

BOND TERMS

The Bonds are governed by Turkish law, issued and offered by way of sales to qualified investors ("**Qualified Investors**") as described under the Capital Markets Board of Turkey's ("**CMB**") "**Communique on Sales of Capital Market Instruments (II-5.2)**" and "**Communique on Principles of Establishment and Activities of Investment Firms (III-39.1)**" (hereafter (the "**Communiques**")).

The terms of the Bonds set out below constitute valid and binding obligations of the Issuer, enforceable in accordance with their terms, and the Issuer irrevocably undertakes with each Bond Investor to comply with them in all respects.

The Issuer hereby represents and warrants to all Bond Investors that all information specified herein is true and accurate in all respects and that the terms of the Bonds have been duly authorised by the Issuer.

Signed by AE Arma Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş.
on 29 March 2017


Name: A. Medih Ertan
Title: Chairman of the Board


Name: Kemal Kızılhan
Title: Co-Chairman

Country of Issuance	Republic of Turkey
Country of Sale	Republic of Turkey
Issuer	AE ARMA ELEKTROPANÇ ELEKTROMEKANİK SANAYİ MÜHENDİSLİK TAAHHÜT VE TİCARET A.Ş.
Use of Proceeds	Financing (i) the Issuer's working capital requirements, (ii) capital expenditure including purchase of machinery and equipment required for construction sites as well as purchase of hardware and software systems to improve operational efficiency and (iii) refinancing of existing bond issuances
Issue Size	TRY 80 million

Issue Date (Settlement Date)	31 March 2017
ISIN	First Tranche: TRSAEST91812 Second Tranche: TRSAEST91911
Issue Market/Issue Method/	TRY domestic/sales to qualified investors
Issue Type	Bonds
Issuer Credit Rating	LT national credit rating & outlook: A- (Trk) / Positive and LT international foreign and local currency rating & outlook: BBB-/Stable
Legal Framework of Issuance	The Turkish Capital Markets Law No. 6362, the Communiqué of the CMB No. II-5.2 on the Sale of Capital Markets Instruments, the Communiqué of the CMB No. VII-128.8 on the Debt Instruments, the Communiqué of the CMB No. II-5.1 on the Offering Circular and Issuance Certificate and other applicable laws.
Bond Investors	Qualified investors (in Turkish, " <i>nitelikli yatırımcılar</i> ") described under the CMB's Communiqué on Sales of Capital Market Instruments (II-5.2)", "Communiqué on "Principles of Establishment and Activities of Investment Firms" (III-39.1)" and relevant regulations as may be amended, modified or replaced from time to time.
Maturity Date	First Tranche: 28 September 2018 (being the last Coupon Payment Date for the First Tranche) Second Tranche: 27 September 2019 (being the last Coupon Payment Date for the Second Tranche)
Pricing	Floating rate bond priced based on the Base Rate and Margin specified below.



	<p>First Tranche</p> <p>“Reference Annual Compound Yield” is calculated by using the last five days’ weighted average compound yield (same day value) of the Base Rate for the First Tranche on the day after the book closing date for the first coupon and on each Interest Determination Date, i.e. 1 Business Day before the first day of each Interest Period, for the remaining coupons.</p> <p><i>Reference Quarterly Simple Yield = ((Base Rate Annual Compound Yield +1)^(Number of Days within the relevant coupon period/365))-1</i></p> <p>“Quarterly Coupon Rate” will be calculated by adding Reference Quarterly Simple Yield to the quarterly spread, which is ¼ of Annual Spread (Margin).</p> <p>Quarterly Coupon Rate = Reference Quarterly Simple Yield + (Annual Spread (Margin)/ 4).</p> <p>Four digits after the decimal point are taken into account for the aforementioned calculations.</p> <p>If the Base Rate changes in the aforementioned five days, the Base Rate at the beginning of these five days will be taken into account in calculating the “Reference Annual Compound Yield” for the related term.</p>
	<p>Second Tranche</p> <p>Coupon Rate = (Base Rate for the Second Tranche + Margin) * Actual number of days count / 365</p> <p>Six digits after the decimal point are taken into account for the aforementioned calculations.</p>
Margin	<p>First Tranche Margin: 450 bps per annum.</p> <p>Second Tranche Margin: 500 bps per annum</p>
Book-building Date	29 March 2017
Base Rate for the First Tranche of the Issuance	<p>The Base Rate for pricing of the First Tranche will be the 2 year maturity fixed coupon government bond issued as benchmark bond by the Department Undersecretariat of Treasury of Turkey. (Constant maturity treasury reference "CMTR").</p> <p>If the CMTR has been issued for the first time and has not been exchanged on Borsa Istanbul for the last three trading days during the Coupon Payment Dates, the calculations will be based on the preceding CMTR.</p>



