

PRESS RELEASE

Istanbul– September 29, 2017

JCR Eurasia Rating

has reaffirmed the credit ratings of the consolidated structure of “**Boyner Perakende ve Tekstil Yatırımları Anonim Şirketi and its Subsidiary**” and “**Cash Flows Relating to the Outstanding Bond Issues**” at “**BBB (Trk)**” / **Stable** on the Long Term National Scale and **BBB-** / **Stable** on the Long-Term International Foreign Currency Scale

JCR Eurasia Rating has evaluated “**Boyner Perakende ve Tekstil Yatırımları Anonim Şirketi and its Subsidiaries**” and “**Cash Flows Relating to the Outstanding Bond Issues**” in an investment grade category on a national and international level and reaffirmed at “**BBB (Trk)**” on the Long Term National Scale. Its Long Term International Scale has been reaffirmed at “**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	: BBB (Trk) / (Stable Outlook)
Long Term National Issue Rating	: BBB (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-3 (Trk) / (Stable Outlook)
Short Term National Issue Rating	: A-3 (Trk)
Sponsor Support	: 2
Stand Alone	: B

Boyner Perakende ve Tekstil Yatırımları A.Ş.'s roots go back to the establishment of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. in 1952. The Group has been listed since 1991 and adopted its current name following the re-structuring in 2014. The Group has 12 affiliates and 4 subsidiaries reaches its customers through 365 stores dispersed nationwide, online sales channels and various brand labels along with an effective sales network.

The ready-to-wear sector, which is one of the important fields in Turkey's production portfolio, has seen a significant growth acceleration in recent years. The sector is highly correlated with GDP growth. The appropriateness of the demographic structure in the country and its hinterland, the prominence of customer segmentation through branding, the increase in household spending, consumption trend in terms of fashion-brands and the expansion of shopping malls and alternative payment methods, such as credit cards, played important role in the rapid development of the ready-to-wear retail sector. The sector, which has already been serviced under many different brands to different socioeconomic clientele and with a large number of players, has become a market that has gone beyond the classical retailing system with the spread of e-commerce in recent years and hosted different business models and players in it. In 2016, the sector contracted due to the deterioration of domestic and foreign demands while starting to recover in the first quarter of 2017.

The Company's National Long Term Scale Note has been reaffirmed at **BBB (Trk)** level taking into account its geographic spread, responding to consumer demand thanks to nationwide sales network in Turkey, increasing importance of the online sales channel in the revenue stream, improvement in net sales to per square meter, before and after sales service customer satisfaction, continuous increase in the gross profit level through its pricing policy, improvement in asset quality indicators for years, strengthened balance sheet composition against internal and external shocks based on a high level of quality of the receivables, reaching wide range of society through product portfolio, experienced management team in risk management and compatible organizational structure with the size of the of the company's assets ,the level of institutionalization, maturity transformation of financial debt structure to long term and the increase of foreign shareholding. The high level of the Company's current level of indebtedness, the lack of capacity to internal equity generation remain risk factors while the improvement in cash flows is reflected as a balancing factor.

The Company's outlook in the long-term national local notch perspective has been affirmed by JCR-ER as “**Stable**” with the opinion that the expectation of improvement in sales revenues and EBITDA generation will continue in the coming periods, the increase in demand in the sector, strengthening the equity level that underwent erosion through capital construction and supporting cash flows. The developments in the sector, impact of operational costs on profitability, competition level in the sector, the level of net debt ratio, internal equity generation capacity will continue to be monitored by JCR Eurasia Rating. Company's international notches have been restricted with the Turkey's sovereign ratings, where the company's major part of the activities is being carried out. The notches and changes in outlook depend upon the continuity in the group's cash flow, stabilization of current equity to total debt ratios at higher levels through the generation of operational internal resources and the maintain the receivables quality.

The resources planned to be raised from the debt issue will be carried within the Company's balance sheet and as such no separate issue rating report will be documented and the resources have been analysed within the current credit rating report. As the bonds to be issued has no differentiation in comparison to the Company's other liabilities from a legal and collateralization perspective, the corporate credit ratings also reflect the Group's issue ratings.

However, taking into consideration the willingness of the qualified shareholder, namely Boyner Holding A.Ş., Mayhoola for Investments LLC and other shareholders to support the Company along with their financial strength, the Company's scale, the contribution that will be provided by planned investments and sectoral expansion, the Sponsor Support grade of Boyner Perakende ve Tekstil Yatırımları A.Ş., has been affirmed at **(2)**. Taking into account the Company's capability to manage the incurred risks regardless of shareholder support, internal equity generation capacity and current capitalization level, the grade in the Stand-Alone category has been affirmed as **(B)**.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact with our chief analyst **Mr. Orkun İNAN**.

JCR EURASIA RATING

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