

**Corporate Credit Rating**

**Tourism & REIT**

(Update)

[Hotels, Marinas, Real Estate]

MARTI Hotels & Marinas		Long Term	Short Term
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	FC	Stable
LC		Stable	Stable
National	Local Rating	BB+(Trk)	B (Trk)
	Outlook	Stable	Stable
Sponsor Support		4	-
Stand Alone		C	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC	Stable
LC		Stable	-

MARTI OTEL İŞLETMELERİ A.Ş.					
Financial Data	June, 2015**	March, 2015*	March, 2014*	March, 2013*	March, 2012*
Total Assets (000 USD)	388,002	381,169	224,142	251,711	194,301
Total Assets (000 TRY)	1,041,786	996,147	483,183	455,270	344,476
Equity (000 TRY)	522,028	502,322	96,782	137,995	154,347
Net Profit (000 TRY)	-7,068	-53,443	-44,498	-17,104	-8,168
Sales (000 TRY)	31,496	115,492	97,307	82,208	75,879
Net Profit Margin (%)	-22.44	-46.27	-45.73	-20.81	-10.76
ROAA (%)	n.a.	-8.65	-11.30	-5.30	-3.07
ROAE (%)	n.a.	-21.35	-45.15	-14.49	-5.96
Equity / Total Assets (%)	50.11	50.43	20.03	30.31	44.81
Net Working Capital / T. Assets (%)	-21.40	-20.14	-16.69	-7.66	-3.29
Debt Ratio (%)	49.89	49.57	79.97	69.69	55.19
Asset Growth Rate (%)	4.58	106.16	6.13	32.16	23.52

\*End of year \*\* Unaudited

**Company Overview**

\*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

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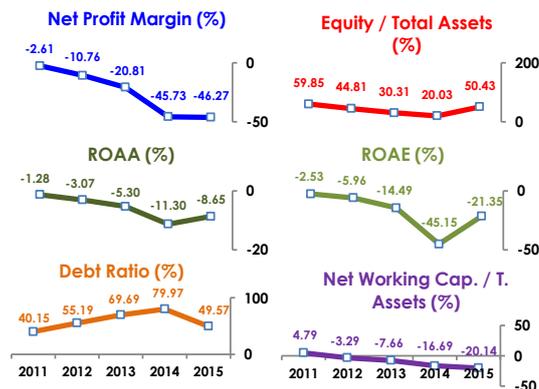
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**Martı Otel İşletmeleri A.Ş.** (herein referred to as 'Martı Group', or 'the Company', previously named Marmaris Martı Otel İşletmeleri A.Ş.) was founded in 1967 by the Narin Family. One of the pioneer tourism groups, the Company operates as Turkey's first resort hotel with nearly 50 years of experience in the domestic tourism sector. The Company conducts business deals with tourism agencies, mainly from European countries.

The Group is also involved in the field of real estate development, although the management of hotels constitutes the Group's main revenue source. The Company employed a total workforce of 937 as of March 31, 2015. (March 31, 2014: 828).

The Group currently operates a total of 5 hotels and 1 Marina, all of which are located in Turkey under the brand name "MARTI". The major qualifying shareholders of the Company as of March 2015 were Mr. Nurullah Emre NARİN (24%), Ms. Pakize Oya NARİN (14%) and Mr. Halit NARİN (4%) with a current free float of 58%. The Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "MARTI" since 1998.



**Strengths**

- Long operational track record in hotel management resulting in extensive know-how and experience
- Anticipated benefits of planned and on-going infrastructure investments in Turkey's transportation network which might positively affect foreign tourist arrivals in the long term
- A variety of hotels that can satisfy the demand of both local and foreign tourists of various socio-economic segments
- Compliance with corporate governance principles, as a publicly traded firm
- Contribution of the city hotel, Martı İstanbul, to the balancing of seasonality of operations to a certain extent

**Constraints**

- Continuously increasing net losses in the past 5 years
- Remarkable decrease in debt service capacity proven by substantial financing expenses exceeding the operating income
- Existence of past-due and restructured social security premium and tax liabilities
- Growing net working capital deficit
- Sizable off-balance sheet commitments
- Fierce price competition inherent in the tourism sector
- On-going economic and political uncertainties and escalating security concerns in both Turkey and neighboring countries disrupting the market through decreasing number international arrivals
- The need for cash equity injection in order to decrease the net working capital and financing requirements
- Market power of the tour operators in determining the price and allocating the incoming demand among other accommodation providers
- Substantial foreign currency exposure