	<p>In case the CMTR Bond's maturity is amended as shorter than 1,5 years or longer than 2,5 years by Undersecretariat of Treasury, the CMTR shall be replaced with the fixed coupon government bond that has the closest maturity to 2 years.</p> <p>The first CMTR in respect of the issue of 2-year maturity Bonds proposed for 31 March 2017 shall be the government bond with the ISIN of TRT110718T18.</p>
Base Rate for the Second Tranche of the Issuance	<p>The Base Rate for the pricing of the Second Tranche will be the 3 month TRLIBOR rate on the TRLIBOR website at 11:15 AM Turkish time/EET (www.trlibor.org)</p> <p>On the Book-building date the TRLIBOR rate from the website (www.trlibor.org) at 11:15AM Turkish time/EET is to be utilized for the determination of the first coupon rate.</p> <p>For the determination of remaining coupon rates, 3 month TRLIBOR rate on the TRLIBOR website (www.trlibor.org) at 11.15 AM Turkish Time/EET 2 Business Days prior to each Coupon Payment Date is to be utilized.</p>
Interest Determination Date	<p>1 Business Day before the first day of each Interest Period for the First Tranche.</p> <p>2 Business Days before the first day of each Interest Period for the Second Tranche.</p>
Interest Period/Coupon Payment Dates	<p>First Tranche:</p> <p>Quarterly/first coupon payment date: 30 June 2017; second coupon payment date: 29 September 2017; third coupon payment date: 29 December 2017; fourth coupon payment date: 30 March 2018; fifth coupon payment date: 29 June 2018; sixth coupon payment date: 28 September 2018.</p> <p>Second Tranche:</p> <p>Quarterly/first coupon payment date: 30 June 2017; second coupon payment date: 29 September 2017; third coupon payment date: 29 December 2017; fourth coupon payment date: 30 March 2018; fifth coupon payment date: 29 June 2018; sixth coupon payment date: 28 September 2018; seventh coupon payment date: 28 December 2018; eighth coupon payment date: 29 March 2019; ninth coupon payment date: 28 June 2019; tenth coupon payment date: 27 September 2019.</p>
Business Day	<p>Means a day (other than a Saturday or a Sunday) on which commercial banks are open for the transaction of general business in, and on which commercial banks and foreign exchange markets settle payments in TRY in Istanbul, Turkey.</p>



Business Day convention	Following
Day count convention	Interest will accrue from and including the second day of the Interest Period up to and including the last day of such Interest Period on the basis of ACT/365.
Repayment Schedule/Term	Principal repaid in single bullet repayment on the Maturity Date.
Status	The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu (without any preference among themselves) with the claims of all other unsecured creditors of it other than those claims which are expressly preferred by laws of the Republic of Turkey of general application to companies.
Trading	The Bonds will be traded on Outright Purchases and Sales Market under Borsa Istanbul's Debt Securities Market (in Turkish " <i>Kesin Alım-Satım Pazarı</i> ").
Payment and Discharge	<ol style="list-style-type: none"> 1) Payments: All payment in respect of the Bonds shall be made to the Central Registry Agency's account at the Settlement and Custody Bank (in Turkish "<i>Takasbank</i>") to be credited to the accounts of the relevant Bond Investors. 2) Currency of account: All payments shall be made in Turkish Lira (TRY).
Form of demand to purchase the Bonds	Demands to purchase Bonds should be issued in minimum denominations of TRY 1,000 and in integral multiples of TRY 1,000.
Par value	TRY 100



