

**Corporate Credit Rating**  
Annual Review

**Tourism & Real Estate Development**  
[Casino, Hotels, Duty Free, Real Estate Development]

NET HOLDING A.Ş.		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	A- (Trk)	A-1 (Trk)
	Outlook	Positive	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

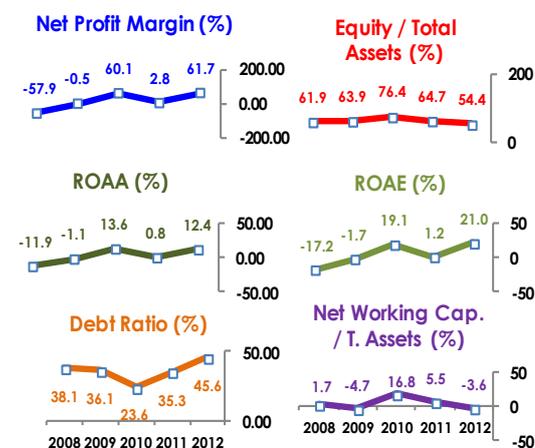
\*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

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**Strengths**

- Concentration in the leading, improving and highly government-backed TRNC tourism sector
- Expanding income generating core business activities through the completed investments
- Sufficient levels of equity, debt and leverage ratios promising further growth despite deterioration
- Consecutive three years of relatively high assets growths along with improving liquidity position and asset quality
- Vast experience in the major fields of activities and the ability/capability to form partnerships with industry-leading firms to invest in new sectors
- Improving level of compliance with corporate governance principles
- Realized and projected bond issuances contributing to liquidity management through the changing debt structure in favor of long-term liabilities

**Constraints**

- Relatively high operating expenses inherit in the tourism sector
- Large amounts of off-balance sheet commitments and contingencies including high shares of equities and mortgages as collateral
- Decreasing trend in net working capital level derived mainly from continuous investment activities
- Comparatively low transparency level as a result of complex capital structure involving inactive companies
- Seasonality of tourism sector, the main activity field
- TRNC's isolated international political position preventing direct flights to the island and making it difficult to attract tourists despite a continuous development led by the casino sector

Financial Data	Net Holding A.Ş.					
	June, 2013	2012*	2011*	2010*	2009*	2008*
Total Assets (000 USD)	403,454	345,905	263,177	284,865	219,573	228,192
Total Assets (000 TRY)	776,569	614,881	497,114	438,008	326,571	347,263
Equity (000 TRY)	379,056	334,432	321,590	334,518	208,623	215,060
Sales (000 TRY)	78,621	106,815	102,322	98,695	69,771	70,409
Net Profit (000 TRY)	73,889	65,930	2,910	59,298	-358	-40,754
Net Profit Margin (%)	n.a.	61.72	2.84	60.08	-0.51	-57.88
ROAA (%)	n.a.	12.39	0.81	13.58	-1.08	-11.89
ROAE (%)	n.a.	21.00	1.16	19.12	-1.72	-17.21
Equity / Total Assets (%)	48.81	54.39	64.69	76.37	63.88	61.93
Net Working Capital / T. Assets (%)	0.29	-3.61	5.49	16.80	-4.69	1.70
Debt Ratio (%)	51.19	45.61	35.31	23.63	36.12	38.07
Asset Growth Rate (%)	26.30	23.69	13.49	34.12	-5.96	14.93

\*End of year

**Overview**

**Net Holding A.Ş.** (hereafter, Net Group, the Group or the Company) with roots dating back to the organization of Net Turizm Ticaret ve Sanayi A.Ş. in 1975, was established in 1981 to coordinate activities and carry out the planning and auditing functions of its group companies. The Holding covered 22 subsidiaries, two of which are publicly traded, and 3 affiliates as of June 30, 2013 with the vast majority operating in the domestic and foreign tourism sectors.

The Group's main activity fields are the management of casinos and hotels. Management of duty free shops and tourist store facilities, real estate development, luxury car rental services (Inter Limousine) and publications are the other fields of ongoing and temporarily suspended operations and the Group is projected to invest in duty free and scratch lottery. The Group had an average labor force of 1,676 as of June 30, 2013 (1,435 as of 1H2012).

The Group holds seven hotels, five located in TRNC, under the brand name 'Merit' following the completion of two investments. Moreover, the Company owns a casino chain consisting of four facilities in the TRNC. Shares of the Company have been traded on the BIST (Borsa Istanbul) since October 5, 1989 and had a free-float rate of 25.41% as of June, 2013. The Company's long term national grade was upgraded to 'A- (Trk)' with a 'Positive' outlook.