspan="2">Local Currency</td><td>BB+</td><td>B</td><td>BBB-</td><td>A-3</td></tr>
<tr><td rowspan="2">Outlook</td><td>FC</td><td>Stable</td><td>Stable</td><td>Stable</td><td>Stable</td></tr>
<tr><td>LC</td><td>Stable</td><td>Stable</td><td>Stable</td><td>Stable</td></tr>
<tr><td rowspan="2">National</td><td colspan="2">Local Rating</td><td>BBB- (Trk)</td><td>A–3 (Trk)</td><td>BBB (Trk)</td><td>A-3 (Trk)</td></tr>
<tr><td colspan="2">Outlook</td><td>Positive</td><td>Stable</td><td>Stable</td><td>Stable</td></tr>
<tr><td colspan="3">Sponsor Support</td><td>2</td><td>-</td><td>2</td><td>-</td></tr>
<tr><td colspan="3">Stand-Alone</td><td>BC</td><td>-</td><td>B</td><td>-</td></tr>
<tr><td rowspan="4">Sovereign*</td><td colspan="2">Foreign Currency</td><td>BBB-</td><td>-</td><td>BBB-</td><td>-</td></tr>
<tr><td colspan="2">Local Currency</td><td>BBB-</td><td>-</td><td>BBB-</td><td>-</td></tr>
<tr><td rowspan="2">Outlook</td><td>FC</td><td>Stable</td><td>-</td><td>Stable</td><td>-</td></tr>
<tr><td>LC</td><td>Stable</td><td>-</td><td>Stable</td><td>-</td></tr>
<tr><td colspan="3"></td><td colspan="2">(*) Assigned by Japan Credit Rating Agency, on August 25, 2015</td><td colspan="2">(*) Assigned by Japan Credit Rating Agency, on October 7, 2016</td></tr>
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