Tax gross-up	<p>All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (including related interest and penalties) of whatever nature (“Taxes”) imposed, assessed or levied by or on behalf of any relevant jurisdiction, unless such withholding or deduction of Taxes is required by law. In that event, the Issuer will pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts received by the Bond Investors after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.</p>
Furnishing of Information	<p>Pursuant to the Communique on Principles of Financial Reporting in Capital Markets (II-14.1), as soon as available but, in any event within 70 days or during the extended period if permitted by the CMB or any other competent authority, but in any case no later than 140 days after the end of each Financial Year, the Issuer shall disclose the consolidated audited Financial Statements for such Financial Year.</p> <p>Pursuant to the Communique on Principles of Financial Reporting in Capital Markets (II-14.1), as soon as available but, in any event, within 50 days after the end of the first six months of each Financial Year, the Issuer shall disclose the audited consolidated Financial Statements for the first six months of such Financial Year.</p> <p>The Issuer’s Financial Statements shall be prepared in accordance with CMB Standards and shall be publicised on the KAP in Turkish. The Issuer shall also prepare the audited Financial Statements in accordance with the IFRS and publicise on KAP in English.</p> <p>The Issuer also hereby undertakes, as soon as available but, in any event, within 120 days after the end of each Financial Year and no later than the Issue Date to publicly disclose by announcing on KAP the credit rating report on the Issuer prepared by one of the following credit rating agencies: JCR Eurasia Rating, Standard & Poor’s, Moody’s, Fitch.</p>
Change of Control	<p>The Issuer shall ensure that, at all times during the tenor of the Bonds, the Shareholders shall retain and maintain the Control of the Issuer.</p>

Financial Covenants	<p>The Issuer shall, at all times, maintain a ratio of (i) Net Debt to (ii) EBITDA for the 12 months preceding the date of calculation, of not more than 3.5.</p> <p>The Issuer shall, at all times, maintain a ratio of (i) Net Debt to (ii) Equity, of not more than 2.</p>
Negative Pledge	<p>The Issuer shall not create or permit to exist any Lien on any property, revenues or other assets, present or future, of the Issuer, except any Tax or other non-consensual Lien arising by operation of law or other statutory Lien arising in the ordinary course of trading, provided that such Lien (other than a Lien for a sum which is not yet delinquent) is discharged within 30 days after the date it is created or, if the validity or amount of such Lien or the sum secured by such Lien is being contested in good faith and by proper proceedings and adequate reserves have been set aside for the payment of such sum, within 30 days after final adjudication.</p>
Indemnity	<p>The Issuer assumes liability for, and agrees to and shall indemnify and hold harmless the Bond Investors against and from, any and all reasonable liabilities, obligations, losses, damages, penalties, claims, actions, taxes, suits, costs and expenses including, reasonable legal counsel's fees and expenses and costs of investigation (and including, without prejudice to the generality of the foregoing, those arising in contract or tort (including negligence) or by strict liability or otherwise), which are imposed on, incurred by or asserted against any of the Bond Investors and which in any way relate to or arise out of any failure by the Issuer to comply with its undertaking given in these Bond Terms, and, if capable of remedy, such failure to comply is not remedied within a remedy period, if applicable, and provided that the Bond Investors shall not have any right to be indemnified hereunder for (i) their own gross negligence or wilful misconduct, (ii) consequential losses (in Turkish, "<i>dolaylı zarar</i>") such as loss of profit, loss of business or loss of opportunity. The Bond Investors shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss.</p>
Early Redemption	<p>Upon written notice by any Bond Investor to the Issuer, the principal amount of all Bonds held by that Bond Investor plus that Bond Investor's Unwinding Costs (if any), together with interest accrued to the date of repayment shall become immediately due and payable within no less than 3 Business Days after the written notice to the Issuer, in any of the following events (each an "Early Redemption Event"):</p>



