

PRESS RELEASE

Istanbul – October 7, 2016

JCR Eurasia Rating
has affirmed the credit rating of
Net Holding A.Ş. and the Planned Bond Issues
as **'A (Trk)'** on the Long Term National Scale and upgraded the outlook to **'Positive'** in the annual periodic review.
On the other hand, The Long Term International Foreign and Local Currency Ratings have been affirmed as **'BBB-'** along with a **'Stable'** outlook.

JCR Eurasia Rating has evaluated "Net Holding A.Ş." and Planned Bond Issues in a high-level investment category in the annual period review and affirmed the ratings on the Long Term National Scale as **'A (Trk)'** and upgraded the outlook to **'Positive'**. JCR Eurasia Rating has also affirmed the Long Term International Foreign and Local Currency ratings as **'BBB-'**. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	A (Trk) / (Positive Outlook)
Long Term National Issue Rating	:	A (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1 (Trk) / (Positive Outlook)
Short Term National Issue Rating	:	A-1 (Trk)
Sponsor Support	:	2
Stand Alone	:	B

Net Holding, with an operating history dating back to the establishment of Net Turizm A.Ş. in 1974, the shares of which have been traded on Borsa Istanbul since 1989, has maintained its stable growth pattern in the completed fiscal year and managed to increase its sales revenues and asset size. The Company which enjoys a high market share and know-how through the ownership of eight hotels and five casinos in the TRNC tourism and chance games sectors under the Merit brand, aims to become a regional casino operator in the medium term via expansion in neighboring countries through the established partnership with international players. In addition to the core operating fields of activity, the Company maintains operations in the areas of real estate development, luxury car rentals, duty free shop management and publications.

The Company's operating profitability was impacted negatively in the completed fiscal year on a non-recurring basis due to the payment of the related collateral to the Privatization Administration following withdrawal from the National Lottery privatization tender held in 2014 stemming from the ongoing instability in the markets at the macro-level and depreciation in the value of Turkish Lira. Despite the ongoing difficulties in the tourism sector due to rising regional instability, failed coup attempt and the maintenance of the declared state of emergency, the Company has preserved the high occupancy rates and maintained its operating volume growth in the completed and current financial year owing to its superior service quality supported by rewards, international marketing network and loyal customer base attained in the chance games industry. In addition, despite the high level of activities expenses and seasonal fluctuations observed across the tourism sector, the low levels of financial leverage with the absence of FX risk and robust equity structure, the contribution that will be made to profitability, cash flows and market diversity by the ongoing investments in regional casino operations, the realization of successful past bond issuances planned to be maintained in the upcoming period and the resulting productivity and strengthening of compliance with Corporate Governance Practices that will be gained by the planned merger between Net Holding and Net Turizm and the improvement in relations with Russia and Israel which comprise the two major source of visitors represent the principle factors underlying the affirmation of the Company's Long Term National Rating and the upward revision of the outlook as **'Positive'**. Despite the restricting effects of the international isolation of TRNC on the Company's growth potential, the ongoing peace negotiations and positive developments regarding the opening of the island to international air traffic are expected to have a positive impact on the value of the Company's asset base, occupancy of its facilities and operating profitability in the medium and long-term.

JCR Eurasia Rating maintains the opinion that the presence of Net Turizm A.Ş., Asya Net Turizm A.Ş. and the qualified individual shareholder, Mr. Besim TIBUK, in the shareholder structure of the Group which has a high free float rate have the sufficient intention and experience in providing effective operational support to supply equity and/or long-term liquidity should such needs arise within their financial capability taking into consideration the level of effectiveness the Group has reached in the TRNC tourism sector along with generated employment opportunities. In addition, the incentives provided for the TRNC tourism sector by the authorities is expected to be maintained in the medium and long-term. As such, the Sponsor Support Grade of the Group has been affirmed as **(2)** in JCR Eurasia Rating's notation system, denoting an adequate level.

On the other hand, regardless of the support at the shareholder or system level, taking into account the Company's robust equity level, stable growth in its operating volume, the high market share and brand value enjoyed in the TRNC luxury hotel and chance games management sectors, sustainable cash flows supported by the high levels of occupancy, successful bond issuances in the past and the presence of a skilled management team, JCR Eurasia Rating is of the opinion that the Company has acquired sufficient knowledge and skills in meeting and managing its outstanding liabilities. Within this context, the Stand Alone grade of the Company has been affirmed as **(B)** in JCR Eurasia Rating's notation system, denoting an adequate level.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts **Mr. Gokhan İYIGUN** and **Mr. Dincer SEMERCILER**.

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