

Corporate Credit & Issue Rating

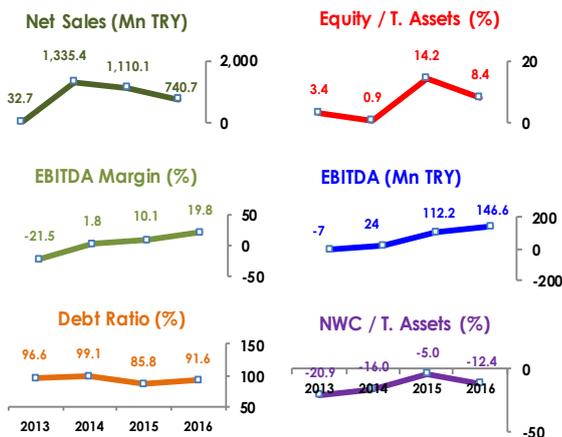
Energy

UNIT		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating		n.a	n.a	
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Positive	Stable	
	Issue Rating	BBB (Trk)	A-3 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

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

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Strengths

- Reputable shareholding structure including IFC partnership enabling flexibility in financial and strategic issues together with high ability to create beneficial and collaborative international and local partnerships thanks to proven track record over 30 years in the energy sector
- One of the leading independent power producers (IPPs) in Turkey with installed capacity approximating to 2,000 MW
- Improvement in EBITDA margin achieved via changing electricity generation method seeking for more balancing power market dispatches rather than day ahead market sales
- Improved corporate governance compliance level
- Management strategy that attaches importance to risk management resulting with an investment portfolio diversified in energy sources and geographic location including plants under the various agreement and feed-in-tariff mechanism in strategic regions, lowering uncertainty in the market, reducing supply risk and relieving liquidity management
- Continuing strong demand for electricity production and ongoing legal regulations to achieve a liberal and efficient energy market in Turkey, both promising further growth potential and opportunities in the future

Constraints

- Equity level suppressed through high financing expenses stemming from heavy investment period mostly funded with project financing together with an investment portfolio composed of fully consolidated assets with relatively short operating history
- Relatively high concentration in revenue sources
- Increased year-end net working capital shortfall and short-term liabilities leading to more demanding liquidity management together with improvements through refinancing in the current year
- Continuing unrest in neighboring countries together with unstable market impressive news flow leading to volatile markets and upward pressure on interest and exchange rates
- Relatively high off-balance sheet commitments and contingencies level though limited to the exposure mostly derived from the signed project finance agreements

UNIT INVESTMENT N.V. and Its Consolidated Subsidiaries						
Financial Data	Jun. 2017*	2016*	2015*	2014*	2013*	2012*
Total Assets (000 USD)	1,494,038	1,112,429	1,156,564	1,179,053	1,183,597	1,095,202
Total Assets (000 TRY)	5,254,232	3,912,857	3,304,413	2,734,106	2,531,214	1,952,307
Equity (000 TRY)	1,321,873	327,687	470,850	23,949	85,904	171,754
Net Sales (000 TRY)	566,352	740,747	1,110,063	1,335,366	32,695	5,009
Net Profit (000 TRY)	-108,000	-240,384	-267,840	-229,809	-119,938	-40,700
EBITDA (000 TRY)	8,995	146,595	112,197	23,889	-7,042	-19,506
EBITDA Margin (%)	1.59	19.79	10.11	1.79	-21.54	-812.61
ROAA (%)	na	-6.10	-7.24	-9.29	-5.22	-6.05
ROAE (%)	na	-55.15	-88.42	-445.32	-90.76	-68.82
Equity / T. Assets (%)	25.16	8.37	14.25	0.88	3.39	8.80
Net Working Capital / T. Assets (%)	na	-12.38	-5.00	-16.05	-20.92	-17.24
Debt Ratio (%)	74.84	91.63	85.75	99.12	96.61	91.20
Asset Growth Rate (%)	na	18.41	20.86	8.02	29.65	n.a

*End of year audited and consolidated

**Summation of unaudited solo financials of parent company and main revenue generating subsidiaries (Yeni Elektrik and Akdenizli), excluding effects of consolidation and adjustments

Overview

Unit Investment N.V., (hereinafter referred to as "Unit Investment" or "the Company"), is a subsidiary and the flagship of the Unit having investments and operations in energy, EPC (engineering, procurement, and construction), and O&M (operations & management) businesses, retail electricity sale & trading, tourism, and real estate. The Company, acquired by the Unit in 1997, engages in the development, ownership and operation of independent power producer (IPP) projects.

As of the report date, the Company had an installed power of 1,927MW in 6 power plants located in Turkey (4), Croatia, and Bulgaria; two combined cycle gas turbines (CCGT), two hydroelectric power plants (HEPP), one biomass, and one wind farm.

The ultimate controlling party of the Company is European Power System SA which is owned by Ünal Aysal, the founder of the group and chairman, for 76.96%. International Finance Corporation (IFC), a member of the World Bank Group, became a 23% stakeholder of the Company in October 21, 2015 and held 23.04% stake as of FYE2016. The Company employed a workforce of 184 as of December 31, 2016 (FYE2015: 191).