	(a) the Issuer does not pay principal or interest in respect of the Bonds on its due date and such default continues for 3 days;
	(b) it becomes unlawful under any applicable laws for the Issuer or that Bond Investor to remain as the issuer or holder of the Bonds, as applicable;
	(c) the occurrence of any event or circumstance which causes the, partial or total, invalidity, illegality or unenforceability of the Bonds;
	(d) the Issuer fails to comply with the terms of any undertakings it makes to the Bond Investors under these Bond Terms and does not remedy within 3 Business Days;
	(e) any other notes issued by the Issuer, any loan or other indebtedness for borrowed money of the Issuer for an amount that exceeds TRY 10,000,000 becomes due and repayable prematurely by reason of an event of default or the Issuer fails to make any payment in respect thereof on the due date for such payment or any noteholder or creditor of such notes, loan or other indebtedness becomes entitled to declare such notes, loan or other indebtedness prematurely due and payable as a result of an event of default;
	(f) any proceedings under liquidation, insolvency, composition or reorganisation or other similar laws are initiated by the Issuer or by a third party against the Issuer (unless, if initiated by a third party against the Issuer, such proceedings are frivolous or vexatious and are dismissed within 5 days of commencement); or
	(g) a change of Control (as such term is defined herein) occurs.
Governing Law and Jurisdiction	The Bonds will be governed by, and shall be construed in accordance with, the laws of the Republic of Turkey.



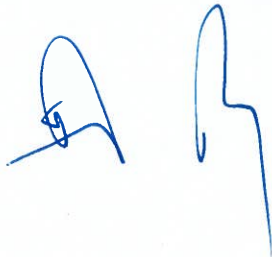
Language	This document has been signed in both English and Turkish languages. The English version shall in each case prevail in the event of any conflict or discrepancy between the two versions.
Sale and Transfer Principles	The Bonds have been approved by the CMB for sale to Qualified Investors. Therefore, the Issuer and/or the intermediary institution shall not accept demands to purchase the Bonds from any person who is not a Qualified Investor. All purchasers of these Bonds will benefit from the same terms as set out herein. Upon request of a Bond Investor, the Issuer will promptly provide evidence satisfactory to that Bond Investor (acting reasonably) that the same terms have been offered to, and accepted by, all Bond Investors.
Permitted Transfers	The Bonds may only be traded between Qualified Investors. All rights in respect of the Bonds as evidenced herein will pass to any subsequent purchaser of the Bonds and all terms and conditions herein will inure to the benefit of and be enforceable by any such subsequent investor.
Allocation process	The following order of events shall occur to complete the allocation of the Bonds to the Bond Investors: (a) publication of the signed and dated Issuer's Presentation on the Issuer's website and KAP prior to the Book-building Date; (b) bids to be made by each investor for the Bonds by submitting subscription form(s) provided by the intermediary institution; (c) signing and dating the English and Turkish versions of the Bond Terms by the Issuer and publication of the same (and the Issuer's Presentation) on KAP; (d) allocation of trade tickets to such investors by the intermediary institution and confirmation of the Margin within 2 hours after close of the book-building; and (e) settlement on the Issue Date.
Definitions	Wherever used in this Bond Terms hereto, unless the context otherwise requires, the following terms have the following meanings:
	" Business Day " means a day (other than a Saturday or a Sunday) on which commercial banks are open for the transaction of general business in, and on which commercial banks and foreign exchange markets settle payments in TRY in Istanbul, Turkey.
	" Cash " means cash on hand and demand deposits.

	" Cash Equivalents " mean short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to an insignificant risk of changes in value.
	" CMB " means the Capital Markets Board of the Republic of Turkey.
	" CMB Standards " means the Turkish financial reporting standards adopted by the CMB in the Republic of Turkey and consistently applied.
	" Control " means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to direct or cause the direction of the management and policies of such person, including without limitation, the power to:
	<p>(A) cast, or control the casting of more than 50 per cent of the maximum number of votes that might be cast at a general meeting of the Issuer; or</p> <p>(B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or</p> <p>(C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; and</p> <p>(D) the holding directly or indirectly of more than 50 per cent of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).</p>
	" Debt " means, with respect to any person, all obligations of such person, whether incurred as principal or surety and whether present, future, actual or contingent, for the payment or repayment of money, including:
	(a) any amounts payable by such person under leases or similar arrangements over their respective periods;
	(b) any credit to such person from a supplier of goods or under any instalment purchase or other similar arrangement; and
	(c) any liabilities and obligations of third parties to the extent that they are guaranteed by such person or such person has otherwise assumed or become liable for the payment of such liabilities or obligations or to the extent that they are secured by any Lien upon property owned by such person whether or not such person has assumed or become liable for the payment of such liabilities or obligations.

	" EBITDA " means profit or loss of the Issuer, for any relevant period, before (i) any interest, commissions, discounts and other financing fees and costs and any interest earned, (ii) any provision for taxation, and (iii) any depreciation on fixed assets and amortisation and any amounts attributable to amortisation of Goodwill and other intangible assets.
	" Equity " means the residual interest in the assets of the Issuer after deducting all Liabilities.
	" Financial Debt " means with respect to any person, any Debt of such person for or in respect of:
	(a) moneys borrowed;
	(b) any amount raised by acceptance under any acceptance credit facility;
	(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
	(d) the amount of any liability in respect of any lease or hire purchase contract which would in accordance with CMB Standards or IFRS, as applicable, be treated as a finance or capital lease;
	(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
	(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of borrowing;
	(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
	(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

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	(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above excluding advance payment guarantees or performance guarantees.
	" Financial Statements " means the consolidated financial statements (including balance sheet, income statement, statement of changes in equity, cash flow statement and notes, comprising a summary of significant accounting policies and other explanatory notes) of the Issuer prepared in accordance with (i) CMB Standards, in respect of consolidated financial statements prepared in Turkish and (ii) IFRS, in respect of consolidated financial statements prepared in English.
	" Financial Year " means the period commencing each year on 1 January and ending on 31 December, or such other period as the Issuer may from time to time designate as the accounting year of the Issuer.
	" First Tranche " means the first tranche of the Issuance amounting to TRY 20,000,000, which tranche will be based on CMTR as a benchmark rate and will have a tenor of 18 Months.
	" Goodwill " means the excess of the cost of an acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction.
	" IFRS " means International Financial Reporting Standards issued or adopted by the International Accounting Standards Board and consistently applied.
	" International Standards on Auditing " means the International Standards on Auditing issued by the International Federation of Accountants.
	" Issuance " means the issue of the Bonds in the amount of up to TRY 80,000,000 which issuance will be made in one or two tranches.
	" KAP " means Public Disclosure Platform (in Turkish, " <i>Kamuyu Aydınlatma Platformu</i> ") operated by the Central Registry Agency (in Turkish " <i>Merkezi Kayıt Kuruluşu</i> ").
	" Liabilities " means present obligations of the Issuer arising from past events, the settlement of which is expected to result in an outflow from the Issuer of resources embodying economic benefits.



	<p>"Lien" means any mortgage, pledge, charge, privilege, priority, hypothecation, encumbrance, assignment, lien, attachment, set-off or other security interest of any kind or any other agreement or arrangement having the effect of conferring security upon or with respect to, or any segregation of or other preferential arrangement with respect to, any present or future assets, revenues or rights, including, any designation of loss payees or beneficiaries or any similar arrangement under any insurance policy.</p>
	<p>"Net Debt" means Financial Debt (excluding off-balance liabilities) of the Issuer minus any Cash and Cash Equivalents.</p>
	<p>"Presentation" means the Issuer's presentation containing the proposed disclosure required by the Issuer dated [28] March 2017.</p>
	<p>"Second Tranche" means the second tranche of the Issuance in the amount of up to TRY 60,000,000, which tranche will be based on TRLIBOR as a benchmark rate and will have a tenor of 30 months.</p>
	<p>"Shareholders" means each of:</p> <ul style="list-style-type: none"> (a) A. Medih Ertan, an individual resident in the Republic of Turkey with national identity number 20752240912; (b) Kemal Kizilhan, an individual resident in the Republic of Turkey with national identity number 51724173358; (c) Hasan Ince, an individual resident in the Republic of Turkey with national identity number 55279068800; (d) H. Demir Ozkaya, an individual resident in the Republic of Turkey with national identity number 18886721810; (e) M. Asim Coskun, an individual resident in the Republic of Turkey with national identity number 56833016732; and (f) Ersan Can, an individual resident in the Republic of Turkey with national identity number 28309733948.
	<p>"Tax" means any tax, royalty, stamp or other duty, assessment, levy, charge, value added tax, or impost of any nature whatsoever (including any related penalty or interest) imposed under any law.</p>

